

Department of Agriculture and Rural Development

Financial Statements

For the Year Ended
March 31, 2009

Department of Agriculture and Rural Development

Financial Statements

For the Year Ended
March 31, 2009

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Auditor's Report

To the Minister of Agriculture and Rural Development

I have audited the statement of financial position of the Department of Agriculture and Rural Development as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2009 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 Fred J. Dunn]

FCA
Auditor General

Edmonton, Alberta
June 1, 2009

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009 Budget (Schedule 4)	2009 Actual	2008 Actual (Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	\$ 22,220	\$ 22,220	\$ 22,220
Transfers from the Government of Canada	10,225	15,648	35,076
Other Revenue	6,563	9,911	11,089
Premiums, Fees and Licenses	1,780	1,791	1,642
	40,788	49,570	70,027
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	15,116	16,158	12,316
Planning and Competitiveness	13,992	14,060	13,336
Environment and Food Safety	67,005	62,574	67,942
Industry Development	47,777	46,837	66,275
Rural Development	35,045	37,326	40,161
Livestock and Meat Strategy	-	6,802	-
Infrastructure Assistance	43,700	34,558	26,242
Agriculture Assistance			
Income Stabilization	132,114	534,782	152,937
Insurance and Lending	164,516	156,151	115,556
Farm Fuel Distribution Allowance	33,500	29,391	32,828
	552,765	938,639	527,593

continued

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009 Budget (Schedule 4)	2009 Actual	2008 Actual (Restated - Note 3)
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Write-offs and Losses	-	1	74
Provision for Loan Guarantees	-	-	(218)
Provision for Vacation Pay	-	(874)	346
Provision for Doubtful Accounts	-	(536)	2,776
	-	(1,409)	2,978
	552,765	937,230	530,571
Loss on Disposal of Tangible Capital Assets	-	(42)	(96)
Net Operating Results	\$ (511,977)	\$ (887,702)	\$ (460,640)

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

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2009

(in thousands)

	2009	2008 (Restated - Note 3)
Assets		
Cash and Cash Equivalents	\$ 258	\$ 73
Accounts Receivable (Note 4)	17,719	49,152
Loans and Advances (Note 5)	2	6
Tangible Capital Assets (Note 6)	35,867	34,009
	\$ 53,846	\$ 83,240
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 116,162	\$ 113,394
Unearned Revenue	4,595	4,609
	120,757	118,003
Net Liabilities		
Net Liabilities at Beginning of Year	(34,763)	(29,554)
Net Operating Results	(887,702)	(460,640)
Net Financing Provided from General Revenues	855,554	455,431
Net Liabilities at End of Year	(66,911)	(34,763)
	\$ 53,846	\$ 83,240

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

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009	2008 (Restated - Note 3)
Operating Transactions		
Net Operating Results	\$ (887,702)	\$ (460,640)
Non-cash items included in Net Operating Results		
Amortization	4,737	4,321
Valuation Adjustments	(1,409)	2,978
Loss on Disposal of Tangible Capital Assets	42	96
	(884,332)	(453,245)
Decrease (Increase) in Accounts Receivable	31,968	(11,912)
Increase in Accounts Payable and Accrued Liabilities	3,642	13,663
(Decrease) Increase in Unearned Revenue	(14)	510
Cash Applied to Operating Transactions	(848,736)	(450,984)
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,759)	(3,732)
Transferred Assets	(925)	(918)
Disposal of Tangible Capital Assets	47	61
Cash Applied to Capital Transactions	(6,637)	(4,589)
Investing Transactions		
Loans and Advances	-	-
Repayment of Loans and Advances	4	5
Cash Provided by Investing Transactions	4	5
Financing Transactions		
Net Financing Provided from General Revenues	855,554	455,431
Cash Provided by Financing Transactions	855,554	455,431
Increase (Decrease) in Cash and Cash Equivalents	185	(137)
Cash and Cash Equivalents, Beginning of Year	73	210
Cash and Cash Equivalents, End of Year	\$ 258	\$ 73

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

Notes to the Financial Statements for the Year Ended March 31, 2009

Note 1 Authority and Purpose

The Department of Agriculture and Rural Development operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The purpose of the Department is to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services in partnership with vibrant rural communities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Agriculture and Rural Development, which is part of the Ministry of Agriculture and Rural Development for which the Minister of Agriculture and Rural Development is accountable. The other entities reporting to the Minister are Agriculture Financial Services Corporation and Alberta Livestock and Meat Agency Ltd. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister 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 from 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 basis 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.

