

# Public Accounts

VOLUME 2 - AGENCIES AND FUNDS

Province of Nova Scotia

for the fiscal year **1999-2000**

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE



**PROVINCE OF NOVA SCOTIA**  
**TABLE OF CONTENTS**  
**AGENCIES AND FUNDS**

Annapolis Valley Regional School Board .....	4
Art Gallery of Nova Scotia .....	19
Bedford Waterfront Development Corporation .....	30
Cape Breton Health Care Complex .....	39
Cape Breton Victoria Regional School Board .....	47
Central Regional Health Board .....	62
Check Inns Limited .....	75
Chignecto-Central Regional School Board .....	77
Collège de l'Acadie .....	92
Conseil scolaire acadien provincial .....	103
Eastern Regional Health Board .....	115
Environmental Trust Fund .....	126
Fisheries and Aquaculture Development Fund .....	129
Halifax-Dartmouth Bridge Commission .....	135
Halifax Regional School Board .....	143
Highway 104 Western Alignment Corporation .....	160
Housing Development Corporation .....	169
Housing Development Fund .....	176
Industrial Expansion Fund .....	179
Insured Prescription Drug Plan Trust Fund .....	186
Izaak Walton Killam Grace Health Centre .....	190
Law Reform Commission .....	199
Members' Retiring Allowances Act .....	201
Northern Regional Health Board .....	205
Nova Scotia Alcohol & Gaming Authority .....	214
Nova Scotia Arts Council .....	219
Nova Scotia Business Development Corporation .....	230
Nova Scotia Community College .....	237
Nova Scotia Crop and Livestock Insurance Commission .....	246
Nova Scotia Farm Loan Board .....	254
Nova Scotia Film Development Corporation .....	260
Nova Scotia Freedom of Information & Protection of Privacy Review Office .....	267
Nova Scotia Gaming Corporation .....	272
Nova Scotia Gaming Foundation .....	288
Nova Scotia Harness Racing Incorporated .....	292
Nova Scotia Hospital .....	296

Nova Scotia Innovation Corporation .....	306
Nova Scotia Legal Aid Commission .....	317
Nova Scotia Liquor Commission .....	327
Nova Scotia Municipal Finance Corporation .....	332
Nova Scotia Police Commission .....	341
Nova Scotia Power Finance Corporation .....	347
Nova Scotia Primary Forest Products Marketing Board .....	354
Nova Scotia Public Service LTD Trust Fund .....	359
Nova Scotia Resources Limited .....	364
Nova Scotia Talent Trust .....	373
Nova Scotia Teachers' Pension .....	377
Nova Scotia Utility and Review Board .....	385
Novaco Limited .....	393
Provincial Community Pasture Board .....	396
Provincial Drug Distribution Program .....	400
Provincial Resort Hotels .....	405
Public Archives of Nova Scotia .....	407
Public Service Superannuation Fund .....	412
Public Trustee Trust Funds .....	420
Queen Elizabeth II Health Sciences Centre .....	425
Resource Recovery Fund Board Inc. ....	437
Sherbrooke Restoration Commission .....	446
Southwest Regional School Board .....	453
Strait Regional School Board .....	474
Sydney Environmental Resources Limited .....	485
Sydney Steel Corporation .....	489
Tidal Power Corporation .....	495
Trade Centre Limited .....	497
Transportation Trust Fund .....	504
Upper Clements Family Theme Park Limited .....	505
Victims' Assistance Fund .....	508
Waterfront Development Corporation Limited .....	509
Western Regional Health Board .....	517
Workers' Compensation Board of Nova Scotia .....	527

## AUDITORS' REPORT

To the Chairman and Members of  
Annapolis Valley Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Annapolis Valley Regional School Board as at March 31, 2000, and the statements of operations for the year ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

The comparative figures have been reported on by another firm of Chartered Accountants.

MACKENZIE, MORSE AND BREWSTER  
Chartered Accountants

Berwick, Nova Scotia  
June 15, 2000

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
as at March 31,2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current		
Cash	\$ 5,550	\$ 5,550
Receivables		
Province of Nova Scotia . . . . .	6,233,965	1,544,661
Gov't of Canada . . . . .	792,216	806,262
Other school boards . . . . .	289,886	315,979
Municipalities . . . . .	---	668
Other . . . . .	1,367,241	912,298
Current portion of note . . . . .	32,627	108,756
Due from Trust Funds . . . . .	18,465	20,009
Prepaid expenses . . . . .	43,159	332,833
Inventories . . . . .	119,459	117,173
Deferred charges - service awards . . . . .	---	460,314
	<u>8,902,568</u>	<u>4,624,503</u>
Restricted cash & investments (Note 2) . . . . .	34,560	27,394
Note receivable (Note 3) . . . . .	---	32,627
Deferred charges - long term-service awards (Note 4) . . . . .	---	425,996
Fixed assets at cost		
School property & equipment (Note 1) . . . . .	81,796,859	84,806,867
School buses & other vehicles (Note 1) . . . . .	<u>4,592,652</u>	<u>4,290,065</u>
	<u>\$ 95,326,639</u>	<u>\$ 94,207,452</u>

**LIABILITIES**

Current		
Bank Indebtedness . . . . .	\$ 5,310,592	\$ 3,509,057
Payables and accruals		
Trade . . . . .	1,386,403	623,447
Other . . . . .	840,623	544,782
Deferred Revenue . . . . .	<u>754,166</u>	<u>664,843</u>
	8,291,784	5,342,129
Commitment to Early Retirement Program (Note 5) . . . . .	18,526,149	18,526,149
Term Debt		
Board debenture debt (Note 6) . . . . .	---	89,014
Capital Lease (Note 6) . . . . .	<u>266,639</u>	<u>401,983</u>
	<u>27,084,572</u>	<u>24,359,275</u>

**EQUITY**

Investment in Capital Assets . . . . .	86,122,872	88,605,935
Surplus (Deficit) - Non Restricted . . . . .	---	(389,234)
Surplus - Restricted (Cafeteria) . . . . .	34,560	27,394
Reserves . . . . .	610,784	130,231
Deficiency in Early Retirement Program . . . . .	<u>(18,526,149)</u>	<u>(18,526,149)</u>
	<u>68,242,067</u>	<u>69,848,177</u>
	<u>\$ 95,326,639</u>	<u>\$ 94,207,452</u>
Contingencies (Note 8)		
Commitments (Note 10)		

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Statement of Operations  
for the year ended March 31, 2000**

		<u>2000</u>		
	<b>Page</b>	<b>Budget</b>	<b>Actual</b>	<u><b>1999 Actual</b></u>
<b>Revenue</b>				
Province of Nova Scotia . . . . .	11	\$ 69,815,520	\$ 73,798,491	\$ 68,565,719
Government of Canada . . . . .	11	780,705	665,477	808,408
Appropriations from Councils . . . . .	11	14,528,557	14,528,569	14,183,941
Board Operations . . . . .	11	2,702,055	3,504,178	3,282,268
Transfer from Reserves . . . . .	9	---	116,385	6,048
Transfer from Surplus . . . . .	6	---	---	---
		<u>87,826,837</u>	<u>92,613,100</u>	<u>86,846,384</u>
<b>Expenditures</b>				
Regional Board Management . . . . .	12	2,554,154	2,434,110	2,201,952
School Admin. & Instruction . . . . .	12	58,562,881	60,528,973	57,578,905
School Cafeterias . . . . .	13	1,076,000	1,070,626	1,049,605
Property Services . . . . .	13	7,388,315	8,032,549	6,816,257
Pupil Transportation . . . . .	13	6,270,939	6,497,591	6,128,211
Special Education . . . . .	14	9,514,600	9,691,064	9,091,746
Adult Education . . . . .	14	1,300,875	1,612,278	1,475,667
Federal Programs . . . . .	14	60,298	60,968	51,098
Capital Purchases . . . . .	14	616,722	1,605,972	818,313
Debt Service Costs . . . . .	14	92,802	92,797	162,877
Prior Year's Deficit . . . . .		389,251	389,234	1,842,198
		<u>87,826,837</u>	<u>92,016,162</u>	<u>87,216,829</u>
Excess (deficiency) of revenue over expenditure before transfer to reserves . . . . .		---	596,938	(370,445)
Transfer to reserves . . . . .	10	---	(596,938)	(18,789)
Excess (deficiency) of revenue over expenditure. . . . .		<u>---</u>	<u>---</u>	<u>(389,234)</u>

**Statement of Continuity of Surplus (Deficit)  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of period . . . . .	\$ (389,234)	\$ (1,842,198)
Transfer to current operations . . . . .	<u>389,234</u>	<u>1,842,198</u>
	\$ ---	\$ ---
Excess (deficiency) of revenue over expenditures . . . . .	<u>---</u>	<u>(389,234)</u>
Balance, end of period. . . . .	<u>---</u>	<u>(389,234)</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
as at March 31, 2000**

<b>ASSETS</b>		<b>2000</b>	<b>1999</b>
Current			
Cash	\$	5,550	\$ 5,550
Receivables			
Province of Nova Scotia . . . . .		6,058,800	1,186,304
Government of Canada . . . . .		792,216	806,262
Due from other Boards . . . . .		289,886	315,979
Due from Municipalities . . . . .		---	668
Other . . . . .		1,367,241	912,298
Note Receivable . . . . .		32,627	108,756
Due from Capital Fund . . . . .		175,165	358,357
Due from Trust Funds . . . . .		18,465	20,009
Inventories, at cost . . . . .		119,459	117,173
Prepaid expenses . . . . .		43,159	332,833
Deferred Charges - Service Awards . . . . .		---	460,314
		<u>8,902,568</u>	<u>4,624,503</u>
Note receivables (Note 3) . . . . .		---	32,627
Deferred charges - long term-Service Awards (Note 4) . . . . .		---	425,996
Restricted cash & Investments (Note 2) . . . . .		34,560	27,394
	\$	<u><u>8,937,128</u></u>	\$ <u><u>5,110,520</u></u>

**LIABILITIES**

Current			
Bank Indebtedness . . . . .	\$	5,310,592	\$ 3,509,057
Payables and accruals			
Trade . . . . .		1,386,403	623,447
Other . . . . .		840,623	544,782
Deferred Revenue . . . . .		754,166	664,843
		<u>8,291,784</u>	<u>5,342,129</u>
Due to Reserve Fund . . . . .		610,784	130,231
Commitment of ERP (Note 5) . . . . .		18,526,149	18,526,149
		<u>27,428,717</u>	<u>23,998,509</u>

**EQUITY**

Surplus - Restricted (Cafeteria) . . . . .	34,560	27,394
Surplus (Deficit) - Non Restricted . . . . .	---	(389,234)
Deficiency in ERP . . . . .	<u>(18,526,149)</u>	<u>(18,526,149)</u>
	<u>(18,491,589)</u>	<u>(18,887,989)</u>
	\$ <u><u>8,937,128</u></u>	\$ <u><u>5,110,520</u></u>

Contingencies (Note 8)  
Commitments (Note 10)

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
as at March 31, 2000**

<b>ASSETS</b>		
	<b>2000</b>	<b>1999</b>
Accounts Receivable		
Due from Province of NS . . . . .	\$ 175,165	\$ 358,357
Fixed assets, at cost		
Land, buildings and improvements (Note 1) . . . . .	73,496,635	76,781,698
Equipment and furnishings . . . . .	8,300,224	8,025,169
School buses and other vehicles . . . . .	4,592,652	4,290,065
	<u>\$ 86,564,676</u>	<u>\$ 89,455,289</u>
<b>LIABILITIES</b>		
Due to operating fund . . . . .	\$ 175,165	\$ 358,357
Term debt		
Board debenture debt (Note 6) . . . . .	---	89,014
Capital Lease (Note 6) . . . . .	266,639	401,983
<b>EQUITY</b>		
Investment in capital assets . . . . .	86,122,872	88,605,935
	<u>\$ 86,564,676</u>	<u>\$ 89,455,289</u>

**Statement of Continuity of Investment in Capital Assets  
for the year ended March 31, 2000**

Balance, beginning of period . . . . .	\$ 88,605,935	\$ 87,365,167
Capital Expenditures:		
Land, Buildings & Improvements		
Capital Grant, L E Shaw Project . . . . .	10,618	157,638
Capital Grant, Middleton Bus Garage . . . . .	---	133,886
Capital Grant Renovation Projects . . . . .	76	66,833
	<u>10,694</u>	<u>358,357</u>
Capital expenditures from operating:		
School buses . . . . .	421,232	282,285
Equipment and furnishings . . . . .	386,792	148,841
Land, building & Improvements . . . . .	768,292	387,187
	<u>1,576,316</u>	<u>818,313</u>
Retirement of debt:		
Debt . . . . .	89,014	145,990
	<u>89,014</u>	<u>145,990</u>
Retirement of fixed assets:		
Disposal of Building . . . . .	(4,040,442)	---
School buses . . . . .	(118,645)	(81,892)
	<u>(2,483,063)</u>	<u>1,240,768</u>
Balance, end of period . . . . .	<u>\$ 86,122,872</u>	<u>\$ 88,605,935</u>

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



**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Reserve Fund Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Due from Operating Fund . . . . .	\$ 610,784	\$ 130,231
	\$ <u>610,784</u>	\$ <u>130,231</u>

**EQUITY**

Special Capital . . . . .	\$ 96,938	\$ ---
Reserves for program enhancement:		
School Bus Disposal . . . . .	9,132	9,132
KCDSB History . . . . .	2,000	2,000
Teacher Education Fund . . . . .	---	116,385
Prof. Development - Kings. . . . .	2,714	2,714
Future Operations. . . . .	500,000	---
	\$ <u>610,784</u>	\$ <u>130,231</u>

**Statement of Continuity of Reserves  
For the year ended March 31, 2000**

	Balance at March 31, 1999	Transfers from Operating	Transfers to Operating	Balance at March 31, 2000
Special Capital . . . . .	\$ ---	\$ 96,938	\$ ---	\$ 96,938
School Bus Disposal . . . . .	9,132	---	---	9,132
KCDSB History . . . . .	2,000	---	---	2,000
Teacher Education Fund . . . . .	116,385	---	116,385	---
Prof. Development - Kings. . . . .	2,714	---	---	2,714
Future Operations. . . . .	---	500,000	---	500,000
	\$ <u>130,231</u>	\$ <u>596,938</u>	\$ <u>116,385</u>	\$ <u>610,784</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Trust Funds Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Cash . . . . .	\$ 554,686	\$ 489,890
Investments, at cost . . . . .	3,700	3,700
Due from (to) operating account . . . . .	<u>(18,465)</u>	<u>(20,009)</u>
	\$ <u>539,921</u>	\$ <u>473,581</u>

**EQUITY**

Trust funds (Note 7) . . . . .	\$ <u>539,921</u>	\$ <u>473,581</u>
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**Statement of Trust Funds  
for the year ended March 31, 2000**

Balance, beginning of period . . . . .	\$ 473,581	\$ 365,837
Donations received . . . . .	112,691	152,900
Interest earned . . . . .	23,737	23,444
Disbursements . . . . .	<u>(70,088)</u>	<u>(68,600)</u>
Balance, end of period . . . . .	\$ <u>539,921</u>	\$ <u>473,581</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Revenues  
for the year ended March 31, 2000**

	<b>2000</b>		
	Budget	Actual	1999 Actual
<b>PROVINCE OF NOVA SCOTIA</b>			
General Formula . . . . .	\$ 62,857,878	\$ 62,857,912	\$ 55,784,967
Pupil transportation . . . . .	---	---	4,981,500
Special education . . . . .	4,862,300	4,862,300	4,654,534
Textbook Allocation . . . . .	750,600	750,600	750,618
French special project . . . . .	12,442	13,439	21,532
French Immersion. . . . .	57,600	37,083	33,334
Bus purchase grant . . . . .	600,600	600,600	600,600
Emergency capital grants . . . . .	---	140,000	224,000
Capital debt . . . . .	---	---	54,634
Other. . . . .	674,100	4,536,557	1,460,000
	<u>\$ 69,815,520</u>	<u>\$ 73,798,491</u>	<u>\$ 68,565,719</u>
<b>GOVERNMENT OF CANADA</b>			
Human Resources Development . . . . .	\$ 419,622	\$ 316,864	\$ 470,725
Native students . . . . .	150,282	171,292	110,975
Secretary of State:			
Minority Language . . . . .	45,000	33,024	43,650
French Special Projects . . . . .	21,801	52,809	21,529
French Immersion. . . . .	144,000	92,039	83,335
Co-Op Education . . . . .	---	---	8,725
Other. . . . .	---	(551)	69,469
	<u>\$ 780,705</u>	<u>\$ 665,477</u>	<u>\$ 808,408</u>
<b>APPROPRIATIONS FROM COUNCILS</b>			
<b>Mandatory</b>			
Town of Annapolis Royal . . . . .	\$ 80,319	\$ 80,319	\$ 85,150
Town of Berwick . . . . .	328,055	328,055	330,744
Town of Bridgetown. . . . .	109,501	109,501	111,243
Town of Hantsport. . . . .	182,898	182,898	166,313
Town of Kentville. . . . .	790,623	791,591	748,873
Town of Middleton . . . . .	255,964	255,964	244,185
Town of Windsor . . . . .	480,028	480,040	454,773
Town of Wolfville. . . . .	454,826	444,181	484,754
Municipality of Annapolis. . . . .	2,333,416	2,333,416	2,306,161
Municipality of Kings . . . . .	7,920,745	7,930,422	7,695,442
Municipality of West Hants. . . . .	1,592,182	1,592,182	1,556,303
	<u>\$ 14,528,557</u>	<u>\$ 14,528,569</u>	<u>\$ 14,183,941</u>
<b>BOARD OPERATIONS</b>			
Investment interest . . . . .	\$ ---	\$ 12,798	\$ 69,478
Cafeterias. . . . .	1,076,000	1,055,873	1,055,102
Adult Education Fees & Revenues. . . . .	712,866	988,210	741,574
Tuition . . . . .	---	---	22,628
Facility and Bus Rental . . . . .	30,000	21,134	29,743
Sale of Assets. . . . .	1,000	576	352
Other Fees & revenues . . . . .	882,189	1,425,587	1,363,391
	<u>\$ 2,702,055</u>	<u>\$ 3,504,178</u>	<u>\$ 3,282,268</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures  
for the year ended March 31, 2000**

**2000**

	Budget	Actual	1999 Actual
<b>REGIONAL BOARD MANAGEMENT</b>			
Salaries and Wages . . . . .	\$ 1,296,748	\$ 1,250,575	\$ 1,126,183
Board Member expense. . . . .	105,000	107,258	105,000
Employee benefits. . . . .	158,595	172,735	128,086
Supplies and materials. . . . .	124,950	112,338	117,746
Telephone . . . . .	72,600	11,349	35,164
Travel and conference - staff. . . . .	62,280	49,178	53,310
Travel and conference - board . . . . .	56,160	50,740	49,931
Insurance. . . . .	103,800	104,250	96,141
Professional fees . . . . .	114,500	117,010	123,182
Contracted Services . . . . .	31,500	20,914	56,281
Office Rental & Maintenance. . . . .	145,000	150,523	141,610
Advertising and Promotion. . . . .	44,000	48,949	45,614
Equipment Contracts. . . . .	4,000	4,418	3,629
NSSBA & Other Dues & Fees. . . . .	91,221	87,768	89,007
In-Service & Prof. Development . . . . .	18,000	15,447	10,636
Occupational Health & Safety. . . . .	75,300	80,285	---
Bank charges. . . . .	25,000	34,843	46
Other . . . . .	25,500	15,530	20,386
	<u>\$ 2,554,154</u>	<u>\$ 2,434,110</u>	<u>\$ 2,201,952</u>

**SCHOOL ADMINISTRATION & INSTRUCTION**

<b>Salaries and Wages</b>			
Administration. . . . .	\$ 4,780,086	\$ 4,805,847	\$ 4,623,013
Instructional. . . . .	39,994,171	40,436,483	39,344,128
Substitutes. . . . .	1,508,600	1,931,360	1,603,073
Sabbatical. . . . .	252,077	364,026	292,072
Library. . . . .	723,105	696,382	646,662
Guidance. . . . .	881,979	901,609	869,228
Clerical. . . . .	1,698,808	1,586,062	1,400,484
Other. . . . .	1,263,654	1,457,310	1,089,318
Employee Benefits . . . . .	2,890,453	3,109,576	3,184,152
Professional Development. . . . .	431,976	457,300	317,056
Service Awards. . . . .	547,814	1,071,662	437,761
Supplies and Materials. . . . .	1,296,669	1,501,421	1,480,395
Inservice training. . . . .	141,400	182,526	124,520
Conference grants. . . . .	125,268	88,247	97,488
Travel and conferences. . . . .	150,475	162,239	144,707
Telephone . . . . .	257,474	226,746	289,040
Early Retirement Payments. . . . .	---	---	---
Computer Services. . . . .	147,370	294,486	386,605
Textbook Allocation. . . . .	865,000	865,000	750,618
Library books and aids . . . . .	77,096	60,086	63,426
Other . . . . .	529,406	330,605	435,159
	<u>\$ 58,562,881</u>	<u>\$ 60,528,973</u>	<u>\$ 57,578,905</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
for the year ended March 31, 2000**

**2000**

	Budget	Actual	1999 Actual
<b>SCHOOL CAFETERIAS</b>			
Salaries and Wages . . . . .	\$ 340,000	\$ 343,290	\$ 338,653
Employee Benefits . . . . .	36,000	38,897	34,552
Food and materials. . . . .	700,000	688,439	676,400
	<u>\$ 1,076,000</u>	<u>\$ 1,070,626</u>	<u>\$ 1,049,605</u>
<b>PROPERTY SERVICES</b>			
Rental of Facilities P3. . . . .	\$ 598,500	\$ 684,000	\$ ---
Salaries and wages. . . . .	2,137,529	2,205,129	2,095,813
Employee benefits . . . . .	282,499	336,863	297,413
Supplies and materials. . . . .	638,300	778,295	695,657
In-Service & Prof. Development . . . . .	7,500	299	4,222
Travel and conferences. . . . .	53,100	59,971	53,544
Insurance . . . . .	170,887	170,887	179,018
Utilities. . . . .	1,709,000	1,952,053	1,678,819
Contracted services - Maintenance. . . . .	243,500	291,398	285,798
Contracted services - Custodial. . . . .	1,355,000	1,396,708	1,258,923
Telephone . . . . .	17,500	45,214	15,060
Computer Services. . . . .	---	13,190	---
Other Expenses . . . . .	175,000	98,542	251,990
	<u>\$ 7,388,315</u>	<u>\$ 8,032,549</u>	<u>\$ 6,816,257</u>
<b>PUPIL TRANSPORTATION</b>			
Salaries and Wages . . . . .	\$ 1,672,540	\$ 1,729,944	\$ 1,706,948
Employee benefits . . . . .	250,371	246,270	210,833
Vehicle operating:			
Gas and oil. . . . .	152,380	160,951	151,763
Tires. . . . .	39,630	37,381	47,908
Repairs and maintenance . . . . .	172,620	157,226	170,057
License and insurance. . . . .	42,000	42,977	41,837
Supplies and materials . . . . .	86,660	110,509	81,364
Maintenance and utilities:			
Garages. . . . .	29,600	32,587	29,420
Bus Site maintenance. . . . .	2,500	2,253	2,573
Travel & conferences. . . . .	16,023	19,207	16,531
Contract conveyance. . . . .	3,767,115	3,965,033	3,680,017
Inservice training . . . . .	6,000	4,870	5,900
Extra-curricular (Recoveries) . . . . .	---	(48,709)	(54,377)
Telephone . . . . .	8,500	11,565	5,557
Other . . . . .	25,000	25,527	31,880
	<u>\$ 6,270,939</u>	<u>\$ 6,497,591</u>	<u>\$ 6,128,211</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
for the year ended March 31, 2000**

**2000**

	<u>Budget</u>		<u>Actual</u>		<u>1999 Actual</u>
<b>SPECIAL EDUCATION</b>					
Salaries and Wages . . . . .	\$ 8,645,350	\$	8,851,038	\$	8,245,038
Employee benefits . . . . .	677,631		667,382		657,658
Supplies and materials. . . . .	101,439		75,073		75,686
Travel and conferences. . . . .	43,200		63,096		51,445
Telephone. . . . .	13,680		10,435		6,160
In Service & Prof. Development. . . . .	20,000		13,740		15,764
Other . . . . .	13,300		10,300		39,995
	<u>\$ 9,514,600</u>	\$	<u>9,691,064</u>	\$	<u>9,091,746</u>
 <b>ADULT EDUCATION</b>					
Salaries and wages. . . . .	\$ 927,475	\$	1,054,383	\$	939,836
Employee benefits . . . . .	65,333		80,426		62,050
Supplies and materials. . . . .	79,117		191,374		196,437
Travel and conferences. . . . .	23,310		48,458		29,657
Facility Rental . . . . .	139,700		125,099		131,711
Telephone. . . . .	17,940		38,320		15,556
Inservice & Prof. Development . . . . .	14,000		21,816		16,992
Computer Services. . . . .	1,000		6,084		27,549
Advertising & Promotion. . . . .	30,000		46,298		19,850
Other . . . . .	3,000		20		36,029
	<u>\$ 1,300,875</u>	\$	<u>1,612,278</u>	\$	<u>1,475,667</u>
 <b>FEDERAL PROGRAMS</b>					
Co-op Education. . . . .	\$ 9,000	\$	8,232	\$	9,235
Reading Recovery . . . . .	51,298		52,736		41,863
	<u>\$ 60,298</u>	\$	<u>60,968</u>	\$	<u>51,098</u>
 <b>DEBT SERVICE COSTS</b>					
Principal . . . . .	\$ 89,014	\$	89,014	\$	145,990
Interest. . . . .	3,788		3,783		16,887
	<u>\$ 92,802</u>	\$	<u>92,797</u>	\$	<u>162,877</u>
 <b>CAPITAL PURCHASES</b>					
Repair and renovations. . . . .	\$ 23,190	\$	768,292	\$	483,997
Furniture and equipment. . . . .	152,082		416,448		52,031
Transportation - buses. . . . .	441,450		421,232		282,285
	<u>\$ 616,722</u>	\$	<u>1,605,972</u>	\$	<u>818,313</u>

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

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Notes to the Financial Statements
March 31, 2000

1. Summary of significant accounting policies

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Department of Education School Board Financial Handbook.

Financial statement presentation

The financial statements to the Board have been prepared in accordance with the fund basis of accounting.

Basis of accounting

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis. Teachers' salaries and those of non-teaching employees are recorded on the cash basis. No provision is made for the accrual of service award credits earned. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

School property, equipment, buses and other vehicles

School property, equipment and buses taken over from the Kings County District School Board which were previously transferred from the Kings County Amalgamated School Board and the Town of Hantsport have been recorded at costs to the Amalgamated Board and the Town respectively. Assets taken over from the Annapolis District School Board and Hants West District School Board which were formerly held by municipal units are recorded at their transferred amount.

Under the previous district school board agreements for the Annapolis and Hants West District School Boards, all school buildings and land on hand at December 31, 1981 remain assets of the municipal units but are under the operational control of the Board until such time as the Board no longer requires the asset for school board purposes. At that time control will revert back to the municipal units.

All major capital additions to school buildings on hand at December 31, 1981 and any new school construction commencing after that date are assets of the Board. As a result, the Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the school board under the circumstances noted above, a portion of the proceeds will be payable to the school board. In the event of the destruction of a building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the school board.

All capital additions and acquisitions since December 31, 1981 have been recorded at actual cost. Depreciation is not being recorded on the school buildings, equipment, buses or other vehicles.

2. Restricted cash and investments

Table with 3 columns: Description, 2000, 1999. Row 1: Schedule of restricted cash and investments: 2000, 1999. Row 2: Operating fund (pg. 6). Row 3: Surplus - Restricted (Cafeterias) ... \$ 34,560 \$ 27,394

**3. Note receivable**

The board has a 9.75% note receivable maturing in June, 2000. Principal repayments for 2000-01 will total \$32,627.

**4. Deferred charges - Teacher Service Awards**

At March 31, 2000, the Department of Education funded the remaining balance of \$425,996 allowing them to be expensed with the 1999-2000 fiscal year.

**5. Early Retirement Program**

The Early Retirement plan (1994 - 1998) resulted in the regional school board providing the Teachers Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the regional school board to fulfill the annual obligation due under provisions of the Early Retirement Plan.

As at March 31, 2000 there were 208 teachers who had retired under the Early Retirement Program. The Board has recognized the remaining liability associated with these retirements in the amount of \$18,526,149 as at March 31, 2000.

**6. Board Lease Liability**

Lease Liability

During 1998-99 the Annapolis Valley Regional School Board entered into two Capital Lease Agreements for equipment purchases. The remaining commitments for subsequent years are as follows:

2000-2001	\$	151,535
2001-2002	\$	115,104

**7. Trust funds**

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. The following is a summary of the trusts and their activity during the year. Effective April 1, 1997 the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.



**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

Managed Trust Funds:

	March 31, <u>1999</u>	<u>Additions</u>	<u>Interest</u>	<u>Disburse-</u> <u>ments</u>	March 31, <u>2000</u>
ACES Trust . . . . . \$	3,988	---	163	1,000	3,151
ARRA Library Trust . . . . .	5,462	70	261	---	5,793
Atkinson Trust . . . . .	2,163	300	99	350	2,212
Bateman Trust . . . . .	1,047	---	50	---	1,097
Beals Trust . . . . .	94,842	22,404	5,191	2,300	120,137
Beattie Trust . . . . .	10,450	---	491	450	10,491
Blackburn Trust . . . . .	42	---	2	---	44
Borden Trust . . . . .	3,384	---	160	150	3,394
Carter Trust . . . . .	6,981	---	315	500	6,796
Coldwell Trust . . . . .	5,177	---	243	250	5,170
Cummings Trust . . . . .	13,046	---	594	1,000	12,640
Dalton Trust . . . . .	14,863	515	721	600	15,499
DeEll Trust . . . . .	52,100	---	2,418	2,000	52,518
Haskell Trust . . . . .	21,025	1,000	1,011	1,000	22,036
Hibbard Trust . . . . .	10,428	---	485	400	10,513
Horton Alumni . . . . .		2,263	65	---	2,328
Hudgins Trust . . . . .	416	---	19	20	415
Inglis Trust . . . . .	21,222	---	982	1,000	21,204
Jones - BRES . . . . .	8,843	---	389	4,539	4,693
Jones-BRHS . . . . .	20,538	892	1,034	8,351	14,113
Johnson Trust . . . . .	11,130	---	518	450	11,198
KCDSB Trust(Warner).	5,118	---	233	300	5,051
Lyons Trust . . . . .	4,750	---	220	225	4,745
MacNutt Trust . . . . .	30,985	650	1,473	1,000	32,108
Mitchell Trust . . . . .	1,267	---	60	---	1,327
MRHS40 <sup>th</sup>	10,738	---		515	10,720
	397	---		8	408
	4,771	200		250	4,948
	2,856	---		200	2,789
	37,714	---		1,800	37,658
	194	1,120		1,000	333
	402	---		8	413
	10,799	---		500	10,799
	22,375	---		900	22,341
 for redistribution:					
Foundation . . . . .	_____	83,277	2,516	_____	80,839
	\$ _____	\$ 112,691	\$ 23,737	\$ _____	\$ 539,921

**8. Contingencies**

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

**9. Pension Plan**

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf on the non-teaching employees. The Boards teachers are covered by a pension plan established by the Province pursuant to the Teacher's Pension Act.

**10. Commitments**

Facility Rental

On March 5, 1997 the Annapolis Valley Regional School Board accepted a proposal from the Western Kings Memorial Health Centre for the provision of 17,000 square feet of office space to house the regional school board's administrative operations. Subsequently the Board also approved the acquisition of a further 1,000 square feet. The Board has entered into a 10 year lease for the facility and is committed to the following lease payments:

2000-2001	\$	135,000
2001-2002	\$	135,000
2002-2003	\$	144,000 + prior year CPI
2003-2004		Prior year rate + prior year CPI
2004-2005		Prior year rate + prior year CPI
2005-2006		Prior year rate + prior year CPI
2006-2007		Prior year rate + prior year CPI

Addition

During 1999-2000, the Board acquired 1,248 square feet of storage space in the building basement for an annual flat rate of \$5,000. As well, 2,160 additional square feet were acquired and renovated on the second floor for the duration of the original lease term. This additional space is at the rate of \$10.00 per square foot with a minimum 3% annual increase.

P-3 Operating Expenses

During 1998-99 the Board opened the new Horton High School. This school was built under a Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the school board. For 1999-2000 the recovery rate was established at \$4.00 per square foot for a total of \$684,000 for the new Horton High School.

## AUDITOR'S REPORT

To the Governors and Members of the  
**Art Gallery of Nova Scotia**

We have audited the financial statements of the Art Gallery of Nova Scotia consisting of the following:

Art Gallery of Nova Scotia	- Combined Balance Sheet as at March 31, 2000
Gallery, Gallery Shop and Western Branch	- Balance Sheet as at March 31, 2000
Gallery	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Gallery Shop	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Western Branch	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Endowment Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Phase II Expansion Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2000
Acquisition Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2000

These financial statements are the responsibility of the Gallery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Art Gallery of Nova Scotia derives revenues from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible of conclusive audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenues might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit).

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Art Gallery of Nova Scotia as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in Canada.

