Alberta Energy Regulator
Financial Statements
For the Year Ended March 31, 2016

Independent Auditor's Report

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AUDITOR GENERAL
Alberta

Independent Auditor's Report

To the Board of Directors of the Alberta Energy Regulator

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Energy Regulator, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Energy Regulator as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

May 11, 2016

Edmonton, Alberta

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Alberta Energy Regulator (AER) and all other information relating to the AER contained in this annual report have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian Public Sector accounting standards. The financial statements necessarily include some amounts that are based on informed judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

Management is responsible for maintaining an effective system of internal controls designed to provide reasonable assurance that financial information is reliable, transactions are properly authorized, assets are safeguarded and liabilities are recognized.

The Auditor General of Alberta, the AER's external auditor appointed under the Auditor General Act, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards, and has expressed his opinion in the accompanying Independent Auditor's Report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Audit and Finance Committee, composed of Directors who are not employees of the regulator. The Audit and Finance Committee meets with the internal auditors and the external auditors-both in the presence and in the absence of management to discuss their audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The internal and external auditors have full and unrestricted access to the Audit and Finance Committee.

[Originally signed by Jim Ellis]

President and Chief Executive Officer

[Originally signed by Rick Brown]

Executive Vice President, Corporate Services

[Originally signed by Tom Heywood]

Vice President, Finance and Chief Financial Officer

Date: May 11, 2016

ALBERTA ENERGY REGULATOR
STATEMENT OF OPERATIONS
Year Ended March 31
(in thousands)

	2016		2015
	Budget (Note 3)	Actual	Actual
Revenues			
Industry levies and assessments	$ 270,093	$ 270,335	$ 258,278
Provincial grant		-	19,800
Information, services and fees	6,859	6,867	8,260
Investment	1,300	1,278	1,654
	278,252	278,480	287,992
Expenses			
Energy regulation (Schedule 1)	253,252	249,113	256,827
Orphan abandonment (Note 4)	30,500	31,111	15,760
	283,752	280,224	272,587
Annual operating (deficit) surplus	(5,500)	(1,744)	15,405
Accumulated operating surplus at beginning of year	63,855	63,855	48,450
Accumulated operating surplus at end of year	$ 58,355	$ 62,111	$ 63,855

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

ALBERTA ENERGY REGULATOR
STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands)

	2016	2015
Financial assets		
Cash and cash equivalents (Note 5)	$ 24,851	$ 54,040
Security deposits (Note 7)	138,125	122,835
Accounts receivable	18,149	12,245
	181,125	189,120
Liabilities		
Accounts payable and accrued liabilities	16,643	33,511
Grant payable to Orphan Well Association	15,093	15,055
Security deposits (Note 7)	138,125	122,835
Deferred revenue (Note 9)	1,604	2,056
Deferred lease incentives (Note 10)	22,264	23,023
Pension obligations (Note 12)	692	2,349
	194,421	198,829
Net debt	(13,296)	(9,709)
Non-financial assets		
Tangible capital assets (Note 13)	64,430	63,211
Prepaid expenses and other assets	10,977	10,353
	75,407	73,564
Accumulated operating surplus (Note 14)	$ 62,111	$ 63,855

Contractual obligations (Note 16)

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

ALBERTA ENERGY REGULATOR
STATEMENT OF CHANGE IN NET DEBT
Year Ended March 31
(in thousands)

	2016		2015
	Budget (Note 3)	Actual	Actual
Annual operating (deficit) surplus	$ (5,500)	$ (1,744)	$ 15,405
Acquisition of tangible capital assets (Note 13)	(9,000)	(14,196)	(20,854)
Amortization of tangible capital assets (Note 13)	11,500	12,645	11,836
Loss on disposal and write-down of tangible capital assets		332	779
Increase in prepaid expenses and other assets		(624)	(693)
(Increase) decrease in net debt	(3,000)	(3,587)	6,473
Net debt at beginning of year	(9,709)	(9,709)	(16,182)
Net debt at end of year	$ (12,709)	$ (13,296)	$ (9,709)