Dedicated Revenue - Dedicated revenue initiatives provide a basis for authorized spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

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 also include:

- amortization of tangible capital assets.
- pension costs which comprise 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 Department operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

Assets - 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 \$100,000 and the threshold for all other tangible capital assets is \$5,000. All land is capitalized.

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

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

Measurement Uncertainty (in thousands) - Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

These financial statements include the Department's contribution of \$105,229 to Agriculture Financial Services Corporation for the Department's share of program payments under the Agri-Invest and Agri-Stability programs that is subject to measurement uncertainty. The Department's contribution for these programs could change substantially in the future, if factors considered by management in establishing the estimates were to change significantly.

Included in the Department's contribution toward the cost of the Agri-Invest and Agri-Stability programs are estimated contributions for the 2008 claim year of \$91,847 for the vast majority of claims that have not yet been received because the deadline for submission of complete information is after the end of the fiscal year. These program payments are triggered when the participant's claim-year program margin falls below their support level.

The two factors impacting estimated indemnities payable for the 2008 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2008 claim year is based on the number of farm operations participating in the program during the 2007 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses and inventories between 2007 and 2008. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2008 claim year would range from \$81,215 to \$111,215.

The Department's contribution includes estimated contributions of \$30,119 for claims received but not processed for the 2007 and prior claim years (2008 - \$28,850 for the 2006 and prior claim years). The estimates for the 2007 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim.

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 and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 3 Restatement of Prior Year Figures
(in thousands)

Effective April 1, 2008, grants paid under the Rural Electric and Rural Gas programs are reported as Infrastructure Assistance. Prior year figures in the Statement of Operations have been restated as follows:

	<u>Previously Reported</u>	<u>Grant Restatement</u>	<u>Transfer of Rural Development</u>	<u>Restated</u>
Statement of Operations				
Rural Development	\$ 45,706	\$ (6,963)	\$ 1,418	\$ 40,161
Infrastructure Assistance	19,279	6,963	-	26,242

Note 3 Restatement of Prior Year Figures (continued)
(in thousands)

Based on agreement between ARD and Service Alberta, effective April 1, 2008, the budgetary responsibility for the functional reporting of information technology services was transferred to the Ministry of Service Alberta. Service Alberta continues to provide the Department with the services related to these functions, but no consideration is exchanged. Administrative costs for 2008 (\$1,785) have been restated as if the Department had never been assigned responsibility.

As a result of restructuring of government ministries announced on March 12, 2008, responsibility for Rural Development was transferred from the Department of Employment and Immigration. Comparatives for 2008 have been restated to reflect the current responsibilities.

Net liabilities on March 31, 2007 is made up as follows:

Net Liabilities as previously reported	(\$ 29,265)
Transfer from the Department of Employment and Immigration	(289)
Net Liabilities at March 31, 2007	<u>(\$ 29,554)</u>

Net Operating Results, as previously reported at March 31, 2008	(\$ 460,984)
Plus: Expenses Transferred to the Department of Service Alberta	1,785
Less: Expenses Transferred from the Department of Employment and Immigration	<u>(1,441)</u>
Net Operating Results, as restated at April 1, 2008	<u>(\$ 460,640)</u>

Note 4 Accounts Receivable

	Gross Amount	2009 Allowance for Doubtful Accounts	Net Realizable Value	2008 Net Realizable Value
			<i>(in thousands)</i>	
Accounts receivable	\$ 20,736	\$ 3,194	\$ 17,542	\$ 48,984
Refunds from suppliers	177	-	177	168
	<u>\$ 20,913</u>	<u>\$ 3,194</u>	<u>\$ 17,719</u>	<u>\$ 49,152</u>

Accounts receivable are unsecured and non-interest bearing.

