

# Department of Agriculture and Forestry

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## Financial Statements

Year Ended March 31, 2016

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## Independent Auditor's Report

To the Minister of Agriculture and Forestry

### Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Agriculture and Forestry, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net debt 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 Agriculture and Forestry as at March 31, 2016, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 2, 2016

Edmonton, Alberta

RESULTS ANALYSIS  
FINANCIAL INFORMATION

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2016

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual (Restated - Note 3)</b>
	<b>(in thousands)</b>		
<b>Revenues (Schedule 1)</b>			
<b>Government Transfers</b>			
Federal Government Grants	\$ 74,671	\$ 87,854	\$ 49,740
Government of Alberta Grants	-	1,593	1,778
Alberta Heritage Savings Trust Fund	-	-	3,050
Timber Rentals and Fees	83,456	21,919	18,325
Premiums, Fees and Licenses	2,232	2,713	2,519
Other Revenue	9,293	11,230	11,557
	<b>169,652</b>	<b>125,309</b>	<b>86,969</b>
<b>Expenses - Directly Incurred (Note 2(b), Schedules 3, 4, and 7)</b>			
<b>Programs</b>			
Ministry Support Services	19,390	19,314	17,200
Agriculture Policy and Economics	16,718	14,354	16,096
Agriculture Environment and Water	54,905	52,919	54,208
Food Safety and Animal Health	47,811	46,338	45,716
Industry Development	109,856	108,126	103,005
Forests	557,297	557,680	311,077
Livestock and Meat Strategy	25,060	23,791	23,936
Agriculture and Food Innovation Endowment Account	-	-	3,058
2013 Alberta Flooding	-	-	630
<b>Agriculture Insurance and Lending Assistance</b>			
Lending Assistance	12,851	12,851	17,667
Insurance	221,008	219,372	207,415
Agriculture Income Support	68,135	46,489	64,696
	<b>1,133,031</b>	<b>1,101,234</b>	<b>864,704</b>
<b>Annual Deficit</b>	<b>\$ (963,379)</b>	<b>\$ (975,925)</b>	<b>\$ (777,735)</b>

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

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	2016	2015 (Restated - Note 3)
	(in thousands)	
<b>Financial Assets</b>		
Cash	\$ 7,643	\$ 6,280
Accounts Receivable (Note 4)	48,983	55,908
	<b>56,626</b>	<b>62,188</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 5)	406,356	125,788
Unearned Revenue	9,447	7,965
Unspent Deferred Capital Contributions (Note 6)	431	1,176
	<b>416,234</b>	<b>134,929</b>
<b>Net Debt</b>	<b>(359,608)</b>	<b>(72,741)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 7)	200,612	195,882
Inventories of Supplies	3,782	4,380
Prepaid Expenses	23	23
	<b>204,417</b>	<b>200,285</b>
<b>Net (Liabilities) Assets Before Deferred Capital Contributions</b>	<b>(155,191)</b>	<b>127,544</b>
Spent Deferred Capital Contributions (Note 6)	2,315	1,771
<b>Net (Liabilities) Assets</b>	<b>\$ (157,506)</b>	<b>\$ 125,773</b>
<b>Net Assets at Beginning of Year</b>	<b>\$ 125,773</b>	<b>\$ 142,134</b>
Adjustments to Net Assets (Note 13)	-	(66)
Annual Deficit	(975,925)	(777,735)
Net Financing Provided from General Revenues	692,646	761,440
<b>Net (Liabilities)/Assets at End of Year</b>	<b>\$ (157,506)</b>	<b>\$ 125,773</b>

Contingent Liabilities and Contractual Obligations (Notes 8 and 9)

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

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31, 2016

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual (Restated - Note 3)</b>
	<b>(in thousands)</b>		
<b>Annual Deficit</b>	\$ (963,379)	\$ (975,925)	\$ (777,735)
Acquisition of Tangible Capital Assets	(21,666)	(19,944)	(27,606)
Amortization of Tangible Capital Assets (Note 7)	18,330	14,595	15,694
Loss on Sale of Tangible Capital Assets	-	36	271
Proceeds on Sale of Tangible Capital Assets	-	85	35
Write-downs of Tangible Capital Assets	-	498	451
Acquisition of Supplies of Inventories	(1,860)	(1,729)	(1,149)
Consumption of Supplies of Inventories	1,860	2,327	673
Change in Prepaid Expenses	-	-	(23)
Change in Spent Deferred Capital Contribution (Note 6)	-	544	333
Net Financing Provided from General Revenue	-	692,646	761,440
<b>Increase in Net Debt</b>		\$ (286,867)	\$ (27,616)
<b>Net Debt at Beginning of Year</b>		(72,741)	(45,125)
<b>Net Debt at End of Year</b>		\$ (359,608)	\$ (72,741)

