



Financial Statements of

**SASKATCHEWAN
AGRICULTURAL
STABILIZATION FUND**

Year ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly Province of Saskatchewan

We have audited the accompanying financial statements of Saskatchewan Agricultural Stabilization Fund, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net financial assets and cash flows for the year ended March 31, 2015 and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2015 and the results of its operations and changes in its net financial assets and its cash flows for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 20, 2015
Regina, Canada

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Wildlife Damage Compensation Program		The Farm and Ranch Water Infrastructure Program 2013		The Farm and Ranch Water Infrastructure Program 2009		Canada - Saskatchewan Excess Moisture Program		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
FINANCIAL ASSETS										
Cash	\$ 2,155,109	\$ 1,650,794	\$ 21,751,746	\$ 9,598,186	\$ -	\$ 24,609	\$ 67,061	\$ 1,470,642	\$ 23,973,916	\$ 12,744,231
Investments (Note 3)	4,010,011	4,700,000	-	-	-	-	-	-	4,010,011	4,700,000
Due from Government of Canada	3,508,476	1,690,264	-	1,495,820	-	-	-	47,229	3,508,476	3,233,313
Accrued interest and other receivables	34,102	1,435	-	-	-	-	12,379	16,011	46,481	17,446
	\$ 9,707,698	\$ 8,042,493	\$ 21,751,746	\$ 11,094,006	\$ -	\$ 24,609	\$ 79,440	\$ 1,533,882	\$ 31,538,884	\$ 20,694,990
LIABILITIES										
Accounts payable and accrued liabilities	\$ 33,654	\$ 62,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,654	\$ 62,411
Indemnities payable	3,962,824	2,430,976	-	-	-	-	-	-	3,962,824	2,430,976
Grants payable	-	-	979,208	1,208,000	-	-	-	-	979,208	1,208,000
Due to the Saskatchewan Crop Insurance Corporation	1,125,393	592,431	-	-	-	-	-	-	1,125,393	592,431
Due to Province of Saskatchewan - GRF	78,077	77,569	22,087	7,234	-	24,609	79,440	1,533,882	179,604	1,643,294
Due to Government of Canada	-	-	-	-	-	-	-	-	-	-
	5,199,948	3,163,387	1,001,295	1,215,234	-	24,609	79,440	1,533,882	6,280,683	5,937,112
NET FINANCIAL ASSETS										
	\$ 4,507,750	\$ 4,879,106	\$ 20,750,451	\$ 9,878,772	\$ -	\$ -	\$ -	\$ -	\$ 25,258,201	\$ 14,757,878

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	Wildlife Damage Compensation Program		The Farm and Ranch Water Infrastructure Program 2013		The Farm and Ranch Water Infrastructure Program 2009		Canada - Saskatchewan Excess Moisture Program		Saskatchewan Feed & Forage Program 2011		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue												
Interest income	\$ 49,773	\$ 50,916	\$ -	\$ -	\$ -	\$ -	\$ 472	\$ 982	\$ -	\$ -	\$ 50,245	\$ 51,898
Province of Saskatchewan												
- General Revenue Fund grant programs	7,321,492	4,123,068	11,300,000	9,873,120	-	3,238,494	54,443	44,824	-	1,764	18,675,935	17,281,270
Government of Canada	6,758,302	3,805,908	6,050,000	3,495,820	-	-	-	(34,992)	-	-	12,808,302	7,266,736
Other		-	-	-	-	696,714	-	-	-	-	-	696,714
	14,129,567	7,979,892	17,350,000	13,368,940	-	3,935,208	54,915	10,814	-	1,764	31,534,482	25,296,618
Expenses												
Indemnities	14,079,926	7,925,812	-	-	-	-	-	-	-	-	14,079,926	7,925,812
Administration	420,997	574,632	50,578	69,664	-	-	8	554	-	-	471,583	644,850
Grants to producers	-	-	6,427,743	3,420,504	-	-	26,958	10,260	-	1,764	6,454,701	3,432,528
Transfers to the Government of Canada	-	-	-	-	-	-	27,949	-	-	-	27,949	-
Transfers to the Province of Saskatchewan - GRF	-	-	-	-	-	24,609	-	-	-	-	-	24,609
	14,500,923	8,500,444	6,478,321	3,490,168	-	24,609	54,915	10,814	-	1,764	21,034,159	12,027,799
Excess (deficiency) of revenue over expenses for the year	(371,356)	(520,552)	10,871,679	9,878,772	-	3,910,599	-	-	-	-	10,500,323	13,268,819
Net financial assets, beginning of year	4,879,106	5,399,658	9,878,772	-	-	(3,910,599)	-	-	-	-	14,757,878	1,489,059
Net financial assets, end of year	\$ 4,507,750	\$ 4,879,106	\$ 20,750,451	\$ 9,878,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,258,201	\$ 14,757,878