Note 5 Loans and Advances

	Gross Amount	2009 Allowance for Doubtful Accounts	Net Realizable Value	2008 Net Realizable Value
			<i>(in thousands)</i>	
Travel Advances	\$ 1	\$ -	\$ 1	\$ 1
Loans Receivable	1	-	1	5
	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 6</u>

Note 6 Tangible Capital Assets

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Rail Hopper Cars	2009 Totals	2008 Totals
Estimated Useful Life	Indefinite	40 years	10 years	3 - 5 years	35 years		
<i>(in thousands)</i>							
Historical Cost							
Beginning of year	\$ 122	\$ 1,739	\$ 36,154	\$ 4,936	\$ 49,772	\$ 92,723	\$ 88,821
Additions	-	-	4,936	1,870	-	6,806	4,650
Disposals	(122)	-	(331)	(63)	(213)	(729)	(748)
	<u>\$ -</u>	<u>\$ 1,739</u>	<u>\$ 40,759</u>	<u>\$ 6,743</u>	<u>\$ 49,559</u>	<u>\$ 98,800</u>	<u>\$ 92,723</u>
Accumulated Amortization							
Beginning of year	\$ -	\$ 262	\$ 17,608	\$ 2,306	\$ 38,538	\$ 58,714	\$ 54,983
Amortization expense	-	43	2,784	491	1,419	4,737	4,321
Effect of disposals	-	-	(325)	(24)	(169)	(518)	(590)
	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ 20,067</u>	<u>\$ 2,773</u>	<u>\$ 39,788</u>	<u>\$ 62,933</u>	<u>\$ 58,714</u>
Net Book Value at March 31, 2009	<u>\$ -</u>	<u>\$ 1,434</u>	<u>\$ 20,692</u>	<u>\$ 3,970</u>	<u>\$ 9,771</u>	<u>\$ 35,867</u>	
Net Book Value at March 31, 2008	<u>\$ 122</u>	<u>\$ 1,477</u>	<u>\$ 18,546</u>	<u>\$ 2,630</u>	<u>\$ 11,234</u>		<u>\$ 34,009</u>

Historical cost includes work-in-progress at March 31, 2009 totaling \$2,965 comprised of: equipment \$947 (2008 - \$2,269) and computer hardware and software \$2,018 (2008 - \$1,287).

This has not been amortized during the period.

Note 7 Accounts Payable and Accrued Liabilities

	2009	2008 (Restated)
<i>(in thousands)</i>		
Accounts Payable – General	\$ 2,946	\$ 25,128
Manpower	11,686	12,729
Grants	97,955	70,523
Allowance for Loan Guarantees	4	4
Supplies and Services and Capital Purchases	3,571	5,010
	<u>\$ 116,162</u>	<u>\$ 113,394</u>

Note 8 Contractual Obligations

	2009	2008
	<i>(in thousands)</i>	
Grants	\$ 4,942	\$ 18,398
Service contracts	5,842	6,749
	<u>\$ 10,784</u>	<u>\$ 25,147</u>

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grants	Service Contracts	Total
	<i>(in thousands)</i>		
2010	\$ 1,453	\$ 4,141	\$ 5,594
2011	1,276	1,082	2,358
2012	1,080	597	1,677
2013	1,133	22	1,155
	<u>\$ 4,942</u>	<u>\$ 5,842</u>	<u>\$ 10,784</u>

Note 9 Contingent Liabilities

(in thousands)

At March 31, 2009, the Department is a defendant in one legal claim (2008 – three legal claims) with a specified amount totaling \$300 (2008 – \$1,932). The Department has been jointly named with other entities (2008 – two claims amounting to \$1,632). This claim (2008 – two claims amounting to \$1,632) is covered by the Alberta Risk Management Fund.

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

Note 10 Guarantees

	2009	2008	Expiry Date
	<i>(in thousands)</i>		
<i>Feeder Associations</i>	\$ 49,866	\$ 50,728	Ongoing
<i>Rural Utilities Act</i>	1	17	Ongoing
<i>Agricultural Societies Act</i>	-	-	2015
	<u>49,867</u>	<u>50,745</u>	
Allowance for Loan Guarantees	(4)	(4)	
	<u>\$ 49,863</u>	<u>\$ 50,741</u>	

Guarantee programs and their limits are established under the following Acts:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is \$55 million)
- *Rural Utilities Act* (authorized guarantee limit set by statute is \$50 million)
- *Agricultural Societies Act* (authorized guarantee limit set by statute is \$50 million)

The lender takes appropriate security prior to issuing a loan to the borrower, which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

The expiry date shown for guarantees under the Agricultural Societies Act is the latest expiry date for guaranteed loans under the program.