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

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

	<b>2016</b>	<b>2015 (Restated - Note 3)</b>
	<b>(in thousands)</b>	
<b>Operating Transactions</b>		
Annual Deficit	\$ (975,925)	\$ (777,735)
Non-cash Items Included in Net Operating Results		
Amortization of Tangible Capital Assets (Note 7)	14,595	15,694
Deferred Capital Contribution recognized as Revenue (Note 6)	(481)	(324)
Loss on Disposal of Tangible Capital Assets	534	722
	<b>(961,277)</b>	<b>(761,643)</b>
Decrease (Increase) in Accounts Receivable	6,925	(4,070)
Increase in Prepaid Expenses	-	(23)
Decrease in Inventories of Supplies	598	418
Increase in Accounts Payable and Accrued Liabilities	280,568	28,428
Increase in Unearned Revenue	1,482	1,920
Cash Applied to Operating Transactions	<b>(671,704)</b>	<b>(734,970)</b>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets (Note 7)	(19,944)	(27,606)
Proceeds on Disposal of Tangible Capital Assets	85	35
Cash Applied to Capital Transactions	<b>(19,859)</b>	<b>(27,571)</b>
<b>Financing Transactions</b>		
Contributions Restricted for Capital	280	639
Net Financing Provided from General Revenues	692,646	761,440
Cash Provided by Financing Transactions	<b>692,926</b>	<b>762,079</b>
<b>Increase (Decrease) in Cash</b>	<b>1,363</b>	<b>(462)</b>
<b>Cash at Beginning of Year</b>	<b>6,280</b>	<b>6,742</b>
<b>Cash at End of Year</b>	<b>\$ 7,643</b>	<b>\$ 6,280</b>

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

## Notes to the Financial Statements for the Year Ended March 31, 2016

### Note 1 Authority and Purpose

The Department of Agriculture and Forestry 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. The Department is exempt from income taxes under the *Income Tax Act*.

### 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 Agriculture and Forestry, which is part of the Ministry of Agriculture and Forestry and for which the Minister of Agriculture and Forestry is accountable. Other entities reporting to the Minister are Agriculture Financial Services Corporation, Alberta Livestock and Meat Agency Ltd, and Environmental Protection and Enhancement Fund. 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 President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

#### (b) Basis of Financial Reporting

##### Revenue

All revenues are reported on the accrual basis of accounting.

*Government transfers* - Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue (deferred capital contributions and unearned revenue) if the eligibility criteria of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the department complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

*Unearned Revenue* - Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

*Credit or Recovery* - Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown 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 credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's credit or recovery 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.



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

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

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees 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 not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 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, Accounts Receivable, 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.

### **Financial 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.

Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

Loans are recorded at cost less any discounts and allowance for credit loss.

### **Liabilities**

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

### **Non-Financial Assets**

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets of the department are limited to tangible capital assets, prepaid expenses and inventories of supplies.

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. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.



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

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

Assets acquired by right are not included.

### Measurement Uncertainty

(in thousands)

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

The department's contribution to Agriculture Financial Services Corporation for the department's share of program payments under the AgrilInvest, AgriStability and AgriRecovery programs, recorded as \$46,489 in these financial statements, is subject to measurement uncertainty. The department's contribution for these programs could change substantially in the future, if factors and assumptions considered by management in establishing the estimates were to change significantly.

Estimated indemnities for the current claim year for AgriStability and AgrilInvest program are based on a variety of factors such as number of participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different types of agriculture industry. Based on the above key assumptions and using a statistical model for projections estimated indemnities for the current year would be in the range of \$57,105 to \$71,642.

Estimated indemnities for prior claim years under AgriStability, AgrilInvest and AgriRecovery programs are based on potential payments for claims not yet processed.

### (c) Change in Accounting Policy

A net debt model (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt is measured as the difference between the department's financial assets and liabilities.

A net debt balance indicates the extent of the department's dependence on net financing from the General Revenue fund in order to settle its liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Debt.

### (d) Future Accounting Changes

In June 2015 the Public Sector Accounting Board issued these following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**  
PS 2200 defines a related party and establishes disclosures required for related party transactions; PS3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**  
PS3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3430 Restructuring Transactions (effective April 1, 2018)**  
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

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

### PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard effective April 1, 2019. The department has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

### Note 3 Government Reorganization

(in thousands)

The Department of Environment and Parks transferred responsibilities for Forestry to the Department as a result of restructuring of government ministries announced on May 24, 2015.

Effective April 1, 2015, responsibility for funding the public affairs officer was transferred from the Public Affairs Bureau to the Department where they had previously been seconded.

Effective April 1, 2015, responsibility for the Major Fairs, Edmonton Northlands and Calgary Stampede, program was transferred to the Department of Culture and Tourism.

Comparatives for 2015 have been restated as if the Department had always been assigned with its current responsibilities.

