Executive Council

Annual Report
2013-14

Government

Executive Council

Annual Report
2013-14

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act.* The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On December 6, 2013, the government announced new ministry structures. The 2013-14 ministry annual reports and financial statements have been prepared based on the new ministry structure.

This annual report of the Ministry of Executive Council contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act,* either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2014, was prepared under my direction in accordance with the *Fiscal Management Act* and the government's accounting policies. All of the government's policy decisions as at June 9, 2014 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Dave Hancock
Premier

Message from the Premier

The work of Executive Council over the past year reflects the reality that Building Alberta is not a single project with a due date or an end state. Rather, the blueprint for Alberta's future must be written on an endless scroll, with our progress measured by achievements along the way.

We accomplished much in 2013-14 as a Government and as a province. However, the accomplishments that serve to make Alberta the economic engine of Canada and the best place to live and raise a family took place in the shadow of the worst natural disaster ever to hit our province.

The flooding in the spring of 2013 devastated communities and destroyed lives. But the crushing power of Mother Nature also served to remind us all of the resiliency, strength and compassion of Albertans and the essential roles that governments and public servants play in times of need.

Working in partnership with communities, First Nations, non-governmental organizations and Albertans, we have been able to make huge strides in rebuilding the lives and communities that were so severely impacted by the floods. As this report went to print, total assistance provided to homeowners, tenants, small businesses, agricultural operations and non-profit associations including assistance for municipal and provincial infrastructure repairs and emergency operations costs is estimated at $3.1 billion.

There is still much work to be done and as a government and a province we will continue to do what is needed to support flood victims and their communities.

While that work moves forward so does the other work of our government. In the year ahead, we will increase the momentum of progress toward excellence in primary health care, early childhood development, education and business, maintaining the fiscal framework, an integrated resource management system, and expanded market access for our products.

Executive Council staff have led this government's engagement of the Alberta Public Service, driving innovation, collaboration and creativity to find new ways to serve the needs of Albertans as those needs emerge and evolve.

Building Alberta is critical to serving Albertans. The province's population has more than quadrupled since the mid-20th century, and over the last 10 years, our economic growth has been almost double the Canadian average. The total number of jobs in the province has grown from 855,000 in 1976 to more than 2.2 million today. Housing starts in the province have more than doubled since the mid-80s.

This is the fastest growing province in the country. We will continue to do what is necessary to foster that growth in a responsible way. The Alberta Public Service can be depended upon to provide the foundation to support that growth.

Original signed by

Dave Hancock
Premier

Management's Responsibility for Reporting

The Ministry of Executive Council includes the departments of Executive Council and Corporate Human Resources.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Premier, President of Executive Council. Under the direction of the Premier, we oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability - information agrees with underlying data and the sources used to prepare it.
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – performance measures and targets match those included in Budget 2013.

In addition to program responsibilities, we are responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide the President of Executive Council and the President of Treasury Board and Minister of Finance information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling our responsibilities for the ministry, we have relied, as necessary, on the executives of the individual entities within the Ministry.

Original signed by

Peter Watson
Deputy Minister of Executive Council
June 9, 2014

Original signed by

Dwight Dibben
Public Service Commissioner
June 9, 2014

Results Analysis

Ministry Overview

The Ministry of Executive Council includes the following areas:

Office of the Premier

- provides planning, communications and administrative support to the Premier's offices in Edmonton and Calgary

Deputy Minister's Office

- provides advice and support to the Premier on policy and organizational issues
- provides leadership to the Alberta Public Service

Cabinet Coordination Office

- provides organizational support and advice and serves as Secretariat to the Cabinet and its key committees
- oversees tracking and regular reporting on proposed government legislation up to the introduction of bills in the assembly
- provides advice and information to minister's office staff regarding routing of decision documentation, documentation required, timelines for various decision-making tables and records of decision

Policy Coordination Office

- supports long-term strategic planning and policy coordination for government
- promotes cross-ministry coordination, alignment and integration in the development and implementation of Government's strategic priorities
- provides leadership and coordination to build policy capacity across government
- provides direction for regulatory reform within government and oversees the ongoing review of provincial regulation
- provides departments and agencies with information, training and resources as well as one-on-one assistance related to the governance of public agencies
- supports departments and agencies in understanding and implementing the Alberta Public Agencies Governance Act (APAGA)

Protocol Office

- plans and coordinates international visits and provincial government ceremonial events
- manages Government House operations

Alberta Order of Excellence

- supports the Alberta Order of Excellence Council, which reviews public nominations and selects individuals to receive the province's highest honour

Office of the Lieutenant Governor

- provides planning, communications and administrative support to the Lieutenant Governor

Public Affairs Bureau

- advances government communication with Albertans and global stakeholders, provides strategic communications planning to support government's long-term plans and priority initiatives, and facilitates internal government communications
- manages the Government of Alberta website and use of social media, provides technical support for government news conferences, public consultations and other events, distributes government and public agency news releases, coordinates advertising, research and the corporate identity program
- communicates the results of government efforts under the Building Alberta Plan to invest in families and communities, live within our means and build new markets for our resources

Public Service Commissioner's Office

- provides advice on human resource policy, legislation and administration to the Minister and to senior department managers on human resource matters
- manages a comprehensive human resource system for the Alberta Public Service (APS) which involves the development, administration, and implementation of human resource policies, programs and initiatives
- the *Public Service Act* establishes the authorities for the Public Service Commissioner and conditions of employment for APS employees

Corporate Human Resources

- provides strategic leadership in collaboration with ministries to identify and implement strategies and policy frameworks to attract, retain, and develop talent to the APS, support workforce planning and analytics, enhance human resource skills and competencies, and ensure the human resource system is effective in enabling the achievement of ministry and government goals
- develops an integrated framework of strategies, policies and programs focusing on leadership capacity development, organizational learning, employee engagement, compensation, job evaluation, benefits, labour relations, workplace health, as well as the management of employee benefit programs
- provides a corporate search program to attract and recruit executive managers and senior officials, assists departments in facilitating internal and external moves related to senior leadership roles, and offers consulting services to significant agencies, boards and commissions on recruitment of senior executives and board members
- operates the Government of Alberta Learning Centre as well as Corporate and Management Development programs

Leadership and Talent Development

- systematically supports strong leadership capacity at all levels of the APS through bringing together development, succession, performance excellence, engagement and learning organization principles

AUDITOR GENERAL
Alberta

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as reviewed by the Office of the Auditor General in the Ministry of Executive Council's Annual Report 2013–2014. The reviewed performance measures are the responsibility of the ministry and are prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodologies and results are presented clearly.
- *Comparability*—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goals, performance measures and related targets match those included in the ministry's budget 2013.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating ministry progress towards the related goals.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by the Office of the Auditor General in the ministry's annual report 2013–2014 are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 14, 2014

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are noted with an asterisk (*) on the Performance Measures Summary Table.

Performance Measures Summary Table

Goals/Performance Measure(s)		Prior Year's Results				Target	Current Actual
1.	**The Alberta Public Service has effective leadership and governance**						
1.a	Alberta Public Service employee agreement that they have confidence in the senior leadership of their ministry or department	N/A 2009-10	N/A 2010-11	N/A 2011-12	54% 2012-13	**56%**	48% 2013-14
2.	**Government policy, planning and decision-making is supported by the best policy advice from the public service**						
2.a	Satisfaction of Policy Coordination Office Clients with Products and Services	81% 2009-10	93% 2010-11	90% 2011-12	81% 2012-13	**90%**	88% 2013-14
3.	**Government communications are coordinated and effective**						
3.a	Public satisfaction with government communications	64% 2009-10	62% 2010-11	68% 2011-12	64% 2012-13	**71%**	74% 2013-14
3.b*	Public satisfaction with the Government of Alberta home page	84% 2009-10	85% 2010-11	84% 2011-12	86% 2012-13	**90%**	88% 2013-14
3.c*	Government client satisfaction with communications support and services	94% 2009-10	93% 2010-11	94% 2011-12	92% 2012-13	**95%**	92% 2013-14
4.	**Alberta Public Service employees are skilled and engaged**						
4.a*	Stakeholder agreement that the Alberta Public Service has effective human resource policies	68%** 2009-10	74%** 2010-11	N/A 2011-12	69%** 2012-13	**70%**	61% 2013-14
4.b	Stakeholder agreement that overall, the APS has effective strategies to attract, develop and engage employees	N/A 2009-10	N/A 2010-11	N/A 2011-12	71%** 2012-13	**67%**	63% 2013-14

*** Indicates Performance Measures that have been reviewed by the Office of the Auditor General**

**** Historical results have been revised to include two stakeholder groups**

The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology.

Data Sources and Methodology – 2013-14 Annual Report

1a. Alberta Public Service employee agreement that they have confidence in the senior leadership of their ministry or department

Alberta Public Service employee agreement data was gathered through an annual Corporate Employee Survey by an independent survey organization. In October 2013, all permanent and non-permanent Government of Alberta employees were invited to participate in the Corporate Employee Survey. The data shown represents responses of permanent employees only to enable comparison with 2012 survey data. All data was collected online through a survey website. A total of 14,612 Government of Alberta employees participated in the survey, for a permanent employee participation rate of 62%. Results are not available prior to 2012-13 as the annual survey was not conducted in 2011-12 and there were changes to the survey methodology in 2012, which does not allow for comparison to previous years' results.

2a. Satisfaction of Policy Coordination Office Clients with Products and Services

From February 24 to March 17, 2014 a survey was conducted of clients of the Policy Coordination Office by a professional research firm. A total of 314 clients, which included Executive Team members from each Ministry and selected other Ministry staff that have direct contact with the Policy Coordination Office were invited to participate in the web-based survey. 172 clients responded, for an overall participation rate of 55%. Respondents were asked to rate how satisfied they were with the products or services they had received over the past year by choosing from "very satisfied", "somewhat satisfied", "somewhat dissatisfied" or "very dissatisfied". Results represent the total of "very" and "somewhat satisfied" responses.

3a. Public Satisfaction with Government Communications

2013-14 results reflect telephone interviews with 1,002 adult Albertans conducted from February 18 to March 11, 2014, by a professional research firm. Respondents were randomly selected from across the province. Respondents were first asked whether they heard or received any information about provincial government activities or programs. The 536 who answered "yes" were then asked to choose from "very satisfied", "somewhat satisfied", "somewhat dissatisfied" or "very dissatisfied". Figures shown reflect the averaged results of multiple questions. "No" response replies are not included in the calculation of results. A sample of this size within the given population produces results that are reliable to within plus or minus 4.23%. Results represent the total of "very" and "generally satisfied" responses.

3b. Public Satisfaction with Government of Alberta Home Page

2013-14 results reflect telephone interviews with 1,002 adult Albertans conducted from February 18 to March 11, 2014, by a professional research firm. Respondents were randomly selected from across the province. Respondents were first asked whether they had visited the Alberta government website in the past year. The 563 respondents who answered "yes" were then asked how useful they found the first page in helping them to locate the information they needed by choosing from "very useful", "somewhat useful", "not very useful" or "not at all useful". "No" response replies are not included in the calculation of results. The margin of error on the sample of 563 is plus or minus 4.13% at the 95% confidence level. Results represent the total of "very" and "somewhat useful" responses.