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	Wildlife Damage Compensation Program		The Farm and Ranch Water Infrastructure Program 2013		The Farm and Ranch Water Infrastructure Program 2009		Canada - Saskatchewan Excess Moisture Program		Saskatchewan Feed & Forage Program 2010		Saskatchewan Feed & Forage Progarm 2011		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cash flows from (used in) operating activities:														
Cash receipts from the Government of Canada	\$ 4,940,090	\$ 5,257,264	\$ 7,545,820	\$ 2,000,000	\$ -	\$ -	\$ 19,280	\$ 609,352	\$ -	\$ 17,588	\$ -	\$ -	\$ 12,505,190	\$ 7,884,204
Cash receipts from the General Revenue Fund	7,322,000	4,121,000	11,300,000	9,873,120	-	3,238,494	-	-	-	-	-	1,764	18,622,000	17,234,378
Interest received	17,106	49,377	-	-	-	-	4,104	(15,029)	-	-	-	-	21,210	34,348
Cash paid to the Government of Saskatchewan	-	-	(7,234)	-	(24,609)	26,171	(1,399,999)	-	-	-	-	-	(1,431,842)	26,171
Cash received from Saskatchewan Crop Insurance Corporation	532,962	76,740	-	-	-	-	-	40,850	-	-	-	-	532,962	117,590
Cash paid for administration	(420,997)	(574,632)	(28,491)	(62,430)	-	-	(8)	(554)	-	-	-	-	(449,496)	(637,616)
Cash paid to producers	(12,576,835)	(10,516,104)	(6,656,535)	(2,212,504)	-	(6,026,948)	(26,958)	(14,280)	-	-	-	(1,764)	(19,260,328)	(18,771,600)
Net increase (decrease) in cash and cash equivalents	(185,674)	(1,586,355)	12,153,560	9,598,186	(24,609)	(2,762,283)	(1,403,581)	620,339	-	17,588	-	-	10,539,696	5,887,475
Cash and cash equivalents at beginning of year	6,350,794	7,937,149	9,598,186	-	24,609	2,786,892	1,470,642	850,303	-	(17,588)	-	-	17,444,231	11,556,756
Cash and cash equivalents at end of year	\$ 6,165,120	\$ 6,350,794	\$ 21,751,746	\$ 9,598,186	\$ -	\$ 24,609	\$ 67,061	\$ 1,470,642	\$ -	\$ -	\$ -	\$ -	\$ 27,983,927	\$ 17,444,231
Cash and cash equivalents include:														
Cash	\$ 2,155,109	\$ 1,650,794	\$ 21,751,746	\$ 9,598,186	\$ -	\$ 24,609	\$ 67,061	\$ 1,470,642	\$ -	\$ -	\$ -	\$ -	\$ 23,973,916	\$ 12,744,231
Investments	4,010,011	4,700,000	-	-	-	-	-	-	-	-	-	-	4,010,011	4,700,000
	\$ 6,165,120	\$ 6,350,794	\$ 21,751,746	\$ 9,598,186	\$ -	\$ 24,609	\$ 67,061	\$ 1,470,642	\$ -	\$ -	\$ -	\$ -	\$ 27,983,927	\$ 17,444,231

See accompanying notes to financial statements.

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2015

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) is established under *The Farm Financial Stability Act* (the Act). The Fund generally includes programs established under the Act where the Federal Government has agreed to participate.

The following programs exist within the Fund:

Wildlife Damage Compensation Program:

The Wildlife Damage Compensation and Livestock Predation Prevention Program, referred to as the Wildlife Damage Compensation Program, is administered by the Saskatchewan Crop Insurance Corporation and is the successor program to the Big Game Damage Compensation and the Waterfowl Damage Compensation Programs, which were established in 1996-97 and 1997-98 fiscal years respectively, pursuant to Part IV of the Act. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by big game and waterfowl and predation compensation for the death of livestock or poultry due to predation.

Farm and Ranch Water Infrastructure Program 2013:

The Farm and Ranch Water Infrastructure Program 2013, supports the development of agricultural water infrastructure to increase irrigation capacity, mitigate the impact of drought and promote economic development in rural areas and in the livestock industry.

The program provides support for water infrastructure under four program categories: on-farm, community well, agricultural business development and irrigation district in-fill. The on-farm component is available for farmers, ranchers and First Nation bands. The community well component is available to rural municipalities and First Nation bands. The agricultural business development component is available to intensive livestock operations, intensive horticulture operations, value-added agricultural businesses, non-district irrigators, and First Nations bands. The irrigation district in-fill component is available to irrigation districts. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the federal government.