	As Previously Reported	Transfer from Environment and Parks	Transfer from Public Affairs Bureau	Transfer to Culture and Tourism	As Restated
Net Liabilities at March 31, 2014	\$ (10,670)	\$ 152,738	\$ -	\$ -	\$ 142,068
Annual Deficit	(513,980)	(282,820)	(283)	19,348	(777,735)
Net Financing provided from General Revenues	488,042	292,463	283	(19,348)	761,440
<b>Net Liabilities at March 31, 2015</b>	<b>\$ (36,608)</b>	<b>\$ 162,381</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 125,773</b>
<b>Net Debt at March 31, 2014</b>	<b>\$ (39,294)</b>	<b>\$ (5,831)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (45,125)</b>

**Note 4 Accounts Receivable**

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	<b>Gross Amount</b>	<b>2016 Allowance for Doubtful Accounts</b>	<b>Net Realizable Value</b>	<b>2015 Net Realizable Value (Restated - Note 3)</b>
Accounts receivable	\$ 49,036	\$ 264	\$ 48,772	\$ 45,837
Refunds from suppliers	123	-	123	10,068
Loans and Advances	111	23	88	3
	<u>\$ 49,270</u>	<u>\$ 287</u>	<u>\$ 48,983</u>	<u>\$ 55,908</u>

**Note 5 Accounts Payable and Accrued Liabilities**

(in thousands)

	<b>2016</b>	<b>2015 (Restated - Note 3)</b>
Accounts Payable – General	\$ 2,579	\$ 2,033
Manpower	40,157	12,424
Grants	334,450	73,924
Supplies and Services and Capital Purchases	29,170	37,407
	<u>\$ 406,356</u>	<u>\$ 125,788</u>

**Note 6 Deferred Capital Contributions**  
(in thousands)

	<b>2016</b>	<b>2015</b>
Unspent deferred capital contributions (i)	\$ 431	\$ 1,176
Spent deferred capital contributions (ii)	2,315	1,771
	<u>\$ 2,746</u>	<u>\$ 2,947</u>

(i) Unspent deferred capital contributions

	<b>2016</b>				<b>2015</b>
	Government of Alberta	Federal Government	Non- government	Total	Total
Balance, beginning of year	\$ 69	\$ 1,107	\$ -	\$ 1,176	\$ 1,194
Cash contributions received/receivable during year	-	-	280	280	639
Transferred to spent deferred capital contributions	(69)	(687)	(269)	(1,025)	(657)
Balance, end of year	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 11</u>	<u>\$ 431</u>	<u>\$ 1,176</u>

(ii) Spent deferred capital contributions

	<b>2016</b>				<b>2015</b>
	Government of Alberta	Federal Government	Non- government	Total	Total
Balance, beginning of year	\$ 414	\$ 298	\$ 1,059	\$ 1,771	\$ 1,438
Transferred capital assets received/receivable				-	-
Transferred from unspent deferred capital contributions	69	687	269	1,025	657
Less amounts recognized as revenue	(59)	(293)	(129)	(481)	(324)
Balance, end of year	<u>\$ 424</u>	<u>\$ 692</u>	<u>\$ 1,199</u>	<u>\$ 2,315</u>	<u>\$ 1,771</u>

## Note 7 Tangible Capital Assets

(in thousands)

Estimated Useful Life	Buildings	Equipment <sup>(1)</sup>	Computer Hardware and Software	Land Improvement	2016 Total	2015 Total
	40 years	5 - 35 years	3 - 5 years	10 years		(Restated - Note 3)
<b>Historical Cost<sup>(2)</sup></b>						
Beginning of Year	\$ 73,917	\$ 248,328	\$ 46,051	\$ 5,909	\$ 374,205	\$ 343,033
Additions <sup>(3)</sup>	12,947	4,359	2,605	33	19,944	33,650
Disposals, Including Write-downs <sup>(4)</sup>	(4,083)	(2,148)	(1,263)	-	(7,494)	(2,478)
	<u>82,781</u>	<u>250,539</u>	<u>47,393</u>	<u>5,942</u>	<u>386,655</u>	<u>374,205</u>
<b>Accumulated Amortization</b>						
Beginning of Year	17,098	128,491	28,903	3,831	178,323	164,284
Amortization Expense <sup>(4)</sup>	1,351	10,863	773	1,608	14,595	15,694
Effect of Disposals	(3,582)	(2,635)	(658)	-	(6,875)	(1,655)
	<u>14,867</u>	<u>136,719</u>	<u>29,018</u>	<u>5,439</u>	<u>186,043</u>	<u>178,323</u>
<b>Net Book Value at March 31, 2016</b>						
	<u>\$ 67,914</u>	<u>\$ 113,820</u>	<u>\$ 18,375</u>	<u>\$ 503</u>	<u>\$ 200,612</u>	
<b>Net Book Value at March 31, 2015</b>						
	<u>\$ 56,819</u>	<u>\$ 119,837</u>	<u>\$ 17,148</u>	<u>\$ 2,078</u>		<u>\$ 195,882</u>

(1) Equipment includes vehicles, heavy equipment, office equipment and furniture and other equipment.