3c. Government Client Satisfaction with Communications Support and Services

The 2013-14 survey was conducted by a professional research company. Communications Directors were asked to provide a list of all clients within their departments at the management level. 1,127 department staff were contacted via e-mail and provided with a link to a web address that allowed them to complete their surveys online. The survey was conducted from February 18 to March 14, 2014. Responses were received from 519 clients. Respondents were asked to rate how satisfied they were with the specific services they had received over the past year by choosing from “very satisfied”, “generally satisfied”, “generally dissatisfied” or “very dissatisfied”. Figures shown reflect the averaged results of multiple questions. “No” response replies are not included in the calculation of results. Results represent the total of “very” and “generally satisfied” responses.

4a. Stakeholder agreement that the Alberta Public Service has effective human resource policies

Stakeholder agreement data were gathered through an annual Stakeholder Survey by an independent survey organization. A census survey of Corporate Human Resources’ (CHR) stakeholder groups (Deputy Ministers and Assistant Deputy Ministers) was conducted between January and February, 2014. A total of 82 surveys were completed both online and via telephone with an overall response rate of 66 per cent. Results were weighted to provide equal representation of the two stakeholder groups.

In alignment with the review of the human resource system underway through Results-Based Budgeting and considering human resources as an integrated system, CHR re-defined its 2013-14 survey stakeholders as these two groups. In 2011-12, CHR surveyed Deputy Ministers and Human Resource Directors and these results are not reported in the Performance Measures Summary Table as they are not comparable.

4b. Stakeholder agreement that overall, the APS has effective strategies to attract, develop and engage employees

Stakeholder agreement data were gathered through an annual Stakeholder Survey by an independent survey organization. A census survey of Corporate Human Resources’ (CHR) stakeholder groups (Deputy Ministers and Assistant Deputy Ministers) was conducted between January and February, 2014. A total of 82 surveys were completed both online and via telephone with an overall response rate of 66 per cent. Results were weighted to provide equal representation of the two stakeholder groups.

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Discussion and Analysis of Results

Executive Council has continued to provide support and leadership to government ministries in support of the achievement of the themes and priorities outlined in the Government of Alberta's Strategic Plan. The ministry plays a pivotal role in telling Alberta's story around the world, engaging Albertans, and opening new markets. The Protocol Office provides strategic support to Alberta's International Strategy, which aims to bolster access in priority markets, attract investments, and give Albertans support to succeed globally. In 2013-14, it supported expanded market access for Alberta products by hosting key visits including a multi-day visit with the Council of Arab League Ambassadors in June 2013 and a visit from the Prime Minister of Iceland in March 2014. The Protocol Office also identified areas of alignment between ministries and itself to ensure effectiveness and efficiency.

In June 2013, devastating floods took place in Southern Alberta and the Regional Municipality of Wood Buffalo. Executive Council has and continues to provide leadership, support and coordination to the response and recovery efforts as well as identifying various forms of future resiliency, which includes dozens of potential flood mitigation infrastructure projects across the province.

Organizational transformation and renewal of the Alberta Public Service (APS) is underway through increasing accountability and transparency of the government, enhancing corporate governance through Deputy Ministers' Council, and developing a skilled workforce to deliver on current and future business needs.

GOAL 1

The Alberta Public Service has effective leadership and governance

Focusing on enterprise governance, integrated decision making, and exemplary leadership at all levels has been a priority in 2013-14 for the APS. Through Deputy Ministers' Council, a governance model for leadership of the APS was implemented and refined. Albertans have given the government a mandate for change and expect results on a bold agenda. Collectively, Deputy Ministers' Council has redefined its corporate governance approach to ensure effective corporate leadership and governance of the APS, implementation of the Government of Alberta Strategic Plan, and that collective expert advice is provided to the Premier and Cabinet.

Organizational transformation of the APS is necessary to build on successes, adopt different behaviours that will enable renewal, and create an environment in every job site that fosters innovation, collaboration and problem solving. This ensures that the APS has the right conditions in place to attract and retain talent in an increasingly competitive labour market in order to ensure the best possible outcomes for Albertans. Reaching Our Full Potential (ROFP) launched in June 2012 and has engaged staff through awareness building sessions and conferences held across the province, identified Change Champions in each ministry, and developed on-line tools and resources. The 2013 APS Corporate Employee Survey showed that 86 per cent of employees are aware of ROFP.

Developing leaders at all levels is critical for the APS to reach its full potential. A new Leadership and Talent Development initiative was established in December 2013 with a mandate to develop a corporate approach and guide implementation to achieve leadership capacity at all levels of the APS.

GOAL 2

Government policy, planning and decision-making is supported by the best policy advice from the public service

In 2013-14, the Policy Coordination Office (PCO) supported enhanced integration and coordination in policy development across government to make a difference in the lives of Albertans. To do this, PCO identified, tracked, and coordinated policy and regulatory projects and priorities across government, ensuring alignment and a planned approach to the delivery of government's agenda; provided strategic advice and supported the development of integrated and well-informed policy through informed discussions at the policy pods and ministerial groups; and co-led , with Treasury Board and Finance, the development of the Government of Alberta Strategic Plan, which outlines government's focused agenda. PCO also led a number of activities to strengthen the public service's capacity to develop robust evidence-based policy options.

The Regulatory Review Secretariat (RRS) continued to oversee the ongoing review of regulations to uphold quality standards and ensure alignment with policy objectives. The Regulatory Cost Model, a tool developed by the RRS, to calculate the cost of complying with regulation received national recognition and is being adapted by several jurisdictions across Canada. Support was also provided to the Red Tape Reduction Task Force to assess the regulatory burden on small business.

Effective April 1, 2013, the Agency Governance Secretariat (AGS) transferred to the Policy Coordination Office. The AGS promoted effective agency governance through implementation of the Public Agencies Governance Framework and the Agency Inventory Database. AGS also worked towards proclamation of *Alberta Public Agencies Governance Act*, which occurred in June 2013.

To promote increased efficiency for the distribution of Cabinet documentation, the paper-based process was evolved to a new electronic E-Committee system, which was developed in 2013-14 and will be implemented in 2014-15. The application improves the timeliness of distribution of Cabinet packages, increases the ability to act on issues requiring immediate attention, and enhances security and records-management capabilities.

GOAL 3

Government communications are coordinated and effective

Albertans need coordinated and effective two-way communications with government. And they deserve to know how the activities of government affect them directly. In 2013-14 government communications were strategically aligned with the Building Alberta Plan and its three priorities: Opening new markets, Living within our means, and Investing in families & communities.

Support for investing in the families and communities priorities include communications campaigns to promote and build awareness of mandatory warranties for new homes, traffic safety campaigns against impaired and distracted driving, and relief and recovery information following unprecedented flooding in southern Alberta in June. To further government efforts in opening new markets, major communications endeavours include the announcement of a new International Strategy for the government, editorial copy and advertising in international publications, promotional materials translated into French, German, Italian, Japanese, and Mandarin and distributed around the world. To assist the goals of living within our means priority initiative, Public Affairs Bureau carried out serial public opinion research to ensure the priorities of Albertans were thoroughly analyzed and current for reference by policy makers, as well as focus groups and other qualitative tools such as media analysis and monitoring, budget surveys and public consultation.

GOAL 4

Alberta Public Service employees are skilled and engaged

Organizational renewal and transformation has been a focus for the Alberta Public Service (APS) since Reaching Our Full Potential was launched in June, 2012. Developing leaders - at all levels - is a priority for the Government of Alberta and its senior leadership. Corporate Human Resources (CHR) and the HR Community worked together on a variety of initiatives to support leadership development and create the conditions necessary for an effective APS. Implementation of Strategic Workforce Planning is underway to ensure that the GoA is taking a planned and proactive approach to managing workforce supply and demand and meeting business goals.

To ensure that government business goals are achieved, it is critical that the APS is guided by human resource policies and processes that are modern and responsive. Results-based Budgeting reviews continued in 2013-14 and stakeholders from across government were engaged to review the effectiveness of the human resource system. The review recommended that the system needs to change and adapt. As a result of the review, work has been done to strengthen governance of the system and establish goals and priorities to ensure that HR practices, policies and systems are effective in enabling the work of government in meeting the needs of Albertans. As part of the modernization efforts, an in-depth review of the classification system commenced on April 1, 2013 and work is underway to create a system that supports talent management and career development, enhances consistency and equitability for all employees, and expedites processes efficiently to support business processes. During 2013-14, negotiations were also underway between the Alberta Union of Provincial Employees and the Government of Alberta for a new collective bargaining agreement.

Financially, CHR experienced a $5.0 million reduction to the Government of Alberta’s liability for the Long Term Disability Income Continuance Plan due to favourable investment performance and long term disability experience.

Activities during the year and achievement levels on performance measures were impacted by a changing public service environment and numerous fiscal, environmental, and labour relations related factors.

Ministry Expense by Function

($000)

	2013-14 Budget	2013-14 Actual	2012-13 Actual
General Government	$50,680	$43,575	$42,135
Total Expense by Function	$50,680	$43,575	$42,135

Financial Information

Ministry Financial Statements

March 31, 2104

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Executive Council, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Executive Council as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 9, 2014

Edmonton, Alberta

MINISTRY OF EXECUTIVE COUNCIL
STATEMENT OF OPERATIONS
Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
	(Schedule 2)		
		(in thousands)	
Revenues			
Other Revenue	$ -	$ 700	$ 16
	-	700	16
Expenses - Directly Incurred (Note 2(b) and Schedule 1)			
Program (Schedules 1 and 3)			
Office of the Premier / Executive Council	12,510	13,482	12,705
Public Affairs	16,975	16,203	16,761
Corporate Human Resources	21,195	13,890	12,669
	50,680	43,575	42,135
Net Operating Results	$ (50,680)	$ (42,875)	$ (42,119)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF EXECUTIVE COUNCIL
STATEMENT OF FINANCIAL POSITION
As at March 31, 2014

	2014	2013
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 12	$ 10
Accounts Receivable	229	279
Advances	-	2
Tangible Capital Assets (Note 5)	310	15
	$ 551	$ 306
Liabilities		
Accounts Payable and Accrued Liabilities (Note 3)	$ 7,703	$ 11,216
	$ 7,703	$ 11,216
Net Liabilities		
Net Liabilities at Beginning of Year	(10,910)	(16,235)
Net Operating Results	(42,875)	(42,119)
Net Financing Provided from (for) General Revenues	46,633	47,444
Net Liabilities at End of Year	(7,152)	(10,910)
	$ 551	$ 306

Contingent Liabilities and Contractual Obligations (Notes 6 and 7)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF EXECUTIVE COUNCIL
STATEMENT OF CASH FLOWS
Year ended March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (42,875)	$ (42,119)
Non-cash Items Included in Net Operating Results		
Provision for Government of Alberta's Share of Long Term Disability Income Continuance Plan Liability	(4,963)	(5,801)
Amortization	3	3
	(47,835)	(47,917)
(Increase) Decrease in Accounts Receivable	50	(77)
(Increase) Decrease in Advances	2	(1)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,450	546
Cash Provided by (Applied to) Operating Transactions	(46,333)	(47,449)
Capital Transactions		
Acquisition of Tangible Capital Assets	(298)	-
Cash Provided by (Applied to) Capital Transactions	(298)	-
Financing Transactions		
Net Financing Provided from (for) General Revenues	46,633	47,444
Cash Provided by (Applied to) Financing Transactions	46,633	47,444
Increase (Decrease) in Cash and Cash Equivalents	2	(5)
Cash and Cash Equivalents at Beginning of Year	10	15
Cash and Cash Equivalents at End of Year	$ 12	$ 10

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Ministry of Executive Council operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Executive Council. This entity consists of the activities of the Office of the Premier/Executive Council, Public Affairs Bureau and Corporate Human Resources.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Expenses
<u>Directly Incurred</u>
Directly Incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, indemnities and long term disability plans.