Note 11 Trust Funds Under Administration

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.

As at March 31, 2009 trust funds under administration were as follows:

	2009	2008
	<i>(in thousands)</i>	
4-H General Trust	\$ 32	\$ 12
Wheat Board Monies Trust Fund	139	139
Claude Gallinger Memorial Trust Fund	21	22
	<u>\$ 192</u>	<u>\$ 173</u>

Note 12 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department 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 \$7,158 for the year ended March 31, 2009 (2008 – \$6,868).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 – \$84,341) and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 – \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 – surplus of \$1,510).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 – \$6,319) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 – actuarial surplus of \$7,874). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 14 Approval of the Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
SCHEDULE TO FINANCIAL STATEMENTS

Revenues for the Year Ended March 31, 2009

Schedule 1

(in thousands)

	2009 Budget	2009 Actual	2008 Actual
Internal Government Transfers			
Transfers from the Lottery Fund	<u>\$ 22,220</u>	<u>\$ 22,220</u>	<u>\$ 22,220</u>
Transfers from the Government of Canada			
SRM Disposal	8,000	3,878	5,055
Agriculture Stewardship	225	221	24,865
BSE Surveillance	2,000	2,309	4,425
Growing Forward	-	6,733	-
Farm Water Program	-	1,750	-
Other	-	757	731
	<u>10,225</u>	<u>15,648</u>	<u>35,076</u>
Other Revenue			
Project Contributions	4,513	5,001	3,515
Rail Hopper Car Revenue	875	1,771	1,731
Green Certificate and Home Study	880	374	346
Publications	225	220	219
Previous Years	-	1,327	3,603
Other	-	4	(13)
Surplus Sales	-	23	92
Miscellaneous	70	1,191	1,596
	<u>6,563</u>	<u>9,911</u>	<u>11,089</u>
Premiums, Fees and Licenses			
Livestock Water Program	140	214	125
Food Processing Centre Fees	750	987	786
Meat Services	250	174	168
Dairy Laboratory and Analytical Services	-	7	7
Other	640	409	556
	<u>1,780</u>	<u>1,791</u>	<u>1,642</u>
	<u>\$ 40,788</u>	<u>\$ 49,570</u>	<u>\$ 70,027</u>

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENTSCHEDULE TO FINANCIAL STATEMENTSDEDICATED REVENUE INITIATIVESFOR THE YEAR ENDED MARCH 31, 2009

(in thousands)

	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Ministry Support Services	\$ 350	\$ 317	\$ (33)
Planning and Competitiveness	4,180	2,288	(1,892)
Rural Development	1,230	904	(326)
Industry Development	7,318	8,538	1,220
Environment and Food Safety	<u>16,265</u>	<u>9,744</u>	<u>(6,521)</u>
	<u>\$ 29,343</u>	<u>\$ 21,791</u>	<u>\$ (7,552) ⁽¹⁾</u>

Ministry Support Services dedicated revenue initiatives include federal revenue under the Growing Forward Agreement (\$67) and fees for sale of publications (\$250)

Planning and Competitiveness dedicated revenue initiatives include federal revenue under the Growing Forward Agreement (\$530), Farm Water Program (\$1,750) and external contributions to projects and initiatives (\$8).

Rural Development dedicated revenue initiatives include federal revenue under the Growing Forward Agreement (\$357), Rural Utilities (\$151) and Rural Programs and Services (\$396).

Industry Development dedicated revenue initiatives include federal revenue under the Growing Forward Agreement (\$2,158), external contributions to projects and initiatives (\$4,085) and Food Processing Development fees (\$2,295).

Environment and Food Safety dedicated revenue initiatives include federal revenue under the Growing Forward Agreement (\$3,621), Specified Risk Material Disposal (\$3,878), external contributions to projects and initiatives (\$545), fees for Regulatory Services (\$596) and Agriculture Stewardship (\$1,104).

The revenue and expense of each initiative's dedicated revenue and expense are reported in the Statement of Operations.

Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*.
Net budget initiatives were approved on July 21, 2008 and October 22, 2008.