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

ALBERTA ENERGY REGULATOR
STATEMENT OF CASH FLOWS
Year Ended March 31
(in thousands)

	2016	2015
Operating transactions		
Annual operating (deficit) surplus	$ (1,744)	$ 15,405
Non-cash items included in net operating results		
Amortization of tangible capital assets (Note 13)	12,645	11,836
Loss on disposal and write-down of tangible capital assets	332	779
Change in pension obligations	(1,657)	(942)
Amortization of deferred lease incentives (Note 10)	(1,522)	(1,430)
	8,054	25,648
(Increase) in accounts receivable	(5,904)	(8,353)
(Increase) in prepaid expenses and other assets	(624)	(693)
(Decrease) increase in accounts payable and accrued liabilities	(16,868)	11,929
Increase in grant payable to Orphan Well Association	38	4,305
(Decrease) in deferred revenue	(452)	(915)
Additions to deferred lease incentives (Note 10)	763	918
Cash (used) provided by operating transactions	(14,993)	32,839
Capital transactions		
Acquisition of tangible capital assets (Note 13)	(14,196)	(20,854)
Cash applied to capital transactions	(14,196)	(20,854)
(Decrease) increase in cash and cash equivalents	(29,189)	11,985
Cash and cash equivalents at beginning of year	54,040	42,055
Cash and cash equivalents at end of year	$ 24,851	$ 54,040

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

Note 1 Authority and purpose

The Alberta Energy Regulator (AER) is an independent and quasi-judicial organization of the Government of Alberta. The AER operates under the *Responsible Energy Development Act.* The AER's mandate provides for the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

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) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta are referred to as provincial grants.

Provincial grants, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the AER is eligible to receive the funds.

(b) Expenses

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

(c) Valuation of financial assets and liabilities

The AER's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Security deposits	Cost
Accounts payable and accrued liabilities	Cost
Grant payable to the Orphan Well Association	Cost

The AER has not designated any financial assets or liabilities in the fair value category, has no significant foreign currency transactions and does not hold any derivative contracts. The AER has no significant remeasurement gains or losses and consequently has not presented a statement of remeasurement gains and losses.

(d) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the AER are limited to cash and cash equivalents, security deposits and financial claims on other organizations.

Note 2 Summary of significant accounting policies and reporting practices (continued)

(e) Liabilities

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

Pension

Accrued benefit obligations are actuarially determined using the projected benefit method prorated on length of service and management's best estimate of expected plan investment performance, projected employees' compensation levels and retirement age of employees.

The expected return on plan assets is determined using market values of plan assets.

Actuarial gains and losses are amortized over the average remaining service period of the active employees, which is 9.6 years.

Past service cost arising from plan amendments is accounted for in the period of the plan amendments.

Defined contribution plan accounting is applied to the Government of Alberta multi-employer defined benefit pension plans as the AER has insufficient information to apply defined benefit plan accounting. The AER is not responsible for future funding of the plan deficit other than through contribution increases.

Deferred lease incentives

Deferred lease incentives, consisting of leasehold improvement costs, reduced rent benefits and rent-free periods, are amortized on a straight-line basis over the term of the lease.

Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the AER is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

(f) Non-financial assets

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

- are normally employed to deliver AER services;
- may be consumed in the normal course of operations; and
- are not for sale in the normal course of operations.

Non-financial assets of the AER are limited to tangible capital assets and prepaid expenses and other assets.

Note 2 Summary of significant accounting policies and reporting practices (continued)

(f) Non-financial assets (continued)

Tangible capital assets

Tangible capital assets are recorded at historical cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets and are amortized over their estimated useful lives using the following methods:

Leasehold improvements	Straight line	Term of the lease
Furniture and equipment	Straight line	5 - 12 years
Computer hardware	Straight line	4 - 5 years
Computer software - purchased	Straight line	4 - 5 years
Computer software - developed	Declining balance	5 years

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

Work-in-progress, which includes developed computer software and leasehold improvements, is not amortized until a project is complete and the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the AER's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expense in the Statement of Operations.