Incurred by Others

Services contributed by other entities in support of the ministry's operations are not recognized and are disclosed in Schedule 5 and allocated to programs in Schedule 6.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included.

Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the ministry and its liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The Government of Alberta's share of the Long Term Disability Income Continuance Plan liability, as part of Accrued Liabilities, recorded as $0 in these financial statements, is subject to measurement uncertainty.

Uncertainty arises because the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation of the Plan's liability.

While best estimates have been used in the valuation of Long Term Disability Income Continuance Plan liability, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

(c) Future Accounting Changes

PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.
The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016 – 17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2014	2013
Government of Alberta's Share of the Long Term Disability Income Continuance Plan Liability[(a)]	$ -	$ 4,963
Other Payables and Accruals	7,703	6,253
	$ 7,703	$ 11,216

(a) The ministry has an obligation to recognize Government of Alberta's share in the liability for the Long Term Disability Income Continuance Plans.

NOTE 4 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, Advances, Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

	2014		2013
	Budget	Actual	Actual
Provision for vacation pay	$ -	$ 50	$ 482
Provision for the Government of Alberta's Share of the Long Term Disability Income Continuance Plan Liability [(1)]	2,250	(4,963)	(5,801)
	$ 2,250	$ (4,913)	$ (5,319)

(1) The provision represents the change in the long term disability with a reduction in the liability of $4,963 in the current year (2013 – reduction in the liability of $5,801). The accrued benefit liability for the Long Term Disability Income Continuance Plans at March 31, 2014 amounted to $0 (2013 - $4,963) and is included in accrued liabilities (Note 3).

NOTE 5 TANGIBLE CAPITAL ASSETS
(in thousands)

	Equipment [1]	Software	Total
Estimated Useful life	10 years	5 years	
Historical Cost			
Beginning of Year	$ 26	$ -	$ 26
Additions	-	298	298
	$ 26	$ 298	$ 324
Accumulated Amortization			
Beginning of Year	11	-	11
Amortization Expense	3	-	3
	14	-	$ 14
Net Book Value at March 31, 2014	$ 12	$ 298	$ 310
Net Book Value at March 31, 2013	$ 15	-	$ 15

(1) Equipment includes office equipment and furniture.

NOTE 6 CONTINGENT LIABILITIES
(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in one (2013 – one) claim of which the outcome is not determinable. This claim has specified amounts totaling $200 (2013: $200). The claim is covered in whole or in part by Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 7 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Obligations under contracts	$ 2,933	$ 4,852

Estimated payment requirements for each of the next three years and thereafter are as follows:

Obligations Under Contracts

	Total
2014-15	$ 1,466
2015-16	1,367
2016-17	100
Thereafter	-
	$ 2,933

NOTE 8 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The ministry administers trust funds which are managed for the purpose of various trusts and employee benefit plans, over which the Legislature has no power of appropriation. Because the province has no equity in the funds, these amounts are not included in the ministry's financial statements.

As at March 31, 2014 trust funds under administration were as follows:

	2014			2013
	Total Assets	Total Liabilities	Net Assets Available for Benefits	Net Assets Available for Benefits
Long Term Disability Income Continuance Plans: (1)				
Bargaining Unit	$ 230,415	$ 654	$ 229,761	$ 194,180
Management, Opted Out and Excluded	68,390	152	68,238	60,595
	$ 298,805	$ 806	$ 297,999	$ 254,775

(1) Financial statements of these funds can be found in the supplementary Ministry financial information section of the Ministry of Executive Council 2013-14 annual report.

	2014			2013
	Total Assets	Total Liabilities	Net Assets/ (Liabilities)	Net Assets/ (Liabilities)
Short Term Benefit Plans				(Restated)
Group Life Insurance Plans: (1)				
Bargaining Unit	$ 36,030	$ 26,132	$ 9,898	$ 7,445
Management, Opted Out and Excluded	37,252	10,129	27,123	21,509
Government of Alberta Dental Plan Trust (2)	12,855	1,376	11,479	10,467
Government Employees' Group Extended Medical Benefits and Prescription Drugs Plan Trust(2)	29,367	3,454	25,913	18,807
Public Service Health Spending Account Plan	9,956	9,956	-	-
	$ 125,460	$ 51,047	$ 74,413	$ 58,228

(1) This Group Life Insurance Plan is inclusive of Basic Group Life, Accidental Death and Dismemberment, Dependent Life, Enhanced Life, Critical Illness and Retiree Life Insurance Coverage.

(2) Trusts have a year ending December 31st.

NOTE 9 BENEFIT PLANS

(in thousands)

Multi-Employer Pension Plans

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $5,324 for the year ended March 31, 2014 (2013 – $4,866). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 – deficiency $303,423), the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 – deficiency $1,645,141) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384 (2012 – deficiency $51,870).

Long Term Disability Income Continuance Plans

The ministry administers the Long Term Disability Income Continuance Plans. These plans are defined benefit plans to which participating employers contribute on a defined contribution basis.

For the Bargaining Unit plan, effective October 13, 2013, the employers contribute at a rate of 1.725 per cent of insurable salary. Long term disability benefits are funded equally by the employer and employees of this plan. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 – surplus $51,717).

For the Management, Opted Out and Excluded plan, effective October 13, 2013, the employers contribute at a rate of 1.35 per cent of insurable salary. At March 31, 2014 Management, Opted Out and Excluded plan reported an actuarial surplus of $24,055 (2013 – surplus $18,327). Long term disability benefits are funded by the employers of this Plan.

At March 31, 2014, the Government of Alberta's share of the estimated accrued benefit liability for these two plans amounting to $0 (2013 - $4,963) has been recognized in these financial statements (Note 3). This amount is actuarially determined as the cost of the employee benefits earned net of employer's contributions, interest expense on the accrued benefit obligation, expected return on the plan assets and amortization of deferred amounts using management's best estimates and actuarial assumptions. The ministry, together with other participating ministries, records their share of employer contributions as expenses in their respective financial statements.

NOTE 9 BENEFIT PLANS (Cont'd)
(in thousands)

Group Life Insurance Plans

The ministry also administers the Group Life Insurance Plans on behalf of the Government of Alberta. These plans are defined benefit plans to which participating employers contribute on a defined contribution basis.

The Basic Group Life Insurance and Accidental Death and Dismemberment Insurance are funded two-thirds by the employers and one-third by employees for the Bargaining Unit plan and the Management, Opted Out and Excluded plan. All additional coverage is optional and funded by the employees for both plans.

At March 31, 2014, the Bargaining Unit plan reported net assets of $9,898 (2013 - $7,445) and the Management, Opted Out and Excluded plan reported net assets of $27,123 (2013 - $21,509). These amounts currently subsidize claim costs and stabilize premium rates for the plans. Management produced estimates based on available March 2013 data, which was reviewed by the actuary for reasonableness. The ministry, together with other participating ministries, records their share of employer contributions as expenses in their respective financial statements.

Dental and Extended Medical Benefits and Prescription Drug Plan Trusts

Boards of Trustees administer the Group Dental and Extended Medical Benefits and Prescription Drug Plan Trusts on behalf of the employees of Government of Alberta. These plans are defined benefit plans to which the employer contributes on a defined contribution basis.

Premium rates are recommended by the trustees to the Government of Alberta. All additional coverage for the participating employees is optional and funded by the employees.

At December 31, 2013, the Government of Alberta Dental Plan Trust reported net assets of $11,479 (2012 - $10,467) and the Government Employees' Group Extended Medical Benefits and Prescription Drug Plan Trust reported net assets of $25,913 (2012 - $18,807). The trusts receive contributions from participating employers. The employer withholds contributions from employees and remits both employee and employer contributions to the Trusts. The ministry, together with the participating ministries, records their share of employer contributions as expenses in their respective financial statements.

NOTE 9 BENEFIT PLANS (Cont'd)

(in thousands)

Public Service Health Spending Account Plan

The ministry also administers the Public Service Health Spending Account Plan on behalf of the Government of Alberta. The Plan came into effect April 1, 2012. The Plan provides a non-taxable employee benefit in the form of an annual credit. Any unused credits will be carried forward for one fiscal year after the year in which the credits were allocated.

Contributions are funded by the employer at specified contributions rates per employee. The rates in effect April 1, 2013 are $950 per management, opted out and excluded employee and $750 per bargaining unit employee.

At March 31, 2014, the Public Service Health Spending Account Plan reported estimated net assets of $0. The Plan is designed such that contributions are sufficient to cover claims and expenses each plan year. There is insufficient plan experience available to make an estimate of net assets other than that reported.

NOTE 10 OVER EXPENDITURE OF AUTHORIZED SPENDING

(in thousands)

The ministry's total of actual voted expense exceeded the authorized voted expenses by $347 for the year ended March 31, 2014. As required by the Financial Administration Act, this amount must be charged against the voted appropriation for the year ending March 31, 2015. See Schedule 3 to the financial statements.

NOTE 11 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer, the Deputy Minister and the Public Service Commissioner.

Schedule 1

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 40,875	$ 39,352	$ 37,612
Supplies and Services	7,470	9,040	9,703
Financial Transactions and Other (1)	2,335	(4,820)	(5,183)
Amortization of Tangible Capital Assets	-	3	3
	$ 50,680	$ 43,575	$ 42,135

(1) Includes statutory salaries and provision for the Government of Alberta's share of the Long Term Disability Income Continuance Plan liability.

Schedule 2

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
BUDGET RECONCILIATION
Year ended March 31, 2014

	2013-14 Estimate[1]	Adjustments to Conform to Accounting Policy	2013-14 Constructed Budget
		(in thousands)	
Revenues			
Other Revenue	$ -	$ -	$ -
Expenses - Directly Incurred			
Programs			
Office of the Premier/Executive Council	12,510	-	12,510
Public Affairs	16,975	-	16,975
Corporate Human Resources	21,195	-	21,195
	50,680	-	50,680
Net Operating Results	$ (50,680)	$ -	$ (50,680)

(1) The 2013-14 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are allocated to each program.

Schedule 3

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

	Voted Estimate [(1)]	Adjustments [(2)]	Adjusted Voted Estimate	Voted Actuals [(3)]	Unexpended (Over Expended)
			(in thousands)		
Program - Operational					
Office of the Premier/Executive Council					
1.1 Office of the Premier / Executive Council	$ 11,996	$ (300)	$ 11,696	$ 12,957	$ (1,261)
1.2 Office of the Lieutenant Governor	514	-	514	540	(26)
	12,510	(300)	12,210	13,497	(1,287)
Public Affairs					
2.1 Corporate Services	2,439	-	2,439	2,365	74
2.2 Corporate Communications	14,536	-	14,536	13,806	730
	16,975	-	16,975	16,171	804
Corporate Human Resources					
3.1 Office of the Public Service Commissioner	695	-	695	722	(27)
3.2 Corporate Human Resources Programs	18,250	-	18,250	18,087	163
	18,945	-	18,945	18,809	136
Total	$ 48,430	$ (300)	$ 48,130	$ 48,477	$ (347)
Lapse/(Encumbrance)					$ (347)
Program - Capital					
Public Affairs	-	300	300	298	2
2.1 Corporate Services	$ -	$ 300	$ 300	$ 298	$ 2
Lapse/(Encumbrance)					$ 2

Schedule 3

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

(1) As per 2013-14 Government Estimates.

