

Department of Agriculture and Food

Financial Statements

For the Year Ended
March 31, 2008

Department of Agriculture and Food

Financial Statements

For the Year Ended
March 31, 2008

CONTENTS

99	Auditor's Report
100	Statement of Operations
102	Statement of Financial Position
103	Statement of Cash Flows
104	Notes to the Financial Statements
110	Schedule of Revenues
111	Schedule of Dedicated Revenue Initiatives
112	Schedule of Expenses – Directly Incurred Detailed by Object
113	Schedule of Authorized Budget
114	Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget
119	Schedule of Salary and Benefits
120	Schedule of Related Party Transactions
121	Schedule of Allocated Costs



To the Minister of Agriculture and Rural Development

I have audited the statement of financial position of the Department of Agriculture and Food as at March 31, 2008 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, 2008 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 3, 2008

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Department - **continued**
Department of Agriculture and Food - Financial Statements 2007-2008

Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget (Schedule 4)	2008 Actual	2007 Actual
Revenues (Schedule 1)			
Transfers from the Government of Canada	\$ 17,766	\$ 35,076	\$ 14,724
Internal Government Transfers	22,220	22,220	22,220
Other Revenue	6,072	11,089	7,081
Premiums, Fees and Licenses	2,627	1,642	1,641
	48,685	70,027	45,666
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	15,114	14,101	13,188
Planning and Competitiveness	13,389	13,336	12,489
Environment and Food Safety	82,268	67,942	62,877
Industry Development	51,694	66,275	45,708
Rural Services	37,065	45,706	36,641
Infrastructure Assistance	17,355	19,279	50,515
Agriculture Assistance			
Income Stabilization	139,531	146,654	420,888
Insurance and Lending	175,519	115,556	185,095
Farm Fuel Distribution Allowance	33,500	32,828	32,446
Farm Income Assistance	-	(392)	(236)
Farm Water Program	5,721	6,675	1,632
	571,156	527,960	861,243

continued

Department - **continued**
Department of Agriculture and Food - Financial Statements 2007-2008

continued
Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget (Schedule 4)	2008 Actual	2007 Actual
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Write-offs and Losses	-	74	-
Provision for Loan Guarantees	-	(218)	-
Provision for Vacation Pay	-	323	155
Provision for Doubtful Accounts	-	2,776	50
	-	2,955	205
	571,156	530,915	861,448
Loss on Disposal of Tangible Capital Assets	-	(96)	(25)
Net Operating Result	\$ (522,471)	\$ (460,984)	\$ (815,807)

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

Department - **continued**
Department of Agriculture and Food - Financial Statements 2007-2008

Statement of Financial Position as at March 31, 2008
(in thousands)

	2008	2007
Assets		
Cash and Cash Equivalents	\$ 73	\$ 210
Accounts Receivable (Note 3)	49,152	40,090
Loans and Advances (Note 4)	6	11
Tangible Capital Assets (Note 5)	34,009	33,838
	\$ 83,240	\$ 74,149
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 113,105	\$ 99,315
Unearned Revenue	4,609	4,099
	117,714	103,414
Net Liabilities		
Net Liabilities at Beginning of Year	(29,265)	(11,075)
Net Operating Result	(460,984)	(815,807)
Net Financing Provided from General Revenues	455,775	797,617
Net Liabilities at End of Year	(34,474)	(29,265)
	\$ 83,240	\$ 74,149

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

Department - **continued**
Department of Agriculture and Food - Financial Statements 2007-2008

Statement of Cash Flows for the Year Ended March 31, 2008
(in thousands)

	2008	2007
Operating Transactions		
Net Operating Result	\$ (460,984)	\$ (815,807)
Non-cash items included in Net Operating Result		
Amortization	4,321	4,042
Valuation Adjustments	2,955	205
Loss on Disposal of Tangible Capital Assets	96	25
	(453,612)	(811,535)
(Increase) Decrease in Accounts Receivable	(11,912)	8,143
Increase in Accounts Payable and Accrued Liabilities	13,686	11,076
Increase in Unearned Revenue	510	821
Cash Applied to Operating Transactions	(451,328)	(791,495)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,732)	(4,580)
Transferred Assets	(918)	(1,523)
Disposal of Tangible Capital Assets	61	107
Cash Applied to Capital Transactions	(4,589)	(5,996)
Investing Transactions		
Loans and Advances	-	(2)
Repayment of Loans and Advances	5	-
Cash Provided by (Applied to) Investing Transactions	5	(2)
Financing Transactions		
Net Financing Provided from General Revenues	455,775	797,617
Cash Provided by Financing Transactions	455,775	797,617
(Decrease) Increase in Cash and Cash Equivalents	(137)	124
Cash and Cash Equivalents, Beginning of Year	210	86
Cash and Cash Equivalents, End of Year	\$ 73	\$ 210

