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Solicitor General and Public Security

Annual Report
2010-2011

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

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

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

- the financial statements of entities making up the ministry including the Department of Solicitor General and Public Security, the Victims of Crime Fund, the Alberta Lottery Fund and the Alberta Gaming and Liquor Commission; and
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2011, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 13, 2011 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Frank Oberle

Solicitor General and Minister of Public Security

Message from the Minister

During the 2010-11 fiscal year, this ministry made significant strides to ensure safe and secure communities for Albertans, maintain secure custody of offenders, facilitate access to rehabilitation programs, and provide support to victims of crime.

In December, we launched Alberta's *Law Enforcement Framework* after comprehensive consultations with stakeholders and an online survey of Albertans. This new framework will transform law enforcement delivery in the province by reflecting the realities of modern policing, while also giving communities flexibility to address local policing needs more effectively and efficiently.

In support of that framework, amendments to the *Police Act* were passed in the fall of 2010 to modernize and streamline the police complaint and disciplinary process.

One of the realities of modern policing is the need for effective communications among various law enforcement agencies and first responders. In March, construction began on the \$374-million Alberta First Responders Radio Communication system. This networked radio system will enable law enforcement and emergency response agencies across the province to better coordinate responses to emergencies, criminal activity and natural disasters.

Another hallmark of modern policing is consistent, recruit training and on-going professional development for law enforcement and public safety personnel in Alberta. The Alberta Public Safety and Law Enforcement Training Centre received approval to proceed with capital funding of \$122 million dollars in 2010-11. The training centre in Fort Macleod will play a critical role in ensuring modern, consistent recruit training and ongoing professional development for all police and peace officers in Alberta.

In March of 2011, Alberta endorsed a provincial policing agreement for the RCMP to continue as the provincial police service. Finalization of the agreement by the federal government is expected in 2011-12.

Construction continues on the new Edmonton Remand Centre, which is on time and budget for completion in fall 2012. To ensure the new centre is appropriately staffed, a recruitment plan was developed this year, with recruitment to begin in the 2011-2012 fiscal year.

Our ministry is encouraged that during 2010-11, close to 90 per cent of sentenced adult offenders and sentenced and remanded young offenders participated in work, education, treatment, or life management programs while in a correctional facility, to help them get their lives back on track and re-integrate successfully into the community.

The ministry continued to work toward implementing the goals of the Safe Communities initiative. The final 100 frontline police officers were added throughout Alberta during 2010-2011, fulfilling Premier Stelmach's 2008 commitment to add 300 new police officers over three years to frontline policing. The implementation of the priority prolific offenders program targeting offenders at high risk for re-offence and partnership in the Alberta Crime Prevention Framework also contributed to achieving the goals of the Safe Communities initiative.

In 2010-11, the ministry transferred the delivery of health services in provincial adult and young offender centres to Alberta Health Services. The new model of delivery will focus on assessment and treatment services within correctional centres as well as a significant strengthening of transition services into the community.

Integration of Alberta traffic sheriffs with RCMP Traffic Services continued. During 2010-11, there were 107 traffic sheriffs working with RCMP in integrated traffic units throughout the province to enforce safety on Alberta's highways.

The Lakeshore Regional Police Service became a fully functional police service in 2010-11. The service is responsible for policing five Cree Nations, and supports culturally sensitive initiatives that foster the development of ways to prevent crime.

During the year, ministry staff secured \$100,000 from the federal government to bolster victim services programs in remote areas of the province. This is in addition to the \$23.2 million this ministry provided for victims financial benefits and grants for victims programs throughout Alberta. The ministry also began a scheduled review of the *Victims of Crime Act* and Regulation to increase efficiencies in the Victims of Crime Grants Program and Financial Benefits Program.

The Alberta Law Enforcement Response Teams (ALERT) have seen continued success in combating and preventing organized and serious crime in Alberta. In 2010, ALERT teams laid 1,989 charges against 674 individuals.

The Alberta Gaming and Liquor Commission (AGLC) is also part of this ministry, and ensures the province's gaming and liquor industries operate effectively, with integrity, in a socially responsible manner.

Revenue from gaming and liquor continues to benefit Albertans. In 2010-11, the Alberta Lottery Fund provided more than \$1.4 billion to support thousands of public and community initiatives including athletic events, arts and cultural festivities; and historical resources. Liquor income provided \$684 million to general revenues to help provide the programs and services that Albertans want.

As part of the ongoing commitment to assisting Albertans who need help with their gambling the Gaming and Liquor Regulation was amended in 2010-11 to make it illegal for an individual to enter a casino or Racing Entertainment Centre once he or she has signed a self-exclusion agreement. This change is based on feedback from program participants and gambling prevention experts who felt this type of consequence would help deter individuals from violating their agreement.

In 2010-11, the AGLC partnered with the City of Edmonton and the Edmonton Police Services to launch the pilot of the Best Bar None (BBN) program. BBN is a recognized accreditation and awards program that promotes the responsible management and operation of licensed premises. The program reduces alcohol-related harms by raising standards and rewarding excellence. Of the 63 licensees who applied, 38 met the program's criteria and were accredited in November, 2010.

Original signed by

Frank Oberle

Solicitor General and Minister of Public Security

Management's Responsibility for Reporting

The Ministry of Solicitor General and Public Security includes the Department of Solicitor General and Public Security, the Victims of Crime Fund, the Alberta Lottery Fund, and the Alberta Gaming and Liquor Commission. 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 business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Solicitor General and Public Security. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated 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 the 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 2010.

As Deputy Solicitor General and Deputy Minister, in addition to program responsibilities, I establish and maintain 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 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 Executive Council, the President of Treasury Board, the Minister of Finance and Enterprise and the Solicitor General and Minister of Public Security information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

Original signed by

Brad Pickering

Deputy Solicitor General and Deputy Minister of Public Security

June 13, 2011

Results Analysis

Ministry Overview

The vision of Solicitor General and Public Security (SGPS) is to ensure that Albertans have safe and secure communities in which to live, work, and raise their families. The ministry works with stakeholders and partners to promote safe, secure communities through effective law enforcement, crime prevention, secure custody for offenders and victim services and to ensure integrity, accountability and social responsibility in Alberta's gaming and liquor industries.

Ministry Divisions and Branches

Ministry goals are accomplished through the following divisions and branches.

Public Security Division

This division is responsible for the administration of the *Police Act*, *Security Services and Investigators Act*, *Peace Officer Act*, *Safer Communities and Neighbourhoods Act*, *Gunshot and Stab Wound Mandatory Disclosure Act* and *Victims of Crime Act*, including oversight and governance of police, integrated policing initiatives, provincial policing standards, municipal policing grants, RCMP as the provincial police service, crime prevention and restorative justice initiatives, and victims' programs. The division also provides court security and prisoner security, traffic safety enforcement and surveillance support, protection of elected officials and critical infrastructure and manages counter-terrorism security information.

Correctional Services Division

This division is responsible for the administration of the *Corrections Act*, *Correctional Institution Regulation*, *Designated Correctional Institutions Order*, *Fine Option Order*, *Youth Justice Act* and *Youth Justice Designation Regulation*, and the federal *Prisons and Reformatories Act* and *Youth Criminal Justice Act*, including pre-trial supervision and detention, community and custody sentences, alternative sanctions and facilitating rehabilitation opportunities.

Corporate Services Division

This division is responsible for strategic leadership, advice and support in the areas of financial services, business services, planning and reporting, policy and legislation, freedom of information and protection of privacy, and records management. The department's Staff College provides enforcement-based education and training, adult-learning curriculum design and analysis, operational research and leadership development. The division also oversees the administration of the Law Enforcement Review Board and the Criminal Injuries Review Board. Corporate Services Division also includes the Information Technology Branch which is responsible for information and communication technologies and automated business applications, as well as cross-agency solutions that support interoperability between public security service providers.

Human Resources Services Branch

This branch is responsible for employee/labour relations, staffing, compensation, organizational design, job evaluation, training and development, occupational health and safety, and health and wellness initiatives.

Communications Branch

This branch is responsible for strategic communications, issues management and media relations.

Agencies, Boards, and Commissions

The following agencies, boards and commissions are part of the Ministry of Solicitor General and Public Security:

Alberta Gaming and Liquor Commission

The Alberta Gaming and Liquor Commission (AGLC), a Crown commercial enterprise and agent of the Government of Alberta, operates under the authority of the *Gaming and Liquor Act*.

The AGLC's role, through its board and management, is to administer the *Gaming and Liquor Act* and Regulation and related policies. The AGLC is responsible for regulating Alberta's charitable gaming activities and for conducting and managing provincial gaming activities. It also controls the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta. More information on the AGLC can be found in their annual report.

Criminal Injuries Review Board

This board hears requests for reviews concerning the decisions on applications for financial benefits for victims of crime under the *Victims of Crime Act*. It may request experts to assist with a review and has the power to confirm or vary decisions made by the director.

Law Enforcement Review Board

This board is an independent, quasi-judicial body established under the *Police Act*. It hears appeals from citizens who have filed a complaint regarding the actions of a police officer and who are not satisfied with the disposition of their complaint. Police officers subject to discipline arising out of a complaint may also appeal to the board. It also conducts hearings on appeals from private investigators or security guards who have had their licences refused and from special constables regarding the cancellation of their appointments.

Racing Appeal Tribunal

The *Horse Racing Alberta Act* established the Racing Appeal Tribunal, which consists of members appointed by the minister. This tribunal hears appeals under the Act arising from rulings or directions of horse racing officials. The tribunal's costs are borne by Horse Racing Alberta. More information on the tribunal can be found in the Horse Racing Alberta Annual Report.

Victims of Crime Programs Committee

This committee is appointed by the minister to make recommendations on grant applications and to provide information with respect to programs and services that assist victims of crime.

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" in the *Ministry of Solicitor General and Public Security's 2010-11 Annual Report*. These performance measures are the responsibility of the Ministry and are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with 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 2010.

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 my Office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2010-11 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

[Original signed by Merwan N. Saher, CA]

Auditor General

May 27, 2011

Edmonton, Alberta

Performance Measures Summary Table

Core Business/Goal/Performance Measure	Prior Years' Actuals				Target 2010-11	Current Actual	
	2006-07	2007-08	2008-09	2009-10			
Core Business 1: Law Enforcement and Crime Prevention							
Goal 1: Leadership for effective and innovative law enforcement							
1.a	Victimization Rate (per cent) ¹	25	23	22	23	25	22
1.b	Crime Rate: Property Crime (per 100,000 population) ²	6,229	6,055	5,711	5,336 (31 per cent higher than the national rate)	No more than 22 per cent higher than the national rate (4,081)	–
1.c	Crime Rate: Violent Crime (per 100,000 population) ²	1,490	1,498	1,541	1,513 (15 per cent higher than the national rate)	No more than 15 per cent higher than the national rate (1,314)	–
Goal 2: Support safe Alberta communities through law enforcement and crime prevention partnerships							
2.a	Public Perception of Safety in the Home (per cent) ¹	93	93	91	91	No lower than 90	94
2.b	Public Perception of Safety in the Neighbourhood (per cent) ¹	75	75	73	78	82	82
Goal 3: Officials and infrastructure in Alberta are safe and secure							
3.a	Satisfaction with Services or Information from the Alberta Security and Strategic Intelligence Support Team (ASSIST) (per cent) ³	85	82	87	–	87	84
Core Business 2: Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders							
Goal 4: Secure and efficient custody and community supervision							
4.a*	Successful Completion of Temporary Absence Supervision (per cent) ⁴	99.7	99.9	99.9	99.8	No lower than 99	99.9
4.b*	Number of Escape Incidents from Secure Custody within a Correctional Facility or During Transport ⁵	2	0	1	0	0	1
Goal 5: Offenders have the opportunity to access rehabilitative services and programs							
5.a	Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or Life Management Programs ⁴	89	90	89	89	No lower than 85	90

Core Business/Goal/Performance Measure	Prior Years' Actuals				Target 2010-11	Current Actual
	2006-07	2007-08	2008-09	2009-10		
Core Business 3: Victims Programs and Services						
Goal 6: Victims of crime receive assistance, information and support						
6.a* Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System (per cent) ⁶	79.8	81.2	81.8	82.4	80	81.4
Core Business 4: Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility						
Goal 7: Alberta's liquor and gaming activities are conducted with integrity and in a socially responsible manner						
7.a Percentage of Albertans Satisfied with the Conduct of the Liquor Business in Alberta ⁷	79	78	77	78	80	78
7.b Percentage of Albertans Satisfied with the Conduct of Legal Gaming in Alberta ⁷	74	73	72	79	70	79

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

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

1. Enduring measures that best represent the goal and mandated initiatives,
2. Measures for which new data is available, and
3. Measures that have well established methodology.

Sources:

- (1) Alberta Solicitor General and Public Security 2010-11 Public Opinion Survey and Alberta Justice 2010-11 Public Opinion Survey – Resinnova Research Inc.
- (2) Crime Statistics in Canada, Canadian Centre for Justice Statistics
- (3) Alberta Security and Strategic Support Team 2010 Client Satisfaction Survey – Resinnova Research Inc.
- (4) Administrative data, Correctional Services Division
- (5) Administrative data, Correctional Services and Public Security Divisions
- (6) Client Satisfaction Survey, Public Security Division
- (7) 2010-11 Alberta Gaming and Liquor Commission Public Opinion Survey – Leger Marketing

Performance Measure 1.a, 1.b: 2010-11 data will be available from Statistics Canada July 2011.

Performance Measure 3.a: In 2009-10 ASSIST survey moved to biannual administration, no applicable data for 2009-10.

For further details, see the section “Performance Measure Data Sources and Methodology” later in this report (page 53).

Discussion and Analysis of Results

2010-2011 Ministry Financial Highlights

Table 1
Revenues (in thousands)

	2010-11 Budget	2010-11 Actual	2009-10 Actual
	\$ 2,061,492	\$ 2,196,599	\$ 2,184,593

Budget to Actual

Ministry Revenues in 2010-11 were \$135 million or 6.5 per cent higher than budgeted. The increase in revenue is primarily due to increase in gaming and lottery revenues from the upturn in the economy (\$149 million) even though liquor related sales were lower than expected (\$14 million).

Actual to Actual

Total revenue increased by \$12 million or 0.6 per cent in 2010-11 from the previous fiscal year. The increased revenues are mainly the result of:

- Higher gaming and lottery revenues from the economic recovery (\$36 million);
- Increased transfers from Government of Canada due to hiring of 30 new police officers in 2010-11 under the Police Officer Recruitment Fund for fighting organized and serious crime (\$3 million);
- Increase in other revenues primarily for the refund of expenditure for an over accrual in 2009-10 related to transfer of inmate health services to Alberta Health Services (\$4 million); and
- Higher Investment Income mainly due to higher Lottery Fund interest income (\$1 million).

These higher revenues were offset by reduction in liquor related revenues due to lower liquor sales and 3 months of higher liquor markup in 2009-10 prior to the mark-up increase being rescinded in July 2009 (\$32 million).

Table 2
Expenses (in thousands)

	2010-11 Budget	2010-11 Actual	2009-10 Actual
	\$ 1,909,018	\$ 1,893,507	\$ 2,001,869

Budget to Actual

Ministry expenses were \$15.5 million under the original budget of \$1.9 billion. The under-expenditure is primarily the result of:

- Lottery fund payments to other Ministries lower than budgeted mainly due to lower payments to the First Nations Development Fund (\$14.3 million);
- Reduced contract services costs for the Provincial Police Service Agreement (PPSA) due to lower than expected equipment & accommodation costs and lower FTE utilization (\$10.5 million);
- Vacancies and delays in hiring and reduced spending in contract services (\$6.1 million);
- Lower than budgeted slot activity at race tracks (\$1.9 million); and
- Surplus under the Federal Police Officer Recruitment Fund due to delay in hiring new officers (\$1.6 million).

This was offset by increased expenses mainly due to:

- Information Technology costs for secure server room, software, licenses, ever-greening equipment installations, service requests and amortization (\$6.6 million);
- Accrual of the AUPE settlement lump sum payment (\$5.1 million);
- Higher costs for Alberta Police Integrated Information Initiative (API3) (\$4.3 million); and
- Increased grants to support combating organized crime through the Alberta Law Enforcement Response Team (ALERT) Ltd. (\$2.9 million).

Actual to Actual

Ministry expenses were \$108.4 million lower than in the previous year. This was mainly due to:

- Lower Lottery Fund payments to other ministries than in the prior year (\$128.6 million);
- Decreased Traffic Sheriffs costs due to the 30 per cent federal contribution from the RCMP, delayed traffic services integration with RCMP and vacancies (\$6.3 million);
- One time costs in 2009-10 associated with the transfer of inmate health services costs to Alberta Health Services (\$4.1 million);
- Lower Strategic Information Technology Initiative (SITI) operating costs due to system development converting into the capital phase of the project (\$2.4 million);
- Reduced contract services costs for the PPSA, mainly due to reduced equipment costs (\$2.1 million); and
- Lower slot activity at race tracks (\$ 1.3 million).

The under expenditures were primarily offset by:

- Recruitment of the last 100 additional police officers total of 300 over three years (\$9.8 million);
- Increased Alberta Police Integrated Information Initiative (API3) costs (\$9.4 million);
- Annual increments and salary settlements (\$5.6 million);
- Accrual of the proposed AUPE settlement lump sum payment (\$5.1 million);
- Increase in Financial Benefit applications resulting in higher payments as well as an increase in Victim Program grants (\$3.8 million);
- Higher Information Technology costs mainly for licenses and service requests (\$1.5 million); and
- Increased Municipal Policing Assistance Grants due to population growth (\$1.2 million).

Key Factors Influencing Results in 2010-11

Contemporary criminal activity is complex and sophisticated, using new technologies and ignoring jurisdictional boundaries. Additionally, organized and gang crime is increasingly visible in Alberta. There is growing demand for experienced law enforcement personnel and public accountability for enforcement agencies. Ensuring a high level of law enforcement service throughout the province requires collaborative approaches and integrated delivery of services. Crime prevention, an essential part of law enforcement, requires policing partners and community stakeholders to work together to deliver crime prevention programs.

The provincial adult inmate population has increased by almost 57 per cent in the last decade (from 1,903 in 2000-01 to 2,985 in 2010-11). The inmate population is expected to increase by 18 per cent over the next three years (i.e. by the end of fiscal year 2014-15). This growth projection does not include the impact of amendments to the Criminal Code that may come into force.

Changing demographics and the increasingly complex issues presented by individuals who are subject to correctional authority has made supervision of these individuals more staff-intensive. The Blueprint for the Future of Corrections is the ministry's plan to address population pressures and changing inmate/offender profiles. It includes implementation of best practices in inmate/offender management, updating information management systems, the use of innovative technology and enhancing correctional system capacity.

The province is working to increase capacity to deliver specialized services to victims of crime with unique needs. Domestic violence has remained a concern due in part to an uncertain economy, and the number of hate crimes reported to police has risen. There is a need to increase public awareness of services available to victims of crime and to support programs that meet the needs of culturally and linguistically diverse groups. It is also critical to engage Aboriginal communities to build capacity for safety and security.

The economic downturn has impacted the province's gaming and liquor industries as Albertans may be less willing to spend their disposable income purchasing liquor or participating in gaming activities. The ministry's commitments to social responsibility include programs to promote the responsible service and consumption of liquor and encourage responsible gambling. There is also a need to ensure that charities and communities continue to benefit from the changing gaming landscape in Alberta.

Core Business 1

Law Enforcement and Crime Prevention

Core Business 1 promotes safe communities through effective policing, law enforcement and integrated crime reduction strategies. The ministry provides oversight for policing and law enforcement in Alberta and ensures effective policing in communities. The ministry works with communities and government agencies to develop and implement community safety programs, including integrated solutions to crime prevention. The ministry provides security for elected officials, government property and operations and is responsible for co-ordinated intelligence/crisis management planning.

GOAL 1 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Leadership for effective and innovative law enforcement

The ministry ensures effective policing in the province by providing provincial policing through the RCMP and municipal policing assistance grants. Through collaboration, the province develops and monitors policing standards, advises and monitors civilian oversight bodies, and establishes partnerships. The province also oversees peace officers and private security personnel.

Accountability for Policing and Law Enforcement

The ministry's leadership role includes working with law enforcement and public safety partners to modernize the province's legislative framework and enhance accountability of police agencies to the public.

Over the past few years, the ministry has been working to modernize the legislative framework for law enforcement and public safety in Alberta. The *Peace Officer Act* (proclaimed in 2007) clarified the roles and responsibilities of peace officers. The *Security Services and Investigators Act* (proclaimed in 2010) integrated private security into Alberta's overall public safety strategy. A series of amendments to the *Police Act* have strengthened public oversight and updated complaints processes to better reflect the realities of modern policing.

The latest series of amendments to the *Police Act* occurred in November 2010, following extensive consultations with stakeholders and the public. These amendments modernized and streamlined the police complaint and disciplinary process, which had not seen significant change since 1973.

The 2010 *Police Act* amendments included provisions to:

- make it mandatory to offer alternate dispute resolution in dealing with complaints when appropriate;
- clarify who can bring a complaint forward;
- require the Law Enforcement Review Board to issue a written decision within 60 days; and
- allow commission/committee members to serve up to 10 years, enabling them to develop knowledge and build experience in this complex area.

Serious or sensitive matters involving police are currently investigated by the Alberta Serious Incident Response Team (ASIRT), which completed its third full year of operations in 2010-11. Since ASIRT first began to receive complaints in January 2008, it has conducted 84 investigations (see Table 3). Of these, 71 have been completed and 13 remained active as of March 31, 2011. Six investigations by ASIRT have resulted in criminal charges.

Table 3
Investigations by the Alberta Serious Incident Response Team

Year	Number of Investigations	Completed Investigations
2008-09	21	21
2009-10	32	31
2010-11	31	19

Ministry oversight for policing and law enforcement includes the development and enforcement of policing standards. Policing standards direct police agencies on how to structure their business practices. The ministry conducts on-site audits to ensure compliance with policing standards. In 2010-11, the ministry completed two audits, one for the Edmonton Police Service and one for the Camrose Police Service. The ministry also works with stakeholders and other government ministries to provide training and policy development support to policing committees and other civilian oversight bodies.

