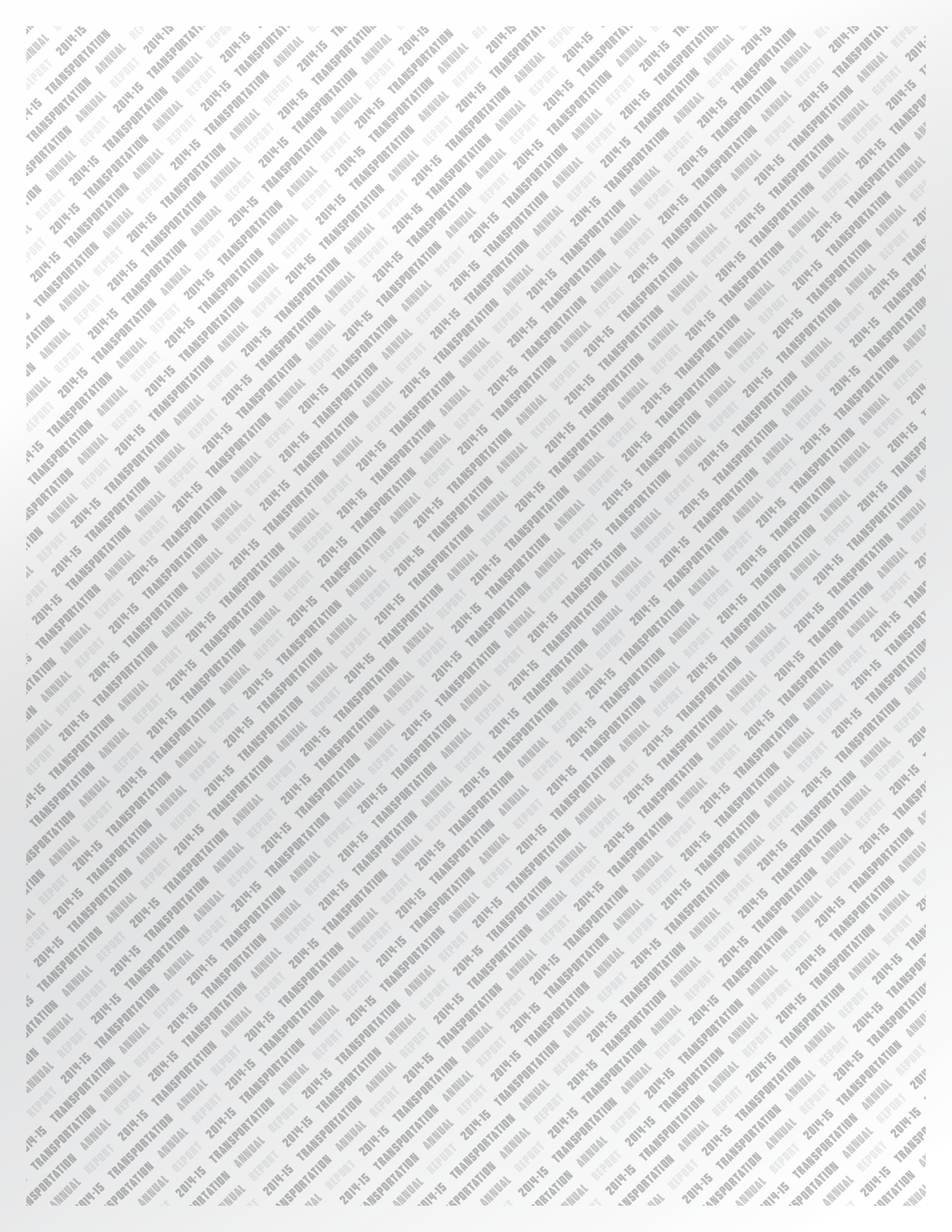


Transportation

Annual Report
2014-2015





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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

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

On September 15, 2014, the government announced new ministry structures. The 2014-15 ministry annual reports and financial statements have been prepared based on the new ministry structure.

This annual report of the Ministry of Transportation contains the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Transportation, and the Alberta Transportation Safety Board for which the Minister is responsible; and**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Message from the Minister

Alberta Transportation is responsible for providing a safe, innovative and sustainable transportation system that supports a strong economy, a high quality of life and a healthy environment for all Albertans. Every day, motorists rely on our network to get them safely across the province and to support economic development by moving goods to local, provincial or national destinations. The following report highlights results achieved by the Ministry of Transportation in the 2014-15 fiscal year.



Looking ahead, Alberta Transportation will continue to meet the challenges of maintaining and expanding our highways, and encouraging expansion of public transit in both our urban and rural areas. We will also continue to work towards supporting safe travel on Alberta's highways.

I look forward to working with local, provincial and cross-provincial stakeholders on projects and policies that make sense for all Albertans. Motorists will see roadwork underway across the province as we continue to improve our highway network for travellers and invest in green transportation projects for future generations.

[Original signed by the Honourable Brian Mason]

The Honourable Brian Mason
Minister of Transportation

Management's Responsibility for Reporting

The Ministry of Transportation includes the Department of Transportation and the Alberta Transportation Safety Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Transportation. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** – goals, performance measures and related targets match those included in the ministry's Budget 2014.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

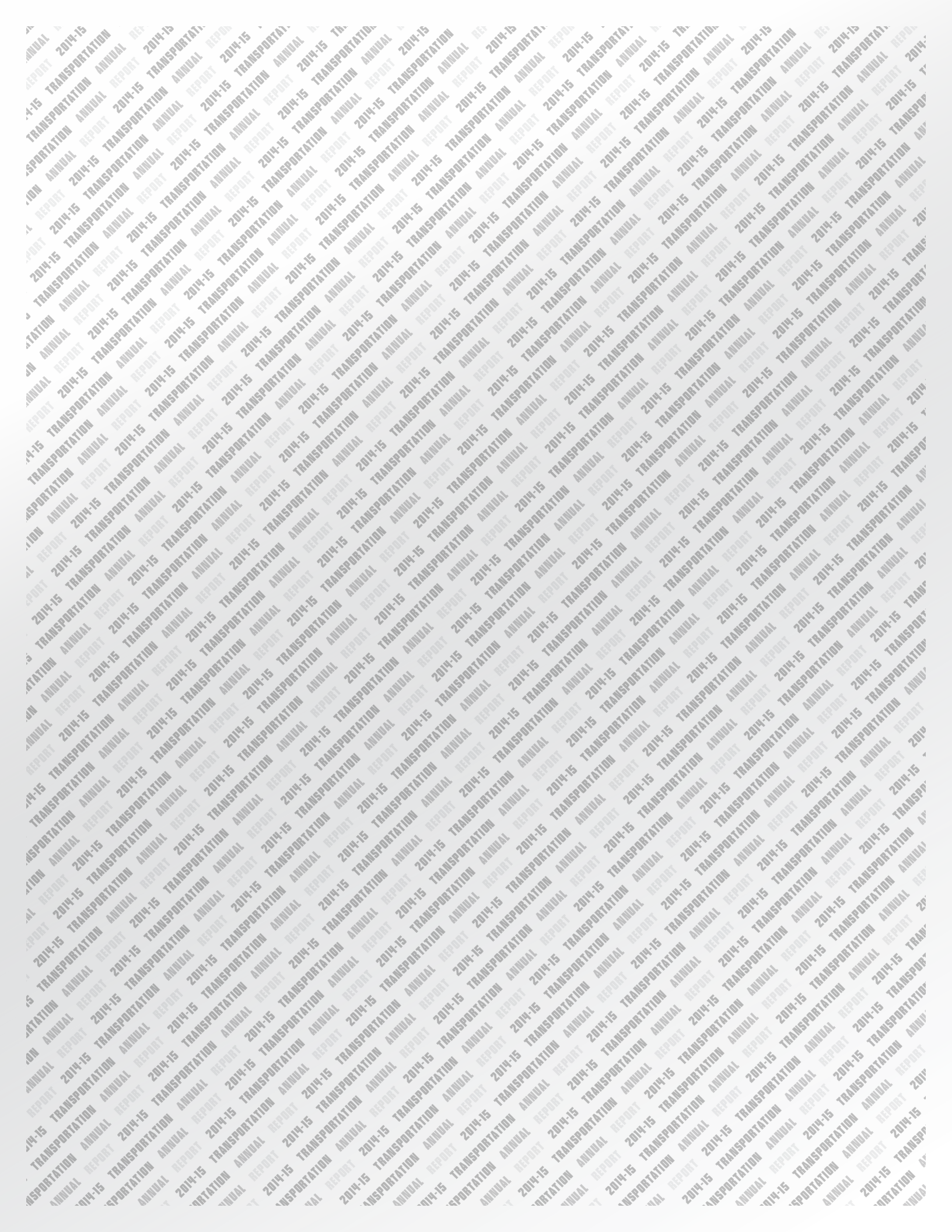
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance and the Minister of Transportation information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Financial Management Act*.

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

[Original signed by Andre Corbould, P.Eng.]

Andre Corbould, P.Eng.
Deputy Minister of Transportation
June 4, 2015

RESULTS ANALYSIS



MINISTRY OVERVIEW

Mandate

Transportation is responsible for providing a safe, innovative and sustainable multi-modal transportation system that supports a strong economy, a high quality of life and a healthy environment for all Albertans.

Alberta's transportation system is intended to support:

- **Economy:** connects Albertans to worldwide markets and enables investment, business, industry, agriculture, tourism and job creation;
- **Society:** promotes transportation options to meet the needs of Albertans and the growing population to connect Albertans to their friends, family, work, schools, health care, recreation and communities throughout the province, and promote safer road users, vehicles and infrastructure;
- **Environment:** supports quality of life in our communities to promote ways to reduce transportation's impact on land, water and air; and
- **Fiscal Framework:** promotes efficiency and affordability.

Key Responsibilities

The Ministry consists of the Department of Transportation and the Alberta Transportation Safety Board which is an independent, quasi-judicial body. The key responsibilities of the department are:

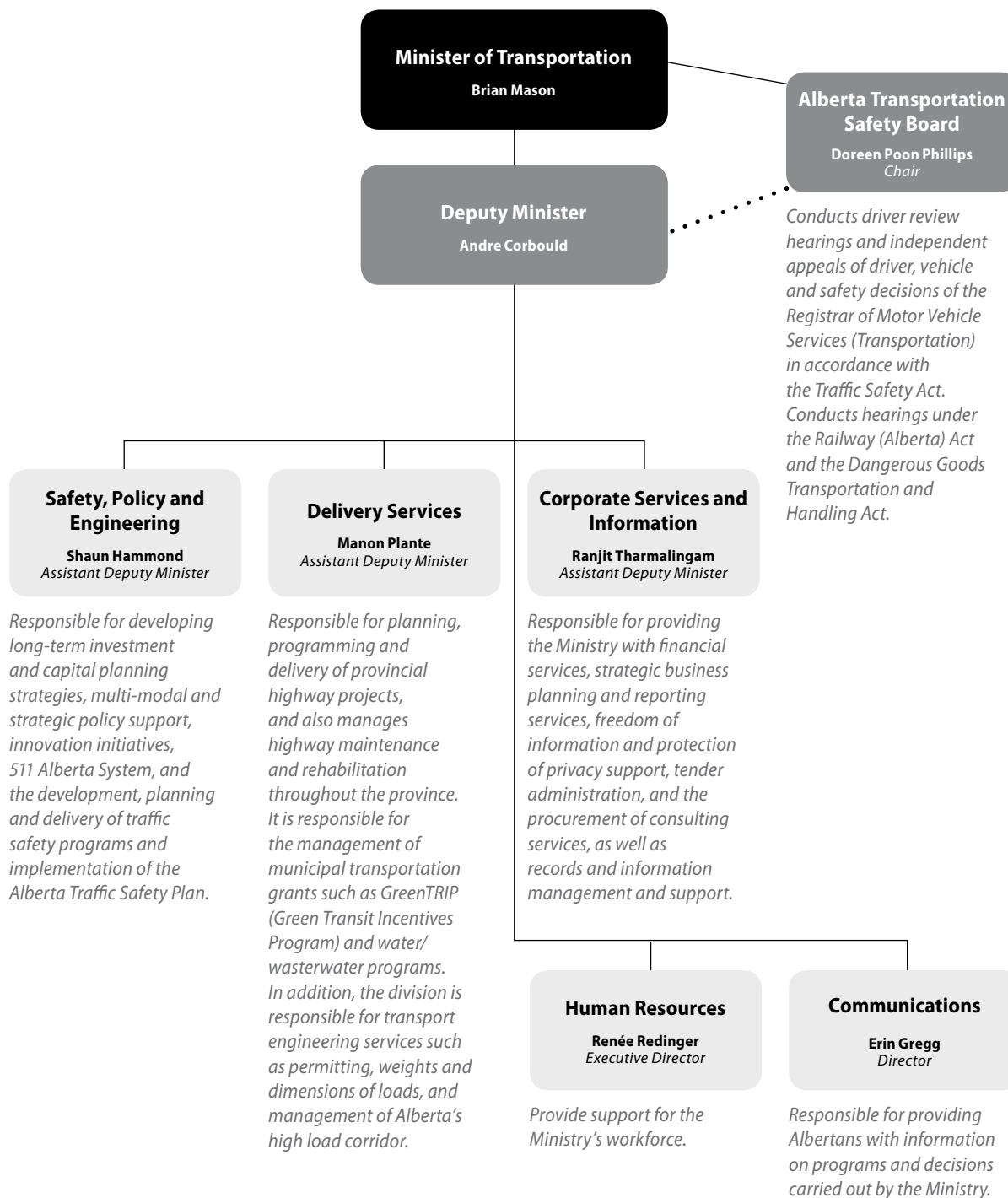
- Lead the development of a well-integrated multi-modal (road-rail-air-port-active-public transit) transportation system for Alberta.
- Lead the planning, construction, operation and preservation of our provincial highway network to connect Alberta's communities, and to support the province's economic prosperity and social growth.
- Develop and implement the Alberta Traffic Safety Plan and operate the Office of Traffic Safety to reduce collisions and promote safer road users, vehicles and infrastructure.
- Manage grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans.
- Design, construct and maintain Alberta's water management infrastructure on behalf of Environment and Parks (formerly Environment and Sustainable Resource Development).
- Promote Alberta's interests in a safe, innovative and sustainable transportation system at all levels of government, national and international trade agreements and regulatory harmonization initiatives.

The Alberta Transportation Safety Board's key responsibilities are to:

- Conduct driver review hearings and independent appeals of driver, vehicle and safety decisions from the Registrar of Motor Vehicle Services in accordance with the principles of natural justice.
- Conduct hearings under the *Railway (Alberta) Act* and the *Dangerous Goods Transportation and Handling Act*.

All decisions of the Alberta Transportation Safety Board are made independently in accordance with governing legislation: the *Traffic Safety Act*, the *Railway (Alberta) Act* and the *Dangerous Goods Transportation and Handling Act*.

Organizational Overview



Review Engagement Report



To the Members of the Legislative Assembly

I reviewed two of five performance measures in the Ministry of Transportation's Annual Report 2014–2015. The reviewed performance measures are the responsibility of the ministry and are prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodologies and results are presented clearly.
- *Comparability*—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goals, performance measures and related targets match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating ministry progress towards the related goals.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by the Office of the Auditor General in the ministry's annual report 2014–2015 are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 21, 2015

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are marked with an asterisk (*) on the Performance Measures Summary Table.

PERFORMANCE MEASURES SUMMARY TABLE

Goals and Performance Measures	Prior Years' Results				Target	Current Actual		
	2010-11	2011-12	2012-13	2013-14	2014-15	2014-15		
Goal 1: A well-integrated, multi-modal transportation system that supports a growing economy								
Performance Measure 1.a	Highway 63 twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel	6.4%	6.4%	22.0%	22.0%	22.0%		
Performance Measure 1.b	Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel	58.5%	70.5%	70.5%	80.6%	80.0%		
Goal 2: Long-term affordability of Alberta's transportation system								
Performance Measure 2.a*	Physical condition of provincial highway surfaces	Good Fair Poor	58.4% 26.7% 14.9%	58.6% 26.8% 14.6%	58.4% 26.4% 15.2%	57.8% 27.1% 15.1%	54.0% 29.5% 16.5%	56.4% 27.5% 16.1%
Goal 3: Support environmental stewardship and the quality of life for all communities								
Performance Measure 3.a*	Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey)‡		N/A	N/A	93.0%	N/A	95.0%	93.0%
Goal 4: A safe transportation system that protects Albertans								
Performance Measure 4.a	Combined fatal and major injury collision rate per 100,000 population		75.3	70.5	68.6	66.6	65.2	66.6

For more detailed information see Performance Measures Methodology section in Appendix A on page 115.

* Indicates Performance Measures that have been reviewed by the Office of the Auditor General. The performance measures indicated with an asterisk were selected for review by Ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal;
- Measures for which new data is available; and
- Measures that have well established methodology.

‡ The Client Satisfaction Survey is completed every two years and measures the satisfaction of municipal partners with the Ministry's service for grant programs.

DISCUSSION AND ANALYSIS OF RESULTS

Goal One: A well-integrated, multi-modal transportation system that supports a growing economy

Alberta's economic growth and increasing population call for a well-integrated transportation network that connects different modes and facilitates economic growth.

Develop a long-term multi-modal Transportation Strategy that supports Albertans' priorities, including competitiveness and sustainability

The development of a long-term multi-modal Transportation Strategy for Alberta continued with the launch of the second phase of public consultation in late April 2014. This phase was conducted online, and provided stakeholders and the general public with the opportunity to review and comment on the draft Strategy. The draft was created based on input obtained during the first phase of public consultations, held in January and February 2014. As development of the Strategy has progressed, Transportation has sought input from all other Government of Alberta ministries. In addition, focus group sessions were held with external stakeholders in January and February 2015 to obtain feedback on the draft goals, actions and milestones that are proposed for the Strategy.

A coordinated, collaborative approach across governments, industry and other transportation stakeholders and partners is critical to the development and successful implementation of the Transportation Strategy. The Strategy will guide decisions on transportation investments, policies and programs over the next 50 years, contributing to the development of an integrated, multi-modal transportation system that supports a growing economy and connected communities. The Strategy is essential to this goal as it will provide the framework for long-term planning which is necessary to prepare for future influences on the transportation system, while supporting a foundation for consultation, consensus building and partnerships.

Complete twinning of Highway 63 between Grassland and Fort McMurray to improve safety and accommodate economic activity

More than 50 of the 240-kilometre Highway 63 twinning project has been completed to date and is open to the public, while a further 188 kilometres is currently under various stages of construction. By fall 2015, 70 per cent of the twinning commitment is expected to be complete, while the remaining 30 per cent will be complete by fall 2016. Highway 63 projects currently under construction include:

- 27 kilometres of base and pave near Wandering River;
- 32 kilometres of base and pave from north of Mariana Lake to south of Horse Creek;
- 20 kilometres of base and pave from north of La Biche River to south of Wandering River;
- 13 kilometres of twinning, which includes grade, base and pave, from north of Highway 55 junction to south of La Biche River;
- 25 kilometres of grade, base and pave from south of Mariana Lake to north of Mariana Lake;

- 32 kilometres of twinning, which includes grade, paving of road and bridges, from south of House River to north of Crow Creek; and
- 37 kilometres of twinning, which includes grade, paving of road and bridges, from south of Horse Creek to north of Hangingstone River.

In 2014-15 \$334.8 million was invested in Highway 63 twinning which is an increase of \$100.6 million over the previous year's investment. When the twinning of Highway 63 between Grassland and Fort McMurray is completed in 2016, Transportation will have invested more than \$1.22 billion toward this section of highway.

Other major transportation projects in the Fort McMurray urban area completed in 2014-15 include the rebuilding of the Steinhauer Bridge as well as work on Confederation Way and Thickwood Boulevard. Additionally, overlay

work continues on sections of Highway 881 and intersection improvements were completed through the Fort McMurray First Nation near Anzac.

The construction of transportation infrastructure in the Regional Municipality of Wood Buffalo and the continued twinning of Highway 63 remain

part of the Ministry's commitment to developing a well-integrated, multi-modal transportation system that supports a growing economy and connected communities. These improvements contribute to the safe and efficient movement of people and goods to and from one of the province's fastest growing and vital economic zones.

Continue construction to complete the Edmonton and Calgary ring roads

Edmonton Ring Road

Substantial gains were made to the northeast section of the Anthony Henday Drive project in 2014-15, including the completion of major pipeline and utility relocations, as well as significant progress on road and bridge construction. This final section of the Edmonton Ring Road, which uses six and eight lanes of traffic was nearly 71 per cent complete as of March 31, 2015. More than \$453 million was contributed to this project by Transportation in 2014-15. Additionally, a 34-year contract was signed with Capital City Link General Partnership to design, build, finance and operate the northeast section of Anthony Henday Drive from Manning Drive to Whitemud Drive and Yellowhead Trail from the North Saskatchewan River to east of Sherwood Drive.

The Edmonton Ring Road (Anthony Henday Drive) is scheduled for completion in 2016. When complete, Transportation will have invested more than \$4 billion toward the construction of the road since the beginning of the project, including \$1.81 billion in the northeast section which includes \$37 million in federal funding. The completion rate for the entire Edmonton Ring Road was 90 per cent at the end of fiscal year 2014-15.