(2) Historical cost includes work-in-progress at March 31, 2016 totaling \$38,127 comprised of: buildings \$31,558 (2015 - \$21,557); equipment \$2,961 (2015 - \$1,837); computer hardware and software \$3,337 (2015 - \$4,082) and land improvements \$271 (2015 - \$274).

(3) Includes donated tangible capital assets of \$313.

(4) Includes transfer of buildings to Alberta Infrastructure comprised of historical cost of \$0 (2015 - \$66).

## Note 8 Contingent Liabilities

(in thousands)

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

The department has been named in three (2015: three) claims of which the outcome is not determinable. Of these claims, one (2015: one) has a specified amount totaling \$300 (2015: \$300). The remaining two (2015: two) have no amount specified. Two claims are covered in whole by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

## Note 9 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.

	2016	2015 (Restated - Note 3)
Obligations under Operating Leases, Contracts and Programs	<u>\$ 107,381</u>	<u>\$ 122,639</u>
	<u>\$ 107,381</u>	<u>\$ 122,639</u>

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

### Obligations Under Operating Leases, Contracts and Programs

	Total
2016-17	\$ 40,299
2017-18	17,560
2018-19	14,495
2019-20	11,750
2020-21	7,708
Thereafter	15,569
	<u>\$ 107,381</u>

## Note 10 Guarantees

(in thousands)

	2016	2015	Expiry Date
Feeder Associations	<u>\$ 54,847</u>	<u>\$ 54,879</u>	Ongoing
	<u>\$ 54,847</u>	<u>\$ 54,879</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). There are currently no outstanding guarantees under this act.

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.

**Note 11 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.

As at March 31, 2016 trust funds under administration were as follows:

	2016	2015
4-H General Trust	\$ 120	\$ 106
Claude Gallinger Memorial Trust Fund	21	21
Performance Deposit Trust	1,326	1,678
Forests Act Securities General Trust	1,846	1,772
	<u>\$ 3,313</u>	<u>\$ 3,577</u>

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2016	2015
Performance Deposit Trust	\$ 5,361	\$ 4,261
Forests Act Securities General Trust	1,264	1,286
	<u>\$ 6,625</u>	<u>\$ 5,547</u>

**Note 12 Payments Under Agreement**

(in thousands)

The department has entered into agreements to deliver fire emergency services. Costs under these agreements are incurred by the department under the Mutual Aid Resource Sharing Agreement with other government organizations. Accounts receivable includes \$3,744 and accounts payable includes \$151 relating to payments under agreements.

Amounts paid and payable under agreement with other government organizations are as follows:

Canadian Governments	\$ 2,042
United States Governments	3,823
	<u>\$ 5,865</u>

**Note 13 Adjustments to Net Assets**

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2016	2015
Non-Grant Transfer of Tangible Capital Asset from other Government Departments	\$ -	\$ 66
	<u>\$ -</u>	<u>\$ 66</u>



#### **Note 14 Subsequent Events**

In November 2015, the government announced a review of agencies, board and commissions. As a result of the review, announced on April 15, 2016, the Agricultural Development Committee, Agricultural Operation Practices Act Policy Advisory Group, Alberta Farm Safety Advisory Council, Alberta Grains Council, Alberta Livestock and Meat Agency Ltd. and Alberta Next Generation Advisory Council will be dissolved with the relevant functions brought into the department. The impact of this decision cannot be determined at this time.

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#### **Note 15 Benefit Plans**

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$18,429 for the year ended March 31, 2016 (2015 – \$11,592). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of \$299,051 (2014 surplus - \$75,805), the Public Service Pension Plan reported a deficiency of \$133,188 (2014 deficiency - \$803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$16,305 (2014 deficiency - \$17,203).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported an actuarial surplus of \$83,006 (2015 surplus - \$86,888) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$29,246 (2015 surplus - \$32,343). The expense for these two plans is limited to the employer's annual contributions for the year.

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#### **Note 16 Comparative Figures**

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

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#### **Note 17 Approval of the Financial Statements**

The financial statements were approved by the senior financial officer and the deputy minister.