Effective Policing for Alberta Communities

The ministry ensures effective policing for Alberta communities through an agreement with the federal government for the RCMP, policing grants to municipalities that provide their own municipal policing, and policing agreements for First Nations communities.

The RCMP is the provincial police service under Alberta's Provincial Policing Service Agreement (PPSA) with Canada. Negotiation of a new 20 year agreement with the federal government continued as a priority throughout 2010-11 and involves the federal government and 11 provinces and territories. The new agreement will modernize relationships between all parties involved in policing. The agreement has been endorsed by the province of Alberta and is expected to be finalized by the Federal government in 2011-12.

In 2008, the Alberta government made a commitment to long-term investments supporting key recommendations of the Crime Reduction and Safe Communities Task Force (see Goal 2). These investments included additional front-line police officers to help ensure the safety of Alberta neighbourhoods and communities. In 2010-11 the ministry fulfilled the Premier's commitment to add 300 front-line police officers to police services in Alberta communities. This year, the third and final wave of 100 front-line police officers were deployed in Alberta communities (see Table 4). As of March 31, 2011, every municipality responsible for its own municipal policing received funding for at least one additional police officer.

Table 4
Premier's Commitment: Additional Frontline Police Officers for Alberta Communities

Police Service	2008-09	2009-10	2010-11	Total
Calgary Police Service	41 officers	41 officers	41 officers	123 officers
Edmonton Police Service	35 officers	35 officers	35 officers	105 officers
RCMP – Municipal Contract Positions	20 officers	20 officers	20 officers	60 officers
Lethbridge Police Service	none allocated	3 officers	1 officer	4 officers
Camrose Police Service	none allocated	1 officer	1 officer	2 officers
Medicine Hat Police Service	3 officers	none allocated	1 officer	4 officers
Taber Police Service	1 officer	none allocated	none allocated	1 officer
Lacombe Police Service	none allocated	none allocated	1 officer	1 officer
Total	100 officers	100 officers	100 officers	300 officers

Five RCMP officers continued to provide services to eight of Alberta's Métis settlements through year two of the three year pilot project supported by the Safe Communities Initiative. The officers serve the Settlements of Paddle Prairie, East Prairie, Gift Lake, Peavine, Buffalo Lake, Kikino, Fishing Lake, and Elizabeth. With the involvement of the Métis Settlements General Council, this focused policing presence aims to create safe, strong, and vibrant communities on Métis Settlements.

In 2010-11 the Lakeshore Regional Police Service became a fully functional police service. Planning for the Lakeshore Regional Police Service (LRPS) began in 2008. LRPS is a relatively new First Nation police service and is responsible for all policing services for the five Cree Nations that make up the Lesser Slave lake Indian Regional Council territory. This includes:

- Sawridge First Nation
- Swan River First Nation;
- Driftpile First Nation;
- Sucker Creek First Nation; and
- Kapawe'no First Nation.

The LRPS works closely with the First Nations communities to prevent and solve crime, promote safety, protect their communities, and work with community groups to create sustainable change. Lakeshore Regional Police Service supports culturally sensitive initiatives that foster the development and implementation of effective ways to prevent crime. LRPS is developing programs such as Citizens on Patrol, establishing youth and elder advisory groups with representation from all five First Nations, invites regular input to identify existing and emerging crime trends, conducts crime prevention evaluations to develop more effective crime prevention initiatives, and assists in establishing policing priorities.

The LRPS has a police commission that provides civilian oversight and governance to the First Nations police service. The commission has representation from each of the five Nations, who meet regularly with the Chief of Police to discuss policing objectives and align them with the priorities of the five Nations.

Law Enforcement Framework

In 2010-11, the ministry completed a major initiative to ensure that adequate and effective policing is maintained throughout the province. The Government of Alberta's *Law Enforcement Framework* was the culmination of several years of work with law enforcement partners and stakeholders. Building on the recommendations from the 2007 Roundtable on the Future of Policing and a year-long consultation process, the *Law Enforcement Framework* was approved by Cabinet and released to the public on December 14, 2010.

The *Law Enforcement Framework* includes a new vision for the future of law enforcement. It is intended to position law enforcement in Alberta as a modern, flexible and professional system that can continue to meet the policing and public security needs of Albertans.

Law Enforcement Framework Vision

"Policing reflects the priorities of Albertans, is transparent and accountable in the delivery of services, and the entire spectrum of available policing and public security resources are properly and appropriately utilized".

GOAL 1 Linked to Core Business 1

The *Law Enforcement Framework* sets out principles and strategic directions that will guide government as it makes future decisions around policing. The Framework focuses on three main areas:

- Strengthening Service Delivery
- Ensuring Accountability to Albertans
- Equitable Distribution of Policing Costs

Ongoing initiatives that support implementation of the framework include enhanced public oversight practices, the introduction of common technology and information systems, and the provision of integrated specialized policing services (see ALERT, Goal 2).

Law Enforcement Framework Guiding Principles

Collaboration among law enforcement partners. Public safety should be enhanced through better coordination among law enforcement organizations, with functions and activities organized to maximize efficiency and effectiveness.

Balanced allocation of law enforcement resources. Law enforcement resources should be effectively organized and deployed to maximize community-based approaches to local policing, while ensuring the ability of police to handle complex investigations.

Efficient deployment of services. Policing services should be delivered with minimal duplication, with functions placed with those personnel who are best suited in terms of training and authority.

Role of Government. It is the Government of Alberta's role to set the direction, strategic framework, performance expectations and accountability mechanisms within which local law enforcement should be delivered. It is also the province's role to set the pace for improvement and ensure law enforcement has the legislative powers and tools to fulfill their responsibilities in order to ensure law enforcement is adequate and effective.

Equitable cost distribution for policing services. The cost of policing services in Alberta should be shared in an equitable manner among Albertans and Alberta communities.

Source: Government of Alberta Law Enforcement Framework, December 2010, p. 25.

Common Technology and Agency Interoperability

Progress continued throughout 2010-11 on information technology initiatives to enhance the safety and security of Albertans by improving the ability of agencies to work together in gathering, sharing and communicating information.

The Alberta First Responders Radio Communication System (AFRRCS) will provide two-way radio voice communication between provincial government departments, law enforcement agencies (RCMP, sheriffs and police), fire departments and emergency first responders. The new province-wide system will enable all parties to better co-ordinate activities and support each other in the case of serious incidents or natural disasters. Construction of the AFRRCS began in March 2011, and implementation will be phased in between 2011 and 2014.

The Alberta Police Integrated Information Initiative (API3) is a long-term project to replace the individual computer information systems being used by the RCMP, sheriffs, municipal and First Nation police agencies. API3 will introduce a common highly secure computer information system and result in a single source of information for law enforcement records. Implementation of a common system will result in improved officer and public safety, enhance data collection and information sharing and allow for more efficient collaboration between law enforcement agencies and the justice system.

API3 supports the *Law Enforcement Framework's* focus on strengthened service delivery. The ability to share information is an important element in collaborative, community-led initiatives to prevent crime and make Alberta communities safer. The new computer information system will commence a phased implementation in 2011-12.

Law Enforcement Training

The *Security Services and Investigators Act*, proclaimed on June 1, 2010, ensures a large portion of the security industry is regulated and standards for licensing, training and testing of private security personnel is established.

Security services workers, investigators and locksmiths must possess the appropriate skills, training and/or experience to safely and properly perform the kind of work they wish to be licensed for. The ministry will be developing specific courses, curricula and provincial exams. Training requirements will vary by sector and be developed to meet the Alberta government's obligations under the *Trade Investment Labour Mobility Agreement*, the *New West Partnership Trade Agreement* and the *Agreement on Internal Trade*.

Also effective June 1, 2011, all applicants for locksmith licences in Alberta must complete mandatory training and hold a Journeyman Certificate or equivalent. Locksmithing is a profession requiring technical knowledge and skill and the use of specialized tools regulated under the *Criminal Code of Canada*.

The Alberta Public Safety and Law Enforcement Training Centre received approval to proceed with capital funding of \$122 million dollars in 2010-11. The training centre in Fort Macleod will play a critical role in ensuring modern, consistent recruit training and ongoing professional development for all police and peace officers in Alberta. The centre will support the *Law Enforcement Frameworks* call for law enforcement to be guided and assessed using clear standards and performance indicators.

The ministry's Staff College delivers an array of enforcement-based education and training programs including a nine-week Solicitor General recruit induction, a six-week community peace officer induction, and perimeter security induction programs, as well as probation officer training level 1 and 2. In 2010-11, just under 900 individuals trained at the Staff College, including:

- 213 correctional employees who took probation officer, fire or tactical team training
- 90 employees who attended the nine-week recruit training for sheriffs and correctional peace officers

Table 5
Staff College Key Courses

Key Courses	Number Trained
Solicitor General and Public Security Recruit Program	129
Leadership Programming	283
Youth Assessment Screening Instrument	171
Community Peace Officer Induction Program	90
Service Planning Instrument	202
Effective Case Worker 2	140

Alberta Police and Peace Officers' Memorial Day

Alberta Police and Peace Officers' Memorial Day takes place on the last Sunday of September. It commemorates all Alberta police and peace officers killed in the line of duty.

The 12th annual Alberta Police and Peace Officers' Memorial Day Ceremony took place on September 26, 2010 at the Alberta Legislature Grounds.

This day coincides with the National Police and Peace Officers' Memorial Day Ceremony on Parliament Hill in Ottawa.

Since 1876, 96 police and peace officers have died in the line of duty in Alberta (As of April 2011).

Performance Measure Results

Performance Measure 1.a – Victimization Rate

The ministry measures the percentage of Albertans who report being the victim of a crime; in 2010-11, that percentage was 22. This is one per cent lower than last year's result and three per cent lower than the business plan target of 25 per cent.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
1.a Victimization Rate (per cent)	25	23	22	23	25	22

Performance Measure 1.b – Property Crime Rate

The ministry tracks the rate of property crime in Alberta and establishes targets based on comparison with the national rate. In 2009-10, the latest year for which data is available, Alberta's property crime rate was 5,336 per 100,000 population. This result is 31 per cent higher than the national rate of property crime and nine percentage points higher than the ministry's business plan target for 2009-10.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
1.b Property Crime Rate (per 100,000 population)	6,229	6,055	5,711	5,336 (31 per cent higher than the national rate)	No more than 22 per cent higher than the national rate (4,081)	No new data available (Statistics Canada July 2011)

Performance Measure 1.c – Violent Crime Rate

The ministry tracks the rate of violent crime in Alberta and establishes targets based on comparison with the national rate. In 2009-10, the latest year for which data is available, Alberta's violent crime rate was 1,513 per 100,000 population. This result is 15 per cent higher than the national rate of violent crime and meets the ministry's business plan target for 2009-10. Alberta continues to have the lowest violent crime rate of the four western provinces.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
1.c Violent Crime Rate (per 100,000 population)	1,490	1,498	1,541	1,513 (15 per cent higher than the national rate)	No more than 15 per cent higher than the national rate (1,314)	No new data available (Statistics Canada July 2011)

GOAL 2 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Support safe Alberta communities through law enforcement and crime prevention partnerships

To address crime and public safety in the province, the ministry offers services and programs that work to complement existing policing and law enforcement efforts. These programs seek to engage communities, government and other agencies to increase community safety. The ministry co-ordinates province-wide policing and enforcement initiatives and works with other levels of government.

Law Enforcement Partnerships

The Alberta Law Enforcement Response Teams (ALERT) was established in 2006 to co-ordinate strategic direction and deployment of resources to combat, investigate and prevent organized and serious crime in Alberta. ALERT oversees province-wide initiatives directed at critical criminal activity pressures, such as organized crime, drug operations, child exploitation and domestic violence.

Since its inception, ALERT has evolved into a sustained, collaborative partnership within the law enforcement community, providing integrated policing services to address complex, multi-jurisdictional crime. ALERT represents an integrated model of specialized service delivery, as envisioned in the *Law Enforcement Framework*.

ALERT brings together enforcement teams, intelligence units, provincial support and specialized services. ALERT also includes some specialized sheriff units, which were integrated with ALERT operations starting in 2009. ALERT is also responsible for the surveillance teams supporting the Priority Prolific Offender Program (PPOP), an initiative to address challenges associated with chronic repeat offenders. In 2010-11, more than 400 personnel, including police officers from nine agencies, peace officers and civilian staff, were involved in ALERT activities.

The establishment of ALERT has resulted in increased collaboration among law enforcement agencies and with other jurisdictions in combating organized and serious crimes. During 2010-11, ALERT operational investigations resulted in 1,989 charges against 674 individuals. Over \$4 million in proceeds from crime was seized or restrained as a result of ALERT activities, and numerous drugs were seized including over 29 kilograms of cocaine. For in-depth ALERT results see their website at www.alert.ab.ca.

The Priority Prolific Offenders Program continued in 2010-11 and focused on integrated strategies to reduce offences committed by those individuals responsible for the greatest volume of crime. The PPOP addresses a key recommendation from the Crime Reduction and Safe Communities Task Force and includes bail packages, casework, supervision and surveillance. Probation officers are key partners in PPOP, providing intensive supervision and intervention services for chronic repeat offenders (see Goal 4).

Addressing family and domestic violence in Alberta continued to be a ministry priority in 2010-11. The ministry funded the Integrated Threat and Risk Assessment Centre (I-TRAC) through ALERT. The centre assists in family violence cases, and completes formal threat assessments. In 2010-11, the ministry continued to be actively involved in family violence training for police. The ministry also helped create the Domestic Violence Handbook for Police and Crown prosecutors, as well as Domestic Violence Guidelines for Police. The ministry also chairs the Family Violence Police Advisory committee, which is comprised of representatives from the RCMP, municipal and First Nations police services, representatives from Alberta Justice, Children and Youth Services and the Alberta Council of Women's Shelters. Through the work of this committee the Family Violence Investigative Report (FVIR) was developed and implemented and is now used by all police services when responding to family violence. The FVIR is an important checklist that reminds police of critical information they must obtain when responding to family violence.

Proclamation of the *Gunshot and Stab Wound Mandatory Disclosure Act* occurred on April 1, 2010. This legislation requires health-care facilities and emergency medical technicians to report all gunshot and certain stab wounds to the police. This legislation supports the Government of Alberta's goal of promoting safe communities, and allows police to take immediate steps to initiate an investigation leading to the prevention of further violence, injury or death. The Act clearly lays out responsibilities and expectations of health practitioners and police, requiring minimal disclosure of patient information. The Act balances public safety with patient privacy rights.

Traffic Safety: Alberta Sheriff Highway Patrol

The Alberta Sheriff Highway Patrol, introduced in 2006, is part of the Alberta government's efforts to make provincial highways safer. Highway patrol sheriffs have issued almost **400,000 violations** since the inception of the program. Alberta currently has 107 traffic sheriffs. Traffic sheriffs also assist various police agencies with enhanced Alberta checkstop operations.

The ministry's 2010-11 public opinion survey asked respondents who travel on Alberta's highways (95 percent of total sample) their opinion about the impact of Alberta's traffic sheriffs. Seventy-seven per cent of Albertans indicated they "strongly" or "somewhat agreed" that traffic sheriffs are making a positive difference on Alberta's highways.

Enhanced Alberta Checkstop Results

Funded by the Office of Traffic Safety and in addition to police services' regular Checkstop program, traffic sheriffs assisted police at 82 Enhanced Alberta Checkstops throughout Alberta in 2010-11. These Enhanced Alberta Checkstops resulted in:

- 39,976 vehicles checked
- 219 impaired drivers
- 326 (24 hour) suspensions
- 1,376 other charges
- 147 warrants executed

Since inception in 2006, there have been significant decreases in the number of traffic fatalities and injuries in Alberta. In 2010-11, the number of traffic fatalities decreased by two per cent from the previous year, and 25 per cent since 2007. The number of traffic injuries decreased by five per cent, and the number of collisions decreased by four per cent compared to last year.

Table 6
Traffic Fatalities and Injuries in Alberta, 2006 to 2010

Traffic Fatalities and Injuries Statistics	2006	2007	2008	2009	2010
Number Killed	453	458	410	351	344
Number Injured	25,964	24,530	22,015	19,167	18,253
Number of Collisions (fatal, injury and non-injury)	142,592	153,901	158,005	157,226	151,289

Source: Alberta Transportation, Traffic Collision Statistics

The impaired driving rate for Alberta in 2010 was 477 per 100,000 population. This is the same as 2009, while the national rate increased by three per cent. Impaired driving rates for 2011 will be available from Statistics Canada in July 2011.

Additionally the ministry is seeking to improve the effectiveness and efficiency of traffic services in partnership with the RCMP. Traffic sheriffs and the RCMP began collaborating on the delivery of traffic services in 2009. The pilot project clearly demonstrated that integrating RCMP and traffic sheriffs was the best way to enforce safety on the province's highways. Formal integration of the two traffic agencies began in 2010-11. All traffic sheriffs except the Fort McMurray sheriffs were integrated with RCMP traffic services on October 1, 2010 in 16 deployment centres across the province.

Community-Based Crime Prevention

The ministry supports community-based crime prevention and safety initiatives, including public awareness, education and training for community organizations. The ministry also works with other government and non-government agencies to address causes and effects of crime.

Results for community-based crime prevention initiatives in 2010-11 include:

- **Alberta Crime Prevention Week**

This annual event increases public awareness of crime prevention and recognizes the crime prevention efforts of individuals and organizations. Crime prevention week 2010 took place from May 9 to 15.

Alberta Crime Prevention Week

An annual campaign to increase awareness of crime prevention and encourage Albertans to help make our communities safe.

Crime Prevention Week 2010 featured the 19th annual Alberta Solicitor General and Public Security Crime Prevention Awards. The award ceremony was co-hosted by the ministry and the Royal Canadian Mounted Police.

Twelve Crime Prevention Awards were presented to recognize outstanding efforts in making neighbourhoods safer, helping at-risk youth, and raising awareness about crime prevention.

- **Aboriginal Community Crime Prevention**

This initiative was developed in response to the expressed desire of First Nations' people to be responsible for the creation and delivery of crime prevention programs appropriate to their unique culture and local needs. The ministry currently supports four Aboriginal crime prevention coordinator positions, which cover several reserve communities. The positions are located within the following organizations and communities: Tsuu T'ina Nation-Stoney Corrections Society (Tsuu T'ina and Stoney reserves); Yellowhead Tribal Community Corrections Society (Alexander, Alexis, Enoch, Sunchild, and O'Chiese reserves); Kainai Community Corrections Society (Blood Tribe reserve); and Lesser Slave Lake Indian Regional Council (Driftpile, Duncan, Kapawe'no, Horse Lake, Sawridge, Sturgeon, Sucker Creek, Swan River reserves).

- **Restorative Justice**

Restorative justice endeavours to put things right by addressing the harm to victims, and the community, and by addressing the causes of crime. The three most common models are family group (or community), conferencing circles (sentencing circles, healing circles, or peace circles) and victim-offender conferences – all of which are based on restorative justice principles. Eleven applications from organizations were recommended for funding totalling approximately \$350,000.

- Alberta Solicitor General and Public Security also supports the work of three provincial organizations involved in crime prevention: Alberta Community Crime Prevention Association, Alberta Provincial Rural Crime Watch Association and Alberta Citizens on Patrol.

- **Alberta Fraud Prevention Month**

Fraud Prevention Month is held each year in March and is recognized in 24 countries around the world. The ministry works in partnership with other ministries and provincial organizations to coordinate events and information sessions held across the province to remind Albertans to take some important steps to protect themselves from becoming a victim of fraud.

- The ministry also supports Alberta Rural Crime Watch, Citizens on Patrol and the Alberta Crime Prevention Association.

Integrated Crime Reduction: Safe Communities

In 2008, Alberta began implementing a long-term integrated approach to crime prevention that included enforcement, prevention and treatment/intervention. In 2010-11, the ministry continued working with the Safe Communities Secretariat and other partners to address the recommendations of the Crime Reduction and Safe Communities Task Force.

Some of the task force recommendations are fully implemented (e.g., Adoption of the *Safer Neighbourhoods Act*). Implementation of other recommendations in progress.

2010-11 results of the task force's recommendations are summarized below.

Enforcement

- **Recommendation #12**

Ensure meaningful consequences for criminal activity through closer monitoring of offenders, expanding the use of effective approaches to custody and requiring strict compliance with conditions of release.

- **Results:** Enhanced community supervision of offenders continued to be provided for specific high risk/needs offenders to support the reduction of behaviours associated with re-offence (see Goal 4).

- **Recommendation #18**

Increase the number of police officers.

- **Results:** A third wave of 100 frontline police officers was added. A total of 300 front-line police officers have been added in Alberta communities since 2008 (see Goal 1).

- **Recommendation #19**

Take targeted action to address the serious problem of repeat offenders.

- **Results:** The Priority Prolific Offenders Program provided a focused and comprehensive approach to the management of chronic repeat offenders (also see Goal 4).

Prevention

- **Recommendation #23**

Establish an ongoing mechanism for municipalities to provide input into provincial policing priorities.

- **Results:** The ministry continued work with the RCMP to finalize a joint business plan which includes a focus on adequate, transparent and meaningful community input into local policing needs and priorities. The ministry is working with communities to develop police advisory committees to inform policing priorities within the province. Municipal input into provincial policing priorities is also an identified priority of the Law Enforcement Framework (strategic direction 7).

- **Recommendation #31**

Establish a comprehensive longer-term Alberta crime reduction and prevention strategy co-ordinated and supported by a dedicated responsibility centre within the provincial government.

- **Results:** In collaboration with Alberta Justice, the ministry worked to develop Alberta's Crime Prevention Framework to address crime in the province. The Framework shifts the policy focus from the enforcement of crime to a more balanced approach, which supports an increased emphasis on the prevention of crime. The Framework calls for a balance between enforcement and prevention under strategic direction seven.

Treatment/Intervention

- **Recommendation #25**

Expand access to mental health services and treatment.

- **Results:** Responsibility for the delivery of correctional health services was transferred to Alberta Health Services, which will strengthen the provision of integrated mental health and addictions services to inmates and offenders. The new model of delivery will enhance assessment and treatment services within correctional centres and strengthen transition services in the community (see Goal 5).