Calgary Ring Road

Transportation invested \$58.5 million in 2014-15, in the construction of the of the Calgary Ring Road (Stoney Trail) which, as of March 31, 2015 was 70 per cent complete. Also, as of March 31, 2015, the remaining 31 kilometres are expected to be built in two sections:

- The Southwest Calgary Ring Road from 69 Street SW to Highway 2A; and
- The West Calgary Ring Road from Highway 1 to 69 Street SW within city limits.

The agreement between the Government of Alberta and the Tsuu T'ina Nation, signed November 2013, secured needed land for the construction of the Southwest Calgary Ring Road. Transportation has worked in conjunction with the City of Calgary, Rocky View County and the Municipal District of Foothills to review functional planning studies and identify any additional land that would need to be acquired, and address issues identified during the functional planning study review. Completed functional planning drawings of the roadway and interchanges, aerial photos of the route and an update on next steps are all available to the public at www.transportation.alberta.ca/804.htm

Nine public information sessions were held in the fall of 2014 about Transportation's plans for the Southwest and West Calgary Ring Road projects. In addition, a number of meetings were held with community association boards in partnership with the City of Calgary to share information and gain an understanding of their concerns and issues with respect to this project. Coordination with the impacted utility companies began in 2014 and a public information session on the utility relocations for the Southwest Calgary Ring Road was held by the utility companies in February 2015. This provided the public an opportunity to obtain information regarding a number of proposed major utility relocations required for the future construction of Sarcee Trail, Glenmore Trail and Stoney Trail, as part of the Southwest Calgary Ring Road project.

Construction of both the Edmonton and Calgary ring roads not only reduces congestion and commute times for those travelling within the province's two major urban centres, but are also essential to the development of a well-integrated, multi-modal

transportation system that supports a growing economy. As keystone pieces of transportation infrastructure, the ring roads enable the connection of Alberta's various economic zones to each other, as well as to urban centres and global markets. Both

cities function as major markets and multi-modal hubs, facilitating industry access to major highways, rail lines and ultimately coastal ports, while also granting the public access to the provincial and national highway networks, including two international airports.

Develop Alberta's strategic corridors

The scope of this priority initiative was enlarged in 2014-15, to include the development of Alberta's high load corridors as well as other strategic routes such as economic corridors.

High Load / Over-dimension Load Corridor Project

Transportation continues to develop the province's high load corridors by:

- Developing stronger northbound lanes and bridges;
- Raising or burying power lines;
- Installing rotatable signal bases;
- Improving staging areas;
- Developing passing / climbing lanes; and
- Improving intersection / roundabout design to accommodate oversized vehicles.

The high load corridor initiative's scope has also been expanded to include the identification, development and long-term management of an over-dimension load corridor system (e.g., height, weight and width).

Transportation initiated a planning study in 2014-15 to explore a holistic and strategic approach to developing an infrastructure network of over-dimension and over-weight load corridor routes. Objectives of this study include developing a capital improvement plan for the short and long-term based on needs and priorities as well as considering the actions necessary to regulate operations and activities related to safety assurance, commercial vehicle credentials and permit administration, roadside operations, freight management, fleet management and vehicle operation.

Economic Corridors

Transportation completed the final section of Highway 43 twinning to Grande Prairie in October 2014 when the remainder of the 20 kilometre new four-lane roadway through the Sturgeon Lake Cree Nation west of Valleyview was opened to the public in September 2014. Additionally, an overlay project was completed

in the fall of 2014 repairing 29 kilometres between Bezanson and the Highway 2 and 43 interchange.

The Highway 43 twinning project represents an investment of \$78 million by Transportation in one of the province's identified critical economic corridors. As part of the CANAMEX Trade Corridor, a 6,000 kilometre network of highways running from Alaska to Mexico, Highway 43 supports growing trade links between Canada, the United States and Mexico. Alberta's portion of CANAMEX stretches 1,175 kilometres from the Alberta-British Columbia border west of Grande Prairie to the Alberta-Montana border at Coutts. In addition to Highway 43, Alberta's portion of CANAMEX includes the southwest portion of Anthony Henday Drive in Edmonton, Deerfoot Trail in Calgary and Highways 16, 2, 3 and 4.

Furthermore, motorists can now enjoy free-flow travel on Highway 1 at Dunmore Road in Medicine Hat with the completion of a new interchange in July 2014. This project allows free-flowing eastbound and westbound traffic on Highway 1 resulting in less congestion, smoother highway traffic and reduced demand on Medicine Hat's roadway infrastructure. Two new bridges constructed as part of this project now carry the TransCanada Highway over Dunmore Road and represent a \$23 million investment by Transportation in another of the province's critical economic corridors. The 7,821 kilometre TransCanada Highway carries traffic through all 10 provinces from the Pacific Ocean to the Atlantic Ocean.

Identification and improvement of roadways most used by commercial and industrial traffic not only supports trade and economic development but also ensures that some of the province's busiest roadways are well maintained and safe. The ongoing development of the province's strategic corridors is key to achieving a well-integrated, multi-modal transportation system that supports a growing economy.

Promote harmonized standards and regulations with partner jurisdictions

Transportation continues to work with other Canadian jurisdictions to establish national standards for monitoring and rating U.S. carriers operating in Canada. Ministry representatives attended the Canadian Council of Motor Transport Administrators' November 2014 meeting in Ottawa and will be attending the June 2015 meeting in Whitehorse to further enhance the province's involvement.

Additionally, the Ministry continues to work on possible cross-provincial harmonization through the New West Partnership (NWP), which reached an agreement on Rocky Mountain double truck and trailer combinations in October 2014. To further help reduce barriers and improve movement between the NWP jurisdictions, effective April 1, 2015 changes to the Vehicle Inspection Regulation will not require residents of British Columbia and Saskatchewan moving to Alberta to have their personal vehicles go through an Out of Province Vehicle Inspection prior to registration if their vehicle is less than four years old or has passed provincial government inspection in the past 90 days. British Columbia and Saskatchewan will grant the same exemption to vehicles registered in Alberta applying for registration in those provinces (kit, custom and homebuilt cars, right-hand drives and rebuilt vehicles will not be exempt).

The Council of Ministers Responsible for Transportation endorsed the following strategic vision for Canada's transportation systems that will drive long-term economic growth and enhance our quality of life: "In 2030, Canada will continue to maintain, promote and enhance safe, competitive,

viable and sustainable transportation networks that enhance economic prosperity and quality of life."

Four federal-provincial-territorial task forces were established to explore elements of this vision and Transportation representatives contributed to the creation of each of the following plans:

- The Value of Transportation to the Economy;
- Integrating Rural, Northern and Remote Regions with Core Transportation Networks;
- Managing Transportation's Impact on the Environment; and
- Transportation Statistics and Policy Issues.

The report by the task force on Transportation and Economy was approved for release by ministers in October, 2014.

It identifies the importance of transportation to supporting economic growth. It recommends that building and maintaining effective transportation systems has substantial benefits. The report also notes that the transportation industry supports hundreds of thousands of Canadian jobs and contributes billions of dollars in gross domestic product across all modes. This task force report is publicly available at: www.comt.ca/english/reports-e.htm

The harmonization of transportation standards and regulations with Alberta's partner jurisdictions, both within Canada and internationally, contributes to a well-integrated, multi-modal transportation system that supports a growing economy by enabling the movement of people and goods throughout the country and across the world.

Measure 1.a – Highway 63 twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel

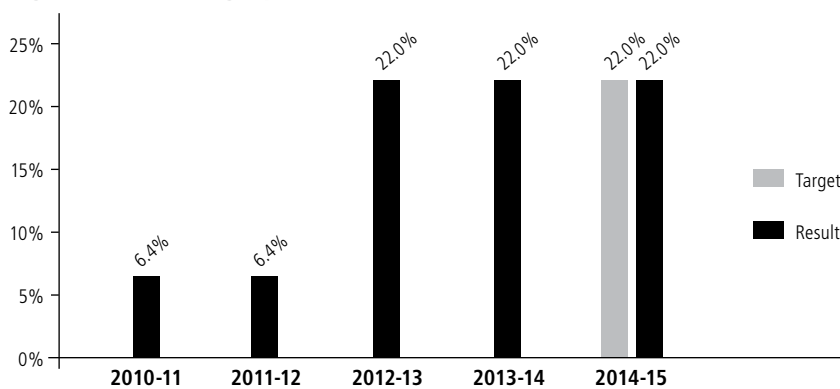
Description: This measure is the percentage of Highway 63 between Grassland and Fort McMurray that is twinned and opened to travel. It consists of approximately 240 kilometres of highway.

Complete twinning of Highway 63 between Grassland and Fort McMurray will improve safety and accommodate economic growth in Northeastern Alberta (see Appendix A on page 115).

Rationale: Highway 63 is an important corridor to Fort McMurray and the Municipality of Wood Buffalo.

Results: At the end of fiscal year 2014-15, 22 per cent of twinned Highway was open to travel.

Percentage of Four-Laning Open to Travel



Measure 1.b – Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel

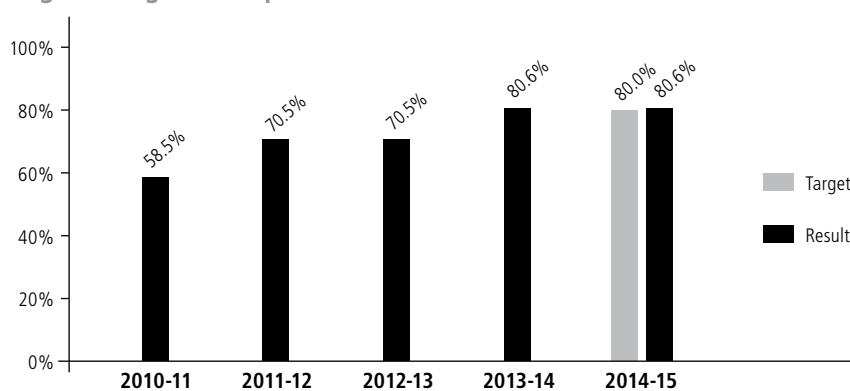
Description: This measure indicates the percentage of ring roads in Edmonton and Calgary open to multi-lane travel. The total corridor length when completed is approximately 100 kilometres in Calgary and 78.4 kilometres in Edmonton.

Besides accommodating traffic growth in the Edmonton and Calgary regions, the ring roads enable the efficient movement of goods and people into and out of the two metropolitan areas as well as around them improving access from the cities to the rest of Alberta and vice versa (see Appendix A on page 115).

Rationale: The development of ring roads around the province’s two major metropolitan areas is of paramount importance to the economic development of the

Results: At the end of fiscal year 2014-15, 80.6 per cent of combined ring road kilometres were open to travel.

Percentage of Ring Roads Open to Travel



Goal Two: Long-term affordability of Alberta's transportation system

The transportation system must be affordable to plan, build, operate and maintain and requires smart investment to ensure it will serve Albertans now and in the future. The provincial transportation network is important as it is a critical component supporting the economic prosperity and social growth of the province. Preservation of transportation infrastructure lengthens its useful life and reduces long-term costs.

Continue to preserve provincial highway infrastructure to protect Alberta's investment

In 2014-15, Transportation completed more than 25 separate highway rehabilitation projects, totalling approximately 426 kilometres throughout the province and initiated an additional nine major rehabilitation

projects. The Ministry invested \$138.6 million (excluding P3 rehabilitation of \$949,000) in highway rehabilitation across the province in 2014-15.

Major highway rehabilitation projects (valued over \$1 million) completed in 2014-15

Highway	Section
2	Highway 49 - north of Highway 683
12	west of Bentley - west of Highway 792
32	4 kilometres north of Highway 748 - 15 kilometres north of Highway 748
32	Highway 43 - 11 kilometres north of Park Access Road 142
43	Highway 2 - 3 kilometres east of Highway 670
43	1 kilometre east of Highway 32 - Town of Whitecourt (westbound lane)
43	1 kilometre east of Highway 32 - Town of Whitecourt (eastbound lane)
44	5 kilometres south of Fawcett Access - Flatbush Access
53	2 kilometres west of Highway 761 - Highway 20
55	Highway 881 - 12 kilometres west of Highway 41
63	Highway 28 (Radway) - 1 kilometre south of Highway 663
566	2 kilometres east of Highway 2 - Highway 9
771	Highway 53 - 11 kilometres north of Highway 53
791	Highway 72 - 5 kilometres south of Highway 575
833	Highway 617 - Highway 14
870	2 kilometres north of Highway 16 - Highway 631
881	south of Anzac - north of Gregoire Lake Estates

Major highway rehabilitation projects (valued over \$1 million) started in 2014 -15

Highway	Section
1	Highway 797 - Town of Strathmore
11	4 kilometres east of Highway 22 - 2 kilometres west of Benalto Access
40	north of Cutbank River - south of Big Mountain Creek
60	Highway 16A - south of Highway 16
582	4 kilometre west of Highway 2A - 1 kilometre east of Highway 2
779	Town of Stony Plain - 1 kilometre north of Highway 16

The goal of Transportation's highway rehabilitation program is to ensure a balanced, equitable and appropriate level of service for the provincial highway network, enabling highways within the province to serve Albertans with the same basic integrity and functionality. Resource allocation and decisions regarding highway rehabilitation are made on the

basis of priority and need. All highways within the provincial network receive the same minimum standards of service regardless of traffic volumes. The provincial highway rehabilitation program is vital to realizing the Ministry's goal of continuing to preserve provincial highway infrastructure in order to protect Alberta's investment.

Continue to preserve provincial bridge and overpass infrastructure to protect Alberta's investment

In 2014-15, Transportation completed 26 bridge replacement projects and initiated another four major bridge rehabilitation projects throughout the province.

The Ministry invested \$33.1 million in bridge construction projects during 2014-15.

Major bridge replacement projects (valued over \$1 million) completed in 2014 -15

Highway	Bridge
1A	Jura Creek Culvert, east of Exshaw
2	Heart River Bridge, 2 kilometres north of Nampa
11	Dry Haven Creek Culvert, 15 kilometres southwest of Nordegg
16A	Atim Creek Culvert, Stony Plain
40	Mason Creek Culvert, Grande Cache
55	Tributary to Beaver River Culvert, 17 kilometres northeast of Goodridge
544	EID Irrigation Canal Bridge, Duchess
682	Hines Creek Culvert, Fairview
813	Wabasca River Bridge, 27 kilometres southeast of Wabasca
870	Iron Creek Bridge, Hardisty

Major bridge rehabilitation projects (valued over \$1 million) completed in 2014 - 15

Highway	Bridge
1X	Bow River Bridge, north Boundary of Seebe
2	Pats Creek Culvert, Town of Peace River
6	Yarrow Creek Bridge, 29 kilometres west of Hill Spring
16A	Highway 779 over Highway 16A Interchange, Stony Plain
547	Highwood River Bridge, 5 kilometres southeast of Okotoks
831	North Saskatchewan River Bridge, 4 kilometres south of Waskatenau

Major bridge rehabilitation projects (valued over \$1 million) started in 2014 - 15

Highway	Bridge
2	50 Street Flyover, northwest boundary of Leduc
66	Highway 66 at Elbow River
88	Peace River Bridge, 8 kilometres northwest of Vermilion
722	Redwillow River Bridge, 18 kilometres south of Beaverlodge

Transportation continues to monitor the current inventory of bridges and culverts on the provincial roadway system. Given that the design life of standard bridges and culverts is 50 years and 75 years for major bridges, it is important that these structures be properly maintained to ensure they reach their full life expectancy. However, many older structures in the inventory were not designed to this level and many existing standard bridges do have expected

service lives closer to 50 years. Bridge maintenance strategies have been developed with an emphasis on maximizing the return on investment for each structure. Therefore, the provincial bridge rehabilitation and replacement programs are additional examples of initiatives which are absolutely critical in realizing the Ministry's goal of continuing to preserve provincial highway infrastructure to protect Alberta's investment.

Employ innovative technology, standards and approaches such as designated highway lane use to reduce costs and to provide and protect the long-term affordability of the transportation system

In 2014-15, Transportation initiated development of an economic model that links economic growth, land use decisions and transportation development. The model is intended to be used to assess the economic impacts of highway investments and quantify strategic policy decisions related to multi-modal transportation systems. The use of innovative and effective planning tools such as this increases Transportation's capacity

to evaluate and compare different construction or rehabilitation projects. This additional layer of analysis will contribute to the Ministry choosing the combination of construction and rehabilitation projects that will result in the best value for taxpayer dollars. The first phase of this work, the development of a base-line spatial economic model, has been completed. Work is now commencing on a three-year

initiative that will see a combined provincial spatial economic model as well as a provincial travel forecasting model being developed.

Additionally, Transportation is reviewing its highway service classification system, with the first phase expected to be completed by fall 2015 and undertaking an over-dimension load corridor project. These two projects will help identify the future core highway network, which is a critical step toward protecting the long-term affordability of the transportation system.

To effectively manage Alberta's assets, the Ministry continues to work on the ongoing development of projects such as reviewing process mapping of asset management functions by the Delivery Services' Asset Management Process Mapping Group. Additionally, the Transportation Association of Canada is undertaking the development of a synthesis of asset management

best practices for Canada, which will assist in the Ministry's development of process maps and a framework. The Ministry is a member of the project study steering committee for this national study.

Transportation has coordinated and compiled a recommendation submission for the federal government's *Canada Transportation Act (CTA)* which was submitted at the end of December 2014. The *CTA* is vital legislation for ensuring the reliability, safety and competitiveness of Canada's transportation system. Continuous research is being conducted in areas concerning the development of strategic investment options and innovative financing. The development of standards, processes and tools supporting asset management best practices is another important contributing factor to ensuring the long-term affordability of Alberta's transportation system.

Continue expansion of the automated permitting Transportation Routing and Vehicle Information Multi-Jurisdictional (TRAVIS MJ) system across municipalities throughout Alberta

The Transportation Routing and Vehicle Information System Multi-Jurisdictional (TRAVIS MJ) is a web based system that processes and issues provincial and municipal permits for overweight and over dimensioned vehicles. TRAVIS MJ routing automatically checks specific route and vehicle information to ensure that the highways and bridges on the intended route are adequate and safe for the movement of the oversized vehicle, with minimal damage to the infrastructure. This process has significantly reduced wait times for the industry while also reducing the number of manual errors where permits were issued with incorrect or restricted routes.

On April 1, 2014, a new permit fee structure to close the gap between fee revenues and maintenance costs was implemented. The new fee structure bases the fees on the distance actually travelled rather than "as the crow flies." The fees for a single trip overweight permit will increase by 10 per cent in the 2015-16 fiscal year, and every year for the next five years. The fee increase in 2014-15 was approximately five per cent.

As of March 31, 2015, 280 of the 344 Alberta municipalities have joined as TRAVIS MJ users. Of those who have joined, 178 have entered into fee sharing agreements with the province which allocate permit fee revenue amongst the municipalities and the provincial government based on distance travelled on local roads. The Ministry is working with the remaining municipalities and encouraging them to join the initiative.

There were 232,000 permits issued in 2014-15 generating total premiums, fees and licence revenues of approximately \$32.1 million. This amount includes revenues related to Overweight/Over-dimensional Vehicles, TRAVIS Multi-Jurisdictional (MJ), High Load Corridor and Operating Authority Certificates. Of the \$32.1 million, \$2.4 million of TRAVIS MJ fees were collected by the Ministry on behalf of municipalities and reimbursed to the municipalities. The TRAVIS MJ system is a valuable tool that serves to share the cost of roadway maintenance among those who use the roads; and is therefore an important initiative contributing to the long-term affordability of Alberta's transportation system.

Measure 2.a – Physical condition of provincial highway surfaces

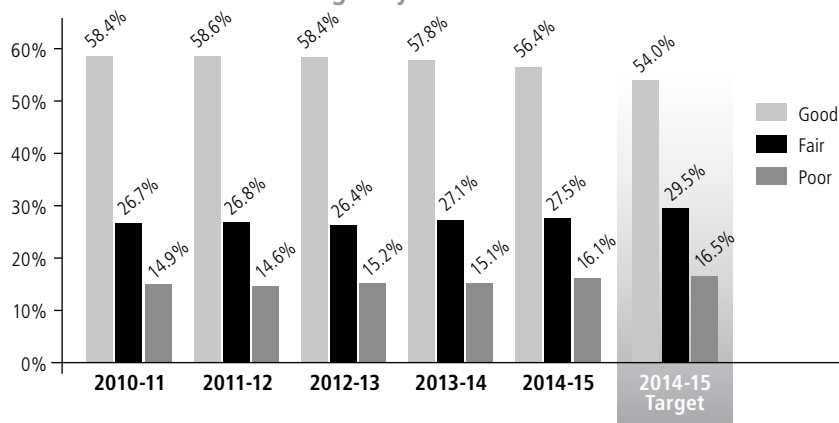
Description: This measure defines the percentage of the paved highway network that is in good, fair, or poor condition. The International Roughness Index is used to measure the roughness of roads and is used as a sole measurement to categorize overall physical condition. The segments in poor and fair condition are those that require attention now or in the future.