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## DEPARTMENT OF AGRICULTURE AND FORESTRY

## SCHEDULE TO FINANCIAL STATEMENTS

## REVENUES

YEAR ENDED MARCH 31, 2016

	2016		2015
	Budget	Actual	Actual (Restated - Note 3)
	(in thousands)		
Government of Alberta Grants	\$ -	\$ 1,593	\$ 4,828
Federal Government Grants			
BSE Surveillance	1,270	1,023	1,082
Growing Forward	48,909	47,214	42,316
Softwood Lumber Agreement <sup>(1)</sup>	20,000	24,943	412
Other	4,492	14,674	5,930
	<u>74,671</u>	<u>87,854</u>	<u>49,740</u>
Timber Rentals and Fees	<u>83,456</u>	<u>21,919</u>	<u>18,325</u>
Premiums, Fees and Licenses			
Publications	250	234	309
Food Processing Centre Fees	850	873	700
Livestock Water Program	140	83	106
Meat Services	297	327	149
Green Certificate and Home Study	350	570	750
Other	345	626	505
	<u>2,232</u>	<u>2,713</u>	<u>2,519</u>
Other Revenue			
Project Contributions	7,268	4,079	4,520
Rail Hopper Car Revenue	1,000	543	1,999
Refunds of Expenditures Previous Years	-	2,793	686
Surplus Sales	-	57	17
Miscellaneous	1,025	3,758	4,335
	<u>9,293</u>	<u>11,230</u>	<u>11,557</u>
Total Revenues	<u>\$ 169,652</u>	<u>\$ 125,309</u>	<u>\$ 86,969</u>

<sup>(1)</sup> The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of US\$355 the export tax rate is 0 per cent. As the CFLPI falls below US\$355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The department received \$24,943 for the nine month period ended December 31, 2015 (\$412 for the nine month period ended December 31, 2014) and there are no accruals for the three month period ended March 31, 2016 (there were no accruals for the three month period ended March 31, 2015). The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

## DEPARTMENT OF AGRICULTURE AND FORESTRY

## SCHEDULE TO FINANCIAL STATEMENTS

## CREDIT OR RECOVERY

YEAR ENDED MARCH 31, 2016

	2016				
	Authorized	Actual Revenue Recognized	Deferred Revenue (in thousands)	Actual Revenue Received/ Receivable	(Shortfall)/ Excess
<b>Program Operating</b>					
Ministry Support Services	\$ 793	\$ 598	\$ -	\$ 598	\$ (195)
Agriculture Policy and Economics	1,582	1,679	-	1,679	97
Agriculture Environment and Water	14,403	14,426	-	14,426	23
Food Safety and Animal Health	11,771	14,149	-	14,149	2,378
Industry Development	29,215	25,364	-	25,364	(3,851)
Forests	773	1,250	-	1,250	477
	<u>\$ 58,537</u>	<u>\$ 57,466</u>	<u>\$ -</u>	<u>\$ 57,466</u>	<u>\$ (1,071) <sup>(1)</sup></u>
<b>Program Capital Investments</b>					
Ministry Support Services	\$ -	\$ -	\$ -	\$ -	\$ -
Agriculture Policy and Economics	-	-	-	-	-
Agriculture Environment and Water	-	-	-	-	-
Food Safety and Animal Health	-	-	-	-	-
Industry Development	610	-	280	280	(330)
Forests	-	-	-	-	-
	<u>\$ 610</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 280</u>	<u>\$ (330) <sup>(1)</sup></u>

Ministry Support Services credit or recovery initiatives include federal revenue under the Growing Forward Agreement (\$346) fees for sale of publications (\$224) and farm implement dealers' licenses (\$28).

Agriculture Policy and Economics credit or recovery initiatives include federal revenue under the Growing Forward Agreement (\$1,671) and external contributions (\$8).

Agriculture Environment and Water credit or recovery initiatives include federal revenue under the Growing Forward Agreement (\$13,390), fees and contributions for Irrigation and Farm Water Program (\$337), contributions for Environmental Stewardship (\$699).

Food Safety and Animal Health credit or recovery initiatives include federal revenue under the Growing Forward Agreement (\$13,600), fees and contributions for Food Safety and Animal Health (\$549).

Industry Development credit or recovery initiatives include federal revenue under the Growing Forward Agreement (\$18,207), fees and contributions for Research and Extension (\$5,795), Food and Bio Processing (\$1,323) and external contributions to other projects and initiatives (\$39).

Forests credit or recovery initiatives include federal revenue through agreements with the Government of Canada to fund various forestry programs such as the country-wide framework for synthesizing data and reporting on the status of Canadian forests, as well as conducting risk analysis impacts of national significance. Forestry Youth Programs and Hinton Training Centre.

The revenue of each initiative is included in the Statement of Operations.

<sup>(1)</sup> Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 4 to the financial statements.