(g) Measurement uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets are based on estimates of the useful life of the related assets. Accrued defined benefit obligations are subject to measurement uncertainty due to the use of actuarial assumptions. The resulting estimates are within reasonable limits of materiality and are in accordance with the AER's significant accounting policies.

(h) Change in accounting policy

Adoption of net debt presentation

The net debt presentation with reclassification of comparatives has been adopted for the presentation of financial statements. Net debt or net financial assets is measured as the difference between the AER's financial assets and liabilities.

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

(i) Future accounting changes

In March 2015 the Public Sector Accounting Board (PSAB) issued the following accounting standards:

PS 2200 Related Party Disclosure and PS 3420 Inter-entity Transactions (effective April 1, 2017)

PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes guidance on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

Note 2 Summary of significant accounting policies and reporting practices (continued)

(i) Future accounting changes (continued)

In June 2015 the PSAB issued the following accounting standards:

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights (effective April 1, 2017)
PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

PS 3430 Restructuring Transactions (effective April 1, 2018)
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

Note 3 Budget

The Budget is based on the AER Business Plan for the year ended March 31, 2016. The Budget has been approved by the Government of Alberta.

Note 4 Orphan abandonment

The AER has delegated the authority to manage the abandonment and reclamation of wells, facilities and pipelines that are licensed to defunct licensees to the Alberta Oil and Gas Orphan Abandonment and Reclamation Association (Orphan Well Association). The AER grants all of its orphan abandonment revenues (levy and application fees) to the Orphan Well Association. During the year ended March 31, 2016, the AER collected $30,167 (2015 - $15,000) in levies and $944 (2015 - $760) in application fees.

Note 5 Cash and cash equivalents

Cash and cash equivalents are held in an account with a Canadian chartered bank and earn interest calculated based on the average monthly cash balance. The funds are available to be withdrawn upon request. During the year ended March 31, 2016, the AER earned interest at the rate of 1.1% (2015 - 1.3%).

Note 6 Financial instruments

The AER has the following financial instruments: accounts receivable, accounts payable and accrued liabilities, grant payable to the Orphan Well Association and security deposits.

The AER has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the AER will encounter difficulty in meeting obligations associated with financial liabilities. The AER does not consider this to be a significant risk as the AER collects funding at the beginning of the year to meet all obligations that arise during the year. In addition, the available credit facility provides financial flexibility to allow the AER to meet its obligations if funding cannot be collected on a timely basis.

(b) Credit risk

The AER is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2016, the amount of financial assets that were past due was not significant and there were no material uncollectible receivable balances.

(in thousands)

Note 7 Security deposits

The AER collects financial security under a number of different programs to protect the public from paying costs associated with abandonment and reclamation of upstream wells, facilities, pipelines, mines, mine sites and oilfield waste management facilities. The security deposits are held on behalf of licensees. The AER administers the programs in accordance with specified acts and regulations and does not have any financial risk associated with security collected. At March 31, 2016, the AER held $138,125 (2015 - $122,835) in cash and an additional $1,528,339 (2015 - $1,707,241) in letters of credit. Security, along with any interest earned, will be returned to the depositors upon meeting specified refund criteria.

Note 8 Revolving line of credit

During 2016, the AER had an unsecured $50,000 revolving line of credit. Amounts borrowed can only be applied to general corporate purposes and exclude the funding of operating deficits and/or capital expenditures. Bank advances on the line of credit are payable on demand and bear interest at prime less 0.5%. As at March 31, 2016, the outstanding balance for the revolving line of credit was $nil (2015 -$nil).

Note 9 Deferred revenue

	2016	2015
Balance at beginning of year	$ 2,056	$ 2,971
Received during year	395	347
Less amounts recognized as revenue	(847)	(1,262)
Balance at end of year	$ 1,604	$ 2,056

Note 10 Deferred lease incentives

The AER has entered into various lease agreements which provide for lease incentives comprised of reduced rent benefits, rent-free periods and leasehold improvement costs. These amounts are included in deferred lease incentives and are amortized on a straight line basis over the term of the lease.