Alberta Gang Reduction Strategy

The Alberta Gang Reduction Strategy is a key component of a long-term crime prevention and reduction strategy for the province. Development of a long-term strategy to reduce the impact and influence of gang activity began in 2008 and involved significant consultation with communities across Alberta, culminating in the 2009 Alberta Gang Crime Summit. The ministry co-led development of the strategy with the Ministry of Justice and Attorney General, through the Safe Communities Secretariat.

The *Alberta Gang Reduction Strategy* was released in December 2010. It includes two goals, 10 strategic directions and 28 action items focusing on four pillars:

- **Awareness**

Increased public awareness about the nature of gang crime, the factors that contribute to gang involvement, and what resources are in place to address it.

- **Prevention**

Co-ordinated action to identify children and youth at risk and prevent them from gang involvement.

- **Intervention**

Available programming to encourage gang members to leave the gang lifestyle behind for a healthy, productive future.

- **Enforcement**

Greater integration of data sources and intelligence analysis within law enforcement.

The *Alberta Gang Reduction Strategy* provides a blueprint for action on gangs and gang-related violence. Its mission is to suppress gang activity and reduce the influence of gangs in Alberta by working with community partners to promote strong and vibrant communities.

The *Alberta Gang Reduction Strategy* represents a transformative shift toward greater collaboration and supports continued progress in the field of integrated law enforcement.

In 2010-11, Alberta also continued working with other western provinces, through the western Attorneys General and Solicitors General, to encourage federal legislative changes to address organized crime and gang violence. The western provinces are also working together to share best practices and improve integration and cooperation between agencies and across jurisdictions.

Alberta Gang Reduction Strategy Guiding Principles

Common Understanding – Any response to the impact of gangs and organized crime in Alberta should be undertaken through a shared understanding of their respective organizational structures and criminal activity.

Integrated Response – A comprehensive approach to reducing gang-related crime and violence involves multidisciplinary collaboration through partnerships among government, police and communities.

Community-based – The unique assets and characteristics of communities affected by gang crime must be recognized as part of a flexible provincial strategy.

Use of Proven Strategies – Programs and initiatives with demonstrated measures of success should be identified through an evidence-based approach and acknowledged to encourage similar forms of innovation at the local level.

Balanced Approach – Awareness, prevention, intervention and enforcement initiatives are equally recognized in terms of importance, with each being collectively supported by the others.

Cultural Competency – Consideration of culture and history is necessary to address gangs in certain communities. Aboriginal, immigrant and refugee communities require programs that are culturally appropriate and relevant. Connection to cultural values and beliefs is an important protective factor for individuals and families.

From the *Alberta Gang Reduction Strategy*, December 2010, p. 6.

Performance Measure Results

Performance Measure 2.a – Public Perception of Safety in the Home

The ministry measures public perception of safety in the home by tracking the percentage of Albertans who report feeling safe in their homes after dark. In 2010-11, 94 per cent of respondents indicated that they felt “very safe” (55 per cent) or “reasonably safe” (39 per cent) from crime in their own home after dark. This result is three points higher than last year’s result and meets the ministry’s business plan target of no lower than 90 per cent.

Performance Measure	Prior Years’ Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
2.a Public Perception of Safety in the Home (per cent)	93	93	91	91	No lower than 90	94

Performance Measure 2.b – Public Perception of Safety in the Neighbourhood

The ministry measures public perception of safety in the neighbourhood by tracking the percentage of Albertans who report feeling safe walking alone in their area after dark.

In 2010-11, 82 per cent of Albertans felt “very safe” or “reasonably safe” walking alone in their neighbourhood or area after dark. This is a four per cent increase from last year, a nine per cent increase from 2008-09, and meets the business plan target of 82 per cent.

Performance Measure	Prior Years’ Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
2.b Public Perception of Safety in the Neighbourhood (per cent)	75	75	73	78	82	82

GOAL 3 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Officials and infrastructure in Alberta are safe and secure

The ministry is responsible for security of elected officials and government property and operations, including court and legislature security. It is also responsible for counter-terrorism, intelligence and crisis management planning in coordination with federal, provincial and municipal governments, industry partners and stakeholders.

Protection Services for Officials, Property and Operations

The ministry provides protection services for government officials, court-appointed staff, juries and members of the judiciary. Protection services also work to ensure that government personnel are protected from workplace violence. Security services provide assistance to police agencies at major community events.

The ministry is responsible for protection of government property and operations, including the legislature and government grounds in Edmonton and Calgary. Protection services work in partnership with federal agencies, other ministries and private industry within Alberta to develop and implement plans to safeguard the province's critical infrastructure

Provincial Court Security

As part of the province's comprehensive provincial court security plan, court security and prisoner transport sheriffs provide perimeter screening and courtroom security services for Alberta's 74 court venues.

Provincial Court Security

In 2010-11, perimeter security screened **more than 2 million** members of the public accessing Alberta courthouses, with a total of **5,788** prohibited items being confiscated. Such as knives, illegal drugs and even a loaded hand gun magazine.

Co-ordinated Gathering and Sharing of Security Information

Through the Alberta Security and Strategic Intelligence Support Team (ASSIST), the ministry provides dedicated resources to prevent and mitigate intentional threats and acts against the province's critical infrastructure. ASSIST is responsible for coordination of intelligence and crisis management planning, working with partners that include federal and provincial government departments, police services, intelligence agencies, industry and stakeholders.

ASSIST provides technical security advice and support to all Government of Alberta ministries, agencies, boards and commissions, and maintains the Alberta Counter-Terrorism Crisis Management Plan. This plan is continually reviewed to ensure that it meets current security requirements.

The energy security section monitors regulatory obligations and works with government and private sector partners to maintain security of the province's critical infrastructure. Building relationships was a key priority in 2010-11, ASSIST contributed to a Canadian Association of Petroleum Producers (CAAP) initiative to develop an industry-wide protocol for the oil and gas industry. The protocol addresses risk assessment and planning, interfaces between industry and law enforcement, cooperation and information sharing. Other provinces and the federal government are studying the Alberta protocol as a possible best practice.

Performance Measure Results

Performance Measure 3.a – ASSIST Stakeholder Satisfaction

The ministry measures the impact of its crisis management planning activities through a stakeholder satisfaction survey. In 2009-10, ASSIST client satisfaction survey moved to a bi-annual rotation (every two years instead of annual).

A survey was conducted in 2010-11, where 84 per cent of stakeholders were "satisfied" with the services or information they received from ASSIST. This result represents a decrease of three percentage points compared to the previous survey (in 2008-09) and is below the ministry's target of 87 percent. In 2010-11, ASSIST realigned resources which may have impacted the satisfaction result.

Satisfaction with services or information from ASSIST is impacted by the client base surveyed (stakeholders involved) and exposure of clients to ASSIST awareness presentations.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
3.a Satisfaction with Services or Information from the Alberta Security and Strategic Intelligence Support Team (ASSIST) (per cent)	85	82	87	No new data available	87	84

Core Business 2

Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Core Business 2 promotes safe and secure Alberta communities by providing effective correctional services. Through correctional best practices, the ministry provides custody and community facilities and services to ensure that inmates and offenders are securely held in custody, safely transported, and appropriately supervised in the community. The ministry also facilitates opportunities for access to rehabilitative services and supports to promote positive and productive behaviour.

GOAL 4 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders Secure and efficient custody and community supervision

The ministry ensures young offenders and adult inmates and offenders are effectively and efficiently supervised in the community, securely held in custody, and safely transported.

Blueprint for the Future of Corrections in Alberta

The ministry continues to implement recommendations from the *Blueprint for the Future of Corrections*, a long-term plan to address changing offender profiles and inmate population pressures. The *Blueprint* includes best practices for managing custody and community supervision populations, improving the use of information technology and integrated information systems, and enhancing staff recruitment, training, retention and engagement.

Addressing Offender and Remand Population Pressures

The ministry manages correctional populations and facilities, including eight correctional and remand centres, two young offender centres, four attendance centre operations and more than 40 community corrections offices throughout Alberta. Alberta correctional facilities hold individuals who have been remanded into custody and adult offenders sentenced to periods of custody of less than two years. Young offenders may serve longer custody periods. Individuals held under the *Immigration and Refugee Protection Act* and adult offenders awaiting transfer to a federal penitentiary are also housed at Alberta correctional facilities, pursuant to agreements with the federal government.

The provincial adult custody population increased by 2.7 per cent, averaging 2,985 in 2010-11 (compared to an average of 2,907 in 2009-10). The custody population continues to require intensive supervision due to gang-affiliated inmates, individuals presenting with addictions and mental health issues and the need to ensure that incompatible inmates are kept separated.

All provincial correctional centres except the Calgary Correctional Centre house both remanded and sentenced inmates.

Some Characteristics of Alberta's Adult Custody Population

91 per cent of adult inmates are male; 9 per cent are female.

The average age of adult inmates is 33 years.

The most common age at admission is 21 years.

The average education grade level achieved by adult inmates is Grade 10.

Aboriginal offenders represent 39 per cent of the population.

New Edmonton Remand Centre

In 2010-11, a long-term solution to overcrowding in the provincial correctional system moved closer to completion, as construction continued on the new Edmonton Remand Centre (ERC).

When completed, the new ERC will be the largest facility of its kind in Canada. It will address both current overcrowding and projected future growth of the custody population. The new ERC will provide opportunities to apply best practices in inmate management and to effectively apply new technology and integrated information systems in the management of correctional populations and facilities.

Prisoner Transport

In 2010-11, court security and prisoner transport sheriffs completed 122,863 inmate transfers, including court appearances, transfers between correctional facilities and out-of-province prisoner escorts.

**Performance Measure 4.b –
Number of Escape Incidents**

The ministry tracks the number of escape incidents from secure custody (within a correctional facility) or during prisoner transport. In 2010-11 there were no escapes from a provincial correctional facility. However, there was one escape during transport. The individual had been transported from the RCMP Detachment for a court appearance and escaped the court holding cell after being placed in custody. The individual was apprehended a short distance from the building and the public was never in immediate danger. This is an increase of one escape from the previous year and does not meet the business plan target of zero escapes.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
4.b Number of Escape Incidents from Secure Custody within a Correctional Facility or During Transport	2	0	1	0	0	1

Supervising Offenders in the Community

In addition to managing custody populations, the ministry is responsible for managing the community corrections population. In 2010-11, the average caseload for community supervision programs in Alberta was 18,082 adults and 4,015 youth.

Probation officers enforce court orders and provide supervision and rehabilitative intervention for individuals under community supervision. Types of community supervision include probation, pre-trial supervision and alternative measures for both adults and youth (see Tables 7 and 8).

The caseload for adult community supervision programs has risen by 16 per cent since 2008-09 (see Table 7).

Table 7
Approximate Provincial Caseloads for Selected Community Supervision Programs (Adults)

Type of Supervision	2008-09	2009-10	2010-11
Probation	8,688	9,163	9,091
Pre-trial Supervision	2,644	3,700	4,254
Alternative Measures	908	1,062	939
Conditional Sentence	1,374	1,360	1,359
Other Programs*	1,941	2,313	2,439
Total Caseload All Programs	15,555	17,598	18,082

*Other programs include: Peace Bond, Fine Option, Temporary Absence

The caseload for youth community supervision programs has decreased by 9 per cent since 2008-09 (see Table 8).

Table 8
Approximate Provincial Caseloads for Selected Community Supervision Programs (Youth)

Type of Supervision	2008-09	2009-10	2010-11
Probation	1,797	1,767	1,622
Pre-trial Supervision	376	488	489
Extrajudicial Sanctions	1,121	962	766
Other Programs*	1,117	1,253	1,138
Total Caseload All Programs	4,411	4,470	4,015

*Other programs include: Conditional Discharge, Conditional Supervision, Deferred Custody, Non Residential Order, Peace Bond, Fine Option, Restitution, Community Service Order, Compensation, Prohibition Order, Personal Service Order

Over the past three years, the ministry has hired 80 additional probation officers to assist in providing more intensive supervision of offenders under community supervision. Additional probation officers address recommendations 12 and 19 of the Crime Reduction and Safe Communities Task Force (see Goal 2). Additional staff resources allow for more proactive involvement in the supervision of offenders. Probation officers are key partners working with the Priority Prolific Offenders Program (see Goal 2) to provide an intensive level of supervision and intervention services for chronic repeat offenders.

**Performance Measure 4.a –
Successful Completion of Temporary Absence**

The ministry measures the number of offenders successfully completing Temporary Absence Supervision, an early conditional release program available to select low-risk offenders in provincial correctional facilities. Offenders released under this program are involved in employment, rehabilitative or community service programs.

In 2010-11, 99.9 per cent of offenders released under the program successfully completed their temporary absence supervisions without incurring new criminal charges. The result is comparable to last year's result (99.8 per cent) and meets the business plan target of no lower than 99 per cent.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
4.a Successful Completion of Temporary Absence Supervision (per cent)	99.7	99.9	99.9	99.8	No lower than 99	99.9

Best Practices for Managing Correctional Populations

The ministry continues to implement best practices for the management of correctional populations in custody and under community supervision. Utilizing best practices is a key initiative under the *Blueprint for the Future of Corrections*. Some best practices for offender management that were utilized in 2010-11 are described below.

- **Evidence-based offender risk and needs assessment tools.** Evidence-based offender assessment tools such as the Service Planning Instrument (SPI) and Youth Assessment and Screening Instrument (YASI) are used to identify offender risks and needs and ensure their level of supervision is matched to their risk. The use of Evidence-based offender and needs assessment tools is a transition to a risk reduction model in the management of offenders under supervision in the community. These tools have been fully integrated into community corrections operations for both adults and youth.
- **Direct Supervision:** The Direct Supervision model integrates correctional peace officers onto centre units to actively manage inmate behaviour. Correctional centres that use direct supervision report lower rates of assault and incidents than in traditional linear style of inmate/offender supervision. This model is currently in place in young offender centres and some adult correctional facilities. Ministry staff are receiving specialized training (see Goal 5) to support them in further applying the direct supervision model, as it will be incorporated into the operations of the new Edmonton Remand Centre.

- **Motivational Interviewing:** Motivational interviewing is used to enhance offender motivation to become more accountable for the factors that promote their involvement in crime. This intervention tool has been shown to positively impact rehabilitative efforts. Motivational interviewing complements the Direct Supervision model of inmate management and the use of evidence-based risk and needs assessment tools.
- **Electronic Monitoring:** Since 2005, Alberta has been using electronic monitoring (non GPS tracking) to monitor the curfews of low risk offenders. The equipment used is comprised of an ankle bracelet, worn by the offender and a monitoring unit situated in an offender's residence which monitors the offenders presence or absence at this specific location. Electronic monitoring has been shown to be reliable in monitoring offender curfews.
- **Drug Detection Dog Program:** The ministry's drug detection dog program is an effective resource for the detection of illegal drugs in correctional and remand centres. Drug detection dog program results for 2010-11 include 171 centre searches, 8,640 inmates searched, and detection of illegal drugs, weapons and other contraband. A second drug detector dog and handler were recruited to the Calgary Remand Centre in March 2011. Drug detection training for the handler and the drug detector dog commenced with the Calgary Police Service in March 2011.

Offender Management Information Systems

Information systems are integral to the delivery of services to achieve safe and secure communities for Albertans. Current systems are built on business practices and technologies of another era and a major systems renewal is underway to introduce significant enhancements to corrections technology in Alberta.

The ORCA project will enable business efficiencies and facilitate information sharing across adult correctional centres, young offender centres and community corrections. It will also facilitate interoperability within corrections and among corrections and law enforcement and other public safety partners. The ORCA system is expected to be implemented in 2012.

GOAL 5 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Offenders have the opportunity to access rehabilitative services and programs

While under ministry supervision (community and custody), offenders are offered the opportunity to participate in a variety of rehabilitative programs. While the onus for change rests with the individual, it is believed that the change process can be facilitated through providing offenders with assistance and opportunities that promote positive and productive behaviours.

Offender Access to Rehabilitative and Education Services

A variety of programs offered at provincial correctional centres, attendance centres and young offender centres support offender rehabilitation and promote positive and productive behaviours. Core programming includes anger management, employment skills, family violence prevention, addictions awareness, life management skills, release planning and chaplaincy services. Academic programming helps offenders acquire basic literacy and numeracy skills, while employment training programs teach specific skills to benefit offenders upon their release. Some correctional facilities also offer specialized rehabilitation programs for offenders, including an impaired driving program, drug and alcohol awareness courses, programs for female offenders, psychological services, and Aboriginal cultural and spirituality programs. Generally, rehabilitative services are integrated into the operational budgets of correctional facilities.

The ministry and its service delivery partners continually review educational and other rehabilitative programming available to inmates and offenders to ensure its continuing relevance to the changing population. The focus on providing appropriate rehabilitative, treatment and educational programs, where feasible, supports efforts to reduce an offender's re-offending behaviour and to support successful re-integration into the community.

Addictions and Mental Health Services for Offenders

The corrections population in Alberta presents increasingly complex health issues, including infectious diseases, addictions, mental health issues, and concurrent mental illness and addictions disorders. There was a need to strengthen services in these areas to improve health outcomes for a high-needs population and protect the health of offenders, staff, visitors and the public.

In 2010-11, the ministry transferred the delivery of health services in provincial adult and young offender centres to Alberta Health Services (AHS). This transfer was the culmination of several years of work to strengthen the provision of health care services for inmates and offenders. Building on existing expertise within AHS, the delivery of integrated mental health and addictions services will be strengthened in all correctional centres. The new model of delivery will focus on assessment and treatment services within correctional centres as well as a significant strengthening of transition services in the community to reduce the likelihood of offender relapse. The new delivery model for health services supports recommendation 25 from the Crime Reduction and Safe Communities Task Force (see Goal 2).

Support for Young Offenders and Youth at Risk

Young offender centres offer specialized rehabilitative programming for young offenders. This includes comprehensive school programs, specialized mental health and counselling services and programs to address the unique needs of Aboriginal and female offenders in custody. As a partner in the Alberta Children and Youth Initiative, the ministry continues to work with other government departments and service providers to enhance transition programming for youth returning to the community.

In 2010-11, initiatives to strengthen support for young offenders and youth at-risk included open-custody group homes and other transition programs for male and female young offenders.

The ministry works closely with Alberta Education and the Edmonton and Calgary Public School Boards to provide educational programs for young offenders in custody and under supervision in the community. Comprehensive school programs are available at both Calgary and Edmonton Youth Attendance Centres and at Howard House, Counterpoint and ExCel group homes.

Some Characteristics of Alberta's Young Offender Population

85 per cent of young offenders are male; 15 per cent are female.

The average age of youth on admission is 15 years.

The average education grade level achieved by young offenders is Grade 9.

Aboriginal young offenders represent 45 per cent of the population.

Positions to support the transition of young offenders from custody to the community have been added at ExCel group home and the Bridges Treatment Program at Howard House group home. In addition, development of a Fetal Alcohol Spectrum Disorder (FASD) specialized mentoring project has commenced with Catholic Social Services to provide transition support from the Edmonton Young Offender Centre and Catholic Social Services Elpida for Youth group home.

GOAL 5 Linked to Core Business 2

Solicitor General and Public Security is a partner in the FASD Cross-Ministry Committee and in the implementation of the 10-Year strategic plan to address FASD. The ministry has introduced initiatives aimed at supporting staff within the correctional services division and public security division who work with populations experiencing problems due to prenatal exposure to alcohol, as well as to address the needs of these individuals within the criminal justice system. In collaboration with the University of Alberta, an FASD research project was undertaken at the Fort Saskatchewan Correctional Centre to examine whether recidivism for adults impacted by FASD can be reduced through the provision of appropriate supports during incarceration, transition and after release to the community.

In 2010-11, the ministry supported 128 Youth Justice Committees (YJCs) across the province. YJCs work in partnership with Alberta's justice system to provide youth with alternatives to the formal court process. They provide opportunities for diversion from the courts, sentencing advice and mentoring support. In 2010-11, the ministry provided \$350,000 in grant funding to support YJCs. An additional \$50,000 grant was provided to the Strathcona YJC, on behalf of all YJCs, to support the 10th annual Youth Justice Committee conference in Edmonton in October 2010. In addition, the ministry provided enhanced training opportunities for YJCs in motivational interviewing and restorative justice processes.

***Performance Measure 5.a –
Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or
Life Management Programs***

The ministry tracks the number of incarcerated offenders involved in work, education, treatment or life management programs. In 2010-11, a total of 90 per cent of sentenced adult offenders and sentenced and remanded young offenders participated in these programs. This result is comparable to last year's result and exceeds the ministry's business plan target of no lower than 85 per cent.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
5.a Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or Life Management Programs	89	90	89	89	No lower than 85	90

Enhanced Staff Training

Enhanced training is integral to the implementation of best practices in corrections. Training opportunities help ministry staff to implement best practices and provide appropriate supervision to the changing corrections populations.

Some highlights of staff training to support the implementation of best practices in correctional services in 2010-11 included:

- **Evidence-based offender risk and needs assessment tools**

These tools assist frontline staff to provide more focused intervention and supervision of high-risk offenders. In 2010-11, 142 correctional services workers received training in the use of evidence-based risk and needs assessment tools for adults and 176 correctional services workers received training in the young offender version of the tool. Additionally, 183 correctional services workers received training in the case planning element of the tool (see page 40).

- **Motivational Interviewing**

This intervention tool complements other best practices and is part of the transition to a risk reduction model in community corrections. In 2010-11, 40 community corrections probation officers received training (see page 41).

- **Direct Supervision**

In preparation for the implementation of direct supervision at the new Edmonton Remand Centre, 114 correctional services staff completed training in 2010-11 in the use of this model for managing inmate behaviour (see page 40).

- **Fetal Alcohol Spectrum Disorder**

In 2010-11, the ministry's FASD coordinators delivered 44 training sessions for staff in correctional centres, other ministries, and for stakeholders and agencies working with individuals affected by FASD. Training was also provided to new recruits and victims' services staff and volunteers across the province. Since the commencement of the ministry's FASD initiatives in 2009, 2,000 staff members and stakeholders received FASD training.

- **Response Ability Pathways**

Response Ability Pathways training sessions were offered to 160 frontline young offender correctional staff and key stakeholders working in residential facilities. This training offers practical methods in dealing with the behavioural issues within centres. To promote sustainability of the program in Alberta, six staff received training to further enable in-house training.