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

Notes to the Financial Statements for the Year Ended March 31, 2008

Note 1 Authority and Purpose

The Department of Agriculture and Food 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. 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 Food, which is part of the Ministry of Agriculture and Food for which the Minister of Agriculture and Food is accountable. The other entity reporting to the Minister is Agriculture Financial Services Corporation. The activities of this organization 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. 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 \$146,654 to Agriculture Financial Services Corporation for the Department's share of program payments under the Canadian Agricultural Income Stabilization (CAIS) program and related programs including the Farm Recovery Plan that is subject to measurement uncertainty. The Department's contribution for the CAIS program 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 CAIS program are estimated contributions for the 2007 claim year of \$80,345 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. CAIS 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 2007 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2007 claim year is based on the number of farm operations participating in the program during the 2006 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses and inventories between 2006 and 2007. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2007 claim would range from \$62,560 to \$98,160.

The Department's contribution includes estimated contributions of \$28,850 for claims received but not processed for the 2006 and prior claim years (2007 - \$54,194 for the 2005 and prior claim years). The estimates for the 2006 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim.

The Department's contribution also includes estimated contributions of \$65,920 for related programs including the Farm Recovery Plan (2007 - \$125,111). The related programs were approved by the Government of Alberta for the 2005 and 2006 claim years. The estimate is based on the historical payment ratio for claims processed.

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.

Department - continued
 Department of Agriculture and Food - Financial Statements 2007-2008

Note 3 Accounts Receivable

	Gross Amount	2008 Allowance for Doubtful Accounts <i>(in thousands)</i>	Net Realizable Value	2007 Net Realizable Value
Accounts receivable	\$ 52,712	\$ 3,728	\$ 48,984	\$ 39,976
Refunds from suppliers	168	-	168	114
	<u>\$ 52,880</u>	<u>\$ 3,728</u>	<u>\$ 49,152</u>	<u>\$ 40,090</u>

Accounts receivable are unsecured and non-interest bearing.

Note 4 Loans and Advances

	Gross Amount	2008 Allowance for Doubtful Accounts <i>(in thousands)</i>	Net Realizable Value	2007 Net Realizable Value
Travel Advances	\$ 1	\$ -	\$ 1	\$ 4
Loans Receivable	7	2	5	7
	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 11</u>

Note 5 Tangible Capital Assets

Estimated Useful Life	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Rail Hopper Cars	2008 Totals	2007 Totals
	Indefinite	40 years	10 years	3 - 5 years <i>(in thousands)</i>	35 years		
Historical Cost							
Beginning of year	\$ 122	\$ 1,739	\$ 32,996	\$ 3,976	\$ 49,988	\$ 8,821	\$ 83,619
Additions	-	-	3,690	960	-	4,650	6,103
Disposals	-	-	(532)	-	(216)	(748)	(901)
	<u>\$ 122</u>	<u>\$ 1,739</u>	<u>\$ 36,154</u>	<u>\$ 4,936</u>	<u>\$ 49,772</u>	<u>\$ 92,723</u>	<u>\$ 88,821</u>
Accumulated Amortization							
Beginning of year	\$ -	\$ 218	\$ 15,586	\$ 1,905	\$ 37,274	\$ 54,983	\$ 51,710
Amortization expense	-	44	2,448	401	1,428	4,321	4,042
Effect of disposals	-	-	(426)	-	(164)	(590)	(769)
	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ 17,608</u>	<u>\$ 2,306</u>	<u>\$ 38,538</u>	<u>\$ 58,714</u>	<u>\$ 54,983</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>	
Net Book Value at March 31, 2007	<u>\$ 122</u>	<u>\$ 1,521</u>	<u>\$ 17,410</u>	<u>\$ 2,071</u>	<u>\$ 12,714</u>		<u>\$ 33,838</u>

Historical cost includes work-in-progress at March 31, 2008 totaling \$3,556 comprised of: equipment \$2,269 (2007 - \$1,190) and computer hardware and software \$1,287 (2007 - \$797).