	2016			2015
	Leasehold improvement costs	Reduced rent benefits and rent-free periods	Total	Total
Balance at beginning of year	$ 18,331	$ 4,692	$ 23,023	$ 23,535
Additions during the year	763	-	763	918
Amortization	(1,195)	(327)	(1,522)	(1,430)
Balance at end of year	$ 17,899	$ 4,365	$ 22,264	$ 23,023

Note 11 Liability for contaminated sites

As at March 31, 2016, the AER is not responsible, nor has it accepted responsibility, for performing remediation work at contaminated sites. As at March 31, 2016, the AER's liability for contaminated sites was $nil (2015 - $nil).

Note 12 Pension

The AER participates in the Government of Alberta's multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. For the year ended March 31, 2016, the expense for these pension plans is equal to the contribution of $18,026 (2015 - $17,325). Pension expense recorded is comprised of employer contributions to the plans that are required for its employees during the year, which are calculated based on actuarially determined amounts that are expected to provide the plans' future benefits.

(in thousands)

Note 12 Pension (continued)

In addition, the AER maintains its own defined benefit Senior Employees Pension Plan (SEPP) and two supplementary pension plans to compensate senior staff who do not participate in the government management pension plans. Retirement benefits are based on each employee's years of service and remuneration.

The effective date of the most recent actuarial funding valuation for SEPP was December 31, 2014. The accrued benefit obligation as at March 31, 2016 is based on the extrapolation of the results of this valuation. The effective date of the next required funding valuation for SEPP is December 31, 2017.

Pension plan assets are valued at market values. During the year ended March 31, 2016 the weighted average actual return on plan assets was -3.4% (11.7% in 2015).

Significant weighted average actuarial and economic assumptions used to value accrued benefit obligations and pension benefit costs are as follows:

Accrued benefit obligations	March 31, 2016	March 31, 2015
Discount rate	4.7%	4.9%
Rate of compensation increase	0% for 2 years, 3.5% thereafter	0% for 1 year, 3.5% thereafter
Long-term inflation rate	2.0%	2.0%

Pension benefit costs for the year	2016	2015
Discount rate	4.9%	5.3%
Expected rate of return on plan assets	4.9%	5.3%
Rate of compensation increase	0% for 1 year, 3.5% thereafter	3.8%

The funded status and amounts recognized in the Statement of Financial Position are as follows:

	March 31, 2016	March 31, 2015
Market value of plan assets	$ 47,853	$ 45,087
Accrued benefit obligations	54,639	49,510
Plan (deficit)	(6,786)	(4,423)
Unamortized actuarial loss	6,094	2,074
Pension obligations	$ (692)	$ (2,349)

The pension benefit costs for the year include the following components:

	2016	2015
Current period benefit cost	$ 4,375	$ 3,625
Interest cost	2,573	2,394
Expected return on plan assets	(2,330)	(2,110)
Amortization of actuarial losses	436	396
	$ 5,054	$ 4,305

ALBERTA ENERGY REGULATOR
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016
(in thousands)

Note 12 Pension (continued)

Additional information about the defined benefit pension plans is as follows:

	2016	2015
AER contribution	$ 6,711	$ 5,247
Employees' contribution	861	731
Benefits paid	3,216	3,350

The asset allocation of the defined benefit pension plans' investments is as follows:

	March 31, 2016	March 31, 2015
Equity securities	47.9%	49.9%
Debt securities	37.7%	38.4%
Other	14.4%	11.7%
	100.0%	100.0%