In 2010-11, a total of 1,333 correctional services staff received training through the ministry's staff college.

Core Business 3

Victims Programs and Services

Core Business 3 promotes safe communities by providing programs and services to assist victims of crime. The ministry provides financial benefits to eligible victims of crime and assists victim service organizations and community partners to address the needs of victims and support a meaningful role for victims in the criminal justice process.

GOAL 6 Linked to Core Business 3 – Victims Programs and Services

Victims of crime receive assistance, information and support

Through collaboration with stakeholders and other ministries, the ministry ensures that eligible victims of crime receive financial benefits, assistance and support. The ministry assists community groups and organizations in meeting the needs of victims of crime.

In December 2010, the ministry began a scheduled review of the *Victims of Crime Act* and Regulation. The intent of the review is to increase efficiencies and fairness to two core programs: the Victims of Crime Grants Program, and the Financial Benefits Program. Public consultations were held in five cities between January 11-14, 2011: Grande Prairie, Lethbridge, Edmonton, Calgary and Red Deer.

Additionally, an online survey was used to obtain feedback from Albertans, particularly victims of crime. Input obtained from public and stakeholder consultations will assist the ministry in determining which amendments to the legislation are required in order to ensure that the needs of victims of crime continue to be met. The review of the *Victims of Crime Act* is expected to be complete in 2011-12.

Financial Assistance for Eligible Victims of Crime

The Financial Benefits Program under the *Victims of Crime Act* was introduced in 1997. This program provides one-time payments of financial benefits to eligible individuals who have incurred physical or emotional injury resulting from violent crime in Alberta. An additional benefit of \$1,000 per month is also available for victims with quadriplegia and severe brain injury.

When reviewing applications for eligibility, the ministry reviews the following:

- whether the crime is an offence eligible to receive benefit according to the *Victims of Crime Act*;
- confirmation from the police that a crime has taken place;
- whether the victim's behaviour contributed to the crime;
- whether the victim co-operated with police, and whether they have a criminal lifestyle; and
- injuries against the injury schedule.

Approximately seventy per cent of applicants receive benefits. Applications that are not eligible under the act, such as traffic collisions, make up the majority of unsuccessful applications.

The Victims Financial Benefits Program has experienced continual growth in volume since its inception, with a 143 per cent increase in applications since 2000. During 2010-11, 2,427 new applications for financial benefits were received. The ministry provided \$13.2 million in financial benefit awards in 2010-11. The ministry is also striving to improve the promptness of financial assistance to eligible victims of crime.

Performance Measure 6a – Client Satisfaction

The ministry tracks the satisfaction rate of individuals applying for victim financial benefits under the Financial Benefits Program. These individuals are asked to complete a survey rating their satisfaction with the overall service provided to them by employees and volunteers in the criminal justice system. In 2010-11, applicants for victim financial benefits reported an overall satisfaction rate of 81.4 per cent. This is slightly less than last year's result of 82.4 percent but exceeds the ministry's business plan target of 80 per cent.

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
6.a Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System (per cent)	79.8	81.2	81.8	82.4	80	81.4

Programs for Victims of Crime: Victims of Crime Fund Grants

The ministry provides funding support to and works in partnership with organizations across the province to provide programs and services to assist victims of crime. In 2010-11, there were 121 police-based and 29 community-based organizations providing services to victims of crime.

Police-based organizations offer a wide range of services such as court support throughout the criminal trial, information about resources, victim impact statements, information about restitution and applying for financial benefits. Community-based organizations provide value-added, specialized programs that support victims during their involvement in the criminal justice process. Often these programs are tailored to meet the needs of specific communities, such as seniors, sexual assault victims, domestic assault victims, children and others.

In 2010-11, the ministry provided \$9.8 million in grants from the Victims of Crime Fund to support applications from police and community-based victim service organizations. Victim Service Program volunteers across Alberta contributed 146,629 hours of service and provided assistance, support and information to more than 68,000 people in 2010-11. Fifteen per cent of the people assisted were under the age of 18.

Building Capacity for Enhanced Services for Victims

The ministry works with providers of victims' programs and services to enhance access to services, improve organizational accountability and build capacity for effective service delivery.

In 2010-11 the ministry introduced e-learning in collaboration with the Justice Institute of British Columbia to facilitate standardized training for all victims' services staff providing front line services to victims in Alberta. The program aims to:

- reduce long-term distribution and facilitation costs;
- increase training opportunities for volunteers and access for those in Aboriginal communities and remote areas;
- permit timely revision of materials to reflect legislative and policy changes;
- introduce standardized learning measures; and
- deliver training quickly and efficiently.

The training is available to victim services staff, police liaison officers, and criminal justice system stakeholders, such as shelter and sexual assault workers, probation officers, parole officers and sheriffs. More than 500 learners are expected to take the online training during 2011-12.

The ministry also works with victim service organizations and community and other partners to keep abreast of trends in victimization and promote enhanced awareness of programs and services available to victims of crime.

Core Business 4

Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

The ministry oversees the liquor and gaming activities in Alberta ensuring integrity and social responsibility. The AGLC accomplishes this through the administration of the *Gaming and Liquor Act*, Regulation and related policy.

GOAL 7 Linked to Core Business 4 – Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

Alberta's liquor and gaming activities are conducted with integrity and in a socially responsible manner

Liquor-related responsibilities include regulating the manufacture, importation, sale, purchase, possession, transportation, use and consumption of liquor in Alberta. The AGLC registers liquor suppliers, issues liquor licences, inspects liquor operations, and oversees the warehousing and distribution of liquor. The AGLC also sets and collects the provincial mark-up from its sales.

Alberta's gaming model ensures gambling proceeds benefit Albertans. The model consists of two components: charitable gaming and provincial gaming.

The charitable component of the model (casino table games, paper bingo, raffles, and pull-tickets) allows eligible charitable or religious groups to apply for and receive licences to conduct gaming activities. By conducting charitable gaming events, licensed charitable and religious groups raise funds that directly benefit their programs, causes, and activities within their community. In addition to receiving the proceeds from the events they conduct, charities receive a commission for electronic bingo and slot machines. The AGLC licenses and regulates all charitable gaming, registers gaming workers, inspects licensed gaming establishments, manages financial audits, investigates criminal activity and collects licence and registration fees.

Best Bar None

In November 2010, thirty-eight licensed establishments in Edmonton were recognized for higher safety and customer service standards through a pilot of the Best Bar None program. This program uses a system of accreditation, assessment and awards to encourage licensed establishments to meet or exceed best practices with the goal of reducing violence in and around licensed premises.

Changes to Certification Criteria for the SMART Suite of Training Programs

The AGLC continues to offer SMART training programs for liquor and gaming industry workers to raise awareness about alcohol use and gambling in Alberta. ProServe informs industry workers about their responsibilities to promote the responsible consumption of alcohol. ProTect provides industry security personnel with tools to help them prevent, defuse, and manage customer disturbances in and around licensed premises.

To better harmonize the certification process for liquor and gaming staff across the province, a number of changes were made to SMART program criteria. As of July 2010, all SMART programs must be completed by staff within 30 days of being hired. Certifications are valid for a five year time period.

Responsible Gambling Awareness Week

In October 2010, the AGLC partnered with Alberta Health Services, the Alberta Charitable Casino Operators, the Alberta Hotel and Lodging Association, the Canadian Restaurant and Foodservices Association and Bingo Alberta to host open houses in Responsible Gambling Information Centres located in casinos and the Northlands Racing Entertainment Centre. This annual event focuses on educating gambling patrons in the province's casinos by showcasing several responsible gambling resources to show players more about the odds of gambling and how slot machines work.

Together We're Better

The AGLC recognizes the value of partnerships and is working with Alberta Health Services and liquor and gaming industry stakeholders to develop strategies promoting the responsible use of liquor and gaming products.

Performance Measure Results

Performance Measure 7.a – Satisfaction with the Conduct of the Liquor Business

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
7.a Percentage of Albertans satisfied with the conduct of the liquor business in Alberta	79	78	77	78	80	78

The vast majority of Albertans – 78 per cent – indicated they were satisfied with the conduct of the liquor business. While the result falls slightly below the target of 80 per cent, it is identical to the result obtained last year and very similar to those obtained in previous years. The AGLC will continue its work to ensure liquor activities in Alberta are conducted with integrity and social responsibility.

Performance Measure 7.b – Satisfaction with the Conduct of Legal Gaming in Alberta

Performance Measure	Prior Years' Actuals				Target	Current
	2006-07	2007-08	2008-09	2009-10	2010-11	Actual
7.b Percentage of Albertans satisfied with the conduct of legal gaming in Alberta	74	73	72	79	70	79

Seventy-nine per cent of Albertans expressed satisfaction with the conduct of legal gaming in Alberta. This is the same result achieved last year and exceeds the target by nine percentage points. The AGLC will continue to monitor the results for this performance measure in 2011-12 to determine if the recent results merit raising the target.

On a broader level, high levels of satisfaction with this performance measure provide some indication that the actions of the AGLC are meeting Albertans' expectations. While the AGLC is pleased that over three-quarters of Albertans are satisfied, it will continue to work towards its goals of ensuring the gaming industry in Alberta is conducted with high levels of integrity and social responsibility.

Ministry Expense by Function

Table 9 summarizes the ministry's expenses by function.

Table 9
Ministry of Solicitor General and Public Security 2010-11 Expense by Function (in thousands)

Function	2010-11 Budget	2010-11 Actual	2009-10 Actual
Protection of Persons and Property	\$ 587,773	\$ 588,365	\$ 570,623
Social Services	27,129	27,579	23,727
Agriculture and Economic Development	25,000	23,203	24,514
Recreation and Culture	1,600	1,522	1,526
Lottery Fund Payments			
Health	420,497	420,497	392,034
Education	230,587	230,587	246,087
Social Services	63,500	63,500	63,500
Agriculture and Economic Development	65,720	65,720	72,269
Regional Planning and Development	144,200	129,977	131,768
Transportation and Utilities	184,208	184,208	301,792
Environment and Resource Conversation	500	500	500
Recreation and Culture	156,579	156,124	171,504
Protection of Persons and Property	1,725	1,725	2,025
Ministry Expense	\$ 1,909,018	\$ 1,893,507	\$ 2,001,869

Criminal Code Reporting – Required Reports

The *Criminal Code* requires the Alberta Solicitor General and Minister of Public Security to report annually on the following parts of the Act.

Criminal Code s. 25.3 – Organized Crime and Law Enforcement – Designations

Section 25.3 of the *Criminal Code* provides a limited justification for otherwise illegal acts and omissions by law enforcement officers, and others acting at their discretion. An essential condition is that it can apply only to officers designated by a competent authority. In the case of municipal police services, the Solicitor General and Minister of Public Security is the competent authority.

The competent authority is responsible for publishing an annual report on the designations and authorizations provided under subsections 24.1 to 25.4 of the *Criminal Code*. This report shall include information on the amount and nature of the acts or omissions committed by those officers designated under this legislation.

Alberta began designating officers under this legislation in March 2003. The designations in 2010-11 include:

- Number of times that acts and omissions were committed: 5
- Nature of conduct being investigated: Homicide
- Nature of act or omission: Property damage and theft under \$5000.00

Criminal Code s. 83.3(3) – Anti-Terrorism – Arrests without Warrant

Anti-Terrorism Act

In accordance with subsection 83.3(4) of the *Criminal Code*, a peace officer who suspects, on reasonable grounds, that the detention of a person is necessary to prevent a terrorist activity, may arrest the person without a warrant.

Pursuant to subsection 83.31(3) of the *Criminal Code*, the minister responsible for policing in every province shall publish or otherwise make available to the public an annual report for the previous year on the operation of subsection 83.3 of the *Criminal Code* that includes:

- a) The number of arrests without warrant that were made under subsection 83.3(4) and the period of the arrested person's detention in custody in each case; and
- b) The number of cases in which a person was arrested without warrant under subsection 83.3(4) and was released.

Information has been received from all police services in Alberta indicating that no arrests were made under this subsection in the previous year; therefore, the report for **2010 is nil**.

Performance Measure Data Sources and Methodology

GOAL 1 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Leadership for effective and innovative law enforcement

Performance Measure 1.a – Victimization Rate

The ministry commissions a professional survey firm to conduct an annual public opinion survey of 1,200 Albertans. The 2010 ministry's public opinion survey was conducted by telephone between February and March 2010. A random and representative sample of adult Albertans was established based on Statistics Canada 2006 Census data. For each of the six geographic regions of the province, the number of interviews in each age-gender segment was proportionate to the 2006 population estimates.

In 2010, ministry results for this measure were combined with results of a contemporary survey conducted for the Ministry of Justice and Attorney General. Therefore, the sample size for this measure is 1,950 with a resulting confidence interval of +/- 2.2 per cent. The rationale for combining the results is that it draws a larger sample size which could provide a more accurate snapshot of the victimization rate in our province and it avoids reporting two different victimization rates between the ministries, which have historically varied.

This measure is based on responses to a question asking respondents whether they had been the victim of a crime in the past year. Results reported indicate the percentage of respondents identifying that they had been the victim of a crime in the past year.

Crime Rates:

Crime rates data is collected by the Centre of Justice Statistics (CCJS), through Statistics Canada. Crime rates are collected using the Uniform Crime Reporting Survey (UCR), a common survey instrument used to measure police-reported crime in each Canadian jurisdiction. Using population data from Statistics Canada, reported crime is converted into crime rates per 100,000 population. Previous year crime rates are revised annually by the CCJS, based on population count estimates.

The CCJS recently moved to reporting under a new, expanded violation format known as the Uniform Crime Reporting Survey 2 (UCR2). UCR2 provides more detailed offences and improved crime categories, the ability to count all offences in an incident and show both incident and victim counts for violent incidents.

CCJS also recently changed its counting rules for selected offences, which will increase rates for both the provinces and Canada overall. For example, under the previous counting rules, a robbery with one location and multiple victims was counted as a single robbery. Under the new counting rules, multiple victims would be counted as multiple robberies. CCJS estimates that between 1998 and 2007, robbery counts will now be approximately 12 per cent higher each year than originally published.

**Performance Measure 1.b –
Property Crime Rate**

Property crime includes unlawful acts committed with the intent of gaining property, but not involving the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crime.

**Performance Measure 1.c –
Violent Crime Rate**

Violent crime includes offences that deal with the application or threat of application of force to a person. Examples of these include murder, attempted murder, various forms of sexual and non-sexual assault, robbery, and abduction. Violent crime does not include traffic incidents that result in death or bodily harm.

GOAL 2 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Support safe Alberta communities through law enforcement and crime prevention partnerships

**Performance Measure 2.a –
Public Perception of Safety in the Home**

This measure is based on the combined results from public opinion surveys from two ministries, as described under Performance Measure 1.a. This results in a sample size of 1,950 and confidence interval of +/- 2.2 percent.

Respondents are asked to rate how safe they feel (very safe, reasonably safe, somewhat unsafe, very unsafe) when in their own home after dark.

Responses in the “very safe” and reasonably safe” categories are added together and divided by the total sample size to determine the results for this measure.

**Performance Measure 2.b –
Public Perception of Safety in the Neighbourhood**

This measure is based on the combined results of annual public opinion survey’s from two ministries, as described under Performance Measure 1.a. This results in a sample size of 1,950 and confidence interval of +/- 2.2 percent.

Respondents are asked to rate how safe they feel (very safe, reasonably safe, somewhat unsafe, very unsafe) when walking alone in their neighbourhood or area after dark.

Responses in the “very safe” and reasonably safe” categories are added together and divided by the total sample size to determine the results for this measure.

GOAL 3 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Officials and infrastructure in Alberta are safe and secure

***Performance Measure 3.a –
Satisfaction with Services or Information from Alberta Security and Strategic Information
Support Team (ASSIST)***

Data for this measure is obtained from a stakeholder satisfaction survey conducted by a professional survey firm. The survey uses a combination of telephone and online data collection methods and was last conducted in 2010. Survey fatigue and limited trend variance resulted in the ASSIST survey moving to bi-annual administration, and therefore is conducted every two years.

In 2010 significant changes were made to the survey in an effort to reduce the survey fatigue and provide more focused results. However the question for this measure was not altered. Clients of ASSIST are asked “When thinking about the information and services that you received from ASSIST in the past 12 months, overall how satisfied are you with information and services received from ASSIST?” Responses in the “very satisfied” and “somewhat satisfied” categories are added together and divided by the total sample size to determine the overall stakeholder satisfaction rate.

A total of 384 clients participated in the 2010-11 survey. The survey methodology involved a census approach, and thus there is no calculation for confidence interval.

GOAL 4 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders
Secure and efficient custody and community supervision

***Performance Measure 4.a –
Successful Completion of Temporary Absence Supervision***

Data on temporary absences granted and temporary absences suspended due to re-offence is stored in the Correctional Management Information System (COMIS), a mainframe system that provides information about offenders housed in provincial correctional centres. COMIS data includes offender demographics, admissions, movements, charges and releases. It provides the ministry with a database of operational statistical information, and a data extract is produced from COMIS each month.

The system produces a report that indicates the number of temporary absences granted during the month and year-to-date. The percentage of successful temporary absence completions is calculated by subtracting the number of temporary absences suspended due to re-offence from the number of temporary absences granted. The result is then divided by the total number of temporary absences granted.

***Performance Measure 4.b –
Number of Escape Incidents from Secure Custody within a Correctional Facility
or During Transport***

To be counted as an “escape from secure custody”, the escape must meet all of the requirements for a prison breach as described in the *Criminal Code of Canada*. Offenders who walk away from minimum-security settings, or who fail to return from a period of temporary absence, are not counted as escapes from secure custody.

All adult correctional centres and young offender centres report the number of escapes from secure custody on a monthly basis. When a centre reports an escape from secure custody, a head office investigation verifies the reported escape. If an escape incident occurs during transportation of an offender, staff involved in the transport prepare an incident report. If police become involved in apprehending the offender, a police report is prepared as well. Management conducts investigations into all escape incidents and takes further action as needed.

GOAL 5 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Offenders have the opportunity to access rehabilitative services and programs

Performance Measure 5.a – Percentage of Incarcerated Offenders Involved in Work, Education, Treatment, or Life Management Programs

This measure is calculated by dividing the estimated average daily number of sentenced adult offenders and sentenced and remanded young offenders involved in work, education, treatment or life management programs by the average daily population of eligible offenders. Remanded adult inmates are not included because they have not been found guilty of an offence and are not required to participate in activities.

Staff in each correctional centre calculate a monthly average number of offenders involved in work, education, treatment, or life management programs and enter this information on a Monthly Offender Activity Report. Summary reports are compiled for all correctional centres in the province.

Average population statistics for correctional centres are produced using COMIS as described in performance measure 4.a. Data from the Monthly Offender Activity Reports and the average population statistics from the mainframe system are used to calculate the results for this measure.

GOAL 6 Linked to Core Business 3 – Victims Programs and Services

Victims of crime receive assistance, information and support

Performance Measure 6.a – Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System

Individuals applying for victim financial benefits are asked to complete a survey that includes a question rating their satisfaction with the overall service provided to them by employees and volunteers in the criminal justice system. Results are compiled from the responses completed by individuals who choose to respond to this question at the time they apply for financial benefits. The response rate for this survey was 23 per cent in 2010-11.

Respondents are asked to rate how satisfied they are with the overall service provided by employees and volunteers within the criminal justice system. The overall annual satisfaction rating (on a 5-point scale) is calculated by totalling the scores for the survey question and dividing this total by the number of valid completed responses to the question for that year. The rating on a 5.0 scale is converted to a percentage for consistency with other ministry performance measures.

GOAL 7 Linked to Core Business 4 – Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

Alberta's liquor and gaming activities are conducted with integrity and in a socially responsible manner

***Performance Measure 7.a –
Satisfaction with the Conduct of the Liquor Business in Alberta***

The AGLC commissions an annual survey to determine the public's opinion of the conduct of the liquor and gaming industries in Alberta. The public opinion survey is conducted by a third-party external consultant. In 2010-11, the survey was conducted between February and March, 2011. Professionally trained interviewers conducted all interviews by telephone from a central facility.

The sample consisted of a random and representative percentage of 1,000 adult Albertans with a confidence interval of + / - 3.1 per cent.

Respondents are asked the following question: "Now, thinking about the liquor business in Alberta, overall, how satisfied are you with the way the liquor business is conducted in Alberta."

Respondents were considered to be "satisfied" if they indicated they were very satisfied, satisfied, or somewhat satisfied.

***Performance Measure 7.b –
Satisfaction with the Conduct of Legal Gaming in Alberta***

This measure is based on the annual public opinion survey conducted by a third-party external consultant as described under performance measure 7.a.

Respondents are asked the following question: "Now, thinking about all the gaming entertainment products and activities that we have just mentioned, overall, how satisfied are you with the conduct of legal gaming in Alberta."

Respondents were considered to be "satisfied" if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Financial Information

Financial Information Contents

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Ministry of Solicitor General and Public Security Consolidated Financial Statements



Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Solicitor General and Public Security, which comprise the consolidated statement of financial position as at March 31, 2011, and the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Solicitor General and Public Security as at March 31, 2011, 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, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Consolidated Statement of Operations

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual (Restated Note 4)
Revenues (Schedule 1)			
Transfer from the Government of Canada	\$ 31,552	\$ 29,485	\$ 26,831
Net Income from Alberta Gaming and Liquor Commission			
Lottery Revenue	1,292,116	1,440,677	1,404,792
Liquor and Related Revenue	697,130	683,521	715,805
Investment Income	3,000	4,041	3,164
Premiums, Fees and Licenses	1,154	658	439
Other Revenue	36,540	38,217	33,562
	2,061,492	2,196,599	2,184,593
Expenses - Directly Incurred (Note (2b) and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	28,379	37,965	30,029
Public Security	363,141	350,306	344,765
Correctional Services	196,086	199,499	196,152
Gaming	26,600	24,725	26,040
Lottery Fund Payments to Other Ministries	1,267,516	1,252,838	1,381,479
	1,881,722	1,865,333	1,978,465
Statutory (Schedule 2 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	200	(91)	(140)
Provision for Vacation Pay	67	598	(341)
	267	507	(481)
Regulated Fund			
Victims of Crime	27,029	27,667	23,885
	1,909,018	1,893,507	2,001,869
Net Operating Results	\$ 152,474	\$ 303,092	\$ 182,724

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

Consolidated Statement of Financial Position

As at March 31, 2011
(in thousands)

	2011	2010 (Restated Note 4)
Assets		
Cash and Cash Equivalents (Note 3)	\$ 189,127	\$ 131,159
Accounts Receivable (Note 5)	39,880	32,016
Advances	1	1
Tangible Capital Assets (Note 6)	61,141	25,322
Equity in Alberta Gaming and Liquor Commission (Note 7)	427,614	419,406
	\$ 717,763	\$ 607,904
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 132,204	\$ 221,046
Unearned Revenue (Note 8)	30,575	37,574
	162,779	258,620
Net Assets		
Net Assets at Beginning of Year	349,284	284,540
Net Operating Results	303,092	182,724
Net Financing Provided for General Revenues	(97,392)	(117,980)
Net Assets at End of Year	554,984	349,284
	\$ 717,763	\$ 607,904

Contractual obligations and contingent liabilities (Notes 9 and 10).