This has not been amortized during the period.

Note 6 Accounts Payable and Accrued Liabilities

	2008	2007
	<i>(in thousands)</i>	
Accounts Payable – General	\$ 25,128	\$ 3,883
Manpower	12,560	12,090
Grants	70,423	77,846
Allowance for Loan Guarantees	4	1,204
Supplies and Services and Capital Purchases	<u>4,990</u>	<u>4,292</u>
	<u>\$ 113,105</u>	<u>\$ 99,315</u>

Note 7 Contractual Obligations

	2008	2007
	<i>(in thousands)</i>	
Grants	\$ 18,398	\$ 16,505
Service contracts	<u>6,749</u>	<u>5,689</u>
	<u>\$ 25,147</u>	<u>\$ 22,194</u>

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

	Grants	Service Contracts	Total
	<i>(in thousands)</i>		
2009	\$ 18,146	\$ 5,631	\$ 23,777
2010	124	917	1,041
2011	128	199	327
2012	<u>-</u>	<u>2</u>	<u>2</u>
	<u>\$ 18,398</u>	<u>\$ 6,749</u>	<u>\$ 25,147</u>

Note 8 Contingent Liabilities

(in thousands)

At March 31, 2008, the Department is a defendant in three legal claims (2007 – five legal claims). These claims have specified amounts totaling \$1,932 (2007 – \$2,082). Included in the total legal claims are two claims amounting to \$1,632 (2007 – one claim amounting to \$1,332) in which the Department has been jointly named with other entities. Two claims amounting to \$1,632 (2007 – three claims amounting to \$1,632) are covered by the Alberta Risk Management Fund.

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

Note 9 Guarantees

	2008	2007	Expiry Date
	(in thousands)		
Feeder Associations	\$ 50,728	\$ 44,424	Ongoing
Rural Utilities Act	17	62	Ongoing
Agricultural Societies Act	-	11	2015
	<u>50,745</u>	<u>44,497</u>	
Allowance for Loan Guarantees	<u>(4)</u>	<u>(1,204)</u>	
	<u>\$ 50,741</u>	<u>\$ 43,293</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 10 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, 2008 trust funds under administration were as follows:

	2008	2007
	(in thousands)	
4-H General Trust	\$ 12	\$ 3
Wheat Board Monies Trust Fund	139	138
Claude Gallinger Memorial Trust Fund	<u>22</u>	<u>23</u>
	<u>\$ 173</u>	<u>\$ 164</u>

Note 11 Payments Under Agreement

(in thousands)

The Department has entered into an agreement to deliver the Canadian Food Safety and Quality Program that is fully funded by the Government of Canada.

Costs incurred under this agreement are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$5,110 (2007 - \$998) and accounts payable includes \$187 (2007 - \$48) relating to payments under agreement.

Amounts paid and payable under the agreement with program sponsors are \$9,426 (2007 - \$1,432).

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 \$6,868 for the year ended March 31, 2008 (2007 - \$6,296).

Note 12 Defined Benefit Plans (continued)

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of \$84,341 (2006 – \$6,765) and the Public Service Pension Plan reported a deficiency of \$92,070 (2006 surplus – \$153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$1,510 (2006 – \$3,698).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of \$6,319 (2007 surplus – \$153) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$7,874 (2007 – \$10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 14 Approval of the Financial Statements

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

Department - **continued**
Department of Agriculture and Food - Schedule to Financial Statements
Revenues for the Year Ended March 31, 2008

Schedule 1
(in thousands)