Note 13 Tangible capital assets

	2016					2015
	Land	Leasehold improvements	Furniture and equipment	Computer hardware and software	Total	Total
Estimated useful life	Indefinite	Term of the lease	5-12 years	4-5 years		
Historical cost						
Beginning of year	$ 282	$ 36,055	$ 16,154	$ 123,999	$ 176,490	$ 157,359
Additions	-	2,870	759	10,567	14,196	20,854
Disposals, including write-downs	-	(218)	(1,664)	(7,698)	(9,580)	(1,723)
	282	38,707	15,249	126,868	181,106	176,490
Accumulated amortization						
Beginning of year	$ -	$ 7,740	$ 9,227	$ 96,312	$ 113,279	$ 102,387
Amortization expense	-	2,266	1,066	9,313	12,645	11,836
Disposals, including write-downs	-	(86)	(1,489)	(7,673)	(9,248)	(944)
	-	9,920	8,804	97,952	116,676	113,279
Net book value at March 31, 2016	$ 282	$ 28,787	$ 6,445	$ 28,916	$ 64,430	
Net book value at March 31, 2015	$ 282	$ 28,315	$ 6,927	$ 27,687		$ 63,211

Historical cost includes work-in-progress at March 31, 2016 totaling $3,767 (March 31, 2015 - $454) comprised of: computer hardware and software $3,767 (March 31, 2015 - $321) and leasehold improvements $nil (March 31, 2015 - $133).

(in thousands)

Note 14 Accumulated operating surplus

The accumulated operating surplus of the AER is calculated as the sum of the net debt of the AER and its non-financial assets. The accumulated operating surplus represents the net assets of the AER. Accumulated operating surplus is comprised of the following:

	2016			2015
	Investments in tangible capital assets (a)	Unrestricted net assets	Accumulated operating surplus	Accumulated operating surplus
Balance at beginning of year	$ 44,880	$ 18,975	$ 63,855	$ 48,450
Annual operating (deficit) surplus	-	(1,744)	(1,744)	15,405
Net investment in capital assets	1,651	(1,651)	-	-
Balance at end of year	$ 46,531	$ 15,580	$ 62,111	$ 63,855

(a) Excludes leasehold improvement costs received by the AER as a lease incentive.

Note 15 Contingent liabilities

The AER, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably determined at this time, the AER believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the AER. Based on legal advice, management has concluded that none of the claims meet the criteria for recording an accrued liability under PSAS.

Note 16 Contractual obligations

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

Estimated payment requirements for obligations under operating leases and contracts for each of the next five years and thereafter are as follows:

2017	$ 25,352
2018	20,160
2019	16,304
2020	12,506
2021	12,296
Thereafter	109,521
	$ 196,139

(in thousands)

Note 17 Related party transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

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

	Entities in the Ministry		Other entities	
	2016	2015	2016	2015
Revenues				
Provincial grant	$ -	$ 19,875	$ -	$ -
Information, services and fees	153	150	176	136
	$ 153	$ 20,025	$ 176	$ 136

	Entities in the Ministry		Other entities	
	2016	2015	2016	2015
Expenses				
Computer services	$ 2,124	$ 2,122	$ 1,714	$ 1,167
Buildings	-	-	846	600
Administrative	-	-	1,143	933
Consulting services	-	82	290	321
	$ 2,124	$ 2,204	$ 3,993	$ 3,021
Receivable from	$ 91	$ 10	$ 6	$ 4
Payable to	$ -	$ 4,460	$ 588	$ 669

Note 18 Comparative figures

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

Note 19 Approval of financial statements

These financial statements were approved by the AER Board of Directors on May 11, 2016.

ALBERTA ENERGY REGULATOR

Schedule 1

SCHEDULE TO THE FINANCIAL STATEMENTS

Energy Regulation Expenses

Year Ended March 31, 2016

(in thousands)

	2016	2015
Salaries, wages and employee benefits	$ 180,705	$ 178,148
Computer services	15,719	15,912
Buildings	15,198	18,016
Consulting services	13,692	19,990
Amortization of tangible capital assets	12,645	11,836
Travel and transportation	4,832	5,582
Administrative	4,373	4,133
Equipment rent and maintenance	936	1,173
Abandonment and enforcement	681	1,258
Loss on disposal and write-down of tangible capital assets	332	779
	$ 249,113	$ 256,827

ALBERTA ENERGY REGULATOR
SCHEDULE TO THE FINANCIAL STATEMENTS
Salaries and Benefits Disclosure
Year Ended March 31, 2016
(in thousands)