Rationale: The measure is used to assess and sustain the quality of the paved highway network, in support of efficient movement of commuter, business, commercial, and pleasure traffic. The preservation of pavement quality through regular rehabilitation reduces the total life cycle cost of the highway system, improving return on investment for Albertans

(see Appendix A on page 115).

Results: In 2014-15, 56.4 per cent of the paved highways were in good condition compared to the target of 54.0 per cent; 27.5 per cent of the paved highways were in fair condition compared to the target of 29.5 per cent; 16.1 per cent of the paved highways were in poor condition compared to the target of 16.5 per cent. The government recognizes that the provincial highway system is critical to the economic prosperity and social growth of the province. Therefore, the government continued to invest in highway repaving and innovative solutions to maintain the percentage of highways in good and fair condition under increased traffic flows.

Physical Condition of Provincial Highway Surfaces



Goal Three: Support environmental stewardship and the quality of life for all communities

Initiatives support quality of life for Albertans and help reduce carbon emissions that contribute to environmental stewardship objectives.

Administer grant funding programs, including GreenTRIP, to support municipal transportation

Transportation is committed to investing in municipal projects that encourage and support economic growth within Alberta, and improving transportation safety and quality of life in our communities. The Green Transit Incentives Program (GreenTRIP)

allows communities to access funding to assist with purchasing transit vehicles and technology, building transit terminals and making expansions in areas such as light rail transit (LRT). The purpose of this program is to encourage municipalities to identify and address

their local transit needs and foster the development of innovative and sustainable projects. Noteworthy GreenTRIP projects that the Ministry supported in 2014-15 are:

- Calgary's west LRT extension to the southwest quadrant of the city; including six new LRT stations and the purchase of new LRT vehicles for the extended rail network.
- The City of Leduc / Leduc County's Inter-municipal bus services purchased new buses for the C-line which services Leduc, Nisku, the Edmonton International Airport and Century Park station in south Edmonton. The city and county also invested in community feeder buses (express vehicles) and constructed a new transit garage for maintenance.
- The ongoing construction of Strathcona County's Bethel Transit Terminal which will service more than 5,000 daily passengers. The new terminal includes a 1,200 vehicle parking lot, a passenger pick up / drop off area and pedestrian and bicycle access areas. The expansion will make it easier for more residents to use the services and promotes the municipality as a vibrant and desirable place to live. To date, the Ministry has assisted this project with \$13.6 million in GreenTRIP funding.

Since the start of the GreenTRIP program in 2010 \$787.6 million of the \$2 billion funding available has been provided to municipalities. \$208.5 million was delivered to local governments in fiscal year 2014-15 alone.

Effective in 2014, the administration of the Basic Municipal Transportation Grant (BMTG) was transferred from Transportation to Municipal Affairs. However, Transportation continued working with and providing funding to municipalities for projects which were approved during and prior to 2013.

The Alberta Municipal Infrastructure Program (AMIP) assisted municipalities in developing capital municipal infrastructure to maintain and enhance economic, social and cultural opportunities and well-being by providing \$103,000 in funding in 2014-15. AMIP is a short-term funding program, started in 2005 and ending in 2015. The types of projects funded by this program include municipal roads, bridges, public transit vehicles and facilities, water and wastewater systems and facilities, storm drainage systems and facilities, emergency service vehicles and facilities and infrastructure management system software.

Channelling transportation related funding to municipalities allows communities to have a larger degree of autonomy over how their transportation infrastructure dollars are spent. It also encourages the design and execution of projects that best serve the needs of Albertans living in those communities which supports a high quality of life throughout the province. In addition, building incentives into grant programs such as GreenTRIP enhances the degree of environmental stewardship related to transportation projects across the province.

Identify transportation initiatives to advance energy efficiencies as a component of the government's *Climate Change Strategy*

Transportation continued efforts to reduce emissions and improve energy efficiencies related to the Ministry's operations and encouraged Albertans to take similar actions. The Ministry developed a framework that will be applied to all practices listed in the Transportation Association of Canada's Guide for Greener Roads. The framework considers both environmental and energy efficiency costs and benefits. The use of these practices will lead to improved energy efficiencies and reduced greenhouse gas emissions. A re-launch of the team working on the Greening Transportation project was initiated, with the

framework being used to guide the team's practices moving forward.

The Ministry has been working in collaboration with Environment and Parks (formerly Environment and Sustainable Resource Development) to develop and implement a Wetland Habitat Compensation Banking program. The Ministry has developed a number of management tools to facilitate the design of constructed wetlands as well as the monitoring and assessment of completed wetlands. Any wetland area not related to the compensation requirements

for a project is included in the program bank as credits for use on other future projects within the same watershed.

As part of the legislative process, Transportation initiated an Environmental Impact Assessment (EIA) for the proposed Springbank Off-Stream Reservoir project. If approved, this flood mitigation project located just west of Calgary, would divert extreme flood flow from the Elbow River into a dry pond where it would be held temporarily and gradually released back into the Elbow River. This project would provide flood protection to the City of Calgary. If the Government of Alberta decides to move forward with the project, once the EIA report that examines the environmental

and socio-economic effects of the project is completed, it will form part of the application to the Natural Resources Conservation Board for their review of the project.

The above mentioned initiatives are central to incorporating environmentally sustainable processes into the Ministry's planning, with a focus on energy conservation and sustainable development. Also, the regular execution of an EIA is necessary in reducing the environmental footprint associated with both current and upcoming projects. These projects significantly contribute to advancing environmental stewardship and energy efficiencies related to the construction of transportation infrastructure.

Promote and enhance the Traveller Information Portal (511 Alberta) that provides drivers with accurate and real time information on travel conditions

511 Alberta is the official Government of Alberta traveller information portal. A recent 511 Alberta survey indicated satisfaction ratings for users close to 90 per cent. Transportation remains committed to enhancing the 511 Alberta website landing page and mobile version to improve the overall end-user experience. Improvements made to the 511 Alberta system during 2014-15 include:

- **Snowplow Tracker:** An in-house developed snowplow tracker website was designed and is currently in the testing stage of development. It is expected to go live on the 511 Alberta site in fall 2015.
- **New City of Calgary Cameras:** 17 new cameras located on the Deerfoot Trail and Stoney Trail were added to the 511 Alberta website camera network. The addition of these cameras is significant because Deerfoot Trail and Stoney Trail are the most utilized stretches of roadway within the province. The additional cameras on these roadways allow 511 Alberta to evaluate the surface conditions, weather, congestion levels and the presence or absence of incidents along the route. Albertans are using the cameras to assist their decision-making regarding travel and choosing alternate routes where appropriate. This helps to improve traffic flow in this area by diverting drivers from trouble spots.

- **New Road Weather Information System (RWIS) Station Cameras:** Four new RWIS stations/cameras were added to the 511 Alberta camera network; two on Highway 63 in Fort McMurray, one on Highway 58 near Rainbow Lake and one on Highway 88 near Fort Vermilion. The new RWIS stations/cameras serve a dual function, as both weather stations and capturing images of our highways. They collect information in relation to air temperature, pavement temperature, wind speed, wind direction, relative humidity and precipitation types and volume. This information plays a vital role in Transportation's highway maintenance program and is used by the Ministry's maintenance contractors for winter road maintenance. The 511 Alberta portal ensures that vital information is made available to the public, resulting in informed traveller decision-making.
- **Increased Roadway Reporting in National Parks:** New road segments were added to the 511 Alberta website in Jasper and Banff National Parks while a similar project is ongoing for Waterton Lakes National Park, which is expected to be completed in summer, 2015.
- **511 Mobile Application enhancements:** The 511 Alberta mobile application, available for both Android and iPhone (iSO), allows users to check

road condition, was further expanded in 2014-15. The enhancements allow users access to features previously only available on the desktop version of 511 Alberta's website.

- **Southern Alberta Advisory Email Alert Program:** This pilot program launched in February 2015 covers highway and weather events for the southwest region of Alberta, with particular emphasis on the Crowsnest Pass area. Trucking companies or other interested parties sign up to receive an email alert from 511 Alberta whenever an event occurs that may impact their ability to safely move their fleet in this geographical area. This program affords significant savings to industry and allows them to reschedule or redirect their fleets to avoid problem areas.
- **GPS Tracking of Oversized Loads:** 511 Alberta has, in consultation with the over-sized load carriers, assisted in implementing change in the permitting process. What began as a pilot project in 2014 will be expanded province-wide. All over-sized loads travelling within Alberta and meeting certain criteria (loads travelling at night, off the high load corridor or requiring road closures, lifting of power lines and/or traffic accommodation plan) must provide 511 Alberta their vehicle GPS information so their movements can be tracked and represented in

real time on the 511 Alberta website. More than 700 houses are moved throughout the province each year. Beginning in June 2015, carriers must notify the 511 Alberta Operations Centre of all such moves (meeting certain criteria) outlining the origin, destination, route plan and schedule. These changes to the permitting process allow 511 Alberta to provide invaluable advance and real time planning information to industry and the general public alike.

In April 2015, the Canadian Wireless Telecommunications Association recognized 511 Alberta for its contribution to society at an event to honour outstanding organizations that have partnered with Canada's wireless industry to improve the lives of Canadians. 511 Mobile was one of five Alberta-based initiatives recognized for the 2015 Connected to the Community award. The 511 Alberta service provides 24/7 official information on highway conditions, roadwork, major incidents, weather alerts, availability of ferry crossings, snowplow activity and wait times at border crossings. Recognition such as this confirms that the 511 Alberta program is essential to Transportation contributing to a high quality of life in all communities throughout the province.

Provide funding, through the Alberta Municipal Water / Wastewater Partnership program and the Water for Life program, to assist municipalities with the provision of water supply, water treatment, and wastewater treatment and disposal facilities

Transportation continues to offer funding to important municipal projects through the Alberta Municipal Water / Wastewater Partnership (AMWWP) and the Water for Life program. Eligible municipalities and regional commissions may apply for grants to support the construction of water supply and treatment services as well as wastewater treatment and disposal facilities. These programs ensure access to potable water supplies and wastewater treatment are available to Albertans, supporting a high quality of life in communities across the province. In 2014-15, \$55.8 million was invested through the Water for Life program supporting 34 new regional water

infrastructure projects. An additional \$26.3 million, provided through the AMWWP initiative, assisted 44 stand-alone water infrastructure projects in communities across the province.

A few notable projects funded by these programs include:

- The Drayton Valley Water Treatment Plant;
- Phase I of the Pigeon Lake Regional Wastewater System; and
- Phase II of the South Red Deer Regional Wastewater System.

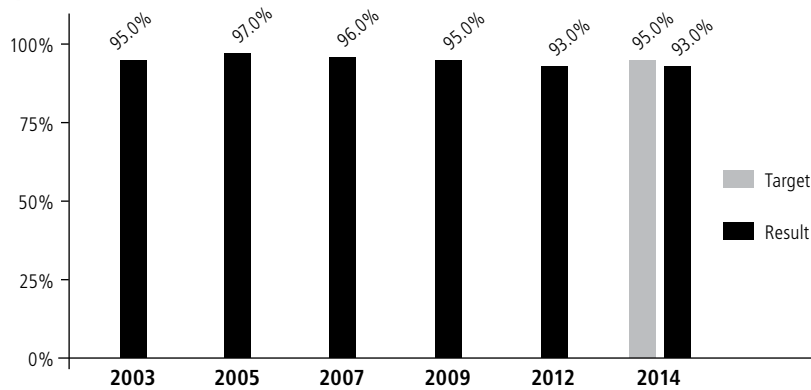
Measure 3.a – Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey)

Description: The measure represents the percentage of municipal partners satisfied with the overall quality of services provided by the Ministry in the administration of grant programs. Respondents rate their satisfaction on a scale of 1 to 6 (1 being very unsatisfied and 6 being very satisfied). Results include all those clients who indicated they were “somewhat satisfied”, “satisfied”, or “very satisfied”. The survey is administered every two years to allow the Ministry sufficient time to develop and implement strategies that address survey findings.

Rationale: The Ministry is committed to service excellence and strives to develop an environment where partners consistently experience positive outcomes when interacting with the Ministry. Results of the survey allow the Ministry to continually improve its services to municipalities (see Appendix A on page 116).

Results: In 2014, municipal client satisfaction was 93 per cent, which is the same as the 2012 result of 93 per cent. On average, the results are accurate within plus or minus 5.5 per cent, 19 times out of 20. The level of client satisfaction for all services remains high, and can most likely be attributed to that Municipal Grant Programs remained unchanged.

Municipal Client Satisfaction ‡



‡ The Client Satisfaction Survey is completed every two years and measures the satisfaction of municipal partners with the Ministry’s service for grant programs.

Goal Four: A safe transportation system that protects Albertans

Eliminating high risk vehicle operation and improving driver behavior saves lives. Transportation understands that it is important to promote safe driving that will protect families and individuals and ensure a transportation system that protects communities and improves the overall prosperity of the province.

Work with law enforcement and other government agencies, municipalities, emergency responders and other partners to enhance early response systems and ensure the safe transportation of dangerous goods through communities and identify and strengthen critical highway infrastructure, to keep communities connected, reduce the impact of future disasters, and decrease associated recovery times and costs

Enhance Emergency Preparedness and Management

The Ministry enhanced emergency preparedness through the establishment of dedicated emergency management training and increased resources dedicated to ensuring ongoing efficient coordination with provincial efforts led by the Alberta Emergency Management Authority (AEMA) during an emergency. Further supporting emergency management training and readiness, Ministry staff participated in a government-wide Emergency Management Exercise in early 2015. The Ministry also enhanced its coordination with the AEMA Provincial Operations Centre in response to the spring 2014 flooding. The Ministry continues to support emergency management through operation of the 24/7 Coordination and Information Centre for highway and rail incidents.

Dangerous Goods

Transportation proactively focused on ways to improve the safe transportation of dangerous goods throughout the province. The Ministry has increased its commitment in this area by creating a Dangerous Goods Incident Support Plan. Other key actions taken by the Ministry related to dangerous goods transportation in 2014-15 include:

- Participated in provincial and federal initiatives and working groups specific to Dangerous Goods and Rail Safety;
- Conducted industry and association presentations and information sessions;
- Presented at the Highway Tank Industry Conference;
- Trained and designated law enforcement partners as on-highway inspectors;
- Participated in over 30 federal and provincial

highway compliance check stops aimed at ensuring the compliant and safe transportation of dangerous goods; and

- Maintained the continued operation of the 24/7 operation of the Coordination and Information Centre (CIC), which provides information and technical advice, in addition to assistance during emergency response incidents.

Flood Recovery and Mitigation

In November 2014, the Ministry allocated \$800,000 to proactively mitigate future flood damage. These funds helped to enhance the Sheep River Bridge on Highway 22 included intensive fortification to make the river banks bigger, stronger and wider in order to direct future flood waters under the bridge without damaging the approach or the bridge itself. The Ministry invested \$21.2 million for expanded flood mitigation work on transportation infrastructure damaged by the June 2013 floods, and to protect other roads and bridges against future flood damage. In addition, \$14.7 million was committed to flood mitigation for water and wastewater infrastructure. Flood mitigation projects that were completed in 2014 include:

- Permanent repairs and strengthening of the damaged east abutment along the Elbow River at Highway 8;
- Replacement of the flood-damaged round metal culvert at Jura Creek and Highway 1A in Exshaw, with a concrete box culvert for better water flow and debris removal; and
- Invested \$2.1 million in flood repair work on Highway 547 and the Bow River Bridge.

Implement traffic safety strategies in support of the Traffic Safety Plan 2015 and successor plans to reduce collisions, injuries and fatalities on Alberta roadways

Transportation continued to implement its Community Mobilization Strategy as a fundamental component of the Alberta Traffic Safety Plan (TSP) 2015. Key elements of the strategy involved 14 Regional Traffic Safety Consultants positioned across the province to engage stakeholders and provide public education and awareness to interested groups such as Aboriginal populations, youth, seniors, new immigrants, and business and industry. In addition, more than 75 traffic safety partners supported the priorities of TSP 2015 by collaborating and coordinating local efforts in traffic safety. The Alberta Traffic Safety Fund was also instrumental in enhancing community capacity by supporting stakeholder involvement in awareness, training and community engagement projects within communities.

The Safer System strategies implemented under TSP 2015 have been successful. There were 22 per cent fewer traffic fatalities in Alberta during 2013 compared to 2007, when the first TSP was introduced. Collision injuries also decreased by 24 per cent. Since 2007, the three year rolling average rate of combined fatal and major injury collisions has decreased from 91.5 to 66.6 collisions per 100,000 population in 2013. These reductions were seen despite Alberta's population increase of nearly 15 per cent, vehicle registration increases of 19 per cent and 14 per cent more drivers over this time period. During 2014-15, the three year average combined fatal and major

injury collision rate per 100,000 population was 66.6, which remains steady with the 2013 level. The "plateauing" of casualty rates (measure 4.a) suggests that innovation and fresh interventions are needed in the next Traffic Safety Plan.

The Ministry consulted with key traffic safety stakeholders across the province to gather feedback for the next iteration of Alberta's Transportation Safety Plan (TSP 2020), expected to be released in 2016. Stakeholders included municipalities, enforcement, other Government of Alberta ministries, industry groups and universities. Stakeholders had the opportunity to discuss Alberta's bold new vision for transportation safety which will be introduced in the TSP 2020: moving toward zero deaths and serious injuries on Alberta's roads (Vision Zero). Partner feedback will be combined with research, best practices as well as current Ministry priorities to identify core initiatives and priority safety issues in the TSP 2020. These new strategies are critical to the mission of "saving lives on Alberta's highways."

The implementation of traffic safety strategies in support of the Traffic Safety Plan 2015 and successor plans has been a key component of the Ministry's approach to reducing collisions, injuries and fatalities on Alberta roads. The policies and programs associated with all iterations of the TSP are essential to the Ministry's goal of maintaining a safe transportation system that protects Albertans.

Continue to develop phased amendments to the *Traffic Safety Act* and regulations to enhance the safety of transportation system users

Transportation continues to regularly review the *Traffic Safety Act* and its regulations. All amendments introduced in the *Enhancing Safety on Alberta Roads Act* have now been proclaimed and are in force, including:

- Subsection 2(15) of the *Enhancing Safety on Alberta Roads Act* was proclaimed in force. Subsection 2(15) amends s. 107 of the *Traffic Safety Act* by granting municipalities the authority to modify the period

set out in regulations during which playground speed limits are in effect.

- The Use of Highway and Rules of the Road Regulation was amended to make the period during which playground speed limits are in effect subject to any municipal bylaw made under s. 107 of the *Traffic Safety Act*. Playground speed limits were made effective seven days of the week.

- The Vehicle Inspection Regulation was amended to exempt the sales of used motor vehicles by public auction from the requirement for a mechanical fitness assessment.

Ministries have been asked for input into potential additional amendments to the *Traffic Safety Act*. Consultation sessions that were also held with the public and key industry partners who would be most interested in and impacted by changes to regulations currently under review. Stakeholder groups included representation from:

- Enforcement;
- Traffic safety partners;
- Driver training industry (including licensed driver training schools and instructors, certified employee training agencies and instructors, senior driving instructors);

- Driver examiners;
- Airport industry (including airport authorities, airport associations, airlines, municipalities); and
- Carrier industry (including truck and bus carriers, drivers, municipalities, related associations).

The continued review and development of phased amendments to the *Traffic Safety Act* and regulations to enhance the safety of transportation system users is a priority for the Ministry. It is critical to Transportation's role in influencing transportation safety in Alberta. The evolution of the *Traffic Safety Act* and enforcement of traffic regulations are therefore essential to the Ministry's goal of maintaining a safe transportation system that protects Albertans.

Investigate and implement appropriate innovative technologies that promote an intelligent and safe transportation system

In a continuous effort to provide the most innovative technologies to serve Albertans, Transportation invested and implemented numerous Intelligent Transportation Systems (ITS) initiatives. Among these initiatives the most notable include:

- Providing funding toward innovative and applied engineering research;
- Enhancing data sharing collaborations with the University of Alberta;
- Enhancing and expanding the functionality of the 511 Alberta service;
- Enhancing winter ITS technologies such as Road Weather Information System;
- Maintenance Decision Support System and Automated Vehicle Location System to support the maintenance forces in carrying out proactive treatments of the roadways more efficiently prior to and during inclement weather events;
- Working collaboratively with major city centres to develop and implement measures that will mitigate and minimize traffic incidents and congestion on provincial urban Highway corridors such as the two ring roads and Highway 63; and
- Launching the ACTIVE-AURORA project: the first connected vehicle (CV) test bed network in Canada.

The ACTIVE-AURORA project will provide real-world test beds for connected vehicles, combined with laboratory settings, where conditions can be customized to simulate various situations. CVs use wireless mobile devices in cars or trucks to exchange information in real time with road-side infrastructure like traffic lights or message signs and with other vehicles. These facilities offer state-of-the-art learning opportunities, which will strengthen Alberta's research advantage by attracting world-class researchers to test and evaluate new connected vehicle technology and mentoring the next generation of transportation experts.