⁽¹⁾ Shortfall is deducted from the current year's authorized budget, as disclosed in Schedules 4 and 5 of the financial statements.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENTSCHEDULE TO FINANCIAL STATEMENTSEXPENSES - DIRECTLY INCURRED DETAILED BY OBJECTFOR THE YEAR ENDED MARCH 31, 2009

(in thousands)

	2009 Budget	2009 Actual	2008 Actual (Restated - Note 3)
Voted:			
Salaries, Wages and Employee Benefits	\$ 98,452	\$ 90,662	\$ 88,662
Supplies and Services	38,331	43,677	34,356
Grants	410,577	799,476	400,158
Financial Transactions and Other	105	87	96
Amortization of Tangible Capital Assets	5,300	4,737	4,321
Total Voted Expenses	<u>\$ 552,765</u>	<u>\$ 938,639</u>	<u>\$ 527,593</u>
Statutory:			
Valuation adjustments			
Write-offs and Losses	\$ -	\$ 1	\$ 74
Provision for Loan Guarantees	-	-	(218)
Provision for Vacation Pay	-	(874)	346
Provision for Doubtful Accounts	-	(536)	2,776
	<u>\$ -</u>	<u>\$ (1,409)</u>	<u>\$ 2,978</u>

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

SCHEDULE TO FINANCIAL STATEMENTS

AUTHORIZED BUDGET

FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

Schedule 4

	2008-2009 Estimates	Adjustment (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget
Revenues:					
Transfers from the Government of Canada	\$ 10,225	\$ 13,650	\$ 23,875	\$ -	\$ 23,875
Internal Government Transfers	22,220	-	22,220	-	22,220
Other Revenue	6,563	-	6,563	-	6,563
Fees, Permits and Licenses	1,780	-	1,780	-	1,780
	<u>40,788</u>	<u>13,650</u>	<u>54,438</u>	<u>-</u>	<u>54,438</u>
Expenses - Directly Incurred:					
Voted Expenses					
Planning and Competitiveness	48,492	2,000	50,492	-	50,492
Agriculture Insurance and Lending Assistance	295,630	-	295,630	383,802	679,432
Environment and Food Safety	101,805	8,760	110,565	-	110,565
Industry Development	52,777	2,485	55,262	(5,000)	50,262
Rural Development	38,945	300	39,245	7,100	46,345
Ministry Support Services	15,116	105	15,221	-	15,221
Livestock and Meat Strategy	-	-	-	21,000	21,000
Dedicated Revenue Shortfall (Schedule 2)	-	(7,552)	(7,552)	-	(7,552)
	<u>552,765</u>	<u>6,098</u>	<u>558,863</u>	<u>406,902</u>	<u>965,765</u>
Net Operating Result	<u>\$ (511,977)</u>	<u>\$ 7,552</u>	<u>\$ (504,425)</u>	<u>\$ (406,902)</u>	<u>\$ (911,327)</u>
Equipment/Inventory Purchases	<u>\$ 2,766</u>	<u>\$ -</u>	<u>\$ 2,766</u>	<u>\$ -</u>	<u>\$ 2,766</u>

(a) Adjustments include dedicated revenue increases and dedicated revenue shortfalls.

Dedicated Revenue increases were approved on July 21, 2008 and October 22, 2008.

(b) Supplementary Estimates were approved on December 4, 2008 and March 23, 2009.

Treasury Board approval is pursuant to Section 24 (2) of the Financial Administration Act (for net budget initiatives).

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
SCHEDULE OF COMPARISON OF EXPENSES -
DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET

FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
1.0 Ministry Support Services							
1.0.1 Minister's Office	\$ 502	\$ -	\$ 502	\$ -	\$ 502	\$ 542	\$ (40)
1.0.2 Deputy Minister's Office	649	-	649	-	649	749	(100)
1.0.3 Farmers' Advocate	940	105	1,045	-	1,045	1,040	5
1.0.4 Corporate Services							
- Expense	8,189	-	8,189	-	8,189	9,253	(1,064)
- Capital Investment	70	-	70	-	70	1,553	(1,483)
1.0.5 Agriculture Information Division	2,761	-	2,761	-	2,761	2,491	270
1.0.6 Communications	418	-	418	-	418	423	(5)
1.0.7 Human Resources	1,657	-	1,657	-	1,657	1,660	(3)
Total Program	15,186	105	15,291	-	15,291	17,711	(2,420)
2.0 Planning and Competitiveness							
2.0.1 Program Support	1,942	-	1,942	-	1,942	1,832	110
2.0.2 Policy Secretariat	4,023	-	4,023	-	4,023	3,417	606
2.0.3 Alberta Grain Commission	511	-	511	-	511	387	124
2.0.4 Economics and Competitiveness	4,837	450	5,287	-	5,287	5,395	(108)
2.0.5 Strategic Direction and Program Policy	2,679	50	2,729	-	2,729	3,029	(300)
2.0.6 Farm Fuel Distribution Allowance	33,500	-	33,500	-	33,500	29,391	4,109
2.0.7 Farm Water Program	1,000	1,500	2,500	-	2,500	2,653	(153)
Total Program	48,492	2,000	50,492	-	50,492	46,104	4,388