(2) $300 transfer to Corporate Services for capital expense to fund development of IT systems as approved by Treasury Board Committee on Feb. 5, 2014.

(3) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Please note that the Voted Estimate and Actuals column will not agree to the Statement of Operations because it contains only the voted amounts whereas the Statement of Operations contains voted and non-voted amounts.

Schedule 4

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2014

	2014				2013
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total (Restated)
Senior Officials					
Deputy Minister [4]	$ 343,949	$ 1,850	$ 110,561	$ 456,360	$ 452,101
Chief of Staff [4] [6]	308,976	447,041	14,040	770,057	343,968
Public Service Commissioner [4]	275,159	17,663	86,043	378,865	381,713
Deputy Minister, Leadership & Talent Development [5]	78,014	1,850	27,888	107,752	-
Deputy Secretary to Cabinet [4] [8]	208,628	5,620	63,389	277,637	274,400
Principal Secretary [6]	195,224	264,403	53,752	513,379	214,274
Director of Operations [6]	180,038	161,573	9,439	351,050	179,150
Executive Director, Southern Alberta Office [4] [6]	203,033	157,378	7,190	367,601	245,645
Director of Communications [6]	202,265	170,696	7,936	380,897	167,205
Executive Director, Policy [7][18]	-	-	-	-	149,387
Advisor to Premier and Legislative Affairs [7][18]	-	-	-	-	81,195
Deputy Chief, Policy Coordination [4] [8]	209,456	1,850	64,315	275,621	272,254
Managing Director, Public Affairs Bureau [9]	181,035	1,850	51,571	234,456	317,187
Executives					
Office of the Premier/Executive Council:					
Deputy Chief, Protocol [8]	112,045	2,281	23,410	137,736	166,502
Public Affairs:					
Executive Director, Strategic Communications [10]	82,283	4,048	21,898	108,229	199,247
Executive Director, Corporate Communications [11]	12,705	273	3,568	16,546	199,272
Executive Director, Corporate Services [12]	55,106	9,726	2,298	67,130	170,154
Executive Director, Families & Communities [13]	20,354	1,850	7,310	29,514	-
Executive Director, Natural Resources & Environment [13]	18,437	1,850	6,264	26,551	-
Executive Director, Economic Future [13]	19,540	1,850	6,531	27,921	-
Executive Director, Strategic Communications Planning [13]	15,994	1,850	5,317	23,161	-
Executive Director, Issues Management [13]	18,151	1,850	6,147	26,148	-
Corporate Human Resources:					
Assistant Commissioner, Labour & Employment Practices [14]	177,500	1,850	51,534	230,884	76,970

Schedule 4

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2014

	2014				2013
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total (Restated)
Executives (Cont'd)					
Corporate Human Resources(Cont'd):					
Assistant Commissioner, Workforce Development and Engagement [15]	172,122	2,150	49,277	223,549	136,923
Assistant Commissioner, Attraction, Technology and Human Resource Community Development [16]	143,846	1,850	44,921	190,617	242,679
Director, Executive Search	124,148	1,850	33,823	159,821	152,237
Chair Operational Strategy Team	150,951	1,850	42,115	194,916	184,963
Senior Financial Officer [17]	157,910	1,850	44,189	203,949	143,646
Human Resources Director	138,104	1,850	37,563	177,517	168,717

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts, lump sum payments and severances. There were no bonuses paid in 2014.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) Position created on December 18, 2013
(6) These positions were occupied from April 1, 2013 to March 20, 2014.
(7) These positions were not filled after May 2012 and discontinued for 2013-14.
(8) These positions were occupied by two people during the year.
(9) This position was not filled during the year. The figures shown represent payments to two staff in an acting capacity.
(10) This position was occupied by two people during the year and discontinued on October 1, 2013.
(11) This position was discontinued on April 30, 2013.
(12) This position was discontinued on August 1, 2013.
(13) These were new positions resulting from the Public Affairs Bureau reorganization - filled on February 18, 2014.
(14) This position was vacant from May 7, 2012 to January 7, 2013, no vacancy period in 2014.
(15) This position was vacant from July 3, 2012 to January 7, 2013, no vacancy period in 2014.
(16) This position was vacant from August 1, 2013 to August 25, 2013.
(17) This position was vacant from April 1, 2012 to July 16, 2012, no vacancy period in 2014.
(18) Prior year amounts have been adjusted to reflect severance payments.

Schedule 5

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2014
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2014	**2013**
Expenses - Directly Incurred		
Other Services	$ 781	$ 509
Receivable from Other Government Departments	$ 128	$ 6

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 6.

	Other Entities	
	2014	**2013**
Revenues		
Government of Alberta Learning Centre	$ 891	$ 994
	$ 891	$ 994
Expenses - Incurred by Others		
Accommodation	$ 3,401	$ 3,189
Business Services	1,782	1,573
Legal Services	614	416
Air Transportation	1,195	1,070
	$ 6,992	$ 6,248

MINISTRY OF EXECUTIVE COUNCIL
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year Ended March 31, 2014
(in thousands)

	2014						2013
		Expenses - Incurred by Others					
Program	Expenses [1]	Accommodation Costs [2]	Business Services [3]	Legal Services [4]	Air Transportation [5]	Total Expenses	Total Expenses
Office of the Premier/Executive Council	$ 13,482	$ 1,525	$ 1,121	$ 236	$ 1,195	$ 17,559	$ 15,555
Public Affairs	16,203	474	172	23	-	16,872	17,756
Corporate Human Resources	13,890	1,402	489	355	-	16,136	15,072
	$ 43,575	$ 3,401	$ 1,782	$ 614	$ 1,195	$ 50,567	$ 48,383

(1) Expenses - Directly Incurred as per Statement of Operations.
(2) Costs shown for Accommodation on Schedule 5, allocated by square footage.
(3) Business Services on Schedule 5, includes financial, administrative, technology services and executive vehicle services allocated by estimated costs incurred in each program.
(4) Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.
(5) The Department of Treasury Board and Finance provides a summary of Air Transportation costs as shown on Schedule 5.

Long Term Disability Income Continuance Plan – Bargaining Unit

Financial Statements

Year Ended March 31, 2014

Independent Auditor's Report

To the President of Executive Council, also Minister Responsible for Corporate Human Resources

Report on the Financial Statements
I have audited the accompanying financial statements of the Long Term Disability Income Continuance Plan—Bargaining Unit, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net assets available for benefits and changes in benefit obligation for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Long Term Disability Income Continuance Plan—Bargaining Unit as at March 31, 2014, and the changes in its net assets available for benefits and changes in its benefit obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 2, 2014

Edmonton, Alberta

Statement of Financial Position

As at March 31, 2014

	($ thousands)	
	2014	**2013**
Net assets available for benefits		
Assets		
Investments (Note 3)	$ 228,659	$ 193,099
Contributions receivable		
Employer	849	783
Employee	849	783
Accounts receivable	58	59
Total Assets	230,415	194,724
Liabilities		
Accounts payable and accrued liabilities	654	544
Total Liabilities	654	544
Net assets available for benefits	229,761	194,180
Benefit obligation and surplus		
Benefit obligation (Note 5)	154,561	142,463
Surplus (Note 6)	75,200	51,717
Benefit obligation and surplus	**$ 229,761**	**$ 194,180**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets Available for Benefits

Year ended March 31, 2014

	($ thousands) 2014	2013
Increase in assets		
Contributions		
Employers	$ 20,025	$ 20,076
Employees	20,021	20,071
Investment income (Note 7)	32,400	20,062
	72,446	60,209
Decrease in assets		
Benefit payments	31,324	29,142
Adjudication	2,240	1,749
Severance	1,061	510
Rehabilitation	597	532
Investment expenses (Note 8)	1,191	737
Administrative expenses (Note 9)	452	456
	36,865	33,126
Increase in net assets	35,581	27,083
Net assets available for benefits at beginning of year	194,180	167,097
Net assets available for benefits at end of year	**$ 229,761**	**$ 194,180**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Benefit Obligation

Year ended March 31, 2014

	2014	2013
	($ thousands)	
Increase in benefit obligation		
New claims	$ 29,701	$ 37,272
Interest accrued on benefits	6,111	7,373
Change in discount rate assumption	-	2,549
Other net experience loss	11,543	-
	47,355	47,194
Decrease in benefit obligation		
Benefit payments	31,324	29,142
Terminations other than expected	3,933	14,175
Change in claim termination rates assumption	-	15,955
Other net experience gain	-	3,420
	35,257	62,692
Net increase (decrease) in benefit obligation	12,098	(15,498)
Benefit obligation at beginning of year	142,463	157,961
Benefit obligation at end of year	$ 154,561	$ 142,463

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY DESCRIPTION OF THE PLAN

The following description of the Long Term Disability Income Continuance Plan (the Plan) for bargaining unit employees is a summary only. For a complete description of the Plan, reference should be made to section 21 of the Public Service Act, the Long Term Disability Income Continuance Plan Regulation, section 98 of the *Financial Administration Act* and Treasury Board Directive 08/98, as amended.

a) GENERAL

The Plan provides disability benefits and ensures income continuance of eligible Government of Alberta employees included in an Alberta Union of Provincial Employee's (AUPE) bargaining unit. Management and employees opted out and excluded from an AUPE bargaining unit are covered under a separate plan.

b) FUNDING POLICY

Long term disability benefits are funded equally by employer and employee contributions at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2014 are 1.725 per cent (2013: 1.825 per cent) of insurable salary for employers and 1.725 per cent (2013: 1.825 per cent) for employees. The rates are to be reviewed at least once every three years by the Public Service Commissioner based on recommendations of the Plan's actuary and Advisory Committee.

c) LONG TERM DISABILITY BENEFITS

Benefits are payable when eligible plan members become disabled for 80 consecutive normal workdays as the result of bodily injury or illness, as determined by the Plan's adjudicator. Plan members are eligible for coverage after completion of three consecutive months of service without absence in a permanent position, or a full year in a temporary position. The Plan provides for benefits equal to 70 per cent of members' pre-disability salary. Reduced benefits are payable to eligible members who receive compensation from the Workers' Compensation Board, an automobile insurance plan, benefits under the Canada Pension Plan or any other group disability plan, vacation leave pay or employment income other than a rehabilitation program.

No benefit is payable if the disability is the result of injuries suffered from participation in a criminal act or an act of war, or injury or illness which are self-inflicted intentionally. Disabled members who are not under the continuous care of a physician or who are confined in prisons are not eligible for benefits.

Benefits terminate upon the earliest of the date the member resigns or is gainfully employed or is no longer disabled, three months after the adjudicator declares the member is suitable for gainful employment, or the date the member attains age 65 and is eligible for an unreduced public service pension. Benefits also terminate when a member's earnings under a rehabilitation program or earnings received from employment or self employment are the same as the member's pre-disability salary or after 24 months where the member is in a temporary position or when an employee refuses or wilfully fails to participate and cooperate in a rehabilitation plan.

d) DECREASE IN ASSETS

Expenses of the Plan include benefits paid out, adjudication fees, rehabilitation expenses, administrative expenses and severance payments for resignation of employment subsequent to disability leave. Adjudication fees include services performed by an independent agent in determining the eligibility of claims, the amounts of eligible benefits and the time period applicable for disability. Administrative expenses include the cost of salaries and benefits incurred on behalf of the Plan by Corporate Human Resources of $267 (2013: $252).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

a) BASIS OF PRESENTATION

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans. The Plan has elected to apply International Financial Reporting Standards (IFRS) for accounting policies that do not relate to its investment portfolio or benefit obligation.