Farm and Ranch Water Infrastructure Program 2009:

The Farm and Ranch Water Infrastructure Program 2009 provides assistance to develop water infrastructure across the entire province. The

program covers on-farm water supplies and the establishment of wells to serve communities over the long-term. The intent of the program is to help lessen the impact of drought by providing a secure water source for farmers and ranchers. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the federal government. This program was wound down in 2013 and only shows administrative transactions. All remaining outstanding claims under the program were paid out during 2013-14.

Canada-Saskatchewan Excess Moisture Program:

The Canada-Saskatchewan Excess Moisture Program is administered by the Saskatchewan Crop Insurance Corporation. Together, the federal and provincial government provided \$30 per acre to Saskatchewan producers who had land too wet to seed as of June 20, or seeded crop lost because of flooding on or before July 31, in 2010 and 2011. The funding for this program comes from AgriRecovery, which is part of the federal-provincial *Growing Forward* Business Risk Management Suite.

In the event that these programs terminate, any remaining net financial assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the CPA Canada Public Sector Accounting Handbook.

Financial Assets and Liabilities:

Financial assets and liabilities of the Fund include cash, investments, due from the Government of Canada, accrued interest and other receivables, accounts payable and accrued liabilities, indemnities payable, grants payable, due to the Saskatchewan Crop Insurance Corporation, due to the Province of Saskatchewan – GRF, and due to the Government of Canada.

Cash and investments are recorded by the Fund at fair value. All other financial assets and liabilities are recorded at amortized cost.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts that are included in the Consolidated Offset Bank Concentration

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2015

arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts due from the Province of Saskatchewan General Revenue Fund.

Investments:

Investments consist of guaranteed investment certificates and are recorded at fair value. The fair value of investments is based on cost, which approximates fair value due to the short-term nature of these financial instruments.

Revenue Recognition:

Funding received is recognized as revenue once authorized and all eligibility criteria have been met.

The Wildlife Damage Compensation program was funded at 80 per cent coverage, cost shared 60 per cent by the federal government and 40 per cent by the provincial government. On February 19, 2009, coverage was increased to 100 per cent, with the provincial government funding the additional 20 per cent.

The Farm and Ranch Water Infrastructure Program 2013 and 2009 programs are funded by the federal government and by the provincial government under the *Growing Forward* Framework Agreements.

The amount recognized as revenue from the federal government is a percentage of the program eligible expenses.

The return of grant money to the General Revenue Fund is recognized as an expense.

The fund recognizes interest as earned and investment gains and losses when realized.

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The significant item subject to such estimates and assumptions is indemnities payable. Actual results could differ from those estimated.

3. Investments

The Fund's investments are in guaranteed investment certificates for a one-year term maturing June 26, 2015, with an average effective interest rate in 2014-15 of 1.05 per cent (2013-14 – 1.04 per cent).

4. Planned results

	Budget 2014-15	Actual 2014-15	Actual 2013-14
	(\$000)	(\$000)	(\$000)
Revenue			
Wildlife Damage Compensation	\$12,500	\$14,130	\$7,980
Canada-Sask. Excess Moisture Program	---	55	11
Saskatchewan Feed and Forage Program 2011	---	---	2
Farm and Ranch Water Infrastructure 2013	18,000	17,350	13,369
Farm and Ranch Water Infrastructure 2009	---	---	3,935
Expenses			
Wildlife Crop Damage Compensation	12,500	14,501	8,500
Canada-Sask. Excess Moisture Program	---	55	11
Saskatchewan Feed and Forage Program 2011	---	---	2
Farm and Ranch Water Infrastructure 2013	18,000	6,478	3,490
Farm and Ranch Water Infrastructure 2009	---	---	25

The planned results and planned amounts have been derived from the budget approved by the Deputy Minister's Office on February 10, 2014.

5. Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

6. Related party transactions

Included in these financial statements are transactions with various related parties including Saskatchewan Crown corporations, ministries, agencies and boards related to the Fund by virtue of

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2015

common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Wildlife Damage Compensation and Canada- Saskatchewan Excess Moisture programs.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various Ministry appropriations and, therefore, no provision for such costs is reflected in these financial statements.

7. Commitments

Under the Farm and Ranch Water Infrastructure Program 2013, the Fund has committed at March 31, 2015, to provide assistance to applicants for projects to develop water infrastructure totalling \$21,869,000. \$979,208 of this has been reflected as grants payable in these financial statements.