Halifax, Canada  
May 19, 2000

ERNST & YOUNG LLP  
Chartered Accountants

**ART GALLERY OF NOVA SCOTIA**

**Combined Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 614,524	\$ 188,790
Accounts receivable . . . . .	140,044	122,387
Inventory . . . . .	<u>147,240</u>	<u>159,623</u>
	901,808	470,800
Investments (market value - \$3,517,977; 1999 - \$3,053,273) . . . . .	<u>3,072,107</u>	<u>2,927,857</u>
	<u><u>\$ 3,973,915</u></u>	<u><u>\$ 3,398,657</u></u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable and accrued liabilities . . . . .	\$ 2,223,340	\$ 2,099,907
Deferred revenue . . . . .	<u>48,800</u>	<u>31,700</u>
	2,272,140	2,131,607
Surplus - Gallery . . . . .	3,763	3,160
Surplus - Gallery Shop . . . . .	159,293	149,548
Surplus (deficit) - Western Branch . . . . .	197,168	(133,067)
Surplus - Endowment Fund . . . . .	2,142,734	2,215,872
Deficit - Phase II Expansion Fund . . . . .	(783,009)	(979,781)
(Deficit) surplus - Acquisition Fund . . . . .	<u>(18,174)</u>	<u>11,318</u>
	1,701,775	1,267,050
	<u><u>\$ 3,973,915</u></u>	<u><u>\$ 3,398,657</u></u>

**Gallery, Gallery Shop and Western Branch  
Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 346,507	\$ 32,428
Accounts receivable . . . . .	138,042	93,696
Due from Acquisition Fund . . . . .	5,000	9,830
Due from Endowment Fund . . . . .	19,608	---
Due from Phase II Expansion Fund . . . . .	7,500	---
Inventory . . . . .	<u>147,240</u>	<u>149,880</u>
	<u><u>\$ 663,897</u></u>	<u><u>\$ 285,834</u></u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable and accrued liabilities . . . . .	\$ 254,873	\$ 117,953
Due to Endowment Fund . . . . .	---	116,540
Deferred revenue . . . . .	<u>48,800</u>	<u>31,700</u>
	303,673	266,193
Surplus - Gallery . . . . .	3,763	3,160
Surplus - Gallery Shop . . . . .	159,293	149,548
Surplus (deficit) - Western Branch . . . . .	197,168	(133,067)
	<u>360,224</u>	<u>19,641</u>
	<u><u>\$ 663,897</u></u>	<u><u>\$ 285,834</u></u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Gallery  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Province of Nova Scotia (Note 2)		
- Operating . . . . .	\$ 1,180,000	\$ 1,204,000
Contribution from Endowment Fund . . . . .	225,000	225,000
Special grants (Note 2) . . . . .	176,900	210,250
Sponsorships . . . . .	168,646	60,720
Other income . . . . .	88,516	53,665
Public Education Programs . . . . .	46,323	41,071
Memberships . . . . .	39,264	34,884
Admission . . . . .	38,924	30,786
Special events . . . . .	34,195	43,441
Donations		
- AGNS appeal . . . . .	33,700	25,729
- Other . . . . .	1,588	7,820
Corporate campaign . . . . .	15,841	14,471
Interest . . . . .	10,108	9,368
Phase II expansion fees . . . . .	7,500	7,500
Contribution from Gallery Shop . . . . .	7,000	5,000
	<u>2,073,505</u>	<u>1,973,705</u>
<b>Expenditures (Schedule)</b>		
Salaries and benefits . . . . .	783,006	787,301
Building operations . . . . .	578,787	552,670
Program development . . . . .	540,258	434,650
Administration . . . . .	147,622	167,407
Printing and publication . . . . .	11,619	12,312
Miscellaneous . . . . .	7,275	12,543
Technology/capital purchases . . . . .	4,335	6,094
	<u>2,072,902</u>	<u>1,972,977</u>
<b>Excess of revenue over expenditures for the year . . . . .</b>	<b>603</b>	<b>728</b>
Surplus, beginning of year . . . . .	<u>3,160</u>	<u>2,432</u>
<b>Surplus, end of year . . . . .</b>	<b>\$ <u>3,763</u></b>	<b>\$ <u>3,160</u></b>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Gallery  
Schedule of Expenditures  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Salaries and Benefits</b>		
Salaries and employee benefits . . . . .	\$ 783,006	\$ 787,301
	<u>783,006</u>	<u>787,301</u>
<b>Building Operations</b>		
Utilities . . . . .	205,751	213,555
Security . . . . .	170,165	159,978
Climate control . . . . .	124,941	96,907
Building maintenance and cleaning . . . . .	43,669	39,894
Insurance . . . . .	23,384	33,475
Elevator maintenance. . . . .	10,031	6,502
Building repairs . . . . .	846	2,359
	<u>578,787</u>	<u>552,670</u>
<b>Program Development</b>		
Programs . . . . .	398,807	314,971
Development/Public relations . . . . .	105,007	97,061
Collections management and gallery services . . . . .	14,855	3,746
Workshop supplies . . . . .	14,705	15,648
Vehicle . . . . .	5,515	1,812
Conservation lab . . . . .	1,369	1,246
Maud Lewis event . . . . .	---	166
	<u>540,258</u>	<u>434,650</u>
<b>Administration</b>		
Stationery and postage. . . . .	51,935	53,159
Telephone . . . . .	26,178	33,073
Travel. . . . .	25,534	29,524
Professional fees . . . . .	19,105	21,993
Equipment rental. . . . .	14,458	9,654
Memberships . . . . .	5,208	5,471
Equipment maintenance. . . . .	2,866	4,515
Delivery administration . . . . .	2,338	2,049
Administration promotional. . . . .	---	7,969
	<u>147,622</u>	<u>167,407</u>
<b>Printing and Publication</b>		
Printing and publication . . . . .	11,291	10,757
Photography . . . . .	328	1,555
	<u>11,619</u>	<u>12,312</u>
<b>Miscellaneous</b>		
Miscellaneous . . . . .	3,841	9,867
Bank charges . . . . .	3,434	2,676
	<u>7,275</u>	<u>12,543</u>
<b>Technology/Capital Purchases</b>		
Technology/capital purchases . . . . .	2,771	1,295
Training and development. . . . .	1,564	4,799
	<u>4,335</u>	<u>6,094</u>
<b>Total Expenditures . . . . .</b>	<u>\$ 2,072,902</u>	<u>\$ 1,972,977</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Gallery Shop  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
<b>Revenue</b>			
Art and craft sales . . . . .	\$ 203,509	\$	176,791
Art and craft sales on consignment . . . . .	122,272		91,860
Books, notes and posters . . . . .	57,240		28,361
	<u>383,021</u>		<u>297,012</u>
Cost of sales . . . . .	200,465		104,755
<b>Gross profit</b> . . . . .	<u>182,556</u>		<u>192,257</u>
 <b>Expenditures</b>			
Salaries and employee benefits . . . . .	76,769		51,240
Office and administration . . . . .	43,721		24,883
Promotional . . . . .	15,715		18,425
Members' discount . . . . .	6,956		5,092
	<u>143,161</u>		<u>99,640</u>
 <b>Excess of gross profit over expenditures for the year</b> . . . . .			
	39,395		92,617
Surplus, beginning of year . . . . .	149,548		63,931
Contribution to Gallery . . . . .	(7,000)		(5,000)
Contribution to Acquisition Fund . . . . .	(22,650)		(2,000)
<b>Surplus, end of year</b> . . . . .	<u>\$ 159,293</u>	\$	<u>149,548</u>

**Western Branch  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2000**

<b>Revenue</b>			
Special grants (note 2) . . . . .	\$ 723,334	\$	3,333
Donations . . . . .	47,055		82,900
Interest . . . . .	15,463		1,304
	<u>785,852</u>		<u>87,537</u>
 <b>Expenditures</b>			
Building capital costs . . . . .	378,205		---
Professional fees . . . . .	27,344		3,544
Building fundraising . . . . .	20,337		384
Capital purchases . . . . .	14,325		165,317
Office and miscellaneous . . . . .	10,693		1,181
Building operations . . . . .	4,713		2,177
	<u>455,617</u>		<u>172,603</u>
 <b>Excess of revenue over expenditures for the year</b> . . . . .			
	330,235		(85,066)
Deficit, beginning of year . . . . .	(133,067)		(48,001)
<b>Surplus (deficit), end of year</b> . . . . .	<u>\$ 197,168</u>	\$	<u>(133,067)</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Endowment Fund  
Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
<b>Current (Note 3)</b>			
Cash and cash equivalents . . . . .	\$ 262,117	\$	143,834
Accounts receivable . . . . .	1,129		17,270
Due from Western Branch . . . . .	---		124,040
Due from Acquisition Fund . . . . .	18,892		---
	<u>282,138</u>		<u>285,144</u>
Investments (market value - \$2,243,815; 1999 - \$2,060,235) . . . . .	1,888,790		1,950,313
	<u>\$ 2,170,928</u>	\$	<u>2,235,457</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>			
Accounts payable . . . . .	\$ 8,586	\$	12,085
Due to Gallery . . . . .	19,608		7,500
	<u>28,194</u>		<u>19,585</u>
Restricted surplus . . . . .	300,000		286,000
Unrestricted surplus . . . . .	1,842,734		1,929,872
	<u>2,142,734</u>		<u>2,215,872</u>
	<u>\$ 2,170,928</u>	\$	<u>2,235,457</u>

See accompanying notes



**ART GALLERY OF NOVA SCOTIA**

**Endowment Fund  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue (Note 3)</b>		
Investment income . . . . .	\$ 170,599	\$ 689,832
Life memberships . . . . .	22,000	16,750
Marian deWitt Endowment . . . . .	18,294	31,515
Restricted donations . . . . .	10,507	211,000
Oyler project. . . . .	5,000	12,000
Gallery endowments. . . . .	4,117	830
	<u>230,517</u>	<u>961,927</u>
 <b>Expenditures (note 3)</b>		
Trustee fees (note 3). . . . .	21,183	10,659
Gallery Endowment expenses. . . . .	13,122	10,202
Administration . . . . .	13,116	2,941
Promotion and public relations. . . . .	6,646	8,437
Life membership servicing. . . . .	5,356	66
Miscellaneous. . . . .	4,581	969
Printing and postage . . . . .	3,500	2,655
Donor restricted projects. . . . .	2,329	14,791
Receptions. . . . .	822	5,872
Rent . . . . .	---	1,000
	<u>70,655</u>	<u>57,592</u>
 <b>Excess of revenue over expenditures for the year. . . . .</b>	 159,862	 904,335
Surplus, beginning of year . . . . .	2,215,872	1,544,537
	<u>2,375,734</u>	<u>2,448,872</u>
 Contribution to Gallery. . . . .	 (225,000)	 (225,000)
Contribution to Acquisition Fund. . . . .	(8,000)	(8,000)
	<u>(233,000)</u>	<u>(233,000)</u>
 Restricted surplus . . . . .	 (300,000)	 (286,000)
 <b>Unrestricted surplus, end of year . . . . .</b>	 <b>\$ 1,842,734</b>	 <b>\$ 1,929,872</b>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Phase II Expansion Fund  
Balance Sheet  
as at March 31, 2000**

	2000	1999
<b>ASSETS</b>		
<b>Current</b>		
Investments (market value - \$1,274,162; 1999 - \$993,038) . . . . .	\$ 1,183,316	\$ 977,544
	<u>\$ 1,183,316</u>	<u>\$ 977,544</u>
<b>LIABILITIES AND SURPLUS</b>		
<b>Current</b>		
Accounts payable . . . . .	\$ 1,958,825	\$ 1,957,325
Due to Gallery. . . . .	7,500	---
	<u>1,966,325</u>	<u>1,957,325</u>
Deficit . . . . .	<u>(783,009)</u>	<u>(979,781)</u>
	<u>\$ 1,183,316</u>	<u>\$ 977,544</u>

**Statement of Revenue, Expenditures and Deficit  
for the year ended March 31, 1999**

<b>Revenue</b>		
Pledges and donations . . . . .	\$ 286,920	\$ 925,083
Investment income . . . . .	59,508	46,068
	<u>346,428</u>	<u>971,151</u>
<b>Expenditures</b>		
Capital expenses . . . . .	113,700	2,575,284
Furniture and fixtures . . . . .	18,856	72,598
Fundraising expenses . . . . .	9,844	32,693
Trustee fees. . . . .	6,689	1,454
Miscellaneous . . . . .	567	2,451
Art and ale. . . . .	---	20,730
	<u>149,656</u>	<u>2,705,210</u>
<b>Excess of revenue over expenditures for the year . . . . .</b>	196,772	(1,892,496)
Deficit (surplus), beginning of year . . . . .	<u>(979,781)</u>	<u>912,715</u>
<b>Deficit, end of year . . . . .</b>	<u>\$ (783,009)</u>	<u>\$ (979,781)</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Acquisition Fund  
Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 5,900	\$ 12,528
Accounts receivable .....	874	11,421
Inventory .....	---	9,743
Due from Gallery Shop .....	---	2,000
	<u>\$ 6,774</u>	<u>\$ 35,692</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable .....	\$ 1,056	\$ 12,544
Due to Gallery .....	---	11,030
Due to Western Branch .....	---	800
Due to Endowment Fund .....	18,892	---
Due to Gallery .....	<u>5,000</u>	<u>---</u>
	24,948	24,374
(Deficit) surplus .....	<u>(18,174)</u>	<u>11,318</u>
	<u>\$ 6,774</u>	<u>\$ 35,692</u>

**Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 1999**

**Revenue**

Donations:

Art Sales and Rental Society .....	35,560	8,700
Other .....	32,625	38,322
Friends of the Gallery .....	7,083	15,000
Grants (note 2) .....	65,855	25,400
Contribution from Gallery Shop .....	22,650	2,000
AGNS Appeal .....	15,988	3,795
Contribution from Endowment Fund .....	8,000	8,000
Interest .....	446	363
Maud Lewis House .....	---	352
	<u>188,207</u>	<u>101,932</u>

**Expenditures**

Acquisitions .....	167,587	71,842
Appraisal and professional fees .....	15,249	4,998
Miscellaneous .....	11,779	3,926
Administration .....	10,543	7,304
Insurance .....	5,000	5,000
Promotion .....	4,228	2,234
Permanent collection exhibit .....	1,663	2,936
Shipping .....	1,413	651
Maud Lewis House .....	125	412
Bank charges .....	112	322
	<u>217,699</u>	<u>99,625</u>

<b>Excess of expenditures over revenue for the year</b> .....	(29,492)	2,307
Surplus, beginning of year .....	11,318	9,011
<b>(Deficit) surplus, end of year</b> .....	<u>(18,174)</u>	<u>\$ 11,318</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Notes to Financial Statements  
for the year ended March 31,2000**

**1. Significant Accounting Policies**

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**Inventory**

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

**Investments**

Investments are recorded at cost. Income is recognized on the settlement date.

**Revenue recognition**

Revenue from donations is recognized when received. All other revenue, with the exception of investment income, is recognized on the accrual basis of accounting.

**Acquisitions**

Acquisitions of works of art, including donated works, become the property of the Province of Nova Scotia. Accordingly, acquisitions paid for by the Art Gallery of Nova Scotia are expensed in the year acquired. Acquisitions expensed in the current year amounted to \$167,507 (1999 - \$71,842).

**2. Government Assistance**

During the year the Art Gallery of Nova Scotia recognized revenue from provincial government grants from the Nova Scotia Department of Tourism and Culture in the amount of \$1,180,000 (1999 - \$1,204,000 from the Department of Education and Culture) and federal government and other grants are allocated as follows:

	<b>2000</b>		<b>1999</b>
<b>General Operating:</b>			
The Canada Council for the Arts . . . . .	\$ 165,900	\$	150,150
Halifax Regional Municipality . . . . .	6,000		24,000
Federal Department of Canadian Heritage . . . . .	5,000		31,600
Department of Human Resources . . . . .	---		4,500
	<u>176,900</u>		<u>210,250</u>
<b>Western Branch</b>			
Department of Economic Development and Tourism . . . . .	720,000		---
District of Argyle . . . . .	3,334		---
	<u>723,334</u>		<u>---</u>
<b>Acquisition Fund:</b>			
Federal Department of Canadian Heritage . . . . .	36,473		---
The Canadian Council for the Arts . . . . .	29,382		---
	<u>65,855</u>		<u>---</u>
	\$ <u>966,089</u>	\$	<u>210,250</u>

**3. Endowment Fund**

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the fund, or a portion thereof as determined by the Board of Governors, after a balance of \$500,000 has been accumulated shall be available for the purpose of:

- a) the acquisition of artworks for the permanent collection;
- b) the expansion of exhibition and art education programs; and
- c) other special projects.

The funds which will be placed in the Endowment Fund will be:

- a) donations designated as such by the donor;
- b) special types of donations which are stipulated to go to the Fund, such as Life Member's fees; and
- c) any funds specifically designated by the Board of Governors.

Expenses relating to the activities of the Endowment Fund will be charged to the Endowment Fund.

**4. Income Tax**

The Art Gallery of Nova Scotia is an incorporated agency of the Province of Nova Scotia and accordingly is exempt from income tax.

**5. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

## AUDITORS' REPORT

To The Directors of  
Bedford Waterfront Development Corporation Limited

We have audited the balance sheet of Bedford Waterfront Development Corporation Limited as at March 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of operations and changes in cash flows of the Corporation for the year ended, in accordance with generally accepted accounting principles.

WHITE BURGESS LANGILLE INMAN  
Chartered Accountants

Bedford, Nova Scotia  
June 12, 2000

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Balance Sheet**  
**as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash .....	\$ 1,303	\$ 55,525
Short-term investments .....	---	151,420
Accounts receivable .....	742,187	92,435
Prepaid expenses .....	<u>2,837</u>	<u>2,679</u>
	746,327	302,059
 MORTGAGES RECEIVABLE (note 4) .....	 1,985,000	 300,000
 REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1 (note 5) .....	 ---	 2,918,207
 REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2 (note 6) .....	 948,200	 ---
 JETTY BREAKWATER PROJECT (note 7) .....	 394,377	 342,240
 CAPITAL ASSETS (note 8) .....	 <u>8,350</u>	 <u>10,459</u>
	<u>\$ 4,082,254</u>	<u>\$ 3,872,965</u>

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities .....	\$ 396,684	\$ 187,395
 LONG-TERM DEBT (note 9) .....	 <u>3,562,081</u>	 <u>3,562,081</u>
	<u>3,958,765</u>	<u>3,749,476</u>

**SHAREHOLDERS' EQUITY**

RETAINED EARNINGS .....	<u>123,489</u>	<u>123,489</u>
	<u>123,489</u>	<u>123,489</u>
	<u>\$ 4,082,254</u>	<u>\$ 3,872,965</u>

CONTINGENCY (note 10)

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Statement of Earnings and Retained Earnings**  
**for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>REVENUE</b>		
Grants - Province of Nova Scotia. . . . .	\$ 165,000	\$ 232,100
Interest income. . . . .	<u>965</u>	<u>11,229</u>
	<u>165,965</u>	<u>243,329</u>
<b>EXPENSES</b>		
Chairman's fees. . . . .	13,400	11,000
Directors' fees . . . . .	11,026	12,565
Equipment leasing. . . . .	---	100
Telephone. . . . .	726	712
Insurance. . . . .	4,873	4,596
Interest and bank charges. . . . .	204	486
Office expenses . . . . .	9,445	4,613
Depreciation and amortization . . . . .	<u>2,109</u>	<u>2,645</u>
	<u>41,783</u>	<u>36,717</u>
 EXCESS OF REVENUE OVER EXPENDITURES . . . . .	 124,182	 206,612
 TRANSFER TO REAL ESTATE AND DEVELOPMENT PROJECTS. . . . .	 <u>(124,182)</u>	 <u>(206,612)</u>
 <b>NET EARNINGS FOR THE YEAR. . . . .</b>	 <u>---</u>	 <u>---</u>
 RETAINED EARNINGS - beginning of year . . . . .	 <u>123,489</u>	 <u>123,489</u>
 RETAINED EARNINGS - end of year . . . . .	 <u>\$ 123,489</u>	 <u>\$ 123,489</u>



**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Statement of Cash Flows**  
**for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>OPERATING ACTIVITIES</b>		
Cash provided from operations		
Net earnings for the year . . . . . \$	---	---
Items in earnings not involving cash		
Excess of revenue over expenditures . . . . .	124,182	206,612
Depreciation and amortization . . . . .	<u>2,109</u>	<u>2,645</u>
	<u>126,291</u>	<u>209,257</u>
 Change in noncash working capital balances		
Accounts receivable . . . . .	(649,752)	(31,722)
Prepaid expenses . . . . .	(158)	(597)
Mortgages receivable . . . . .	(1,685,000)	(300,000)
Accounts payable and accrued liabilities . . . . .	<u>209,289</u>	<u>(260,014)</u>
	<u>(1,999,330)</u>	<u>(383,076)</u>
 <b>INVESTING ACTIVITIES</b>		
Acquisition of real estate and construction projects - Phase 1 . . .	(32,032)	(112,027)
Acquisition of real estate and construction projects - Phase 2 . . .	(594,226)	---
Acquisition of jetty breakwater project, net of grants and related revenues of \$0 (1999 - \$304,772) . . . . .	(52,137)	(249,432)
Net proceeds on disposal of land . . . . .	<u>2,472,083</u>	<u>661,879</u>
	<u>1,793,688</u>	<u>300,420</u>
 <b>CHANGE IN CASH AND EQUIVALENTS DURING THE</b>		
<b>YEAR</b> . . . . .	(205,642)	(82,656)
 CASH AND EQUIVALENTS - beginning of year . . . . .	<u>206,945</u>	<u>289,601</u>
 CASH AND EQUIVALENTS - end of year (see note below) . . . . \$	<u>1,303</u>	<u>206,945</u>

**NOTE:**

**CASH AND EQUIVALENTS**

Cash and equivalents is comprised of cash and short-term investments.

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Notes to Financial Statements**  
**for the year ended March 31, 2000**

**1. BASIS OF ACCOUNTING**

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

**2. GENERAL**

**Waterfront Development Project**

The Corporation was created by a statute of the Legislature of Nova Scotia.

The principal objective of the Corporation is the development of the Bedford Waterfront. During the year the Corporation continued development of the project.

**3. ACCOUNTING POLICIES**

**Capital Assets**

Capital assets are stated at cost. Depreciation is provided by the diminishing balance method at the following annual rates:

Office equipment	20%
Computer hardware	30%
Computer software	100%
Information booth	20%
Silt curtain	20%

**Capitalization**

All expenditures directly related to acquisition, renovation, development and administration are included in the cost of real estate and development projects or the cost of the jetty breakwater project.

Real estate and development projects are recorded at the lower of cost and realizable value. The jetty breakwater project is recorded at cost.

**Income taxes**

The Corporation is exempt from income taxes under the provisions of The Income Tax Act.

**4. MORTGAGES RECEIVABLE**

	<b>2000</b>	<b>1999</b>
Mortgage receivable - lot 3.8 . . . . .	\$ 300,000	\$ 300,000
Mortgage receivable - lot 4.4 A1 - YB1 . . . . .	215,000	---
Mortgage receivable - lot 4.5 . . . . .	<u>1,470,000</u>	<u>---</u>
	<u>\$ 1,985,000</u>	<u>\$ 300,000</u>

This vendor take-back mortgage on the sale of Site 3.8 is non-interest bearing for a period of twelve months. The mortgage can be extended at the mortgagor's discretion at an interest rate of 10% for a period of twenty-six months. It is expected that the mortgage will not be repaid in the next year, and accordingly it has been included in non-current assets.

The vendor take-back mortgage on the sale of Site 4.4 is non-interest bearing, except upon default in which case interest will accrue at prime plus 5% per annum, retroactive to the closing date. The mortgage is repayable on the earlier of six months after the conveyance of the development block, or the date of draw-down of the first advance of funds from the construction mortgage.

The vendor take-back mortgage on the sale of Site 4.5 is non-interest bearing, except upon default in which case interest will accrue at 12 % per annum. The first payment of \$70,000 was received in May, subsequent to year end. The second payment of \$650,000 is to be received on September 15, 2000. The third payment of \$75,000 is due on January 15, 2001, while the final payment of \$675,000 is due on September 15, 2001.

**5. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1**

	<b>2000</b>	<b>1999</b>
Real estate and development projects, at cost . . . . .	\$ 23,132,813	\$ 23,227,397
Add: Environmental research . . . . .	---	16,004
Property taxes . . . . .	4,589	48,146
Professional fees . . . . .	11,685	21,101
Interest . . . . .	---	1,804
Advertising . . . . .	1,475	2,043
Rockfill . . . . .	<u>14,285</u>	<u>22,930</u>
	32,034	112,028
 TRANSFER OF EXCESS OF REVENUE OVER EXPENDITURES . . . . .	 (124,182)	 (206,612)
	<u>23,040,665</u>	<u>23,132,813</u>
 Less: Capital grants		
Federal . . . . .	5,000,000	
Provincial . . . . .	4,631,203	
Municipal . . . . .	999,250	
	<u>10,630,453</u>	<u>10,630,453</u>
	<u>12,410,212</u>	<u>12,502,360</u>
 Less: Asset conveyance to the Town of Bedford . . . . .	6,783,307	6,783,306
Land Sales . . . . .	4,108,035	1,635,951
Non-refundable deposits on land sales . . . . .	71,692	71,692
Write down to realizable value . . . . .	1,093,204	1,093,204
Transfer of costs to Real Estate and Development Project - Phase 2 . . . . .	<u>353,974</u>	<u>---</u>
	<u>12,410,212</u>	<u>9,584,153</u>
	\$ <u>---</u>	\$ <u>2,918,207</u>

Interest in the cumulative amount of \$3,057,704 (1999 - \$3,057,704) and dredging costs of \$1.7 million are included in the total cost of real estate and development projects.

During a prior period, the Corporation conveyed the following assets at its cost to the Town of Bedford:

- (a) parkland and open spaces including improvements thereto;
- (b) boardwalks including improvements thereto;
- (c) all streets and roads completed to Town standards;
- (d) sidewalks and curbs completed to Town standards;
- (e) sanitary and storm sewers and water devices built to Town standards; and
- (f) certain municipal or civic parking areas to be controlled by the Town.

The cost allocated to these assets conveyed amounted to \$6,783,306 and was determined on the basis of the specific contract cost of the bridge, approach road, services and walkways conveyed, landscaping costs specifically for the land conveyed plus the average cost per acre of the remaining land developed for Phase 1 times the number of acres conveyed.

**6. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2**

	<b>2000</b>
Transfer of costs from Real Estate and Development Project - Phase 1 . . . . .	353,974
Add: Construction and engineering. . . . .	1,045,324
Less: Other revenues related to the completion of Phase 2. . . . .	(451,098)
Real Estate and Development projects - Phase 2, at cost. . . . .	948,200

**7. JETTY BREAKWATER PROJECT**

The Corporation is completing the south side of their lands by building a jetty breakwater, running southerly off Site 3.2. This jetty breakwater will provide pedestrian and public marine access to the Bedford Basin as well as weather protection for a large public marina.

The project is funded jointly by the Federal, Provincial and Municipal levels of governments as well as a contribution from the Corporation directly for a total cost of \$2,189,789.

The project started in February 1997 and work on the north jetty breakwater has been substantially completed.

	<b>2000</b>	<b>1999</b>
Project, at cost		
Construction and engineering. . . . .	\$ 2,094,948	\$ 2,094,948
Surveying and management fees . . . . .	38,768	28,468
Marketing. . . . .	15,660	1,832
Legal . . . . .	40,413	12,404
	2,189,789	2,137,652
Less Capital Grants		
Provincial . . . . .	(450,000)	(450,000)
Federal. . . . .	(400,000)	(400,000)
Municipal . . . . .	(390,640)	(390,640)
	(1,240,640)	(1,240,640)
Less:		
other revenues related to completion of the jetty project. . .	(554,772)	(554,772)
	\$ 394,377	\$ 342,240

**8. CAPITAL ASSETS**

	<b>2000</b>			<b>1999</b>	
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Net</b>	
Office equipment. . . . .	\$ 37,097	\$ 33,849	\$ 3,248	\$	4,060
Computer hardware . . . .	6,469	6,346	123		176
Computer software . . . .	1,158	1,158	---		---
Information booth. . . . .	8,588	7,882	706		882
Silt curtain. . . . .	9,272	4,999	4,273		5,341
	<u>\$ 62,584</u>	<u>\$ 54,234</u>	<u>\$ 8,350</u>	<u>\$</u>	<u>10,459</u>

**9. LONG-TERM DEBT**

	<b>2000</b>	<b>1999</b>
Department of Economic Development Loan		
Balance - beginning of the year . . . . .	\$ 3,562,081	\$ 3,562,081
Additional advances made during the year . . . . .	---	266,794
Repayment from land sales . . . . .	---	266,794
Balance - end of year . . . . .	<u>\$ 3,562,081</u>	<u>\$ 3,562,081</u>

The above loan is to be repaid using excess funds from sales of the real estate developments, therefore no known current portion of long-term debt exists.

**10. CONTINGENCY**

A mechanic's lien action has been registered by Waterworks Construction Inc. claiming \$945,000, being the cost to raise a cement caisson which sunk during construction of the north jetty referenced in note 7. It is the opinion of legal counsel that the claim will be defeated.

Nousha Investments Limited has commenced action against the Corporation claiming a proprietary interest in Site 4.5 (Phase 1) as a result of a letter of intent entered into with the Corporation during the year. It is the opinion of legal counsel that the claim will be defeated. This site has subsequently been sold to another purchaser, under which the agreement of purchase and sale required the Corporation to enter into an indemnity agreement to protect the purchaser against possible legal expenses and claims arising from this action.

**11. SUBSEQUENT EVENT**

Effective May 12, 2000, the Articles of incorporation were amended to appoint a new Board of Directors with the intention to amalgamate with The Waterfront Development Corporation.

## **12. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Cape Breton Healthcare Complex

We have audited the statement of financial position of Cape Breton Healthcare Complex as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Complex as at March 31, 2000, and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
July 7, 2000

**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Financial Position  
March 31, 2000, with comparative figures for 1999**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current assets:		
Cash . . . . .	\$ 7,732,202	\$ ---
Internally restricted cash. . . . .	160,945	160,945
Accounts receivable (note 2). . . . .	14,359,121	93,056,661
Inventories (note 3). . . . .	2,307,551	2,378,490
Prepaid expenses . . . . .	<u>466,510</u>	<u>1,617,155</u>
	25,026,329	97,213,251
Capital assets (note 4) . . . . .	<u>149,985,091</u>	<u>150,171,639</u>
	<u>\$ 175,011,420</u>	<u>\$ 247,384,890</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)**

Current liabilities:		
Cheques issued in excess of funds on deposit . . . . .	\$ ---	\$ 791,502
Accounts payable and accrued liabilities (note 5) . . . . .	25,094,157	20,264,422
Due to Department of Health (note 6) . . . . .	---	75,779,345
Current portion of long-term debt . . . . .	<u>197,591</u>	<u>---</u>
	25,291,748	96,835,269
Long-term debt (note 7). . . . .	---	217,037
Deferred contributions for capital assets (note 8). . . . .	149,208,179	149,810,432
Retirement allowance . . . . .	11,390,778	10,189,640
Net assets (deficiency):		
Unrestricted. . . . .	(11,817,142)	(10,189,640)
Restricted (note 1(c)). . . . .	160,945	160,945
Invested in capital assets (note 9). . . . .	<u>776,912</u>	<u>361,207</u>
	(10,879,285)	(9,667,488)
	<u>\$ 175,011,420</u>	<u>\$ 247,384,890</u>

See accompanying notes to financial statements



**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Operations  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Operations:		
Income:		
Net Patient income:		
Provincial plan . . . . .	\$ 112,387,246	\$ 104,655,784
Other . . . . .	8,587,059	6,916,890
Dietary recoveries . . . . .	1,050,570	1,015,222
Medical service insurance . . . . .	6,675,658	6,322,106
Referred in work . . . . .	145,300	202,670
Miscellaneous . . . . .	433,372	325,246
Net differential . . . . .	1,289,461	992,314
Investment income . . . . .	140,297	20,544
Donations . . . . .	---	384,294
Equipment grant . . . . .	38,508	38,508
	<u>130,747,471</u>	<u>120,873,578</u>
Expenses:		
Administrative and support services . . . . .	33,106,356	29,777,330
Nursing inpatient services . . . . .	51,270,928	46,869,116
Ambulatory care services . . . . .	20,408,194	18,484,135
Diagnostic and therapeutic services . . . . .	24,840,606	23,025,105
Education . . . . .	821,868	592,506
Salaries - vacation . . . . .	318,965	1,251,118
Parity accrual . . . . .	---	812,000
Capital debt assistance . . . . .	(19,446)	21,700
Adjustment of prior year's Hospital Foundation grant . . . . .	---	40,568
	<u>130,747,471</u>	<u>120,873,578</u>
Excess of revenue over expenditures before below noted items . . . . .	---	---
Other item:		
Amortization of deferred contributions related to capital assets (note 8) . . .	(9,394,080)	(8,252,636)
Amortization of capital assets . . . . .	9,404,739	8,252,636
Retirement allowance . . . . .	1,201,138	2,297,219
	<u>1,211,797</u>	<u>2,297,219</u>
Excess of expenditure over revenue . . . . .	\$ <u>(1,211,797)</u>	\$ <u>(2,297,219)</u>

**Statement of Changes in Net Assets  
Year ended March 31, 2000, with comparative figures for 1999**

	Unrestricted	Restricted	Investment in capital assets	2000 Total	1999 Total
Balance, beginning of year . . . . .	\$ (10,189,640)	\$ 160,945	\$ 361,207	\$ (9,667,488)	\$ (7,370,269)
Excess of expenditure over revenue . . . . .	(1,201,138)	---	(10,659)	(1,211,797)	(2,297,219)
Net change in investment in capital assets (note 9) . . . . .	(426,364)	---	426,364	---	---
Balance, end of year . . . . .	\$ <u>(11,817,142)</u>	\$ <u>160,945</u>	\$ <u>776,912</u>	\$ <u>(10,879,285)</u>	\$ <u>(9,667,488)</u>

See accompanying notes to financial statements.