Effective April 1, 2013, the Plan adopted IFRS 13, Fair Value Measurement. The adoption of this standard did not have an impact on the financial statements of the Plan.

These financial statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

b) VALUATION OF INVESTMENTS

Investments are recorded at fair value. As disclosed in Note 3, the Plan's investments consist primarily of direct ownership in units of pooled investment funds (the pools). The pools are established by Ministerial Order 9/89, being the Pooled Fund Establishment and Maintenance Order, pursuant to the *Financial Administration Act* of Alberta, Chapter F-12, Section 45, and the *Alberta Investment Management Corporation Act* of Alberta, Chapter A-26.5, Section 15 and 20. Participants in pools include government and non-government funds and plans.

Contracts to buy and sell financial instruments in the pools are between the Province of Alberta and the third party to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. Alberta Investment Management Corporation (AIMCo) controls the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Plan does not report the financial instruments of the pools on its statement of financial position.

The Plan becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and loses its exposure to those financial risks and rewards when it sells its units. The Plan reports its share of the financial risks in Note 4.

The fair value of units held by the Plan is derived from the fair value of the underlying financial instruments held by the pools as determined by AIMCo (see Note 3b). Investments in units are recorded in the Plan's accounts. The underlying financial instruments are recorded in the accounts of the pools. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, derivatives, investment receivables and payables and cash.

The Plan's cut-off policy for valuation of investments, investment income and investment performance is based on valuations confirmed by AIMCo on the fourth business day following the year end. Differences in valuation estimates provided to Treasury Board and Finance after the year end cut-off date are reviewed by management. Differences considered immaterial by management are included in investment income in the following period.

Investments in units are recorded in the Plan's accounts on a trade date basis.

All purchases and sales of the pool units are in Canadian dollars.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) INVESTMENT INCOME

Investment income includes the following:

i. Income distributions from the pools are recorded in the Plan's accounts and included in investment income on the Statement of Changes in Net Assets Available for Benefits (see Note 7). Income distributions are based on the Plan's pro-rata share of total units issued by the pools.

ii. Realized gains and losses on disposal of units and unrealized gains and losses on units are recorded in the Plan's accounts and included in investment income on the Statement of Changes in Net Assets Available for Benefits. Realized gains and losses on disposal of units are determined on an average cost basis.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

iii. Investment income is recorded on an accrual basis.

d) INVESTMENT EXPENSES

Investment expenses include all amounts, including transaction costs, incurred by the Plan to earn investment income (see Note 8). Investment expenses are recorded on an accrual basis.

e) VALUATION OF BENEFIT OBLIGATION

The value of the benefit obligation and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. The valuation is made at least every three years and results from the most recent valuation are extrapolated, on an annual basis, to year-end. The valuation uses the projected benefit method based on estimates of the Plan's Disabled Life Reserve and the Incurred But Unreported Reserve and management's best estimate, as at the valuation and extrapolation date, of various economic and non-economic assumptions.

f) VALUATION OF ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

g) MEASUREMENT UNCERTAINTY

In preparing these financial statements, estimates and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the valuation of the Plan's benefit obligation, private investments, hedge funds, private real estate and timberland investments. Uncertainty arises because:

i) the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation of the Plan's benefit obligation, and

ii) the estimated fair values of the Plan's private investments, hedge funds, private real estate and timberland investments may differ significantly from the values that would have been used had a ready market existed for these investments.

While best estimates have been used in the valuation of the Plan's benefit obligation and in the valuation of the Plan's private and alternative investments and real estate, management considers that it is possible, based on existing knowledge, that change in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in respect of the benefit obligation are disclosed as net experience gains or losses that change the value of the benefit obligation (see Note 5b).

Differences between the estimated fair values and the amount ultimately realized are included in net investment income in the year when the ultimate realizable values are known.

NOTE 3 INVESTMENTS

The Plan's investments are managed at the asset class level for purposes of evaluating the Plan's risk exposure and investment performance against approved benchmarks based on fair value. AIMCo invests the Plan's assets in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the Deputy Minister of Treasury Board and Finance. The fair value of the pool units is based on the Plan's share of the net asset value of the pooled fund. The pools have a market based unit value that is used to allocate income to participants of the pool and to value purchases and sales of pool units. AIMCo is delegated authority to independently purchase and sell securities in the pools and Plan, and units of the pools, within the ranges approved for each asset class (see Note 4).

($ thousands)

	Fair Value Hierarchy [a]			2014	2013
	Level 1	Level 2	Level 3	Fair Value	Fair Value
Money market and fixed income					
Deposits and short-term securities	$ -	$ 4,951	$ -	$ 4,951	$ 6,252
Bonds, mortgages and private debt	-	66,580	7,595	74,175	48,555
	-	71,531	7,595	79,126	54,807
Equities					
Canadian	21,534	12,954	-	34,488	31,635
Foreign	56,034	13,977	17,783	87,794	84,024
Private	-	-	5,228	5,228	2,986
	77,568	26,931	23,011	127,510	118,645
Inflation sensitive and alternatives					
Real estate	-	-	14,155	14,155	12,321
Infrastructure	-	-	5,057	5,057	4,564
Timberland	-	-	2,811	2,811	2,105
Private debt and loans	-	-	-	-	657
	-	-	22,023	22,023	19,647
Total investments	$ 77,568	$ 98,462	$ 52,629	$ 228,659	$ 193,099

a) **Fair Value Hierarchy**: The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with level 1 being the highest quality and reliability.

- ***Level 1*** - fair value is based on quoted prices in an active market. This level includes publicly traded listed equity investments totalling $77,568 (2013: $78,250).
- ***Level 2*** - fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes debt securities and derivative contracts not traded on a public exchange totalling $98,462 (2013: $74,424). For these investments, fair value is either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.
- ***Level 3*** - fair value is estimated using inputs based on non-observable market data. This level includes private mortgages, private equities and all inflation sensitive investments totalling $52,629 (2013: $40,425).

Note 3 INVESTMENTS (continued)

Reconciliation of Level 3 Fair Value Measurements:

	($ thousands)	
	2014	**2013**
Balance, beginning of year	$ 40,425	$ 35,019
Investment income	5,947	4,422
Purchases of Level 3 pooled fund units	11,481	13,289
Sale of Level 3 pooled fund units	(5,224)	(12,305)
Balance, end of year	**$ 52,629**	**$ 40,425**

b) Valuation of Financial Instruments recorded by AIMCo in the Pools

The methods used to determine the fair value of investments recorded in the pools is explained in the following paragraphs:

- ***Money market and fixed income:*** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows. Private debt and loans are valued similar to private mortgages. Cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
- ***Equities:*** Public equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. The fair value of hedge fund investments is estimated by external managers. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.
- ***Inflation sensitive and alternatives:*** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. The fair value of infrastructure investments is estimated by managers or general partners of infrastructure funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis. The fair value of timberland investments is appraised annually by independent third party evaluators.
- ***Foreign currency:*** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.
- ***Derivative contracts:*** The carrying value of derivative contracts in a favourable and unfavourable position is recorded at fair value and is included in the fair value of the pools (see Note 4f). The estimated fair value of equity and bond index swaps is based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts and futures contracts are valued based on quoted market prices. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

NOTE 4 INVESTMENT RISK MANAGEMENT

The Plan is exposed to financial risks associated with the underlying securities held in the pools created and managed by AIMCo. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of currency risk, interest rate risk and price risk. Liquidity risk is the risk the Plan will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Plan are clearly outlined in the SIP&G approved by the Deputy Minister of Treasury Board and Finance. The purpose of the SIP&G is to ensure the Plan is invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Board manages the Plan's return-risk trade-off through asset class diversification, target ranges on each asset class, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 4b).

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return expected to be earned on investments. In order to earn the best possible return at an acceptable level of risk, the Deputy Minister of Treasury Board and Finance has established the following asset mix policy ranges:

Asset Class	Target Asset Policy Mix	Actual Asset Mix			
		March 31, 2014		March 31, 2013	
		($ thousands)	*%*	*($ thousands)*	*%*
Money market and fixed income	25 - 50%	$ 79,126	34.6	$ 54,807	28.4
Equities	35 - 65%	127,510	55.8	118,645	61.4
Inflation sensitive and alternatives	7 - 20%	22,023	9.6	19,647	10.2
		$ 228,659	100.0	$ 193,099	100.0

a) Credit risk

i. Debt securities

The Plan is indirectly exposed to credit risk associated with the underlying debt securities held in the pools managed by AIMCo. Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments reported in Note 3 is directly or indirectly impacted by credit risk to some degree. The majority of investments in debt securities are with counterparties with credit ratings considered to be investment grade.

The table below summaries these debt securities by counterparty credit rating at March 31, 2014:

Credit rating	2014	2013
Investment Grade (AAA to BBB-)	92.0%	88.2%
Speculative Grade (BB+ or lower)	0.4%	2.1%
Unrated	7.6%	9.7%
	100.0%	100.0%

Note 4 INVESTMENT RISK MANAGEMENT (continued)

ii. Counterparty default risk - derivative contracts

The Plan is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 4f). The pools can only transact with counterparties to derivative contracts with a credit rating of A+ or higher by at least two recognized ratings agencies. Provisions are in place to either transfer or terminate existing contracts when the counterparty has their credit rating downgraded. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the net exposure in respect of favourable contracts with the same counterparty.

iii. Security lending risk

To generate additional income, the Plan participates in a securities-lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. At March 31, 2014, the Plan's share of securities loaned under this program is $6,107 and collateral held totals $6,403. Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign currency risk

The Plan is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 39% of the Plan's investments, or $89 million, are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar (21%) and the Euro (5%).

If the value of the Canadian dollar increased by 10% against all other currencies, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 3.9% (2013: 4.2%) of total investments.

The following table summarizes the Plan's exposure to foreign currency investments held in the pools at March 31, 2014:

	($ millions)			
	2014		**2013**	
Currency	**Fair Value**	**Sensitivity**	**Fair Value**	**Sensitivity**
U.S. dollar	$ 47	$ (4.7)	$ 46	$ (4.6)
Euro	11	(1.1)	10	(1.0)
Japanese yen	5	(0.5)	6	(0.6)
British pound	7	(0.7)	6	(0.6)
Australian dollar	2	(0.2)	2	(0.2)
Swiss franc	3	(0.3)	3	(0.3)
Other foreign currencies	14	(1.4)	6	(0.6)
Total foreign currency investments	$ 89	$ (8.9)	$ 79	$ (7.9)

c) Interest rate risk

The Plan is exposed to interest rate risk associated with the underlying interest-bearing securities held in pools managed by AIMCo. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 1.8% (2013: 1.5%) of total investments.

d) Price risk

Price risk relates to the possibility that units will change in value due to future fluctuations in market prices of equities held in the pools caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Plan is exposed to price risk associated with the underlying equity investments held in the pools managed by AIMCo. If equity market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 5.5% (2013: 6.5%) of total investments. Changes in fair value of investments are recognized in the statement of changes in net assets available for benefits.

e) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Plan are met through income generated from investments, employee and employer contributions, and by investing in pools that hold publicly traded liquid assets traded in an active market that are easily sold and converted to cash. Units in pools that hold private investments like real estate, timberland, infrastructure and private equities are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. The Plan's future liabilities include the accrued pension benefits obligation and payables related to the purchase of units.

f) Use of Derivative Financial Instruments in Pooled Investment Funds

The Plan has indirect exposure to derivative financial instruments through its investment in units of the pools. AIMCo uses derivative financial instruments to cost effectively gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.