	2008	2008	2007
	Budget	Actual	Actual
Transfers from the Government of Canada			
SRM Disposal	\$ 7,400	\$ 5,055	\$ -
Agricultural Policy Framework	5,482	24,865	4,635
BSE Surveillance	4,000	4,425	5,065
Other	884	731	5,024
	<u>17,766</u>	<u>35,076</u>	<u>14,724</u>
Internal Government Transfers			
Transfers from the Lottery Fund	<u>22,220</u>	<u>22,220</u>	<u>22,220</u>
Other Revenue			
Project Contributions	4,247	3,515	3,255
Rail Hopper Car Revenue	650	1,731	949
Green Certificate and Home Study	880	346	517
Publications	225	219	216
Refunds of Expenditures			
Previous Years'	-	3,603	1,385
Other	-	(13)	(16)
Surplus Sales	-	92	82
Miscellaneous	70	1,596	693
	<u>6,072</u>	<u>11,089</u>	<u>7,081</u>
Premiums, Fees and Licenses			
Livestock Water Program	140	125	316
Food Processing Centre Fees	600	638	775
Business Incubator Fees	226	148	4
Meat Services	250	168	189
Livestock Production and Meat Quality	500	310	159
Dairy Laboratory and Analytical Services	-	7	8
Other	911	246	190
	<u>2,627</u>	<u>1,642</u>	<u>1,641</u>
	<u>\$ 48,685</u>	<u>\$ 70,027</u>	<u>\$ 45,666</u>

Department - **continued**
Department of Agriculture and Food - Schedule to Financial Statements
Dedicated Revenue Initiatives for the Year Ended March 31, 2008

Schedule 2
(in thousands)

	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Ministry Support Services	\$ 245	\$ 219	\$ (26)
Planning and Competitiveness	2,511	3,505	994
Rural Services	1,578	1,457	(121)
Industry Development	8,225	7,594	(631)
Environment and Food Safety	<u>9,256</u>	<u>7,460</u>	<u>(1,796)</u>
	<u>\$ 21,815</u>	<u>\$ 20,235</u>	<u>\$ (1,580) ⁽¹⁾</u>

Ministry Support Services dedicated revenue initiatives include fees for sale of publications.

Planning and Competitiveness dedicated revenue initiatives include Federal Revenue under the Agricultural Policy Framework (APF) (\$3,422) and Economics and Competitiveness (\$83).

Rural Services dedicated revenue initiatives include Federal revenue under the APF (\$917), Rural Utilities (\$159) and Rural Programs and Services (\$381).

Industry Development dedicated revenue initiatives include Federal revenue under the APF (2,675), external contributions to projects and initiatives (\$4,133) and Food Processing Development fees (\$786).

Environment and Food Safety dedicated revenue initiatives include Federal revenue under the APF (\$190), Specified Risk Material Disposal (\$5,055), external contributions to projects and initiatives (\$1,691), fees for Food Safety Initiatives (\$86), Regulatory Services (\$304) and Agriculture Stewardship (\$134).

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

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

Department - **continued**

Department of Agriculture and Food - Schedule to Financial Statements
Expenses - Directly Incurred Detailed by Object for the Year Ended March 31, 2008

Schedule 3

(in thousands)

	2008	2008	2007
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	\$ 90,250	\$ 87,855	\$ 82,580
Supplies and Services	43,857	35,965	35,072
Grants	432,480	399,750	739,485
Financial Transactions and Other	69	69	64
Amortization of Tangible Capital Assets	4,500	4,321	4,042
Total Voted Expenses	<u>\$ 571,156</u>	<u>\$ 527,960</u>	<u>\$ 861,243</u>
Statutory:			
Valuation adjustments			
Write-offs and Losses	\$ -	\$ 74	\$ -
Provision for Loan Guarantees	-	(218)	-
Provision for Vacation Pay	-	323	155
Provision for Doubtful Accounts	-	2,776	50
	<u>\$ -</u>	<u>\$ 2,955</u>	<u>\$ 205</u>

Department - **continued**
Department of Agriculture and Food - Schedule to Financial Statements
Authorized Budget for the Year Ended March 31, 2008

Schedule 4
(in thousands)