**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Cash Flows  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Cash provided by (used in):		
Operating activities:		
Excess of expenditure over revenue . . . . .	\$ (1,211,797)	\$ (2,297,219)
Items not involving cash:		
Amortization of capital assets . . . . .	9,404,739	8,252,636
Amortization of deferred contributions related to capital assets . . . . .	(9,394,080)	(8,252,636)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable . . . . .	78,697,540	(14,232,776)
Decrease in inventories . . . . .	70,939	267,861
Decrease in prepaid expenses . . . . .	1,150,645	165,666
Increase (decrease) in accounts payable and accrued liabilities . . . . .	4,829,735	(1,471,424)
(Decrease) increase in due to Department of Health . . . . .	<u>(75,779,345)</u>	<u>11,929,551</u>
	7,768,376	(5,638,341)
Financing and investing activities:		
Repayment of long-term debt . . . . .	(19,446)	---
Purchases of capital assets . . . . .	(9,218,191)	(5,550,231)
Decrease in grants receivable . . . . .	---	28,500
Contribution for capital assets (net) . . . . .	8,791,827	5,520,231
Adjustment of long-term debt . . . . .	<u>---</u>	<u>21,700</u>
	(445,810)	20,200
Other activities		
Increase in retirement allowance . . . . .	<u>1,201,138</u>	<u>2,297,219</u>
Increase (decrease) in cash position . . . . .	8,523,704	(3,320,922)
Cash position, beginning of year . . . . .	(630,557)	2,690,365
Cash position, end of year . . . . .	<u>\$ 7,893,147</u>	<u>\$ (630,557)</u>

Cash position is represented by the following:

Cash internally restricted . . . . .	\$ 160,945	\$ 160,945
Cash . . . . .	7,732,202	---
Cheques issued in excess of funds on deposit . . . . .	<u>---</u>	<u>(791,502)</u>
	<u>\$ 7,893,147</u>	<u>\$ (630,557)</u>

See accompanying notes to financial statements.

# CAPE BRETON HEALTHCARE COMPLEX

## Notes to Financial Statements Year ended March 31, 2000

Effective April 1, 1996, the governor in Council of the Province of Nova Scotia approved "An Act to Incorporate Cape Breton Healthcare Complex". Under this Act the Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital and the Northside Harbour View Hospital were amalgamated and continued as one corporate body under the name Cape Breton Healthcare Complex.

The Hospital's principal activity is providing acute and psychiatric health care to the residents of Industrial Cape Breton and surrounding areas.

### 1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

#### (a) Revenue recognition:

The Complex follows the deferral method of accounting for contributions which include donations and government grants.

The Complex is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

#### (b) Inventories:

Inventories are stated at cost

#### (c) Restricted

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

#### (d) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rates</u>
Land improvements	5%
Buildings and service equipment	2%-5%
Major equipment	5%-20%
Equipment under capital lease	10%-20%

**2. Accounts receivable:**

	2000	1999
Patients (less allowance for doubtful accounts) . . . . .	\$ 916,922	\$ 850,300
Medical service insurance . . . . .	255,121	478,099
Department of Community Service . . . . .	71,610	39,060
Level II Care (less allowance for doubtful accounts) . . . . .	735,623	271,060
Harmonized sales tax . . . . .	590,950	935,060
Hospital Foundations (note 11) . . . . .	236,167	242,684
QE II Health Sciences Centre . . . . .	---	120,000
Sundry . . . . .	405,442	419,360
Department of Health:		
Incremental funding . . . . .	---	80,196,668
Estimated year end adjustment . . . . .	238,401	3,738,571
Capital Funding . . . . .	5,300,337	157,251
Vacation accrual . . . . .	<u>5,608,548</u>	<u>5,608,548</u>
	<u>\$ 14,359,121</u>	<u>\$ 93,056,661</u>

**3. Inventories:**

	2000	1999
Medical and surgical . . . . .	\$ 519,175	\$ 485,399
Drugs . . . . .	819,844	1,107,342
Food . . . . .	60,080	74,755
General . . . . .	<u>908,452</u>	<u>710,994</u>
	<u>\$ 2,307,551</u>	<u>\$ 2,378,490</u>

**4. Capital assets:**

	2000		1999	
	Cost	Accumulated amortization	Net Book value	Net Book value
Land . . . . .	\$ 361,207	\$ ---	\$ 361,207	\$ 361,207
Land improvements . . . . .	3,482,998	884,858	2,598,140	2,768,694
Buildings and service equipment . . . . .	157,387,773	28,425,347	128,962,426	130,158,901
Equipment . . . . .	<u>49,191,854</u>	<u>31,128,536</u>	<u>18,063,318</u>	<u>16,882,837</u>
	<u>\$ 210,423,832</u>	<u>\$ 60,438,741</u>	<u>\$ 149,985,091</u>	<u>\$ 150,171,639</u>

**5. Accounts payable and accrued liabilities:**

	2000	1999
Accounts payable . . . . .	\$ 9,086,598	\$ 6,092,982
Due to Department of Health:		
Advances by Provincial Plan - current . . . . .	4,698,500	3,833,807
Employee deductions payable . . . . .	1,032,166	848,345
Accrued salaries:		
Salaries . . . . .	3,603,641	2,777,963
Wage parity accrual . . . . .	401,071	812,000
Vacation pay accrual . . . . .	5,927,519	5,608,554
Other accruals . . . . .	232,332	139,935
Payable for equipment . . . . .	<u>112,330</u>	<u>150,836</u>
	<u>\$ 25,094,157</u>	<u>\$ 20,264,422</u>

**6. Due to Department of Health:**

	2000	1999
Due to Department of Health:		
Advances by Provincial Plan. . . . .	\$ ---	\$ 59,115,082
Estimated year end adjustment prior . . . . .	---	11,090,100
Construction costs payable to the Province of Nova Scotia . . . . .	---	5,574,163
	<u>---</u>	<u>75,779,345</u>

**7. Long-term debt:**

	2000	1999
Department of Health:		
Capital debt assistance loan. . . . .	\$ 197,591	\$ 217,037
Current portion of long-term debt . . . . .	<u>(197,591)</u>	<u>---</u>
	<u>---</u>	<u>217,037</u>

**8. Deferred contributions for capital assets:**

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year . . . . .	\$ 149,810,432	\$ 152,542,837
Additional contributions received. . . . .	8,791,827	5,626,901
Less adjustment of prior year's Hospital Foundation grant . . . . .	---	(106,670)
Less amounts amortized to revenue . . . . .	<u>(9,394,080)</u>	<u>(8,252,636)</u>
	<u>\$ 149,208,179</u>	<u>\$ 149,810,432</u>

**9. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	2000	1999
Capital assets . . . . .	\$ 149,985,091	\$ 150,171,641
Amounts financed by:		
Deferred contributions . . . . .	<u>149,208,179</u>	<u>149,810,432</u>
	<u>\$ 776,912</u>	<u>\$ 361,209</u>

b) Change in net assets invested in capital assets is calculated as follows:

	2000	1999
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets . . . . .	\$ 9,394,080	\$ 8,252,636
Amortization of capital assets . . . . .	<u>(9,404,739)</u>	<u>(8,252,636)</u>
	<u>\$ (10,659)</u>	<u>\$ ---</u>
Net change in investment in capital assets:		
Purchase of capital assets. . . . .	\$ 9,218,191	\$ 5,550,231
Amounts funded by:		
Deferred contributions (net). . . . .	<u>(8,791,827)</u>	<u>(5,550,231)</u>
	<u>\$ 426,364</u>	<u>\$ ---</u>

**10. Comparative figures:**

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

**11. Related party transactions:**

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation and the Glace Bay Healthcare Corporation Charitable Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

As at March 31, 2000 the following amounts were due from the Foundations with comparative figures:

	2000	1999
Cape Breton Regional Hospital Foundation . . . . .	\$ 236,167	\$ 208,003
Northside Hospital Charitable Foundation . . . . .	<u>---</u>	<u>34,681</u>
	<u>\$ 236,167</u>	<u>\$ 242,684</u>

The following amounts represent the transfer from the Foundations during the year ended March 31, 2000 with comparative figures:

	2000	1999
Cape Breton Regional Hospital Foundation. . . . .	\$ 490,765	\$ 719,517
Northside Hospital Charitable Foundation . . . . .	<u>---</u>	<u>34,682</u>
New Waterford Consolidated Charitable Foundation . . . . .	117,933	70,570
Glace Bay Healthcare Corporation Charitable Foundation . . . . .	<u>283,555</u>	<u>100,000</u>
	<u>\$ 892,253</u>	<u>\$ 924,769</u>

## AUDITORS' REPORT

To the Chairperson and Members  
of the Board  
Cape Breton Victoria Regional School Board

We have audited the balance sheets of Cape Breton Victoria Regional School Board as at March 31, 2000 and the statements of operations, deficit, reserves and investment in capital assets for the year then ended. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the School Board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles established for regional school boards in the Province of Nova Scotia.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
June 19, 2000

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2000, with comparative figures for 1999**

<b>ASSETS</b>		<b>2000</b>	<b>1999</b>
Current assets:			
Cash	\$	---	\$ 85,974
Accounts receivable:			
Government of Canada (note 2) . . . . .		1,135,048	890,252
Province of Nova Scotia (note 3) . . . . .		4,057,063	2,263,891
Other . . . . .		290,628	135,722
Prepaid expenses . . . . .		69,249	337,599
Inventories . . . . .		<u>144,395</u>	<u>131,958</u>
		5,696,383	3,845,396
Restricted assets:			
Cash and investments . . . . .		382,637	381,521
Other assets:			
Deferred Early Retirement Program expenditures (note 4) . . . . .		36,135,440	36,135,440
Deferred Service Award expenditures (note 5) . . . . .			846,306
Deferred budgetary assistance (note 6) . . . . .		---	605,573
Cash restricted for teachers' service awards . . . . .		<u>3,874</u>	<u>3,874</u>
		36,139,314	37,591,193
Fixed assets (note 7):			
School buildings . . . . .		56,096,216	56,096,216
Interest in properties . . . . .		14,054,180	13,253,905
Equipment and furnishings . . . . .		11,598,548	10,685,617
School buses and maintenance vehicles . . . . .		8,041,458	7,424,102
Assets under capital lease . . . . .		<u>137,151</u>	<u>137,151</u>
		89,927,553	87,596,991
	\$	<u><u>132,145,887</u></u>	\$ <u><u>129,415,101</u></u>

**LIABILITIES, RESERVES AND EQUITY**

Current liabilities:			
Cheques issued in excess of funds on deposit . . . . .	\$	515,427	\$ ---
Accounts payable and accrued liabilities . . . . .		3,655,052	4,344,613
Advances payable to Department of Education . . . . .		620,000	
Deferred revenue . . . . .		<u>663,904</u>	<u>328,570</u>
		5,454,383	4,673,183
Other liabilities:			
Obligation under Early Retirement Plan (note 4) . . . . .		36,135,440	36,135,440
Province of Nova Scotia, bridge financing loans (note 6) . . . . .		---	605,573
Teachers' service awards, in trust . . . . .		3,874	3,874
Teacher retraining fund . . . . .		<u>50,000</u>	<u>50,000</u>
		36,189,314	36,794,887
Reserves:			
Scholarship Trust Fund Reserve . . . . .		382,637	381,521
Reserve for future operations (note 9) . . . . .		<u>500,000</u>	<u>---</u>
		882,637	381,521
Equity:			
Deficit . . . . .		(308,000)	(31,481)
Investment in capital assets . . . . .		<u>89,927,553</u>	<u>87,596,991</u>
		89,619,553	87,565,510
	\$	<u><u>132,145,887</u></u>	\$ <u><u>129,415,101</u></u>

See accompanying notes to financial statements.



**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2000, with comparative figures for 1999**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current assets:		
Cash	\$ ---	\$ 85,974
Accounts receivable:		
Government of Canada (note 2) . . . . .	1,135,048	890,252
Province of Nova Scotia (note 3) . . . . .	4,057,063	2,263,891
Other . . . . .	290,628	135,722
Prepaid expenses . . . . .	69,249	337,599
Inventories . . . . .	<u>144,395</u>	<u>131,958</u>
	5,696,383	3,845,396
Other assets:		
Deferred Early Retirement Plan expenditures (note 4) . . . . .	36,135,440	36,135,440
Deferred Service Award expenditures (note 5) . . . . .		846,306
Deferred budgetary assistance (note 6) . . . . .	---	605,573
Cash restricted for teachers' service awards . . . . .	<u>3,874</u>	<u>3,874</u>
	36,139,314	37,591,193
	<u>\$ 41,835,697</u>	<u>\$ 41,436,589</u>

**LIABILITIES, RESERVE and DEFICIT**

Current liabilities:		
Cheques issued in excess of funds on deposit . . . . .	\$ 515,427	\$ ---
Accounts payable and accrued liabilities . . . . .	3,655,052	4,344,613
Advances payable to Department of Education . . . . .	620,000	---
Deferred revenue . . . . .	<u>663,904</u>	<u>328,570</u>
	5,454,383	4,673,183
Other liabilities:		
Obligation under Early Retirement Plan (note 4) . . . . .	36,135,440	36,135,440
Province of Nova Scotia, bridge financing loans (note 6) . . . . .	---	605,573
Teachers' service awards, in trust . . . . .	3,874	3,874
Teacher retraining fund . . . . .	<u>50,000</u>	<u>50,000</u>
	36,189,314	36,794,887
Reserve:		
Reserve for future operations (note 9) . . . . .	500,000	---
Deficit . . . . .	(308,000)	(31,481)
	<u>\$ 41,835,697</u>	<u>\$ 41,436,589</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Operations**  
**Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>		<b>2000</b>		<b>1999</b>
	Budget		Actual		Actual
Revenue:					
Province of Nova Scotia:					
Formula funding (schedule A) . . . . .	\$ 94,284,900	\$	\$ 94,133,758	\$	\$ 92,992,640
Other (schedule A) . . . . .	1,345,858		1,920,106		2,450,362
Deficit assistance (note 8) . . . . .	---		1,662,572		---
Contribution for future operations (note 9) . . . . .	---		500,000		---
	<u>95,630,758</u>		<u>98,216,436</u>		<u>95,443,002</u>
Government of Canada (schedule A) . . . . .	876,232		1,082,878		1,112,806
Appropriations from Councils (schedule A) . . . . .	12,175,800		12,175,800		12,053,618
Board operations (schedule A) . . . . .	<u>1,189,592</u>		<u>1,171,666</u>		<u>1,178,340</u>
	109,872,382		112,646,780		109,787,766
Expenditures (schedule B):					
Board management . . . . .	2,980,329		3,369,957		3,776,604
School administration and instruction . . . . .	84,499,026		84,997,588		82,566,581
Property service . . . . .	9,759,716		10,352,404		10,270,961
Pupil transportation . . . . .	4,600,947		4,729,517		4,743,741
Special education . . . . .	4,132,666		4,048,999		3,419,334
Adult education . . . . .	141,371		136,678		130,194
Summer school . . . . .	13,000		10,417		13,405
Cafeteria . . . . .	606,072		629,271		597,805
Adult day school . . . . .	385,223		398,436		325,563
Capital equipment and repairs . . . . .	2,197,745		2,817,493		2,413,702
Special initiatives . . . . .	344,000		192,976		---
Board of pupils . . . . .	20,006		10,987		20,195
Deferred service awards (note 5) . . . . .	---		570,443		---
Debt servicing - operating loans . . . . .	160,800		158,133		42,711
Debt servicing - capital loans . . . . .	---		---		166,125
Deficit of prior year . . . . .	31,481		31,481		1,332,326
	<u>109,872,382</u>		<u>112,454,780</u>		<u>109,819,247</u>
Excess of revenue over expenditures (expenditures over revenue) before below noted . . . . .	---		192,000		(31,481)
Transfer to reserve for future operations (note 9) . . . . .	---		(500,000)		---
Excess of expenditures over revenue . . . . .	<u>---</u>	\$	<u>(308,000)</u>	\$	<u>(31,481)</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Deficit  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Deficit, beginning of year. . . . .	\$ (31,481)	\$ (1,332,326)
Deficit transferred to current operations . . . . .	<u>31,481</u>	<u>1,332,326</u>
	---	---
Excess expenditures over revenue . . . . .	(308,000)	(31,481)
Deficit, end of year. . . . .	<u><u>\$ (308,000)</u></u>	<u><u>\$ (31,481)</u></u>

**Statement of Reserve for Future Operations  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year. . . . .	\$ ---	\$ ---
Transfer from operations (note 9) . . . . .	500,000	---
Balance, end of year. . . . .	<u><u>\$ 500,000</u></u>	<u><u>\$ ---</u></u>

**Capital Fund Balance Sheet  
March 31, 2000, with comparative figures for 1999**

<b>ASSETS</b>		
	<b>2000</b>	<b>1999</b>
Fixed assets (note 7):		
School buildings, land . . . . .	\$ 56,096,216	\$ 56,096,216
Interest in properties. . . . .	14,054,180	13,253,905
Equipment and furnishings. . . . .	11,598,548	10,685,617
School buses and maintenance vehicles. . . . .	8,041,458	7,424,102
Assets under capital leases. . . . .	<u>137,151</u>	<u>137,151</u>
	<u><u>\$ 89,927,553</u></u>	<u><u>\$ 87,596,991</u></u>
<b>EQUITY</b>		
Investment in capital assets . . . . .	<u><u>\$ 89,927,553</u></u>	<u><u>\$ 87,596,991</u></u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Investment in Capital Assets  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 87,596,991	\$ 84,972,713
Capital purchases funded from operations:		
Interest in properties . . . . .	800,274	929,872
Equipment and furnishings . . . . .	912,931	899,333
School buses and maintenance vehicles . . . . .	737,554	624,213
	<u>2,450,759</u>	<u>2,453,418</u>
Capital debt repayment funded from operations:		
Capital leases . . . . .	---	20,860
Retirement of debenture debt . . . . .	---	150,000
	---	<u>170,860</u>
Retirement of school buses and vehicles . . . . .	(120,197)	---
Balance, end of year . . . . .	\$ <u>89,927,553</u>	\$ <u>87,596,991</u>

**Scholarship Trust Fund Balance sheet  
March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Cash and investments . . . . .	\$ <u>382,637</u>	\$ <u>381,521</u>

**RESERVE FOR SCHOLARSHIPS**

Rossetti Scholarship . . . . .	\$ 164,320	\$ 162,146
Townsend Scholarship . . . . .	1,005	1,002
McDonagh Scholarship . . . . .	5,009	5,002
Panagiotakos Scholarship . . . . .	9,016	9,008
McQuarrie Scholarship . . . . .	3,190	3,180
Annie Hall Scholarship . . . . .	2,012	1,999
C.J.C.B. Scholarship . . . . .	3,998	3,818
Daniel Munroe Scholarship . . . . .	3,072	2,913
John D. MacLeod Memorial . . . . .	1,023	1,015
Annie Bell Grady Memorial . . . . .	21,154	22,588
T.L. Sullivan Memorial . . . . .	2,794	2,668
Mary Elizabeth Brennan Scholarship . . . . .	2,375	2,411
William Hillchie Memorial . . . . .	3,070	3,075
Isabel MacDermid Memorial . . . . .	3,186	3,155
Wendell Coldwell Memorial . . . . .	2,083	2,038
Jon David Corbett . . . . .	3,214	3,164
Leonard Matheson . . . . .	1,427	1,457
Ellen Dunn Balah . . . . .	5,348	5,583
George MacKay Bursary . . . . .	145,160	145,299
Dorothy Wilkins . . . . .	181	---
	\$ <u>382,637</u>	\$ <u>381,521</u>

See accompanying notes to financial statements.

**CAPE BRETON DISTRICT SCHOOL BOARD**

**Statement of Scholarship Trust Fund Reserve  
Year ended March 31, 2000, with comparative figures for 1999**

	<u>Rossetti</u>	<u>Townsend</u>	<u>McDonagh</u>	<u>Panagiotakos</u>	<u>McQuarrie</u>	<u>Annie Hall</u>	<u>C.J.C.B.</u>	<u>Munroe</u>
Balance, beginning of year . . . \$	162,146	\$ 1,002	\$ 5,002	\$ 9,008	\$ 3,180	\$ 1,999	\$ 3,818	\$ 2,913
Interest earned . . . . .	7,374	48	257	448	180	93	180	234
	<u>169,520</u>	<u>1,050</u>	<u>5,259</u>	<u>9,456</u>	<u>3,360</u>	<u>2,092</u>	<u>3,998</u>	<u>3,147</u>
Scholarship awarded. . . . .	5,200	45	250	440	170	80	---	75
Balance, end of year . . . . . \$	<u>164,320</u>	<u>\$ 1,005</u>	<u>\$ 5,009</u>	<u>\$ 9,016</u>	<u>\$ 3,190</u>	<u>\$ 2,012</u>	<u>\$ 3,998</u>	<u>\$ 3,072</u>

	<u>MacLeod</u>	<u>Grady</u>	<u>Sullivan</u>	<u>Brennan</u>	<u>Hillchie</u>	<u>MacDermid</u>	<u>Coldwell</u>
Balance, beginning of year . . . . . \$	1,015	\$ 22,588	\$ 2,668	\$ 2,411	\$ 3,075	\$ 3,155	\$ 2,038
Interest earned . . . . .	48	1,068	126	114	145	181	95
	<u>1,063</u>	<u>23,656</u>	<u>2,794</u>	<u>2,525</u>	<u>3,220</u>	<u>3,336</u>	<u>2,133</u>
Scholarship awarded. . . . .	40	2,502	---	150	150	150	50
Balance, end of year . . . . . \$	<u>1,023</u>	<u>\$ 21,154</u>	<u>\$ 2,794</u>	<u>\$ 2,375</u>	<u>\$ 3,070</u>	<u>\$ 3,186</u>	<u>\$ 2,083</u>

	<u>Wilkins</u>	<u>Corbett</u>	<u>Matheson</u>	<u>Dunn Balah</u>	<u>MacKay</u>	<b>2000</b> <u>Total</u>	<b>1999</b> <u>Total</u>
Balance, beginning of year . . . . . \$	---	\$ 3,164	\$ 1,457	\$ 5,583	\$ 145,299	\$ 381,521	\$ 379,306
Interest earned . . . . .	181	150	70	265	9,861	21,118	22,100
New scholarship . . . . .	---	---	---	---	---	---	1,445
	<u>181</u>	<u>3,314</u>	<u>1,527</u>	<u>5,848</u>	<u>155,160</u>	<u>402,639</u>	<u>402,851</u>
Scholarship awarded. . . . .	---	100	100	500	10,000	20,002	21,330
Balance, end of year . . . . . \$	<u>181</u>	<u>\$ 3,214</u>	<u>\$ 1,427</u>	<u>\$ 5,348</u>	<u>\$ 145,160</u>	<u>\$ 382,637</u>	<u>\$ 381,521</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Notes to Financial Statements  
Year ended March 31, 2000**

Pursuant to an act passed by the Province of Nova Scotia, the Cape Breton District School Board and the Northside Victoria District School Board were amalgamated to form the Cape Breton Victoria Regional School Board. The School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria.

**1. Significant accounting policies:**

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Accruals for teachers' salaries at the beginning and end of a particular year are netted so that 195 days' salary is recorded as an expense. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Fixed assets:

Fixed assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The interest in school properties reflects only those capital expenditures made since the formation of the Cape Breton District School Board. Furniture and equipment purchased prior to January 1, 1982 has not been recorded in the capital fund. The School Board does not record depreciation on its fixed assets.

(d) Teacher service awards:

Teacher service awards are accounted for an "as paid" basis rather than as the liability is accruing. As at March 31, no estimate has been made of the potential liability for this item.

**2. Accounts receivable, Government of Canada:**

	2000	1999
Indian and Northern Affairs Canada . . . . .	\$ 496,520	\$ 472,193
Harmonized sales tax . . . . .	324,860	264,124
Other . . . . .	<u>313,668</u>	<u>153,935</u>
	\$ <u>1,135,048</u>	\$ <u>890,252</u>

**3. Accounts receivable, Province of Nova Scotia:**

	2000	1999
Capital infrastructure . . . . .	\$ 132,333	\$ 592,999
Special capital projects. . . . .	417,310	249,513
Information Economy Initiative. . . . .	546,060	460,113
3P Transitional Funding . . . . .	---	150,000
Special initiatives. . . . .	202,400	356,677
3 P maintenance funding . . . . .	393,062	---
Other . . . . .	203,326	454,589
1999/00 deficit funding (note 8) . . . . .	1,662,572	---
Contribution for future operations. . . . .	500,000	---
	<u>\$ 4,057,063</u>	<u>\$ 2,263,891</u>

**4. Early Retirement Program:**

The Early Retirement Plan (1994-1998) resulted in the Regional School Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with teachers retiring under this plan.

For the fiscal year ended March 31, 1999, the Board has been granted a payment holiday and, as a result, no amount had been included in budgeted or actual expenditures in that year for payments under this program.

For the fiscal year ending March 31, 2000, the Department of Education directly made the payments required under the Plan and, as a result, no amount had been included in budget or actual expenditures in that year.

In addition the Department of Education has directed that the Board record the obligation and related deferred expenditures as March 31, 2000 at amounts equal to those recorded at March 31, 1999 as the updated obligation data is not currently available.

During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Regional School Board to fulfill the annual obligation due under the provisions of the Early Retirement Plan (see also note 8).

**5. Change in accounting policy:**

Adoption of the Early Retirement Plan had resulted in the payment of service awards in advance of the 'normal retirement data'. As a result, commencing during the year ended March 31, 1996 the Board had adopted a policy of deferring service award payments in advance of the normal retirement date and had charged such expenditures to operations during the period of normal retirement.

Under the terms of a funding agreement with the Department of Education, the Department agreed to provide funding for service award expenditures of \$570,443 which, under the former policy, would have been deferred at March 31, 2000. As a result, operations have been charged with \$570,443 of deferred service award expenditures and the related funding is included in deficit assistance revenue (see note 8).

**6. Province of Nova Scotia, bridge financing loans:**

In connection with finalizing and balancing earlier budgets, the Board had obtained bridge financing loans in the aggregate amount of \$1,368,000. With the permission of the Department the Board had included such loans in its operating revenues for the related year. Inclusion of the loans as revenue together with recognition of the loan obligation had resulted in the creation of a deferred expenditure referred to as "Deferred budgetary assistance".

During the year the Board reached an agreement with the Department concerning the ultimate repayment of the loans. Under the agreement a portion of the loans was assumed by the Department of Education (see note 8) and the remaining portion was repaid.

A continuity of the loan balance follows:

	Loan Balance			
	Beginning of Year	Less Repayments	Less Assumed By Department of Education	End of Year
Bridge Financing loans:				
1996 loan	\$ 287,240	\$ 68,766	\$ 218,474	---
1997 loan	172,000	41,134	130,866	---
1998 loan	129,000	30,866	98,134	---
	<u>588,240</u>	<u>140,766</u>	<u>447,474</u>	---
Maintenance stabilization loan 8.4% loan repayable with annual instalments of \$17,333 . . . . .	<u>17,333</u>	<u>17,333</u>	<u>---</u>	<u>---</u>
	<u>\$ 605,573</u>	<u>\$ 158,099</u>	<u>\$ 447,474</u>	<u>---</u>

**7. Fixed assets:**

On January 1, 1982, the Municipality of the County of Cape Breton, the City of Sydney and the Towns of Louisbourg, Dominion, New Waterford and Glace Bay formed the Cape Breton District School Board. Under the agreement, all land and school buildings on hand at December 31, 1981 remain assets of the municipal unit but will be under the operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert back to the municipality.

In 1970 the former Northside Victoria District School Board acquired title to certain land and buildings from its supporting municipalities which were to be offered back to the municipalities at no cost if they were ever declared surplus by the Board. With the amalgamation of the two Boards the agreements with municipalities for land and school buildings remains unchanged.

As a result of improvements made to school buildings, the Cape Breton Victoria Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the Regional School Board under the circumstances noted above, a portion of the proceeds will be payable to the Regional School Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the Regional School Board.



**8. Deficit assistance:**

During the year the Board reached agreement with the Department regarding special funding for costs incurred to March 31, 2000 and for costs which would otherwise have been incurred subsequent to March 31, 2000. Under the agreement:

- the Board recorded revenue and a corresponding receivable from the Department of Education of \$1,662,572 (including \$570,443 for deferred service awards as described in note 5) to fund what would otherwise have been a deficit for the year.
- The Board removed from its accounts, loans payable to the Municipal Finance Corporation with balance of \$447,474 owing at March 31, 2000 together with the related asset referred to as deferred budgetary assistance.

In addition the Department of Education has indicated it will accept future responsibility for obligations under the Early Retirement Plan (see note 4).

The residual deficit for the year of \$308,000 comprises an amount that may become recoverable to the Board pursuant to settlement of litigation between the Nova Scotia School Boards Association and the Nova Scotia Teachers' Union Trustees over a matter involving the teacher salary continuation insurance program (SALCON).

**9. Contribution for future operations:**

During the year the Board became entitled to special funding of \$500,000 which the Department of Education directed be transferred to a reserve for future operations.

**10. Deferred teachers' salaries:**

Under terms of the teachers' contract the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2000 the Board had \$1,010,490 (\$954,602 at March 31, 1999) of such funds on deposit together with a corresponding liability to those teachers which amounts have not been included in these financial statements.

**11. Pension plans:**

The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers' Pension Act.

The Board's non-teaching staff are covered by a money-purchase pension plan administered by the Confederation Life Insurance Company.

**12. Insurance:**

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

**13. Related party transactions:**

These financial statements do not include certain expenditures paid on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments,
- P3 school and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Schedule A - Supplementary Details of Revenue  
Year ended March 31, 2000**

	<b>Budget</b>	<b>Actual</b>
Province of Nova Scotia, formula funding:		
Unrestricted funding . . . . .	\$ 85,890,600	\$ 85,890,600
Restricted funding:		
Special education . . . . .	6,009,000	6,009,000
Learning disabilities . . . . .	194,200	194,200
Capital bus purchase . . . . .	571,200	571,200
Textbook credit allocation . . . . .	1,097,000	1,097,000
Special initiatives:		
APEF - professional development . . . . .	137,600	137,600
Class size . . . . .	178,900	178,900
Junior high school . . . . .	206,400	55,258
	<u>\$ 94,284,900</u>	<u>\$ 94,133,758</u>
Province of Nova Scotia, other funding:		
Nova Scotia Youth Training Center . . . . .	\$ 55,000	\$ ---
Correctional program grant . . . . .	34,700	35,152
Salary increases . . . . .	---	377,742
Information Economy Initiative . . . . .	611,825	850,856
NSTU Salcon recovery . . . . .	308,000	---
3-P Transitional funding . . . . .	100,000	100,000
Capital technology . . . . .	200,000	---
Emergency capital . . . . .	36,333	556,356
	<u>\$ 1,345,858</u>	<u>\$ 1,920,106</u>
Government of Canada:		
Indian and Northern Affairs Canada . . . . .	\$ 665,232	\$ 736,967
Secretary of State:		
Minority language . . . . .	56,000	45,546
French immersion . . . . .	146,000	137,250
French monitor program . . . . .	---	29,515
Employment and Immigration Canada:		
Seat grants . . . . .	9,000	---
Student aide initiative . . . . .	---	133,600
	<u>\$ 876,232</u>	<u>\$ 1,082,878</u>
Appropriation from Councils:		
Mandatory:		
Cape Breton Regional Municipality . . . . .	\$ 10,937,080	\$ 10,937,080
County of Victoria . . . . .	1,238,720	1,238,720
	<u>\$ 12,175,800</u>	<u>\$ 12,175,800</u>
Board operations:		
Cafeterias . . . . .	\$ 611,384	\$ 646,086
Investment interest . . . . .	200,000	189,837
Adult education fees . . . . .	53,671	51,883
Rentals . . . . .	58,400	50,955
Vocational School revenues . . . . .	26,000	11,914
Adult day school fees . . . . .	91,750	91,605
Other . . . . .	148,387	129,386
	<u>\$ 1,189,592</u>	<u>\$ 1,171,666</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures  
Year ended March 31, 2000**

	<b>Budget</b>	<b>Actual</b>
<b>Board management:</b>		
Salaries, wages and employee benefits . . . . .	\$ 2,127,723	\$ 2,369,625
Supplies and materials . . . . .	133,206	117,151
Conference . . . . .	80,700	73,820
Fees and dues . . . . .	92,500	94,048
Telephone . . . . .	54,000	54,291
Travel . . . . .	36,500	36,666
Legal fees . . . . .	151,000	233,998
Contracts . . . . .	128,000	130,174
Insurance . . . . .	52,000	52,355
Other . . . . .	124,700	207,829
	<u>\$ 2,980,329</u>	<u>\$ 3,369,957</u>
<b>School administration and instruction:</b>		
Salaries, wages and employee benefits . . . . .	\$ 81,143,118	\$ 81,702,290
Supplies and materials . . . . .	1,198,625	1,187,389
Professional development . . . . .	385,283	294,919
Net cost for supplementary grants (Schedule C) . . . . .	---	31,228
Telephone . . . . .	285,000	269,459
Travel . . . . .	167,600	155,928
Other . . . . .	131,400	141,797
French minority . . . . .	91,000	117,578
Textbook allocation . . . . .	1,097,000	1,097,000
	<u>\$ 84,499,026</u>	<u>\$ 84,997,588</u>
<b>Property service:</b>		
Salaries, wages and employee benefits . . . . .	\$ 5,077,770	\$ 4,921,417
Supplies and materials . . . . .	704,500	971,802
Electricity and fuel . . . . .	2,863,386	3,187,392
Water . . . . .	154,080	155,559
Travel . . . . .	26,000	27,193
Vehicle operation . . . . .	54,000	59,625
Insurance . . . . .	263,500	263,923
Contracted services . . . . .	529,980	690,855
Rental of facilities . . . . .	86,500	74,638
	<u>\$ 9,759,716</u>	<u>\$ 10,352,404</u>
<b>Pupil transportation:</b>		
Salaries, wages and employee benefits . . . . .	\$ 3,256,947	\$ 3,097,771
Vehicle operating . . . . .	820,000	1,070,675
License . . . . .	67,000	72,239
Insurance . . . . .	46,000	51,818
Garage operation . . . . .	45,000	68,390
Travel . . . . .	8,000	16,468
Contract conveyance . . . . .	274,000	274,429
Transit subsidy - Sydney and Glace Bay . . . . .	51,000	33,914
Other . . . . .	33,000	43,813
	<u>\$ 4,600,947</u>	<u>\$ 4,729,517</u>

See accompanying notes to financial statements.