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

Consolidated Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated Note 4)
Operating Transactions		
Net Operating Results	\$ 303,092	\$ 182,724
Non-cash items included in Net Operating Results		
Amortization	3,119	2,881
Loss on Disposal of Tangible Capital Assets	214	-
Valuation Adjustments	507	(481)
(Increase) Decrease in Undistributed Profit of Alberta Gaming and Liquor Commission	(8,208)	(50,268)
	298,724	134,856
Decrease (Increase) in Accounts Receivable	(7,773)	(5,640)
Decrease in Advances	-	1
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(89,440)	65,080
Decrease in Unearned Revenue	(6,999)	(4,826)
Cash Provided by Operating Transactions	194,512	189,471
Capital Transactions		
Acquisition of Tangible Capital Assets	(39,152)	(11,245)
Cash Applied to Capital Transactions	(39,152)	(11,245)
Financing Transactions		
Net Financing Provided for General Revenues	(97,392)	(117,980)
Cash Applied to Financing Transactions	(97,392)	(117,980)
Increase (Decrease) in Cash and Cash Equivalents	57,968	60,246
Cash and Cash Equivalents at Beginning of Year	131,159	70,913
Cash and Cash Equivalents at End of Year	\$ 189,127	\$ 131,159

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

Notes to the Consolidated Financial Statements

Note 1 Authority and Purpose

The Ministry of Solicitor General and Public Security has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Solicitor General and Minister of Public Security administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of the Solicitor General and Public Security.

Organization	Authority
Department of Solicitor General and Public Security	<i>Government Organization Act</i>
Victims of Crime Fund	<i>Victims of Crime Act</i>
Alberta Lottery Fund	<i>Gaming and Liquor Act</i>
Alberta Gaming and Liquor Commission	<i>Gaming and Liquor Act</i>

The Ministry's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, security, correctional and victim services and ensure integrity and accountability and social responsibility in Alberta's gaming and liquor industries.

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 Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. These financial statements include the activities of the Department of the Solicitor General and Public Security, the Victims of Crime Fund (a regulated fund), the Alberta Lottery Fund and the Alberta Gaming and Liquor Commission.

(b) Basis of Financial Reporting

Basis of Consolidation

The accounts of the Department, the Victims of Crime Fund and Alberta Lottery Fund have been consolidated after adjusting them to a basis consistent with the accounting policies described below. Revenue and expense transactions, investing and financing transactions and related asset and liability accounts between these consolidated organizations are eliminated upon consolidation.

Notes to the Consolidated Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

The accounts of the Alberta Gaming and Liquor Commission (AGLC), which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

Revenues

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

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

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 during the year.
- 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 and indemnities.

Grants are recognized as expenses when authorized, the eligibility criteria, if any, is met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services incurred by other entities in support of the Ministry's operations are disclosed in Schedule 5.

Notes to the Consolidated Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets required by right are not included. Tangible capital assets of the Ministry 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 fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

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

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts receivable of \$18,428 (2010 - \$19,975) are subject to measurement uncertainty. Victims of Crime Fund accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of \$1,134 (2010 - \$1,262) have been deducted from total outstanding surcharges of \$20,499 (2010 - \$22,266) to arrive at reported revenue and related accounts receivable. The estimate of \$1,134 is based on the actual percentage satisfied in this matter from April 1, 2010 to March 31, 2011. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Financial benefits under the Victims of Crime Fund recorded as a liability of \$3,855 (2010 - \$6,370) in these financial statements, is subject to measurement uncertainty. See Note 11.

Notes to the Consolidated Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

Valuation of Financial Assets and Liabilities

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.

Note 3

Cash and Cash Equivalents

(in thousands)

Included in cash and cash equivalents are deposits of \$152,194 (2010 - \$93,378) for Alberta Lottery Fund and \$36,905 (2010 - \$37,755) for the Victims of Crime Fund in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2011, securities held by the CCITF have a time-weighted rate of return of 1.05% per annum (March 31, 2010: 0.95% per annum).

Note 4

Program Transfer and Change in Accounting Policy

(in thousands)

Program Transfer

Effective April 1, 2010, the department transferred the provision of health services in correctional facilities to Alberta Health and Wellness. This transfer resulted in a decrease in expenses and an increase in net operating results by \$14,135. Net Financing Provided for General Revenues also increased by \$14,135 resulting in no net change in Net Assets at March 31, 2010.

Notes to the Consolidated Financial Statements

Note 4

Program Transfer and Change in Accounting Policy (Cont'd)

(in thousands)

Change in accounting policy

In 2010, recoveries for supplies and services from Alberta Law Enforcement Response Team (ALERT) were recorded as revenues while related costs were reflected in expenses. In 2011, the recoveries received under a contractual arrangement with ALERT were accounted for using the government's current expenditure refund model where cost reimbursements do not represent revenue. Instead they are netted against costs to more clearly reflect government spending. As a result of this change in accounting policy, the comparative revenues and expenses decreased by \$1,301.

The 2010 comparative financial statements have been restated to reflect the changes as if they occurred in the prior period to provide comparative information on the same basis as for 2011.

Note 5

Accounts Receivable

(in thousands)

	2011				2010	
	Gross Amount	Fine Options and Time Served Note 2	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	
Government of Canada	\$ 14,113	\$ -	\$ -	\$ 14,113	\$ 7,793	
Surcharges	20,499	1,134	937	18,428	19,975	
Other	7,340	-	-	7,340	4,248	
	\$ 41,952	\$ 1,134	\$ 937	\$ 39,880	\$ 32,016	

Accounts receivable are unsecured and non-interest bearing.

Notes to the Consolidated Financial Statements

Note 6 Tangible Capital Assets (in thousands)

	Equipment	Computer Hardware and Software	Other (1)	Work in Progress (2)	2011 Total	2010 Total
Estimated Useful Life	10 years	5 years	3 years			
Historical Costs						
Beginning of Year	\$ 15,280	\$ 5,765	\$ 4,133	\$ 11,762	\$ 36,940	\$ 25,752
Additions	1,671	920	652	35,909	39,152	11,245
Disposals, including write-downs	(341)	(69)	(100)	-	(510)	(57)
	\$ 16,610	\$ 6,616	\$ 4,685	\$ 47,671	\$ 75,582	\$ 36,940
Accumulated Amortization						
Beginning of Year	\$ 7,476	\$ 2,597	\$ 1,545	\$ -	\$ 11,618	\$ 8,794
Amortization expense	1,246	1,474	399	-	3,119	2,881
Effect of disposal	(149)	(69)	(78)	-	(296)	(57)
	\$ 8,573	\$ 4,002	\$ 1,866	\$ 0	\$ 14,441	\$ 11,618
Net Book Value at March 31, 2011	\$ 8,037	\$ 2,614	\$ 2,819	\$ 47,671	\$ 61,141	
Net Book Value at March 2010	\$ 7,804	\$ 3,168	\$ 2,588	\$ 11,762		\$ 25,322

(1) Other Capital Assets include vehicles and office furnishings.

(2) Work in Progress includes \$26,762 for IT systems related to Alberta Police Integrated Initiative, \$15,669 for the Alberta First Responders Radio System, \$4,149 for enhancements to existing systems, \$505 for Mobile Data Terminals, \$491 for Inter-Agency Information Sharing and \$95 for Video Recording Systems.

Notes to the Consolidated Financial Statements

Note 7

Equity in Alberta Gaming and Liquor Commission (AGLC)

(in thousands)

	2011	2010
Equity in AGLC, beginning of year	\$ 419,406	\$ 369,138
Total revenues	24,857,638	24,947,442
Total expenses	(22,733,440)	(22,826,845)
Net transfers	(2,115,990)	(2,070,329)
Equity in AGLC, end of year	\$ 427,614	\$ 419,406

Note 8

Unearned Revenue

(in thousands)

In 2008-09 the Department received \$42,400 from the Government of Canada pursuant to their \$400 million five-year initiative to recruit new police officers in provinces and territories under the Police Officers Recruitment Fund. In accordance with the Department's accounting policy, this payment was recorded as unearned revenue. In 2010-11, \$7,425 (2010 - \$4,826) was used for the purpose specified under the program. Additionally the balance includes unearned revenue of \$426 for fees and licenses collected pursuant to the *Security Services and Investigators Act*.

Note 9

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.

As at March 31, 2011, the Ministry is committed under contracts, vehicle leases, and program funding arrangements totalling \$1,399,067 (2010 - \$892,084). This includes a commitment for the Provincial Police Service Agreement (PPSA) of \$639,808 (2010 - \$573,509). The Provincial Police Service Agreement with Canada is a contract for the Royal Canadian Mounted Police to provide policing services to small communities and rural areas in Alberta. The existing PPSA expires March 31, 2012, however, a new agreement has been negotiated (ratification expected prior to April 1, 2012) and the figures below are prepared on that basis. Under the terms of the agreement, Alberta may terminate the agreement with a two year notice served on March 31 in any year.

Notes to the Consolidated Financial Statements

Note 9 Contractual Obligations (Cont'd)

(in thousands)

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

Obligations Under Operating Leases, Contracts, and Program

2011-12	\$ 470,167
2012-13	402,611
2013-14	375,993
2014-15	98,630
2015-16	30,196
Thereafter	21,470
Total	\$ 1,399,067

Note 10 Contingent Liabilities

(in thousands)

As at March 31 2011, the Ministry is a defendant in one hundred and forty seven legal claims (2010 – one hundred and twenty nine legal claims). One hundred and forty three of these claims have specified amounts totalling \$277,001 and the remaining four have no specified amount (2010 – One hundred and twenty claims with a specified amount of \$247,267 and nine with no specified amount). Included in the total legal claims are twelve claims amounting to \$127,636 (2010 – fifteen claims amounting to \$157,909) in which the Ministry has been jointly named with other entities. Ninety six claims amounting to \$73,578 (2010 – Eighty six claims totalling \$70,690) are covered by the Alberta Risk Management Fund.

The Ministry entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Ministry has agreed to pay for certain capital investments up to \$6,400 and will also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2011, the Ministry's potential liability is \$1,080 (2010 - \$2,160).

The resulting loss, if any, from these claims cannot be determined.

Notes to the Consolidated Financial Statements

Note 11 Financial Benefits

(in thousands)

As at March 31, 2011, there were 624 (2010 – 1,562) active applications for financial benefits with the Victims of Crime Financial Benefits Program.

An estimated liability of \$3,855 (2010 - \$6,370), subject to measurement uncertainty, was recorded based on historical decision patterns and average award values. Case progress at year end has been added as a factor in determining liability estimate for current year. Additional information may be required to determine eligibility and amount for individual cases under regulations of the *Victims of Crime Act*.

Note 12 Trust Funds Under Administration

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

The Ministry manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Ministry and pooled by casino or region over a three month period. The pooled funds earn interest and the Ministry deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

	2011	2010
Charitable Proceeds	\$ 12,789	\$ 13,074
Held Charitable Proceeds	75	40
	\$ 12,864	\$ 13,114

Additionally, the Ministry receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2011, the amount of the trust funds held under administration was \$497 (2010 - \$442), which was comprised of inmate trust funds of \$270 (2010 - \$257) and inmate welfare fund equity of \$227 (2010 - \$185).

Notes to the Consolidated Financial Statements

Note 13

Payments Under Agreement

(in thousands)

The Ministry has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Justice Canada under this agreement are in accordance with Section 10 of the *Federal Seized Property Management Act* resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Only the amounts received from Justice Canada and not disbursed are reflected in these financial statements.

Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2011, are \$11 (2010 - \$11).

Note 14

Benefit Plans

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan and 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 \$26,679 for the year ended March 31, 2011 (2010 - \$22,690). In addition, the Ministry contributes to the Western Canada Lottery Corporation (WCLC) Pension Plan. The Ministry's portion of the WCLC pension expense is \$1,279 for the year ended March 31, 2011 (2010 - \$181).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 - deficiency of \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 - deficiency of \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 - deficiency of \$39,516). The Ministry's portion of the WCLC deficit as at March 31, 2011 is \$3,261 (2010 - deficit of \$3,959).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of \$4,141 (2010 - deficiency of \$8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$7,020 (2010 - surplus of \$7,431). The expense for these two plans is limited to the employer's annual contributions for the year.

Notes to the Consolidated Financial Statements

Note 15 **Subsequent Event**

Effective April 1, 2011 the responsibility for the Bingo Associations program will be transferred from the Ministry of Culture and Community Spirit to the Ministry of Solicitor General and Public Security.

Note 16 **Comparative Figures**

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Note 17 **Approval of Financial Statements**

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to Consolidated Financial Statements

Revenues

Schedule 1

Year ended March 31, 2011

(in thousands)

	2011		2010
	Budget	Actual	Actual (Restated Note 4)
Transfer from the Government of Canada			
Youth Justice Program	\$ 18,757	\$ 18,620	\$ 18,248
Other	12,795	10,865	8,583
	31,552	29,485	26,831
Lottery			
Video Lottery Terminal Revenue	496,864	492,644	511,167
Casino Gaming Terminal Revenue	773,751	817,083	831,457
Lottery Ticket Revenue	262,797	318,884	254,872
	1,533,412	1,628,611	1,597,496
Cost of Operations	(241,296)	(187,934)	(192,704)
	1,292,116	1,440,677	1,404,792
Liquor			
Liquor and Related Revenue	724,094	702,944	736,162
Cost of Operations	(26,964)	(19,423)	(20,357)
	697,130	683,521	715,805
Investment Income			
Lottery Fund Interest	2,000	3,611	2,801
Bank Interest	1,000	430	363
	3,000	4,041	3,164
Premiums, Fees and Licenses			
Private Investigators Fees	1,154	611	392
Other	-	47	47
	1,154	658	439
Other Revenue			
Surcharges	27,150	26,402	25,810
Recoveries for Enhanced Policing Services	6,662	6,580	6,112
Sheriffs Community Deployment	1,911	57	91
Refunds of Expenditures	25	149	431
Miscellaneous	792	5,029	1,118
	36,540	38,217	33,562
	\$ 2,061,492	\$ 2,196,599	\$ 2,184,593

Schedule to Consolidated Financial Statements

Expenses - Directly Incurred Detailed by Object

Schedule 2

Year ended March 31, 2011

(in thousands)

	2011		2010
	Budget	Actual	Actual (Restated Note 4)
Voted			
Salaries, Wages and Employee Benefits	\$ 224,750	\$ 227,867	\$ 228,533
Supplies and Services	268,090	255,373	250,023
Grants	1,386,168	1,378,936	1,496,966
Financial Transactions and Other	124	101	117
Amortization of Tangible Capital Assets	2,590	3,056	2,826
Total Voted Expenses	\$ 1,881,722	\$ 1,865,333	\$ 1,978,465
Statutory			
Regulated Fund			
Salaries, Wages and Employee Benefits	\$ 3,123	\$ 2,967	\$ 2,987
Supplies and Services	1,246	1,248	1,093
Grants	22,574	23,389	19,750
Amortization of Tangible Capital Assets	86	63	55
Total Regulated Fund Expenses	\$ 27,029	\$ 27,667	\$ 23,885
Valuation Adjustments			
Provision for Doubtful Accounts	\$ 200	\$ (91)	\$ (140)
Provision for Vacation Pay	67	598	(341)
Total Valuation Adjustments	\$ 267	\$ 507	\$ (481)
Total Statutory Expenses	\$ 27,296	\$ 28,174	\$ 23,404

Schedule to Consolidated Financial Statements

Budget

Schedule 3

Year ended March 31, 2011
(in thousands)

	2010 - 2011 Estimates	Adjustment (a)	2010-2011 Budget	Authorized Supplementary (b)	2010 - 2011 Authorized Budget
Revenues					
Transfer from the Government of Canada	\$ 31,552	\$ -	\$ 31,552	\$ -	\$ 31,552
Net Income from Alberta Gaming and Liquor Commission					
Video Lottery Terminal Revenue	496,864	-	496,864	-	496,864
Gaming Terminal Revenue	773,751	-	773,751	-	773,751
Ticket Lottery Revenue	262,797	-	262,797	-	262,797
Lottery Operations	(241,296)	-	(241,296)	-	(241,296)
Liquor and Related Revenue	724,094	-	724,094	-	724,094
Liquor Operations	(26,964)	-	(26,964)	-	(26,964)
Investment Income					
Lottery Fund Interest	2,000	-	2,000	-	2,000
Bank Interest	1,000	-	1,000	-	1,000
Premiums, Fees and Licenses					
Private Investigators Fees	1,154	-	1,154	-	1,154
Other Revenue	36,540	(1,857)	34,683	-	34,683
	2,061,492	(1,857)	2,059,635	-	2,059,635
Expenses - Directly Incurred					
Voted					
Ministry Support Services	28,379	-	28,379	-	28,379
Public Security	363,141	(1,857)	361,284	1,563	362,847
Correctional Services	196,086	-	196,086	-	196,086
Gaming	26,600	-	26,600	-	26,600
Lottery Fund Payments to Other Ministries	1,267,516	-	1,267,516	-	1,267,516
	1,881,722	(1,857)	1,879,865	1,563	1,881,428
Statutory					
Valuation Adjustments					
Provision for Doubtful Accounts	200	-	200	-	200
Provision for Vacation Pay	67	-	67	-	67
	267	-	267	-	267
Victims of Crime Fund	27,029	-	27,029	-	27,029
Total Expenses	1,909,018	(1,857)	1,907,161	1,563	1,908,724
Net Operating Results	\$ 152,474	\$ -	\$ 152,474	\$ (1,563)	\$ 150,911
Equipment/Inventory Purchases	\$ 720	\$ -	\$ 720	\$ -	\$ 720
Capital Investment	\$ 24,700	(1,857)	\$ 22,843	\$ 41,658	\$ 64,501
Statutory Capital Investment	\$ 25	\$ -	\$ 25	\$ -	\$ 25

(a) Budget has been adjusted due to change in accounting policy for presentation purposes.

(b) Supplementary Estimates were approved on February 24, 2011 to provide for the transfer of appropriation from the Ministry of Treasury Board of \$25,112 for the Alberta First Responders Radio Communications System (AFRRCS) project and a capital carry-over of \$16,546 from 2009-10 for the unused funds in the Strategic Information Technology Initiative project, for total authorized supplementary capital investment funding of \$41,658. Also authorized was a capital planning transfer of \$1,563 in operating expense from Treasury Board for the AFRRCS project, and the reallocation of \$4,000 of the capital carry-over to the AFRRCS project for an increase of \$30,675.

Schedule to Consolidated Financial Statements

Related Party Transactions

Schedule 4

Year ended March 31, 2011
(in thousands)

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

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, 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 Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2011	2010 (Restated - Note 4)
Revenues		
Ministry of Energy	\$ 226	\$ 328
Expenses - Directly incurred		
Grants - Departments	\$ 1,252,838	\$ 1,381,479
Finance and Enterprise - Risk Management and Insurance	-	344
Service Alberta	3,335	2,849
Alberta Infrastructure	7	4
Other Services	-	7
	\$ 1,256,180	\$ 1,384,683
Payable to Ministry of Finance and Enterprise	\$ -	\$ 12,578
Payable to Ministry of Culture and Community Spirit	\$ 982	\$ 1,011
Payable to Ministry of Aboriginal Relations	\$ 8,870	\$ 29,183
Payable to Ministry of Transportation	\$ -	\$ 69,592
Contractual Obligations - Ministry of Justice	\$ -	\$ 51

Schedule to Consolidated Financial Statements

Related Party Transactions

Schedule 4
(Cont'd)

Year ended March 31, 2011
(in thousands)

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 revenues and costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and the amounts for costs incurred are disclosed in Schedule 5.

	Other Entities	
	2011	2010
Revenues		
Accommodation	\$ -	\$ 49
Forensic Audit	-	110
Information Technology	-	14
Financial Services	-	6
	\$ -	\$ 179
Expenses - Incurred by Others		
Accommodation	\$ 49,080	\$ 51,279
Legal	558	708
Service Alberta	5,798	5,205
Treasury Board	304	380
	\$ 55,740	\$ 57,572

The Ministry receives services under contracts managed by the Ministry of Service Alberta and the Treasury Board. Any commitments under these contracts are reported by Service Alberta and Treasury Board.