	2007-2008	Adjustment	2007-2008
	Estimates	(a)	Authorized
			Budget
Revenues:			
Transfers from the Government of Canada	\$ 17,766	\$ -	\$ 17,766
Internal Government Transfers	22,220	-	22,220
Other Revenue	6,072	-	6,072
Fees, Permits and Licenses	2,627	-	2,627
	<u>48,685</u>	<u>-</u>	<u>48,685</u>
Expenses - Directly Incurred:			
Voted Expenses			
Planning and Competitiveness	52,610	-	52,610
Agriculture Insurance and Lending Assistance	315,050	-	315,050
Environment and Food Safety	94,623	-	94,623
Industry Development	56,694	-	56,694
Rural Services	37,065	-	37,065
Ministry Support Services	15,114	-	15,114
Dedicated Revenue Shortfall (Schedule 2)	-	(1,580)	(1,580)
	<u>571,156</u>	<u>(1,580)</u>	<u>569,576</u>
Net Operating Result	<u>\$ (522,471)</u>	<u>\$ 1,580</u>	<u>\$ (520,891)</u>
Equipment/Inventory Purchases	<u>\$ 3,666</u>	<u>\$ -</u>	<u>\$ 3,666</u>

(a) Adjustments include dedicated revenue shortfalls.

Department - continued
Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

		2007-2008	Adjustments	2007-2008	2007-2008	Unexpended
		Estimates	(a)	Authorized	Actual	(Over
				Budget	Expenses	Expended)
Voted Expenses and Capital Investments						
1.0	Ministry Support Services					
1.0.1	Minister's Office	\$ 485	\$ -	\$ 485	\$ 382	\$ 103
1.0.2	Deputy Minister's Office	550	-	550	681	(131)
1.0.3	Farmers' Advocate	863	-	863	876	(13)
1.0.4	Corporate Services					
	- Expense	8,602	-	8,602	7,707	895
	- Capital Investment	70	-	70	11	59
1.0.5	Agriculture Information Division					
	- Expense	2,593	-	2,593	2,646	(53)
	- Capital Investment	-	-	-	15	(15)
1.0.6	Communications	406	-	406	402	4
1.0.7	Human Resources	1,615	-	1,615	1,407	208
	Total Program	15,184	-	15,184	14,127	1,057
2.0	Planning and Competitiveness					
2.0.1	Program Support	1,877	-	1,877	1,823	54
2.0.2	Policy Secretariat	3,891	-	3,891	3,511	380
2.0.3	Alberta Grain Commission	495	-	495	494	1
2.0.4	Economics and Competitiveness	4,521	-	4,521	5,393	(872)
2.0.5	Strategic Direction and Program Policy	2,605	-	2,605	2,115	490
2.0.6	Farm Fuel Distribution Allowance	33,500	-	33,500	32,828	672
2.0.7	Farm Water Program	5,721	-	5,721	6,675	(954)
2.0.8	Farm Income Assistance Program	-	-	-	2	(2)
	Total Program	52,610	-	52,610	52,841	(231)

Department - continued
 Department of Agriculture and Food - Schedule to Financial Statements
 Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

	2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments					
3.0 Rural Services					
3.0.1 Program Support	465	-	465	660	(195)
3.0.2 Rural Utilities					
- Expense	6,153	-	6,153	9,479	(3,326)
- Capital Investment	-	-	-	97	(97)
3.0.3 Rural Community and Leadership Development	8,227	-	8,227	8,357	(130)
3.0.4 Agricultural Service Boards					
- Expense funded by Lotteries	10,600	-	10,600	10,590	10
3.0.5 Agriculture Societies					
- Expense	-	-	-	4,990	(4,990)
- Expense funded by Lotteries	8,670	-	8,670	8,680	(10)
3.0.6 Agriculture Initiatives					
- Expense funded by Lotteries	2,950	-	2,950	2,950	-
Total Program	37,065	-	37,065	45,803	(8,738)

Department - continued
 Department of Agriculture and Food - Schedule to Financial Statements
 Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