		Plan's Indirect Share ($ thousands)	
By counterparty	Number of counterparties	**2014**	**2013**
Contracts in favourable position (current credit exposure)	30	$ 1,647	$ 2,354
Contracts in unfavourable position	15	(659)	(907)
Net fair value of derivative contracts	45	$ 988	$ 1,447

i. Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a favourable position totaling $1,647 (2013: $2,354) were to default at once.

ii. Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.

iii. Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in the pools are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 3. Accordingly, the notional values are not recorded.

	Plan's Indirect Share ($ thousands)	
Types of derivatives used in pools	**2014**	**2013**
Structured equity replication derivatives	$ 1,088	$ 1,392
Foreign currency derivatives	(257)	(98)
Interest rate derivatives	220	234
Credit risk derivatives	(63)	(81)
Net fair value of derivative contracts	$ 988	$ 1,447

Note 4 INVESTMENT RISK MANAGEMENT (continued)

i. Structured equity replication derivatives: Equity index swaps are structured to receive income from counterparties based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount in exchange for floating rate interest paid to the counterparty. Floating rate notes are held in equity pools to provide floating rate interest to support the pay leg of the equity index swap. Rights, warrants, futures and options are also included as structured equity replication derivatives.

ii. Foreign currency derivatives: Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

iii. Interest rate derivatives: Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.

iv. Credit risk derivatives: Credit risk derivatives include credit default swaps allowing the pools to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

v. Deposits: At March 31, 2014 deposits in futures contracts margin accounts totaled $1,340 (2013: $700) and deposits as collateral for derivative contracts totaled $165 (2013: $306).

NOTE 5 BENEFIT OBLIGATION

a) ACTUARIAL VALUATION

An actuarial valuation of the Plan was carried out as at December 31, 2013 by the Plan's actuary, Mercer (Canada) Limited and was then extrapolated to March 31, 2014.

The assumptions used in the valuation were developed as the best estimate of expected short and long term market conditions and other future events. These estimates were, after consultation with the Plan's actuary, adopted by the Public Service Commissioner.

The major assumptions used were:

	%	
	2014 Extrapolation	**2013 Valuation**
Interest discount rate (net of investment and administrative expenses)	4.7	4.7
Continuance rates		
Based on Study on Canadian Group Long Term Disability Termination Experience (1988-1997)	Modified*	Modified*
Incurred but unreported reserve factor		
As percentage of experience rated premiums	30	30

* The rates have been modified by duration to reflect the Plan's adjudication practices and claims termination experience.

The Disabled Life Reserve is an estimate of the value of future payments to be made over the life of incurred claims, discounted to a current value using a rate of 4.7 per cent (2013: 4.7 per cent). An adjustment has been made to the Disabled Life Reserve to reflect Plan members who may be approved for Canada Pension Plan benefits in the future.

The Incurred But Unreported Reserve is an estimate of the value of the financial impact of claims that are either unreported or not approved at the fiscal year end, but which will ultimately be accepted for benefits. Based on a review of historical reserves, management and the Plan's actuary determined a reserve factor of 30 per cent (2013: 30 per cent) of experience rated premiums was appropriate for estimating the reserve amount.

The next actuarial valuation of the Plan is expected to be completed as at December 31, 2014. Any differences between the actuarial valuation results and extrapolation results as reported in these financial statements will affect the financial position of the Plan and will be accounted for as gains or losses in 2015.

Note 5 BENEFIT OBLIGATION (continued)

b) SENSITIVITY OF CHANGES IN MAJOR ASSUMPTIONS

As at March 31, 2014, based on the extrapolation performed from the December 31, 2013 valuation, holding the continuance rates and incurred but unreported reserve factor constant, a 0.5 per cent decrease in the assumed interest discount rate would reduce the actuarial surplus of the Plan by $3.7 million.

NOTE 6 SURPLUS

	($ thousands)	
	2014	**2013**
Surplus at beginning of year	$ 51,717	$ 9,136
Increase in net assets available for benefits	35,581	27,083
Net (increase) decrease in benefit obligation	(12,098)	15,498
Surplus at end of year	$ 75,200	$ 51,717

NOTE 7 NET INVESTMENT INCOME

The following is a summary of the Plan's investment income (loss) by asset class:

	($ thousands)	
	2014	**2013**
Money market and fixed income	$ 2,393	$ 3,532
Equities		
Canadian	5,549	2,620
Foreign	21,564	11,591
Private	462	295
Hedge funds	-	2
	27,575	14,508
Inflation sensitive and alternatives		
Real estate	1,616	1,637
Infrastructure	181	349
Timberland	587	(14)
Private debt and loans	48	50
	2,432	2,022
	$ 32,400	$ 20,062

Investment income includes realized gains and losses from disposal of pool units, unrealized gains and losses on units and income distributions from the pools.

Income distributions from the pools is based on income earned by the pools determined on an accrual basis which includes interest, dividends, security lending income, realized gains and losses on sale of securities held by the pools, realized foreign exchange gains and losses, writedowns of securities held in the pools and income and expense earned on derivative contracts. Realized gains and losses are determined on an average cost basis. Impairment charges related to the writedown of securities held in the pools are indicative of a loss in value that is other than temporary.

NOTE 8 INVESTMENT EXPENSES

	($ thousands) 2014	2013
Amount charged by:		
AIMCo [(a)]	$ 1,179	$ 725
Alberta Treasury Board and Finance [(b)]	12	12
Total investment expenses	$ 1,191	$ 737
Increase in expenses	61.6%	26.0%
Increase in average investements under management	17.4%	13.0%
Investment expense as a percent of:		
Dollar earned	3.68%	3.67%
Dollar invested	0.56%	0.41%

a) For investment management services. Please refer to AIMCo's financial statements for a detailed breakdown of expenses. In 2014, investment expenses include external performance fees of $323. In 2013 and prior years, external performance fees were netted against investment income. External performance fees for 2013 were estimated at $343.
b) For investment accounting and Plan reporting services.

NOTE 9 ADMINISTRATIVE EXPENSES

	($ thousands) 2014	2013
General administration costs		
Salaries and related expenses	$ 267	$ 252
Fund Administration - Union liaison and others	72	71
Actuarial fees	54	60
Supplies and services	59	73
	$ 452	$ 456

NOTE 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AND BENEFIT OBLIGATION

The following is a summary of investment returns (losses), and the annual change in net assets compared to the annual change in the benefit obligation and the per cent of benefit obligation supported by net assets.

	2014	2013	2012	2011	2010
			in per cent		
Increase (decrease) in net assets attributed to:					
Investment income					
Policy benchmark return on investments	15.1	9.8	4.5	10.2	18.1
Value added return (loss) by investment manager	1.0	1.7	1.0	(0.1)	2.5
Total return on investments [(a)]	**16.1**	**11.5**	**5.5**	**10.1**	**20.6**
Other sources [(b)]	2.2	4.7	4.6	5.1	7.0
Per cent change in net assets [(c)]	**18.3**	**16.2**	**10.1**	**15.2**	**27.6**
Per cent change in obligation [(c)]	**8.5**	**(9.8)**	**1.4**	**11.3**	**2.4**
Per cent of obligation supported by net assets	**149**	**136**	**106**	**97**	**94**

Note 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AND BENEFIT OBLIGATION (continued)

(a) All investment returns are provided by AIMCo and are net of investment expenses. The annualized total return and policy benchmark return (PBR) on investments over five years is 12.7% (PBR: 11.4%), ten years is 6.8% (PBR: 6.6%) and seventeen years is 6.2% (PBR: 5.9%).

(b) Other sources includes employee and employer contributions and administration expenses.

(c) The percentage increase in net assets and the benefit obligation is based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in benefit obligation.

NOTE 11 CAPITAL

The Plan defines its capital as the funded status. The Plan's definition of capital is unchanged from prior periods. The funded status is the same as accounting surplus of $75,200 (2013: surplus of $51,717) reported in Note 6.

NOTE 12 COMPARATIVE FIGURES

Comparative figures have been reclassified to be consistent with 2014 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were prepared by management and approved by the Public Service Commissioner and the Senior Financial Officer on June 2, 2014.

Long Term Disability Income Continuance Plan – Management Opted Out and Excluded

Financial Statements

Year Ended March 31, 2014

Independent Auditor's Report

To the President of Executive Council, also Minister Responsible for Corporate Human Resources

Report on the Financial Statements
I have audited the accompanying financial statements of the Long Term Disability Income Continuance Plan—Management, Opted Out and Excluded, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net assets available for benefits and changes in benefit obligation for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Long Term Disability Income Continuance Plan—Management, Opted Out and Excluded as at March 31, 2014, and the changes in its net assets available for benefits and changes in its benefit obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 2, 2014

Edmonton, Alberta

Statement of Financial Position

As at Mar 31, 2014

	($ thousands)	
	2014	**2013**
Net assets available for benefits		
Assets		
Investments (Note 3)	$ 67,939	$ 60,314
Employer contributions receivable	451	464
Total Assets	68,390	60,778
Liabilities		
Accounts payable and accrued liabilities	152	183
Total Liabilities	152	183
Net assets available for benefits	68,238	60,595
Benefit obligation and surplus		
Benefit obligation (Note 5)	44,183	42,268
Surplus (Note 6)	24,055	18,327
Benefit obligation and surplus	**$ 68,238**	**$ 60,595**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets Available for Benefits

Year ended Mar 31, 2014

	($ thousands) 2014	2013
Increase in assets		
Employer contributions	$ 10,535	$ 10,820
Investment income (Note 7)	8,352	6,419
	18,887	17,239
Decrease in assets		
Benefit payments	9,963	9,525
Adjudication	471	357
Rehabilitation	60	78
Severance	169	-
Investment expenses (Note 8)	366	258
Administrative expenses (Note 9)	215	150
	11,244	10,368
Increase in net assets	7,643	6,871
Net assets available for benefits at beginning of year	60,595	53,724
Net assets available for benefits at end of year	**$ 68,238**	**$ 60,595**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Benefit Obligation

Year ended Mar 31, 2014

	($ thousands)	
	2014	**2013**
Increase in benefit obligation		
New claims	$ 7,850	$ 8,715
Interest accrued on benefits	1,675	2,291
Change in discount rate assumption	-	2,292
Other net experience loss	2,912	204
	12,437	13,502
Decrease in benefit obligation		
Benefit payments	9,963	9,525
Terminations other than expected	559	2,457
Change in claim termination rates assumption	-	2,522
	10,522	14,504
Net increase (decrease) in benefit obligation	1,915	(1,002)
Benefit obligation at beginning of year	42,268	43,270
Benefit obligation at end of year	$ 44,183	$ 42,268

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2014
(all dollar values in thousands, unless otherwise stated)

NOTE 1 SUMMARY DESCRIPTION OF THE PLAN

The following description of the Long Term Disability Income Continuance Plan (the Plan) for management, opted out and excluded employees is a summary only. For a complete description of the Plan, reference should be made to section 21 of the *Public Service Act*, the Provincial Court Judges and Masters in Chambers Compensation Regulation 176/98 and the Justice of Peace Regulation 6/99, the Long Term Disability Income Continuance Plan Regulation, the Long Term Disability Benefits Regulation (Legislative Assembly Act), section 98 of *the Financial Administration Act* and Treasury Board Directive 09/98, as amended.

a) GENERAL

The Plan provides disability benefits and ensures income continuance of eligible Government of Alberta management, opted out and excluded employees, Members of the Legislative Assembly, Auditor General, Child and Youth Advocate, Chief Electoral Officer, Ethics Commissioner, Freedom of Information and Privacy Commissioner, Ombudsman, Full-Time Justice of the Peace and Provincial Judges. Employees included in an Alberta Union of Provincial Employee's bargaining unit are covered under a separate plan.

b) FUNDING POLICY

Long term disability benefits are funded by employer (Government of Alberta including Legislative Assembly and other Legislative Offices) contributions at a rate which is expected to provide for all benefits payable under the Plan. The rate in effect at March 31, 2014 is 1.35 per cent (2013: 1.5 per cent) of insurable salary of eligible employees with the exception of Provincial Judges with the rate of 2.05 per cent (2013: 2.05 per cent). The rates are to be reviewed at least once every three years by the Public Service Commissioner based on recommendations of the Plan's actuary and Advisory Committee.

c) LONG TERM DISABILITY BENEFITS

Benefits are payable when eligible plan members become disabled for 80 consecutive normal workdays as the result of bodily injury or illness, as determined by the Plan's adjudicator. Plan members are eligible for coverage after completion of three consecutive months of service without absence in a permanent position, or a full year in a temporary position. The Plan provides for benefits equal to 70 per cent of members' pre-disability salary. Reduced benefits are payable to eligible members who receive compensation from the Workers' Compensation Board, an automobile insurance plan, benefits under the Canada Pension Plan or any other group disability plan, vacation leave pay or employment income other than a rehabilitation program.