Schedule 2

Position	2016 Base salary [(a)]	2016 Other cash benefits[(b)]	2016 Other non-cash benefits [(c)]	2016 Total [(d)]	2015 Total
Board of Directors					
Chairman	$ 269	$ -	$ 7	$ 276	$ 291
Board Director	114	-	6	120	119
Board Director	117	-	1	118	117
Board Director	107	-	10	117	129
Board Director	105	-	1	106	108
Board Director[(e)]	72	-	5	77	-
Board Director[(f)]	60	-	7	67	127
Board Director[(g)]	24	-	4	28	131
Board Director[(h)]	-	-	-	-	29
Executives					
President and Chief Executive Officer [(i)]	529	48	148	725	710
Chief Hearing Commissioner[(j)]	210	17	60	287	261
Executive Vice-President, Corporate Services	275	90	75	440	411
Executive Vice-President and General Counsel [(k)]	275	90	88	453	418
Executive Vice-President, Operations[(k)]	317	99	108	524	449
Executive Vice-President, Stakeholder & Government Relations	275	99	77	451	432
Executive Vice-President, Strategy & Regulatory[(k)]	275	73	38	386	414

(a) Includes retainers and per diems for Board Directors. Members of the Board of Directors do not participate in the AER's pension plans. Includes pensionable base pay for Executives.

(b) Payments in lieu of vacation and health benefits, vehicle allowances, and short term incentive payments for Executive Vice-Presidents.

(c) Contributions to all benefits as applicable including employer's share of Employment Insurance, Canada Pension Plan, Alberta and AER pension plans, health benefits or payments made for professional memberships and tuition fees.

(d) Salaries and benefits for the Board of Directors are presented in descending order.

(e) The incumbent held the position effective August 1, 2015.

(f) The incumbent left the position effective September 30, 2015.

(g) The incumbent left the position effective June 16, 2015.

(h) The incumbent left the position effective June 26, 2014.

(i) Automobiles provided, no dollar amount included in other non-cash benefits. During 2016, a relocation expense, related to home equity loss due to a required transfer of location, was paid in the amount of $127. Relocation expenses are a normal business expense and are not considered to be compensation.

(j) The position was held by two individuals in 2015.

(in thousands)

(k) Under the terms of the AER's defined benefit SEPP and two supplementary retirement plans (SRP), employees may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The SEPP and SRP provide future pension benefits to participants based on years of service and remuneration. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The costs detailed below are only for those employees included in Schedule 2 who participate in the SEPP and SRP maintained by the AER to compensate senior staff who do not participate in the government management pension plans.

	2016			2015
Position	Current service cost	Prior service and other costs	Total	Total
Executive Vice-President and General Counsel	$ 39	$ 8	$ 47	$ 42
Executive Vice-President, Operations	54	2	56	52
Executive Vice-President, Strategy & Regulatory	5	22	27	40

Position	Accrued obligation April 1, 2015	Changes in accrued obligation	Accrued obligation March 31, 2016	2015
Executive Vice-President and General Counsel	$ 403	$ 72	$ 475	$ 403
Executive Vice-President, Operations	125	79	204	125
Executive Vice-President, Strategy & Regulatory	1,108	67	1,175	1,108

ALBERTA ENERGY REGULATOR Schedule 3

SCHEDULE TO THE FINANCIAL STATEMENTS

Actual Results Compared with Budget

Year Ended March 31, 2016

(in thousands)

	2016	
	Budget (Note 3)	Actual
Revenues		
Industry levies and assessments	$ 270,093	$ 270,335
Provincial grant		-
Information, services and fees	6,859	6,867
Investment	1,300	1,278
	278,252	278,480
Expenses		
Energy regulation	253,252	249,113
Orphan abandonment	30,500	31,111
	283,752	280,224
Annual operating (deficit)	(5,500)	(1,744)
Capital		
Capital investment	9,000	14,196
Less: Amortization	(11,500)	(12,645)
Loss on disposal and write-down of tangible capital assets		(332)
Net capital investment	(2,500)	1,219
	$ (3,000)	$ (2,963)