**Schedule B - Supplementary Details of Expenditures (continued)**  
**Year ended March 31, 2000**

	<b>Budget</b>	<b>Actual</b>
<b>Special education:</b>		
Salaries, wages and employee benefits . . . . .	\$ 4,062,928	\$ 3,976,235
Supplies and materials . . . . .	67,738	71,647
Fees and contracts. . . . .	2,000	1,117
	<u>\$ 4,132,666</u>	<u>\$ 4,048,999</u>
<b>Adult education:</b>		
Salaries, wages and employee benefits . . . . .	\$ 132,871	\$ 128,835
Supplies and materials . . . . .	8,500	7,843
	<u>\$ 141,371</u>	<u>\$ 136,678</u>
<b>Summer school:</b>		
Salaries, wages and employee benefits . . . . .	\$ 12,000	\$ 8,100
Supplies and materials . . . . .	1,000	2,317
	<u>\$ 13,000</u>	<u>\$ 10,417</u>
<b>School cafeterias and lunchrooms:</b>		
Salaries, wages and employee benefits . . . . .	\$ 245,072	\$ 230,057
Supplies and materials . . . . .	361,000	357,771
Profit share. . . . .	---	41,443
	<u>\$ 606,072</u>	<u>\$ 629,271</u>
<b>Adult day school:</b>		
Salaries, wages and employee benefits . . . . .	\$ 327,023	\$ 340,010
Supplies and materials . . . . .	53,200	53,687
Utilities . . . . .	---	585
Telephone . . . . .	5,000	4,154
	<u>\$ 385,223</u>	<u>\$ 398,436</u>
<b>Capital equipment and repairs:</b>		
Information Economy Initiative . . . . .	\$ 611,825	\$ 850,856
Board technology initiative . . . . .	175,000	174,741
Capital technology . . . . .	200,000	---
Equipment, furniture and renovations. . . . .	619,310	1,117,295
Busses/service vehicles . . . . .	591,610	674,601
	<u>\$ 2,197,745</u>	<u>\$ 2,817,493</u>
<b>Special Initiatives:</b>		
APEF - professional development. . . . .	\$ 137,600	\$ 136,874
Junior high school . . . . .	206,400	56,102
	<u>\$ 344,000</u>	<u>\$ 192,976</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Schedule C - Supplementary Detail of Net Grant Costs  
Year ended March 31, 2000**

From time to time the Board receives funding for specific expenditure purposes. The Board accounts for such funding on a net expenditure basis so as not to distort the comparison of its actual expenditures within the context of their budgetary framework. A summary of the total funding and related expenditures for the year is presented below:

<b>Program</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Net Cost</b>
Child youth services . . . . .	\$ 83,661	\$ 83,968	\$ 307
3-P textbook revenue . . . . .	97,491	97,491	---
Go venture fund . . . . .	67,016	68,637	1,621
Anti-racism . . . . .	5,219	5,219	---
Special ed . . . . .	12,634	12,752	118
Reading recovery . . . . .	8,254	8,507	253
At risk black . . . . .	50,644	50,979	335
2+2 degree . . . . .	48,325	48,325	---
Breakfast program . . . . .	37,009	37,009	---
International youth leadership . . . . .	23,457	23,510	53
Industry Canada . . . . .	5,556	5,556	---
Conservatory of music . . . . .	4,950	4,950	---
Youth recovery . . . . .	18,315	18,315	---
Cornwallis & Cusack . . . . .	8,728	8,728	---
Entrepreneur . . . . .	7,163	7,163	---
English as second language . . . . .	3,080	3,080	---
School advisory . . . . .	2,566	2,566	---
School to work northside . . . . .	6,324	10,487	4,163
Technology grant . . . . .	9,006	13,929	4,923
Summer technology grant . . . . .	4,243	8,404	4,161
Teachers assistant review . . . . .	41,200	52,309	11,109
Other . . . . .	338	4,523	4,185
	<u>\$ 545,179</u>	<u>\$ 576,407</u>	<u>\$ 31,228</u>

## AUDITORS' REPORT

To the Chairman and Members of the  
Central Regional Health Board

We have audited the statement of financial position of the Central Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

DELOITTE & TOUCHE LLP  
Chartered Accountants

May 26, 2000  
(Except as to Note 17, which is as of June 8, 2000)

**CENTRAL REGIONAL HEALTH BOARD**

**Statement of Operations  
Year ended March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
Revenue				
Department of Health				
Operating funding . . . . .	\$ 59,971,639	\$ ---	\$ 59,971,639	\$ 50,801,419
Patient services				
Preferred accommodations . .	1,934,755	---	1,934,755	1,799,719
Long-term care . . . . .	1,308,179	---	1,308,179	1,228,541
Workers' Compensation				
Board . . . . .	275,763	---	275,763	303,142
Non-resident recoveries . . . . .	397,055	---	397,055	367,856
Other . . . . .	307,230	---	307,230	158,282
MSI recoveries . . . . .	2,440,876	---	2,440,876	1,570,625
Donations . . . . .	---	37,622	37,622	4,151
Cafeteria revenue . . . . .	260,808	---	260,808	255,154
Amortization of deferred capital grants (Note 3(f) and Note 12) . . . . .	---	2,785,186	2,785,186	2,277,715
Other recoveries . . . . .	472,258	2,603	474,861	511,660
	<u>67,368,563</u>	<u>2,825,411</u>	<u>70,193,974</u>	<u>59,278,264</u>
Expenses				
Nursing services				
(Schedule 1) . . . . .	34,969,931	---	34,969,931	31,396,150
Special services				
(Schedule 2) . . . . .	13,785,209	---	13,785,209	12,681,933
General services				
(Schedule 3) . . . . .	4,599,913	---	4,599,913	4,248,127
General administration				
(Schedule 4) . . . . .	3,602,649	---	3,602,649	3,906,288
Support services				
(Schedule 5) . . . . .	6,441,917	---	6,441,917	5,225,978
Plant operation and maintenance (Schedule 6) . . . .	2,830,422	---	2,830,422	2,475,492
Depreciation (Note 3(d)) . . . . .	---	2,837,164	2,837,164	2,416,273
Grant expenses . . . . .	876,008	---	876,008	1,020,276
Ability to pay on long-term debt . . . . .	---	---	---	206,020
Cafeteria expenses . . . . .	239,115	---	239,115	224,421
Patient administration				
software support deficit . . . .	4,533	---	4,533	176,112
Homecare deficit . . . . .	7,638	---	7,638	26,936
Other expenses . . . . .	---	---	---	9,657
	<u>67,357,335</u>	<u>2,837,164</u>	<u>70,194,499</u>	<u>64,013,663</u>
Excess (deficiency) of revenue over expenses before accumulated deficit and debt incremental funding . . . . .	11,228	(11,753)	(525)	(4,735,399)
Accumulated deficit and debt incremental funding (Note 4) . . . . .	8,942,331	---	8,942,331	---
<b>Excess (deficiency) of revenue     over expenses . . . . .</b>	<u><u>\$ 8,953,559</u></u>	<u><u>\$(11,753)</u></u>	<u><u>\$ 8,941,806</u></u>	<u><u>\$(4,735,399)</u></u>

**CENTRAL REGIONAL HEALTH BOARD**

**Statement of Financial Position  
as at March 31, 2000**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Current</b>				
Cash and investments (Page 66) . . . . .	\$ 4,697,290	\$ ---	\$ 4,697,290	\$ 819,230
Accounts receivable (Note 5) . . . . .	4,907,978	2,156,010	7,063,988	3,268,644
Inventories (Note 6) . . . . .	716,620	---	716,620	708,223
Prepaid expenses . . . . .	212,169	170,449	382,618	599,307
Due from Charitable Foundations (Note 7) . . . . .	---	557,956	557,956	379,466
	<u>10,534,057</u>	<u>2,884,415</u>	<u>13,418,472</u>	<u>5,774,870</u>
<b>Due from Long Term Care Facility (Note 8) . . . . .</b>	<b>17,347</b>	<b>---</b>	<b>17,347</b>	<b>20,238</b>
<b>Property, plant and equipment (Note 9) . . . . .</b>	<b>---</b>	<b>31,704,341</b>	<b>31,704,341</b>	<b>29,982,257</b>
	<u>\$ 10,551,404</u>	<u>\$ 34,588,756</u>	<u>\$ 45,140,160</u>	<u>\$ 35,777,365</u>

**LIABILITIES**

<b>Current</b>				
Bank indebtedness (Page 66) . . . . .	\$ ---	\$ 408,093	\$ 408,093	\$ 823,197
Accounts payable and accrued liabilities (Note 10) . . . . .	8,017,905	1,959,929	9,977,834	7,092,422
Revenue received in advance . . . . .	2,512,886	---	2,512,886	6,674,365
Current portion of long-term debt (Note 11) . . . . .	---	---	---	155,922
Due to Charitable Foundations (Note 7) . . . . .	9,385	---	9,385	---
	<u>10,540,176</u>	<u>2,368,022</u>	<u>12,908,198</u>	<u>14,589,984</u>
<b>Long-term debt (Note 11) . . . . .</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>115,354</b>
<b>Deferred capital grants (Note 12) . . . . .</b>	<b>---</b>	<b>32,013,613</b>	<b>32,013,613</b>	<b>29,639,562</b>
	<u>10,540,176</u>	<u>34,381,635</u>	<u>44,921,811</u>	<u>44,344,900</u>

**FUND BALANCES**

<b>Unrestricted (Page 4) . . . . .</b>	<b>(84,164)</b>	<b>207,121</b>	<b>122,957</b>	<b>(8,995,674)</b>
<b>Restricted (page 4) . . . . .</b>	<b>95,392</b>	<b>---</b>	<b>95,392</b>	<b>272,217</b>
	<u>11,228</u>	<u>207,121</u>	<u>218,349</u>	<u>(8,723,457)</u>
	<u>\$ 10,551,404</u>	<u>\$ 34,588,756</u>	<u>\$ 45,140,160</u>	<u>\$ 35,621,443</u>



**CENTRAL REGIONAL HEALTH BOARD**

**Statement of Changes in Fund Balances  
Year ended March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Unrestricted, beginning of year . . .</b>	\$ (9,214,548)	\$ 218,874	\$ (8,995,674)	\$ (4,337,164)
Excess (deficiency) of revenue over expenditures (Page 63) . . . . .	8,953,559	(11,753)	8,941,806	(4,735,399)
Transfer from restricted (Note 14) . . .	176,825	---	176,825	78,889
Transfer to Charitable Foundations . .	---	---	---	(2,000)
	<u>9,130,384</u>	<u>(11,753)</u>	<u>9,118,631</u>	<u>(4,658,510)</u>
<b>Unrestricted, end of year . . . . .</b>	\$ <u>(84,164)</u>	\$ <u>207,121</u>	\$ <u>122,957</u>	\$ <u>(8,995,674)</u>
<b>Restricted, beginning of year . . . . .</b>	\$ 272,217	\$ ---	\$ 272,217	\$ 462,699
Transfer to unrestricted (Note 14) . . .	(176,825)	---	(176,825)	(78,889)
Transfer to deferred capital grants . .	---	---	---	(111,593)
<b>Restricted, end of year . . . . .</b>	\$ <u>95,392</u>	\$ <u>---</u>	\$ <u>95,392</u>	\$ <u>272,217</u>

**CENTRAL REGIONAL HEALTH BOARD**

**Statement of Cash Flows  
Year ended March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Net inflow(outflow) of cash related to the following activities:</b>				
<b>Operating</b>				
Excess (deficiency) of revenue over expenses (Page 63). . . . . \$	8,953,559 \$	(11,753) \$	8,941,806 \$	(4,735,399)
Adjusted for:				
Amortization of deferred capital grants (Page 63). . .	---	(2,785,186)	(2,785,186)	(2,277,715)
Depreciation (Page 63) . . . . .	---	2,837,164	2,837,164	2,416,273
Gain on disposal of equipment. . . . .	---	---	---	(1,637)
Changes in non-cash working capital items (Note 13). . . . .	<u>(5,078,390)</u>	<u>46,166</u>	<u>(5,032,224)</u>	<u>6,106,396</u>
	<u>3,875,169</u>	<u>86,391</u>	<u>3,961,560</u>	<u>1,507,918</u>
<b>Financing</b>				
Proceeds of Long Term Care Facility . . . . .	2,891	---	2,891	---
Proceeds from long-term debt (Note 11). . . . .	---	---	---	137,426
Repayment of long-term debt (Note 11). . . . .	---	(271,276)	(271,276)	(143,750)
Proceeds from capital grants (Note 12). . . . .	---	5,159,237	5,159,237	2,560,220
	<u>2,891</u>	<u>4,887,961</u>	<u>4,890,852</u>	<u>2,553,896</u>
<b>Investing</b>				
Transfer to deferred capital grants (Page 65). . . . .	---	---	---	(111,593)
Transfer to Charitable Foundations (Page 65). . . . .	---	---	---	(2,000)
Acquisition of property, plant and equipment. . . . .	---	(4,559,248)	(4,559,248)	(2,895,092)
Proceeds on sale of equipment. . . . .	---	---	---	5,550
	<u>---</u>	<u>(4,559,248)</u>	<u>(4,559,248)</u>	<u>(3,003,135)</u>
<b>Net cash inflow. . . . .</b>	3,878,060	415,104	4,293,164	1,058,679
<b>(Bank indebtedness) cash and investments, beginning of year . . . . .</b>	<u>819,230</u>	<u>(823,197)</u>	<u>(3,967)</u>	<u>(1,062,646)</u>
<b>Cash and investments (bank indebtedness), end of year. . . . . \$</b>	<u><u>4,697,290</u></u> \$	<u><u>(408,093)</u></u> \$	<u><u>4,289,197</u></u> \$	<u><u>(3,967)</u></u>

# CENTRAL REGIONAL HEALTH BOARD

## Notes to the Financial Statements Year ended March 31, 2000

### 1. MISSION STATEMENT

The Central Regional Health Board is responsible for the development of health plans within the Central Region of the Province of Nova Scotia as well as their incorporation into an integrated delivery system, and the promotion of improved health status for individuals.

### 2. DESCRIPTION OF ORGANIZATION

The Facilities operated by the Central Regional Health Board are Dartmouth General Hospital and Community Health Centre, Hants Community Hospital, Twin Oaks Memorial Hospital, Musquodoboit Valley Memorial Hospital, Eastern Shore Memorial Hospital, and Cobequid Multi-Service Centre.

In addition, the Board supports seven (7) Community Health Boards and is responsible for delivery of addiction and public health services within the Central Region of Nova Scotia.

As of October 21, 1999, the governance of the Central Regional Health Board was transferred to the Department of Health.

### 3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following significant accounting policies:

#### a) Fund Accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Central Regional Health Board's capital assets.

#### b) Revenue Recognition

The Central Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received is estimated and collection is reasonably assured.

Restricted income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

#### c) Capital Assets

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution.

**d) Depreciation**

Depreciation on major equipment is calculated on the straight-line method at rates based on the estimated useful life of the assets. Depreciation is recorded on the buildings on the diminishing balance method at either 2.5% or 5% per year.

**e) Deferred Capital Grants**

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions with which capital assets of the Central Regional Health Board were originally purchased.

**f) Amortization of Deferred Capital Grants**

Amortization of deferred capital grants is calculated and taken into revenue of the capital fund on the same basis as the depreciation of the related assets.

**g) Vacation pay**

The Central Regional Health Board follows the policy of recording the estimated vacation pay liability owed to staff. At March 31, 2000 the amount was \$1,939,090 (1999 - \$1,761,018).

**h) Investments**

Investments are recorded at the lower of cost or market value.

**4. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING**

In the Minister of Health's letter of November 25, 1999, the government confirmed its intention to cover accumulated debts and deficits of Regional Health Boards as at March 31, 1999. This incremental, one time amount was \$8,942,331 for operating deficits and is recorded as revenue, and for capital the amount was \$532,488 which is recorded as a contribution to deferred capital grants.

**5. ACCOUNTS RECEIVABLE**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
Patient care . . . . . \$	753,016 \$	---	753,016 \$	689,486
Less: Allowance for doubtful accounts . . . .	<u>(83,515)</u>	<u>---</u>	<u>(83,515)</u>	<u>(73,891)</u>
	669,501	---	669,501	615,595
Department of Health Current year deficit . . . . .	1,200,000	---	1,200,000	---
Accrued vacation pay . . . . .	1,761,018	---	1,761,018	---
E.D.I.P. Program . . . .	---	---	---	30,448
Capital Equipment Grants . . . . .	---	1,882,543	1,882,543	897,178
HST Rebates . . . . .	424,995	273,467	698,462	499,302
Home Support . . . . .	11,446	---	11,446	727,037
Other . . . . .	<u>841,018</u>	<u>---</u>	<u>841,018</u>	<u>499,084</u>
	\$ <u>4,907,978</u>	\$ <u>2,156,010</u>	\$ <u>7,063,988</u>	\$ <u>3,268,644</u>

**6. INVENTORIES**

	2000	1999
Medical and surgical. . . . .	\$ 237,417	\$ 214,588
Drugs. . . . .	274,315	249,031
General. . . . .	195,189	222,389
Dietary and cafeteria. . . . .	9,699	22,215
	<u>\$ 716,620</u>	<u>\$ 708,223</u>

**7. DUE (TO) FROM CHARITABLE FOUNDATIONS**

The operating fund has a balance of \$(9,385) [1999 - \$10,281] due from (to) the Dartmouth General Hospital Charitable Foundation. The capital fund is owed \$451,447 (1999 - \$291,330) from the Dartmouth General Hospital Charitable Foundation, and \$106,509 (1999 - \$75,753) from Cobequid Multi-Service Centre Charitable Foundation for capital purchases made during the year. These amounts are non-interest bearing and will be paid within the current year.

**8. DUE FROM LONG TERM CARE FACILITY**

A loan in the amount of \$17,347 is owing to the Central Regional Health Board from Braeside Home for Special Care for its sewage treatment system. This loan is non-interest bearing and is being repaid over 15 years.

**9. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated Depreciation	<u>Net Book Value</u>	
			2000	1999
Land . . . . .	\$ 536,340	\$ ---	\$ 536,340	\$ 536,340
Land improvements . . . . .	156,072	124,501	31,571	36,982
Building . . . . .	40,074,464	17,458,978	22,615,486	22,998,438
Major equipment . . . . .	25,022,291	17,639,913	7,382,378	6,074,115
Construction in progress . . . . .	1,138,566	---	1,138,566	336,382
	<u>\$ 66,927,733</u>	<u>\$ 35,223,392</u>	<u>\$ 31,704,341</u>	<u>\$ 29,982,257</u>

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade payables . . . . .	\$ 2,235,238	\$ 1,959,929	\$ 4,195,167	\$ 2,137,951
Salaries, employee deductions and accrued vacation pay . . . . .	5,782,667	---	5,782,667	4,556,577
Department of Health Capital debt assistance	---	---	---	397,894
	<u>\$ 8,017,905</u>	<u>\$ 1,959,929</u>	<u>\$ 9,977,834</u>	<u>\$ 7,092,422</u>

**11. LONG TERM DEBT**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Department of Health, Demand Loan</b>				
Non-interest bearing, repayable from future surplus . . . . . \$	---	---	---	\$ 133,850
<b>Obligations under Capital Lease</b>				
Bearing interest at 6.5% for a 7-year term and maturing between September 2004 and April 2005. . . . .	---	---	---	137,426
	---	---	---	271,276
Principal portion repayable within one year. . . . .	---	---	---	155,922
\$	---	---	---	\$ 115,354

**12. DEFERRED CAPITAL GRANTS**

Deferred Capital Grants reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions with which capital assets of the Central Regional Health Board were originally purchased.

The changes for the year in deferred capital grants reported in the Capital Fund are as follows:

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . . \$	<u>29,639,562</u>	<u>\$ 29,357,057</u>
Add: Capital grants received during the year		
Cobequid Multi Services Centre Charitable Foundation. . .	196,331	75,753
Dartmouth General Hospital Charitable Foundation . . . . .	471,197	2,083,515
Department of Health. . . . .	4,027,021	124,500
Hants Community Hospital Charitable Foundation and Auxiliary. . . . .	---	97,518
Musquodoboit Valley Memorial Hospital Auxiliary . . . . .	4,881	2,102
Transfer from operating fund. . . . .	---	111,593
Other - emergency expansion grant . . . . .	413,197	65,239
Other - donations and grants . . . . .	46,610	---
	<u>5,159,237</u>	<u>2,560,220</u>
	<u>34,798,799</u>	<u>31,917,277</u>
Deduct: Amortization. . . . .	<u>(2,785,186)</u>	<u>(2,277,715)</u>
Balance, end of year. . . . . \$	<u>32,013,613</u>	<u>\$ 29,639,562</u>

**13. CHANGES IN NON-CASH WORKING CAPITAL ITEMS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
Accounts receivable . . . . . \$	(2,600,436)\$	(1,194,908) \$	(3,795,344) \$	(140,197)
Inventories . . . . .	(8,397)	---	(8,397)	199,102
Prepaid expenses . . . . .	387,138	(170,449)	216,689	217,746
Due from (to) Charitable Foundations. . . . .	19,666	(188,771)	(169,105)	75,016
Accounts payable and accrued liabilities . . . . .	1,285,118	1,600,294	2,885,412	1,088,219
Revenue received in advance. . . . .	<u>(4,161,479)</u>	---	<u>(4,161,479)</u>	<u>4,666,510</u>
	<u>\$ (5,078,390)\$</u>	<u>\$ 46,166</u>	<u>\$ (5,032,224) \$</u>	<u>\$ 6,106,396</u>

**14. RESTRICTED FUND BALANCES**

Surpluses generated by excess operating revenue from the Department of Health over expenditures for both Public Health Services and Drug Dependency Services are restricted by the Department of Health. These surpluses can only be used to fund future operations of Public Health Services and Drug Dependency Services and are transferred to the restricted fund balances. The deficits generated during the year and transferred from the restricted fund balances are as follows:

	2000	1999
Public Health Services . . . . . \$	(60,450) \$	(71,134)
Drug Dependency Services . . . . .	<u>(116,375)</u>	<u>(7,755)</u>
	<u>\$ (176,825) \$</u>	<u>(78,889)</u>

**15. PENSION PLANS**

The Central Regional Health Board participates in a multi-employer pension plan administered by the Nova Scotia Association of Health Organizations for the employees at primary care facilities and the Department of Finance for Public Health and Drug Dependency employees. The most recent NSAHO actuarial valuation was conducted as at December 31, 1996 and showed an unfunded liability for the entire NSAHO plan of Nil. The Department of Finance completed an actuarial valuation at October 31, 1998 and it also showed an unfunded liability for the entire plan of Nil.

**16. CONTINGENCIES**

No provision has been made in the financial statements for retirement award liabilities for staff who have not confirmed their intention to retire prior to March 31, 2000. Staff retirement awards will be funded out of current year's operations in the year in which the staff member has confirmed their intention to retire.

**17. SUBSEQUENT EVENT**

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards and District Health Authorities. This Act provides for the establishment of District Health Authorities and the transfer of governance and the management of delivery of the health services from Regional Health Boards to the District Health Authorities.

**18. COMPARATIVE FIGURES**

Certain of the 1999 comparative figures have been reclassified to reflect the 2000 financial statement presentation.



**CENTRAL REGIONAL HEALTH BOARD**

**Schedule 1**

**Nursing Services Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Nursing administration. . . . .	\$ 498,216	\$ 553,394
Nursing units. . . . .	19,644,733	18,121,816
Haliburton place. . . . .	1,470,297	1,369,460
Surgical suite. . . . .	3,433,525	3,138,559
Emergency and out-patient department. . . . .	4,816,331	4,599,595
Geriatrics. . . . .	5,692	5,364
Intensive care unit . . . . .	2,430,944	1,884,282
Occupational health and infection control. . . . .	61,457	75,540
Patient transportation. . . . .	7,095	7,534
Dental clinic. . . . .	260,267	203,717
Emergency room doctors. . . . .	2,165,861	1,436,889
Staff doctors. . . . .	175,513	---
	<u>\$ 34,969,931</u>	<u>\$ 31,396,150</u>

**Schedule 2**

**Special Services Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Laboratory. . . . .	\$ 5,629,784	\$ 5,383,492
Electrocardiography . . . . .	182,436	149,097
Pharmacy. . . . .	529,254	531,444
Radiology . . . . .	3,779,634	3,274,855
Respiratory . . . . .	379,842	326,237
Mental health. . . . .	328,614	254,631
Rehabilitation services. . . . .	1,078,875	1,073,097
Community health programs. . . . .	996,511	1,105,504
Education . . . . .	180,008	132,424
Social Services. . . . .	264,574	226,987
Telehealth. . . . .	31,243	---
Y2K expenditures. . . . .	312,036	114,402
Physicians offices. . . . .	92,398	109,763
	<u>\$ 13,785,209</u>	<u>\$ 12,681,933</u>

**Schedule 3**

**General Services Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Dietary. . . . .	\$ 2,417,579	\$ 2,192,019
Laundry/linen. . . . .	526,280	543,214
Environment services. . . . .	1,656,054	1,512,894
	<u>\$ 4,599,913</u>	<u>\$ 4,248,127</u>

**CENTRAL REGIONAL HEALTH BOARD**

**Schedule 4**

**General Administration Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Site administration . . . . .	\$ 1,067,341	\$ 1,272,422
Drug Dependency administration . . . . .	553,481	533,202
Public Health administration . . . . .	496,468	535,105
Regional administration . . . . .	<u>1,485,359</u>	<u>1,565,559</u>
	\$ <u><u>3,602,649</u></u>	\$ <u><u>3,906,288</u></u>

**Schedule 5**

**Support Services Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Human resources . . . . .	\$ 216,545	\$ 147,747
Communications . . . . .	106,604	80,587
Community health boards . . . . .	725,209	394,523
Finance . . . . .	745,340	670,623
Information services . . . . .	814,792	679,513
Materials management . . . . .	1,440,134	1,186,754
Quality management . . . . .	39,595	38,940
Medical records . . . . .	1,160,746	1,155,036
Central registration . . . . .	614,098	545,037
Switchboard . . . . .	128,368	127,816
Medical services support . . . . .	440,556	158,665
Volunteer services . . . . .	<u>9,930</u>	<u>40,737</u>
	\$ <u><u>6,441,917</u></u>	\$ <u><u>5,225,978</u></u>

**Schedule 6**

**Plant Operation and Maintenance Expenses  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Plant operation . . . . .	\$ 1,821,150	\$ 1,549,212
Security . . . . .	200,074	189,563
Plant maintenance . . . . .	802,908	730,379
Motor service . . . . .	<u>6,290</u>	<u>6,338</u>
	\$ <u><u>2,830,422</u></u>	\$ <u><u>2,475,492</u></u>

**CHECK INNS LIMITED**

The following statements for Check Inns Limited are unaudited.

Unaudited

CHECK INNS LIMITED

Balance Sheet  
March 31, 2000

Assets ..... \$ --- \$ ---

LIABILITIES

Current

Payables and accruals

Trade .....	\$	---	\$	---
Department of Tourism and Culture .....		<u>89,907</u>		<u>89,907</u>
		<u>89,907</u>		<u>89,907</u>

SHAREHOLDER'S EQUITY

Capital Stock

Authorized:

5,000 common shares with par value of \$1 each

Issued:

3 common shares ..... 3 3

Retained earnings .....		<u>(89,910)</u>		<u>(89,910)</u>
		<u>(89,907)</u>		<u>(89,907)</u>
	\$	<u>---</u>	\$	<u>---</u>

Statement of Loss and Retained Earnings  
year ended March 31, 2000

	2000	1999
Expenses		
Loss before depreciation .....	\$	---
Depreciation .....	<u>---</u>	<u>110,520</u>
Net loss .....	\$ <u>---</u>	\$ <u>110,520</u>

Retained earnings, beginning of year .....	\$	(89,910)	\$	20,610
Net loss .....		<u>---</u>		<u>(110,520)</u>
Retained earnings, end of year .....	\$	<u>(89,910)</u>	\$	<u>(89,910)</u>

## AUDITORS' REPORT

To the Chairperson and Members  
of the Board

We have audited the balance sheets of Chignecto-Central Regional School Board as at March 31, 2000 and the statements of operations, surplus, investment in capital assets and continuity of reserves for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
July 7, 2000

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current assets:		
Cash	\$ 1,398,251	\$ 9,245
Accounts receivable:		
Government of Canada (note 2) . . . . .	1,094,104	1,372,890
Province of Nova Scotia (note 3) . . . . .	3,556,552	3,408,769
Municipalities . . . . .	273,308	283,405
Other . . . . .	588,995	520,270
Prepaid expenses . . . . .	53,852	390,676
Deferred service award expenditures (note 4) . . . . .	---	636,924
	<u>6,965,062</u>	<u>6,622,179</u>
Other assets:		
Deferred service award expenditures (note 4) . . . . .	---	829,283
Discount on debenture . . . . .	---	4,435
Restricted cash and investments . . . . .	706,539	235,931
	<u>706,539</u>	<u>1,069,649</u>
Capital assets (note 5):		
School buildings and land . . . . .	79,674,129	78,141,075
Equipment and furnishings . . . . .	31,551,371	29,302,868
School buses and maintenance vehicles . . . . .	10,199,767	9,822,469
	<u>121,425,267</u>	<u>117,266,412</u>
	\$ <u>129,096,868</u>	\$ <u>124,958,240</u>

**LIABILITIES and EQUITY**

	<b>2000</b>	<b>1999</b>
Current liabilities:		
Bank indebtedness . . . . .	\$ ---	\$ 1,288,587
Accounts payable and accrued liabilities . . . . .	5,798,640	4,915,536
Deferred revenue . . . . .	579,450	1,168,250
Due to Trust Funds . . . . .	51	159
Current portion of Province of Nova Scotia, capital improvement loans . . . . .	---	138,554
Current portion of term debt . . . . .	---	220,000
	<u>6,378,141</u>	<u>7,731,086</u>
Other liabilities:		
Obligation under Early Retirement Program (note 6) . . . . .	28,977,405	28,977,405
Province of Nova Scotia, capital improvement loans (note 7) . . . . .	---	318,346
Term debt (note 8) . . . . .	---	660,000
	<u>28,977,405</u>	<u>29,955,751</u>
Equity:		
Deficiency in Early Retirement Program (note 6) . . . . .	(28,977,405)	(28,977,405)
Reserves . . . . .	1,206,488	235,772
Investment in capital assets . . . . .	121,486,297	115,994,977
Surplus - non-restricted . . . . .	25,942	18,059
	<u>93,741,322</u>	<u>87,271,403</u>
	\$ <u>129,096,868</u>	\$ <u>124,958,240</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current assets:		
Cash	\$ 1,398,251	\$ 9,245
Accounts receivable:		
Government of Canada (note 2) . . . . .	1,094,104	1,372,890
Province of Nova Scotia (note 3) . . . . .	3,556,552	3,408,769
Municipalities . . . . .	273,308	283,405
Other . . . . .	588,995	520,270
Prepaid expenses . . . . .	53,852	390,676
Deferred services award expenditures (note 4) . . . . .	---	636,924
	<u>6,965,062</u>	<u>6,622,179</u>
Other assets:		
Deferred service award expenditures (note 4) . . . . .	---	829,283
Restricted cash and investments . . . . .	665,009	196,403
	<u>665,009</u>	<u>1,025,686</u>
	<u>\$ 7,630,071</u>	<u>\$ 7,647,865</u>

**LIABILITIES AND EQUITY (DEFICIT)**

Current liabilities:		
Bank indebtedness . . . . .	\$ ---	\$ 1,288,587
Accounts payable and accrued liabilities . . . . .	5,798,640	4,915,536
Deferred revenue . . . . .	579,450	1,168,250
Due to own funds . . . . .	1,226,039	257,433
	<u>7,604,129</u>	<u>7,629,806</u>
Other liabilities:		
Obligation under Early Retirement Program (note 6) . . . . .	28,977,405	28,977,405
Equity (deficit):		
Deficiency in Early Retirement Program (note 6) . . . . .	(28,977,405)	(28,977,405)
Surplus - non-restricted . . . . .	25,942	18,059
	<u>(28,951,463)</u>	<u>(28,959,346)</u>
	<u>\$ 7,630,071</u>	<u>\$ 7,647,865</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year ended March 31, 2000**

	2000 Budget	2000 Actual	1999 Actual
Revenue (schedule A):			
Province of Nova Scotia . . . . .	\$ 109,631,500	\$ 112,221,767	\$ 107,836,513
Government of Canada . . . . .	1,753,000	2,267,676	1,955,030
Appropriation from Councils . . . . .	18,339,434	18,339,436	17,925,161
Board operations . . . . .	<u>2,996,728</u>	<u>3,145,333</u>	<u>2,128,291</u>
	132,720,662	135,974,212	129,844,995
Expenditures (schedule B):			
Regional services . . . . .	3,798,633	3,762,638	3,759,732
Instructional services . . . . .	91,710,498	91,520,544	86,792,535
Property service . . . . .	13,329,143	13,935,725	13,271,842
Pupil transportation . . . . .	7,580,186	7,788,166	7,366,573
Special education . . . . .	11,835,312	12,002,728	10,982,508
Adult education . . . . .	558,664	614,862	563,569
Summer school . . . . .	96,875	79,442	75,498
Cafeteria . . . . .	881,520	1,247,120	1,135,163
Capital equipment, repairs and renovations . . . . .	2,547,489	3,632,033	5,236,572
Debt service costs . . . . .	382,342	414,357	575,569
Transfer to reserve for Instructional Program Enhancement . . . . .	---	500,000	---
Transfer to reserve for future operations (note 12) . . . . .	---	468,714	78,969
	<u>132,720,662</u>	<u>135,966,329</u>	<u>129,838,530</u>
Excess of revenue over expenditures . . . . .	\$ <u>---</u>	\$ <u>7,883</u>	\$ <u>6,465</u>

**Statement of Surplus  
Year ended March 31, 2000**

	2000	1999
Surplus, beginning of year . . . . .	\$ 18,059	\$ 11,594
Excess of revenue over expenditures . . . . .	7,883	6,465
Surplus, end of year . . . . .	\$ <u>25,942</u>	\$ <u>18,059</u>

See accompanying notes to financial statements.