No benefit is payable if the disability is the result of injuries suffered from participation in a criminal act or an act of war, or injury or illness which are self-inflicted intentionally. Disabled members who are not under the continuous care of a physician or who are confined in prisons are not eligible for benefits.

Benefits terminate upon the earliest of the date the member resigns or is gainfully employed or is no longer disabled, three months after the adjudicator declares the member is suitable for gainful employment, or the date the member attains age 65 and is eligible for an unreduced public service pension. For Judges and Full-Time Justices of the Peace benefits terminate at age 70. Benefits also terminate when a member's earnings under a rehabilitation program or earnings received from employment or self employment are the same as the member's pre-disability salary or after 24 months where the member is in a temporary position or when an employee refuses or wilfully fails to participate and cooperate in a rehabilitation plan.

d) DECREASE IN ASSETS

Expenses of the Plan include benefits paid out, adjudication fees, rehabilitation expenses, administrative expenses and severance payments for resignation of employment subsequent to disability leave. Adjudication fees include services performed by an independent agent in determining the eligibility of claims, the amounts of eligible benefits and the time period applicable for disability. Administrative expenses include the cost of salaries and benefits incurred on behalf of the Plan by Corporate Human Resources of $117 (2013: $98).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

a) BASIS OF PRESENTATION

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans. The Plan has elected to apply International Financial Reporting Standards (IFRS) for accounting policies that do not relate to its investment portfolio or benefit obligation.

Effective April 1, 2013, the Plan adopted IFRS 13, Fair Value Measurement. The adoption of this standard did not have an impact on the financial statements of the Plan.

These financial statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

b) VALUATION OF INVESTMENTS

Investments are recorded at fair value. As disclosed in Note 3, the Plan's investments consist primarily of direct ownership in units of pooled investment funds (the pools). The pools are established by Ministerial Order 9/89, being the Pooled Fund Establishment and Maintenance Order, pursuant to the *Financial Administration Act* of Alberta, Chapter F-12, Section 45, and the *Alberta Investment Management Corporation Act* of Alberta, Chapter A-26.5, Section 15 and 20. Participants in pools include government and non-government funds and plans.

Contracts to buy and sell financial instruments in the pools are between the Province of Alberta and the third party to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. Alberta Investment Management Corporation (AIMCo) controls the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Plan does not report the financial instruments of the pools on its statement of financial position.

The Plan becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and loses its exposure to those financial risks and rewards when it sells its units. The Plan reports its share of the financial risks in Note 4.

The fair value of units held by the Plan is derived from the fair value of the underlying financial instruments held by the pools as determined by AIMCo (see Note 3b). Investments in units are recorded in the Plan's accounts. The underlying financial instruments are recorded in the accounts of the pools. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, derivatives, investment receivables and payables and cash.

The Plan's cut-off policy for valuation of investments, investment income and investment performance is based on valuations confirmed by AIMCo on the fourth business day following the year end. Differences in valuation estimates provided to Treasury Board and Finance after the year end cut-off date are reviewed by management. Differences considered immaterial by management are included in investment income in the following period.

Investments in units are recorded in the Plan's accounts on a trade date basis.

All purchases and sales of the pool units are in Canadian dollars.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) INVESTMENT INCOME

Investment income includes the following:

i. Income distributions from the pools are recorded in the Plan's accounts and included in investment income on the Statement of Changes in Net Assets Available for Benefits (see Note 7). Income distributions are based on the Plan's pro-rata share of total units issued by the pools.

ii. Realized gains and losses on disposal of units and unrealized gains and losses on units are recorded in the Plan's accounts and included in investment income on the Statement of Changes in Net Assets Available for Benefits. Realized gains and losses on disposal of units are determined on an average cost basis.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

iii. Investment income is recorded on an accrual basis.

d) INVESTMENT EXPENSES

Investment expenses include all amounts, including transaction costs, incurred by the Plan to earn investment income (see Note 8). Investment expenses are recorded on an accrual basis.

e) VALUATION OF BENEFIT OBLIGATION

The value of the benefit obligation and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. The valuation is made at least every three years and results from the most recent valuation are extrapolated, on an annual basis, to year-end. The valuation uses the projected benefit method based on estimates of the Plan's Disabled Life Reserve and the Incurred But Unreported Reserve and management's best estimate, as at the valuation and extrapolation date, of various economic and non-economic assumptions.

f) VALUATION OF ACCOUNTS RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The fair values of accounts payable and accrued liabilities are estimated to approximate their book values.

g) MEASUREMENT UNCERTAINTY

In preparing these financial statements, estimates and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the valuation of the Plan's benefit obligation, private investments, hedge funds, private real estate and timberland investments. Uncertainty arises because:

i) the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation of the Plan's benefit obligation, and
ii) the estimated fair values of the Plan's private investments, hedge funds, private real estate and timberland investments may differ significantly from the values that would have been used had a ready market existed for these investments.

While best estimates have been used in the valuation of the Plan's benefit obligation and in the valuation of the Plan's private and alternative investments and real estate, management considers that it is possible, based on existing knowledge, that change in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in respect of the benefit obligation are disclosed as net experience gains or losses that change the value of the benefit obligation (see Note 5b).

Differences between the estimated fair values and the amount ultimately realized are included in net investment income in the year when the ultimate realizable values are known.

NOTE 3 INVESTMENTS

The Plan's investments are managed at the asset class level for purposes of evaluating the Plan's risk exposure and investment performance against approved benchmarks based on fair value. AIMCo invests the Plan's assets in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the Deputy Minister of Treasury Board and Finance. The fair value of the pool units is based on the Plan's share of the net asset value of the pooled fund. The pools have a market based unit value that is used to allocate income to participants of the pool and to value purchases and sales of pool units. AIMCo is delegated authority to independently purchase and sell securities in the pools and Plan, and units of the pools, within the ranges approved for each asset class (see Note 4).

($ thousands)

	Fair Value Hierarchy [a]			**2014**	**2013**
	Level 1	Level 2	Level 3	**Fair Value**	**Fair Value**
Money market and fixed income					
Deposits and short-term securities	$ -	$ 454	$ -	$ 454	$ 1,195
Bonds, mortgages and private debt	-	29,781	2,676	32,457	15,170
	-	30,235	2,676	32,911	16,365
Equities					
Canadian	4,351	2,617	-	6,968	9,781
Foreign	11,145	2,933	4,594	18,672	25,757
Private	-	-	2,275	2,275	1,861
	15,496	5,550	6,869	27,915	37,399
Inflation sensitive and alternatives					
Real estate	-	-	4,675	4,675	4,235
Infrastructure	-	-	1,642	1,642	1,479
Timberland	-	-	796	796	606
Private debt and loans	-	-	-	-	230
	-	-	7,113	7,113	6,550
Total investments	$ 15,496	$ 35,785	$ 16,658	$ 67,939	$ 60,314

a) **Fair Value Hierarchy**: The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with level 1 being the highest quality and reliability.

- ***Level 1*** - fair value is based on quoted prices in an active market. This level includes publicly traded listed equity investments totalling $15,496 (2013: $23,828).
- ***Level 2*** - fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes debt securities and derivative contracts not traded on a public exchange totalling $35,785 (2013: $21,927). For these investments, fair value is either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.
- ***Level 3*** - fair value is estimated using inputs based on non-observable market data. This level includes private mortgages, private equities and all inflation sensitive investments totalling $16,658 (2013: $14,559).

Note 3 INVESTMENTS (continued)

Reconciliation of Level 3 Fair Value Measurements:

	($ thousands) 2014	2013
Balance, beginning of year	$ 14,559	$ 12,672
Investment income	1,982	1,621
Purchases of Level 3 pooled fund units	1,995	4,652
Sale of Level 3 pooled fund units	(1,878)	(4,386)
Balance, end of year	**$ 16,658**	**$ 14,559**

b) Valuation of Financial Instruments recorded by AIMCo in the Pools

The methods used to determine the fair value of investments recorded in the pools is explained in the following paragraphs:

- ***Money market and fixed income:*** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows. Private debt and loans are valued similar to private mortgages. Cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
- ***Equities:*** Public equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. The fair value of hedge fund investments is estimated by external managers. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.
- ***Inflation sensitive and alternatives:*** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. The fair value of infrastructure investments is estimated by managers or general partners of infrastructure funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis. The fair value of timberland investments is appraised annually by independent third party evaluators.
- ***Foreign currency:*** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.
- ***Derivative contracts:*** The carrying value of derivative contracts in a favourable and unfavourable position is recorded at fair value and is included in the fair value of the pools (see Note 4f). The estimated fair value of equity and bond index swaps is based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts and futures contracts are valued based on quoted market prices. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

NOTE 4 INVESTMENT RISK MANAGEMENT

The Plan is exposed to financial risks associated with the underlying securities held in the pools created and managed by AIMCo. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of currency risk, interest rate risk and price risk. Liquidity risk is the risk the Plan will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Plan are clearly outlined in the SIP&G approved by the Deputy Minister of Treasury Board and Finance. The purpose of the SIP&G is to ensure the Plan is invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Board manages the Plan's return-risk trade-off through asset class diversification, target ranges on each asset class, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 4b).

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return expected to be earned on investments. In order to earn the best possible return at an acceptable level of risk, the Deputy Minister of Treasury Board and Finance has established the following asset mix policy ranges:

Asset Class	Target Asset Policy Mix	Actual Asset Mix March 31, 2014 ($ thousands)	%	Actual Asset Mix March 31, 2013 ($ thousands)	%
Money market and fixed income	35 - 55%	$ 32,911	48.4	$ 16,365	27.1
Equities	20 - 58%	27,915	41.1	37,399	62.0
Inflation sensitive and alternatives	7 - 20%	7,113	10.5	6,550	10.9
		$ 67,939	100.0	$ 60,314	100.0

a) Credit risk

i. Debt securities

The Plan is indirectly exposed to credit risk associated with the underlying debt securities held in the pools managed by AIMCo. Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments reported in Note 3 is directly or indirectly impacted by credit risk to some degree. The majority of investments in debt securities are with counterparties with credit ratings considered to be investment grade.