Schedule to Consolidated Financial Statements

Allocated Costs

Schedule 5

Year ended March 31, 2011
(in thousands)

Program	2011								2010	
									(Restated Note 4)	
	Expenses (1) (2)	Accommodation Costs (3)	Legal Services (4)	Service Alberta	Treasury Board	Valuation Adjustments (5)		Total Expenses	Total Expenses	
					Vacation Pay	Doubtful Accounts				
Voted										
Ministry Support Services	\$ 37,965	\$ 2,327	\$ 108	\$ 5,798	\$ 304	\$ 99	\$ -	\$ 46,601	\$ 38,017	
Public Security	350,306	4,583	281	-	-	108	-	355,278	350,250	
Correctional Services	199,499	41,916	154	-	-	388	-	241,957	239,408	
Gaming	24,725	-	-	-	-	-	-	24,725	26,040	
Lottery Fund Payments to Other Ministries	1,252,838	-	-	-	-	-	-	1,252,838	1,381,479	
	<u>1,865,333</u>	<u>48,826</u>	<u>543</u>	<u>5,798</u>	<u>304</u>	<u>595</u>	<u>-</u>	<u>1,921,399</u>	<u>2,035,194</u>	
Regulated Fund:										
Victims of Crime	27,667	254	15	-	-	3	(91)	27,848	23,947	
Commission:										
Alberta Gaming and Liquor Commission (AGLC) (2)	-	-	-	-	-	-	-	-	300	
	<u>\$ 1,893,000</u>	<u>\$ 49,080</u>	<u>\$ 558</u>	<u>\$ 5,798</u>	<u>\$ 304</u>	<u>\$ 598</u>	<u>\$ (91)</u>	<u>\$ 1,949,247</u>	<u>\$ 2,059,441</u>	

- (1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (2) Total expenses reported on a modified equity basis for Alberta Gaming and Liquor Commission as per Note 7 attached to the Financial Statements.
- (3) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 4.
- (4) Cost shown for Legal Services on Schedule 4, estimated costs incurred by each program.
- (5) Valuation Adjustments as per Statement of Operations. Provision for Vacation Pay and Provision for Doubtful Accounts included in Valuation Adjustments were allocated as follows:
 - Vacation Pay - allocated to the program by employee,
 - Doubtful Accounts Provision - estimated allocation to program.

Department of Solicitor General and Public Security Financial Statements



Independent Auditor's Report

To the Solicitor General and Minister of Public Security

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Solicitor General and Public Security, which comprise the statement of financial position as at March 31, 2011, 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 Department of Solicitor General and Public Security as at March 31, 2011, 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, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Statement of Operations

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual (Restated Note 4)
Revenues (Schedule 1)			
Internal Government Transfers (Note 3)	\$ 723,730	\$ 874,971	\$ 741,919
Transfer from the Government of Canada	31,452	29,212	26,731
Premiums, Fees and Licenses	1,154	658	439
Other Revenue	9,390	11,643	7,361
	765,726	916,484	776,450
Expenses - Directly Incurred (Note (2b) and Schedule 7)			
Voted (Schedules 2 and 4)			
Ministry Support Services	28,379	37,965	30,029
Public Security	363,141	350,306	344,765
Correctional Services	196,086	199,499	196,152
Gaming	26,600	24,725	26,040
	614,206	612,495	596,986
Statutory (Schedules 2, 4 and 7)			
Valuation Adjustments			
Provision for Doubtful Accounts	100	-	-
Provision for Vacation Pay	67	595	(323)
	167	595	(323)
	614,373	613,090	596,663
Net Operating Results	\$ 151,353	\$ 303,394	\$ 179,787

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

Statement of Financial Position

As at March 31, 2011
(in thousands)

	2011	2010 (Restated Note 4)
Assets		
Cash	\$ 28	\$ 26
Accounts Receivable (Note 5)	536,969	358,539
Advances	1	1
Tangible Capital Assets (Note 6)	61,053	25,214
	\$ 598,051	\$ 383,780
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 114,636	\$ 99,368
Unearned Revenue (Note 7)	30,575	37,574
	145,211	136,942
Net Assets		
Net Assets at Beginning of Year	246,838	185,031
Net Operating Results	303,394	179,787
Net Financing Provided for General Revenues	(97,392)	(117,980)
Net Assets at End of Year	452,840	246,838
	\$ 598,051	\$ 383,780

Contractual obligations and contingent liabilities (Notes 8 and 9)

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

Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated Note 4)
Operating Transactions		
Net Operating Results	\$ 303,394	\$ 179,787
Non-cash items included in Net Operating Results		
Amortization	3,056	2,826
Loss on Disposal of Tangible Capital Assets	214	-
Valuation Adjustments	595	(323)
	307,259	182,290
(Increase) Decrease in Accounts Receivable	(178,430)	(60,555)
Decrease in Advances	-	1
Increase in Accounts Payable and Accrued Liabilities	14,673	12,313
Decrease in Unearned Revenue	(6,999)	(4,826)
Cash provided by Operating Transactions	136,503	129,223
Capital Transactions		
Acquisition of Tangible Capital Assets	(39,109)	(11,245)
Cash Applied to Capital Transactions	(39,109)	(11,245)
Financing Transactions		
Net Financing Provided for General Revenues	(97,392)	(117,980)
Cash Applied to Financing Transactions	(97,392)	(117,980)
Increase (Decrease) in Cash	2	(2)
Cash at Beginning of Year	26	28
Cash at End of Year	\$ 28	\$ 26

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

Notes to the Financial Statements

Note 1

Authority and Purpose

The Department of Solicitor General and Public Security operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, and security and correctional services.

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 Department of Solicitor General and Public Security, which is part of the Ministry of Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. Other entities reporting to the Minister include the Victims of Crime Fund (a regulated fund), Alberta Gaming and Liquor Commission (AGLC) and the Alberta Lottery Fund (ALF).

The Results Analysis Section of the Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Solicitor General and Minister of Public Security is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. 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 for General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

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

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Notes to the Financial Statements

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

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

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- 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 and indemnities.

Grants are recognized as expenses when authorized, the eligibility criteria if any are met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 7.

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 Department 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 Assets

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

Notes to the Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

Valuation of Financial Assets and Liabilities

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, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Note 3

Internal Government Transfers - Alberta Lottery Fund

(in thousands)

Internal Government transfers include transfers from the Alberta Lottery Fund. Under the *Appropriation Act 2010*, the Department was authorized to receive Lottery Fund payments as presented in the 2010-2011 Estimates to support gaming research and the Horse Racing and Breeding Renewal Program. In addition, for the current year the *Appropriation Act 2010* directed that the Lottery Fund's net balance (current year revenues less authorized transfers to government departments) shall be paid into the General Revenue Fund. The Lottery Fund's financial statements reflected a net balance of \$166,647. The Lottery Fund transferred this amount to the General Revenue Fund through the Department.

Note 4

Program Transfer and Change in Accounting Policy

(in thousands)

Program Transfer

Effective April 1, 2010, the Department transferred the provision of health services in correctional facilities to Alberta Health and Wellness. This transfer resulted in a decrease in expenses and an increase in net operating results by \$14,135. Net Financing Provided for General Revenues also increased by \$14,135 resulting in no net change in Net Assets at March 31, 2010.

Effective April 1, 2010, the Horse Racing and Breeding Renewal Program previously under the Ministry of Culture and Community Spirit is part of the Gaming program in the Department. As a result of this restatement, revenues and expenses increased by \$24,514 and accounts receivable and payable increased by \$2,020.

Notes to the Financial Statements

Note 4

Program Transfer and Change in Accounting Policy (Cont'd)

(in thousands)

Change in accounting policy

In 2010, recoveries for supplies and services from the Alberta Law Enforcement Response Team (ALERT) were recorded as revenues while related costs were reflected in expenses. In 2011, the recoveries received under a contractual arrangement with ALERT were accounted for using the government's current expenditure refund model where cost reimbursements do not represent revenue. Instead they are netted against costs to more clearly reflect government spending. As a result of this change in accounting policy, the comparative revenues and expenses decreased by \$1,301.

The 2010 comparative financial statements have been restated to reflect the changes as if they occurred in the prior period to provide comparative information on the same basis as for 2011.

Note 5

Accounts Receivable

(in thousands)

	2011	2010
	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 14,113	\$ 7,793
Other	7,171	4,182
Alberta Gaming and Liquor Commission	347,065	344,544
Alberta Lottery Fund	168,620	2,020
	\$ 536,969	\$ 358,539

Accounts receivable are unsecured and non-interest bearing.

Notes to the Financial Statements

Note 6 Tangible Capital Assets

(in thousands)

	Equipment	Computer Hardware and Software	Other (1)	Work in Progress (2)	2011 Total	2010 Total
Estimated Useful Life	10 years	5 years	3 years			
Historical Costs						
Beginning of year	\$ 15,280	\$ 5,079	\$ 4,133	\$ 11,762	\$ 36,254	\$ 25,066
Additions	1,671	877	652	35,909	39,109	11,245
Disposals, including write-downs	(341)	(69)	(100)	-	(510)	(57)
	\$ 16,610	\$ 5,887	\$ 4,685	\$ 47,671	\$ 74,853	\$ 36,254
Accumulated Amortization						
Beginning of year	\$ 7,476	\$ 2,019	\$ 1,545	\$ -	\$ 11,040	\$ 8,271
Amortization Expense	1,246	1,411	399	-	3,056	2,826
Effect of disposal	(149)	(69)	(78)	-	(296)	(57)
	\$ 8,573	\$ 3,361	\$ 1,866	\$ -	\$ 13,800	\$ 11,040
Net Book Value at March 31, 2011	\$ 8,037	\$ 2,526	\$ 2,819	\$ 47,671	\$ 61,053	\$
Net Book Value at March 31, 2010	\$ 7,804	\$ 3,060	\$ 2,588	\$ 11,762	\$	\$ 25,214

(1) Other Capital Assets include vehicles and office furnishings.

(2) Work in Progress includes \$26,762 for IT systems related to Alberta Police Integrated Initiative, \$15,669 for the Alberta First Responders Radio System, \$4,149 for enhancements to existing systems, \$505 for Mobile Data Terminals, \$491 for Inter-Agency Information Sharing and \$95 for Video Recording Systems.

Note 7 Unearned Revenue

(in thousands)

In 2008-09 the Department received \$42,400 from the Government of Canada pursuant to their \$400 million five-year initiative to recruit new police officers in provinces and territories under the Police Officers Recruitment Fund. In accordance with the Department's accounting policy, this payment was recorded as unearned revenue. In 2010-11, \$7,425 (2010 - \$4,826) was used for the purpose specified under the program. Additionally the balance includes unearned revenue of \$426 for fees and licenses collected pursuant to the Security Services and Investigators Act.

Notes to the Financial Statements

Note 8 Contractual Obligations

(in thousands)

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

As at March 31, 2011, the Department is committed under contracts, programs and operating leases totalling \$1,361,310 (2010 - \$848,315). This includes a commitment for the Provincial Police Service Agreement of \$639,808 (2010 - \$573,509). The Provincial Police Service Agreement (PPSA) with Canada is a contract for the Royal Canadian Mounted Police to provide policing services to small communities and rural areas in Alberta. The existing PPSA expires March 31, 2012, however, a new agreement has been negotiated (ratification expected prior to April 1, 2012) and the figures below are prepared on that basis. Under the terms of the agreement, Alberta may terminate the agreement with a two year notice served on March 31 in any year.

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

Obligations Under Operating Leases, Contracts, and Program

2011-12	\$	461,144
2012-13		398,213
2013-14		374,418
2014-15		97,457
2015-16		29,114
Thereafter		964
Total	\$	1,361,310

Note 9 Contingent Liabilities

(in thousands)

As at March 31 2011, the Department is a defendant in one hundred and thirty eight legal claims (2010 – one hundred and twenty two legal claims). One hundred and thirty four of these claims have specified amounts totalling \$150,671 and the remaining four have no specified amount (2010 – one hundred and thirteen claims with a specified amount of \$122,460 and nine with no specified amount). Included in the total legal claims are fourteen claims amounting to \$69,186 (2010 – eleven claims amounting to \$56,084) in which the Department was jointly named with other entities. Ninety one claims amounting to \$61,126 (2010 – eighty two claims totalling \$58,262) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Notes to the Financial Statements

Note 10

Trust Funds Under Administration

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

Institutional Trust receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2011, the amount of the trust funds held under administration was \$497 (2010 - \$442) which was comprised of inmate trust funds of \$270 (2010 - \$257) and inmate welfare fund equity of \$227 (2010 - \$185).

Note 11

Payments Under Agreement

(in thousands)

The Department has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Canada under this agreement are in accordance with Section 10 of the Federal Seized Property Management Act resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the Department under authority of the Financial Administration Act, Section 25. Only the amounts received from Justice Canada and not disbursed, are reflected in these financial statements. Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2011, are \$11 (2010 - \$11) and are reflected in the Statement of Financial Position.

Note 12

Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan and 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 \$20,509 for the year ended March 31, 2011 (2010 - \$17,601).

Notes to the Financial Statements

Note 12 **Benefit Plans (Cont'd)**

(in thousands)

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 - deficiency of \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 - deficiency of \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 - deficiency of \$39,516).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of \$4,141 (2010 - deficiency of \$8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$7,020 (2010 – surplus of \$7,431). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 13 **Subsequent Event**

Effective April 1, 2011, the responsibility for the Bingo Associations program will be transferred from the Ministry of Culture and Community Spirit to the Ministry of Solicitor General and Public Security.

Note 14 **Comparative Figures**

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Note 15 **Approval of Financial Statements**

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to Financial Statements

Revenues

Schedule 1

Year ended March 31, 2011

(in thousands)

	2011		2010
	Budget	Actual	Actual (Restated Note 4)
Internal Government Transfers			
Transfer from Alberta Gaming and Liquor Commission	\$ 697,130	\$ 683,521	\$ 715,805
Transfer from Alberta Lottery Fund (Note 3)	26,600	191,450	26,114
	723,730	874,971	741,919
Transfer from the Government of Canada			
Youth Justice Program	18,757	18,347	18,248
Other	12,695	10,865	8,483
	31,452	29,212	26,731
Premiums, Fees and Licenses			
Private Investigators Fees	1,154	611	392
Other	-	47	47
	1,154	658	439
Other Revenue			
Recoveries for Enhanced Policing Services	6,662	6,580	6,112
Sheriffs Community Deployment	1,911	57	91
Refunds of Expenditures	25	(23)	40
Miscellaneous	792	5,029	1,118
	9,390	11,643	7,361
	\$ 765,726	\$ 916,484	\$ 776,450

Schedule to Financial Statements

Expenses - Directly Incurred Detailed by Object

Schedule 2

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget	Actual	Actual (Restated Note 4)
Voted			
Salaries, Wages and Employee Benefits	\$ 224,750	\$ 227,867	\$ 228,533
Supplies and Services	268,090	255,373	250,023
Grants	118,652	126,098	115,487
Financial Transactions and Other	124	101	117
Amortization of Tangible Capital Assets	2,590	3,056	2,826
Total Voted Expenses	\$ 614,206	\$ 612,495	\$ 596,986
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	\$ 100	\$ -	\$ -
Provision for Vacation Pay	67	595	(323)
Total Statutory Expenses	\$ 167	\$ 595	\$ (323)

Schedule to Financial Statements

Budget

Schedule 3

Year ended March 31, 2011
(in thousands)

	2010 - 2011 Estimates	Adjustment (a)	2010-2011 Budget	Authorized Supplementar y	2010 - 2011 Authorized Budget
Revenues					
Transfer from the Government of Canada	\$ 31,452	\$ -	\$ 31,452	\$ -	\$ 31,452
Internal Government Transfers					
Transfer from Alberta Gaming and Liquor Commission	697,130	-	697,130	-	697,130
Transfer from Lottery Fund	26,600	-	26,600	-	26,600
Premiums, Fees and Licenses	1,154	-	1,154	-	1,154
Other Revenue	9,390	(1,857)	7,533	-	7,533
	765,726	(1,857)	763,869	-	763,869
Expenses - Directly Incurred					
Voted					
Ministry Support Services	28,379	-	28,379	-	28,379
Public Security	363,141	(1,857)	361,284	1,563	362,847
Correctional Services	196,086	-	196,086	-	196,086
Gaming	26,600	-	26,600	-	26,600
	614,206	(1,857)	612,349	1,563	613,912
Statutory					
Valuation Adjustments					
Provision for Doubtful Accounts	100	-	100	-	100
Provision for Vacation Pay	67	-	67	-	67
	167	-	167	-	167
Total Expenses	614,373	(1,857)	612,516	1,563	614,079
Net Operating Results	\$ 151,353	\$ -	\$ 151,353	\$ (1,563)	\$ 149,790
Equipment/Inventory Purchases	\$ 720	\$ -	\$ 720	\$ -	\$ 720
Capital Investment	\$ 24,700	\$ -	\$ 24,700	\$ 41,658	\$ 66,358

(a) Budget has been adjusted due to change in accounting policy for presentation purposes.

(b) Supplementary Estimates were approved on February 24, 2011 to provide for the transfer of appropriation from the Ministry of Treasury Board of \$25,112 for the Alberta First Responders Radio Communications System (AFRRCS) project and a capital carry-over of \$16,546 from 2009-10 for the unused funds in the Strategic Information Technology Initiative project, for total authorized supplementary capital investment funding of \$41,658. Also authorized was a capital planning transfer of \$1,563 in operating expense from Treasury Board for the AFRRCS project, and the reallocation of \$4,000 of the capital carry-over to the AFRRCS project for an increase of \$30,675.

Schedule to Financial Statements

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4

Year ended March 31, 2011
(in thousands)

Department Summary

Program	2010 - 2011 Estimates	Adjustment (a)	2010 - 2011 Budget	Authorized Supplementary (b)	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expense	Unexpended (Over Expended)
Voted Operating, Equipment/Investment Purchases and Capital Investments							
1 Ministry Support Services	\$ 53,079	\$ -	\$ 53,079	\$ 12,546	\$ 65,625	\$ 59,105	\$ 6,520
2 Public Security	363,711	(1,857)	361,854	30,675	392,529	367,274	25,255
3 Correctional Services	196,236	-	196,236	-	196,236	200,500	(4,264)
4 Gaming	26,600	-	26,600	-	26,600	24,725	1,875
	\$ 639,626	\$ (1,857)	\$ 637,769	\$ 43,221	\$ 680,990	\$ 651,604	\$ 29,386
Operating Expense	\$ 614,206	\$ (1,857)	\$ 612,349	\$ 1,563	\$ 613,912	\$ 612,495	\$ 1,417
Equipment / Inventory Purchases	720	-	720	-	720	3,863	(3,143)
Capital Investment	24,700	-	24,700	41,658	66,358	35,246	31,112
	\$ 639,626	\$ (1,857)	\$ 637,769	\$ 43,221	\$ 680,990	\$ 651,604	\$ 29,386
Statutory Expenses							
Valuation Adjustments	\$ 167	\$ -	\$ -	\$ -	\$ 167	\$ 595	\$ (428)
	\$ 167	\$ -	\$ -	\$ -	\$ 167	\$ 595	\$ (428)

(a) Budget has been adjusted due to change in accounting policy for presentation purposes.

(b) Supplementary Estimates were approved on February 24, 2011 to provide for the transfer of appropriation from the Ministry of Treasury Board of \$25,112 for the Alberta First Responders Radio Communications System (AFRRCS) project and a capital carry-over of \$16,546 from 2009-10 for the unused funds in the Strategic Information Technology Initiative project, for total authorized supplementary capital investment funding of \$41,658. Also authorized was a capital planning transfer of \$1,563 in operating expense from Treasury Board for the AFRRCS project, and the reallocation of \$4,000 of the capital carry-over to the AFRRCS project for an increase of \$30,675 for Public Security.

Schedule to Financial Statements

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4
(cont'd)

Year ended March 31, 2011
(in thousands)

Program 1 - Ministry Support Services

Program	2010 - 2011 Estimates	Authorized Supplementary (a)	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expenses	Unexpended (Over Expended)
1 Ministry Support Services					
1.0.1 Minister's Office	\$ 471	\$ -	\$ 471	\$ 449	\$ 22
1.0.2 Deputy Minister's Office	639	-	639	641	(2)
1.0.3 Communications	595	-	595	522	73
1.0.4 Corporate Services					
Operating Expense	9,302	-	9,302	8,169	1,133
Equipment and Inventory Purchases	-	-	-	12	(12)
1.0.5 Information Technology					
Operating Expense	12,134	-	12,134	22,567	(10,433)
Equipment and Inventory Purchases	-	-	-	1,551	(1,551)
Capital Investment	24,700	12,546	37,246	19,577	17,669
1.0.6 Human Resources	2,648	-	2,648	2,561	87
1.0.7 Amortization of Tangible Capital Assets	2,590	-	2,590	3,056	(466)
Total Sub-program	53,079	12,546	65,625	59,105	6,520
Total Program	\$ 53,079	\$ 12,546	\$ 65,625	\$ 59,105	\$ 6,520

- (a) Supplementary Estimates were approved on February 24, 2011 to provide for the transfer of appropriation from the Ministry of Treasury Board of \$25,112 for the Alberta First Responders Radio Communications System (AFRRCS) project and a capital carry-over of \$16,546 from 2009-10 for the unused funds in the Strategic Information Technology Initiative project, for total authorized supplementary capital investment funding of \$41,658. Also authorized was a capital planning transfer of \$1,563 in operating expense from Treasury Board for the AFRRCS project, and the reallocation of \$4,000 of the capital carry-over to the AFRRCS project for a net increase of \$30,675 for Public Security.

Schedule to Financial Statements

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4
(cont'd)

Year ended March 31, 2011
(in thousands)

Program 2 - Public Security

Program	2010 - 2011 Estimates	Adjustment (a)	2010 - 2011 Budget	Authorized Supplementary (b)	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expense	Unexpended (Over Expended)
2.1 Program Support							
2.1.1 Program Support Services	\$ 515	\$ -	\$ 515	\$ -	\$ 515	\$ 509	\$ 6
2.1.2 Law Enforcement Review Board	778	-	778	-	778	703	75
2.1.3 Alberta Serious Incident Response Team	2,429	-	2,429	-	2,429	2,585	(156)
Total Sub-program	3,722	-	3,722	-	3,722	3,797	(75)
2.2 Policy and Program Development							
2.2.1 Crime Prevention and Restorative Justice	768	-	768	-	768	889	(121)
2.2.2 Research, Policy and Planning							
Operating Expense	3,525	-	3,525	1,563	5,088	3,514	1,574
Equipment and Inventory Purchases	-	-	-	-	-	64	(64)
Capital Investment	-	-	-	29,112	29,112	15,669	13,443
Total Sub-program	4,293	-	4,293	30,675	34,968	20,136	14,832
2.3 Law Enforcement and Oversight							
2.3.1 Law Enforcement Standards and Audits	2,449	-	2,449	-	2,449	2,049	400
2.3.2 Contract Policing and Policing Oversight	185,601	-	185,601	-	185,601	174,909	10,692
Equipment and Inventory Purchases	-	-	-	-	-	10	(10)
2.3.3 First Nations Policing	9,713	-	9,713	-	9,713	9,358	355
2.3.4 Policing Assistance to Municipalities	79,656	-	79,656	-	79,656	79,061	595
2.3.5 Organized and Serious Crime	26,991	(1,857)	25,134	-	25,134	28,234	(3,100)
Total Sub-program	304,410	(1,857)	302,553	-	302,553	293,621	8,932
2.4 Sheriffs and Security Operations Branch							
2.4.1 Protection Services							
Operating Expense	8,032	-	8,032	-	8,032	7,305	727
Equipment and Inventory Purchases	145	-	145	-	145	224	(79)
2.4.2 Court Security and Prisoner Transport							
Operating Expense	33,506	-	33,506	-	33,506	33,160	346
Equipment and Inventory Purchases	425	-	425	-	425	906	(481)
2.4.3 Traffic Sheriff Operations	9,178	-	9,178	-	9,178	8,030	1,148
Equipment and Inventory Purchases	-	-	-	-	-	95	(95)
Total Sub-program	51,286	-	51,286	-	51,286	49,720	1,566
Total Program	\$ 363,711	\$ (1,857)	\$ 361,854	\$ 30,675	\$ 392,529	\$ 367,274	\$ 25,255

(a) Budget has been adjusted due to change in accounting policy for presentation purposes.