DEPARTMENT OF AGRICULTURE AND FORESTRY  
SCHEDULE TO FINANCIAL STATEMENTS  
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT  
YEAR ENDED MARCH 31, 2016

	<b>Budget</b>	<b>2016 Actual</b>	<b>2015 Actual (Restated - Note 3)</b>
	(in thousands)		
Salaries, Wages and Employee Benefits	\$ 175,874	\$ 177,388	\$ 176,884
Supplies and Services	123,343	99,335	110,734
Grants	813,624	806,876	560,059
Consumption of Inventory	1,860	2,327	673
Financial Transactions and Other	-	713	660
Amortization of Tangible Capital Assets	18,330	14,595	15,694
	<u>\$ 1,133,031</u>	<u>\$ 1,101,234</u>	<u>\$ 864,704</u>

DEPARTMENT OF AGRICULTURE AND FORESTRYSCHEDULE TO FINANCIAL STATEMENTSLAPSE/ENCUMBRANCEYEAR ENDED MARCH 31, 2016

	Voted Estimate <sup>(1)</sup>	Adjustments <sup>(2)</sup>	Adjusted Voted Estimate (in thousands)	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended)
<b>Program - Operating Expense</b>					
1 Ministry Support Services					
1.1 Minister's Office	\$ 754	\$ -	\$ 754	\$ 722	\$ 32
1.2 Deputy Minister's Office	796	-	796	795	1
1.3 Farmers' Advocate	982	-	982	888	94
1.4 Corporate Services	12,571	-	12,571	12,466	105
1.5 Communications	761	-	761	802	(41)
1.6 Human Resources	2,576	-	2,576	2,459	117
	18,440	-	18,440	18,132	308
2 Agriculture Policy and Economics					
2.1 Alberta Grains Council	273	-	273	201	72
2.2 Marketing Council	970	-	970	979	(9)
2.3 Economics and Competitiveness	4,058	-	4,058	3,752	306
2.4 Policy, Strategy and Intergovernmental Affairs	5,226	-	5,226	4,464	762
2.5 International Marketing and Investment Attraction	4,591	-	4,591	3,709	882
	15,118	-	15,118	13,105	2,013
3 Agriculture Environment and Water					
3.1 Irrigation and Farm Water	12,963	-	12,963	12,630	333
3.2 Environmental Stewardship	22,242	-	22,242	20,598	1,644
	35,205	-	35,205	33,228	1,977

	Voted Estimate <sup>(1)</sup>	Adjustments <sup>(2)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended)
4	Food Safety and Animal Health				
4.1	Animal Health and Assurance	-	11,899	11,961	(62)
4.2	Food Safety and Animal Welfare	-	23,911	24,186	(275)
4.3	Food Chain Traceability	-	5,063	5,709	(646)
4.4	Surveillance Support	-	5,638	3,210	2,428
		-	46,511	45,066	1,445
5	Industry Development				
5.1	Rural Economic Development	-	38,005	40,067	(2,062)
5.2	Research and Extension	-	30,156	27,626	2,530
5.3	Food and Bio-Processing	-	10,833	9,198	1,635
5.4	Major Fairs and Exhibitions	(15,348)	18,140	2,792	-
5.5	Agricultural Service Boards	-	11,600	11,602	(2)
5.6	Agricultural Societies	-	8,670	8,670	-
5.7	Agriculture Initiatives	-	1,450	1,428	22
		(15,348)	118,854	101,383	2,123
6	Agriculture Insurance and Lending Assistance				
6.1	Lending Assistance	-	12,851	12,851	-
6.2	Insurance	-	221,008	219,372	1,636
6.3	Agriculture Income Support	-	68,135	46,488	21,647
		-	301,994	278,711	23,283
7	Forests				
7.1	Wildfire Management	-	472,800	477,440	(4,640)
7.2	Flat Top Complex	-	12,780	8,541	4,239
7.3	Forest Management	-	55,446	56,801	(1,355)
7.4	Forest Industry Development	-	3,081	3,640	(559)
		-	544,107	546,422	(2,315)

Schedule 4 (continued)

	Voted Estimate <sup>(1)</sup>	Adjustments <sup>(2)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended)
8 Livestock and Meat Strategy	25,060	-	25,060	23,791	1,269
9 Agriculture and Food Innovation Endowment Account	-	-	-	-	-
10 2013 Alberta Flooding	-	-	-	-	-
10.1 Flood Recovery Interest Rebates	-	-	-	-	-
Credit or Recovery (Shortfall) (Schedule 2)	-	(1,071)	(1,071)	-	(1,071)
Total	\$ 1,105,289	\$ (16,419)	\$ 1,088,870	\$ 1,059,838	\$ 29,032
<b>Lapse/(Encumbrance)</b>					<b>\$ 29,032</b>
<b>Program - Capital Grants</b>					
3 Agriculture Environment and Water	19,000	-	19,000	19,000	-
3.3 Irrigation Infrastructure Assistance					
5 Industry Development	3,900	-	3,900	3,900	-
5.1 Rural Economic Development					
Total	\$ 22,900	\$ -	\$ 22,900	\$ 22,900	\$ -
<b>Lapse/(Encumbrance)</b>					<b>\$ -</b>
<b>Program - Capital Investment</b>					
1 Ministry Support Services	1,982	-	1,982	1,625	357
1.4 Corporate Services					
1.6 Human Resources	35	-	35	37	(2)
2 Agriculture Policy and Economics	-	-	-	7	(7)
2.3 Economics and Competitiveness					
3 Agriculture Environment and Water	632	-	632	353	279
3.1 Irrigation and Farm Water					
3.2 Environmental Stewardship	54	-	54	56	(2)
4 Food Safety and Animal Health					
4.2 Food Safety and Animal Welfare	385	-	385	468	(83)