The table below summaries these debt securities by counterparty credit rating at March 31, 2014:

Credit rating	2014	2013
Investment Grade (AAA to BBB-)	92.7%	86.3%
Speculative Grade (BB+ or lower)	0.5%	2.1%
Unrated	6.8%	11.6%
	100.0%	100.0%

Note 4 INVESTMENT RISK MANAGEMENT (continued)

ii. Counterparty default risk - derivative contracts

The Plan is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 4f). The pools can only transact with counterparties to derivative contracts with a credit rating of A+ or higher by at least two recognized ratings agencies. Provisions are in place to either transfer or terminate existing contracts when the counterparty has their credit rating downgraded. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the net exposure in respect of favourable contracts with the same counterparty.

iii. Security lending risk

To generate additional income, the Plan participates in a securities-lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. At March 31, 2014, the Plan's share of securities loaned under this program is $1,591 and collateral held totals $1,666. Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign currency risk

The Plan is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 29% of the Plan's investments, or $20 million, are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar (16%) and the Euro (4%).

If the value of the Canadian dollar increased by 10% against all other currencies, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 2.9% (2013: 4.3%) of total investments.

The following table summarizes the Plan's exposure to foreign currency investments held in the pools at March 31, 2014:

	($ millions)			
	2014		2013	
Currency	**Fair Value**	**Sensitivity**	**Fair Value**	**Sensitivity**
U.S. dollar	$ 11	$ (1.1)	$ 15	$ (1.5)
Euro	2	(0.2)	3	(0.3)
Japanese yen	1	(0.1)	2	(0.2)
British pound	2	(0.2)	2	(0.2)
Australian dollar	-	-	1	(0.1)
Swiss franc	1	(0.1)	1	(0.1)
Other foreign currencies	3	(0.3)	2	(0.2)
Total foreign currency investments	$ 20	$ (2.0)	$ 26	$ (2.6)

c) Interest rate risk

The Plan is exposed to interest rate risk associated with the underlying interest-bearing securities held in the pools managed by AIMCo. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 2.7% (2013: 1.5%) of total investments.

Note 4 INVESTMENT RISK MANAGEMENT (continued)

d) Price risk

Price risk relates to the possibility that units will change in value due to future fluctuations in market prices of equities held in the pools caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Plan is exposed to price risk associated with the underlying equity investments held in the pools managed by AIMCo. If equity market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 4.1% (2013: 6.5%) of total investments. Changes in fair value of investments are recognized in the statement of changes in net assets available for benefits.

e) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Plan are met through income generated from investments, employee and employer contributions, and by investing in pools that hold publicly traded liquid assets traded in an active market that are easily sold and converted to cash. Units in pools that hold private investments like real estate, timberland, infrastructure and private equities are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. The Plan's future liabilities include the accrued pension benefits obligation and payables related to the purchase of units.

f) Use of Derivative Financial Instruments in Pooled Investment Funds

The Plan has indirect exposure to derivative financial instruments through its investment in units of the pools. AIMCo uses derivative financial instruments to cost effectively gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.

		Plan's Indirect Share ($ thousands)	
By counterparty	Number of counterparties	2014	2013
Contracts in favourable position (current credit exposure)	29	$ 453	$ 712
Contracts in unfavourable position	16	(144)	(279)
Net fair value of derivative contracts	45	$ 309	$ 433

i. Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a favourable position totaling $453 (2013: $712) were to default at once.

ii. Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.

iii. Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in the pools are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 3. Accordingly, the notional values are not recorded in the statement of financial position.

	Plan's Indirect Share ($ thousands)	
Types of derivatives used in pools	2014	2013
Structured equity replication derivatives	$ 303	$ 425
Foreign currency derivatives	(86)	(40)
Interest rate derivatives	117	72
Credit risk derivatives	(25)	(24)
Net fair value of derivative contracts	$ 309	$ 433

Note 4 INVESTMENT RISK MANAGEMENT (continued)

i. Structured equity replication derivatives: Equity index swaps are structured to receive income from counterparties based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount in exchange for floating rate interest paid to the counterparty. Floating rate notes are held in equity pools to provide floating rate interest to support the pay leg of the equity index swap. Rights, warrants, futures and options are also included as structured equity replication derivatives.

ii. Foreign currency derivatives: Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

iii. Interest rate derivatives: Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.

iv. Credit risk derivatives: Credit risk derivatives include credit default swaps allowing the pools to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

v. Deposits: At March 31, 2014 deposits in futures contracts margin accounts totalled $347 (2013: $146) and deposits as collateral for derivative contracts totaled $50 (2013: $95).

NOTE 5 BENEFIT OBLIGATION

a) ACTUARIAL VALUATION

An actuarial valuation of the Plan was carried out as at December 31, 2013 by the Plan's actuary, Mercer (Canada) Limited and was then extrapolated to March 31, 2014.

The assumptions used in the valuation were developed as the best estimate of expected short and long term market conditions and other future events. These estimates were, after consultation with the Plan's actuary, adopted by the Public Service Commissioner.

The major assumptions used were:

	%	
	2014 Extrapolation	2013 Valuation
Interest discount rate (net of investment and administrative expenses)	4.4	4.4
Continuance rates		
Based on Study on Canadian Group Long Term Disability Termination Experience (1988-1997)	Modified*	Modified*
Incurred but unreported reserve factor		
As percentage of experience rated premiums	35	35

* The rates have been modified by duration to reflect the Plan's adjudication practices and claims termination experience.

The Disabled Life Reserve is an estimate of the value of future payments to be made over the life of incurred claims, discounted to a current value using a rate of 4.4 per cent (2013: 4.4 per cent). An adjustment has been made to the Disabled Life Reserve to reflect Plan members who may be approved for Canada Pension Plan benefits in the future.

The Incurred But Unreported Reserve is an estimate of the value of the financial impact of claims that are either unreported or not approved at the fiscal year end, but which will ultimately be accepted for benefits. Based on a review of historical reserves, management and the Plan's actuary determined a reserve factor of 35 per cent (2013: 35 per cent) of experience rated premiums was appropriate for estimating the reserve amount.

The next actuarial valuation of the Plan is expected to be completed as at December 31, 2014. Any differences between the actuarial valuation results and extrapolation results as reported in these financial statements will affect the financial position of the Plan and will be accounted for as gains or losses in 2015.

Note 5 BENEFIT OBLIGATION (continued)

b) SENSITIVITY OF CHANGES IN MAJOR ASSUMPTIONS

As at March 31, 2014, based on the extrapolation performed from the December 31, 2013 valuation, holding the continuance rates and incurred but unreported reserve factor constant, a 0.5 per cent decrease in the assumed interest discount rate would reduce the actuarial surplus of the Plan by $0.9 million.

NOTE 6 SURPLUS

	($ thousands) 2014	2013
Surplus at beginning of year	$ 18,327	$ 10,454
Increase in net assets available for benefits	7,643	6,871
Net (increase) decrease in benefit obligation	(1,915)	1,002
Surplus at end of year	$ 24,055	$ 18,327

NOTE 7 NET INVESTMENT INCOME

The following is a summary of the Plan's investment income (loss) by asset class:

	($ thousands) 2014	2013
Money market and fixed income	$ 1,141	$ 1,106
Equities		
Canadian	1,123	800
Foreign	5,160	3,609
Private	146	207
Hedge funds	-	1
	6,429	4,617
Inflation sensitive and alternatives		
Real estate	540	569
Infrastructure	59	113
Timberland	166	(4)
Private debt and loans	17	18
	782	696
	$ 8,352	$ 6,419

Investment income includes realized gains and losses from disposal of pool units, unrealized gains and losses on units and income distributions from the pools.

Income distributions from the pools is based on income earned by the pools determined on an accrual basis which includes interest, dividends, security lending income, realized gains and losses on sale of securities held by the pools, realized foreign exchange gains and losses, writedowns of securities held in the pools and income and expense earned on derivative contracts. Realized gains and losses are determined on an average cost basis. Impairment charges related to the writedown of securities held in the pools are indicative of a loss in value that is other than temporary.

NOTE 8 INVESTMENT EXPENSES

	($ thousands)	
Amount charged by:	2014	2013
AIMCo [(a)]	$ 354	$ 246
Alberta Treasury Board and Finance [(b)]	12	12
Total investment expenses	$ 366	$ 258
Increase in expenses	41.9%	8.9%
Increase in average investements under management	12.8%	9.2%
Investment expense as a percent of:		
Dollar earned	4.38%	4.02%
Dollar invested	0.57%	0.45%

a) For investment management services. Please refer to AIMCo's financial statements for a detailed breakdown of expenses. In 2014, investment expenses include external performance fees of $94. In 2013 and prior years, external performance fees were netted against investment income. External performance fees for 2013 were estimated at $109.

b) For investment accounting and Plan reporting services.

NOTE 9 ADMINISTRATIVE EXPENSES

	($ thousands)	
	2014	2013
General administration costs		
Salaries and related expenses	$ 117	$ 98
Actuarial fees	30	41
Supplies and services	68	11
	$ 215	$ 150

NOTE 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AND BENEFIT OBLIGATION

The following is a summary of investment returns (losses), and the annual change in net assets compared to the annual change in the benefit obligation and the per cent of benefit obligation supported by net assets.

	2014	2013	2012	2011	2010
			in per cent		
Increase (decrease) in net assets attributed to:					
Investment income					
Policy benchmark return on investments	12.6	9.8	4.5	10.2	18.1
Value added return (loss) by investment manager	0.7	1.8	1.2	(0.1)	2.9
Total return on investments [(a)]	**13.3**	**11.6**	**5.7**	**10.1**	**21.0**
Other sources [(b)]	(0.7)	1.2	0.3	1.2	6.3
Per cent change in net assets [(c)]	**12.6**	**12.8**	**6.0**	**11.3**	**27.3**
Per cent change in obligation [(c)]	**4.5**	**(2.3)**	**(0.9)**	**14.6**	**3.5**
Per cent of obligation supported by net assets	**154**	**143**	**124**	**116**	**120**

Note 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AND BENEFIT OBLIGATION (continued)

(a) All investment returns are provided by AIMCo and are net of investment expenses. The annualized total return and policy benchmark return (PBR) on investments over five years is 12.2% (PBR: 11.0%), ten years is 6.5% (PBR: 6.4%) and seventeen years is 6.0% (PBR: 5.7%).

(b) Other sources includes employer contributions and administration expenses.

(c) The percentage increase in net assets and the benefit obligation is based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in benefit obligation.

NOTE 11 CAPITAL

The Plan defines its capital as the funded status. The Plan's definition of capital is unchanged from prior periods. The funded status is the same as accounting surplus of $24,055 (2013: surplus of $18,327) reported in Note 6.

NOTE 12 CONTINGENT LIABILITIES

The Plan is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Plan has been named in one (2013: one) claim of which the outcome is not determinable, and as such, no amounts are accrued in these financial statements in respect of this claim. The claim has a specified amount of $1,500 (2013: $1,500). The claim is covered by Alberta Risk Management Fund. The resolution of the claim may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 13 COMPARATIVE FIGURES

Comparative figures have been reclassified to be consistent with 2014 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were prepared by management and approved by the Public Service Commissioner and the Senior Financial Officer on June 2, 2014.

Annual Report Extracts and Other Statutory Reports

Public Interest Disclosure (Whistleblower Protection) Act

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act:

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
(b) The number of investigations commenced by the designated officer as a result of disclosures;
(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2013-14, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office.

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