	2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments					
4.0 Industry Development					
4.0.1 Program Support	2,172	-	2,172	1,725	447
4.0.2 Marketing Council					
- Expense	870	-	870	1,174	(304)
- Capital Investment	-	-	-	11	(11)
4.0.3 Agriculture Research					
- Expense	15,485	-	15,485	16,653	(1,168)
- Capital Investment	2,450	-	2,450	1,225	1,225
4.0.4 Food Processing Development					
- Expense	5,388	-	5,388	4,620	768
- Capital Investment	266	-	266	604	(338)
4.0.5 Bio-Industrial Technologies					
- Expense	3,156	-	3,156	3,110	46
- Capital Investment	-	-	-	17	(17)
4.0.6 Business Expansion & Commercialization					
- Expense	8,085	-	8,085	7,979	106
- Capital Investment	-	-	-	54	(54)
4.0.7 Agriculture Industry Development and Diversification					
- Expense	9,821	-	9,821	9,216	605
- Capital Investment	-	-	-	14	(14)
4.0.8 Growth Strategy Secretariat					
4.0.9 Infrastructure Assistance for Municipal Wastewater					
4.0.10 Industry Science and Innovation					
Total Program	59,410	-	59,410	68,200	(8,790)

Department - continued
 Department of Agriculture and Food - Schedule to Financial Statements
 Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
5.0	Environment and Food Safety					
5.0.1	Program Support	2,308	-	2,308	1,772	536
5.0.2	Food Chain Traceability					
	- Expense	3,865	-	3,865	2,635	1,230
	- Capital Investment	-	-	-	424	(424)
5.0.3	Agricultural Stewardship					
	- Expense	22,028	-	22,028	21,422	606
	- Capital Investment	200	-	200	462	(262)
5.0.4	Food Safety					
	- Expense	31,201	-	31,201	24,488	6,713
	- Capital Investment	680	-	680	791	(111)
5.0.5	Surveillance Support	15,000	-	15,000	12,009	2,991
5.0.6	Regulatory Services					
	- Expense	7,556	-	7,556	8,720	(1,164)
	- Capital Investment	-	-	-	7	(7)
5.0.7	Irrigation Secretariat	310	-	310	318	(8)
5.0.8	Irrigation Infrastructure Assistance	12,355	-	12,355	15,857	(3,502)
	Total Program	95,503	-	95,503	88,905	6,598

Department - continued
 Department of Agriculture and Food - Schedule to Financial Statements
 Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

	2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments					
6.0 Agriculture Insurance and Lending Assistance					
6.0.1 Lending Assistance	1,989	-	1,989	1,989	-
6.0.2 Farm Income Disaster	-	-	-	(394)	394
6.0.3 Crop Insurance	171,494	-	171,494	108,667	62,827
6.0.4 Wildlife Damage	2,036	-	2,036	4,900	(2,864)
6.0.5 Canadian Agricultural Income Stabilization	139,531	-	139,531	146,654	(7,123)
Total Program	315,050	-	315,050	261,816	53,234
Dedicated Revenue Shortfall (Schedule 2)	-	(1,580)	(1,580)	-	(1,580)
	<u>\$ 574,822</u>	<u>\$ (1,580)</u>	<u>\$ 573,242</u>	<u>\$ 531,692</u>	<u>\$ 41,550</u>
Expense	\$ 548,936	\$ (1,580)	\$ 547,356	\$ 505,740	\$ 41,616
Expense funded by Lotteries	22,220	-	22,220	22,220	-
	571,156	(1,580)	569,576	527,960	41,616
Capital Investment	3,666	-	3,666	3,732	(66)
	<u>\$ 574,822</u>	<u>\$ (1,580)</u>	<u>\$ 573,242</u>	<u>\$ 531,692</u>	<u>\$ 41,550</u>
Statutory Expenses:					
Valuation Adjustments	\$ -	\$ -	\$ -	\$ 2,955	\$ (2,955)

(a) Adjustments include dedicated revenue shortfalls.

Department - **continued**
Department of Agriculture and Food - Schedule to Financial Statements
Salary and Benefits Disclosure for the Year Ended March 31, 2008

Schedule 6
(in thousands)

	2008			2007	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Department					
Deputy Minister ^{(4) (5)}	\$ 216,042	\$ 101,242	\$ 57,975	\$ 375,259	\$ 329,584
Assistant Deputy Ministers					
Planning and Competitiveness	155,340	27,789	40,376	223,505	206,364
Industry Development	161,531	30,655	53,705	245,891	222,158
Environment and Food Safety	161,531	27,499	41,555	230,585	222,069
Organizational Effectiveness and Rural Services	161,531	37,652	42,345	241,528	225,999
Executive Directors					
Information Division	132,243	22,787	33,918	188,948	187,317
Human Resources	129,590	23,432	33,983	187,005	173,587
Senior Financial Officer ⁽⁶⁾	132,243	34,804	33,810	200,857	93,805
Boards and Agencies					
Farmers' Advocate ⁽⁵⁾	132,243	22,787	6,819	161,849	155,190
General Manager, Agricultural Products Marketing Council ⁽⁴⁾	132,243	18,155	36,512	186,910	168,037

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⁾ The position was occupied by two individuals through the year.