The ACTIVE-AURORA project is comprised of:

- Two learning centres and affiliated laboratory test beds: one at the University of Alberta and one at the University of British Columbia; and
- Three on-road CV test beds: two in Edmonton and one in Vancouver.
 - Edmonton test beds locations include one site located on Anthony Henday Drive and another located on Whitemud Drive and Yellowhead Trail.
 - The University of British Columbia campus will form the Vancouver test bed.

Annually, the Minister of Transportation presents the Minister's Award for Transportation Innovation which acknowledges individuals or teams in Alberta's transportation industry that have demonstrated excellence in one of the following categories: construction, design, environmental, safety or operational innovation. This celebrated award is part of Transportation's ongoing partnership with the Consulting Engineers of Alberta, the Alberta Roadbuilders and Heavy Construction Association, the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties.

The five winning projects in 2014 involved 18 organizations based in Athabasca County, Stony Plain, Calgary and Lethbridge County. This year's winners are:

- **Construction Innovation:** "Centripipe" is a new spray-on technology used to strengthen and provide a longer lifespan for culverts (Martech, Osco, Carillion, AP/M Permaform and Transportation).
- **Design Innovation:** A test project using calcium chloride to stabilize pavement surfaces, resulting in a better ride for motorists, improved safety and reduced maintenance costs and dust (Lethbridge County, WSP, LVR Consultants, Oxford Inc., RM Equipment and Sandpoint Services).

- **Environmental Innovation:** An environmental remediation project to convert a former highway maintenance yard into an Emergency Medical Services Ambulance Station (1630 Projects Limited, Alberta Infrastructure, Parkland County, Alberta Health Services, the Town of Stony Plain and Transportation).
- **Safety Innovation:** The Springbank Road Off-Stream Storage Project which could be implemented to divert major flood flows from the Elbow River to protect Calgary and the Elbow River valley (Amec Foster Wheeler PLC and Transportation).
- **Operational Innovation:** The use of 3D-Laser and LiDAR (Light Detection and Ranging) Technology to automate pavement surface data collection resulting in faster, more accurate information and enhanced safety by removing the need for staff and contractors to manually collect data (Tetra Tech and Transportation).

The Ministry's support of industry-driven innovations, such as this year's award winning projects, and applied transportation research by post-secondary institutions, is key to achieving Transportation's goal of promoting safe driving that will protect families and individuals and ensure a transportation system that protects communities and improves the overall prosperity of the province.

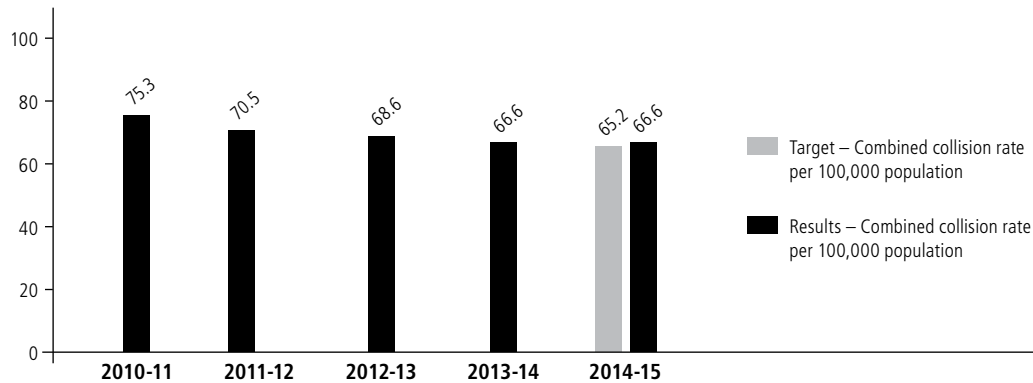
Measure 4.a – Combined fatal and major injury collision rate per 100,000 population

Description: This measure describes the three year rolling average number of the combined fatal and major injury collisions as a rate per 100,000 population.

Rationale: To continue efforts to reduce the number and severity of traffic collisions on Alberta's roads, the Ministry monitors the combined fatal and major injury collision rate per 100,000 population (see Appendix A on page 116).

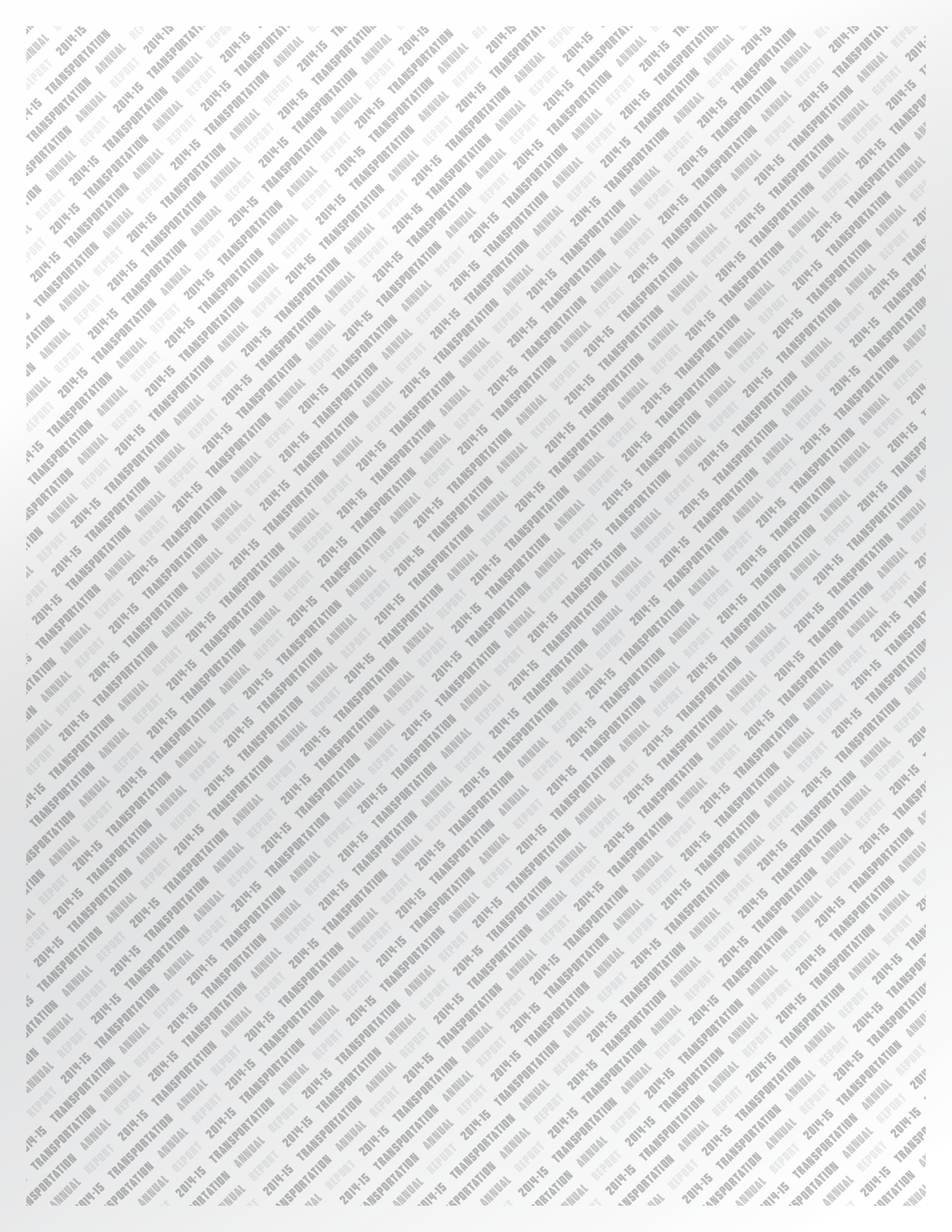
Results: During the 2014-15 reporting period, there were 2,777 combined fatal and major injury collisions reported in the province of Alberta. Alberta's population as of July 1, 2014, as reported by Statistics Canada, was 4,121,692 (Statistics Canada Catalogue no. 91-215-X). The three year average combined fatal and major injury collision rate per 100,000 population was 66.6. This is above the target of 65.2.

Combined Fatal and Major Injury Collision Rate



FINANCIAL INFORMATION

Financial Statements for the year ended March 31, 2015



Ministry of Transportation Consolidated Financial Statements

For the year ended March 31, 2015

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Independent Auditor's Report



To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Transportation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Transportation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2015

Edmonton, Alberta

**MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2015**

	2015		2014
	Constructed Budget (Schedule 3)	Actual (in thousands)	Actual (Restated Note 3)
Revenues (Schedule 1)			
Government Transfers - Federal Grants (Note 8)	\$ 22,392	\$ 23,919	\$ 20,297
Premiums, Fees and Licences	29,400	34,014	30,084
Other Revenue	15,076	27,256	22,296
	<u>66,868</u>	<u>85,189</u>	<u>72,677</u>
Expenses - Directly Incurred (Note 2(b) and Schedule 7) Program (Schedule 2)			
Ministry Support Services	30,404	32,038	29,365
Program Services and Support	30,233	24,595	29,072
Traffic Safety Services	32,296	31,313	27,299
Alberta Transportation Safety Board	2,472	1,609	1,791
Provincial Highway Maintenance and Preservation	939,471	962,816	943,071
Northeast Alberta Strategic Projects	30,850	61,653	-
Capital for Emergent Projects Grant Programs	-	6,600	-
Municipal Transportation Grant Programs	264,800	213,818	229,033
Municipal Water Infrastructure Grant Programs	75,000	82,084	78,858
Federal Grant Programs	-	-	167
2013 Alberta Flooding: Non Disaster Recovery Program	5,800	6,497	8,671
Debt Servicing	71,922	71,922	65,564
	<u>1,483,248</u>	<u>1,494,945</u>	<u>1,412,891</u>
Net Operating Results	<u>\$ (1,416,380)</u>	<u>\$ (1,409,756)</u>	<u>\$ (1,340,214)</u>

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

**MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015**

	2015	2014
	<i>(Restated Note 3)</i>	
	<i>(in thousands)</i>	
ASSETS		
Cash and Cash Equivalents	\$ 410	\$ 544
Accounts Receivable and Advances (Note 4)	67,144	46,316
Inventories	16,388	16,881
Tangible Assets Held for Transfer (Note 5)	183,983	170,540
Tangible Capital Assets (Note 6)	17,102,636	16,249,507
	<u>\$ 17,370,561</u>	<u>\$ 16,483,788</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 182,728	\$ 297,217
Holdbacks Payable	63,530	62,414
Deferred Revenue (Note 7)	1,100,679	1,030,468
Liabilities under Public Private Partnerships (Note 9)	1,964,879	1,804,677
Liabilities for Contaminated Sites (Note 10)	3,405	3,536
	<u>\$ 3,315,221</u>	<u>\$ 3,198,312</u>
NET ASSETS		
Net Assets at Beginning of Year	\$ 13,285,476	\$ 12,393,399
Less: Adjustment to opening net assets (Note 2(b))	-	(11,723)
Net Operating Results	(1,409,756)	(1,340,214)
Net Financing Provided from General Revenues	2,179,620	2,244,014
Net Assets at End of Year	<u>14,055,340</u>	<u>13,285,476</u>
	<u>\$ 17,370,561</u>	<u>\$ 16,483,788</u>

Contractual obligations and contingent liabilities (Notes 11 and 12)

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

MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF CASH FLOWS
As at March 31, 2015

	2015	2014
	<i>(Restated Note 3)</i>	
	<i>(in thousands)</i>	
Operating Transactions		
Net Operating Results	\$ (1,409,756)	\$ (1,340,214)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	510,505	479,855
(Gain) on Disposal of Tangible Capital Assets	(78)	(86)
Non-Cash Adjustment	4,265	2,253
Deferred Capital Contribution recognized as Revenue	(26,335)	(24,038)
Grants in Kind	61,653	17,851
Donated and Contributed Tangible Capital Assets	(16,604)	(7,674)
Valuation Adjustments	(12)	(211)
	<u>(876,361)</u>	<u>(872,264)</u>
Changes in Working Capital		
(Increase) Decrease in Accounts Receivable	(14,128)	(856)
Increase(Decrease) in Accounts Payable and Accrued Liabilities	(114,494)	(378,505)
Increase(Decrease) in Holdbacks Payable	1,117	18,740
Increase (Decrease) in Deferred Revenue (Note 7)	(1,524)	2,980
Cash Applied to Operating Transactions	<u>(1,005,391)</u>	<u>(1,229,905)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,144,035)	(1,051,133)
Purchase of Inventories	(50,106)	(49,351)
Transfer of Tangible Capital Assets to Other Government Entities ^(a)	7,270	10,022
Proceeds from Disposal of Tangible Capital Assets	81	126
Cash Applied to Capital and Inventory Transactions	<u>(1,186,790)</u>	<u>(1,090,336)</u>
Financing Transactions		
Repayment of Obligations under Public Private Partnerships	(26,943)	(23,391)
Contribution Restricted for Capital	98,070	99,671
Net Financing Provided from General Revenues ^(b)	<u>2,120,920</u>	<u>2,244,014</u>
Cash Provided by Financing Transactions	<u>2,192,047</u>	<u>2,320,294</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(134)</u>	<u>53</u>
Cash and Cash Equivalents, Beginning of Year	<u>544</u>	<u>491</u>
Cash and Cash Equivalents, End of Year	<u>\$ 410</u>	<u>\$ 544</u>

(a) Capital asset book value of \$6.928 Million and \$0.342 Million were transferred to the Departments of Environment and Sustainable Resource Development and Infrastructure respectively.

(b) Net Financing Provided from General Revenues in the statement of Financial Position includes a non-cash amount of \$58,700 related to land exchange (Note 2(e)).

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

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015**

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Transportation (the Ministry) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry consists of the Department of Transportation and the Alberta Transportation Safety Board. The Department of Transportation:

- Lead the development of a well-integrated multi-modal (road-rail-air-port-active-public transit) transportation system for Alberta.
- Lead the planning, construction and preservation of our provincial highway network to connect Alberta's communities, and to support the province's economic prosperity and social growth.
- Develop and implement the Alberta Traffic Safety Plan and operate the Office of Traffic Safety to reduce collisions and promote safer road users, vehicles, and infrastructure.
- Manage grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans.
- Design, construct and maintain Alberta's water management infrastructure on behalf of Alberta Environment and Sustainable Resource Development.
- Promote Alberta's interests in a safe, innovative and sustainable transportation system at all levels of government, national and international trade agreements and regulatory harmonization initiatives.

The Alberta Transportation Safety Board:

- Conducts driver review hearings and independent appeals of driver, vehicle and safety decisions from the Registrar of Motor Vehicle Services in accordance with the principles of natural justice.
- Conducts hearings under the Railway (Alberta) Act.

All decisions of the Alberta Transportation Safety Board are made independently in accordance with governing legislation: the *Traffic Safety Act* and the *Railway (Alberta) Act*.

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**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 and Method of Consolidation

The reporting entity is the Ministry of Transportation for which the Minister of Transportation is accountable. The accounts of the Ministry of Transportation are fully consolidated with the Department of Transportation and the Alberta Transportation Safety Board on a line-by-line basis with the accounting policies described below. Revenue and expense transactions, capital, investing and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated. 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 (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

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 deferred revenue.

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 if the terms of the transfer, or the stipulations together with the Ministry's actions and communications as to the use of transfers create a liability.

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

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

Capital Contributions and Donations

Restricted capital contributions or donations are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Donations are received from individuals, corporations, and private sector not-for-profit organizations. In kind donations of services and materials are recorded at fair value when such value can reasonably be determined.

Expenses

Directly Incurred

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

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

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions 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.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
 - grants are recognized as expenses when authorized, eligibility criteria, if any are met and a reasonable estimate of the amounts can be made;
 - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
 - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 6 and allocated to programs in Schedule 7.

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

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 Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories consist of consumables (i.e. salt, sand and gravel) for the delivery of highway transportation programs and are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. 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 in use.

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

Disposal of capital assets for nominal sum, often referred to as nominal sum disposal grants, are reported at the book value of the asset.

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.

Public Private Partnership (P3)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Ministry accounts for P3 projects in accordance with the substance of the underlying agreements.

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

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

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Adjustment to Opening Net Assets

In 2014, the Ministry corrected prior year's error by reducing tangible capital assets by \$11,723 and decreased the opening net assets at April 1, 2013 by the same amount.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

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

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Ministry adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Ministry recognizes a liability related to the remediation of such contaminated sites subject to certain recognition criteria.

(d) 2013 Alberta Flooding
(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provide financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Department of Municipal Affairs recognizes DRP expenses on an accrual basis when the Government of Alberta issued its Order in Council on June 25, 2013. These expenses are net of recoveries from insurance and other third parties.

Also, the Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2015	2014
Expenses – 2013 Alberta Flooding		
• Non Disaster Recovery Program Expense	\$ 6,497	8,671
	<u>\$ 6,497</u>	<u>8,671</u>

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(e) Fort McMurray Land Exchange
(in thousands)

The Fort McMurray land exchange is valued at the fair value of the assets exchanged.

The Province has entered into an agreement with the Regional Municipality of Wood Buffalo under which the Province will transfer land assets to the region in exchange for the region providing highway improvements and other services to the Province. The Ministry of Infrastructure holds the land that is exchanged under the agreement. The Ministry of Transportation receives the highway improvements to provincial highways and supports the highway improvements within the Regional Municipality of Wood Buffalo. While the transaction is governed under one agreement, each of the ministries of Infrastructure and Transportation recognize their respective portions of the agreement. Transactions recorded by the ministries in 2014-15 and the net effect of the agreement to government at March 31, 2015 are as follows:

	Ministry	(Gain) / Grant in Kind	Inter-Ministry Receivable / (Payable)	Receivable / (Payable)	Capital Asset Acquisition / (Disposal)	Cash
Land transferred	Infrastructure	\$ (65,400)	\$ 65,400	\$ -	\$ -	\$ -
Highway Improvements	Transportation	61,653	(65,400)	8,700	3,747	(8,700)
Net Balance		\$ (3,747)	\$ -	\$ 8,700	\$ 3,747	\$ (8,700)

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 3 PROGRAM TRANSFER
(in thousands)

The Federal Gas Tax Fund and the Building Canada Fund – Communities Component programs were transferred from the Ministry of Transportation to the Department of Municipal Affairs as a result of an approval in October 2013. Comparatives for 2014 have been restated as if the Ministry had always been assigned with its current responsibilities. Net assets (liabilities) on March 31, 2013 are made up as follows:

	As Previously Reported	Transfer to Municipal Affairs	As Restated
Liabilities			
Deferred revenue	\$ 1,036,127	\$ (5,659)	\$ 1,030,468
Revenues			
Government Transfers - Federal Grants	\$ 224,418	\$ (204,121)	\$ 20,297
Expenses			
Municipal Transportation Grant Programs	\$ 477,947	\$ (248,914)	\$ 229,033
Federal Grant Programs	213,092	(212,925)	167
Net Operating Results	\$ (1,597,932)	\$ 257,718	\$ (1,340,214)
Net Assets			
Net Assets at March 31, 2013	\$ 12,387,740	\$ 5,659	\$ 12,393,399
Less: Adjustments to opening net assets	(11,723)	-	(11,723)
Net Operating Result	(1,597,932)	257,718	(1,340,214)
Net Financing Provided from General Revenues	2,501,732	(257,718)	2,244,014
Net Assets at March 31, 2014	<u>\$ 13,279,817</u>	<u>\$ 5,659</u>	<u>\$ 13,285,476</u>

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 4 ACCOUNTS RECEIVABLE AND ADVANCES

(in thousands)

Accounts receivable and advances are \$67,140 (2014 - \$46,309) and \$4 (2014 - \$7) respectively. The details of accounts receivable are as follows:

	2015			2014	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	
Transfers from Government of Canada (Note 7)	\$ 36,493	\$ -	\$ 36,493	\$ 36,912	
Contributions	12,938	-	12,938	1,963	
Rental and Other	88	-	88	66	
Fees, Permits and Licenses	2,548	14	2,534	2,623	
Cost Recoveries	15,087	-	15,087	4,745	
	<u>\$ 67,154</u>	<u>\$ 14</u>	<u>\$ 67,140</u>	<u>\$ 46,309</u>	
2014 Total	<u>\$ 46,343</u>	<u>\$ 34</u>			

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 TANGIBLE ASSETS HELD FOR TRANSFER

(in thousands)

Dams and water management structures are constructed by the Ministry and transferred to the Ministry of Environment and Sustainable Resource Development upon their completion. The Ministry of Transportation does not amortize these assets.