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
3.0 Rural Development							
3.0.1 Program Support	561	-	561	-	561	661	(100)
3.0.2 Rural Coordination and Strategic Initiatives	1,737	-	1,737	4,000	5,737	3,778	1,959
3.0.3 Rural Utilities	6,212	-	6,212	3,100	9,312	8,773	539
3.0.4 Rural Community and Industry Services							
- Expense	8,215	300	8,515	-	8,515	8,102	413
- Capital Investment	-	-	-	-	-	8	(8)
3.0.5 Agricultural Service Boards							
- Expense funded by Lotteries	10,600	-	10,600	-	10,600	10,574	26
- Expense	-	-	-	-	-	6	(6)
3.0.6 Agriculture Societies							
- Expense funded by Lotteries	8,670	-	8,670	-	8,670	8,670	-
3.0.7 Agriculture Initiatives							
- Expense funded by Lotteries	2,950	-	2,950	-	2,950	2,675	275
Total Program	38,945	300	39,245	7,100	46,345	43,247	3,098

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
4.0 Industry Development	2,429	-	2,429	-	2,429	1,661	768
4.0.1 Program Support							
4.0.2 Marketing Council	901	125	1,026	-	1,026	1,068	(42)
- Expense	-	-	-	-	-	7	(7)
- Capital Investment	-	-	-	-	-	201	(201)
4.0.3 Livestock Genomics							
4.0.4 Agriculture Research	15,783	483	16,266	-	16,266	16,920	(654)
- Expense	1,850	-	1,850	-	1,850	634	1,216
- Capital Investment							
4.0.5 Food Processing Development	5,190	-	5,190	-	5,190	5,214	(24)
- Expense	266	-	266	-	266	1,367	(1,101)
- Capital Investment							
4.0.6 Bio-Industrial Technologies	2,769	350	3,119	-	3,119	3,580	(461)
- Expense	-	-	-	-	-	144	(144)
- Capital Investment							
4.0.7 Business Expansion & Commercialization	6,720	1,444	8,164	-	8,164	7,093	1,071
4.0.8 Agriculture Industry Development and Diversification	7,001	-	7,001	-	7,001	7,573	(572)
4.0.9 Growth Strategy Secretariat	6,984	83	7,067	-	7,067	3,523	3,544
4.0.10 Infrastructure Assistance for Municipal Wastewater	5,000	-	5,000	(5,000)	-	-	-
4.0.11 Industry Science and Innovation	-	-	-	-	-	3	(3)
Total Program	54,893	2,485	57,378	(5,000)	52,378	48,988	3,390

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
5.0 Environment and Food Safety							
5.0.1 Program Support	2,821	-	2,821	-	2,821	2,057	764
5.0.2 Food Chain Traceability							
- Expense	3,868	-	3,868	-	3,868	2,581	1,287
- Capital Investment	-	-	-	-	-	389	(389)
5.0.3 Agricultural Stewardship							
- Expense	23,495	3,180	26,675	-	26,675	20,993	5,682
- Capital Investment	200	-	200	-	200	918	(718)
5.0.4 Food Safety							
- Expense	32,567	5,560	38,147	-	38,147	23,163	14,984
- Capital Investment	380	-	380	-	380	739	(359)
5.0.5 Surveillance Support	11,000	-	11,000	-	11,000	9,689	1,311
5.0.6 Regulatory Services	8,651	-	8,651	-	8,651	10,098	(1,447)
5.0.7 Irrigation Secretariat	320	-	320	-	320	386	(66)
5.0.8 Irrigation Infrastructure Assistance	19,083	-	19,083	-	19,083	22,252	(3,169)
Total Program	102,385	8,760	111,145	-	111,145	93,265	17,880