**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
March 31, 2000**

<b>ASSETS</b>		
	<b>2000</b>	<b>1999</b>
Due from own funds . . . . .	\$ 61,030	\$ 61,030
Discount on debentures . . . . .	---	4,435
Capital assets (note 5):		
School buildings and land . . . . .	79,674,129	78,141,075
Equipment and furnishings. . . . .	31,551,371	29,302,868
School buses and maintenance vehicles. . . . .	10,199,767	9,822,469
	<u>\$ 121,486,297</u>	<u>\$ 117,331,877</u>
<b>LIABILITIES</b>		
Province of Nova Scotia, capital improvement loans (note 7) . . . . .	\$ ---	\$ 456,900
Term debt (note 8) . . . . .	---	880,000
	---	<u>1,336,900</u>
<b>EQUITY</b>		
Investment in capital assets . . . . .	<u>121,486,297</u>	<u>115,994,977</u>
	<u>\$ 121,486,297</u>	<u>\$ 117,331,877</u>

**Statement of Investment in Capital Assets  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year. . . . .	\$ 115,994,977	\$ 109,172,059
Capital asset purchases funded from operations:		
School buildings and land . . . . .	937,417	2,103,380
Equipment and furnishings. . . . .	1,872,177	2,384,945
School buses and maintenance vehicles. . . . .	822,439	748,247
Donated capital assets:		
School buildings. . . . .	595,637	120,011
Equipment and furnishings. . . . .	376,326	933,636
	4,603,996	6,290,219
Capital debt repayment:		
Retirement of debt . . . . .	357,448	497,969
Forgiveness of debt by Province of Nova Scotia. . . . .	975,017	412,222
Retirement of capital assets:		
School buses and maintenance vehicles. . . . .	(445,141)	(229,656)
School buildings . . . . .	---	(147,836)
Balance, end of year . . . . .	<u>\$ 121,486,297</u>	<u>\$ 115,994,977</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Reserve Fund Balance Sheet  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Cash and investments .....	\$ 41,530	\$ 39,528
Due from own funds .....	<u>1,164,958</u>	<u>196,244</u>
	\$ <u><u>1,206,488</u></u>	\$ <u><u>235,772</u></u>

<b>RESERVES</b>		
Reserve for Instructional Program Enhancement .....	\$ 638,498	\$ 169,784
Reserve for School Advisory Councils .....	18,633	18,633
Reserve for future operations .....	500,000	---
Special Capital Reserve .....	13,258	13,180
Capital Reserve .....	<u>36,099</u>	<u>34,175</u>
	\$ <u><u>1,206,488</u></u>	\$ <u><u>235,772</u></u>

**Statement of Continuity of Reserves  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year .....	\$ 235,772	\$ 155,343
Interest earned .....	<u>2,002</u>	<u>1,460</u>
	237,774	156,803
Transfer from current operations:		
Instructional Program Enhancement .....	468,714	(78,969)
Future operations .....	500,000	---
Balance, end of year .....	\$ <u><u>1,206,488</u></u>	\$ <u><u>235,772</u></u>

See accompanying notes to financial statements.

# CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

## Notes to Financial Statements Year ended March 31, 2000

Pursuant to an act passed by the Province of Nova Scotia, the Colchester-East Hants District School Board, Cumberland District School Board, and the Pictou District School Board were amalgamated to form the Chignecto-Central Regional School Board. The Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system.

### 1. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Capital assets acquired with operating funds are recorded as an expenditure when incurred. Teachers' salaries are paid on a cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Capital assets:

Capital assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The School Board does not record depreciation on its capital assets.

(d) Basis of consolidation:

The consolidated balance sheet has been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook. Trust funds are not included in the consolidation (see note 10) and interfund balances have been eliminated.

### 2. Accounts receivable, Government of Canada:

	2000	1999
Band Councils. . . . .	\$ 429,097	\$ 676,968
Goods and Services Tax . . . . .	477,779	690,631
Other. . . . .	187,228	5,291
	<u>\$ 1,094,104</u>	<u>\$ 1,372,890</u>

**3. Accounts receivable, Province of Nova Scotia:**

	2000	1999
Special capital projects.....	\$ 350,167	\$ 1,245,494
Service award funding.....	829,954	---
Technology Grant.....	---	575,000
Other.....	2,376,431	1,588,275
	<u>\$ 3,556,552</u>	<u>\$ 3,408,769</u>

**4. Service Award Program:**

Under the terms of the agreements with the local units of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a defined minimum of years service with the Board and is employed by the Board immediately prior to retirement.

As at March 31, 2000 management has not estimated the liability for service award credits earned to date.

Adoption of the Early Retirement Program has resulted in the payment of service awards in advance of the 'normal' retirement date. In prior years, the Board adopted a policy of deferring service award payments made in advance of the normal retirement date and charging such expenditures to operations during the period of normal retirement. As at March 31, 2000 the Province of Nova Scotia has fully funded the outstanding deferred service award payments in the amount of \$829,954. As a result, this amount has been recorded in the Statement of Operations as revenue from the Province along with an equal amount of expenditure to reflect the write-off of the deferred asset.

**5. Capital assets:**

In 1982, on creation of the former District School Boards, an agreement was made with respect to capital assets which stated that all land and school buildings on hand at December 31, 1981 remain assets of the municipal units but will be under the operational control of the District School Boards until such time as the School Boards no longer require the assets for school purposes. At that time, control will revert back to the municipalities. In addition, one of the former District School Boards also had an agreement to offer back to the municipalities, at no cost, certain land and buildings acquired in 1970 if they are ever declared surplus by the Board. These agreements have been carried forward to the Regional School Board.

As a result of improvements made to school buildings, the Chignecto-Central Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a building returned by the Regional School Board under the circumstances noted above, be sold by the Municipal unit or destroyed, a portion of any proceeds will be payable to the Regional School Board.

**6. Early Retirement Program:**

On July 22, 1994 regulations governing the Nova Scotia Teachers' Early Retirement (1994-98) Program were enacted by the Province of Nova Scotia. This program entitles teachers who meet the eligibility criteria to elect to retire at a date preceding their normal retirement date.

The program operates and is accounted for in the following manner. For each program participant the Board records the present value of the prescribed obligation together with a corresponding deferred expenditure amount. In respect of each participant, the obligation is being repaid in monthly instalments; payments are charged to operations. In addition, both the deferred expenditure account and the obligation are reduced by the extent of the principal retired.

The Early Retirement Plan (1994-1998) resulted in the Regional School Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Regional School Board to fulfill the annual obligation due under provisions of the Early Retirement plan.

As at March 31, 2000, updated information on the amount of the obligation is not available and accordingly the balance remains unchanged from the prior year.

**7. Province of Nova Scotia, capital improvement loans:**

	<b>2000</b>	<b>1999</b>
Bridge financing loan for leasehold improvements to the 60 Lorne Street facility, non-interest bearing . . . . . \$	---	\$ 322,500
Maintenance Stabilization Trust Fund loan, bearing interest at 6% per annum. . . . .	---	134,400
	---	456,900
Less current portion . . . . .	---	138,554
	\$ ---	\$ 318,346

The Province of Nova Scotia forgave in full all loan indebtedness as at March 31, 2000.

**8. Term debt:**

	<b>2000</b>	<b>1999</b>
Nova Scotia Municipal Finance Corporation, bearing interest a 5.125% to 5.5% per annum . . . . . \$	---	\$ 880,000
Less current portion . . . . .	---	220,000
	\$ ---	\$ 660,000

The Province of Nova Scotia assumed the Municipal Finance Corporation debt as at March 31, 2000, and forgave in full the term debt outstanding at March 31, 2000.

**9. Insurance:**

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

**10. Trust funds (schedules C and D):**

The following are trust fund balances:

	2000		1999
ARHS Prize .....	1,972	\$	2,007
Biggs .....	21,117		21,099
Brine .....	1,201		1,305
Campbell .....	1,205		1,202
Charity-Cash .....	---		1,962
Chignecto Family .....	7,229		4,891
Christie .....	13,329		13,147
Cole .....	2,070		2,030
Coleman .....	(19)		20
Decker .....	6,316		6,086
Dempsey .....	211		176
Devenne .....	4,812		4,834
Dowe .....	716		713
Dunbar .....	3,017		3,001
Eaton .....	1,872		1,888
Edwards .....	2,467		2,077
Fields .....	1,731		1,725
Fife .....	600		---
Fulmer .....	10,021		---
Gosse .....	2,450		2,191
Harrison .....	5,104		5,084
Hewson .....	23,324		23,269
Kirkpatrick .....	1,678		1,689
LaFarge .....	10,000		10,100
MacInnes .....	2,000		2,000
MacKenzie .....	12,084		12,002
McBrien .....	5,510		5,507
McIver .....	1,558		1,500
McIver .....	5,872		6,477
Parker .....	2,711		2,530
Parrsboro Prize .....	1,001		1,040
Puglsey .....	73,742		73,050
Roach .....	1,072		984
Smith .....	1,535		1,536
Sorge .....	5,479		5,469
Stay-in-School .....	13,986		14,109
Sutherland .....	---		1,000
Tingley .....	13,033		12,913
Tye .....	28,493		26,358
	\$ 290,499	\$	276,971

**11. Pension plans:**

The Regional School Board makes payments into several pension plans for various eligible non-teaching staff. Some of these pension plans are of the money purchase type and are administered on behalf of the Board by Crown Life Insurance Company and Standard Life Assurance Company.

In addition, some eligible non-teaching staff participate in two defined benefit pension plans. One of these plans is held on behalf of the Regional School Board by the Nova Scotia School Boards Association. The latest actuarial valuation was performed on December 31, 1994 and indicated accrued pension benefits of \$280,300 and pension fund assets with market values of \$292,800. The second defined benefit pension plan is held by an outside fund manager on behalf of the Chignecto-Central Regional School Board. The latest actuarial valuation was performed on January 1, 1997 and indicated accrued pension benefits of \$3,394,561 and pension fund assets with market values of \$3,843,764.

The Regional School Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

## **12. Public education funding for 2000-2001**

On May 5, 2000 the Department of Education and the Regional School Boards reached an agreement on funding for public education for the 2000-2001 fiscal year. For the year ending March 31, 2000 the Department agreed to fund the following items:

- accumulated deficits as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Municipal Finance Corporation (note 8);
- deferred service awards as at March 31, 2000 (note 4);
- outstanding liabilities at March 31, 2000 to the Maintenance Stabilization Fund (note 7);
- outstanding bridge financing liabilities (note 7);
- a \$500,000 reserve for future operations.

As the Board has recorded a surplus each of the last four years since amalgamation, there is no accumulated deficit as at March 31, 2000, consequently, the Board received no financial assistance in this area.

The \$500,000 funding is a one time payment and has been recorded in the Statement of Operations as revenue from the Province of Nova Scotia. A corresponding amount of \$500,000 has been charged to the Statement of Operations to transfer this amount to an unrestricted reserve for future operations, as directed by the Province.

## **13. Comparative figures:**

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule A - Supplementary Details of Revenue  
Year ended March 31, 2000**

	<b>2000</b>		<b>2000</b>		<b>1999</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
Province of Nova Scotia:					
General formula . . . . .	\$ 98,819,800	\$	\$ 98,819,800	\$	\$ 87,854,626
Pupil transportation . . . . .	---		---		8,339,400
Special education . . . . .	7,078,400		7,078,400		6,739,442
Textbook credit allocation . . . . .	1,127,700		1,127,700		1,081,646
Severe Learning Disabilities . . . . .	225,100		225,100		225,130
Capital debt . . . . .	220,000		268,409		355,411
Capital transportation . . . . .	1,024,800		1,024,800		1,024,800
Emergency capital grants . . . . .	---		185,000		592,000
French special projects . . . . .	322,000		69,497		61,732
Service awards funding . . . . .	---		829,954		---
Information Economy Initiative . . . . .	---		638,597		729,923
Other . . . . .	813,700		1,954,510		832,403
	<u>\$ 109,631,500</u>	\$	<u>\$ 112,221,767</u>	\$	<u>\$ 107,836,513</u>
Government of Canada:					
Indian and Northern Affairs Canada . . . . .	\$ 1,700,000	\$	\$ 1,898,950	\$	\$ 1,628,894
Secretary of State:					
Minority language . . . . .	53,000		39,210		73,016
French Special Projects . . . . .	---		173,743		154,330
Employment and Immigration Canada . . . . .	---		145,773		98,790
Other . . . . .	---		10,000		---
	<u>\$ 1,753,000</u>	\$	<u>\$ 2,267,676</u>	\$	<u>\$ 1,955,030</u>
Appropriation from Councils:					
Municipality of Colchester . . . . .	\$ 4,313,807	\$	\$ 4,313,807	\$	\$ 4,167,515
Municipality of Cumberland . . . . .	2,115,698		2,115,698		2,044,079
Municipality of East Hants . . . . .	2,409,822		2,409,828		2,290,301
Municipality of Pictou . . . . .	3,035,702		3,035,700		3,020,277
Town of Amherst . . . . .	1,142,000		1,142,004		1,105,024
Town of New Glasgow . . . . .	1,202,412		1,202,412		1,208,424
Town of Oxford . . . . .	164,808		164,808		163,206
Town of Parrsboro . . . . .	137,808		137,808		136,013
Town of Pictou . . . . .	343,949		343,944		336,988
Town of Springhill . . . . .	370,490		370,488		366,818
Town of Stellarton . . . . .	524,803		524,808		519,411
Town of Stewiacke . . . . .	146,668		146,664		144,244
Town of Trenton . . . . .	215,938		215,940		213,467
Town of Truro . . . . .	1,965,520		1,965,520		1,964,297
Town of Westville . . . . .	250,009		250,007		245,097
	<u>\$ 18,339,434</u>	\$	<u>\$ 18,339,436</u>	\$	<u>\$ 17,925,161</u>
Board operations:					
Cafeterias . . . . .	\$ 881,520	\$	\$ 1,227,131	\$	\$ 1,130,630
Investment interest . . . . .	170,000		175,947		280,063
Adult education fees . . . . .	129,500		151,027		153,785
Rentals . . . . .	600,357		500,547		440,285
Summer School . . . . .	30,500		29,152		29,423
International Student Program . . . . .	30,000		119,043		71,493
Other . . . . .	1,154,851		942,486		22,612
	<u>\$ 2,996,728</u>	\$	<u>\$ 3,145,333</u>	\$	<u>\$ 2,128,291</u>



**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures  
Year ended March 31, 2000**

	<b>2000</b>		<b>2000</b>		<b>1999</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
<b>Regional services:</b>					
Salaries and wages . . . . .	\$ 2,235,691	\$	\$ 2,253,371	\$	\$ 2,083,723
Board member honorarium . . . . .	129,000		118,755		121,735
Employee benefits . . . . .	225,947		252,154		184,544
Supplies and materials . . . . .	252,100		215,802		315,517
Travel and conference - Staff . . . . .	219,000		231,206		264,535
Travel and conference - Board . . . . .	85,600		63,063		59,196
Telephone . . . . .	92,800		73,270		115,762
Professional fees . . . . .	161,000		193,327		207,225
Administrative services . . . . .	204,110		140,083		154,160
Facilities rental . . . . .	23,832		22,246		22,774
Dues and fees . . . . .	104,753		102,378		108,458
Advertising . . . . .	48,500		50,292		55,969
Consulting and contracted services . . .	15,000		45,168		62,249
Other . . . . .	1,300		1,523		3,885
	<u>\$ 3,798,633</u>	\$	<u>\$ 3,762,638</u>	\$	<u>\$ 3,759,732</u>
<b>Instructional services:</b>					
Salaries and wages . . . . .	\$ 80,391,743	\$	\$ 80,035,505	\$	\$ 76,997,007
Employee benefits . . . . .	5,479,846		4,811,494		5,241,892
Service awards . . . . .	761,829		1,553,509		355,323
Supplies and materials . . . . .	2,741,197		2,410,838		1,921,174
Textbook credit allocation . . . . .	1,115,162		1,127,700		1,081,646
Travel and conferences . . . . .	337,500		407,027		339,572
In-service training . . . . .	130,299		289,438		124,867
Program initiatives . . . . .	213,025		350,258		324,430
Telephone . . . . .	326,275		292,157		241,351
Computer services . . . . .	208,622		228,998		140,305
Other . . . . .	5,000		13,620		24,968
	<u>\$ 91,710,498</u>	\$	<u>\$ 91,520,544</u>	\$	<u>\$ 86,792,535</u>
<b>Property service:</b>					
Salaries and wages . . . . .	\$ 6,909,037	\$	\$ 6,861,677	\$	\$ 7,051,673
Employee benefits . . . . .	1,042,951		1,019,498		884,511
Supplies and materials . . . . .	1,362,433		1,289,591		1,329,689
Utilities . . . . .	3,347,950		3,971,661		3,328,879
Travel, conference and in-services . . .	45,150		51,733		75,783
Insurance . . . . .	275,000		274,652		272,357
Contracted Services . . . . .	280,000		409,092		267,877
Telephone . . . . .	52,802		52,369		51,374
Other . . . . .	13,820		5,452		9,699
	<u>\$ 13,329,143</u>	\$	<u>\$ 13,935,725</u>	\$	<u>\$ 13,271,842</u>
<b>Pupil transportation:</b>					
Salaries and wages . . . . .	\$ 4,031,328	\$	\$ 3,878,697	\$	\$ 4,013,303
Employee benefits . . . . .	619,408		560,171		505,870
Vehicle operating . . . . .	929,950		1,090,811		965,891
License . . . . .	70,000		68,141		69,013
Insurance . . . . .	70,000		66,754		63,998
Garage expenses . . . . .	59,000		35,417		29,986
Travel, conferences and in-services . . .	9,600		24,188		18,547
Contract conveyance . . . . .	1,750,000		2,033,770		1,672,050
Bus site maintenance . . . . .	15,000		11,876		7,176
Telephone . . . . .	25,900		18,341		20,454
Other . . . . .	---		---		285
	<u>\$ 7,580,186</u>	\$	<u>\$ 7,788,166</u>	\$	<u>\$ 7,366,573</u>

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures (continued)  
Year ended March 31, 2000**

	<b>2000</b>		<b>2000</b>		<b>1999</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
<b>Special education:</b>					
Salaries and wages . . . . .	\$ 10,800,019	\$	\$ 10,872,496	\$	\$ 9,988,509
Employee benefits. . . . .	732,793		811,738		766,253
Supplies and materials . . . . .	169,000		140,007		115,451
Circuit and resource travel. . . . .	63,000		52,003		46,803
Travel, conferences and in-services . . .	44,500		106,447		46,732
Telephone . . . . .	26,000		19,518		18,268
Other. . . . .	---		519		492
	<u>\$ 11,835,312</u>	\$	<u>\$ 12,002,728</u>	\$	<u>\$ 10,982,508</u>
<b>Adult education:</b>					
Salaries and wages . . . . .	\$ 398,939	\$	\$ 434,634	\$	\$ 397,088
Employee benefits. . . . .	28,000		43,363		32,535
Contracted services . . . . .	30,072		42,219		44,003
Travel and conference . . . . .	16,500		16,769		12,796
Supplies and materials . . . . .	48,000		45,119		37,875
Advertising . . . . .	21,453		14,123		21,517
Facilities rental. . . . .	7,500		8,741		8,676
Telephone and computer services . . . .	8,200		9,894		9,079
	<u>\$ 558,664</u>	\$	<u>\$ 614,862</u>	\$	<u>\$ 563,569</u>
<b>Summer school:</b>					
Salaries, wages and employee benefits.\$	89,375	\$	2,077	\$	6,101
Contracted services . . . . .	2,000		75,000		67,396
Supplies and materials. . . . .	3,500		2,215		1,669
Travel and conference . . . . .	2,000		150		332
	<u>\$ 96,875</u>	\$	<u>\$ 79,442</u>	\$	<u>\$ 75,498</u>
<b>Cafeteria:</b>					
Salaries and wages . . . . .	\$ 305,600	\$	\$ 430,089	\$	\$ 399,052
Employee benefits. . . . .	38,320		52,254		47,289
Supplies and materials. . . . .	487,600		685,435		622,633
Contracted services . . . . .	50,000		79,342		66,189
	<u>\$ 881,520</u>	\$	<u>\$ 1,247,120</u>	\$	<u>\$ 1,135,163</u>

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule C - Trust Fund Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
Cash and investments . . . . .	\$ 290,448	\$	276,287
Accounts receivable. . . . .	---		525
Due from Operating Fund . . . . .	51		159
	<u>\$ 290,499</u>	\$	<u>276,971</u>

**EQUITY**

Trust Funds (note 10). . . . .	\$ <u>290,499</u>	\$	<u>276,971</u>
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**Schedule D - Statement of Continuity of Trust funds**

**Year Ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
Balance, beginning of year . . . . .	\$ 276,971	\$	229,759
Receipts:			
Principal . . . . .	22,114		58,832
Interest earned . . . . .	11,931		4,733
	<u>34,045</u>		<u>63,565</u>
Disbursements:			
Bursaries and scholarships . . . . .	<u>(20,517)</u>		<u>(16,353)</u>
Balance, end of year . . . . .	\$ <u>290,499</u>	\$	<u>276,971</u>

## AUDITORS' REPORT

We have audited the balance sheet of the College de l'Acadie as at March 31, 2000, the statement of operations and changes in net assets and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2000 and the results of its operations and the changes its financial position for the year then ended in accordance with generally accepted accounting principles.

Saxton Comeau  
Chartered Accountants

Yarmouth, Nova Scotia  
June 12, 2000

**COLLEGE DE L'ACADIE**

**Balance Sheet  
March 31, 2000 and 1999**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Current Assets:		
Cash .....	\$ 368,660	\$ 431,598
Short-term investments .....	---	1,226,907
Accounts receivable (note 3) .....	1,308,895	191,046
Bookstore inventory .....	<u>23,404</u>	<u>10,834</u>
	1,700,959	1,860,385
Long-term investments (fair market value \$817,301) .....	831,896	---
Capital assets (note 4) .....	<u>1,148,080</u>	<u>272,095</u>
	1,979,976	272,095
	<u>\$ 3,680,935</u>	<u>\$ 2,132,480</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable .....	\$ 662,183	\$ 381,235
Deferred revenues .....	376,864	63,108
Current portion of capital lease obligation .....	<u>232,500</u>	<u>---</u>
	1,271,547	444,343
Long term capital lease obligation (note 5) .....	491,664	---
<b>NET ASSETS</b>		
Invested in capital assets .....	423,916	272,095
Unrestricted, operating surplus (note 6) .....	640,432	590,910
Internally restricted surplus .....	<u>853,376</u>	<u>825,132</u>
	1,917,724	1,688,137
Commitments (note 6)	<u>\$ 3,680,935</u>	<u>\$ 2,132,480</u>

**COLLEGE DE L'ACADIE**

**Statement of Operations and Changes in Net Assets  
Year ended March 31, 2000 and 1999**

	<b>2000</b>		<b>2000</b>		<b>1999</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
Revenue:					
Government grants . . . . .	\$ 3,252,000	\$	3,826,000	\$	3,252,000
Tuition fees . . . . .	120,000		190,101		217,158
Bookstore sales . . . . .	227,173		85,395		83,771
Recoveries . . . . .	---		31,282		73,766
Interest . . . . .	42,000		68,503		62,576
Miscellaneous . . . . .	---		48,115		---
Transfer from operating surplus . . . . .	464,226		---		---
	<u>4,105,399</u>		<u>4,249,396</u>		<u>3,689,271</u>
Customized training . . . . .	240,000		449,598		140,912
	<u>4,345,399</u>		<u>4,698,994</u>		<u>3,830,183</u>
Expenses:					
Wages and employee benefits . . . . .	2,421,430		2,437,928		2,178,368
Severance . . . . .	---		36,000		155,677
Telecommunications . . . . .	379,164		382,022		383,883
Building and property management . . . . .	307,409		265,152		247,079
Capital improvements . . . . .	182,813		71,990		35,841
Technology equipment management . . . . .	192,774		127,952		40,400
Public relations and marketing . . . . .	117,911		135,496		46,217
Travel . . . . .	143,919		141,839		132,158
Bookstore purchases . . . . .	186,255		71,330		76,293
Training and teaching supplies . . . . .	122,470		91,415		65,068
Honorariums and professional fees . . . . .	107,703		67,284		68,760
Photocopies and office supplies . . . . .	45,045		37,388		28,217
Amortization of capital assets . . . . .	---		169,872		37,007
Bad debts . . . . .	---		---		18,577
Freight and delivery . . . . .	14,923		12,719		11,487
Student services . . . . .	11,650		22,752		3,191
Program research and development . . . . .	97,340		20,612		---
Subscriptions . . . . .	13,293		7,860		8,201
Miscellaneous . . . . .	1,300		1,436		80,559
	<u>4,345,399</u>		<u>4,101,047</u>		<u>3,616,983</u>
Customized training . . . . .			368,360		78,020
			<u>4,469,407</u>		<u>3,695,003</u>
Excess of revenue over expenses . . . . .			229,587		135,180
Net assets, beginning of year . . . . .			1,688,137		1,552,957
Net assets, end of year . . . . .		\$	<u>1,917,724</u>	\$	<u>1,688,137</u>

**COLLEGE DE L'ACADIE**

**Statement of Changes in Financial Position  
Year ended March 31, 2000 and 1999**

	<b>2000</b>	<b>1999</b>
Net inflow of cash related to operating activities:		
Excess of revenue over expenses . . . . . \$	229,587	\$ 135,180
Amortization of capital assets . . . . .	169,872	37,007
Increase (decrease) in non-cash working capital items (note 8) . .	<u>(535,715)</u>	<u>809,733</u>
	(136,256)	981,920
Net outflow of cash related to investing activities:		
Purchase of capital assets . . . . .	(292,396)	(115,350)
Purchase of long-term investments. . . . .	<u>(831,896)</u>	<u>---</u>
	(1,124,292)	(115,350)
Net inflow of cash related to financing activities		
Decrease in capital lease obligation. . . . .	<u>(29,297)</u>	<u>---</u>
Increase (decrease) in cash . . . . .	(1,289,845)	866,570
Cash, beginning of year . . . . .	1,658,505	791,935
Cash, end of year. . . . . \$	<u><u>368,660</u></u>	<u><u>\$ 1,658,505</u></u>

Cash is defined as cash plus short term investments.

# COLLEGE DE L'ACADIE

## Notes to Financial Statements Year ended March 31, 2000 and 1999

### 1. Overview:

The College de l'Acadie is a post-secondary french educational institution, created under the authority of Law 55, Nova Scotia Community College and College de l'Acadie, on April 1, 1997. The College is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

### 2. Significant accounting policies:

#### a) Fund accounting and presentation of financial statements

The College accounts for its activity by funds. Each fund is segregated to ensure that internal or external restrictions are maintained. The college follows the deferral method of accounting for contributions. Funding for expenses of future periods are deferred and recognized as revenue in the year in which the related expense is incurred. The deferral method also differentiates restricted and non-restricted fund.

The operations of the College are managed by two main funds: the operating fund and special projects fund.

##### (i) Operating fund

The Operating fund receives revenue and incurs expenses required to administer the operations of the College. This fund includes operating and teaching costs, the general operating grant and other operating revenues. It includes accumulated surplus from administration and academic operations. The Operating fund also accounts for all activity in the satellite offices, which are located in Clare, Tusket, Dartmouth, Pomquet, Petit-de-Grat and St. Joseph du Moine.

##### (ii) Capital Fund

The Capital fund reports all of the Organization's capital assets (i.e. equipment and portable classrooms), liabilities, revenues and expenses including contributions and amortization.

##### (iii) Internally restricted funds

This fund includes monies received from the Province of Nova Scotia. The Board has restricted these funds. They are to be used to finance the construction of new facilities.

##### (iv) Customized training

The College received grant revenues and tuition fees pertaining to specific projects. Revenues from projects that are not complete as at March 31, 2000 are recorded in the amounts based on the estimation of completion of each project. Revenues and expenses for these specific projects are included in the operating fund.



b) Capital Assets

The College capitalizes equipment and computers with a cost in excess of \$3,000 and a useful life in excess of one year. These assets are amortized using the straight line method. The College estimates the useful life of its capital assets to be the following:

Software	3 years
Computers	3 years
Equipment under capital lease obligation	3 years
Equipment	5 years
Portable classrooms	20 years
Landscaping	20 years

The Province has retained ownership of the land and buildings, which are not recorded in these financial statements. Improvements made to these buildings are expenses as incurred.

c) Pension Plan

The College's pension plan is administered by the Province. The College expenses the annual pension plan contributions as they are incurred.

d) Inventory

The bookstore inventory is valued at the lower of costs and net realizable value.

e) Investments

The long term investments are valued at cost.

3. Accounts receivable

	2000	1999
HST receivable . . . . .	\$ 109,269	\$ 118,000
Provincial government. . . . .	1,139,717	---
Bookstore and tuition fees. . . . .	50,075	87,086
Accrued interest. . . . .	2,233	1,596
Reimbursements . . . . .	<u>7,601</u>	<u>2,706</u>
	1,308,895	209,388
Allowance for doubtful accounts . . . . .	<u>---</u>	<u>18,342</u>
	<u>\$ 1,308,895</u>	<u>\$ 191,046</u>

4. Capital assets:

	2000		1999	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book Value</u>	<u>Net book Value</u>
Software. . . . .	\$ 78,993	\$ 26,331	\$ 52,662	\$ ---
Computers. . . . .	167,561	117,438	50,123	23,346
Portable classrooms . . . . .	202,451	26,176	176,275	186,667
Landscaping . . . . .	136,158	10,076	126,082	62,082
Equipment . . . . .	67,411	13,482	53,929	---
Equipment under capital lease obligation . . . . .	<u>753,460</u>	<u>64,451</u>	<u>689,009</u>	<u>---</u>
	<u>\$ 1,406,034</u>	<u>\$ 257,954</u>	<u>\$ 1,148,080</u>	<u>\$ 272,095</u>

Equipment and computers with a cost in excess of \$3,000 transferred from the Province on April 1, 1998 have been recorded at their net book value at that date and accounted for as grants from the provincial government.

**5. Capital lease obligation:**

The following is a schedule of future minimum lease payments under a capital lease expiring in 2003, together with the present balance of the obligation under a capital lease.

	Lease #1	Lease #2	Total
2001.....	\$ 180,000	\$ 108,800	\$ 288,800
2002.....	180,000	108,800	288,800
2003.....	<u>150,000</u>	<u>63,500</u>	<u>213,500</u>
Total minimum payments required by lease agreement.....	510,000	281,100	791,100
Less interest amounts calculated at 7.95% and 12.50% respectively.....	<u>(27,643)</u>	<u>(39,293)</u>	<u>(66,936)</u>
Capital lease obligation.....	<u>\$ 482,357</u>	<u>\$ 241,807</u>	<u>\$ 724,164</u>

**6. Commitments:**

The College has committed to the construction or the purchase of a new building in Dartmouth in the near future. The estimated costs of the construction are \$2,500,000. These costs will be shared by Patrimoine Canada. The federal government is to provide funding of \$920,000 and the balance of funds required will be sourced either from internally restricted funds, or external financing.

**7. Contributed services:**

The Province facilitates the College's operations by providing the use of four buildings. This benefit has not been reflected in the financial statements.

**8. Changes in non-cash working capital:**

	2000	1999
Decrease (increase) in accounts receivable.....	\$ (1,117,849)	\$ 549,980
Decrease (increase) in bookstore inventory.....	(12,570)	6,852
Increase in accounts payable.....	280,948	248,656
Increase in deferred revenues.....	<u>313,756</u>	<u>4,245</u>
	<u>\$ (535,715)</u>	<u>\$ 809,733</u>

**9. Related party transactions**

La Fondation du College de l'Acadie is a not-for-profit organization. The College did not transfer any monies to the fondation during this fiscal year (1999, nil).

**10. Commitments and contingent liabilities**

Certain grant programs require the college to incur a pre-determined level of specific expenditures. The expenditures in favor of these programs can be subject to revision or approval by the government. The amount of the possible adjustments regarding grants cannot be determined. If such adjustments were required, it would be recorded as a prior year adjustment in the financial statements.