	2015 Historical Cost			
	Beginning of Year	Additions	Transfers, Adjustments, and Write-downs	End of Year
Dams and water management structures	\$ 170,540	\$ 20,496	\$ (7,053)	\$ 183,983
2014 Total	<u>\$ 169,047</u>	<u>\$ 11,464</u>	<u>\$ (9,971)</u>	<u>\$ 170,540</u>

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 6 TANGIBLE CAPITAL ASSETS
(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

	Estimated Useful Life	2015 Historical Cost ⁽¹⁾			
		Beginning of Year	Additions	Disposals, Adjustments, and Write-downs	End of Year
Land	Indefinite	\$ 799,518	\$ 8,474	\$ (461)	\$ 807,531
Buildings	40 years	6,199	-	120	6,319
Equipment	5-40 years	9,150	190	-	9,340
Computer hardware and software	3-10 years	132,985	4,722	(1,402)	136,305
Provincial highways and roads ⁽²⁾	20-50 years	18,581,289	1,263,653	(10,565)	19,834,377
Bridges	50 years	2,048,649	40,638	(107)	2,089,180
Other ⁽³⁾	3-40 years	44,568	2,887	-	47,455
		<u>\$ 21,622,358</u>	<u>\$ 1,320,564</u>	<u>\$ (12,415)</u>	<u>\$ 22,930,507</u>
2014 Total		<u>\$ 20,382,395</u>	<u>\$ 1,278,186</u>	<u>\$ (38,223)</u>	<u>\$ 21,622,358</u>

	2015 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2015	March 31, 2014
Land	\$ -	\$ -	\$ -	\$ -	\$ 807,531	\$ 799,518
Buildings	4,379	157	-	4,536	1,783	1,820
Equipment	4,323	328	-	4,651	4,689	4,827
Computer hardware and software	109,283	9,722	-	119,005	17,300	23,702
Provincial highways and roads ⁽²⁾	4,725,968	402,351	(2,856)	5,125,463	14,708,914	13,855,321
Bridges	508,473	43,877	-	552,350	1,536,830	1,540,176
Other ⁽³⁾	20,425	1,441	-	21,866	25,589	24,143
	<u>\$ 5,372,851</u>	<u>\$ 457,876</u>	<u>\$ (2,856)</u>	<u>\$ 5,827,871</u>	<u>\$ 17,102,636</u>	<u>\$ 16,249,507</u>
2014 Total	<u>\$ 4,947,752</u>	<u>\$ 431,266</u>	<u>\$ (6,167)</u>	<u>\$ 5,372,851</u>		

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 6 TANGIBLE CAPITAL ASSETS (continued)
(in thousands)

- (1) Included in the cost of land improvements, buildings, equipment, computer hardware and software, provincial highways and roads, and bridges is work in progress amounting to \$1,731,574 (2014 - \$1,177,787).
- (2) Highways include original pavement and repaving overlays that represent improvements, roadbed, drainage works, and traffic control devices. Includes \$2,071,937 historical cost (2014 - \$1,884,792) and \$130,079 accumulated amortization (2014 - \$99,333) in alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships (P3) is \$415,952 (2014 - \$405,865) See Note 8.
- (3) Includes trailers, leasehold improvements, and vehicle inspection stations.

NOTE 7 DEFERRED REVENUE
(in thousands)

	2015			2014		
	Federal Government	Other	Total	Federal Government	Other	Total
Unearned revenue (i)	\$ -	\$ -	\$ -	\$ 1,524	\$ -	\$ 1,524
Unspent deferred capital contributions (ii)	-	-	-	-	-	-
Spent deferred capital contributions (iii)	861,539	239,140	1,100,679	810,382	218,562	1,028,944
	<u>\$ 861,539</u>	<u>\$ 239,140</u>	<u>\$ 1,100,679</u>	<u>\$ 811,906</u>	<u>\$ 218,562</u>	<u>\$ 1,030,468</u>
(i) Unearned revenue						
Balance, beginning of year	\$ 1,524	\$ -	\$ 1,524	\$ 1,524	\$ 1,179	\$ 2,703
Received/receivable during year	-	-	-	-	(1,179)	(1,179)
Less amounts recognized as revenue	(1,524)	-	(1,524)	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ 1,524</u>
(ii) Unspent deferred capital contribution						
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash contributions received/receivable during year	73,029	25,041	98,070	86,963	12,708	99,671
Transferred to spent deferred capital contributions	(73,029)	(25,041)	(98,070)	(86,963)	(12,708)	(99,671)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(iii) Spent deferred capital contributions						
Balance, beginning of year	\$ 810,382	\$ 218,562	\$ 1,028,944	\$ 743,075	\$ 210,236	\$ 953,311
Transferred capital assets received/receivable	-	-	-	-	-	-
Transferred from unspent deferred capital contributions	73,029	25,041	98,070	86,963	12,708	99,671
Less amounts recognized as revenue	(21,872)	(4,463)	(26,335)	(19,656)	(4,382)	(24,038)
Balance, end of year	<u>\$ 861,539</u>	<u>\$ 239,140</u>	<u>\$ 1,100,679</u>	<u>\$ 810,382</u>	<u>\$ 218,562</u>	<u>\$ 1,028,944</u>

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 8 GOVERNMENT TRANSFERS – FEDERAL GRANTS
(in thousands)

The Ministry receives support for infrastructure from the Government of Canada through the following federal programs: Canada Strategic Infrastructure Fund (CSIF), Provincial Base Fund, Building Canada Fund, Infrastructure Stimulus Fund, and Asia Pacific Gateway and Corridor Transportation Infrastructure Fund. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure. The summary of each federal initiative is as follows:

Capital Federal Grants

Canada Strategic Infrastructure Fund

The Canada Strategic Infrastructure Fund is a program whereby the Federal Government contributes funding to large scale infrastructure projects across the country. In 2014-15, there is one project that the Ministry is receiving funding for under CSIF – Highway 63 twinning of approximately 100 kilometers of road to Fort McMurray (up to \$150,000 over seven years beginning in 2009-10).

Provincial Base Fund

The Provincial Base Fund is a program whereby the Federal Government contributes funding to the provinces to repair bridges, local roads and secondary highways from 2009 to 2014.

Building Canada Fund

In 2008-09, the Federal Government announced the Building Canada Fund. The Major Infrastructure Component focuses on large, strategic projects of national and regional priority. This program requires a matching provincial contribution.

Infrastructure Stimulus Fund

In 2009-10, the Federal Government established the Infrastructure Stimulus Fund to focus on rehabilitation work needed to maintain the safety and extend the useful life of existing infrastructure while stimulating economic growth in the short term. Funding was only available for projects that were substantially complete by October 31, 2011. This program required matching contribution from the province and municipalities.

Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund

In 2012-13, The Federal Government established the Asia Pacific Gateway and Corridor Transportation Infrastructure Fund to jointly fund the Highway 2 and 41 Avenue SW Intermodal Access Project up to a maximum of \$75,000 ending in 2016-17.

Revenue, Deferred Revenue and Accounts Receivable recorded under Government Transfers – Federal Grants are as follows:

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 8 GOVERNMENT TRANSFERS – FEDERAL GRANTS (continued)
(in thousands)

	2015			2014		
	Deferred			Deferred		
	Revenue	Revenue	Receivable	Revenue	Revenue	Receivable
Operating Federal Grants:						
National Safety Council	\$ 420	\$ -	\$ 420	\$ 420	\$ -	\$ 420
Other	1,627	-	103	222	-	98
Total Operating Federal Grants	2,047	-	523	642	-	518
Capital Federal Grants:						
Canada Strategic Infrastructure Fund	5,584	273,379	13,465	4,839	238,421	-
Provincial Base Fund	7,397	121,497	11,811	7,359	128,894	11,811
Building Canada Fund:						
Major Infrastructure Component	4,670	223,114	25	3,236	227,486	7,965
Infrastructure Stimulus Fund	4,221	192,247	69	4,221	196,468	69
Asia Pacific Gateway and Corridor						
Transportation Infrastructure Fund	-	51,302	10,600	-	19,113	16,549
Total Capital Federal Grants	21,872	861,539	35,970	19,655	810,382	36,394
Total	\$ 23,919	\$ 861,539	\$ 36,493	\$ 20,297	\$ 810,382	\$ 36,912

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 9 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS
(in thousands)

The Ministry has entered into contracts for the design, finance, build and maintenance of the following public private partnerships: Anthony Henday - South East, North West and North East Edmonton Ring Road, and Stoney Trail - North East and South East Calgary Ring Road.

The details of the 34 year contract for the project that is under construction is as follows:

Project	Contractor	Date contract entered into	Scheduled completion date	Date capital payments begin^(a)
Anthony Henday – North East Edmonton Ring Road	CAPITAL CITY LINK GENERAL PARTNERSHIP (a consortium of companies)	May 2012	September 2016	October 2016

(a) Capital payments begin on the date specified or upon completion of the project, whichever is later.

The details of the contracts for those projects already operational are as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd. (a consortium of companies)	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group (a consortium of companies)	February 2007	October 2009	November 2009
Anthony Henday - North West Edmonton Ring Road	NORTHWESTCONNECT GENERAL PARTNERSHIP (a consortium of companies)	July 2008	October 2011	November 2011
Stoney Trail - South East Calgary Ring Road	CHINOOK ROADS PARTNERSHIP (a consortium of companies)	March 2010	November 2013	November 2013

The calculation of the liabilities under public private partnerships is as follows:

	2015	2014
Liabilities, beginning of year	\$ 1,804,677	\$ 1,597,222
Additions to liabilities during the year	187,145	230,846
Principal payments	(26,943)	(23,391)
Liabilities, end of year	<u>\$ 1,964,879</u>	<u>\$ 1,804,677</u>

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 10 LIABILITY FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities is as follows:

	<u>2015</u>	<u>2014</u>
Liabilities, Beginning of Year	\$ 3,536	\$ 3,977
Additions to Liabilities during the Year	184	-
Change in estimate related to existing sites	(2)	-
Remediation work performed	(313)	(441)
Liabilities, End of Year	<u>\$ 3,405</u>	<u>\$ 3,536</u>

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity.

The Ministry has compiled a list of all potential sites and reviews the list at least annually. The site remediation and reclamation liability is recorded when the sites are no longer in operation and where remediation is legally enforceable.

NOTE 11 CONTRACTUAL OBLIGATIONS
(in thousands)

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

	<u>2015</u>	<u>2014</u>
Capital Investment		
Construction Contracts and Service Agreements	\$ 899,144	\$ 963,580
Expense		
Maintenance Contracts and Service Agreements	801,570	955,119
Grants	438,527	659,912
Obligations under public private partnerships		
Operation and maintenance payments	3,408,608	3,500,413
Progress Payments	271,165	499,972
Capital Payments	2,186,668	2,213,612
	<u>\$ 8,005,682</u>	<u>\$ 8,792,608</u>

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 11 CONTRACTUAL OBLIGATIONS (continued)
(in thousands)

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

Obligations Under Operating Leases, Contracts and Programs

	<u>Capital Payments</u>		<u>Expense</u>			
	<u>Construction Contracts and Service Agreements</u>		<u>Maintenance Contracts and Service Agreements</u>		<u>Grants</u>	<u>Total</u>
2015-16	\$	678,494	\$	249,317	\$ 290,701	\$ 1,218,512
2016-17		180,591		174,165	110,073	464,829
2017-18		23,143		91,130	34,894	149,167
2018-19		9,258		63,929	2,859	76,046
2019-20		5,471		63,752	-	69,223
Thereafter		2,187		159,277	-	161,464
	\$	899,144	\$	801,570	\$ 438,527	\$ 2,139,241

Obligations under Capital Leases and Public Private Partnerships

	<u>Operation, Maintenance and Rehabilitation</u>		
	<u>Payments</u>	<u>Progress Payments</u>	<u>Capital Payments</u>
2015-16	\$ 55,319	\$ 170,382	98,865
2016-17	63,834	100,783	119,726
2017-18	74,945	-	140,587
2018-19	81,791	-	140,587
2019-20	77,311	-	140,587
Thereafter	3,055,408	-	3,155,776
	\$ 3,408,608	\$ 271,165	\$ 3,796,128
Less amount representing interest			(1,609,460)
Total NPV of capital payments at scheduled completion date			\$ 2,186,668

**MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 12 CONTINGENT LIABILITIES
(in thousands)

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015 accruals totaling \$23,512 (2014 - \$12,171) have been recorded as a liability. The total amount claimed for all likely claims is \$167,387 (2014 - \$163,866). Included in the total likely claims are claims in which the Ministry has been jointly named with other departments. The accrual provided for these claims represents the Ministry's portion of the liability. Included in the total likely claims are claims covered in whole or in part by the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Ministry has been named in one hundred (2014 – ninety-seven) claims of which the outcome is not determinable. Of these claims, eighty-one (2014 – sixty-two) have specified amounts totaling \$5,559,086 (2014 – \$5,155,666). The remaining nineteen (2014 – thirty-five) claims have no amounts specified. Included in the total claims, thirty-nine claims totaling \$52,774 (2014 – forty-one claims totaling \$51,059) are covered in whole or in part 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 13 TRUST FUNDS UNDER ADMINISTRATION
(in thousands)

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

Trust funds under the Ministry's administration were as follows:

	2015	2014
Impaired Driving Initiatives Trust Fund	\$ 607	\$ 552
	<u>\$ 607</u>	<u>\$ 552</u>

The Impaired Driving Initiatives Trust Fund holds fines from individuals convicted of impaired driving. Trust funds are used for education programs.

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015

NOTE 14 PAYMENTS UNDER AGREEMENT
(in thousands)

The Ministry has entered into agreements to deliver programs and services that are partly funded by the Government of Canada, the Kananaskis Improvement District and private companies. Costs incurred under these agreements are made by the Ministry under authority in Section 25 of the *Financial Administration Act*.

Amounts paid and payable under agreements with program sponsors are as follows:

	2015	2014
Japan Canada Oil Sands Limited (program sponsor) Roadway construction	\$ 4,241	\$ -
Kananaskis Improvement District (program sponsor) Roadway maintenance	73	73
	<u>\$ 4,314</u>	<u>\$ 73</u>

NOTE 15 BENEFIT PLANS
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of \$9,215 for the year ended March 31, 2015 (2014 - \$8,846). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of \$75,805 (2013 - surplus \$50,457) and the Public Service Pension Plan reported a deficiency of \$803,299 (2013 - deficiency \$1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$17,203 (2013 - deficiency \$12,384).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of \$86,888 (2014 – surplus \$75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$32,343 (2014– surplus \$24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 16 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 17 APPROVAL OF FINANCIAL STATEMENTS

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

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED REVENUES
Year ended March 31, 2015

Schedule 1

	2015		2014
	Constructed Budget	Actual	Actual <i>(Restated Note 3)</i>
	<i>(in thousands)</i>		
Government Transfers - Federal Grants			
Building Canada - Base Component	7,397	7,397	7,359
Building Canada - Major Infrastructure Component	4,768	4,669	3,236
Canadian Strategic Infrastructure Fund	5,586	5,585	4,839
Infrastructure Stimulus Fund	4,221	4,221	4,221
Other	420	2,047	642
	<u>22,392</u>	<u>23,919</u>	<u>20,297</u>
Premiums, Fees and Licenses			
Motor Transport Services & Other Premiums	29,400	34,014	30,084
Other Revenue			
Refunds of Expenditure	1,475	6,272	2,829
Tourism Highway Signage Initiative	1,000	649	706
Cost Recoveries	5,000	9,819	6,750
Contributions	2,114	2,114	2,038
Donated Tangible Capital Assets	2,349	2,349	2,345
Gain from Disposals of Tangible Capital Assets	-	78	87
Miscellaneous	3,138	5,975	7,541
	<u>15,076</u>	<u>27,256</u>	<u>22,296</u>
	<u>\$ 66,868</u>	<u>\$ 85,189</u>	<u>\$ 72,677</u>

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015

Schedule 2

	2015		2014
	Constructed Budget	Actual	Actual <i>(Restated Note 3)</i>
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 72,705	\$ 66,952	\$ 67,076
Supplies and Services	478,716	468,304	458,561
Grants	346,639	370,670	329,570
Financial Transactions and Other	73,032	78,514	77,829
Amortization of Tangible Capital Assets and Consumption of Inventory	512,156	510,505	479,855
	\$ 1,483,248	\$ 1,494,945	\$ 1,412,891

MINISTRY OF TRANSPORTATION
 SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED BUDGET
 Year ended March 31, 2015

Schedule 3

	2014-15 Estimates	Adjustments to Conform to Accounting Policy <i>(in thousands)</i>	2014-15 Constructed Budget
Revenues			
Government Transfers - Federal Grants	\$ 420	\$ 21,972	\$ 22,392
Premiums, Fees and Licences	26,400	3,000	29,400
Other Revenue	9,620	5,456	15,076
	<u>36,440</u>	<u>30,428</u>	<u>66,868</u>
Expenses - Directly Incurred			
Programs			
Ministry Support Services	30,404	-	30,404
Program Services and Support	30,233	-	30,233
Traffic Safety Services	32,296	-	32,296
Alberta Transportation Safety Board	2,472	-	2,472
Provincial Highway Maintenance and Preservation	929,471	10,000	939,471
Northeast Alberta Strategic Projects	-	30,850	30,850
Municipal Transportation Grant Programs	-	264,800	264,800
Municipal Water Infrastructure Grant Programs	-	75,000	75,000
2013 Alberta Flooding	-	5,800	5,800
Debt Servicing	-	71,922	71,922
	<u>1,024,876</u>	<u>458,372</u>	<u>1,483,248</u>
Net Operating Results	<u>\$ (988,436)</u>	<u>\$ (427,944)</u>	<u>\$ (1,416,380)</u>
Capital Spending	<u>\$ 2,019,166</u>	<u>\$ (458,372)</u>	<u>\$ 1,560,794</u>
Financial Transactions	<u>\$ 76,944</u>	<u>\$ -</u>	<u>\$ 76,944</u>

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED LOTTERY FUND ESTIMATES
 Year ended March 31, 2015

Schedule 4

	2014-15 Lottery Fund Estimates	2014-15 Actual	Unexpended (Over Expended)
	<i>(in thousands)</i>		
Provincial Highway Preservation	\$ 40,000	\$ 40,000	\$ -
	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2013-14. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Ministry that are funded by the Lottery Fund and compares it to the actual results.

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2015

Schedule 5

	2015			2014	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Deputy Minister ⁽⁴⁾⁽⁵⁾	\$ 281,716	\$ 174,341	\$ 55,643	\$ 511,700	\$ 291,266
Chair, Alberta Transportation Safety Board	186,283	-	4,652	190,935	237,321
Assistant Deputy Ministers					
Safety, Policy and Engineering	197,488	15,077	49,332	261,897	288,640
Delivery Services ⁽⁵⁾	184,030	-	54,999	239,029	201,003
Corporate Services and Information ⁽⁵⁾⁽⁶⁾	175,241	-	45,749	220,990	67,797
Flood Recovery Task Force ⁽⁷⁾	19,954	-	5,990	25,944	246,809
Engineering Services ⁽⁸⁾	-	-	-	-	489,275
Executive Directors					
Finance ⁽⁵⁾⁽⁹⁾	33,472	-	10,851	44,323	89,391
Human Resources ⁽⁵⁾	131,176	1,480	37,881	170,537	241,478

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts, lump sum payments, and severance. There were no bonuses paid in 2015.

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

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

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

(6) Position was vacant from June 1, 2013 to February 10, 2014.

(7) Position was deleted on May 3, 2014.

(8) Position was deleted on February 10, 2014.

(9) Position was vacant at different times during the year.

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(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 management in the Ministry.

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

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2015	2014
Expenses - Directly Incurred		
Business and Technology Services	\$ 2,771	\$ 3,151
SUCH ⁽¹⁾ Sector Entities	323	1,147
Parking	-	6
Insurance	388	353
Air Maps and Photos	3	4
	<u>\$ 3,485</u>	<u>\$ 4,661</u>
Net Tangible Capital Assets Transferred	<u>\$ 7,270</u>	<u>\$ 10,022</u>

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 7.

	Other Entities	
	2015	2014
Revenue		
Road/Bridge Maintenance	<u>\$ 5,794</u>	<u>\$ 5,563</u>
Expenses - Incurred by Others (Schedule 7)		
Accommodation	\$ 8,345	\$ 8,334
Air Transportation/Executive Vehicles	60	68
Business Services	4,614	4,182
Internal Audit	-	79
Legal Services	1,359	1,731
	<u>\$ 14,378</u>	<u>\$ 14,394</u>

⁽¹⁾ SUCH - Schools, Universities, Colleges and Hospitals

MINISTRY OF TRANSPORTATION
 SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED ALLOCATED COSTS
 Year ended March 31, 2015
 (in thousands)

Schedule 7

Program	2015					2014	
	Expenses - Incurred by Others					Total Expenses	Total Expenses (Restated Note 3)
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Business Services ⁽³⁾	Legal Services ⁽⁴⁾	Total Expenses		
Ministry Support Services	\$ 32,038	\$ 1,377	\$ 4,674	\$ 371	\$ 38,460	\$ 35,390	
Program Services and Support	\$ 24,595	3,878	-	373	28,846	34,558	
Traffic Safety Services	\$ 31,313	2,985	-	701	34,999	29,993	
Alberta Transportation Safety Board	\$ 1,609	105	-	3	1,717	1,912	
Provincial Highway Maintenance and Preservation	\$ 962,816	-	-	-	962,816	943,071	
Northeast Alberta Strategic Projects	\$ 61,653	-	-	-	61,653	-	
Capital for Emergent Projects Grant Programs	\$ 6,600	-	-	-	6,600	-	
Municipal Transportation Grant Programs	\$ 213,818	-	-	-	213,818	229,033	
Municipal Water Infrastructure Grant Programs	\$ 82,084	-	-	-	82,084	78,858	
Federal Grant Programs	\$ -	-	-	-	-	167	
2013 Alberta Flooding: Non Disaster Recovery Program	\$ 6,497	-	-	-	6,497	8,671	
Debt Servicing	\$ 71,922	-	-	-	71,922	65,564	
	<u>\$ 1,494,945</u>	<u>\$ 8,345</u>	<u>\$ 4,674</u>	<u>\$ 1,448</u>	<u>\$ 1,509,412</u>	<u>\$ 1,427,217</u>	

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by number of employees in program.