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
6.0 Agriculture Insurance and Lending Assistance							
6.0.1 Lending Assistance	1,217	-	1,217	-	1,217	1,217	-
6.0.2 Crop Insurance	161,225	-	161,225	4,542	165,767	151,485	14,282
6.0.3 Wildlife Damage	2,074	-	2,074	-	2,074	3,449	(1,375)
6.0.4 AgriStability	131,114	-	131,114	(140)	130,974	126,279	4,695
6.0.5 Farm Recovery Plan	-	-	-	370,000	370,000	399,303	(29,303)
6.0.6 AgriRecovery	-	-	-	9,400	9,400	6,424	2,976
6.0.7 Farm Income Disaster	-	-	-	-	-	123	(123)
Total Program	295,630	-	295,630	383,802	679,432	688,280	(8,848)
7.0 Livestock and Meat Strategy							
7.0.1 Livestock and Meat Strategy	-	-	-	21,000	21,000	6,803	14,197
Total Program	-	-	-	21,000	21,000	6,803	14,197
Dedicated Revenue Shortfall (Schedule 2)	\$ 555,531	(7,552)	\$ 561,629	\$ 406,902	\$ 968,531	\$ 944,398	(7,552)
Expense	\$ 530,545	\$ 6,098	\$ 536,643	\$ 406,902	\$ 943,545	\$ 916,720	\$ 26,825
Expense funded by Lotteries	22,220	-	22,220	-	22,220	21,919	301
	552,765	6,098	558,863	406,902	965,765	938,639	27,126
Capital Investment	2,766	-	2,766	-	2,766	5,759	(2,993)
	\$ 555,531	\$ 6,098	\$ 561,629	\$ 406,902	\$ 968,531	\$ 944,398	\$ 24,133
Statutory Expenses:							
Valuation Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,409)	\$ 1,409

(a) Adjustments include dedicated revenue increases and dedicated revenue shortfalls.

Dedicated Revenue increases were approved on July 21, 2008 and October 22, 2008.

(b) Supplementary Estimates were approved on December 4, 2008 and March 23, 2009.

Treasury Board approval is pursuant to Section 24 (2) of the Financial Administration Act (for net budget initiatives).

(c) Includes achievement bonus amounting to \$1,943.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
SCHEDULE OF SALARY AND BENEFITS DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2009

	2009			Total	2008
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non- Cash Benefits ⁽³⁾		Total
Department					
Deputy Minister ⁽⁴⁾	\$ 248,633	\$ 59,204	\$ 62,096	\$ 369,933	\$ 375,259
Assistant Deputy Ministers					
Policy and Environment ⁽⁵⁾	172,701	31,952	43,687	248,340	223,505
Industry Development and Food Safety ⁽⁵⁾⁽⁹⁾	142,311	30,062	36,889	209,262	245,891
Environment and Food Safety ⁽⁶⁾	28,774	720	6,801	36,295	230,585
Organizational Effectiveness and Rural Services ⁽⁷⁾	154,180	20,832	38,635	213,647	241,528
Executive Directors					
Information Division ⁽⁸⁾	95,283	1,765	22,661	119,709	188,948
Human Resources ⁽⁹⁾	154,654	25,784	38,865	219,303	187,005
Senior Financial Officer	143,807	38,458	36,305	218,570	200,857
Boards and Agencies					
Farmers' Advocate ⁽⁴⁾	143,807	11,591	6,953	162,351	161,849
General Manager, Agricultural Products Marketing Council	129,054	13,599	33,199	175,852	186,910

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 bonuses, vacation payouts, overtime and lump sum payments.

⁽³⁾ Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

⁽⁴⁾ Automobile provided, no dollar amount included in other non-cash benefits.

⁽⁵⁾ Sector name changed July 1, 2008. Includes a portion of the responsibilities of the former Assistant Deputy Minister of Environment and Food Safety.

⁽⁶⁾ Position was eliminated effective June 1, 2008. Position responsibilities were encompassed within the Assistant Deputy Ministers of Policy and Environment and Industry Development and Food Safety.

⁽⁷⁾ The position was vacated February 17, 2009.

⁽⁸⁾ The position was eliminated December 1, 2009.