(b) Supplementary Estimates were approved on February 24, 2011 to provide for the transfer of appropriation from the Ministry of Treasury Board of \$25,112 for the Alberta First Responders Radio Communications System (AFRRCS) project and a capital carry-over of \$16,546 from 2009-10 for the unused funds in the Strategic Information Technology Initiative project, for total authorized supplementary capital investment funding of \$41,658. Also authorized was a capital planning transfer of \$1,563 in operating expense from Treasury Board for the AFRRCS project, and the reallocation of \$4,000 of the capital carry-over to the AFRRCS project for a net increase of \$30,675 for Public Security.

Schedule to Financial Statements

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4
(cont'd)

Year Ended March 31, 2011
(in thousands)

Program 3 - Correctional Services

Program	2010 - 2011 Estimates	Authorized Supplementary	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expense	Unexpected (Over Expended)
3.1 Program Support					
3.1.1 Program Support Services					
Operating Expense	\$ 2,227	\$ -	\$ 2,227	\$ 2,306	\$ (79)
Equipment and Inventory Purchases	-	-	-	11	(11)
Total Sub-program	2,227	-	2,227	2,317	(90)
3.2 Institutional Services					
3.2.1 Adult Remand and Correctional Centres					
Operating Expense	126,638	-	126,638	129,849	(3,211)
Equipment and Inventory Purchases	150	-	150	931	(781)
3.2.2 Young Offender Centres					
Operating Expense	21,201	-	21,201	21,251	(50)
Equipment and Inventory Purchases	-	-	-	22	(22)
Total Sub-program	147,989	-	147,989	152,053	(4,064)
3.3 Community Correctional Services					
3.3.1 Adult Services					
Operating Expense	35,134	-	35,134	35,334	(200)
Equipment and Inventory Purchases	-	-	-	37	(37)
3.3.2 Young Offender Services					
Operating Expense	10,886	-	10,886	10,759	127
Total Sub-program	46,020	-	46,020	46,130	(110)
Total Program	\$ 196,236	\$ -	\$ 196,236	\$ 200,500	\$ (4,264)

Schedule to Financial Statements

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

**Schedule 4
(cont'd)**

Year Ended March 31, 2011
(in thousands)

Program 4 - Gaming

Program	2010 - 2011 Estimates	Authorized Supplementary	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expense	Unexpended (Over Expended)
4 Gaming					
4.0.1 Gaming Research	\$ 1,600	\$ -	\$ 1,600	\$ 1,522	\$ 78
Horse Racing and Breeding					
4.0.2 Renewal Program	25,000	-	25,000	23,203	1,797
Total Sub-program	26,600	-	26,600	24,725	1,875
Total Program	\$ 26,600	\$ -	\$ 26,600	\$ 24,725	\$ 1,875

Schedule to Financial Statements

Salary and Benefits Disclosure

Schedule 5

Year ended March 31, 2011
(in thousands)

	2011				2010
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non Cash Benefits ⁽³⁾	Total	(Restated) Total
Deputy Minister ⁽⁴⁾	\$ 265,537	\$ 1,750	\$ 64,471	\$ 331,758	\$ 327,488
Assistant Deputy Minister, Public Security	175,596	1,750	41,007	218,353	220,698
Assistant Deputy Minister, Correctional Services	185,472	1,750	45,139	232,361	229,610
Assistant Deputy Minister, Corporate Services/ Senior Financial Officer	175,596	1,750	41,777	219,123	221,131
Executive Director, Human Resources	151,836	1,750	8,339	161,925	178,328
Executive Director, Information Technology ⁽⁵⁾	132,433	1,750	32,319	166,502	217,125

Prepared in accordance with Treasury Board Directive 12/98 as amended.

Total salary and benefits relating to a position are disclosed.

- (1) Base salary includes regular base pay.
- (2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2011.
- (3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension and 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) This position was occupied by two incumbents for the year ended March 31, 2010.

Schedule to Financial Statements

Related Party Transactions

Schedule 6

Year ended March 31, 2011
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, 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 Department 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:

	Entities in the Ministry		Other Entities	
	2011	2010 (Restated - Note 4)	2011	2010
Revenues				
Internal Government Transfers	\$ 874,971	\$ 741,919	\$ -	\$ -
Ministry of Energy	-	-	226	328
	\$ 874,971	\$ 741,919	\$ 226	\$ 328
Expenses - Directly incurred				
Service Alberta	\$ -	\$ -	\$ 3,335	\$ 2,812
Alberta Infrastructure	-	-	7	4
	\$ 0	\$ 0	\$ 3,342	\$ 2,816
Receivable from Alberta Gaming and Liquor Commission	\$ 347,065	\$ 344,544	\$ -	\$ -
Receivable from Alberta Lottery Fund	\$ 168,620	\$ 2,020	\$ -	\$ -
Contractual Obligations				
Department of Justice	\$ -	\$ -	\$ -	\$ 51

Schedule to Financial Statements

Related Party Transactions

Schedule 6 (Cont'd)

Year ended March 31, 2011
(in thousands)

The Department 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 cost incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 7.

	Other Entities	
	2011	2010
Expenses - Incurred by Others		
Accommodation	\$ 48,826	\$ 51,063
Legal	543	404
Service Alberta	5,798	5,205
Treasury Board	304	380
	\$ 55,471	\$ 57,052

Schedule to Financial Statements

Schedule 7

Allocated Costs

Year ended March 31, 2011
(in thousands)

Program	2011							2010
	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Service Alberta	Treasury Board	Valuation Adjustments (4)	Total Expenses	(Restated Note 4)
Voted								
Ministry Support Services	\$ 37,965	\$ 2,327	\$ 108	\$ 5,798	\$ 304	\$ 99	\$ 46,601	\$ 38,017
Public Security	350,306	4,583	281	-	-	108	355,278	350,250
Correctional Services	199,499	41,916	154	-	-	388	241,957	239,408
Gaming	24,725	-	-	-	-	-	24,725	26,040
	\$ 612,495	\$ 48,826	\$ 543	\$ 5,798	\$ 304	\$ 595	\$ 668,561	\$ 653,715

- (1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by square meters.
- (3) Cost shown for Legal Services on Schedule 6, estimated costs incurred by each program.
- (4) Valuation Adjustments as per Statement of Operations - Provision for Vacation Pay included in Valuation Adjustments is allocated to the program by employee.

Alberta Gaming and Liquor Commission Financial Statements



Independent Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Gaming and Liquor Commission, which comprise the balance sheet as at March 31, 2011, 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 generally accepted accounting principles, 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 Alberta Gaming and Liquor Commission as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, CA]

Auditor General

May 31, 2011

Edmonton, Alberta

Balance Sheet

At March 31

(thousands of dollars)	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 348,975	\$ 317,453
Accounts receivable	40,920	33,904
Prepaid expenses and inventories (Note 4)	18,175	31,474
	<u>408,070</u>	<u>382,831</u>
Property, Plant and Equipment (Note 5)	184,062	193,994
Computer Software (Note 6)	7,401	7,496
	<u>\$ 599,533</u>	<u>\$ 584,321</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 169,730	\$ 162,484
Due to the Alberta Lottery Fund (Note 8)	80,549	74,862
	<u>250,279</u>	<u>237,346</u>
Due to General Revenues (Note 9)	347,065	344,544
Provision for Loss on Leased Properties (Note 14)	2,189	2,431
	<u>\$ 599,533</u>	<u>\$ 584,321</u>

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

Original signed by

Original signed by

 Marguerite J. Trussler
 Chairperson of the Board

 Gerry McLennan
 Chief Executive Officer

Statement of Operations

For the year ended March 31

(thousands of dollars)	Budget 2011	Provincial Lotteries	Actual 2011	Liquor and Other	Total	Actual 2010
	(Note 10)					
REVENUE						
Gaming terminals	\$	\$ 14,610,556	\$ -	\$ 14,610,556		\$ 14,621,366
Video lottery terminals		7,365,313	-	7,365,313		7,598,298
Liquor		-	2,033,482	2,033,482		2,054,773
Ticket lottery		796,190	-	796,190		626,707
Electronic bingo		<u>38,209</u>	<u>-</u>	<u>38,209</u>		<u>34,469</u>
		<u>22,810,268</u>	<u>2,033,482</u>	<u>24,843,750</u>		<u>24,935,613</u>
PRIZES AND COST OF PRODUCT						
Gaming terminals		13,458,398	-	13,458,398		13,457,800
Video lottery terminals		6,779,822	-	6,779,822		6,996,360
Liquor		-	1,344,426	1,344,426		1,330,440
Ticket lottery		409,176	-	409,176		317,794
Electronic bingo		<u>26,557</u>	<u>-</u>	<u>26,557</u>		<u>23,562</u>
		<u>20,673,953</u>	<u>1,344,426</u>	<u>22,018,379</u>		<u>22,125,956</u>
Gross Profit	2,733,983	2,136,315	689,056	2,825,371		2,809,657
Commissions and Federal Payments (Note 11)	(490,871)	(507,704)	-	(507,704)		(487,828)
Other Income (Note 12)	14,394	-	13,888	13,888		11,829
Operating Expenses (Note 13)	<u>(268,260)</u>	<u>(187,934)</u>	<u>(19,423)</u>	<u>(207,357)</u>		<u>(213,061)</u>
Net Operating Results	<u>\$ 1,989,246</u>	<u>\$ 1,440,677</u>	<u>\$ 683,521</u>	<u>\$ 2,124,198</u>		<u>\$ 2,120,597</u>

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31

(thousands of dollars)	2011	2010
CASH FROM OPERATIONS		
Net operating results for the year	\$ 2,124,198	\$ 2,120,597
Decrease in provision for loss on leased properties	(242)	(261)
Amortization	51,164	59,876
Loss on disposal of property, plant and equipment	2,100	2,938
Net change in non-cash working capital balances	<u>13,529</u>	<u>(32,245)</u>
	2,190,749	2,150,905
Remittances to the Alberta Lottery Fund	(1,434,990)	(1,410,329)
Remittances to General Revenues	<u>(681,000)</u>	<u>(660,000)</u>
	<u>74,759</u>	<u>80,576</u>
CASH USED FOR INVESTMENT		
Purchase of property, plant and equipment	(44,674)	(39,546)
Purchase of computer software	(1,164)	(64)
Proceeds on disposal of property, plant and equipment	<u>2,601</u>	<u>898</u>
	<u>(43,237)</u>	<u>(38,712)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	31,522	41,864
CASH AND CASH EQUIVALENTS, beginning of year	<u>317,453</u>	<u>275,589</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 348,975</u>	<u>\$ 317,453</u>

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2011

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta. It also administers the Alberta Lottery Fund.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation (WCLC) is accounted for as a joint venture using the proportionate consolidation method. WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, the Northwest Territories and Nunavut participate as associate members. Under the proportionate consolidation method, each participant records their share of WCLC revenues, expenses, assets and liabilities.

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net recoverable value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Notes to the Financial Statements

March 31, 2011

NOTE 2 Valuation of Financial Assets and Liabilities

(Cont'd) 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 accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Property, Plant, Equipment and Software

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the expected useful lives of the assets, as follows:

Buildings and leasehold improvements	40 years or lease term
Gaming systems and equipment	10 years or 3 years
Video lottery and gaming terminals	9 years or 7 years
Furniture and equipment	10 years or 5 years
Retailer fixtures and signage	5 years
Vehicles	5 years or 3 years
Computer software	3 years

Property, plant, equipment and software are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Defined contribution plan accounting is used because insufficient information is available to apply defined benefit plan accounting.

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Notes to the Financial Statements

March 31, 2011

NOTE 2 Allocation of Operating Expenses

(Cont'd) Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Boards, on or by January 1, 2011. The Commission will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. The impact of the adoption of these standards is being assessed at this time.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.05% per annum (March 31, 2010: 0.95% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

(thousands of dollars)	2011	2010
Prepaid expenses	\$ 9,253	\$ 21,523
Gaming parts	7,947	8,897
Supplies	<u>975</u>	<u>1,054</u>
	<u>\$ 18,175</u>	<u>\$ 31,474</u>

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2011			2010
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	\$ 4,113	\$ -	\$ 4,113	\$ 4,113
Buildings and leasehold improvements	64,485	45,162	19,323	15,462
Gaming systems and equipment	65,688	47,019	18,669	23,874
Gaming terminals	272,611	137,159	135,452	141,503
Video lottery terminals	84,170	80,306	3,864	6,520
Furniture and equipment	29,966	28,623	1,343	907
Retailer fixtures and signage	9,590	8,729	861	970
Vehicles	<u>3,294</u>	<u>2,857</u>	<u>437</u>	<u>645</u>
	<u>\$ 533,917</u>	<u>\$ 349,855</u>	<u>\$ 184,062</u>	<u>\$ 193,994</u>

Notes to the Financial Statements

March 31, 2011

NOTE 6 SOFTWARE

(thousands of dollars)	2011		2010	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Computer software	\$ <u>31,828</u>	\$ <u>24,427</u>	\$ <u>7,401</u>	\$ <u>7,496</u>
	\$ <u>31,828</u>	\$ <u>24,427</u>	\$ <u>7,401</u>	\$ <u>7,496</u>

NOTE 7 DEFINED BENEFIT PLANS

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,890 for the year ended March 31, 2011 (2010 - \$4,845). The Commission's portion of the Western Canada Lottery Corporation pension expense is \$1,279 for the year ended March 31, 2011 (2010 - \$181).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 – deficiency of \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 – deficiency of \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 – deficiency of \$39,516). The Commission's portion of the Western Canada Lottery Corporation deficit as at March 31, 2011 is \$3,261 (2010 – deficit of \$3,959).

NOTE 8 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

(thousands of dollars)	2011	2010
Due to the Alberta Lottery Fund, beginning of year	\$ 74,862	\$ 80,399
Net operating results, Provincial Lotteries	1,440,677	1,404,792
Remittances to the Alberta Lottery Fund	<u>(1,434,990)</u>	<u>(1,410,329)</u>
Due to the Alberta Lottery Fund, end of year	\$ <u>80,549</u>	\$ <u>74,862</u>

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

Notes to the Financial Statements

March 31, 2011

NOTE 9 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

(thousands of dollars)	2011	2010
Due to General Revenues, beginning of year	\$ 344,544	\$ 288,739
Net operating results, Liquor and Other	683,521	715,805
Remittances to the General Revenues	<u>(681,000)</u>	<u>(660,000)</u>
Due to General Revenues, end of year	\$ <u>347,065</u>	\$ <u>344,544</u>

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 10 BUDGET

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.

Notes to the Financial Statements

March 31, 2011

NOTE 11 COMMISSIONS AND FEDERAL PAYMENTS

(thousands of dollars)	2011	2010
Commissions		
Gaming terminals		
-Operators	\$ 169,717	\$ 171,498
-Charities	162,984	164,384
Video lottery terminals	87,758	90,230
Ticket lottery	56,328	43,187
Electronic bingo	<u>3,496</u>	<u>3,272</u>
	<u>480,283</u>	<u>472,571</u>
Federal Tax Expenses (a)		
Gaming terminals	10,447	3,768
Video lottery terminals	4,999	541
Ticket lottery	4,232	3,610
Electronic bingo	<u>173</u>	<u>95</u>
	<u>19,851</u>	<u>8,014</u>
Payment to Federal Government (b)	<u>7,570</u>	<u>7,243</u>
	<u>\$ 507,704</u>	<u>\$ 487,828</u>

(a) As prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula. The effect of reduced GST rates, applied under the Games of Chance (GST/HST) Regulations, are reflected in the fiscal 2010 results.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Notes to the Financial Statements

March 31, 2011

NOTE 12 OTHER INCOME

(thousands of dollars)	2011	2010
Licences	\$ 6,131	\$ 6,764
Interest revenue	3,266	2,542
Premises rental revenue	2,382	1,225
Miscellaneous	1,612	1,812
Liquor levies	1,608	1,614
Retailer service fees	660	630
Fines and violations	329	180
Loss on disposal of property, plant and equipment	(2,100)	(2,938)
	<u>\$ 13,888</u>	<u>\$ 11,829</u>

NOTE 13 OPERATING EXPENSES

(thousands of dollars)	2011	2010
Salaries and benefits	\$ 69,317	\$ 66,302
Amortization	51,164	59,876
Leased gaming terminals	25,054	24,041
Equipment and vehicles	11,985	9,749
Data communications	11,226	11,400
Media and media production	10,472	10,265
Ticket printing	7,761	8,262
Fees and services	4,448	6,212
Data processing	3,088	3,687
Property	2,747	2,827
Travel and training	2,393	2,880
Stationery and supplies	1,894	1,931
Freight and product delivery	1,732	1,627
Miscellaneous	1,548	1,472
Insurance and bank charges	1,445	1,267
Retailer relations	831	932
Presentations and publications	148	226
Product expense	108	110
Overhead and other	(4)	(5)
	<u>\$ 207,357</u>	<u>\$ 213,061</u>

Notes to the Financial Statements

March 31, 2011

NOTE 14 COMMITMENTS

Commitments are obligations of the Commission to others that will become liabilities in the future when the terms of those contracts or agreements are met, including its proportionate share of the Western Canada Lottery Corporation commitments.

(thousands of dollars)	2011	2010
Obligations under operating leases and contracts	\$ <u>6,631</u>	\$ <u>13,169</u>

(thousands of dollars)			
Fiscal	2011-12	\$	2,753
	2012-13		1,644
	2013-14		559
	2014-15		448
	2015-16		357
Balance to expiry			<u>870</u>
		\$	<u>6,631</u>

The Commission has lease obligation for former retail liquor stores, most of which have been subleased to third parties. Estimated future revenues to be derived from subleases amount to \$2.24 million at March 31, 2011. Provision for loss on leased properties of \$2.19 million (2010 - \$2.43 million) has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

Notes to the Financial Statements

March 31, 2011

NOTE 15 CONTINGENCIES

At March 31, 2011, the Commission is a defendant in 15 legal claims (2010 – 11 legal claims) having specified amounts totaling \$170 million (2010 - \$145 million). Included in the total claims are 12 claims in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to \$6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2011, the Commission's potential liability is \$1.08 million (2010 - \$2.16 million).

The resulting loss, if any, from these claims cannot be determined.

NOTE 16 FUNDS UNDER ADMINISTRATION

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

(thousands of dollars)	2011	2010
Charitable Proceeds	\$ 12,789	\$ 13,074
Held Charitable Proceeds	<u>75</u>	<u>40</u>
	\$ <u>12,864</u>	\$ <u>13,114</u>

Notes to the Financial Statements

March 31, 2011

NOTE 17 SALARIES AND BENEFITS

(thousands of dollars)	2011			2010	
	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	Total	Total
Board					
Chairperson (d)	\$ 93	\$ -	\$ -	\$ 93	\$ 93
Board Members	272	-	-	272	245
Executive Team					
Senior Official					
Chief Executive Officer (e)	254	5	61	320	313
Management					
Executive Director, Gaming Products and Services	185	4	45	234	233
Chief Information Officer	184	-	44	228	229
Executive Director, Regulatory	178	3	44	225	236
Chief Financial Officer (f)	174	-	45	219	230
Executive Director, Corporate Strategy and Social Responsibility	155	-	39	194	189
Executive Director, Human Resources	151	3	36	190	190
Director, Communications	118	-	29	147	147
Executive Director, Liquor Supply and Distribution (g)	-	-	-	-	40

- a) Base salary includes regular base pay.
- b) Other cash benefits include vacation payouts. No bonuses were paid in 2011.
- c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.
- d) Beginning December 2007, a part time Chairperson, who is remunerated based on the Committee Remuneration Order, heads the Board of the AGLC.
- e) Automobile provided; taxable benefit amount of \$8 (2010 - \$10) is not included in other non-cash benefits.
- f) The position was occupied by 2 individuals during the year.
- g) The incumbent retired in April 2009.

Notes to the Financial Statements

March 31, 2011

NOTE 18 JOINT VENTURE – TICKET LOTTERY OPERATIONS

Alberta's share of the Western Canada Lottery Corporation joint venture is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

(thousands of dollars)	2011	2010
Balance Sheet		
Current assets	\$ 46,491	\$ 34,362
Property, plant and equipment	16,709	19,810
	<u>\$ 63,200</u>	<u>\$ 54,172</u>
Current liabilities	\$ 34,418	\$ 28,785
Equity in joint venture	28,782	25,387
	<u>\$ 63,200</u>	<u>\$ 54,172</u>
	2011	2010
Statement of Operations		
Gross profit	\$ 318,958	\$ 255,011
Operating expenses	(34,978)	(35,277)
Net operating results	<u>\$ 283,980</u>	<u>\$ 219,734</u>
Statement of Cash Flows		
Cash from operations	\$ 303,539	\$ 216,895
Cash used for investment	<u>\$ 542</u>	<u>\$ 2,019</u>

Notes to the Financial Statements

March 31, 2011

NOTE 19 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with Government of Alberta departments 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. The amounts are not included in the financial statements.