(3) Costs shown for Business Services include charges for financial and information technology support, internal audit and vehicles and air transportation.

(4) Cost shown for Legal Services on Schedule 6, allocated by estimated costs incurred by each program.

Department of Transportation Financial Statements

For the year ended March 31, 2015

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Independent Auditor's Report



To the Minister of Transportation

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Transportation, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Transportation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2015

Edmonton, Alberta

**DEPARTMENT OF TRANSPORTATION
STATEMENT OF OPERATIONS
Year ended March 31, 2015**

	2015		2014
	Constructed Budget (Schedule 4)	Actual	Actual (Restated Note 3)
	<i>(in thousands)</i>		
Revenues (Schedule 1)			
Government Transfers - Federal Grants (Note 8)	\$ 22,392	\$ 23,919	\$ 20,297
Premiums, Fees and Licences	29,400	34,014	30,084
Other Revenue	15,076	27,256	22,296
	<u>66,868</u>	<u>85,189</u>	<u>72,677</u>
Expenses - Directly Incurred (Note 2(b) and Schedule 8) Program (Schedules 3 and 5)			
Ministry Support Services	30,404	32,038	29,365
Program Services and Support	30,233	24,595	29,072
Traffic Safety Services	32,296	31,313	27,299
Grant to Alberta Transportation Safety Board	2,472	2,472	2,414
Provincial Highway Maintenance and Preservation	939,471	962,816	943,071
Northeast Alberta Strategic Projects	30,850	61,653	-
Capital for Emergent Projects Grant Programs	-	6,600	-
Municipal Transportation Grant Programs	264,800	213,818	229,033
Municipal Water Infrastructure Grant Programs	75,000	82,084	78,858
Federal Grant Programs	-	-	167
2013 Alberta Flooding: Non Disaster Recovery Program	5,800	6,497	8,671
Debt Servicing	71,922	71,922	65,564
	<u>1,483,248</u>	<u>1,495,808</u>	<u>1,413,514</u>
Net Operating Results	<u>\$ (1,416,380)</u>	<u>\$ (1,410,619)</u>	<u>\$ (1,340,837)</u>

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

**DEPARTMENT OF TRANSPORTATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015**

	2015	2014
	<i>(Restated Note 3)</i>	
	<i>(in thousands)</i>	
ASSETS		
Cash and Cash Equivalents	\$ 410	\$ 544
Accounts Receivable and Advances (Note 4)	67,144	46,316
Inventories	16,388	16,881
Tangible Assets Held for Transfer (Note 5)	183,983	170,540
Tangible Capital Assets (Note 6)	17,102,636	16,249,507
	<u>\$ 17,370,561</u>	<u>\$ 16,483,788</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 182,581	\$ 297,046
Holdbacks Payable	63,530	62,414
Deferred Revenue (Note 7)	1,100,679	1,030,468
Liabilities under Public Private Partnerships (Note 9)	1,964,879	1,804,677
Liabilities for Contaminated Sites (Note 10)	3,405	3,536
	<u>\$ 3,315,074</u>	<u>\$ 3,198,141</u>
NET ASSETS		
Net Assets at Beginning of Year	\$ 13,285,647	\$ 12,393,564
Less: Adjustment to opening net assets (Note 2(b))	-	(11,723)
Net Operating Results	(1,410,619)	(1,340,837)
Net Financing Provided from General Revenues	2,180,459	2,244,643
Net Assets at End of Year	<u>14,055,487</u>	<u>13,285,647</u>
	<u>\$ 17,370,561</u>	<u>\$ 16,483,788</u>

Contractual obligations and contingent liabilities (Notes 11 and 12)

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

**DEPARTMENT OF TRANSPORTATION
STATEMENT OF CASH FLOWS
As at March 31, 2015**

	<u>2015</u>	<u>2014</u>
	<i>(Restated Note 3)</i>	
	<i>(in thousands)</i>	
Operating Transactions		
Net Operating Results	\$ (1,410,619)	\$ (1,340,837)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	510,505	479,855
Gain on Disposal of Tangible Capital Assets	(78)	(86)
Non-Cash Adjustment	4,266	2,253
Deferred Capital Contribution recognized as Revenue	(26,335)	(24,038)
Grants in Kind	61,653	17,851
Donated and Contributed Tangible Capital Assets	(16,604)	(7,674)
Valuation Adjustments	(17)	(182)
	<u>(877,229)</u>	<u>(872,858)</u>
Changes in Working Capital		
(Increase) Decrease in Accounts Receivable	(14,128)	(856)
Increase(Decrease) in Accounts Payable and Accrued Liabilities	(114,465)	(378,540)
Increase(Decrease) in Holdbacks Payable	1,117	18,740
Increase (Decrease) in Deferred Revenue (Note 7)	(1,524)	2,980
Cash Applied to Operating Transactions	<u>(1,006,229)</u>	<u>(1,230,534)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,144,035)	(1,051,133)
Purchase of Inventories	(50,106)	(49,351)
Transfer of Tangible Capital Assets to Other Government Entities ^(a)	7,270	10,022
Proceeds from Disposal of Tangible Capital Assets	81	126
Cash Applied to Capital and Inventory Transactions	<u>(1,186,790)</u>	<u>(1,090,336)</u>
Financing Transactions		
Repayment of Obligations under Public Private Partnerships	(26,943)	(23,391)
Contribution Restricted for Capital	98,070	99,671
Net Financing Provided from General Revenues ^(b)	2,121,759	2,244,643
Cash Provided by Financing Transactions	<u>2,192,886</u>	<u>2,320,923</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(134)</u>	<u>53</u>
Cash and Cash Equivalents, Beginning of Year	<u>544</u>	<u>491</u>
Cash and Cash Equivalents, End of Year	<u>\$ 410</u>	<u>\$ 544</u>

(a) Capital asset book value of \$6.928 Million and \$0.342 Million were transferred to the Departments of Environment and Sustainable Resource Development and Infrastructure respectively.

(b) Net Financing Provided from General Revenues in the statement of Financial Position includes a non-cash amount of \$58,700 related to land exchange (Note 2(e)).

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

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015**

NOTE 1 AUTHORITY AND PURPOSE

The Department of Transportation (the Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Department of Transportation:

- Lead the development of a well-integrated multi-modal (road-rail-air-port-active-public transit) transportation system for Alberta.
- Lead the planning, construction and preservation of our provincial highway network to connect Alberta's communities, and to support the province's economic prosperity and social growth.
- Develop and implement the Alberta Traffic Safety Plan and operate the Office of Traffic Safety to reduce collisions and promote safer road users, vehicles, and infrastructure.
- Manage grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans.
- Design, construct and maintain Alberta's water management infrastructure on behalf of Alberta Environment and Sustainable Resource Development.
- Promote Alberta's interests in a safe, innovative and sustainable transportation system at all levels of government, national and international trade agreements and regulatory harmonization initiatives.

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 Transportation, which is part of the Ministry of Transportation for which the Minister of Transportation is accountable. Other entity reporting to the Minister is the Alberta Transportation Safety Board. 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 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 (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting

Revenue accounting policy

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 deferred revenue.

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 if the terms of the transfer, or the stipulations together with the Department's actions and communications as to the use of transfers create a liability.

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

Capital Contributions and Donations

Restricted capital contributions or donations are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Donations are received from individuals, corporations, and private sector not-for-profit organizations. In kind donations of services and materials are recorded at fair value when such value can reasonably be determined.

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.

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

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 are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Department does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
 - grants are recognized as expenses when authorized, eligibility criteria, if any are met and a reasonable estimate of the amounts can be made;
 - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
 - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

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 cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories consist of consumables (i.e. salt, sand and gravel) for the delivery of highway transportation programs and are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. 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 in use.

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

Disposal of capital assets for nominal sum, often referred to as nominal sum disposal grants, are reported at the book value of the asset.

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.

Public Private Partnership (P3)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Department accounts for P3 projects in accordance with the substance of the underlying agreements.

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing of the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing of the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

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

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Adjustment to Opening Net Assets

In 2014, the Department corrected prior year's error by reducing tangible capital assets by \$11,723 and decreased the opening net assets at April 1, 2013 by the same amount.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

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

**DEPARTMENT OF TRANSPORTATION
 NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
 MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
 REPORTING PRACTICES (continued)**

(c) PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The department adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Ministry recognizes a liability related to the remediation of such contaminated sites subject to certain recognition criteria.

(d) 2013 Alberta Flooding
(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provide financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Department of Municipal Affairs reports the DRP expenses and the related revenues from the federal government. No DRP expenses are reported by the Department of Transportation.

Also, the Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2015	2014
Expenses – 2013 Alberta Flooding		
• Non Disaster Recovery Program Expense	\$ 6,497	8,671
	<u>\$ 6,497</u>	<u>8,671</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(e) Fort McMurray Land Exchange
(in thousands)

The Fort McMurray land exchange is valued at the fair value of the assets exchanged.

The Province has entered into an agreement with the Regional Municipality of Wood Buffalo under which the Province will transfer land assets to the region in exchange for the region providing highway improvements and other services to the Province. The Ministry of Infrastructure holds the land that is exchanged under the agreement. The Ministry of Transportation receives the highway improvements to provincial highways and supports the highway improvements within the Regional Municipality of Wood Buffalo. While the transaction is governed under one agreement, each of the ministries of Infrastructure and Transportation recognize their respective portions of the agreement. Transactions recorded by the ministries in 2014-15 and the net effect of the agreement to government at March 31, 2015 are as follows:

	Ministry	(Gain) / Grant in Kind	Inter-Ministry Receivable / (Payable)	Receivable / (Payable)	Capital Asset Acquisition / (Disposal)	Cash
Land transferred	Infrastructure	\$ (65,400)	\$ 65,400	\$ -	\$ -	\$ -
Highway Improvements	Transportation	61,653	(65,400)	8,700	3,747	(8,700)
Net Balance		\$ (3,747)	\$ -	\$ 8,700	\$ 3,747	\$ (8,700)

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 3 PROGRAM TRANSFER
(in thousands)

The Federal Gas Tax Fund and the Building Canada Fund – Communities Component programs were transferred from the Department of Transportation to the Department of Municipal Affairs as a result of an approval in October 2013. Comparatives for 2014 have been restated as if the Department had always been assigned with its current responsibilities. Net assets (liabilities) on March 31, 2013 are made up as follows:

	As Previously Reported	Transfer to Municipal Affairs	As Restated
Liabilities			
Deferred revenue	\$ 1,036,127	\$ (5,659)	\$ 1,030,468
Revenues			
Government Transfers - Federal Grants	\$ 224,418	\$ (204,121)	\$ 20,297
Expenses			
Municipal Transportation Grant Programs	\$ 477,947	\$ (248,914)	\$ 229,033
Federal Grant Programs	213,092	(212,925)	167
Net Operating Results	\$ (1,598,555)	\$ 257,718	\$ (1,340,837)
Net Assets			
Net Assets at March 31, 2013	\$ 12,387,905	\$ 5,659	\$ 12,393,564
Less: Adjustments to opening net assets	(11,723)	-	(11,723)
Net Operating Result	(1,598,555)	257,718	(1,340,837)
Net Financing Provided from General Revenues	2,502,361	(257,718)	2,244,643
Net Assets at March 31, 2014	<u>\$ 13,279,988</u>	<u>\$ 5,659</u>	<u>\$ 13,285,647</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 4 ACCOUNTS RECEIVABLE AND ADVANCES
(in thousands)

Accounts receivable and advances are \$67,140 (2014 - \$46,309) and \$4 (2014 - \$7) respectively. The details of accounts receivable are as follows:

	2015			2014	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	
Transfers from Government of Canada (Note 7)	\$ 36,493	\$ -	\$ 36,493	\$ 36,912	
Contributions	12,938	-	12,938	1,963	
Rental and Other	88	-	88	66	
Fees, Permits and Licenses	2,548	14	2,534	2,623	
Cost Recoveries	15,087	-	15,087	4,745	
	<u>\$ 67,154</u>	<u>\$ 14</u>	<u>\$ 67,140</u>	<u>\$ 46,309</u>	
2014 Total	<u>\$ 46,343</u>	<u>\$ 34</u>			

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 TANGIBLE ASSETS HELD FOR TRANSFER
(in thousands)

Dams and water management structures are constructed by the Department and transferred to the Department of Environment and Sustainable Resource Development upon their completion. The Department of Transportation does not amortize these assets.

	2015 Historical Cost			
	Beginning of Year	Additions	Transfers, Adjustments, and Write-downs	End of Year
Dams and water management structures	\$ 170,540	\$ 20,496	\$ (7,053)	\$ 183,983
2014 Total	<u>\$ 169,047</u>	<u>\$ 11,464</u>	<u>\$ (9,971)</u>	<u>\$ 170,540</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 6 TANGIBLE CAPITAL ASSETS
(in thousands)

The cost of assets and the related accumulated amortization for the Department are summarized below.

	Estimated Useful Life	2015 Historical Cost ⁽¹⁾			
		Beginning of Year	Additions	Disposals, Adjustments, and Write-downs	End of Year
Land	Indefinite	\$ 799,518	\$ 8,474	\$ (461)	\$ 807,531
Buildings	40 years	6,199	-	120	6,319
Equipment	5-40 years	9,150	190	-	9,340
Computer hardware and software	3-10 years	132,985	4,722	(1,402)	136,305
Provincial highways and roads ⁽²⁾	20-50 years	18,581,289	1,263,653	(10,565)	19,834,377
Bridges	50 years	2,048,649	40,638	(107)	2,089,180
Other ⁽³⁾	3-40 years	44,568	2,887	-	47,455
		<u>\$ 21,622,358</u>	<u>\$ 1,320,564</u>	<u>\$ (12,415)</u>	<u>\$ 22,930,507</u>
2014 Total		<u>\$ 20,382,395</u>	<u>\$ 1,278,186</u>	<u>\$ (38,223)</u>	<u>\$ 21,622,358</u>

	2015 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2015	March 31, 2014
Land	\$ -	\$ -	\$ -	\$ -	\$ 807,531	\$ 799,518
Buildings	4,379	157	-	4,536	1,783	1,820
Equipment	4,323	328	-	4,651	4,689	4,827
Computer hardware and software	109,283	9,722	-	119,005	17,300	23,702
Provincial highways and roads ⁽²⁾	4,725,968	402,351	(2,856)	5,125,463	14,708,914	13,855,321
Bridges	508,473	43,877	-	552,350	1,536,830	1,540,176
Other ⁽³⁾	20,425	1,441	-	21,866	25,589	24,143
	<u>\$ 5,372,851</u>	<u>\$ 457,876</u>	<u>\$ (2,856)</u>	<u>\$ 5,827,871</u>	<u>\$ 17,102,636</u>	<u>\$ 16,249,507</u>
2014 Total	<u>\$ 4,947,752</u>	<u>\$ 431,266</u>	<u>\$ (6,167)</u>	<u>\$ 5,372,851</u>		

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 6 TANGIBLE CAPITAL ASSETS (continued)
(in thousands)

- (1) Included in the cost of land improvements, buildings, equipment, computer hardware and software, provincial highways and roads, and bridges is work in progress amounting to \$1,731,574 (2014 - \$1,177,787).
- (2) Highways include original pavement and repaving overlays that represent improvements, roadbed, drainage works, and traffic control devices. Includes \$2,071,937 historical cost (2014 - \$1,884,792) and \$130,079 accumulated amortization (2014 - \$99,333) in alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships (P3) is \$415,952 (2014 - \$405,865) See Note 8.
- (3) Includes trailers, leasehold improvements, and vehicle inspection stations.

NOTE 7 DEFERRED REVENUE
(in thousands)

	2015			2014		
	Federal Government	Other	Total	Federal Government	Other	Total
Unearned revenue (i)	\$ -	\$ -	\$ -	\$ 1,524	\$ -	\$ 1,524
Unspent deferred capital contributions (ii)	-	-	-	-	-	-
Spent deferred capital contributions (iii)	861,539	239,140	1,100,679	810,382	218,562	1,028,944
	<u>\$ 861,539</u>	<u>\$ 239,140</u>	<u>\$ 1,100,679</u>	<u>\$ 811,906</u>	<u>\$ 218,562</u>	<u>\$ 1,030,468</u>
(i) Unearned revenue						
Balance, beginning of year	\$ 1,524	\$ -	\$ 1,524	\$ 1,524	\$ 1,179	\$ 2,703
Received/receivable during year	-	-	-	-	(1,179)	(1,179)
Less amounts recognized as revenue	(1,524)	-	(1,524)	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ 1,524</u>
(ii) Unspent deferred capital contribution						
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash contributions received/receivable during year	73,029	25,041	98,070	86,963	12,708	99,671
Transferred to spent deferred capital contributions	(73,029)	(25,041)	(98,070)	(86,963)	(12,708)	(99,671)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(iii) Spent deferred capital contributions						
Balance, beginning of year	\$ 810,382	\$ 218,562	\$ 1,028,944	\$ 743,075	\$ 210,236	\$ 953,311
Transferred capital assets received/receivable	-	-	-	-	-	-
Transferred from unspent deferred capital contributions	73,029	25,041	98,070	86,963	12,708	99,671
Less amounts recognized as revenue	(21,872)	(4,463)	(26,335)	(19,656)	(4,382)	(24,038)
Balance, end of year	<u>\$ 861,539</u>	<u>\$ 239,140</u>	<u>\$ 1,100,679</u>	<u>\$ 810,382</u>	<u>\$ 218,562</u>	<u>\$ 1,028,944</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 8 GOVERNMENT TRANSFERS – FEDERAL GRANTS
(in thousands)

The Department receives support for infrastructure from the Government of Canada through the following federal programs: Canada Strategic Infrastructure Fund (CSIF), Provincial Base Fund, Building Canada Fund, Infrastructure Stimulus Fund, and Asia Pacific Gateway and Corridor Transportation Infrastructure Fund. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure. The summary of each federal initiative is as follows:

Capital Federal Grants

Canada Strategic Infrastructure Fund

The Canada Strategic Infrastructure Fund is a program whereby the Federal Government contributes funding to large scale infrastructure projects across the country. In 2014-15, there is one project that the Department is receiving funding for under CSIF – Highway 63 twinning of approximately 100 kilometers of road to Fort McMurray (up to \$150,000 over seven years beginning in 2009-10).

Provincial Base Fund

The Provincial Base Fund is a program whereby the Federal Government contributes funding to the provinces to repair bridges, local roads and secondary highways from 2009 to 2014.

Building Canada Fund

In 2008-09, the Federal Government announced the Building Canada Fund. The Major Infrastructure Component focuses on large, strategic projects of national and regional priority. This program requires a matching provincial contribution.

Infrastructure Stimulus Fund

In 2009-10, the Federal Government established the Infrastructure Stimulus Fund to focus on rehabilitation work needed to maintain the safety and extend the useful life of existing infrastructure while stimulating economic growth in the short term. Funding was only available for projects that were substantially complete by October 31, 2011. This program required matching contribution from the province and municipalities.

Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund

In 2012-13, The Federal Government established the Asia Pacific Gateway and Corridor Transportation Infrastructure Fund to jointly fund the Highway 2 and 41 Avenue SW Intermodal Access Project up to a maximum of \$75,000 ending in 2016-17.

Revenue, Deferred Revenue and Accounts Receivable recorded under Government Transfers – Federal Grants are as follows:

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 8 GOVERNMENT TRANSFERS – FEDERAL GRANTS (continued)
(in thousands)

	2015			2014		
	Revenue	Deferred Revenue	Receivable	Revenue	Deferred Revenue	Receivable
Operating Federal Grants:						
National Safety Council	\$ 420	\$ -	\$ 420	\$ 420	\$ -	\$ 420
Other	1,627	-	103	222	-	98
Total Operating Federal Grants	2,047	-	523	642	-	518
Capital Federal Grants:						
Canada Strategic Infrastructure Fund	5,584	273,379	13,465	4,839	238,421	-
Provincial Base Fund	7,397	121,497	11,811	7,359	128,894	11,811
Building Canada Fund:						
Major Infrastructure Component	4,670	223,114	25	3,236	227,486	7,965
Infrastructure Stimulus Fund	4,221	192,247	69	4,221	196,468	69
Asia Pacific Gateway and Corridor Transportation Infrastructure Fund	-	51,302	10,600	-	19,113	16,549
Total Capital Federal Grants	21,872	861,539	35,970	19,655	810,382	36,394
Total	\$ 23,919	\$ 861,539	\$ 36,493	\$ 20,297	\$ 810,382	\$ 36,912

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 9 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS
(in thousands)

The Department has entered into contracts for the design, finance, build and operation of the following public private partnerships: Anthony Henday - South East, North West and North East Edmonton Ring Road, and Stoney Trail - North East and South East Calgary Ring Road.