⁽⁹⁾ The position was occupied by 2 individuals during the year.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

Schedule 7

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 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	
	2009	2008	2009	2008 (Restated - Note 3)
Revenues:				
Grants	\$ 208	\$ 226	\$ 22,220	\$ 22,220
Other	19	-	378	376
	<u>\$ 227</u>	<u>\$ 226</u>	<u>\$ 22,598</u>	<u>\$ 22,596</u>
Expenses - Directly Incurred:				
Grants	\$ 693,166	\$ 261,816	\$ -	\$ -
Other services	-	-	2,422	5,558
	<u>\$ 693,166</u>	<u>\$ 261,816</u>	<u>\$ 2,422</u>	<u>\$ 5,558</u>
Tangible Capital Assets				
Transferred from Advanced Education and Technology	\$ -	\$ -	\$ 1,038	\$ 800
Transferred from Environment	-	-	9	118
Transferred to Infrastructure	-	-	(122)	-
Payable to				
Agriculture Financial Services Corporation	73,032	26,160	-	-
Ministry of Advanced Education and Technology	-	-	1,551	2,223
Ministry of Housing and Urban Affairs	-	-	19	-
Receivable from				
Agriculture Financial Services Corporation	240	226	-	-
Alberta Livestock and Meat Agency	79	-	-	-
Ministry of Advanced Education and Technology	-	-	-	126
Ministry of Municipal Affairs	-	-	1,441	2,704
	<u>\$ 73,351</u>	<u>\$ 26,386</u>	<u>\$ 3,936</u>	<u>\$ 5,971</u>

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 costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2009	2008	2009	2008
Expenses - Incurred by Others:				
Accommodation	\$ -	\$ -	\$ 17,856	\$ 15,437
Legal	-	-	886	666
Other	-	-	7,291	5,038
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,033</u>	<u>\$ 21,141</u>

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

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2009
 (in thousands)

Program	2009										2008	
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Service Alberta ⁽⁴⁾	Air Transportation ⁽⁵⁾	Corporate Internal Audit Services ⁽⁶⁾	Learning Centre ⁽⁷⁾	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses	Total Expenses (Restated - Note 3)
Industry Development	\$ 46,837	\$ 8,484	\$ 121	\$ -	\$ -	\$ -	8	\$ (387)	\$ -	\$ 55,063	\$ 77,149	
Environment and Food Safety	62,574	6,714	496	-	-	-	9	(61)	-	69,732	73,822	
Planning and Competitiveness	14,060	693	72	-	-	-	2	(272)	(535)	14,020	14,374	
Infrastructure Assistance	34,558	-	-	-	-	-	-	-	-	34,558	26,242	
Ministry Support Services	16,158	715	176	7,011	152	104	2	(107)	1	24,212	18,012	
Rural Development	37,326	1,237	21	-	-	-	3	(84)	(2)	38,501	40,718	
Livestock and Meat Strategy	6,802	13	-	-	-	-	-	37	-	6,852	-	
Agriculture Assistance												
Income Stabilization	534,782	-	-	-	-	-	-	-	-	534,782	152,937	
Insurance and Lending	156,151	-	-	-	-	-	-	-	-	156,151	115,556	
Farm Fuel Distribution Allowance	29,391	-	-	-	-	-	-	-	-	29,391	32,828	
	<u>\$ 938,639</u>	<u>\$ 17,856</u>	<u>\$ 886</u>	<u>\$ 7,011</u>	<u>\$ 152</u>	<u>\$ 104</u>	<u>\$ 24</u>	<u>\$ (874)</u>	<u>\$ (536)</u>	<u>\$ 963,262</u>	<u>\$ 551,638</u>	

(1) Expenses - Directly incurred as per the Statement of Operations, excluding valuation adjustments.
 (2) Costs shown for Accommodation on Schedule 7, allocated by budgeted full-time equivalent employment.
 (3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.
 (4) Costs shown for Service Alberta on Schedule 7, allocated by estimated costs incurred by each program.
 (5) Costs shown for Air Transportation on Schedule 7, allocated by estimated costs incurred by each program.
 (6) Costs shown for Corporate Internal Audit Services on Schedule 7, allocated by estimated costs incurred by each program.
 (7) Costs shown for Learning Centre on Schedule 7, allocated by estimated costs incurred by each program.
 (8) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:
 - Vacation Pay - allocated to the program by employee.
 - Doubtful Accounts Provision - estimated allocation to program.