### **AUDITORS' REPORT ON SUPPLEMENT INFORMATION**

We have audited and recorded separately herein on the financial statements of the College de l'Acadie as at March 31, 2000 and for the year ended at that date.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the company taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Saxton Comeau  
Chartered Accountants

Yarmouth, Nova Scotia  
June 12, 2000

**COLLEGE DE L'ACADIE**

**Schedules  
Balance Sheet  
March 31, 2000 and 1999**

				<b>2000</b>	<b>1999</b>
	Operating Fund	Capital fund	Internally restricted fund	Total	Total
<b>Assets</b>					
Cash . . . . .	\$ 347,180	\$ ---	\$ 21,480	\$ 368,660	\$ 431,598
Short term investments. . . . .	---	---	---	---	1,226,907
Accounts receivable. . . . .	1,308,895	---	---	1,308,895	191,046
Bookstore inventory . . . . .	23,404	---	---	23,404	10,834
Long-term investments. . . . .	---	---	831,896	831,896	---
Capital assets. . . . .	---	1,148,080	---	1,148,080	272,095
	<u>\$ 1,679,479</u>	<u>\$ 1,148,080</u>	<u>\$ 853,376</u>	<u>\$ 3,680,935</u>	<u>\$ 2,132,480</u>
<b>Liabilities</b>					
Accounts payable . . . . .	\$ 662,183	\$ ---	\$ ---	\$ 662,183	\$ 381,235
Deferred revenues . . . . .	376,864	---	---	376,864	63,108
Capital lease obligation . . . . .	---	724,164	---	724,164	---
	<u>1,039,047</u>	<u>724,164</u>	<u>---</u>	<u>1,763,211</u>	<u>444,343</u>
<b>Net Assets</b>					
Internally restricted . . . . .	---	---	853,376	853,376	825,132
Equity . . . . .	<u>640,432</u>	<u>423,916</u>	<u>---</u>	<u>1,064,348</u>	<u>863,005</u>
	640,432	423,916	853,376	1,917,724	1,688,137
	<u>\$ 1,679,479</u>	<u>\$ 1,148,080</u>	<u>\$ 853,376</u>	<u>\$ 3,680,935</u>	<u>\$ 2,132,480</u>

**COLLEGE DE L'ACADIE**

**Schedules  
Statement of Operations  
Year ended March 31, 2000 and 1999**

				<b>2000</b>	<b>1999</b>
	Operating fund	Capital fund	Internally restricted fund	Total	Total
<b>Revenue:</b>					
Government grants . . . . .	\$ 3,826,000	\$ ---	\$ ---	\$ 3,826,000	\$ 3,252,000
Tuition fees . . . . .	190,101	---	---	190,101	217,158
Bookstore sales . . . . .	85,395	---	---	85,395	83,771
Recoveries . . . . .	31,282	---	---	31,282	73,766
Interest . . . . .	40,259	---	28,244	68,503	62,576
Miscellaneous . . . . .	48,115	---	---	48,115	---
Customized training . . . . .	449,598	---	---	449,598	140,912
	<u>4,670,750</u>	<u>---</u>	<u>28,244</u>	<u>4,698,994</u>	<u>3,830,183</u>
<b>Expenses:</b>					
Wages and benefits . . . . .	2,437,928	---	---	2,437,928	2,178,368
Severance . . . . .	36,000	---	---	36,000	155,677
Telecommunications . . . . .	382,022	---	---	382,022	383,883
Building and property management . . . . .	265,152	---	---	265,152	247,079
Capital improvements . . . . .	71,990	---	---	71,990	35,841
Technology equipment management . . . . .	127,952	---	---	127,952	40,400
Public relations and marketing . . . . .	135,496	---	---	135,496	46,217
Travel . . . . .	141,839	---	---	141,839	132,158
Bookstore purchases . . . . .	71,330	---	---	71,330	76,293
Training and teaching supplies . . . . .	91,415	---	---	91,415	65,068
Honorariums and professional fees . . . . .	67,284	---	---	67,284	68,760
Photocopies and office supplies . . . . .	37,388	---	---	37,388	28,217
Amortization of capital assets . . . . .	---	169,872	---	169,872	37,007
Bad debts . . . . .	---	---	---	---	18,577
Freight and delivery . . . . .	12,719	---	---	12,719	11,487
Student services . . . . .	22,752	---	---	22,752	3,191
Program research and development . . . . .	20,612	---	---	20,612	---
Subscriptions . . . . .	7,860	---	---	7,860	8,201
Miscellaneous . . . . .	1,436	---	---	1,436	80,559
Customized training . . . . .	368,360	---	---	368,360	78,020
	<u>4,299,535</u>	<u>169,872</u>	<u>---</u>	<u>4,469,407</u>	<u>3,695,003</u>
Excess of revenue over expenses (expenses over revenue) . . . . .	371,215	(169,872)	28,244	229,587	135,180
Net assets, beginning of year . . . . .	590,910	272,095	825,132	1,688,137	1,552,957
	962,125	102,223	853,376	1,917,724	1,688,137
Interfund transfers . . . . .	(321,693)	321,693	---	---	---
Net assets, end of year . . . . .	\$ <u>640,432</u>	\$ <u>423,916</u>	\$ <u>853,376</u>	\$ <u>1,917,724</u>	\$ <u>1,688,137</u>

College de l'Acadie  
Schedules  
Statement of Operations , Customized Training  
Years ended March 31, 2000 and 1999

							2000	1999
	Pomquet	Tusket	Clare	Dartmouth	Petit de Grat	St. Joseph du Moine	Total	Total
<b>Revenue:</b>								
Tuition fees . . . . .	\$ 1,638	\$ 5,820	\$ 20,770	\$ 74,652	\$ 16,308	\$ 19,343	\$ 138,531	\$ 122,562
Grants and other fees . . . . .	15,717	40,000	61,128	-	182,000	-	298,845	18,350
Interest . . . . .	-	-	-	-	12,223	-	12,223	-
	<u>17,355</u>	<u>45,820</u>	<u>81,898</u>	<u>74,652</u>	<u>210,531</u>	<u>19,343</u>	<u>449,599</u>	<u>140,912</u>
<b>Expenses:</b>								
Wages and employee benefits	144	14,868	23,712	29,263	25,531	10,204	103,722	58,187
Supplies and services . . . . .	1,388	8,143	7,833	12,979	139,834	2,411	172,588	18,579
Equipment . . . . .	15,717	15,360	25,922	-	35,051	-	92,050	1,254
	<u>17,249</u>	<u>38,371</u>	<u>57,467</u>	<u>42,242</u>	<u>200,416</u>	<u>12,615</u>	<u>368,360</u>	<u>78,020</u>
Excess of revenue over expenses . . . . .	<u>\$ 106</u>	<u>\$ 7,449</u>	<u>\$ 24,431</u>	<u>\$ 32,410</u>	<u>\$ 10,115</u>	<u>\$ 6,728</u>	<u>\$ 81,239</u>	<u>\$ 62,892</u>

## RAPPORT DES VÉRIFICATEURS

Au président et aux membres  
Du Conseil scolaire acadien provincial

Nous avons vérifié les bilans du Conseil scolaire acadien provincial en date du 31 mars 2000 et les états des résultats et d'équité. Ces états financiers sont la responsabilité de l'administration du Conseil scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la société au 31 mars 2000 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour les exercices terminés à ces dates selon les principes comptables généralement reconnus pour les conseils scolaires de la Nouvelle-Écosse.

Saxton Comeau

Yarmouth, Nouvelle-Écosse  
le 21 juin, 2000

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Bilan consolidé

Au 31 mars 2000 et 1999

	<b>2000</b>	<b>1999</b>
Actif		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	1 869 776 \$	1 834 932 \$
Gouvernement du Canada	1 569 852	1 089 559
Autres	1 440 724	1 022 759
Frais payés d'avance	30 771	144 865
	<hr/> 4 911 123	<hr/> 4 092 115
Encaisse et sommes à recevoir restreintes	588 235	102 670
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	21 630 002	21 627 048
Équipement et fournitures	3 800 413	3 782 161
Autobus scolaires et autres véhicules	1 764 182	1 858 555
	<hr/> 27 194 597	<hr/> 27 267 764
	<hr/> <hr/> 32 693 955 \$	<hr/> <hr/> 31 462 549 \$
Passif		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 893 146 \$	2 509 208 \$
Fournisseurs et sommes à payer	1 911 580	1 691 438
Revenus reportés	106 397	70 168
	<hr/> 4 911 123	<hr/> 4 270 814
Engagement au plan de retraite anticipée (note 4)	277 906	277 906
Équité		
Réserves	588 235	102 670
Déficit	-	(178 699)
Équité en immobilisations	27 194 597	27 267 764
Investissement vers plans de retraite anticipée (note 4)	(277 906)	(277 906)
	<hr/> 26 916 691	<hr/> 26 811 159
Éventualités (note 5)		
	<hr/> <hr/> 32 693 955 \$	<hr/> <hr/> 31 462 549 \$

Voir les notes explicatives qui accompagnent ces états financiers.



**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Bilan - fonds d'opération

Au 31 mars 2000 et 1999

	2000		1999
<b>Actif</b>			
Actif à court terme:			
Sommes à recevoir:			
Province de la Nouvelle-Écosse	1 869 776	\$	1 834 932
Gouvernement du Canada	1 569 852		1 089 559
Autres	1 440 724		1 022 759
Frais payés d'avance	30 771		144 865
	<u>4 911 123</u>	\$	<u>4 092 115</u>
			\$
<b>Passif</b>			
Passif à court terme:			
Chèques émis dépassant les fonds en dépôt	2 306 329	\$	2 407 843
Fournisseurs et sommes à payer:			
Fournisseurs et autres	1 911 580		1 691 438
Payable au fonds des réserves	586 817		101 365
Revenus reportés	106 397		70 168
	<u>4 911 123</u>		<u>4 270 814</u>
Engagement au plan de retraite anticipée (note 4)	277 906		277 906
Déficit			
Déficit	-		(178 699)
Investissement vers plan de retraite anticipée (note 4)	(277 906)		(277 906)
	<u>(277 906)</u>		<u>(456 605)</u>
Éventualités (note 5)			
	<u>4 911 123</u>	\$	<u>4 092 115</u>
			\$

Voir les notes explicatives qui accompagnent ces états financiers.

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

État des résultats - fonds d'opération

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
<b>Revenus:</b>			
Province de la Nouvelle-Écosse	24 938 045 \$	25 705 030 \$	24 814 493 \$
Gouvernement du Canada	1 136 123	1 140 470	405 577
Allocations des conseils scolaires	1 174 900	1 102 557	1 275 806
Opérations du conseil scolaire	130 000	43 679	141 000
Autres revenus	137 000	124 512	-
	<u>27 516 068</u>	<u>28 116 248</u>	<u>26 636 876</u>
<b>Dépenses:</b>			
Administration du conseil scolaire	1 945 412	1 982 049	1 962 196
Administration scolaire et instruction	18 566 774	18 315 577	17 266 228
Service de maintien	2 430 477	2 637 024	2 569 152
Transport d'élèves	2 222 980	2 278 722	1 985 962
Éducation spéciale	1 826 125	1 810 698	1 681 481
Auto-école	-	-	3 676
Programmes fédéraux	30 415	41 820	67 405
Capital d'exploitation	315 185	371 660	962 732
Autres	178 700	178 698	316 743
	<u>27 516 068</u>	<u>27 616 248</u>	<u>26 815 575</u>
Excédent des revenus sur les dépenses (dépenses sur les revenus) avant le transfert à la réserve	-	500 000	(178 699)
Transfert à la réserve pour opérations	-	(500 000)	-
<b>Excédent des dépenses sur les revenus</b>	<b>- \$</b>	<b>- \$</b>	<b>(178 699) \$</b>

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du déficit  
Exercice clos le 31 mars 2000 et 1999

	2000	1999
Déficit au début de l'exercice	178 699 \$	316 743 \$
Transfert des opérations courantes	178 699	316 743
	-	-
Excédent des dépenses sur les revenus	-	178,699
<b>Déficit, à la fin de l'exercice</b>	<b>- \$</b>	<b>178 699 \$</b>

Voir les notes explicatives qui accompagnent ces états financiers.

PUBLIC ACCOUNTS

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Bilan - fonds de capital

Au 31 mars 2000 et 1999

	2000		1999
Actif			
Immobilisations, au coût:			
Terrains, édifices et améliorations (note 2)	21 630 002	\$	21 627 048
Équipement et fournitures	3 800 413		3 782 161
Autobus scolaires et autres véhicules	1 764 182		1 858 555
	<u>27 194 597</u>	\$	<u>27 267 764</u>
Équité			
Équité en immobilisations	27 194 597	\$	27 267 764
	<u>27 194 597</u>	\$	<u>27 267 764</u>

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité de l'équité en immobilisations

Exercice clos le 31 mars 2000 et 1999

	2000		1999
Équité, au début de l'exercice	27 267 764	\$	26 669 398
Achats d'immobilisations:			
Terrains, édifices et améliorations	2 954		352 802
Équipement et fournitures	18 252		211 328
	<u>21 206</u>		<u>564 130</u>
Autobus scolaires et autres véhicules	180 528		169 563
Mise hors service d'immobilisations:			
Autobus scolaires	(274 901)		(135 327)
Équité, à la fin de l'exercice	<u>27 194 597</u>	\$	<u>27 267 764</u>

Voir les notes explicatives qui accompagnent ces états financiers.

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Bilan - fonds des réserves

Au 31 mars 2000 et 1999

	2000		1999
<b>Actif</b>			
Encaisse et investissements	1 418	\$	1 305
Créance sur le fonds d'opération	586 817		101 365
	588 235	\$	102 670
<b>Équité</b>			
Réserve pour opérations 2000 - 2001	500 000	\$	-
Réserve pour allocations de retraite	86 817		86 817
Réserve pour développement pédagogique	-		14 548
Réserve pour fonds de bourse	1 418		1 305
	588 235	\$	102 670

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du fonds des réserves

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Réserve pour opérations 2000/2001	Réserve pour allocations de retraite	Réserve pour développement pédagogique
	Total	Total	
Équité, au début de l'exercice	-	\$ 86 817	\$ 14 548
	1 305	\$ 102 670	\$ 102 510
Transfert des (aux) opérations	500,000	-	(14 548)
	-	-	-
Intérêts et versements	-	-	-
	113	113	117
Équité, à la fin de l'exercice	500 000	\$ 86 817	-
	1 418	\$ 588 235	\$ 102 670

Voir les notes explicatives qui accompagnent ces états financiers.

PUBLIC ACCOUNTS

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**  
Détails supplémentaires - revenus

Exercice clos le 31 mars 2000 et 1999

	2000		1999	
	Budget	Actuel	Actuel	
<b>Province de la Nouvelle-Écosse:</b>				
Formule générale	17 402 100	\$ 17 402 100	\$ 14 360 702	\$
Transport	518 800	518 800	1 586 700	
Gestion	103 300	103 300	-	
Administration provincial	306 700	306 700	-	
Programme	3 871 500	3 871 500	-	
Maintien	477 100	477 100	-	
Capital - maintien	106 000	106 000	-	
Éducation spéciale	1 120 100	1 105 284	1 046 235	
Manuels scolaires	169 400	169 400	169 362	
Octroi d'équité	-	-	2 872 131	
Capital - transport	197 400	197 400	197 400	
Capital d'urgence	75 000	130 901	308 000	
Projets spéciaux	63 880	51 561	71 254	
Autres	526 765	1 264 984	4 202 709	
	<b>24 938 045</b>	<b>\$ 25 705 030</b>	<b>\$ 24 814 493</b>	<b>\$</b>
<b>Gouvernement du Canada:</b>				
Paiement formulaire	160 279	\$ 160 279	\$ 183 106	\$
Projets spéciaux	159 700	128 896	125 500	
Autres	816 144	851 295	96 971	
	<b>1 136 123</b>	<b>\$ 1 140 470</b>	<b>405 577</b>	<b>\$</b>
<b>Allocations des conseils scolaires:</b>				
Autres	1 174 900	\$ 1 102 557	\$ 1 275 806	\$
	<b>1 174 900</b>	<b>\$ 1 102 557</b>	<b>\$ 1 275 806</b>	<b>\$</b>
<b>Opérations du conseil scolaire:</b>				
Intérêts bancaires	35 000	\$ 6 655	\$ 38 391	\$
Autres	95 000	35 546	102 609	
Vente de biens	-	1 478	-	
	<b>130 000</b>	<b>\$ 43 679</b>	<b>\$ 141 000</b>	<b>\$</b>

Voir les notes explicatives qui accompagnent ces états financiers.

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Détails supplémentaires - dépenses

Exercice clos le 31 mars 2000 et 1999

	2000		1999	
	Budget	Actuel	Actuel	
<b>Administration du conseil scolaire:</b>				
Salaires	941 404 \$	945 121 \$	928 278 \$	
Honoraires, membres	121 800	119 400	121 800	
Avantages sociaux	85 592	89 838	111 210	
Fournitures et matériaux	107 582	87 317	92 262	
Téléphone	59 838	47 821	78 234	
Déplacements et conférences, personnel	101 508	139 440	148 350	
Déplacements et conférences, membres	72 600	70 203	67 398	
Primes d'assurances	29 422	29 422	27 117	
Services professionnels	171 005	192 431	149 585	
Services administratifs	123 591	122 890	155 798	
Bureaux et loyer	106 070	116 845	60 153	
Autres	25 000	21 321	22 011	
	<b>1 945 412 \$</b>	<b>1 982 049 \$</b>	<b>1 962 196 \$</b>	
<b>Administration scolaire et instruction:</b>				
Salaires, administration	1 392 418 \$	1 342 495 \$	1 327 492 \$	
Salaires, instruction	11 912 648	11 880 322	11 878 834	
Salaires, suppléance	425 000	509 311	410 001	
Salaires, bibliothèque	104 996	92 514	99 686	
Salaires, orientation	219 766	191 817	212 936	
Salaires, personnel de bureau	439 573	376 569	415 230	
Salaires, autres	671 032	588 237	555 768	
Avantages sociaux	893 621	901 845	891 772	
Allocations de retraite	-	6 404	14 296	
Fournitures et matériaux	380 911	459 964	363 214	
Manuels scolaires	254 480	238 840	211 182	
Entraînement sur place	216 569	171 644	98 263	
Déplacements, circuit et ressources	6 000	6 186	6 326	
Déplacements et conférences, autres	124 590	108 208	133 973	
Téléphone et services d'informatique	488 261	427 357	408 881	
Transfert à la réserve	-	-	43	
Transfert pour services - SRSB	940 369	940 369	-	
Autres	96 540	73 495	238 331	
	<b>18 566 774 \$</b>	<b>18 315 577 \$</b>	<b>17 266 228 \$</b>	

Voir les notes explicatives qui accompagnent ces états financiers.

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**  
Détails supplémentaires - dépenses, page 2

Exercice clos les 31 mars 2000 et 1999

	2000		1999	
	Budget	Actuel	Actuel	
<b>Service de maintien:</b>				
Salaires, maintien	116 125	\$ 114 281	\$ 120 511	\$
Salaires, concierges	721 501	746 019	799 792	
Avantages sociaux	95 766	104 701	112 616	
Fournitures et matériaux, maintien	61 949	59 790	106 448	
Fournitures et matériaux, concierges	92 190	104 756	129 843	
Fournitures et matériaux, autres	3 000	2 984	4 797	
Loyer	217 400	234 880	37 367	
Déplacements et conférences	10 000	9 521	12,567	
Primes d'assurances	55 000	48 437	50,742	
Services publics, électricité	515 040	465 929	504 964	
Services publics, chauffage	200,000	250 748	173 376	
Services publics, eau/système d'égoûts	28 000	30 949	41 291	
Services publics, téléphone	9 672	3 841	9 792	
Dépenses d'exploitation, véhicules	7 000	6 751	7 096	
Services à contrat, maintien	256 839	367 186	385 785	
Services à contrat, concierges	35 995	80 637	71 606	
Autres dépenses	5 000	5 614	559	
	<b>2 430 477</b>	<b>\$ 2 637 024</b>	<b>\$ 2 569 152</b>	<b>\$</b>

<b>Transport des élèves:</b>				
Salaires	708 708	\$ 718 459	\$ 838 919	\$
Avantages sociaux	125 425	115 595	114 383	
Véhicules, essence/huile	85 000	90 573	80 821	
Véhicules, réparations	81 000	82 697	90 106	
Véhicules, frais de permis	15 000	14 715	14 678	
Véhicules, primes d'assurances	15 000	10 553	10 290	
Véhicules, pneus	15 000	17 602	18 926	
Fournitures et matériaux	10 000	6 403	15 653	
Téléphone	9 592	9 209	9 937	
Maintien/services publics, garages	12 442	13 606	13 250	
Entretien, arrêts d'autobus	1 000	2 572	7 450	
Déplacements et conférences, personnel	813	589	878	
Transport par contrat	1 140 000	1 193 209	752 076	
Entraînement sur place	4 000	2 699	1 378	
Autres	-	241	17 217	
	<b>2 222 980</b>	<b>\$ 2 278 722</b>	<b>\$ 1 985 962</b>	

Voir les notes explicatives qui accompagnent ces états financiers.

PUBLIC ACCOUNTS

**CONSEIL SCOLAIRE ACADIEN PROVINCIAL**

Détails supplémentaires - dépenses, page 3

Exercice clos le 31 mars 2000 et 1999

	2000		1999	
	Budget	Actuel	Actuel	
<b>Éducation spéciale:</b>				
Salaires, administration	106 693 \$	107 239 \$	57 764 \$	
Salaires, instruction	836 739	872 623	865 433	
Salaires, autres	628 789	640 979	566 997	
Avantages sociaux	128 004	99 919	96 595	
Fournitures et matériaux	36 900	24 348	24 937	
Déplacements et conférences	89 000	63 845	66 579	
Autres	-	1 745	3 176	
	<b>1 826 125 \$</b>	<b>1 810 698 \$</b>	<b>1 681 481 \$</b>	
<b>Auto-école:</b>				
Salaires	- \$	- \$	3 449 \$	
Avantages sociaux	-	-	227	
	<b>- \$</b>	<b>- \$</b>	<b>3 676 \$</b>	
<b>Programmes fédéraux:</b>				
Autres	30 415 \$	41 820 \$	67 405 \$	
	<b>30 415 \$</b>	<b>41 820 \$</b>	<b>67 405 \$</b>	
<b>Capital d'exploitation:</b>				
Réparations mineures	103 693 \$	125 977 \$	228 227 \$	
Capital d'urgence	-	21 206	492 715	
Meubles et équipement	14 092	43 949	63 219	
Transport, autobus	197 400	180 528	178 571	
	<b>315 185 \$</b>	<b>371 660 \$</b>	<b>962 732 \$</b>	
<b>Autres:</b>				
Transfert du déficit	178 700 \$	178 698 \$	316 743 \$	
	<b>178 700 \$</b>	<b>178 698 \$</b>	<b>316 743 \$</b>	

Voir les notes explicatives qui accompagnent ces états financiers.



## CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers

Exercice clos le 31 mars 2000 et 1999

### 1. Conventions comptables:

Ces états financiers ont été préparés sous tous aspects selon les conventions comptables prescrites dans le Nova Scotia District School Board Financial Handbook.

a) Présentation des états financiers

Les états financiers du Conseil scolaire sont rédigés d'après la méthode comptable par fonds.

b) Entrée des dépenses

À l'exception des salaires du personnel enseignant, les dépenses sont inscrites d'après la comptabilité d'exercice. Les bons de commande en circulation à la date de l'entrée au bilan sont inscrits d'après la comptabilité d'exercice comme sommes à payer.

c) Équipement et autobus scolaires

Les propriétés et l'équipement sont inscrits au prix coûtant. L'actif qu'ont reçu les divers conseils scolaires en date du 1 janvier 1982, en vertu de l'entente créant les districts scolaires de la Nouvelle-Écosse, et en date du 9 janvier 1996, selon l'entente créant les conseils scolaires, est traité comme un ajout aux investissements en biens immobiliers. Le Conseil scolaire n'inscrit pas de dépréciation sur ses biens immobiliers.

d) Allocations de retraite

En vertu des ententes locales avec ses syndicats et ses employés non-syndiqués le conseil scolaire doit payer une allocation de retraite selon une formule déterminée au préalable. Les allocations de retraite sont inscrites aux dépenses à mesure qu'elles sont payées. La responsabilité accumulée non consolidée de tous les conseils, comme le veut le Nova Scotia District School Board Financial Handbook, est présentement en voie d'identification grâce à l'étude au niveau provincial parrainé par le Ministère des finances de la Nouvelle-Écosse. En date du 28 juin 1999, aucune évaluation actuarielle n'a été faite de façon à identifier la responsabilité non consolidée des allocations de retraite.

### 2. Terrains, édifices et améliorations:

D'après l'entente du 1 janvier 1982, tous les terrains et tous les édifices scolaires dont disposaient les municipalités le 31 décembre 1981 demeurent la propriété des municipalités concernées, mais sont administrés par les conseils scolaires tant et aussi longtemps qu'ils les utiliseront à leurs fins. Ensuite, leur contrôle passera de nouveau à la municipalité concernée.

En vertu des améliorations faites aux édifices scolaires, les conseils scolaires se sont portés acquéreurs de biens immobiliers auxquels ils n'ont aucun droit. D'après la Loi scolaire, dès qu'une municipalité vend un édifice qui lui est remis par le district scolaire, en vertu des circonstances énoncées ci-avant, une portion du produit des ventes est due au conseil scolaire. Dans le cas de recouvrement de sommes provenant des assurances, suite à la perte d'un édifice, une portion de cet argent proportionnelle aux améliorations serait également payable au conseil scolaire.

**2. Terrains, édifices et améliorations (suite):**

En vertu de l'entente créant les conseils scolaires en date du 9 janvier 1996, l'actif en biens immobiliers des anciens districts scolaires, ou du conseil d'école, est transféré aux conseils scolaires et respecte l'entente de 1982.

Les conseils, avec le ministère d'éducation de la Nouvelle-Écosse devront s'entendre sur la division des valeurs d'équité en immobilisations.

**3. Plan de pension:**

Les enseignants participent à un plan de pension établi par la Province de la Nouvelle-Écosse en vertu de la Teachers' Pension Act. Les employés non syndiqués participent à un plan de pension établi et géré par la Nova Scotia School Board Association.

**4. Engagement au plan de retraite anticipée:**

Le 22 juillet 1994, la Province de la Nouvelle-Ecosse dévoile le Nova Scotia Teachers' Early Retirement (1994-98) Program. Ce programme permet aux enseignants rencontrant les critères d'admissibilité de se retirer à une date antérieure.

Le Ministère d'éducation de la Nouvelle-Écosse s'engage pour l'année fiscale 2000 - 2001 à faire les paiements, requis des conseils scolaires, directement au Teachers Pension Board.

**5. Éventualités:**

Des transferts de rapprochement et remboursements de dépenses, suite au fusionnement des conseils scolaires, demeurent sujet à des négociations finales. Si des régularisations étaient requises, on en rendrait compte dans les états financiers comme une régularisation d'un exercice financier antérieur et le Ministère d'éducation de la Nouvelle-Écosse s'engage à rembourser en date du 31 mars 2000.

Des cas juridiques peuvent toujours exiger des réclamations du conseil. Aucun montant n'est prévu dans ces états financiers pour de telles réclamations.

**6. Chiffres comparatifs:**

Certains chiffres dans la colonne comparative ont été reclassifiés afin d'accommoder la présentation pour l'année courante.

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Eastern Regional Health Board

We have audited the statement of financial position of Eastern Regional Health Board as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
May 28, 2000

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Financial Position  
March 31, 2000, with comparative figures for 1999**

**ASSETS**

	Operating	Capital	Restricted	2000 Total	1999 Total (restated note 2)
Current assets:					
Cash . . . . .	\$ 4,485,849	---	\$ 184,672	\$ 4,670,521	\$ 327,834
Marketable securities (market value at March 31, 2000 \$439,068) . . . . .	---	---	439,068	439,068	---
Accounts receivable (note 3). . . . .	6,245,532	---	---	6,245,532	9,528,543
Due from (to) other funds. . . . .	(343,526)	343,526	---	---	---
Inventories (note 4). . . . .	723,640	---	---	723,640	665,906
Prepaid expenses . . . . .	178,552	---	---	178,552	754,383
	<u>11,290,047</u>	<u>343,526</u>	<u>623,740</u>	<u>12,257,313</u>	<u>11,276,666</u>
Capital assets (note 5) . . . . .	---	52,114,878	---	52,114,878	49,142,234
	<u>\$ 11,290,047</u>	<u>\$ 52,458,404</u>	<u>\$ 623,740</u>	<u>\$ 64,372,191</u>	<u>\$ 60,418,900</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)**

Current liabilities:					
Cheques issued in excess of funds on deposit . . . . .	---	---	---	---	127,471
Accounts payable and accrued liabilities (note 6) . . . . .	9,185,437	---	---	9,185,437	8,963,693
Deferred revenue . . . . .	2,104,610	---	---	2,104,610	2,000,830
	<u>11,290,047</u>	---	---	<u>11,290,047</u>	<u>11,091,994</u>
Deferred contributions for capital assets (note 7). . . . .	---	51,664,029	---	51,664,029	48,347,859
Other deferred contribution (note 13). . . . .	---	---	439,068	439,068	---
Other liabilities:					
Retirement allowance (note 8). . . . .	4,368,408	---	---	4,368,408	4,368,408
Net assets (deficiency):					
Unrestricted. . . . .	(4,368,408)	---	---	(4,368,408)	(4,368,408)
Invested in capital assets . . . . .	---	794,375	---	794,375	794,375
Internally restricted. . . . .	---	---	184,672	184,672	184,672
	<u>(4,368,408)</u>	<u>794,375</u>	<u>184,672</u>	<u>(3,389,361)</u>	<u>(3,389,361)</u>
	<u>\$ 11,290,047</u>	<u>\$ 52,458,404</u>	<u>\$ 623,740</u>	<u>\$ 64,372,191</u>	<u>\$ 60,418,900</u>

See accompanying notes to financial statements.

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		(restated note 2)
Revenue:		
Net patient income (schedule A) . . . . .	\$ 53,263,868	\$ 49,115,499
Dietary recoveries . . . . .	615,068	526,946
Housing recoveries . . . . .	27,370	21,760
Recoveries - maintenance -services. . . . .	35,404	28,974
Rentals. . . . .	178,214	103,320
Donations. . . . .	---	1,800
Miscellaneous. . . . .	210,852	84,295
Investment income . . . . .	41,697	127,212
Grants. . . . .	---	11,869
Laundry recoveries. . . . .	185,482	145,583
Level III recoveries . . . . .	<u>824,443</u>	<u>782,561</u>
	55,382,398	50,949,819
Expenditure:		
Nursing services . . . . .	19,740,038	18,182,956
Support services . . . . .	10,329,441	9,150,594
Diagnostic and therapeutic . . . . .	8,036,273	7,219,802
Administration services. . . . .	4,597,173	4,856,257
Medical services . . . . .	612,203	611,466
Non-portable programs. . . . .	10,692,843	10,116,523
Level III emergency services . . . . .	824,443	782,561
Capital debt assistance. . . . .	36,326	35,355
Vacation pay . . . . .	<u>513,658</u>	<u>(5,695)</u>
	55,382,398	50,949,819
Excess of expenditure over revenue before below-noted items . . . . .	---	---
Restricted investment revenue . . . . .	---	8,779
Amortization of capital grants (note 7) . . . . .	3,283,844	3,176,471
Amortization of capital assets. . . . .	(3,283,844)	(3,176,471)
Retirement allowance . . . . .	---	(801,308)
Excess of expenditure over revenue. . . . .	<u>---</u>	<u>\$(792,529)</u>

**Statement of Changes in Net Assets  
Year ended March 31, 2000, with comparative figures for 1999**

	Unrestricted	Investment in capital assets	Internally Restricted	2000 Total	1999 Total
					(restated note 2)
Balance, beginning of year. . . . .	\$ (4,368,408)	\$ 794,375	\$ 184,672	\$ (3,389,361)	\$ (2,596,832)
Excess of expenditure over revenue . . . . .	---	---	---	---	(792,529)
Balance, end of year . . . . .	<u>\$(4,368,408)</u>	<u>\$ 794,375</u>	<u>\$ 184,672</u>	<u>\$(3,389,361)</u>	<u>\$(3,389,361)</u>

See accompanying notes to financial statements.

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Cash Flows**  
**Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		(restated note 2)
Cash provided by (used for):		
Operations:		
Excess of expenditure over revenue . . . . .	\$ ---	\$ (792,529)
Items not involving cash:		
Amortization of capital assets . . . . .	3,283,844	3,176,471
Amortization of deferred contributions related to capital assets . . . . .	(3,283,844)	(3,176,471)
Increase in retirement allowance position . . . . .	---	801,308
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable . . . . .	3,283,011	(5,533,017)
Increase (decrease) in inventories . . . . .	(57,734)	50,986
Decrease (increase) in prepaid expenses . . . . .	575,831	(199,285)
Increase in accounts payable and accrued liabilities . . . . .	221,744	1,486,828
Increase in deferred revenues . . . . .	103,780	133,650
	4,126,632	(4,052,059)
Financing and investing activities:		
Changes in net assets (note 2) . . . . .	---	5,775,789
Reduction of long-term debt . . . . .	---	(550,446)
Increase in long-term debt . . . . .	---	138,809
Additions to capital assets . . . . .	(6,256,488)	(8,711,648)
Additions to deferred contributions for capital assets . . . . .	6,600,014	8,630,265
Additions to other deferred contributions . . . . .	439,068	---
	782,594	5,282,769
Increase in cash position . . . . .	4,909,226	1,230,710
Cash position , beginning of year . . . . .	200,363	(1,030,347)
Cash position , end of year . . . . .	\$ 5,109,589	\$ 200,363
Represented by:		
Cash in bank . . . . .	\$ 4,670,521	\$ ---
Marketable securities . . . . .	439,068	327,834
Cheques issued in excess of funds on deposit . . . . .	---	(127,471)
	\$ 5,109,589	\$ 200,363

See accompanying notes to financial statements.

**EASTERN REGIONAL HEALTH BOARD**

**Notes to Financial Statements  
Year ended March 31, 2000**

On June 30, 1994 an Act to Establish Regional Health Boards was assented to by the Lieutenant Governor. Pursuant to Section 11 of Chapter 12 of the Act of 1994, a body corporate was constituted in the regulations. The Board commenced operations in December, 1994. On November 1, 1996 the following hospitals were designated under the Eastern Regional Health Board; Strait Richmond Hospital, Eastern Memorial Hospital, Buchanan Memorial Hospital, Guysborough Memorial Hospital, Inverness Consolidated Memorial Hospital, St. Martha's Regional Hospital, St. Mary's Memorial Hospital and Victoria County Memorial Hospital. On January 1, 1997 Sacred Heart Hospital was designated under the Regional Health Board. On April 1, 1997 Addiction Services and Public Health were designated under the Regional Health Board.