⁽⁵⁾ Automobile provided, no dollar amount included in other non-cash benefits.

⁽⁶⁾ Position became a member of Executive Team on October 1, 2006.

Department - **continued**
Department of Agriculture and Food - Schedule to Financial Statements
Related Party Transactions for the Year Ended March 31, 2008

Schedule 7
(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 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	
	2008	2007	2008	2007
Revenues:				
Grants	\$ 226	\$ 240	\$ 22,220	\$ 22,220
Other	-	-	376	313
	<u>\$ 226</u>	<u>\$ 240</u>	<u>\$ 22,596</u>	<u>\$ 22,533</u>
Expenses - Directly Incurred:				
Grants	\$ 261,816	\$ 605,746	\$ -	\$ 158
Other services	-	-	7,343	4,536
	<u>\$ 261,816</u>	<u>\$ 605,746</u>	<u>\$ 7,343</u>	<u>\$ 4,694</u>
Tangible Capital Assets				
Transferred from Advanced Education and Technology	\$ -	\$ -	\$ 800	\$ 801
Transferred from Environment	-	-	118	518
Transferred from Infrastructure and Transportation	-	-	-	212
Transferred to Service Alberta	-	-	-	(8)
Payable to				
Agriculture Financial Services Corporation	26,160	48,188	-	-
Ministry of Advanced Education and Technology	-	-	2,223	588
Receivable from				
Agriculture Financial Services Corporation	226	-	-	-
Ministry of Advanced Education and Technology	-	-	126	-
Ministry of Municipal Housing and Urban Affairs	-	-	2,704	2,777
	<u>\$ 26,386</u>	<u>\$ 48,188</u>	<u>\$ 5,971</u>	<u>\$ 4,888</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	
	2008	2007	2008	2007
Expenses - Incurred by Others:				
Accommodation	\$ -	\$ -	\$ 15,437	\$ 12,955
Legal	-	-	666	693
Service Alberta	-	-	5,038	5,057
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,141</u>	<u>\$ 18,705</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 - continued
 Department of Agriculture and Food - Schedule to Financial Statements
 Allocated Costs for the Year Ended March 31, 2008

Schedule 8
 (in thousands)

Program	2008					2007		
	Expenses ⁽¹⁾	Legal Services ⁽³⁾	Service Alberta ⁽⁴⁾	Vacation Pay	Doubtful Accounts	Guarantees	Total Expenses	Total Expenses
Industry Development	\$ 66,275	\$ 137	\$ -	\$ 286	\$ 2,247	\$ -	\$ 77,134	\$ 50,899
Environment and Food Safety	67,942	217	-	85	(3)	-	73,804	67,967
Planning and Competitiveness	13,336	150	-	13	532	(218)	14,370	13,794
Infrastructure Assistance	19,279	-	-	-	-	-	19,279	50,515
Ministry Support Services	14,101	145	5,038	62	22	-	19,845	19,742
Rural Services	45,706	17	-	(123)	(22)	-	46,229	37,411
Agriculture Assistance								
Income Stabilization	146,654	-	-	-	-	-	146,654	420,888
Insurance and Lending	115,556	-	-	-	-	-	115,556	185,095
Farm Fuel Distribution Allowance	32,828	-	-	-	-	-	32,828	32,446
Farm Income Assistance	(392)	-	-	-	-	-	(392)	(236)
Other Assistance	6,675	-	-	-	-	-	6,675	1,632
	<u>\$ 527,960</u>	<u>\$ 666</u>	<u>\$ 5,038</u>	<u>\$ 323</u>	<u>\$ 2,776</u>	<u>\$ (218)</u>	<u>\$ 551,982</u>	<u>\$ 880,153</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) 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.