The details of the 34 year contract for the project that is under construction is as follows:

Project	Contractor	Date contract entered into	Scheduled completion date	Date capital payments begin^(a)
Anthony Henday – North East Edmonton Ring Road	CAPITAL CITY LINK GENERAL PARTNERSHIP (a consortium of companies)	May 2012	September 2016	October 2016

(a) Capital payments begin on the date specified or upon completion of the project, whichever is later.

The details of the contracts for those projects already operational are as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd. (a consortium of companies)	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group (a consortium of companies)	February 2007	October 2009	November 2009
Anthony Henday - North West Edmonton Ring Road	NORTHWESTCONNECT GENERAL PARTNERSHIP (a consortium of companies)	July 2008	October 2011	November 2011
Stoney Trail - South East Calgary Ring Road	CHINOOK ROADS PARTNERSHIP (a consortium of companies)	March 2010	November 2013	November 2013

The calculation of the liabilities under public private partnerships is as follows:

	2015	2014
Liabilities, beginning of year	\$ 1,804,677	\$ 1,597,222
Additions to liabilities during the year	187,145	230,846
Principal payments	(26,943)	(23,391)
Liabilities, end of year	<u>\$ 1,964,879</u>	<u>\$ 1,804,677</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 10 LIABILITY FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities is as follows:

	<u>2015</u>	<u>2014</u>
Liabilities, Beginning of Year	\$ 3,536	\$ 3,977
Additions to Liabilities during the Year	184	-
Change in estimate related to existing sites	(2)	-
Remediation work performed	(313)	(441)
Liabilities, End of Year	<u>\$ 3,405</u>	<u>\$ 3,536</u>

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity.

The Department has compiled a list of all potential sites and reviews the list at least annually. The site remediation and reclamation liability is recorded when the sites are no longer in operation and where remediation is legally enforceable.

NOTE 11 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.

	<u>2015</u>	<u>2014</u>
Capital Investment		
Construction Contracts and Service Agreements	\$ 899,144	\$ 963,580
Expense		
Maintenance Contracts and Service Agreements	801,545	955,065
Grants	438,527	659,912
Obligations under public private partnerships		
Operation and maintenance payments	3,408,608	3,500,413
Progress Payments	271,165	499,972
Capital Payments	2,186,668	2,213,612
	<u>\$ 8,005,657</u>	<u>\$ 8,792,554</u>

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 11 CONTRACTUAL OBLIGATIONS (continued)
(in thousands)

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

Obligations Under Operating Leases, Contracts and Programs

	<u>Capital Payments</u>		<u>Expense</u>		<u>Total</u>			
	<u>Construction Contracts and Service Agreements</u>		<u>Maintenance Contracts and Service Agreements</u>	<u>Grants</u>				
2015-16	\$	678,494	\$	249,292	\$	290,701	\$	1,218,487
2016-17		180,591		174,165		110,073		464,829
2017-18		23,143		91,130		34,894		149,167
2018-19		9,258		63,929		2,859		76,046
2019-20		5,471		63,752		-		69,223
Thereafter		2,187		159,277		-		161,464
	\$	899,144	\$	801,545	\$	438,527	\$	2,139,216

Obligations Under Capital Leases and Public Private Partnerships

	<u>Operation, Maintenance and Rehabilitation</u>					
	<u>Payments</u>	<u>Progress Payments</u>	<u>Capital Payments</u>			
2015-16	\$	55,319	\$	170,382	98,865	
2016-17		63,834		100,783	119,726	
2017-18		74,945		-	140,587	
2018-19		81,791		-	140,587	
2019-20		77,311		-	140,587	
Thereafter		3,055,408		-	3,155,776	
	\$	3,408,608	\$	271,165	\$	3,796,128
Less amount representing interest					(1,609,460)	
Total NPV of capital payments at scheduled completion date					\$	2,186,668

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 12 CONTINGENT LIABILITIES
(in thousands)

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015 accruals totaling \$23,512 (2014 - \$12,171) have been recorded as a liability. The total amount claimed for all likely claims is \$167,387 (2014 - \$163,866). Included in the total likely claims are claims in which the Department has been jointly named with other departments. The accrual provided for these claims represents the Department's portion of the liability. Included in the total likely claims are claims covered in whole or in part by the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Department has been named in one hundred (2014 – ninety-seven) claims of which the outcome is not determinable. Of these claims, eighty-one (2014 – sixty-two) have specified amounts totaling \$5,559,086 (2014 – \$5,155,666). The remaining nineteen (2014 – thirty-five) claims have no amounts specified. Included in the total claims, thirty-nine claims totaling \$52,774 (2014 – forty-one claims totaling \$51,059) are covered in whole or in part 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 13 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.

Trust funds under the Department's administration were as follows:

	2015	2014
Impaired Driving Initiatives Trust Fund	\$ 607	\$ 552
	<u>\$ 607</u>	<u>\$ 552</u>

The Impaired Driving Initiatives Trust Fund holds fines from individuals convicted of impaired driving. Trust funds are used for education programs.

**DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 14 PAYMENTS UNDER AGREEMENT
(in thousands)

The Department has entered into agreements to deliver programs and services that are partly funded by the Government of Canada, the Kananaskis Improvement District and private companies. Costs incurred under these agreements are made by the Department under authority in Section 25 of the *Financial Administration Act*.

Amounts paid and payable under agreements with program sponsors are as follows:

	<u>2015</u>	<u>2014</u>
Japan Canada Oil Sands Limited (program sponsor) Roadway construction	\$ 4,241	\$ -
Kananaskis Improvement District (program sponsor) Roadway maintenance	73	73
	<u>\$ 4,314</u>	<u>\$ 73</u>

NOTE 15 BENEFIT PLANS
(in thousands)

The Department participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of \$9,129 for the year ended March 31, 2015 (2014 - \$8,846). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of \$75,805 (2013 - surplus \$50,457) and the Public Service Pension Plan reported a deficiency of \$803,299 (2013 - deficiency \$1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$17,203 (2013 - deficiency \$12,384).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of \$86,888 (2014 – surplus \$75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$32,343 (2014– surplus \$24,055). The expense for these two plans is limited to the employer’s annual contributions for the year.

NOTE 16 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 17 APPROVAL OF FINANCIAL STATEMENTS

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

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2015

Schedule 1

	2015		2014
	Constructed Budget	Actual	Actual <i>(Restated Note 3)</i>
	<i>(in thousands)</i>		
Government Transfers - Federal Grants			
Building Canada - Base Component	7,397	7,397	7,359
Building Canada - Major Infrastructure Component	4,768	4,669	3,236
Canadian Strategic Infrastructure Fund	5,586	5,585	4,839
Infrastructure Stimulus Fund	4,221	4,221	4,221
Other	420	2,047	642
	<u>22,392</u>	<u>23,919</u>	<u>20,297</u>
Premiums, Fees and Licenses			
Motor Transport Services & Other Premiums	29,400	34,014	30,084
Other Revenue			
Refunds of Expenditure	1,475	6,272	2,829
Tourism Highway Signage Initiative	1,000	649	706
Cost Recoveries	5,000	9,819	6,750
Contributions	2,114	2,114	2,038
Donated Tangible Capital Assets	2,349	2,349	2,345
Gain from Disposals of Tangible Capital Assets	-	78	87
Miscellaneous	3,138	5,975	7,541
	<u>15,076</u>	<u>27,256</u>	<u>22,296</u>
	<u>\$ 66,868</u>	<u>\$ 85,189</u>	<u>\$ 72,677</u>

RESULTS ANALYSIS

FINANCIAL INFORMATION

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2015**

Schedule 2

	2015				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall)/ Excess
<i>(in thousands)</i>					
Operational					
Motor Transport Permits and Licences	4,300	5,439	-	5,439	1,139
National Safety Code	420	420	-	420	-
Bridge Maintenance	20	20	-	20	-
	<u>\$ 4,740</u>	<u>\$ 5,879</u>	<u>\$ -</u>	<u>\$ 5,879</u>	<u>\$ 1,139</u> ⁽¹⁾
Capital - Voted					
Provincial Highway Systems	14,403	3,013	7,701	10,516	(3,887)
Water Management Infrastructure	985	-	773	773	(212)
Tourism Highway Signage Initiative	1,000	649	-	649	(351)
	<u>\$ 16,388</u>	<u>\$ 3,662</u>	<u>\$ 8,474</u>	<u>\$ 11,938</u>	<u>\$ (4,450)</u> ⁽¹⁾

(1) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 5 to the financial statements.

Motor Transport Permits and Licences

A portion of the revenue for Motor Transport Permits and Licenses has been allocated to credit or recovery. This revenue partially offsets expenditures made to accommodate Alberta's increasing traffic volumes.

National Safety Code

The National Safety Code is a joint agreement between the Federal Government and the Province to ensure the safety of the public by placing standards on drivers of buses and freight trucks across the country. The Federal Government has agreed to pay \$420 per year for 6 years beginning in 2009-10 and terminating in 2014-15.

Bridge Maintenance

Canadian Forest Products Ltd. has a 10-year agreement which began in 2007-08 whereby it makes regular contributions towards the maintenance of the Dunvegan Bridge by providing \$200 of funding over 10 years beginning in 2007-2008.

Provincial Highway Systems

Various agreements exist whereby the private sector and municipalities make contributions towards capital investments in new roads, bridges, interchanges and vehicle inspection station equipment in the province.

Water Management Infrastructure

The Special Areas Water Supply Project will provide a reliable, good quality water supply from the Red Deer River to the Special Areas region in east central Alberta and parts of the Counties of Stettler and Paintearth. The Special Areas Water Board is contributing \$1.8 million for an Environmental Impact Assessment to be completed over 3 years ending in 2016-17.

Tourism Highway Signage Initiative

The private sector contributes towards new investments in tourism related signs and structures in the province.

The above credits or recoveries are included in the Statement of Operations.

DEPARTMENT OF TRANSPORTATION
 SCHEDULE TO FINANCIAL STATEMENTS
 EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
 Year ended March 31, 2015

Schedule 3

	2015		2014
	Constructed Budget	Actual	Actual <i>(Restated Note 3)</i>
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 71,586	\$ 66,024	\$ 66,059
Supplies and Services	477,363	467,628	457,787
Grants	349,111	373,142	331,984
Financial Transactions and Other	73,032	78,509	77,829
Amortization of Tangible Capital Assets and Consumption of Inventory	512,156	510,505	479,855
	<u>\$ 1,483,248</u>	<u>\$ 1,495,808</u>	<u>\$ 1,413,514</u>

DEPARTMENT OF TRANSPORTATION
 SCHEDULE TO FINANCIAL STATEMENTS
 BUDGET
 Year ended March 31, 2015

Schedule 4

	2014-15 Estimates	Adjustments to Conform to Accounting Policy	2014-15 Constructed Budget
	<i>(in thousands)</i>		
Revenues			
Government Transfers - Federal Grants	\$ 420	\$ 21,972	\$ 22,392
Premiums, Fees and Licences	26,400	3,000	29,400
Other Revenue	9,620	5,456	15,076
	<u>36,440</u>	<u>30,428</u>	<u>66,868</u>
Expenses - Directly Incurred			
Programs			
Ministry Support Services	30,404	-	30,404
Program Services and Support	30,233	-	30,233
Traffic Safety Services	32,296	-	32,296
Grant to Alberta Transportation Safety Board	2,472	-	2,472
Provincial Highway Maintenance and Preservation	929,471	10,000	939,471
Northeast Alberta Strategic Projects	-	30,850	30,850
Municipal Transportation Grant Programs	-	264,800	264,800
Municipal Water Infrastructure Grant Programs	-	75,000	75,000
2013 Alberta Flooding	-	5,800	5,800
Debt Servicing	-	71,922	71,922
	<u>1,024,876</u>	<u>458,372</u>	<u>1,483,248</u>
Net Operating Results	<u>\$ (988,436)</u>	<u>\$ (427,944)</u>	<u>\$ (1,416,380)</u>
Capital Spending	<u>\$ 2,019,166</u>	<u>\$ (458,372)</u>	<u>\$ 1,560,794</u>
Financial Transactions	<u>\$ 76,944</u>	<u>\$ -</u>	<u>\$ 76,944</u>

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE**
Year ended March 31, 2015

Schedule 5

	Voted Estimates ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimates	Actuals ⁽⁴⁾	Unexpended (Over Expended)
	<i>(in thousands)</i>					
Program - Operational						
1 Ministry Support Services						
1.1 Minister's Office	711	-	-	711	648	63
1.2 Deputy Minister's Office	726	-	-	726	983	(257)
1.3 Communications	962	-	-	962	970	(8)
1.4 Strategic Services	28,005	(775)	-	27,230	27,602	(372)
	30,404	(775)	-	29,629	30,203	(574)
2 Program Services and Support	30,233	(2,301)	-	27,932	26,655	1,277
3 Traffic Safety Services	32,296	(1,730)	-	30,566	29,588	978
4 Grant to Alberta Transportation Safety Board	2,472	-	-	2,472	2,472	-
5 Provincial Highway Maintenance and Preservation						
5.1 Maintenance	292,180	-	-	292,180	300,348	(8,168)
5.2 P3 Maintenance	57,526	-	-	57,526	55,656	1,870
5.3 Preservation	54,532	15,630	-	70,162	61,690	8,472
5.4 Assessment and Support Systems	13,077	-	800	13,877	13,186	691
	417,315	15,630	800	433,745	430,880	2,865
15 2013 Alberta Flooding						
15.2 Water and Wastewater Infrastructure Recovery	-	1,029	-	1,029	1,033	(4)
Credit or Recovery Shortfall (Schedule 2)	-	-	-	-	-	-
Total	512,720	11,853	800	525,373	520,831	4,542
Lapse/(Encumbrance)						\$ 4,542

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015**

	Voted Estimates ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimates	Actuals ⁽⁴⁾	Unexpended (Over Expended)
Program - Capital						
1 Ministry Support Services						
1.4 Strategic Services	5,009	-	377	5,386	4,622	764
5 Provincial Highway Maintenance and Preservation						
5.4 Assessment and Support Systems	13,000	-	-	13,000	18,778	(5,778)
6 Capital for Emergent Projects	12,646	-	1,830	14,476	8,687	5,789
7 Municipal Transportation Grant Programs						
7.1 Alberta Municipal Infrastructure Program	800	-	-	800	103	697
7.2 Strategic Transportation Infrastructure Program	17,100	-	-	17,100	5,220	11,880
7.3 Green Transit Incentives Program (GreenTRIP)	246,900	-	-	246,900	208,495	38,405
	264,800	-	-	264,800	213,818	50,982
8 Municipal Water Infrastructure Grant Programs						
8.1 Municipal Water Wastewater Program	25,000	-	-	25,000	26,308	(1,308)
8.2 Water for Life	50,000	-	-	50,000	55,776	(5,776)
	75,000	-	-	75,000	82,084	(7,084)
9 Ring Roads						
9.1 Edmonton Ring Road	242,202	-	39,754	281,956	266,317	15,639
9.2 Calgary Ring Road	138,901	-	6,833	145,734	58,538	87,196
	381,103	-	46,587	427,690	324,855	102,835
10 Northeast Alberta Strategic Projects						
10.1 Highway 63 Twinning	423,411	-	(41,357)	382,054	334,750	47,304
10.2 Fort McMurray Urban Area Upgrades	138,776	-	(1,236)	137,540	102,016	35,524
	562,187	-	(42,593)	519,594	436,766	82,828

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE**
Year ended March 31, 2015

Schedule 5

	Voted Estimates ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimates	Actuals ⁽⁴⁾	Unexpended (Over Expended)
	<i>(in thousands)</i>					
11 Provincial Highway Construction Projects						
11.1 Highway Twinning, Widening and Expansion	28,000	-	8,203	36,203	81,334	(45,131)
11.2 Interchanges, Intersections and Safety Upgrades	121,156	-	23,104	144,260	75,834	68,426
	149,156	-	31,307	180,463	157,168	23,295
12 Bridge Construction Projects	31,150	-	6,473	37,623	33,109	4,514
13 Provincial Highway Rehabilitation						
13.1 Highway Rehabilitation Projects	200,000	-	7,199	207,199	138,558	68,641
13.2 P3 Rehabilitation	1,005	-	-	1,005	949	56
	201,005	-	7,199	208,204	139,507	68,697
14 Water Management Infrastructure	19,852	-	236	20,088	9,831	10,257
15 2013 Alberta Flooding	-	-	-	-	-	-
15.1 Highways and Bridges Infrastructure Recovery	36,200	-	-	36,200	21,232	14,968
15.2 Water and Wastewater Infrastructure Recovery	9,700	-	-	9,700	13,621	(3,921)
	45,900	-	-	45,900	34,853	11,047
Debt Servicing						
10 Ring Roads	71,922	-	-	71,922	71,922	-
10.3 Debt Servicing	-	-	(4,450)	(4,450)	-	(4,450)
Credit or Recovery Shortfall (Schedule 2)	-	-	-	-	-	-
Total	\$ 1,832,730	\$ -	\$ 46,966	\$ 1,879,696	\$ 1,536,000	\$ 343,696
Lapse/(Encumbrance)						\$ 343,696

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015**

	Voted Estimates ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimates	Actuals ⁽⁴⁾	Unexpended (Over Expended)
<i>(in thousands)</i>						
Financial Transactions						
5 Provincial Highway Maintenance and Preservation						
5.5 Salt, Sand and Gravel	50,000	-	-	50,000	50,106	(106)
9 Ring Roads						
9.3 Debt Repayment	26,944	-	-	26,944	26,943	1
Total Lapse/(Encumbrance)	\$ 76,944	\$ -	\$ -	\$ 76,944	\$ 77,049	\$ (105)

- (1) As per "Operational Vote by Program", "Voted Capital Vote by Program" and "Financial Transactions Vote by Program" pages 214-216 of 2014-15 Government Estimates
- (2) Per the Supplementary Supply Estimates approved on March 10, 2015.
- (3) Adjustments include encumbrances, capital carry forward amounts, transfers between votes, and credit or recovery increases approved by Treasury Board, and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.
- (4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF TRANSPORTATION
 SCHEDULE TO FINANCIAL STATEMENTS
 LOTTERY FUND ESTIMATES
 Year ended March 31, 2015

Schedule 6

	2014-15 Lottery Fund Estimates	2014-15 Actual	Unexpended (Over Expended)
	<i>(in thousands)</i>		
Provincial Highway Preservation	\$ 40,000	\$ 40,000	\$ -
	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2013-14. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Department that are funded by the Lottery Fund and compares it to the actual results.

**DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2015**

Schedule 7

	2015			2014	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Deputy Minister ^{(4) (5)}	\$ 281,716	\$ 174,341	\$ 55,643	\$ 511,700	\$291,266
Assistant Deputy Ministers					
Safety, Policy and Engineering	197,488	15,077	49,332	261,897	288,640
Delivery Services ⁽⁵⁾	184,030	-	54,999	239,029	201,003
Corporate Services and Information ^{(5) (6)}	175,241	-	45,749	220,990	67,797
Flood Recovery Task Force ⁽⁷⁾	19,954	-	5,990	25,944	246,809
Engineering Services ⁽⁸⁾	-	-	-	-	489,275
Executive Directors					
Finance ^{(5) (9)}	33,472	-	10,851	44,323	89,391
Human Resources ⁽⁵⁾	131,176	1,480	37,881	170,537	241,478

- (1) Base salary includes regular salary and earnings such as acting pay.
- (2) Other cash benefits include vacation payouts, lump sum payments, and severance. There were no bonuses paid in 2015.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
- (4) Automobile provided to current incumbent, no dollar amount included in other non-cash benefits.
- (5) The position was occupied by two individuals at different times during the year.
- (6) Position was vacant from June 1, 2013 to February 10, 2014.
- (7) Position was deleted on May 3, 2014.
- (8) Position was deleted on February 10, 2014.
- (9) Position was vacant at different times during the year.

**DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015**

Schedule 8

(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 management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, 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	
	2015	2014
Expenses - Directly Incurred		
Grant to Alberta Transportation Safety Board	\$ 2,472	\$ 2,414
	<u> </u>	<u> </u>
	Other Entities	
	2015	2014
Expenses - Directly Incurred		
Business and Technology Services	\$ 2,771	\$ 3,151
SUCH ⁽¹⁾ Sector Entities	323	1,147
Parking	-	6
Insurance	388	353
Air Maps and Photos	3	4
	<u> </u>	<u> </u>
	<u>\$ 3,485</u>	<u>\$ 4,661</u>
Net Tangible Capital Assets Transferred	<u>\$ 7,270</u>	<u>\$ 10,022</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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Entities in the Ministry	
	2015	2014
Revenue		
Financial Services	\$ 170	\$ 170
Human Resources	112	112
Information Technology	103	103
	<u> </u>	<u> </u>
	<u>\$ 385</u>	<u>\$ 385</u>
	Other Entities	
	2015	2014
Revenue		
Road/Bridge Maintenance	\$ 5,794	\$ 5,563
	<u> </u>	<u> </u>
Expenses - Incurred by Others (Schedule 9)		
Accommodation	\$ 8,240	\$ 8,216
Air Transportation/Executive Vehicles	60	68
Business Services	4,614	4,182
Internal Audit	-	79
Legal Services	1,445	1,728
	<u> </u>	<u> </u>
	<u>\$ 14,359</u>	<u>\$ 14,273</u>

⁽¹⁾ SUCH - Schools, Universities, Colleges and Hospitals

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2015
(in thousands)

Schedule 9

Program	2015					2014	
	Expenses ⁽¹⁾	Expenses - Incurred by Others			Total Expenses	Total Expenses <i>(Restated Note 3)</i>	
Accommodation Costs ⁽²⁾		Business Services ⁽³⁾	Legal Services ⁽⁴⁾				
Ministry Support Services	\$ 32,038	\$ 1,377	\$ 4,674	\$ 371	\$ 38,460	\$ 35,390	
Program Services and Support	\$ 24,595	3,878	-	373	28,846	34,558	
Traffic Safety Services	\$ 31,313	2,985	-	701	34,999	29,993	
Grant to Alberta Transportation Safety Board	\$ 2,472	-	-	-	2,472	2,414	
Provincial Highway Maintenance and Preservation	\$ 962,816	-	-	-	962,816	943,071	
Northeast Alberta Strategic Projects	\$ 61,653	-	-	-	61,653	-	
Capital for Emergent Projects Grant Programs	\$ 6,600	-	-	-	6,600	-	
Municipal Transportation Grant Programs	\$ 213,818	-	-	-	213,818	229,033	
Municipal Water Infrastructure Grant Programs	\$ 82,084	-	-	-	82,084	78,858	
Federal Grant Programs	\$ -	-	-	-	-	167	
2013 Alberta Flooding: Non Disaster Recovery Program	\$ 6,497	-	-	-	6,497	8,671	
Debt Servicing	\$ 71,922	-	-	-	71,922	65,564	
	<u>\$ 1,495,808</u>	<u>\$ 8,240</u>	<u>\$ 4,674</u>	<u>\$ 1,445</u>	<u>\$ 1,510,167</u>	<u>\$ 1,427,719</u>	

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 8, allocated by number of employees in program.

(3) Costs shown for Business Services include charges for financial and information technology support, internal audit and vehicles and air transportation.

(4) Cost shown for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.

Alberta Transportation Safety Board Financial Statements

For the year ended March 31, 2015

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Independent Auditor's Report



To the Chair of Alberta Transportation Safety Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Transportation Safety Board, which comprise the statements of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 in my audits 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 Alberta Transportation Safety Board as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2015

Edmonton, Alberta

**ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENT OF OPERATIONS
Year ended March 31, 2015**

	2015		2014
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Transfer from Department of Transportation	\$ 2,472	\$ 2,472	\$ 2,414
Expenses			
Administration	1,802	1,180	1,399
Community Board Members	670	429	392
	<u>2,472</u>	<u>1,609</u>	<u>1,791</u>
Net Operating Results	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 623</u>

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

ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	<u>2015</u>	<u>2014</u>
	<i>(in thousands)</i>	
ASSETS		
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 147	\$ 171
	<u>\$ 147</u>	<u>\$ 171</u>
NET ASSETS		
Net Assets at Beginning of Year	\$ (171)	\$ (165)
Net Operating Results	863	623
Net Financing Provided from Department of Transportation	<u>(839)</u>	<u>(629)</u>
Net Assets at End of Year	<u>(147)</u>	<u>(171)</u>
	<u>\$ -</u>	<u>\$ -</u>
Contractual obligations (Note 4)		

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

ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENT OF CASH FLOWS
As at March 31, 2015

	<u>2015</u>	<u>2014</u>
	<i>(in thousands)</i>	
Operating Transactions		
Annual Operating Surplus	\$ 863	\$ 623
Non-cash items included in Net Operating Results:		
Valuation Adjustments	5	(30)
	<u>868</u>	<u>593</u>
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(29)	36
Cash Applied to Operating Transactions	<u>839</u>	<u>629</u>
Financing Transactions		
Net Financing Provided from Department of Transportation	(839)	(629)
Cash Provided by Financing Transactions	<u>(839)</u>	<u>(629)</u>
Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>

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

**ALBERTA TRANSPORTATION SAFETY BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015**

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Transportation Safety Board (Board) is a Provincial Agency established in 2003 pursuant to Section 22 of the Traffic Safety Act.

The Alberta Transportation Safety Board:

- Conducts driver review hearings and independent appeals of driver, vehicle and safety decisions from the Registrar of Motor Vehicle Services in accordance with the principles of natural justice.
- Conducts hearings under the Railway (Alberta) Act.

All decisions of the Alberta Transportation Safety Board are made independently in accordance with governing legislation: the Traffic Safety Act and the Railway (Alberta) Act.

The Board 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 (PSAS).

(a) Reporting Entity

The reporting entity is Alberta Transportation Safety Board, which is part of the Ministry of Transportation and for which the Minister of Transportation is accountable. Other entity reporting to the Minister is the Department of Transportation. The activities of the Department 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 (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

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 deferred revenue.

**ALBERTA TRANSPORTATION SAFETY BOARD
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

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 if the terms of the transfer, or the stipulations together with the Board's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the user of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Directly Incurred

Directly incurred expenses are those costs the Board 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:

- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the Board operations are not recognized and are disclosed in Schedule 3.

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.

**ALBERTA TRANSPORTATION SAFETY BOARD
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
REPORTING PRACTICES (continued)**

(b) Basis of Financial Reporting (continued)

Liabilities

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

Net Assets

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

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

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

Statement of Remeasurement Gains and Losses

As Alberta Transportation Safety Board does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no re-measurement gains and losses and therefore a statement of re-measurement gains and losses has not been presented.

NOTE 3 BUDGET
(in thousands)

A preliminary business plan with a budgeted surplus of \$0 was approved by the Chair of Alberta Transportation Safety Board on October 31, 2014 and the full financial plan was submitted to the Minister of Transportation. The budget reported in the statement of operations reflects the original 2015 net operating result and additional reclassifications required for more consistent presentation with current and prior year results.

**ALBERTA TRANSPORTATION SAFETY BOARD
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
MARCH 31, 2015**

NOTE 4 CONTRACTUAL OBLIGATIONS
(in thousands)

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

	2015	2014
Contracts: 2015-16	25	54
	\$ 25	\$ 54

NOTE 5 BENEFIT PLANS
(in thousands)

The Board participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of \$86 for the year ended March 31, 2015 (2014 - \$91). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of \$75,805 (2013 - surplus \$50,457) and the Public Service Pension Plan reported a deficiency of \$803,299 (2013 - deficiency \$1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$17,203 (2013 - deficiency \$12,384).

The Board also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of \$86,888 (2014 – surplus \$75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$32,343 (2014– surplus \$24,055). The expense for these two plans is limited to the employer’s annual contributions for the year.

NOTE 6 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Chair, Alberta Transportation Safety Board.

ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015

Schedule 1

	2015		2014
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 1,119	\$ 934	\$ 1,017
Supplies and Services	1,353	675	774
	<u>\$ 2,472</u>	<u>\$ 1,609</u>	<u>\$ 1,791</u>

**ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULES TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2015**

Schedule 2

	2015			2014	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair, Alberta Transportation Safety Board	\$ 186,283	\$ -	\$ 4,652	\$ 190,935	\$ 237,321

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts, lump sum payments, and severance. There were no bonuses paid in 2015.

(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.

**ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015**

Schedule 3

(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 management in the Board.

The Board and its employees paid or collected certain taxes and fees set by regulation for premiums, 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 Board 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	
	2015	2014
Revenue		
Grant from Department of Transportation	\$ 2,472	\$ 2,414

The Board 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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 4.

	Entities in the Ministry	
	2015	2014
Expenses - Incurred by Others (Schedule 4)		
Financial Services	\$ 170	\$ 170
Human Resources	112	112
Information Technology	103	103
	<u>\$ 385</u>	<u>\$ 385</u>

	Other Entities	
	2015	2014
Expenses - Incurred by Others (Schedule 4)		
Accommodation	\$ 105	\$ 118
Legal Services	3	3
	<u>\$ 108</u>	<u>\$ 121</u>

ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULES TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2015
(in thousands)

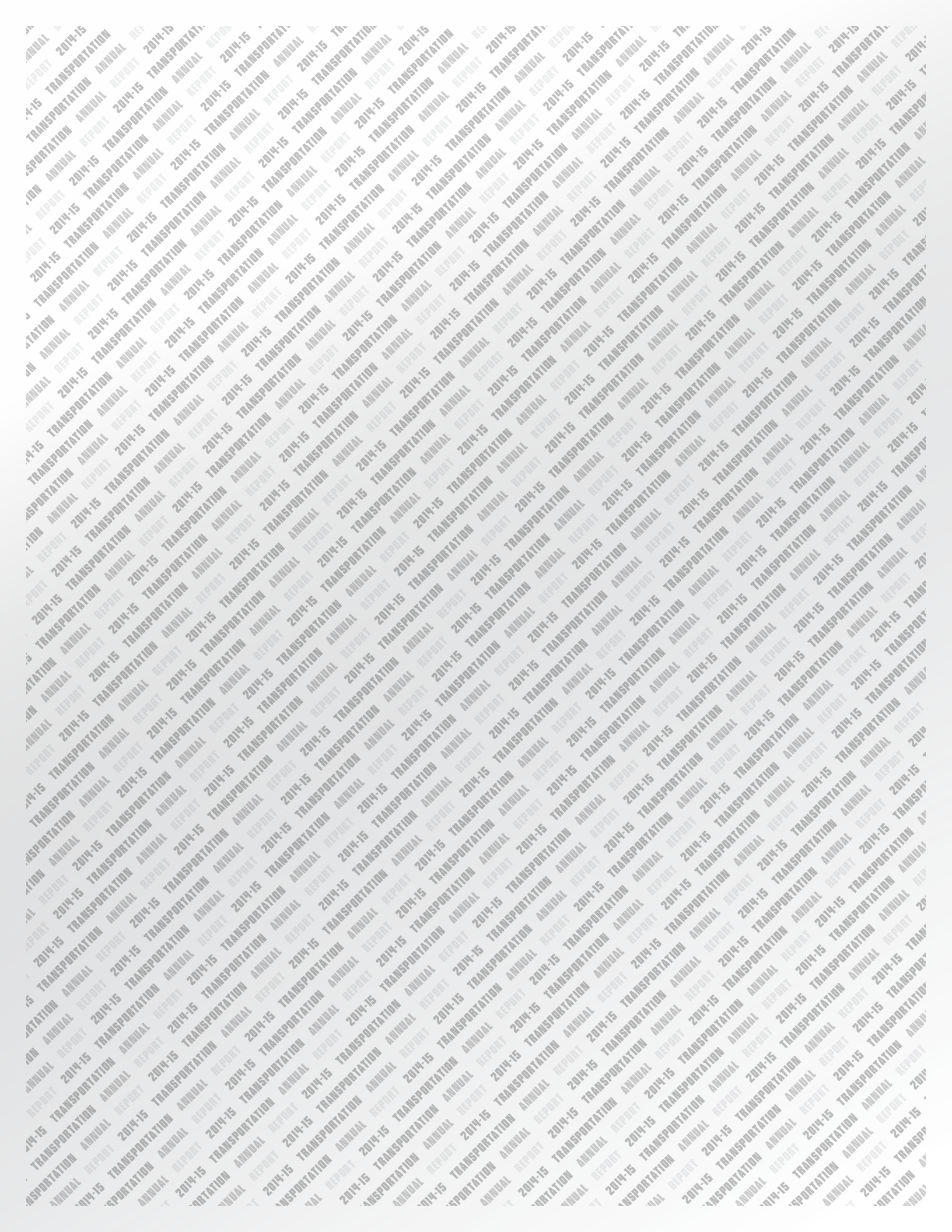
Schedule 4

Program	2015				2014	
	Expenses ⁽¹⁾	Expenses - Incurred by Others			Total Expenses	Total Expenses
		Business Services ⁽²⁾	Accommodation	Legal Services		
Administration	\$ 1,180	\$ 385	\$ 105	\$ 3	\$ 1,673	\$ 1,905
Community Board Members	429	-	-	-	429	392
	<u>\$ 1,609</u>	<u>\$ 385</u>	<u>\$ 105</u>	<u>\$ 3</u>	<u>\$ 2,102</u>	<u>\$ 2,297</u>

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Business Services include charges for Financial Services, Human Resources, and Information Technology.

OTHER INFORMATION



APPENDIX A – PERFORMANCE MEASURES METHODOLOGY

Measure 1.a – Highway 63 twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel

The measure is based on construction project and highway network data. The percentage is calculated by totalling the number of kilometres twinned and open to travel versus the total kilometres on Highway 63 between Grassland and Fort McMurray (approximately 240 kilometres).

Measure 1.b – Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel

The measure is based on construction project data supplied by the engineering consultants supervising the ring road construction. The percentage is calculated by totalling the number of kilometres multi-lane roadway open to travel versus the total kilometres of ring road (178.4 kilometres).

Length of Calgary and Edmonton ring roads is estimated based on information from planning studies.

When highway is constructed and open to travel, the completion length is calculated using As-Built data. This could cause a small variation between the target and the result.

Measure 2.a – Physical condition of provincial highway surfaces

An external consultant is contracted to conduct the collection of data to ensure the objectivity of results.

The identification of highways as *good*, *fair*, or *poor* relies on criteria established as a result of the University of Calgary's comprehensive research study on road conditions and other performance measures conducted for the Ministry in 2002.

The study's recommendations resulted in the establishment of condition threshold values. Condition threshold values are defined as the boundary between categories of *good-fair* and *fair-poor*, and are set using a proactive life cycle analysis approach. The values are categorized by highway classification and are compiled into one-kilometre segments.

Alberta Transportation Standards

Condition	110km/h Highway Group		Other Highway Group	
Good	Average IRI <1.5m/km		Average IRI <1.5m/km	
Fair	≥1.5m/km	Average IRI <1.9m/km	≥1.5m/km	Average IRI <2.1m/km
Poor	≥1.9m/km	Average IRI	≥2.1m/km	Average IRI

These threshold values are the same threshold values identified in the 2002 report. This is for consistency reason in gauging the condition trend over time.

After existing *good*, *fair*, *poor* segments are identified, anticipated work activities and pavement deterioration rates are used to determine future performance targets.

The IRI for all highways is obtained through data collected annually by an external consultant for the Ministry.

The consultant calculates the average IRI value over every 50-metre segment of the Alberta highway network. This detailed data is further averaged over one-kilometre sections to provide an assessment of condition over practical lengths.

APPENDIX A – PERFORMANCE MEASURES METHODOLOGY

Measure 3.a – *Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey)*

Transportation’s aim is to conduct the client satisfaction survey every second year to measure the satisfaction of municipal partners with the Ministry’s service for municipal grant programs.

An external consultant is contracted to conduct the survey to ensure the objectivity of results. Municipal clients are defined as organizations that have interacted with ministry staff regarding municipal grant programs during the survey calendar year, primarily from municipalities and towns.

Respondents are asked to rate on a scale of 1 to 6 (1 being very unsatisfied to 6 being very satisfied) their satisfaction with Municipal Grant Programs on the following eight key service areas:

- Clarity of written materials
- Timeliness of service delivery
- Ease of access to information
- Proficiency of staff
- Ease of access to services
- Courtesy of staff
- Consistency of services
- Overall quality of services

Results reported include all those clients who indicated they were ‘4 – somewhat satisfied,’ ‘5 – satisfied,’ and ‘6 – very satisfied’ with the service provided.

In 2015, there were a total of 165 surveys completed and returned for a response rate of 47.97 per cent.

Data analysis includes cross-tabulation of quantitative data, whereby the frequency and percentage distribution of the results for each question were broken down based on client location and client sector. It also included coding of open-ended questions.

On average, the results are accurate within plus or minus 5.5 per cent, 19 times out of 20.

Measure 4.a – *Combined fatal and major injury collision rate per 100,000 population*

Data for this measure was taken from the Ministry’s Alberta Collision Information System (ACIS). The results for the measure are based on a calendar year. Collisions include those that result in the death of a person within 30 days of the collision or in a major injury (persons with injuries or complaint of pain that went to the hospital and were subsequently admitted even if for observation only) to at least one person involved in the collision.

Data is compiled from collision reports completed by the attending law enforcement officer where the collision resulted in death or major injury to at least one person. The final collision rate reported is based on a rolling three-year average. The following calculation is used to determine the individual collision rate for each year:

*Number of Combined Fatal and Major Injury Collisions / Population * 100,000.* Rates are then averaged to represent a rolling three year average using the following calculation:

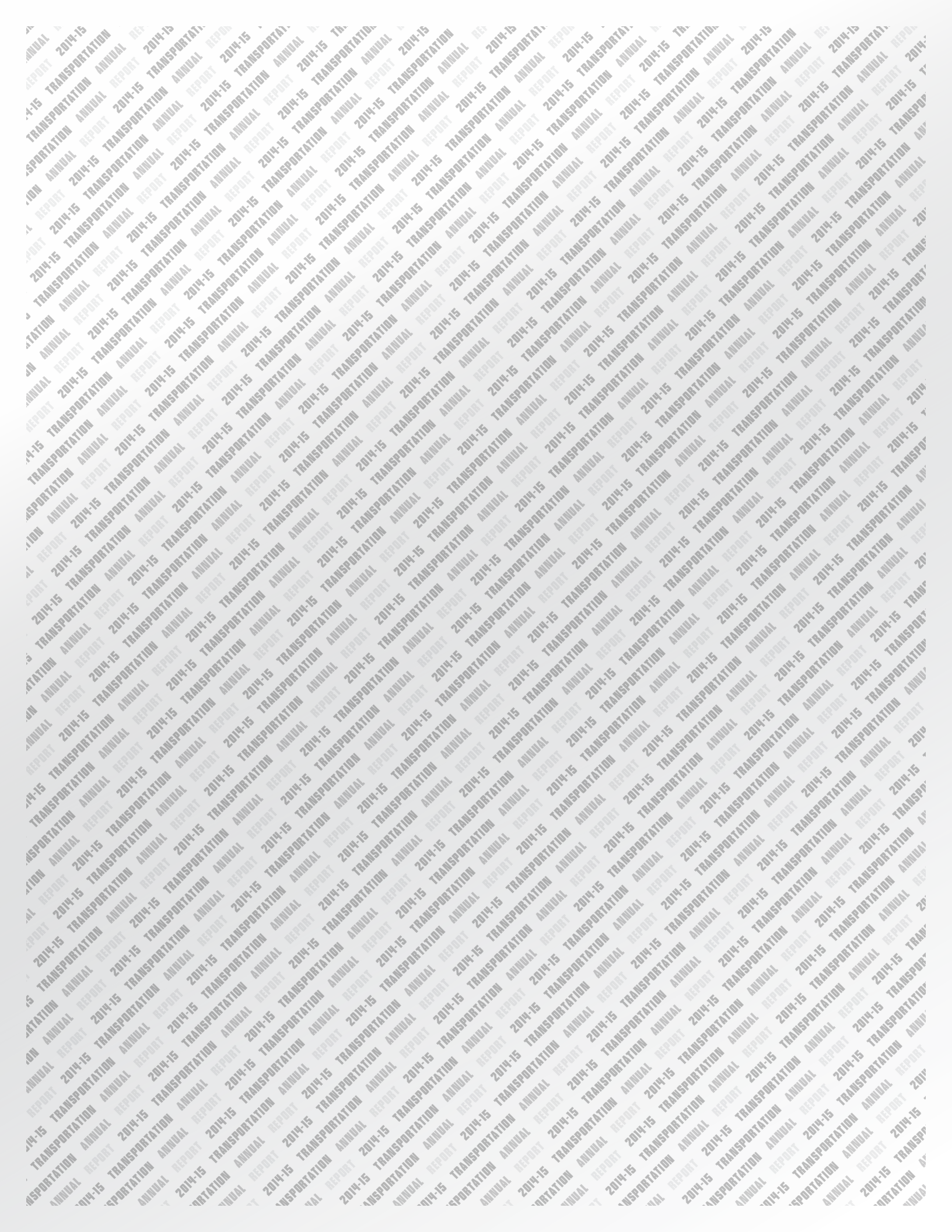
$$\frac{(\text{Year One Rate per 100,000 Population} + \text{Year Two Rate per 100,000 Population} + \text{Year Three Rate per 100,000 Population})}{3}$$

APPENDIX B – STATUTORY REPORT

Section 32 of the *Public Interest Disclosure Act* requires the Ministry to report annually on the following parts of the Act:

- a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
- b) The number of investigations commenced by the designated officer as a result of disclosures;
- c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2014-15 for the Ministry, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office.





For a PDF of this annual report, visit the Government of Alberta website:
[www.transportation.alberta.ca/Content/Publications/Production/
AnnualReport2014-15.pdf](http://www.transportation.alberta.ca/Content/Publications/Production/AnnualReport2014-15.pdf)