The Board's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

**1. Significant accounting policies:**

**(a) Revenue recognition:**

The Board follows the deferral method of accounting for contributions which include donations and government grants.

The Board is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health (Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted ) is recognized as revenue when earned.

**(b) Inventories:**

Inventories are valued at cost.

**(c) Marketable securities:**

Marketable securities are valued at market value.

**(d) Capital assets:**

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rates</u>
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

**2. Prior period adjustment:**

The Department has requested that the Board restate its 1999 financial statements (with related opening numbers) to give effect to revised funding information announced by the Department subsequent to release of the financial statements for the effected periods. Under the new funding arrangement the Department substantially funded all operating deficits to March 31, 1999 (excluding those related to provisions for retiring allowances) and the remaining balance of obligations with respect to capital asset additions to March 31, 1999.

The transaction resulting in additional funding of \$10,384,924 which is reflected in the restated statements as follows:

Included in note 2(a) as funding related to prior periods . . . . .	\$ 5,775,789
Included in the statement of operations as funding related to March 31, 1999 . . . . .	3,826,093
Included as additions to deferred contributions:	
By way of loans assumed by the Department . . . . .	510,453
By way of additional contributions . . . . .	<u>272,589</u>
	<u>\$ 10,384,924</u>

The Hospital received this funding in the following format:

By way of the Department assuming loans payable to the Department:	
Loans related to capital assets which were converted to deferred contributions . . . . .	\$ 510,453
Loans for operating purposes . . . . .	<u>4,289,225</u>
	4,799,678
By way of contra to amounts receivable from the Department:	
Year end adjustments receivable . . . . .	(958,637)
By way of additional contribution receivable . . . . .	<u>6,543,883</u>
	<u>\$ 10,384,924</u>

a) Net assets March 31, 1998 to March 31, 1999:

	Unrestricted	Invested in capital assets	Internally Restricted	Total
Balance, March 31, 1998				
as previously reported . . . . .	\$ (8,931,252)	\$ 796,320	\$ 175,893	\$ (7,959,039)
Operating grants . . . . .	5,364,152	---	---	5,364,152
Amortization of deferred contribution related to capital assets . . . . .	---	<u>411,637</u>	---	<u>411,637</u>
Change in net assets . . . . .	5,364,152	411,637	---	5,775,789
Reclassification of deferred contributions . . . . .	---	<u>(413,582)</u>	---	<u>(413,582)</u>
Balance, March 31, 1998				
as restated . . . . .	(3,567,100)	794,375	175,893	(2,596,832)
Excess of revenue over expenditures as restated . . . . .	<u>(801,308)</u>	---	<u>8,779</u>	<u>(792,529)</u>
Balance March 31, 1999 . . . . .	<u>\$ (4,368,408)</u>	<u>\$ 794,375</u>	<u>\$ 184,672</u>	<u>\$ (3,389,361)</u>



In addition to the change in net assets the following financial statement amounts have been restated for March 31, 1999 and reflect the additional operating and capital grants:

	<u>Original</u>	<u>Restated</u>
Accounts receivable . . . . .	\$ 4,401,711	\$ 9,528,543
Accounts payable and accrued liabilities . . . . .	13,711,716	8,963,693
Long-term debt . . . . .	478,654	---
Net patient income (Schedule A) . . . . .	45,615,078	49,115,499
Deferred contribution for capital assets . . . . .	47,150,851	48,347,859
Amortization of capital grants . . . . .	2,850,691	3,176,471

**3. Accounts receivable:**

	2000	1999 (restated)
Patient services . . . . .	\$ 1,058,160	\$ 684,945
Department of Health:		
Final settlement . . . . .	655,156	4,788,495
New facility construction . . . . .	899,836	708,563
Vacation liability . . . . .	1,866,458	1,866,458
Addiction services . . . . .	58,847	---
CAP/LAS recoveries . . . . .	---	8,579
Hospital Foundations (note 11) . . . . .	1,052,612	704,062
Veterans . . . . .	26,311	26,310
Level II Care . . . . .	---	24,604
Harmonized Sales Tax . . . . .	386,377	569,795
Sundry . . . . .	241,775	146,732
	<u>\$ 6,245,532</u>	<u>\$ 9,528,543</u>

**4. Inventories:**

	2000	1999 (restated)
Medical and surgical . . . . .	\$ 187,628	\$ 168,089
Drugs . . . . .	341,032	324,708
Intravenous . . . . .	9,393	9,863
Maintenance . . . . .	22,962	3,977
Food . . . . .	10,500	10,500
General . . . . .	152,125	148,769
	<u>\$ 723,640</u>	<u>\$ 665,906</u>

**5. Capital assets:**

	2000		1999 (restated)	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Book value</u>	<u>Net Book value</u>
Land . . . . .	\$ 794,375	\$ ---	\$ 794,375	\$ 794,375
Building and land improvements . . . . .	55,633,052	19,497,150	36,135,902	37,221,924
Equipment . . . . .	22,461,231	17,793,904	4,667,327	10,913,847
Work in progress . . . . .	10,517,274	---	10,517,274	212,088
	<u>\$ 89,405,932</u>	<u>\$ 37,291,054</u>	<u>\$ 52,114,878</u>	<u>\$ 49,142,234</u>

**6. Accounts payable and accrued liabilities:**

	2000	1999 (restated)
Accounts payable and accrued liabilities . . . . .	\$ 4,532,089	\$ 4,582,210
Accrued payroll:		
Salaries . . . . .	1,164,533	1,510,893
Vacation pay . . . . .	2,380,116	1,866,458
Retroactive salary adjustment . . . . .	83,405	299,520
Department of Health new hospital construction (note 10) . . . . .	938,749	577,012
Due to hospital foundations (note 11) . . . . .	7,830	16,914
Equipment payable . . . . .	78,715	110,686
	<u>\$ 9,185,437</u>	<u>\$ 8,963,693</u>

**7. Deferred contributions related to capital assets:**

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	2000	1999 (restated)
Balance, beginning of year . . . . .	\$ 48,347,859	\$ 42,812,682
Additional contributions received . . . . .	6,600,014	8,711,648
Amounts amortized to revenue . . . . .	<u>(3,283,844)</u>	<u>(3,176,471)</u>
Balance, end of year . . . . .	<u>\$ 51,664,029</u>	<u>\$ 48,347,859</u>

The balance of unamortized capital contributions related to capital assets consists of the following:

	2000	1999
Unamortized capital contributions used to purchase assets . . . . .	\$ 51,320,503	\$ 48,347,859
Unspent contributions . . . . .	343,526	---
	<u>\$ 51,664,029</u>	<u>\$ 48,347,859</u>

**8. Retirement allowance liability:**

Provision is made for the liability to employees for retirement allowances. Although calculations of the potential liability of \$4,368,408 as at March 31, 1999 have been made, the actual ultimate liability is may be less than the amounts accrued. Individuals only become entitled to the retirement allowance upon reaching retirement age and having a minimum required years of service. Prior to this date the Board has no legal obligation to pay the employee a retiring allowance.

In February 2000 the Department of Health indicated it would be providing an actuarial calculation of the liability to be set up as at December 31, 2000. The Board anticipates the liability will be reduced but does not have adequate information to adjust the liability as at March 31, 2000.

**9. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	2000	1999 (restated)
Capital assets . . . . .	\$ 52,114,878	\$ 49,142,234
Amounts financed by:		
Deferred contributions . . . . .	<u>51,320,503</u>	<u>48,347,859</u>
	<u>\$ 794,375</u>	<u>\$ 794,375</u>

b) Changes in net assets invested in capital assets is calculated as follows:

	2000	1999 (restated)
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets . . . . .	\$ 3,283,844	\$ 3,176,471
Amortization of capital assets . . . . .	<u>(3,283,844)</u>	<u>(3,176,471)</u>
	<u>\$ ---</u>	<u>\$ ---</u>
Net change in investment in capital assets:		
Capital assets acquired. . . . .	\$ 6,256,488	\$ 8,711,648
Amounts funded by:		
Deferred contributions . . . . .	<u>(6,256,488)</u>	<u>8,711,648</u>
	<u>\$ ---</u>	<u>\$ ---</u>

**10. Accounts with the Department of Health:**

The Regional Health Board has the following accounts with the Department of Health:

	2000	1999
Accounts receivable:		
Final settlement. . . . .	\$ 655,156	\$ 4,788,495
New facility construction. . . . .	899,836	708,563
Vacation liability. . . . .	1,866,456	1,866,458
Addiction services. . . . .	58,847	---

Collectibility of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

	2000	1999
Payable re Hospital construction . . . . .	<u>\$ 938,749</u>	<u>\$ 577,012</u>

**11. Related parties:**

The Hospital is related to the St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation, St. Mary's Memorial Hospital Society, Buchanan Memorial Hospital Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purposes are to raise funds to assist in the construction of and the supply of certain equipment for the Hospitals.

The following amounts were due from or to the Foundations as at March 31:

	2000	1999
Due from Hospital Foundations:		
Sacred Heart Hospital Foundation . . . . .	\$ 97,807	\$ 110,994
Buchanan Memorial Hospital Foundation . . . . .	938,749	577,012
Guysborough Memorial Hospital Foundation . . . . .	1,130	1,130
St. Mary's Memorial Hospital Society . . . . .	14,926	14,926
	<u>\$ 1,052,612</u>	<u>\$ 704,062</u>
Due to Hospital Foundation:		
Strait Richmond Hospital Charitable Foundation. . . . .	<u>\$ 7,830</u>	<u>\$ 16,914</u>

During the year the following amounts were received from the Foundations to purchase equipment:

	2000	1999
Sacred Heart Hospital Foundation . . . . .	\$ ---	\$ 795,094
Buchanan Memorial Hospital Foundation . . . . .	---	177,395
Strait Richmond Hospital Charitable Foundation. . . . .	43,841	39,095
St. Martha's Regional Hospital Foundation. . . . .	302,261	79,748
Inverness Consolidated Memorial Hospital Foundation. . . . .	50,715	23,312
Inverness Consolidated Memorial Hospital Auxiliary . . . . .	11,224	60,531
Guysborough Memorial Hospital Foundation . . . . .	43,145	11,661
St. Mary's Memorial Hospital Society . . . . .	---	10,862
Victoria County Memorial Hospital Foundation . . . . .	2,976	21,936
Victoria County Memorial Hospital Auxiliary. . . . .	600	2,314
Strait Richmond Hospital Auxiliary. . . . .	2,398	---
Guysborough Memorial Hospital Auxiliary. . . . .	15,058	---
St. Mary's Memorial Hospital Foundation . . . . .	15,979	---
Inverness Consolidated Memorial Hospital Hospice Society . . . . .	577	---
Sacred heart Hospital Auxiliary. . . . .	6,455	---
Victoria County Memorial Hospital Hospice Society . . . . .	17,059	---
Buchanan Memorial Hospital Auxiliary. . . . .	497	---
	<u>\$ 512,785</u>	<u>\$ 1,221,948</u>

**12. Comparative figures:**

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

**13. Other deferred contribution:**

A bequest to St. Martha's Regional Hospital in the form of marketable securities was received in the amount of \$439,068. The bequest was made to St. Martha's Regional Hospital (a predecessor organization), however, the legal ownership of the securities is being disputed by another entity. The other entity may also have received a distribution from the estate which may be intended for the Eastern Regional Health Board. The Board's solicitor is currently pursuing these matters.

**EASTERN REGIONAL HEALTH BOARD**

**Schedule - Net Patient Income  
Year ended March 31, 2000, with comparative figures for 1999**

	Inpatient	Outpatient	2000 Total	1999 Total
				(restated note 2)
Department of Health:				
Provincial plan . . . . .	\$ 49,748,026	\$ ---	\$ 49,748,026	\$ 46,523,042
Provincial plan- adjustments:				
HCF grant recoveries. . . . .	111,000	---	111,000	---
Final settlement . . . . .	655,156	---	655,156	---
CAP/LAS programs . . . . .	7,221	---	7,221	66,211
	50,521,403	---	50,521,403	46,589,253
Patient income:				
Level II Care . . . . .	591,910	---	591,910	426,060
Federal government. . . . .	21,600	6,870	28,470	81,960
Worker's compensation. . . . .	16,431	93,750	110,181	111,510
Non-residents. . . . .	119,805	460,439	580,244	536,972
Uninsured. . . . .	2,800	29,800	32,600	42,117
MSI . . . . .	640,472	---	640,472	598,853
Differential charges. . . . .	422,599	---	422,599	413,054
Veterans Affairs - long stay DVA. . . . .	335,989	---	335,989	315,720
	2,151,606	590,859	2,742,465	2,526,246
Net patient income. . . . .	\$ 52,673,009	\$ 590,859	\$ 53,263,868	\$ 49,115,499

## AUDITOR'S REPORT

To the Chair and Members of the Nova Scotia  
Round Table on Environment and Economy

I have audited the balance sheet of the Environmental Trust Fund as at March 31, 2000 and the statement of income and fund equity for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. SALMON, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 9, 2000

**ENVIRONMENTAL TRUST FUND**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
Cash .....	\$ 795	\$	534
Investments (Schedule 1) .....	4,954		4,949
Interest receivable .....	11		42
	<u>\$ 5,760</u>	\$	<u>5,525</u>

**FUND EQUITY**

Fund equity .....	\$ <u>5,760</u>	\$	<u>5,525</u>
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**Statement of Income and Fund Equity  
for the year ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
<b>Revenues</b>			
Interest .....	\$ 257	\$	261
<b>Expenses</b>			
Bank charges .....	<u>22</u>		<u>---</u>
<b>Net Income</b> .....	235		261
<b>Fund equity, beginning of year</b> .....	<u>5,525</u>		<u>5,264</u>
<b>Fund equity, end of year</b> .....	<u>\$ 5,760</u>	\$	<u>5,525</u>

**ENVIRONMENTAL TRUST FUND**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

Effective January 1, 1995 the authority for Environmental Trust Fund operations is the Environment Act. The purpose of the Trust is to fund programs for environmental research and management and conservation of the environment.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Administrative expenses incurred on behalf of the Fund are included in the expenditures of the Nova Scotia Department of the Environment and are not reflected in the financial statements.

**Schedule 1**

**ENVIRONMENTAL TRUST FUND**

**Schedule of Investments  
March 31, 2000**

<b>Investment</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>
Bank of Nova Scotia, Banker's Acceptance	5.26%	May 18, 2000	\$ 4,954

The investments of the Environmental Trust Fund are recorded at cost, which approximates their market value.



## AUDITOR'S REPORT

To the Minister of Fisheries and Aquaculture; and  
To the Chair and Members of the  
Nova Scotia Fisheries and Aquaculture Loan Board

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2000 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting policies.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 5, 2000

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999 (Restated Note 2)</b>
Loans receivable (Note 3) (Schedule 1) . . . . .	\$ 42,081,495	\$ 36,916,711
Accrued interest receivable. . . . .	1,230,149	1,406,652
Due from Consolidated Fund - Department of Finance (Note 4) . . . . .	<u>95,587,716</u>	<u>100,846,572</u>
	<u>\$ 138,899,360</u>	<u>\$ 139,169,935</u>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Applicants' funds on deposit . . . . .	\$ 41,840	\$ 91,088
Due to Department of Finance. . . . .	1,230,149	1,406,652
<b>Fisheries and Aquaculture Development Fund</b> . . . . .	<u>137,627,371</u>	<u>137,672,195</u>
	<u>\$ 138,899,360</u>	<u>\$ 139,169,935</u>

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Statement of Revenues, Expenditures and  
Accumulated Surplus  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Interest income. . . . .	\$ 3,157,329	\$ 2,944,245
Loan fees. . . . .	97,799	72,604
	3,255,128	3,016,849
<b>Expenditures</b>		
Interest expense (Note 5). . . . .	2,385,595	2,395,439
Salaries and benefits . . . . .	467,943	423,730
Board honoraria . . . . .	6,192	7,550
Travel. . . . .	42,229	49,614
Office supplies . . . . .	23,284	36,700
Bad debts . . . . .	44,824	17,449
	2,970,067	2,930,482
Surplus before Government contribution. . . . .	285,061	86,367
Contribution by Department of Fisheries and Aquaculture (Note 6) . . . . .	584,472	535,043
<b>Surplus. . . . .</b>	869,533	621,410
Distribution to Department of Finance (Note 6) . . . . .	869,533	621,410
<b>Accumulated Surplus. . . . .</b>	\$ ---	\$ ---

**Statement of Continuity of Fund  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Balance, beginning of year . . . . .</b>	\$ 137,672,195	\$ 137,934,894
Deduct: Increase in allowance for doubtful accounts. . . . .	(44,824)	(9,427)
Accounts written off. . . . .	---	(253,272)
<b>Balance, end of year . . . . .</b>	\$ 137,627,371	\$ 137,672,195
Comprising:		
Loans receivable. . . . .	\$ 42,081,495	\$ 36,916,711
Loans authorized but unadvanced . . . . .	2,862,206	2,859,992
Aquaculture loan guarantees . . . . .	3,772,000	3,529,000
Uncommitted Fund balance. . . . .	88,911,670	94,366,492
	\$ 137,627,371	\$ 137,672,195

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Previous financial statements did not include interest and fee revenues, administration expenses, interest costs attributed to advances from the Department of Finance, as well as accrued interest receivable. These amounts were recorded in the accounts of other government departments which assumed the cost or received the revenue on behalf of the Board. As a result of this change in accounting policy, these statements now include a statement of revenues, expenditures and accumulated surplus. Further, prior year's comparative figures on the balance sheet have been restated to adjust for the effect of the change in accounting policy.

**3. Deferment Programs**

On December 21, 1993 government approved an assistance program for borrowers affected by quota cuts and ground fish fishery closure, in cases where economic hardship resulted. Borrowers can apply to have the principal portion of their loan payment deferred until the program ends on March 31, 2001. As of March 31, 2000 loans receivable under the program total \$2,357,800 (1999 - \$2,451,621)

On April 15, 1997 government approved an assistance program for borrowers suffering economic hardship as a result of reduced income. The Board may extend, defer or adjust the repayment or terms of any loan or loan guarantee. As of March 31, 2000 loans receivable under the program total \$1,165,981 (1999 - \$2,246,693).

**4. Due from Consolidated Fund - Department of Finance**

	<b>2000</b>	<b>1999</b>
Loans authorized but unadvanced. . . . .	\$ 2,862,206	\$ 2,859,992
Aquaculture loan guarantees . . . . .	3,772,000	3,529,000
Applicants' funds on deposit . . . . .	41,840	91,088
Uncommitted Fund balance. . . . .	88,911,670	94,366,492
	\$ 95,587,716	\$ 100,846,572

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Aquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the Nova Scotia Economic Renewal Agency to the Board, along with \$1,000,000 of existing loan guarantees. The strategy provides approval for capital advances and guarantees of \$2.0 million per year, until March 31, 2001.

**5. Interest Expense**

Loans provided by the Board are funded through advances by the Department of Finance. Advances reduce the amount due from consolidated fund on the balance sheet. Interest expense is calculated based on an estimate by the Department of Finance of the rate at which it could borrow funds over the next quarter.

**6. Contributions and Surplus**

Expenses of the Board other than interest expense are paid by the Department of Fisheries and Aquaculture on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

**7. Public Service Superannuation Fund**

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

**PROVINCE OF NOVA SCOTIA**  
**NOVA SCOTIA**  
**FISHERIES AND AQUACULTURE LOAN BOARD**

**Continuity of Loans Receivable**  
**for the year ended March 31, 2000**

**SCHEDULE 1**

	<b>2000</b>	<b>1999</b>
<b>Loans Receivable</b>		
Balance, beginning of year . . . . .	\$ 37,885,876	\$ 37,384,291
<i>Add:</i> Advances during the year . . . . .	<u>14,087,803</u>	<u>10,021,924</u>
	51,973,679	47,406,215
<i>Deduct:</i> Repayments during the year . . . . .	8,878,195	9,267,067
Accounts written off . . . . .	<u>---</u>	<u>253,272</u>
	8,878,195	9,520,339
Balance, end of year . . . . .	43,095,484	37,885,876
<b>Allowance for Doubtful Accounts</b> . . . . .	<u>1,013,989</u>	<u>969,165</u>
<b>Loans receivable - net of allowance for doubtful accounts</b> . . . . .	<u>\$ 42,081,495</u>	<u>\$ 36,916,711</u>

## AUDITORS' REPORT

To the Chairman and Commissioners of the  
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of Halifax-Dartmouth Bridge Commission as at December 31, 1999 and 1998 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

LEVY CASEY CARTER MACLEAN  
Chartered Accountants

Halifax, Nova Scotia  
February 4, 2000

**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Balance Sheet  
December 31, 1999**

	<b>1999</b>	<b>1998</b>
<b>ASSETS</b>		
Current		
Cash . . . . .	\$ 397,800	\$ 1,916,846
Receivables		
Trade . . . . .	289,412	4,950
Accrued interest . . . . .	5,824	8,046
Recoverable HST (note 2) . . . . .	638,533	1,489,941
Transponder inventory (note 1(c)) . . . . .	158,858	479,008
Prepaid expenses . . . . .	<u>143,923</u>	<u>129,051</u>
	1,634,350	4,027,842
Deferred financing costs and discounts, net of accumulated amortization of \$1,754,639 (1998 - \$912,412) (note 1 (e)) . . . . .	6,667,627	7,509,853
Capital assets (note 3) . . . . .	80,536,689	72,469,009
Restricted assets (note 4)		
Investment - OMA Fund . . . . .	1,329,053	1,225,000
Investment - Debt Service Fund . . . . .	<u>2,975,000</u>	<u>2,975,000</u>
	\$ <u>93,142,719</u>	\$ <u>88,206,704</u>
<b>LIABILITIES</b>		
Current		
Payables and accruals . . . . .	\$ 1,771,035	\$ 3,757,667
Capital project holdbacks payable . . . . .	753,477	4,453,113
Accrued interest payable . . . . .	456,438	456,438
Deferred revenue (note 1(b) and 5) . . . . .	<u>2,293,427</u>	<u>2,055,254</u>
	5,274,377	10,722,472
Long term debt (note 6) . . . . .	<u>123,000,000</u>	<u>119,000,000</u>
<b>DEFICIT</b>		
Reserve for restricted assets (note 4) . . . . .	4,304,053	4,200,000
Deficit . . . . .	<u>(39,435,711)</u>	<u>(45,715,768)</u>
	<u>(35,131,658)</u>	<u>(41,515,768)</u>
	\$ <u>93,142,719</u>	\$ <u>88,206,704</u>



**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Statement of Income and Deficit  
year ended December 31, 1999**

	<b>1999</b>	<b>1998</b>
<b>Revenue</b>		
Toll revenue (Note 1(b)) . . . . .	\$ 21,590,347	\$ 20,920,247
Other rate charges. . . . .	104,075	95,000
Investment and sundry income		
OMA and Debt Service Funds. . . . .	204,984	194,348
Other . . . . .	<u>238,829</u>	<u>81,647</u>
	<u>22,138,235</u>	<u>21,291,242</u>
<b>Expenses</b>		
Operating, maintenance and administrative charges . . . . .	4,654,925	4,478,392
Amortization of capital assets . . . . .	3,847,643	2,261,921
Interest on long term debt and amortization of deferred financing costs (note 7) . . . . .	<u>7,903,366</u>	<u>7,117,097</u>
	<u>16,405,934</u>	<u>13,857,410</u>
<b>Income from operations. . . . .</b>	<u>5,732,301</u>	<u>7,433,832</u>
<b>Other income</b>		
Non-recurring GST rebate from prior years . . . . .	<u>651,809</u>	<u>---</u>
<b>Net income . . . . .</b>	6,384,110	7,433,832
<b>Deficit, beginning of year . . . . .</b>	<u>(45,715,768)</u>	<u>(53,089,600)</u>
	(39,331,658)	(45,655,768)
<b>Appropriation to restricted asset reserve. . . . .</b>	<u>(104,053)</u>	<u>(60,000)</u>
<b>Deficit, end of year . . . . .</b>	<u>\$ (39,435,711)</u>	<u>\$ (45,715,768)</u>

**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Statement of Cash Flows  
year ended December 31, 1999**

	<b>1999</b>	<b>1998</b>
<b>Operating Activities</b>		
Net income . . . . .	\$ 6,384,110	\$ 7,433,832
Amortization of capital assets . . . . .	3,847,643	2,261,921
Amortization of debt discount and refinancing costs. . . . .	842,227	842,227
Loss (gain) on disposal of capital assets . . . . .	<u>(4,363)</u>	<u>122,696</u>
	11,069,617	10,660,676
Net change in non-cash working capital balances (note 8) . . . . .	<u>(4,573,658)</u>	<u>4,916,473</u>
	<u>6,495,959</u>	<u>15,577,149</u>
 <b>Financing Activities</b>		
Proceeds from Line of Credit . . . . .	<u>4,000,000</u>	<u>19,000,000</u>
 <b>Investing Activities</b>		
Proceeds from disposal of capital assets . . . . .	13,885	6,806
Increase in OMA Fund investments . . . . .	(104,053)	(85,000)
Decrease in Debt Service Fund investments . . . . .	---	25,000
Purchase of capital assets . . . . .	<u>(11,924,837)</u>	<u>(39,328,636)</u>
	<u>(12,015,005)</u>	<u>(39,381,830)</u>
<b>Decrease in cash during year.</b> . . . . .	(1,519,046)	(4,804,681)
<b>Cash, beginning of year</b> . . . . .	<u>1,916,846</u>	<u>6,721,527</u>
<b>Cash, end of year</b> . . . . .	\$ <u><u>397,800</u></u>	\$ <u><u>1,916,846</u></u>

# HALIFAX - DARTMOUTH BRIDGE COMMISSION

## Notes to Financial Statements December 31, 1999

### 1. Significant Accounting Policies

#### a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

#### b) Revenue recognition

The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board. The Commission recognizes revenue at the time a vehicle crosses a bridge.

#### c) Transponder inventory

Inventory is recorded at the lower of cost and net realizable value.

#### d) Amortization of capital assets

Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, and some bridge components, which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use.

Upon completion of the Macdonald bridge third lane project in 1999, the estimated remaining useful life of the major components of this bridge were increased to 40 years from 35 years for amortization purposes, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 1999 and future years.

#### e) Amortization of financing costs

The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds series 1, to December, 2007.

### 2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

### 3. Capital Assets

		1999		1998	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land . . . . .		\$ 5,735,046	---	\$ 5,735,046	\$ 5,735,045
Buildings . . .	40 yrs s.l.	1,939,974	1,200,132	739,842	782,438
Bridge and bridge components					
A.L. Macdonald					
Bridge . .	20 to 85 yrs s.l.	66,389,599	7,769,354	58,620,245	49,651,803
A.M. MacKay					
Bridge . . .	15 to 80 yrs s.l.	21,934,588	9,750,075	12,184,513	12,383,514
Computer equipment .	30% d.b.	326,986	188,545	138,441	169,469
Toll and other equipment .	20% d.b.	5,572,967	2,648,871	2,924,096	3,551,838
Mobile equipment .	30 % d.b.	<u>739,162</u>	<u>544,656</u>	<u>194,506</u>	<u>194,900</u>
		<u>\$ 102,638,322</u>	<u>\$ 22,101,633</u>	<u>\$ 80,536,689</u>	<u>\$ 72,469,007</u>

### 4. Restricted assets

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain two reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts.

The debt service fund must be maintained at a amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts.

The reserve funds are held and invested by the trustee on behalf of the Commission. Both reserve funds were invested on December 31, 1999 at 5.2% maturing in June, 2000.

### 5. Deferred Revenue

	1999	1998
Unredemmed Tokens . . . . .	\$ 1,811,048	\$ 1,810,245
Electronic Toll Collection (ETC) Accounts . . . . .	<u>482,379</u>	<u>245,009</u>
	<u>\$ 2,293,427</u>	<u>\$ 2,055,254</u>

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

**6. Long term debt**

	<b>1999</b>	<b>1998</b>
a) Toll Revenue Bonds .....	\$ 100,000,000	\$ 100,000,000
b) Revolving Line of Credit .....	<u>23,000,000</u>	<u>19,000,000</u>
	\$ <u>123,000,000</u>	\$ <u>119,000,000</u>

a) 5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi-annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4). The Commission is also required to make quarterly contributions of \$500,000 each to a Sinking Fund, commencing in the first quarter of the year 2000; and quarterly contributions of \$750,000 each to a Capital Fund, also commencing in the first quarter of the year 2000.

b) 90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of \$30,000,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.

The estimated fair market value of the \$100,000,000 fixed rate long term debt, based on the quoted market price for the same issue at December 31, 1999 is \$94,050,000.

Payments required to the Sinking Fund and Capital Fund over the next five years are as follows:

2000	\$	5,000,000
2001	\$	5,000,000
2002	\$	5,000,000
2003	\$	5,000,000
2004	\$	5,000,000

**7. Interest on long term debt and amortization of deferred financing costs**

	<b>1999</b>	<b>1998</b>
Interest on long term debt		
Toll Revenue Bonds .....	\$ 5,950,000	\$ 5,950,000
Line of Credit .....	1,111,139	324,870
Amortization of deferred financial costs and discounts .....	<u>842,227</u>	<u>842,227</u>
	\$ <u>7,903,366</u>	\$ <u>7,117,097</u>

**8. Net change in non-cash working capital balances**

	<b>1999</b>	<b>1998</b>
<b>Increase (decrease) in cash from changes in:</b>		
Receivables.....	\$ 569,168	\$ (869,587)
Transponder inventory.....	320,150	(185,483)
Prepaid expenses.....	(14,872)	10,787
Payables and accruals.....	(5,686,277)	5,772,422
Deferred revenue.....	<u>238,173</u>	<u>188,334</u>
	<u>\$ (4,573,658)</u>	<u>\$ 4,916,473</u>

**9. Pension plan**

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 1999.

**10. Incorporation**

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

**11. Commitments**

The Commission has entered into a contract with Walter & SCI/Cherubini in the amount of \$44,442,879, net of change orders, plus HST for the construction and installation of new deck, dedicated pedestrian and bicycle lanes, and plaza work at the Macdonald Bridge. As at December 31, 1999, \$44,342,075 plus HST had been incurred on this contract. See Note 2 to the financial statements for the HST status of the Commission.

**12. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

**13. Additional Credit Facility**

The commission has a \$5,000,000 operating loan facility with a chartered bank which bears interest at prime rate minus .25% per year. The operating facility is subject to annual review and is unsecured. If the Credit Limit is exceeded at any time, interest will be calculated on the excess amount at prime plus 2% per year. As at December 31, 1999, no advances were outstanding.

**14. Comparative figures**

In come cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
The Halifax Regional School Board

We have audited the consolidated balance sheet and the fund balance sheets of the Halifax Regional School Board as at March 31, 2000, and the related statements of operations, continuity of deficit and continuity of investment in capital assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the continuity of deficit for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
June 12, 2000

**HALIFAX REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current		
Receivables . . . . .	\$ 5,456,356	\$ 5,722,832
Receivable from Department of Education (Note 15) . . . . .	16,900,102	---
Prepays . . . . .	20,246	560,736
Inventory, at cost (Note 15). . . . .	---	162,749
Deferred service awards (Note 3) . . . . .	---	2,289,235
	22,376,704	8,735,552
Deferred service awards (Note 3) . . . . .	---	2,838,857
Deferred pension expense (Note 6) . . . . .	---	235,714
Deferred amalgamation expense (Note 15). . . . .	---	1,407,692
Deferred finance charges. . . . .	---	3,231
Capital assets (Note 2)		
Improvements to school properties . . . . .	20,288,097	17,653,988
Interest in school buildings . . . . .	89,442,758	89,442,758
Energy management system . . . . .	1,655,265	1,655,265
Furniture, equipment, vehicles and renovations. . . . .	10,932,161	10,535,789
	\$ 144,694,985	\$ 132,508,846

**LIABILITIES**

Current		
Bank Indebtedness (Note 11) . . . . .	\$ 14,051,777	\$ 15,714,980
Payables and accruals . . . . .	7,254,192	7,735,614
Deferred revenue . . . . .	1,250,459	74,541
Current portion of long term debt. . . . .	---	396,361
	22,556,428	23,921,496
Long term		
Long term debt (Note 7) . . . . .	---	1,155,722
Early retirement program (Note 4) . . . . .	66,423,056	66,423,056
Due to Trust Funds. . . . .	11,343	7,399
	88,990,827	91,507,673

**EQUITY**

Deficit . . . . .	(785,000)	(10,652,692)
Investment in early retirement program (Note 4). . . . .	(66,423,056)	(66,423,056)
Investment in capital assets . . . . .	122,412,214	117,832,881
Special reserve fund. . . . .	500,000	244,040
	55,704,158	41,001,173
	\$ 144,694,985	\$ 132,508,846

Commitments (Note 8)  
Contingencies (Note 10)

See accompanying notes to the consolidated financial statements.