	Voted Estimate <sup>(1)</sup>	Adjustments <sup>(2)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over/Expended)
5 Industry Development					
5.1 Rural Economic Development	-	-	-	152	(152)
5.2 Research and Extension	901	-	901	740	161
5.3 Food and Bio-Processing	710	-	710	599	111
7 Forests					
7.1 Wildfire Management	14,867	-	14,867	13,836	1,031
7.2 Flat Top Complex	2,100	-	2,100	1,705	395
7.3 Forest Management	-	-	-	53	(53)
Credit or Recovery (Shortfall) (Schedule 2)	-	(330)	(330)	-	(330)
Total	\$ 21,666	\$ (330)	\$ 21,336	\$ 19,631	\$ 1,705
<b>Lapse/(Encumbrance)</b>					<b>\$ 1,705</b>
<b>Financial Transactions</b>					
7 Forests					
7.1 Wildfire Management	1,860	-	1,860	1,729	131
Total	\$ 1,860	\$ -	\$ 1,860	\$ 1,729	\$ 131
<b>Lapse/(Encumbrance)</b>					<b>\$ 131</b>

<sup>(1)</sup> As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page of 2015-16 Government Estimates.

<sup>(2)</sup> Responsibility for the Major Fairs, Edmonton Northlands and Calgary Stampedo, program was transferred to Culture and Tourism.

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

DEPARTMENT OF AGRICULTURE AND FORESTRYSCHEDULE TO FINANCIAL STATEMENTSLOTTERY FUND ESTIMATESYEAR ENDED MARCH 31, 2016

	<b>2015-16 Lottery Fund Estimates<sup>(1)</sup></b>	<b>2015-16 Actual (in thousands)</b>	<b>Unexpended (Over Expended)</b>
Major Fairs and Exhibitions	\$ 2,792	\$ 2,792	\$ -
Agricultural Service Boards	11,600	11,600	-
Agricultural Societies	8,670	8,670	-
Agriculture Initiatives	<u>1,450</u>	<u>1,429</u>	<u>21</u>
	<u>\$ 24,512</u>	<u>\$ 24,491</u>	<u>\$ 21</u>

This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

- <sup>(1)</sup> Responsibility for the Major Fairs, Edmonton Northlands and Calgary Stampede, program was transferred to Culture and Tourism. The estimates are restated as though the transfer occurred at the beginning of the year.

## DEPARTMENT OF AGRICULTURE AND FORESTRY

## SCHEDULE TO FINANCIAL STATEMENTS

## SALARY AND BENEFITS DISCLOSURE

YEAR ENDED MARCH 31, 2016

	2016			Total	2015
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>		Total (Restated - Note 3)
Department					
Deputy Minister <sup>(4)(5)</sup>	\$ 285,446	6,709	73,944	\$ 366,099	\$ 352,897
Assistant Deputy Ministers					
Agriculture Policy and Economics	\$ 200,647	4,271	54,995	\$ 259,913	\$ 234,922
Industry Development	\$ 180,266	13,919	49,109	\$ 243,294	\$ 227,824
Food Safety and Animal Health	\$ 201,946	-	54,552	\$ 256,498	\$ 241,905
Forests	\$ 201,175	-	56,319	\$ 257,494	\$ 237,502
Executive Directors					
Human Resources	\$ 165,323	-	46,425	\$ 211,748	\$ 204,898
Senior Financial Officer	\$ 165,323	-	27,590	\$ 192,913	\$ 206,540
Extension and Communications <sup>(6)</sup>	\$ 88,051	6,026	26,000	\$ 120,077	\$ -
Boards and Agencies					
Farmers' Advocate	\$ 206,654	-	8,198	\$ 214,852	\$ 208,626
General Manager, Agricultural Products Marketing Council	\$ 137,463	-	39,952	\$ 177,415	\$ 168,199

<sup>(1)</sup> Base salary includes regular salary and earnings such as acting pay.

<sup>(2)</sup> Other cash benefits include vacation payouts, lump sum payments and automobile allowances. There were no bonuses paid in 2016.

<sup>(3)</sup> 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, tuition and professional memberships.

<sup>(4)</sup> Automobile allowance provided through the year, included in Other Cash Benefits.

<sup>(5)</sup> The position was occupied by two individuals at different times during the year.

Occupancy of the position changed October 22, 2015.

<sup>(6)</sup> Position created on August 24, 2015.