(thousands of dollars)	2011	2010
Revenues		
Forensic Audit	\$ 46	\$ 110
Accommodation	-	49
Information Technology	-	14
Financial Services	-	6
	<u>\$ 46</u>	<u>\$ 179</u>
<hr/>		
(thousands of dollars)	2011	2010
Expenses – Incurred by Others		
Legal Services	\$ 258	\$ 300
	<u>\$ 258</u>	<u>\$ 300</u>

The Commission also had the following transactions with Government of Alberta departments recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

(thousands of dollars)	2011	2010
Finance and Enterprise – Risk Management and Insurance	\$ 338	\$ 344
Service Alberta	77	37
Infrastructure and Transportation	7	7
	<u>\$ 422</u>	<u>\$ 388</u>

NOTE 20 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Alberta Lottery Fund Financial Statements



Independent Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Lottery Fund, which comprise the balance sheet as at March 31, 2011, and the statement of revenue, expenditure and fund equity 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 Alberta Lottery Fund as at March 31, 2011, 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, CA]

Auditor General

May 31, 2011

Edmonton, Alberta

Balance Sheet

At March 31

(thousands of dollars)	2011	2010
ASSETS		
Cash and cash equivalents (Note 3)	\$ 152,194	\$ 93,378
Due from Alberta Gaming and Liquor Commission (Note 5)	<u>80,549</u>	<u>74,862</u>
	<u>\$ 232,743</u>	<u>\$ 168,240</u>
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 6)	\$ 179,968	\$ 115,465
Fund equity	<u>52,775</u>	<u>52,775</u>
	<u>\$ 232,743</u>	<u>\$ 168,240</u>

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

Original signed by

Original signed by

Marguerite J. Trussler
Chairperson of the Board
Alberta Gaming and Liquor Commission

Gerry McLennan
Chief Executive Officer
Alberta Gaming and Liquor Commission

Statement of Revenue, Expenditure and Fund Equity

For the year ended March 31

(thousands of dollars)	Budget 2011 (Note 21)	Actual 2011	Actual 2010
REVENUE			
Proceeds from lottery operations (Note 7)	\$ 1,292,116	\$ 1,440,677	\$ 1,404,792
Interest	<u>2,000</u>	<u>3,611</u>	<u>2,801</u>
	<u>1,294,116</u>	<u>1,444,288</u>	<u>1,407,593</u>
EXPENDITURE			
Transfers to Departments			
Aboriginal Relations (Note 8)	118,200	103,977	105,768
Advanced Education and Technology (Note 9)	105,000	105,000	105,000
Agriculture and Rural Development (Note 10)	20,720	20,720	20,720
Children and Youth Services (Note 11)	63,500	63,500	63,500
Culture and Community Spirit (Note 12)	180,025	179,570	190,458
Education (Note 13)	113,600	113,600	129,100
Employment and Immigration (Note 14)	11,987	11,987	11,987
Environment (Note 15)	500	500	500
Health and Wellness (Note 16)	420,497	420,497	392,034
Municipal Affairs (Note 17)	26,000	26,000	26,000
Solicitor General and Public Security (Note 18)	26,600	191,450	26,114
Tourism, Parks and Recreation (Note 19)	23,279	23,279	34,620
Transportation (Note 20)	<u>184,208</u>	<u>184,208</u>	<u>301,792</u>
	<u>1,294,116</u>	<u>1,444,288</u>	<u>1,407,593</u>
Excess of revenue over expenditure for the year	-	-	-
Fund equity, beginning of year	<u>52,775</u>	<u>52,775</u>	<u>52,775</u>
Fund equity, end of year	<u>\$ 52,775</u>	<u>\$ 52,775</u>	<u>\$ 52,775</u>

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2011

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act, 2010* authorized payments from the Lottery Fund as presented in the 2010-2011 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the General Revenue Fund so that the net balance of the Lottery Fund would be zero at the year ended March 31, 2011.

The transfer of funds to certain programs is based on gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

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 accounts receivable and accounts payable are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. For the year ended March 31, 2011, securities held by the Fund had a time-weighted return of 1.05% per annum (March 31, 2010: 0.95% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Notes to the Financial Statements

March 31, 2011

NOTE 4 RELATED PARTY TRANSACTIONS

Related parties are those consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

All the transactions, except for interest revenue, of the Lottery Fund are considered related party transactions.

NOTE 5 DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

(thousands of dollars)	2011	2010
Due from AGLC, beginning of year	\$ 74,862	\$ 80,399
Remittable from AGLC	1,440,677	1,404,792
Remittances from AGLC	(1,434,990)	(1,410,329)
Due from AGLC, end of year	<u>\$ 80,549</u>	<u>\$ 74,862</u>

NOTE 6 ACCOUNTS PAYABLE

Accounts payable consists of outstanding payments to the Departments of Solicitor General and Public Security, Culture and Community Spirit and Aboriginal Relations.

NOTE 7 PROCEEDS FROM LOTTERY OPERATIONS

Proceeds from provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

(thousands of dollars)	2011	2010
Income from gaming terminals	\$ 809,010	\$ 823,917
Income from video lottery terminals	492,734	511,167
Income from ticket lottery	318,884	254,872
Income from electronic bingo	7,983	7,540
Less operating expenses	(187,934)	(192,704)
Proceeds from lottery operations	<u>\$ 1,440,677</u>	<u>\$ 1,404,792</u>

NOTE 8 ABORIGINAL RELATIONS

Transfers to support aboriginal initiatives:

(thousands of dollars)	2011	2010
First Nations Development Fund	\$ 103,777	\$ 105,568
First Nations Relations	200	200
	<u>\$ 103,977</u>	<u>\$ 105,768</u>

Notes to the Financial Statements

March 31, 2011

NOTE 9 ADVANCED EDUCATION AND TECHNOLOGY

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

(thousands of dollars)	2011	2010
Capital Maintenance and Renewal	\$ 65,000	\$ 65,000
Capital Expansion and Upgrading	40,000	40,000
	<u>\$ 105,000</u>	<u>\$ 105,000</u>

NOTE 10 AGRICULTURE AND RURAL DEVELOPMENT

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

(thousands of dollars)	2011	2010
Agricultural Service Boards	\$ 10,600	\$ 10,600
Agricultural Societies	8,670	8,670
Agricultural Initiatives	1,450	1,450
	<u>\$ 20,720</u>	<u>\$ 20,720</u>

NOTE 11 CHILDREN AND YOUTH SERVICES

Transfers to support families and communities in Alberta:

(thousands of dollars)	2011	2010
Family and Community Support Services	\$ 45,000	\$ 45,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000	12,000
Prevention of Family Violence and Bullying	6,500	6,500
	<u>\$ 63,500</u>	<u>\$ 63,500</u>

Notes to the Financial Statements

March 31, 2011

NOTE 12 CULTURE AND COMMUNITY SPIRIT

Transfers to support culture, multiculturalism, municipal and community initiatives, and the volunteer sector:

(thousands of dollars)	2011	2010
Community Facility Enhancement Program	\$ 38,000	\$ 38,000
Alberta Foundation for the Arts	29,200	34,834
Community Initiatives Program	25,500	28,000
Major Fairs and Exhibitions	22,000	23,360
Community Spirit Donation Program	16,000	20,000
Film and Television Production	16,500	19,690
Alberta Historical Resources Foundation	8,000	9,507
Other Initiatives	6,500	8,500
Bingo Associations	6,145	5,792
Human Rights, Citizenship and Multiculturalism Education Fund	1,725	2,025
Arts	-	750
Support for the Mount Royal Conservatory of Music	10,000	-
	<u>\$ 179,570</u>	<u>\$ 190,458</u>

NOTE 13 EDUCATION

Transfers to support primary education:

(thousands of dollars)	2011	2010
Public and Separate Schools Support – Operational Funding	\$ -	\$ 60,800
School Facilities Infrastructure	113,600	60,300
Basic Education Program Initiative – High Speed Network	-	8,000
	<u>\$ 113,600</u>	<u>\$ 129,100</u>

NOTE 14 EMPLOYMENT AND IMMIGRATION

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

(thousands of dollars)	2011	2010
Summer Temporary and Other Employment Programs	\$ 7,413	\$ 7,413
Settlement and Integration Services and Enhanced Language Training	4,574	4,574
	<u>\$ 11,987</u>	<u>\$ 11,987</u>

Notes to the Financial Statements

March 31, 2011

NOTE 15 ENVIRONMENT

Transfers to support environmental awareness:

(thousands of dollars)	2011	2010
Conservation and Education	\$ 500	\$ 500

NOTE 16 HEALTH AND WELLNESS

Transfers made in support of health and wellness initiatives, including addiction programs:

(thousands of dollars)	2011	2010
Alberta Health Services	\$ 285,497	\$ 257,034
Human Tissue and Blood Services	125,000	125,000
Community-Based Health Services	10,000	10,000
	<u>\$ 420,497</u>	<u>\$ 392,034</u>

NOTE 17 MUNICIPAL AFFAIRS

Transfers to enhance support for municipal initiatives:

(thousands of dollars)	2011	2010
Municipal Sustainability Operating Grants	\$ 26,000	\$ 26,000

NOTE 18 SOLICITOR GENERAL AND PUBLIC SECURITY

Transfers made to support gaming research and Horse Racing and Breeding Renewal Program. Alberta Lottery Fund revenues in excess of transfers approved by the *Appropriation Act* 2010 are transferred to the General Revenue Fund.

(thousands of dollars)	2011	2010
Gaming Research	\$ 1,600	\$ 1,600
Horse Racing and Breeding Renewal Program	23,203	24,514
Balance to General Revenue Fund	166,647	-
	<u>\$ 191,450</u>	<u>\$ 26,114</u>

Notes to the Financial Statements

March 31, 2011

NOTE 19 TOURISM, PARKS AND RECREATION

Transfers to support sports, recreation, and municipal initiatives:

(thousands of dollars)	2011	2010
Alberta Sport, Recreation, Parks and Wildlife Foundation	\$ 23,279	\$ 25,120
Recreation and Sports Facilities Grants	-	9,000
Hosting Major Athletic Events	-	500
	<u>\$ 23,279</u>	<u>\$ 34,620</u>

NOTE 20 TRANSPORTATION

Transfers to enhance transportation and water infrastructure:

(thousands of dollars)	2011	2010
Municipal Water Wastewater Program / Water for Life	\$ 100,000	\$ 100,000
Rural Transportation Partnerships	24,208	50,000
Provincial Highway Preservation	30,000	50,000
Provincial Highway Rehabilitation	-	46,792
Alberta Cities Transportation Partnerships	30,000	30,000
Streets Improvement Program	-	25,000
	<u>\$ 184,208</u>	<u>\$ 301,792</u>

NOTE 21 BUDGET

The 2011 budgeted expenditures were authorized in total by the *Appropriation Act, 2010* on March 25, 2010.

NOTE 22 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation resulting from transfers of Alberta Lottery Fund funded programs between Ministries.

Victims of Crime Fund Financial Statements



Independent Auditor's Report

To the Solicitor General and Minister of Public Security

Report on the Financial Statements

I have audited the accompanying financial statements of the Victims of Crime Fund, which comprise the statement of financial position as at March 31, 2011, 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 Victims of Crime Fund as at March 31, 2011, 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, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Statement of Operations

Year Ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 1)	Actual	Actual
Revenues			
Transfers from Government of Canada	\$ 100	\$ 273	\$ 100
Investment Income			
Bank Interest	1,000	430	363
Other Revenue			
Federal Surcharge	1,400	1,439	1,476
Provincial Fine Surcharge	25,750	24,963	24,334
Expenditure Refunds	-	172	391
	28,250	27,277	26,664
Expenses - Directly Incurred (Note 2(b) and 10)			
Program Costs			
Financial Benefits	14,399	15,016	11,922
Victims Programs	11,283	11,463	10,691
Criminal Injuries Review Board	438	527	376
Administration	909	661	896
	27,029	27,667	23,885
Valuation Adjustments			
Provision for Doubtful Accounts	100	(91)	(140)
Provision for Vacation Pay	-	3	(18)
	100	(88)	(158)
	27,129	27,579	23,727
Net Operating Results	\$ 1,121	\$ (302)	\$ 2,937

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

Statement of Financial Position

As at March 31, 2011
(in thousands)

	2011	2010
Assets		
Cash and Cash Equivalents (Note 3)	\$ 36,905	\$ 37,755
Accounts Receivable (Note 4)	18,597	20,041
Tangible Capital Assets (Note 5)	88	108
	\$ 55,590	\$ 57,904
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 6,221	\$ 8,233
Net Assets (Note 2(b))		
Net Assets at Beginning of Year	49,671	46,734
Net Operating Results	(302)	2,937
Net Assets at End of Year	49,369	49,671
	\$ 55,590	\$ 57,904

Contractual obligations and contingent liabilities (Notes 6 and 7)

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

Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010
Operating Transactions		
Net Operating Results	\$ (302)	\$ 2,937
Non-Cash items included in Net Operating Results		
Amortization	63	55
Valuation Adjustments	(88)	(158)
	(327)	2,834
Decrease (Increase) in Accounts Receivable	1,535	(890)
Increase in Accounts Payable and Accrued Liabilities	(2,015)	(2,350)
Cash (Applied to) Provided by Operating Transactions	(807)	(406)
Capital Transactions		
Acquisition of Tangible Capital Assets	(43)	-
Increase (Decrease) in Cash and Cash Equivalents	(850)	(406)
Cash and Cash Equivalents at Beginning of Year	37,755	38,161
Cash and Cash Equivalents at End of Year	\$ 36,905	\$ 37,755

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

Notes to the Financial Statements

Note 1

Authority and Purpose

The Victims of Crime Fund (the "Fund"), a regulated fund held and administered by the Ministry of Finance and Enterprise, operates under the authority of the *Victims of Crime Act*, Chapter V-3, Revised Statutes of Alberta 2000. The Solicitor General and Minister of Public Security is responsible for the Fund under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Fund is to provide grants to victims' programs and to pay benefits to victims, or their dependants, who suffer injury or death as the result of a criminal offence specified in the regulations of the *Victims of Crime Act*, using provincial and federal fine surcharge revenues.

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 Victims of Crime Fund, which is part of the Ministry of Solicitor General and Public Security and for which the Solicitor General and Minister of Public Security is accountable.

(b) Basis of Financial Reporting

Revenues

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

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the Government's budget documents. Expenses represent the costs of the victims program, the costs of the financial benefits program and administration costs. Grants are recorded as expenses when approved by the Ministry of the Solicitor General and Public Security and all terms and conditions of eligibility for payment have been met. Financial benefits are recorded as an expense when the obligation to pay is likely and the amount payable on applications submitted can be reasonably estimated.

Notes to the Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (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.
- 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 and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are disclosed in Schedule 3.

Assets

Financial assets of the Fund are limited to cash and cash equivalents, and accounts receivable.

Tangible capital assets of the Fund 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 Assets

Net assets represents the difference between the carrying value of assets held by the Fund and its liabilities. As a result of past operational decisions, the Fund has future contractual obligations totalling \$31.1 million (2010- \$30.6 million) as detailed in Note 6 that commit over 60% (2010- 60%) of the net assets of the Fund.

Notes to the Financial Statements

Note 2

Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts receivable, recorded as \$18,428 (2010 - \$19,975) in these financial statements, are subject to measurement uncertainty. Victims of Crime Fund accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of \$1,134 (2010 - \$1,262) have been deducted from total outstanding surcharges of \$20,499 (2010 - \$22,266) to arrive at reported revenue and related accounts receivable. The estimate of \$1,134 is based on the actual percentage satisfied in this matter from April 1, 2010 to March 31, 2011. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Financial benefits under the Victims of Crime Fund recorded as a liability of \$3,855 (2010 - \$6,370) in these financial statements, is subject to measurement uncertainty. See Note 8.

Valuation of Financial Assets and Liabilities

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, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Note 3

Cash and Cash Equivalents

(in thousands)

Cash and cash equivalents consists of deposits of \$36,905 (2010 - \$37,755) in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The Fund earns interest on its daily cash balance at the average rate of earnings of the CCITF, which may vary depending on prevailing market interest rates. As at March 31, 2011, securities held by the CCITF have a time-weighted rate of return of 1.05% per annum (March 31, 2010: 0.95% per annum).

Notes to the Financial Statements

Note 4 Accounts Receivable (in thousands)

	2011					2010	
	Gross Amount	Fine Options and Time Served Note 2	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value		
Surcharge							
Provincial	\$ 18,110	\$ 956	\$ 722	\$ 16,432	\$		\$ 17,978
Federal	2,389	178	215	1,996			1,997
Other	169	-	-	169			66
	\$ 20,668	\$ 1,134	\$ 937	\$ 18,597	\$		\$ 20,041

Accounts receivable are unsecured and non-interest bearing.

Note 5 Tangible Capital Assets (in thousands)

	Computer Hardware and Software	2011 Total	2010 Total
Estimated Useful Life	5 Years		
Historical Costs			
Beginning of year	\$ 686	\$ 686	\$ 686
Additions	43	43	-
	729	729	686
Accumulated Amortization			
Beginning of year	578	578	523
Amortization expense	63	63	55
	641	641	578
Net Book Value at March 31, 2011	\$ 88	\$ 88	
Net Book Value at March 31, 2010	\$ 108		\$ 108

Notes to the Financial Statements

Note 6 Contractual Obligations

(in thousands)

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

As at March 31, 2011, the Fund is committed under contracts and programs totaling \$31,126 (2010 - \$30,602). Estimated payment requirements for each of the next five years and thereafter is as follows:

Year	(in thousands)
2012	\$ 6,270
2013	2,754
2014	1,016
2015	725
2016	725
2017 and beyond	19,636
Total	\$ 31,126

The contractual obligations of the Fund primarily include the following:

- Compensation claims of \$15,254 (2010 - \$14,776) assumed from the former Crimes Compensation Board which was dissolved in 1997. In March 2011, 33 eligible recipients received a monthly payment (31 eligible recipients in March 2010).
- Supplemental benefit of \$8,052 (2010 - \$7,452) available to victims of crime whose injuries result in fully dependent quadriplegic or severe brain injury. In March 2011, 17 eligible recipients received a payment of \$1,000 per month (14 eligible recipients in March 2010).
- Funding agreements for delivery of victim services to communities of \$7,524 (2010 - \$8,138).

Note 7 Contingent Liabilities

(in thousands)

As at March 31 2011, the Fund is a defendant in two legal claims (2010 – two legal claims) with specified amount totalling \$22,500 (2010 - \$22,500). One claim amounting to \$11,400 is covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Notes to the Financial Statements

Note 8 Financial Benefits

(in thousands)

As at March 31, 2011, there were 624 (2010 – 1,562) active applications for financial benefits with the Victims of Crime Financial Benefits Program.

An estimated liability of \$3,855 (2010 - \$6,370), subject to measurement uncertainty, was recorded based on historical decision patterns and average award values. Case progress at year end has been added as a factor in determining liability estimate for current year. Additional information may be required to determine eligibility and amount for individual cases under regulations of the *Victims of Crime Act*.

Note 9 Benefit Plans

(in thousands)

The Fund participates in the multi-employer pension plans: Management Employees Pension Plan and 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 \$280 for the year ended March 31, 2011 (2010 - \$244).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 - deficiency \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 - deficiency \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 – deficiency \$39,516).

The Fund also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of \$4,141 (2010 - deficiency of \$8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$7,020 (2010 – surplus of \$7,431). The expense for these two plans is limited to employer's annual contributions for the year.

Notes to the Financial Statements

Note 10

Expenses – Directly Incurred Detailed by Object

(in thousands)

	2011		2010
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 3,123	\$ 2,967	\$ 2,987
Supplies and Services	1,246	1,248	1,093
Grants	22,574	23,389	19,750
Amortization of Tangible Capital Assets	86	63	55
Total Fund Expenses	\$ 27,029	\$ 27,667	\$ 23,885

Note 11

Salary and Benefits Disclosure

Salary and benefits disclosure pursuant to *Treasury Board Directive 12/98* as amended is not included as management decisions on the Fund are made by Senior Officials of the Department of the Solicitor General and Public Security.

Note 12

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to Financial Statements

Comparison of Expenses Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 1

Year Ended March 31, 2011
(in thousands)

Program	2010 - 2011 Budget	2010 - 2011 Authorized Budget	2010 - 2011 Actual Expense	Unexpended (Over Expended)
Statutory Expenses				
1 Financial Benefits	\$ 14,399	\$ 14,399	\$ 15,016	\$ (617)
2 Victims Programs	11,283	11,283	11,463	(180)
3 Criminal Injuries Review Board	438	438	527	(89)
4 Administration	909	909	661	248
	\$ 27,029	\$ 27,029	\$ 27,667	\$ (638)
5 Valuation Adjustments	\$ 100	\$ 100	\$ (88)	\$ 188
	\$ 27,129	\$ 27,129	\$ 27,579	\$ (450)
Statutory Capital Investment	25	25	43	(18)
	\$ 25	\$ 25	\$ 43	\$ (18)

Schedule to Financial Statements

Related Party Transactions

Schedule 2

Year Ended March 31, 2011

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management of the Fund.

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

The Fund 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 service. These amounts are not recorded in the financial statements and are disclosed in Schedule 3.

	Other Entities	
	2011	2010
Expenses - Incurred by Others		
Accommodation	\$ 254	\$ 216
Legal	15	4
	\$ 269	\$ 220

The Fund receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by Service Alberta.

Schedule to Financial Statements

Allocated Costs

Schedule 3

Year Ended March 31, 2011
(in thousands)

Program	2011					Total Expenses	2010
	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Vacation Pay	Valuation Adjustment (4)		
Regulated Fund:							
Financial Benefits	\$ 15,016	\$ 100	\$ -	(1)	(49)	\$ 15,066	\$ 11,961
Victims Programs	11,463	71	-	1	(38)	11,497	10,720
Criminal Injuries Review Board	527	69	-	3	(2)	597	374
Administration	661	14	15	-	(2)	688	892
	\$ 27,667	\$ 254	\$ 15	\$ 3	(91)	\$ 27,848	\$ 23,947

- (1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by manpower.
- (3) Cost shown for Legal Services on Schedule 2, estimated costs incurred by each program.
- (4) Valuation Adjustments as per Statement of Operations. Provision for Vacation Pay and Provision for Doubtful Accounts included in Valuation Adjustments were allocated as follows:
 - Vacation Pay - allocated to the program by employee.
 - Doubtful Accounts Provision - estimated allocation to program.

Alberta Solicitor General and Public Security

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