## DEPARTMENT OF AGRICULTURE AND FORESTRY

## SCHEDULE TO FINANCIAL STATEMENTS

## RELATED PARTY TRANSACTIONS

YEAR ENDED MARCH 31, 2016  
(in thousands)

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

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences 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	
	2016	2015 (Restated - Note 3)	2016	2015 (Restated - Note 3)
Revenues				
Grants	\$ 927	\$ 912	\$ -	\$ -
Other	-	-	1,247	4,677
	<u>\$ 927</u>	<u>\$ 912</u>	<u>\$ 1,247</u>	<u>\$ 4,677</u>
Expenses - Directly Incurred				
Grants	\$ 696,991	\$ 453,227	\$ 1,481	\$ 2,473
Other services	-	-	4,704	4,592
	<u>\$ 696,991</u>	<u>\$ 453,227</u>	<u>\$ 6,185</u>	<u>\$ 7,065</u>
Tangible Capital Assets Transferred In (Out)				
Ministry of Infrastructure	\$ -	\$ -	\$ -	\$ (66)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66)</u>
Payable to				
Agriculture Financial Services Corporation	\$ 43,785	\$ 66,249	\$ -	\$ -
Alberta Livestock and Meat Agency	3,953	3,085	-	-
Environmental Protection and Enhancement Fund	297,490	13,077	-	-
Ministry of Environment and Parks	-	-	37,978	-
Ministry of Economic Development and Trade	-	-	74	-
Ministry of Advanced Education	-	-	127	832
Ministry of Culture and Tourism	-	-	5	-
	<u>\$ 345,228</u>	<u>\$ 82,411</u>	<u>\$ 38,184</u>	<u>\$ 832</u>
Receivable from				
Agriculture Financial Services Corporation	\$ 520	\$ 514	\$ -	\$ -
Alberta Livestock and Meat Agency	388	479	-	-
Environmental Protection and Enhancement Fund	-	3,553	-	-
Ministry of Environment and Parks	-	-	322	-
Ministry of Economic Development and Trade	-	-	2	-
Ministry of Education	-	-	147	64
Alberta Heritage Savings Trust	-	-	-	3,050
	<u>\$ 908</u>	<u>\$ 4,546</u>	<u>\$ 471</u>	<u>\$ 3,114</u>
Deferred Revenue from				
Agriculture Financial Services Corporation	\$ 424	\$ 484	\$ -	\$ -
Ministry of Advanced Education	-	-	15	85
Ministry of Economic Development and Trade	-	-	107	189
Ministry of Education	-	-	1,049	1,129
	<u>\$ 424</u>	<u>\$ 484</u>	<u>\$ 1,171</u>	<u>\$ 1,403</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	
	2016	2015 (Restated - Note 3)	2016	2015 (Restated - Note 3)
Expenses - Incurred by Others				
Accommodation	\$ -	\$ -	\$ 38,537	\$ 41,795
Legal	-	-	1,180	1,930
Business Services	-	-	5,362	9,157
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,079</u>	<u>\$ 52,882</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 FORESTRY

## SCHEDULE TO FINANCIAL STATEMENTS

## ALLOCATED COSTS

YEAR ENDED MARCH 31, 2016

(in thousands)

2016

Expenses - Incurred by Others

2015

Program	Expenses <sup>(1)</sup>	Accommodation Costs <sup>(2)</sup>	Legal Services <sup>(3)</sup>	Business Services <sup>(4)</sup>	Total Expenses	Total Expenses (Restated - Note 3)
Ministry Support Services	\$ 19,314	\$ 8,767	\$ 205	\$ 5,284	\$ 33,570	\$ 31,958
Agriculture Policy and Economics	14,354	2,879	15	5	17,253	19,522
Agriculture Environment and Water	52,919	3,271	29	7	56,226	57,940
Food Safety and Animal Health	46,338	2,399	252	16	49,005	49,013
Industry Development	108,126	7,219	289	19	115,653	108,264
Forests	557,680	14,002	390	31	572,103	333,487
Livestock and Meat Strategy	23,791	-	-	-	23,791	23,936
Agriculture and Food Innovation						
Endowment Account	-	-	-	-	-	3,058
2013 Alberta Flooding	-	-	-	-	-	630
Agriculture Insurance and Lending Assistance						
Insurance and Lending	232,223	-	-	-	232,223	225,082
Agriculture Income Support	46,489	-	-	-	46,489	64,696
	<u>\$ 1,101,234</u>	<u>\$ 38,537</u>	<u>\$ 1,180</u>	<u>\$ 5,362</u>	<u>\$ 1,146,313</u>	<u>\$ 917,586</u>

<sup>(1)</sup> Expenses - Directly Incurred as per Statements of Operations.

<sup>(2)</sup> Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by budgeted full-time equivalent employment.

<sup>(3)</sup> Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

<sup>(4)</sup> Costs shown for Business Services include charges for IT support, vehicles, air transportation, internal audit services and other services on Schedule 7, allocated by costs in certain programs.