**HALIFAX REGIONAL SCHOOL BOARD**

**Operating Fund  
Balance Sheet  
March 31, 2000**

	<b>ASSETS</b>	
	<b>2000</b>	<b>1999</b>
Current		
Accounts receivable		
Department of Education (Note 15) . . . . .	\$ 16,900,102	\$ ---
Government of Canada . . . . .	428,979	674,247
Province of Nova Scotia . . . . .	3,585,392	2,981,673
Commodity taxes . . . . .	752,973	720,096
Other . . . . .	689,012	1,346,816
Prepays . . . . .	20,246	560,736
Inventory, at cost (Note 15) . . . . .	---	162,749
Deferred service awards (Note 15) . . . . .	---	2,289,235
	22,376,704	8,735,552
Deferred service awards (Note 15) . . . . .	---	2,838,857
Deferred pension expense (Note 15) . . . . .	---	235,714
Deferred amalgamation expense (Note 15) . . . . .	---	1,407,692
	\$ 22,376,704	\$ 13,217,815

**LIABILITIES**

Current		
Bank Indebtedness (Note 11) . . . . .	\$ 14,051,777	\$ 15,714,980
Payables and accruals . . . . .	7,254,192	7,735,614
Deferred revenue . . . . .	1,250,459	74,541
	22,556,428	23,525,135
Long term		
Early retirement program (Note 4) . . . . .	66,423,056	66,423,056
Due to Trust Funds . . . . .	11,343	7,399
Due to Capital Fund . . . . .	93,933	93,933
Due to Special Reserve Funds . . . . .	500,000	244,040
	89,584,760	90,293,563

**DEFICIENCY**

Deficit . . . . .	(785,000)	(10,652,692)
Investment in early retirement program (Note 4) . . . . .	(66,423,056)	(66,423,056)
	(67,208,056)	(77,075,748)
	\$ 22,376,704	\$ 13,217,815

Commitments (Note 8)  
Contingencies (Note 10)

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Operating Fund  
Statement of Operations  
Year ended March 31, 2000**

		<b>2000</b>		<b>1999</b>
<b>Page</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	
<b>Revenue</b>				
Province of Nova Scotia . . . . .	154	\$ 208,040,000	\$ 206,626,683	\$ 195,588,447
Halifax Regional Municipality . .	154	76,230,000	77,238,545	76,229,364
Government of Canada . . . . .	154	1,450,000	1,696,955	1,997,245
Board Operations . . . . .	154	3,365,000	3,725,198	2,961,311
Other. . . . .	154	---	244,040	1,529,640
		289,085,000	289,531,421	278,306,007
 <b>Expenditure</b>				
School Services . . . . .	155-6	236,712,000	238,481,835	227,912,028
Regional board management . . . . .	156	2,495,000	2,442,789	3,975,536
Business services. . . . .	157	42,887,000	47,509,709	43,907,067
Corporate services . . . . .	158	3,746,000	3,387,585	3,258,420
Prior year's deficit . . . . .		10,650,000	10,652,692	9,303,644
		296,490,000	302,474,610	288,356,695
Excess of expenditure over revenue before extraordinary and other items. . . . .		(7,405,000)	(12,943,189)	(10,050,688)
Other items (Note 15). . . . .		---	(4,741,913)	
Extraordinary item (Note 5). . . . .		---	---	(602,004)
Excess of expenditure over revenue before recovery. . . . .		\$ <u>(7,405,000)</u>	(17,685,102)	(10,652,692)
Recovery (Note 15) . . . . .			16,900,102	---
Excess of expenditure over revenue . . . . .			\$ <u>(785,000)</u>	\$ <u>(10,652,692)</u>

**Statement of Continuity of Deficit  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year. . . . .	\$ (10,652,692)	\$ (9,905,648)
Excess of expenditure over revenue . . . . .	(785,000)	(10,652,692)
Transfer of prior year's deficit to statement of operations . . . . .	10,652,692	9,303,644
Transfer of extraordinary item to statement of operations (Note 5) . . . . .	---	602,004
Balance, end of year . . . . .	\$ <u>(785,000)</u>	\$ <u>(10,652,692)</u>

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Capital Fund  
Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Due from Operating Fund. . . . .	\$ 93,933	\$ 93,933
Deferred finance charges . . . . .	---	3,231
Improvements to school properties (Note 2[b]). . . . .	20,288,097	17,653,988
Interest in school buildings (Note 2[b]). . . . .	89,442,758	89,442,758
Energy management system . . . . .	1,655,265	1,655,265
Furniture, equipment, vehicles and renovations . . . . .	10,932,161	10,535,789
	<u>\$ 122,412,214</u>	<u>\$ 119,384,964</u>

**LIABILITIES**

Long term debt (Note 7). . . . .	\$ ---	\$ 1,552,083
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**EQUITY**

Investment in capital assets (Page 147) . . . . .	<u>122,412,214</u>	<u>117,832,881</u>
	<u>\$ 122,412,214</u>	<u>\$ 119,384,964</u>

Commitments (Note 8)  
Contingencies (Note 10)

**Continuity of Investment in Capital Assets  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 117,832,881	\$ 117,531,977
Capital purchases out of revenue		
Equipment and furnishings . . . . .	1,122,621	1,336,579
Improvements to school properties . . . . .	2,634,109	2,403,853
Reduction in long term debt (Note 15) . . . . .	1,552,083	380,695
	<u>123,141,694</u>	<u>121,653,104</u>
Capital assets written off		
Equipment and furnishings (Note 2 [b]) . . . . .	726,249	2,316,683
Disposal of administrative building. . . . .	---	1,502,049
Amortization of deferred finance charges . . . . .	3,231	1,491
	<u>729,480</u>	<u>3,820,223</u>
	<u>\$ 122,412,214</u>	<u>\$ 117,832,881</u>

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Special Reserve Funds  
Balance Sheet  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Due from Operating Fund .....	\$ <u>500,000</u>	\$ <u>244,040</u>
<b>EQUITY</b>		
Special Reserve Funds (Note 13) .....	\$ <u>500,000</u>	\$ <u>244,040</u>

**Special Reserve Funds  
Continuity of Special Reserves  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>		
	<u>Future Operations</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year .....	\$ ---	\$ 244,040	\$ 244,040	\$ 1,224,415
Proceeds from sale of property . . .	---	---	---	549,265
Transfers from (to) Operating Fund				
Technology initiative .....	---	(244,040)	(244,040)	(756,000)
General revenue (Note 12) . . . .	---	---	---	(773,640)
Other transfer (Note 15) .....	<u>500,000</u>	<u>---</u>	<u>500,000</u>	<u>---</u>
Balance, end of year .....	\$ <u>500,000</u>	\$ <u>---</u>	\$ <u>500,000</u>	\$ <u>244,040</u>

See accompanying notes to the consolidated financial statements.

# HALIFAX REGIONAL SCHOOL BOARD

## Notes to the Consolidated Financial Statements March 31, 2000

### 1. Nature of operations

The Halifax Regional School Board manages education programs and finances of public schools within the Halifax Regional Municipality.

### 2. Significant accounting policies

#### (a) Basis of accounting and consolidation

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the operating, capital, and reserve funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for salaries, other than retroactive benefits, and interest payments relating to term debt which are recorded as an expense when paid. The Board records all items ordered but not received at year end as if they had been received, with the expenditure and the corresponding liability recorded at ordered cost. These policies are consistent with the method used to fund these expenditures.

#### (b) Capital fund assets

Capital fund assets transferred from municipal councils are recorded at their carrying value. All improvements to school properties and acquisitions of furniture and equipment are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to the investment in capital fund assets. The Board does not record depreciation on its capital assets. Assets are written off in accordance with the criteria prescribed by the Department of Education.

Under the agreement with the municipal council, all school building and land on hand at January 1, 1982 remain assets of the municipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Halifax Regional Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

#### (c) Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

### 3. Retirement service awards

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers Union locals and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which payment is to be made.

Actuarial valuations performed for the predecessor boards set out the following:

- i) A 1993 actuarial valuation extrapolated to March 31, 1996 calculated the present value of the service awards payable for past services to be approximately \$25,514,000 for the Halifax County - Bedford District School Board.
- ii) As at July 31, 1989 the Dartmouth District School Board's actuarial study indicated that the present value of service awards applicable to past years was approximately \$4,355,000.
- iii) As at March 31, 1994 the Halifax District School Board actuarially determined the present value of service awards payable for past services to be approximately \$9,111,000.

The present value of service awards payable for past services for the amalgamated board has not been determined.

During the year ended March 31, 2000, the Board paid \$771,443 (1999 -\$2,853,764) in service awards to retiring teachers.

The accumulated deferred service awards of \$5,128,092 as of March 31, 1999 related primarily to service awards paid to teachers who retired under the terms and conditions of the Early Retirement Program. As disclosed in Note 15, the March 31, 2000 balance of \$2,712,685 has been written off.

#### **4. Early retirement program**

The Early Retirement Program (1994-1998) resulted in the Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Board to fulfill the annual obligation due under provisions of the Early Retirement Program.

#### **5. Extraordinary Item**

The March 31, 1996 accumulated deficit of \$602,004 related to a former board was provided for the 1999 fiscal year.

#### **6. Pension plans**

##### **(a) For the employees of the former Halifax County-Bedford District School Board**

The Board makes payments into pension plans for janitors, maintenance workers and administrative non-teaching staff. These plans are defined benefit pension plans and are administered by the Board. For janitors and maintenance workers, an actuarial valuation was last performed January 1, 1999. Extrapolations to March 31, 1999 indicated accrued pension benefits of \$4,616,270 and pension fund assets with market values of \$9,028,305. For the administrative non-teaching staff an actuarial valuation was performed March 1, 1998. Extrapolations to March 31, 1999 indicated accrued pension benefits of \$7,222,023 and pension fund assets with market values of \$7,548,579. The extrapolations for the administrative non-teaching staff pension plan reflect the transfer of members to the Non-Contract Employees Plan.

The plans declared a pension holiday commencing April 1, 1996, providing that employer contributions be ceased to draw-down the pension surpluses. Effective March 1, 1998 the plan for administrative staff was found to have a solvency deficiency which required the Board to make its regular contributions and special contributions to the plan of \$28,500 in each year from March, 1998 to February, 2003.

In 1995/96, the predecessor board recorded a deferred pension expense of \$300,000. This amount is being amortized against future years' operations over fourteen years. The unamortized balance at March 31, 2000 of \$214,286 has been written off as disclosed in Note 15.

**(b) For employees of the former Halifax District School Board**

The Board has defined benefit pension plans which cover the janitors, maintenance workers and other non-teaching staff. These pension plans are part of the former City of Halifax Superannuation Fund, which reported an \$835,000 surplus as at December 31, 1996. This surplus reflects the assumptions to be used by the new Halifax Regional Municipality Pension Plan.

**(c) For employees of the former Dartmouth District School Board**

The Board has defined benefit pension plans which cover the janitors, maintenance workers and other non-teaching staff. These pension plans are part of the former City of Dartmouth Pension Plan, which reported a deficiency of \$35,700 as at January 1, 1997.

The deficiency resulted from pension plan amendments effective January 1, 1997. It is expected that current contribution levels as defined in the plan will eliminate the unfunded liability.

**(d) Teachers' pension plan**

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

**7. Long term debt**

	<b>2000</b>	<b>1999</b>
Debenture payable to the Nova Scotia Municipal Finance Corporation at 10.375% to 10.5% per annum, maturing May 29, 2001 . . . . . \$	---	\$ 451,083
Debenture payable to the Nova Scotia Municipal Finance Corporation at 6.875% to 7.875% per annum, maturing November 14, 2002 . . . . .	---	1,101,000
	---	1,552,083
Less: Current portion. . . . .	---	396,361
	\$ ---	\$ 1,155,722

As disclosed in Note 15, the Department of Education has assumed these liabilities as of March 31, 2000.

**8. Commitments**

- a) The Board has entered into agreements to lease buildings and office equipment for various periods until 2007. The annual rent of the buildings includes a base rent plus a share of operating expenses. Minimum rent payable for the buildings and equipment for each of the next five years is as follows:

	<b>Buildings</b>	<b>Equipment</b>	<b>Total</b>
2001	\$ 105,111	\$ 166,644	\$ 271,755
2002	83,274	---	83,274
2003	83,274	---	83,274
2004	56,274	---	56,274
2005	50,874	---	50,874
Subsequent to 2005	50,874	---	50,874
	<u>\$ 429,681</u>	<u>\$ 166,644</u>	<u>\$ 596,325</u>

The Board is also committed to lease photocopiers for 5 years. The amount is based on usage and, therefore, cannot be accurately estimated.

- b) The Board contracts the provision of transportation services under the terms of a five year agreement expiring in 2001. The cost of this contract approximates \$6,950,000 per annum.

In addition, the Board is committed to the following for transportation services:

2001	<u>\$ 1,543,682</u>
------	---------------------

- c) The Board is committed to pay management fees of \$88,655 for the 5 months ended August 31, 2000 to Oxford Atlantic for services related to O'Connell Drive School.

**9. Comparative figures**

Certain of the comparative figures for 1999 have been reclassified to conform with the financial statement presentation adopted for 2000.

**10. Contingencies**

The Board incurred expenditures relating to environmental matters in its properties during the year ended March 31, 2000. It is likely that such expenditures will continue in future years and will be funded as incurred. The future liability relating to environmental matters in its properties is not determinable at this time.

**11. Bank indebtedness**

The board has an operating line of credit of \$13,000,000 with interest at bank prime.

**12. Transfers to Operating Fund**

As approved by the Department of Education, in 1998/99 the Board transferred \$773,640 (1997/98 - \$900,000) to other revenue of the Operating Fund. These transfers are repayable to the Special Reserve Funds but the time frame of the repayment is yet to be finalized and has not been reflected in these financial statements.



**13. Special reserve funds**

The reserve for future operations is available to fund future expenditures. There are no restrictions on the usage of these funds. The capital reserve funds are available for capital equipment, repairs or renovations subject to the approval of the Minister of Education.

**14. Related party transactions**

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support

**15. Public education funding for 2000-2001**

On May 5, 2000 the department of Education and the regional school boards reached an agreement on funding for public education for the 2000-2001 fiscal year. For the year ending March 31, 2000 the Department will fund the following items;

- accumulated deficits as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Municipal Finance Corporation;
- deferred service awards as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Maintenance Stabilization Fund;
- outstanding bridge financing liabilities;
- \$500,000 reserve for future operations.

Consequently, the Board has recorded a receivable from the Province of Nova Scotia in the amount of \$16,900,102 representing the March 31, 2000 accumulated deficit.

To allow the Board to focus on managing activities within funds provided in the current year, the Department of Education agreed to the write-off of the following items in arriving at the March 31, 2000 deficit:

Deferred service awards . . . . .	\$	2,712,685
Deferred amalgamation expenses . . . . .		1,100,117
Deferred pension expense . . . . .		214,286
Inventory . . . . .		214,825
Reserve for future operations . . . . .		500,000
	\$	<u>4,741,913</u>

In addition, the outstanding debentures payable to the Municipal Finance Corporation at March 31, 2000 of \$1,155,722 have been removed from the accounts.

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Detail of Revenue  
March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
<b>Province of Nova Scotia</b>			
Unrestricted funding . . . . .	\$ 180,894,600	\$ 178,169,505	\$ 175,547,700
Special education . . . . .	14,826,400	14,826,400	14,718,641
Textbook credit allocation . . . . .	2,358,000	2,358,000	2,358,000
French special projects . . . . .	97,000	101,142	99,059
Provincial initiatives . . . . .	1,761,000	977,354	---
Information Economy Initiative . . . . .	1,603,000	1,575,628	1,290,995
Emergency capital . . . . .	---	465,452	510,000
Other . . . . .	6,500,000	8,153,202	1,064,052
	\$ 208,040,000	\$ 206,626,683	\$ 195,588,447
<b>Halifax Regional Municipality</b>			
Mandatory . . . . .	\$ 59,288,000	\$ 60,047,600	\$ 59,293,285
Supplementary . . . . .	16,942,000	16,942,100	16,936,079
Other . . . . .	---	248,845	---
	\$ 76,230,000	\$ 77,238,545	\$ 76,229,364
<b>Government of Canada</b>			
French special projects . . . . .	\$ 242,000	\$ 225,586	\$ 247,653
Minority Official Language Funding . . . . .	208,000	189,184	207,796
Adult ESL . . . . .	875,000	1,034,739	1,031,925
Other . . . . .	125,000	247,446	509,871
	\$ 1,450,000	\$ 1,696,955	\$ 1,997,245
<b>Board Operations</b>			
Community Education Fees . . . . .	\$ 700,000	\$ 504,344	\$ 753,932
International Students . . . . .	175,000	197,764	131,607
Summer School . . . . .	165,000	133,350	147,863
Facilities rental . . . . .	450,000	654,859	411,599
Investment income . . . . .	500,000	167,238	520,279
Transportation services . . . . .	20,000	6,218	58,312
EXCEL Program . . . . .	1,035,000	1,291,992	616,880
Other . . . . .	320,000	769,433	320,839
	\$ 3,365,000	\$ 3,725,198	\$ 2,961,311
<b>Other Revenue</b>			
Transfer from Special Reserve . . . . .	\$ ---	\$ 244,040	\$ 1,529,640

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Detail of Expenditure  
March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
<b>School Services</b>			
Classroom teachers			
Salaries .....	\$ 143,457,000	\$ 146,857,566	\$ 140,748,231
Benefits .....	<u>11,001,000</u>	<u>11,798,694</u>	<u>10,805,598</u>
	<u>\$ 154,458,000</u>	<u>\$ 158,656,260</u>	<u>\$ 151,553,829</u>
Substitutes .....	<u>\$ 5,519,086</u>	<u>\$ 5,828,015</u>	<u>\$ 7,010,526</u>
<b>Special Education</b>			
Teachers' salaries .....	\$ 11,939,000	\$ 11,764,542	\$ 11,488,049
EPA salaries .....	12,970,000	12,723,563	12,825,879
Benefits .....	2,238,000	2,801,631	2,271,277
Supplies .....	278,550	84,007	178,064
Tuition Agreements .....	<u>250,000</u>	<u>224,002</u>	<u>295,525</u>
	<u>\$ 27,675,550</u>	<u>\$ 27,597,745</u>	<u>\$ 27,058,794</u>
<b>Textbooks and Classroom Supplies</b>			
School based materials .....	\$ 6,776,631	\$ 5,631,043	\$ 5,187,687
Textbook credit allocation .....	<u>2,358,000</u>	<u>2,358,000</u>	<u>2,373,730</u>
	<u>\$ 9,134,631</u>	<u>\$ 7,989,043</u>	<u>\$ 7,561,417</u>
<b>Library and Guidance</b>			
Guidance teacher salaries .....	\$ 2,693,000	\$ 2,308,909	\$ 2,653,378
Library teacher salaries .....	3,007,000	3,268,941	3,243,392
Benefits .....	<u>550,000</u>	<u>519,208</u>	<u>577,279</u>
	<u>\$ 6,250,000</u>	<u>\$ 6,097,058</u>	<u>\$ 6,474,049</u>
<b>Teacher Administrators</b>			
Salaries .....	\$ 14,081,000	\$ 11,395,578	\$ 10,417,570
Benefits .....	<u>964,000</u>	<u>599,782</u>	<u>783,207</u>
	<u>\$ 15,045,000</u>	<u>\$ 11,995,360</u>	<u>\$ 11,200,777</u>
<b>School and Admin Secretaries</b>			
Salaries .....	\$ 4,723,000	\$ 5,202,535	\$ 5,000,040
Benefits .....	<u>904,000</u>	<u>1,475,070</u>	<u>930,112</u>
	<u>\$ 5,627,000</u>	<u>\$ 6,677,605</u>	<u>\$ 5,930,152</u>
<b>Regional and Area Teams</b>			
Teachers salaries .....	\$ 2,389,000	\$ 1,594,022	\$ 875,872
Student support workers .....	473,000	483,566	489,373
IEI technology assistants .....	493,000	529,543	105,343
Benefits .....	234,000	208,273	107,860
Supplies .....	1,351,914	948,858	10,967
IEI non-salary .....	<u>1,083,000</u>	<u>863,767</u>	<u>827,671</u>
	<u>\$ 6,023,914</u>	<u>\$ 4,628,029</u>	<u>\$ 2,417,086</u>

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Detail of Expenditure (continued)  
March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
School Services (continued)			
Community Development			
Salaries and wages . . . . .	\$ 1,059,000	\$ 1,093,381	\$ 1,335,921
Benefits . . . . .	71,000	161,714	145,777
Building utilization costs . . . . .	---	175,000	---
Supplies . . . . .	181,000	67,085	63,715
Advertising . . . . .	100,000	76,603	74,616
EXCEL Program . . . . .	1,015,000	1,066,735	668,013
Adult ESL . . . . .	875,000	963,329	1,044,392
Community projects . . . . .	125,000	631,652	367,844
	<u>\$ 3,426,000</u>	<u>\$ 4,235,499</u>	<u>\$ 3,700,278</u>
Other			
Lunch and bus monitor wages . . . . .	\$ 670,000	\$ 700,726	\$ 1,164,222
Homebound tutors and security guard wages . . . . .	250,000	187,057	207,735
Benefits . . . . .	52,000	54,540	94,472
Bad debts . . . . .	---	785,000	---
Telephone . . . . .	700,000	937,127	1,011,960
Travel . . . . .	350,000	420,196	434,191
	<u>\$ 2,022,000</u>	<u>\$ 3,084,646</u>	<u>\$ 2,912,580</u>
Capital equipment . . . . .	<u>\$ 1,530,819</u>	<u>\$ 1,692,575</u>	<u>\$ 2,092,540</u>
	<u>\$ 236,712,000</u>	<u>\$ 238,481,835</u>	<u>\$ 227,912,028</u>
Regional Board Management			
Board Members			
Honoraria . . . . .	\$ 100,000	\$ 101,038	\$ 103,261
NSSBA dues . . . . .	151,000	151,162	137,755
Travel and conferences . . . . .	40,000	42,556	72,432
Election expenses . . . . .	---	---	127,846
	<u>\$ 291,000</u>	<u>\$ 294,756</u>	<u>\$ 441,294</u>
Superintendent and Supervisory Officers			
Teachers' salaries . . . . .	\$ 598,000	\$ 579,410	\$ 1,260,658
Benefits . . . . .	54,000	92,044	138,701
	<u>\$ 652,000</u>	<u>\$ 671,454</u>	<u>\$ 1,399,359</u>
Board Administration			
Teachers' salaries . . . . .	\$ 726,000	\$ 638,808	\$ 697,666
Benefits . . . . .	92,000	115,641	132,196
Travel . . . . .	---	24,883	17,262
Legal . . . . .	200,000	232,902	527,800
Supplies . . . . .	232,000	157,320	507,038
	<u>\$ 1,250,000</u>	<u>\$ 1,169,554</u>	<u>\$ 1,881,962</u>
Deferred Amalgamation Expense . . . . .	<u>\$ 302,000</u>	<u>\$ 307,025</u>	<u>\$ 252,921</u>
	<u>\$ 2,495,000</u>	<u>\$ 2,442,789</u>	<u>\$ 3,975,536</u>

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Detail of Expenditure (continued)  
March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
<b>Business Services</b>			
<b>Board Administration</b>			
Salaries . . . . .	\$ 1,843,000	\$ 1,833,892	\$ 1,626,299
Benefits . . . . .	321,000	478,601	227,988
Supplies . . . . .	75,000	227,354	206,110
Travel and conferences . . . . .	---	7,541	17,010
Professional fees . . . . .	100,000	46,455	226,340
Bank charges . . . . .	135,000	217,135	55,974
Liability insurance . . . . .	175,000	187,077	170,786
	\$ 2,649,000	\$ 2,998,055	\$ 2,530,507
 <b>Facilities and Grounds</b>			
<b>Salaries</b>			
Maintenance . . . . .	\$ 1,725,000	\$ 1,991,570	\$ 2,511,050
Custodial . . . . .	11,035,000	11,463,075	10,982,111
Benefits . . . . .	2,478,000	3,168,323	2,255,748
<b>Supplies</b>			
Maintenance . . . . .	3,125,000	4,291,881	4,575,096
Custodial . . . . .	655,000	725,260	825,963
Facilities rental . . . . .	219,000	219,912	212,728
Travel and conferences . . . . .	60,000	72,690	59,207
Insurance . . . . .	340,000	304,027	318,681
<b>Utilities</b>			
Electricity . . . . .	3,490,000	3,489,081	3,463,755
Heating fuel . . . . .	1,901,000	2,467,390	1,504,198
Water . . . . .	394,000	539,413	448,698
Telephone . . . . .	100,000	79,566	45,156
Vehicle operating costs . . . . .	300,000	257,668	293,292
<b>Contracted services</b>			
Maintenance . . . . .	350,000	289,042	339,862
Snow removal . . . . .	600,000	290,087	288,972
Garbage . . . . .	325,000	485,579	390,429
Grasscutting . . . . .	170,000	100,000	---
P3 school maintenance . . . . .	880,000	810,066	64,252
Contracted cleaning services . . . . .	50,000	69,797	301,268
	\$ 28,197,000	\$ 31,114,427	\$ 28,880,466
Contracted Services: Conveyance . . . . .	\$ 9,815,000	\$ 10,763,117	\$ 9,442,345
Capital Repairs and Renovations . . . . .	\$ 1,640,000	2,114,150	\$ 2,517,357
Capital debt service . . . . .	\$ 586,000	\$ 519,960	\$ 536,392
	\$ 42,887,000	\$ 47,509,709	\$ 43,907,067

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Detail of Expenditure (continued)**  
**March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
<b>Corporate Services</b>			
<b>Board Administration</b>			
Salaries. ....	\$ 959,000	\$ 1,092,722	\$ 1,535,066
Benefits .....	162,000	183,481	266,872
Supplies. ....	625,000	493,903	386,473
Professional services. ....	---	49,081	174,760
Travel and conferences .....	---	4,124	12,030
Telephone .....	<u>250,000</u>	<u>224,677</u>	<u>195,324</u>
	<u>\$ 1,996,000</u>	<u>\$ 2,047,988</u>	<u>\$ 2,570,525</u>
 <b>Professional Development</b>			
Sabbaticals. ....	\$ 800,000	\$ 866,941	\$ 338,261
Courses and training .....	<u>950,000</u>	<u>472,656</u>	<u>349,634</u>
	<u>\$ 1,750,000</u>	<u>\$ 1,339,597</u>	<u>\$ 687,895</u>
	<u>\$ 3,746,000</u>	<u>\$ 3,387,585</u>	<u>\$ 3,258,420</u>

**HALIFAX REGIONAL SCHOOL BOARD**

**Schedule of Trust Funds  
March 31, 2000**

	<b>George Perrin</b>	<b>Chris- topher Maxwell</b>	<b>Abbie J Lane</b>	<b>Doane Hatfield</b>	<b>Annie M Piercey</b>	<b>James R Pineo</b>	<b>Almar H Shatford</b>	<b>Mengie Shulma</b>	<b>Harold T. Barrett</b>	<b>Carl &amp; Rita Turner</b>	<b>Donald Keith</b>	<b>Spryfield Auxiliary</b>	<b>2000 Total</b>	<b>1999 Total</b>
Cash. . . . .	\$ 1,213	\$ 37	\$ ---	\$ 30	\$ ---	\$ 20,696	\$ 1,948	\$ 4,592	\$ 1,271	\$ 4,318	\$ 995	\$ 3,197	\$ 38,297	\$ 13,824
Restricted cash.	10,000	500	---	500	---	---	16,317	---	10,000	---	7,023	---	44,340	20,500
Due to														
Operating Func	(500)	(19)	(350)	---	---	(18,300)	(1,200)	(500)	---	(500)	(600)	---	(21,969)	---
Due from														
Operating Func	---	---	1,802	16	325	9,200	---	---	---	---	---	---	11,343	7,399
Investments. . .	---	---	8,500	---	5,000	100,000	---	---	---	---	---	---	113,500	146,339
	<u>\$ 10,713</u>	<u>\$ 518</u>	<u>\$ 9,952</u>	<u>\$ 546</u>	<u>\$ 5,325</u>	<u>\$ 111,596</u>	<u>\$ 17,065</u>	<u>\$ 4,092</u>	<u>\$ 11,271</u>	<u>\$ 3,818</u>	<u>\$ 7,418</u>	<u>\$ 3,197</u>	<u>\$ 185,511</u>	<u>\$ 188,062</u>
Equity . . . . .	<u>\$ 10,713</u>	<u>\$ 518</u>	<u>\$ 9,952</u>	<u>\$ 546</u>	<u>\$ 5,325</u>	<u>\$ 111,596</u>	<u>\$ 17,065</u>	<u>\$ 4,092</u>	<u>\$ 11,271</u>	<u>\$ 3,818</u>	<u>\$ 7,418</u>	<u>\$ 3,197</u>	<u>\$ 185,511</u>	<u>\$ 188,062</u>
Balance, beginning														
of year . . . . .	\$ 10,620	\$ 500	\$ 9,983	\$ 522	\$ 5,000	\$ 116,985	\$ 17,538	\$ 4,382	\$ 10,758	\$ 4,122	\$ 7,652	\$ ---	188,062	\$ 191,504
Donations. . . . .	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Other. . . . .	85	---	---	---	---	---	---	---	---	---	---	3,184	3,269	---
Interest earned .	508	37	319	24	325	9,611	727	210	513	196	366	13	12,849	12,444
	<u>11,213</u>	<u>537</u>	<u>10,302</u>	<u>546</u>	<u>5,325</u>	<u>126,596</u>	<u>18,265</u>	<u>4,592</u>	<u>11,271</u>	<u>4,318</u>	<u>8,018</u>	<u>3,197</u>	<u>204,180</u>	<u>203,948</u>
Awards paid . .	(500)	(19)	(350)	---	---	(15,000)	(1,200)	(500)	---	(500)	(600)	---	(18,669)	(15,886)
Balance, end														
of year . . . . .	<u>\$ 10,713</u>	<u>\$ 518</u>	<u>\$ 9,952</u>	<u>\$ 546</u>	<u>\$ 5,325</u>	<u>\$ 111,596</u>	<u>\$ 17,065</u>	<u>\$ 4,092</u>	<u>\$ 11,271</u>	<u>\$ 3,818</u>	<u>\$ 7,418</u>	<u>\$ 3,197</u>	<u>\$ 185,511</u>	<u>\$ 188,062</u>

## AUDITOR'S REPORT

To the Shareholder of Highway 104  
Western Alignment Corporation

We have audited the balance sheet of Highway 104 Western Alignment Corporation as at March 31, 2000, and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Canada  
June 16, 2000



**HIGHWAY 104 WESTERN ALIGNMENT**

**Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Project bank accounts . . . . .	\$ 356,139	\$ 512,103
Inventory . . . . .	26,645	14,214
Prepays (Note 3) . . . . .	259,354	192,248
Receivables (Note 4) . . . . .	597,266	175,180
Restricted assets (Note 5) . . . . .	7,798,974	10,504,211
Facility (Note 6) . . . . .	119,662,832	121,907,867
Deferred costs (Note 7) . . . . .	<u>981,385</u>	<u>1,130,701</u>
	\$ <u>129,682,595</u>	\$ <u>134,436,524</u>

**LIABILITIES**

Payables and accruals . . . . .	\$ 850,976	\$ 1,946,365
Deferred revenue . . . . .	481,748	447,952
Long term debt (Note 8) . . . . .	78,733,976	80,649,045
Payable to the Province of Nova Scotia (Note 9) . . . . .	250,000	250,000
Deferred government assistance (Note 2) . . . . .	<u>53,197,138</u>	<u>54,188,344</u>
	<u>133,513,838</u>	<u>137,481,706</u>

**SHAREHOLDERS' DEFICIENCY**

Capital stock, one no par value share issued and outstanding in favour of the Province of Nova Scotia . . . . .	1	1
Reserve for restricted assets (Note 10) . . . . .	1,778,648	4,483,885
Deficit . . . . .	<u>(5,609,892)</u>	<u>(7,529,068)</u>
	<u>(3,831,243)</u>	<u>(3,045,182)</u>
	\$ <u>129,682,595</u>	\$ <u>134,436,524</u>

Commitments and contractual obligations (Note 12)

See accompanying notes to the financial statements.

**HIGHWAY 104 WESTERN ALIGNMENT**

**Statement of Loss and Deficit  
for the 12 Periods Ending March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Facility revenue. . . . .	\$ 11,004,086	\$ 10,452,829
Interest income. . . . .	465,247	588,722
	<u>11,469,333</u>	<u>11,041,551</u>
<b>Expenses</b>		
Bondholder representative fees. . . . .	95,345	110,343
Trustee fees . . . . .	29,442	43,181
Salaries & benefits. . . . .	157,197	149,909
Office . . . . .	38,921	30,669
General & administrative. . . . .	142,923	121,741
Enforcement. . . . .	60,000	60,000
Independent engineer . . . . .	39,028	37,277
Routine maintenance . . . . .	656,504	650,004
Facility operations. . . . .	1,421,901	1,361,015
Transponders . . . . .	52,669	123,923
	<u>2,693,930</u>	<u>2,688,062</u>
Earnings before other items. . . . .	8,775,403	8,353,489
<b>Other Items</b>		
Government assistance amortization (Note 2) . . . . .	991,206	846,222
Amortization and depreciation . . . . .	(2,347,437)	(2,013,831)
Interest on line of credit. . . . .	---	(47,088)
Interest on long term debt . . . . .	<u>(8,205,233)</u>	<u>(8,509,337)</u>
Net loss. . . . .	\$ <u>(786,061)</u>	\$ <u>(1,370,545)</u>
Deficit, beginning of year. . . . .	\$ (7,529,068)	\$ (3,583,446)
Net loss . . . . .	(786,061)	(1,370,545)
Transfer from (to) reserve for restricted assets (Note 10) . . . . .	<u>2,705,237</u>	<u>(2,575,077)</u>
Deficit, end of year. . . . .	\$ <u>(5,609,892)</u>	\$ <u>(7,529,068)</u>

\*See accompanying notes to the financial statements.

**HIGHWAY 104 WESTERN ALIGNMENT CORPORATION**

**Statement of Cash Flows  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net loss . . . . .	\$ (786,061)	\$ (1,370,545)
Government assistance amortization. . . . .	(991,206)	(846,222)
Amortization of deferred financing fees . . . . .	35,434	35,434
Amortization and depreciation . . . . .	<u>2,347,437</u>	<u>2,013,831</u>
	605,604	(167,502)
Change in non-cash operating working capital (Note 11) . . . . .	<u>(1,563,217)</u>	<u>2,008,617</u>
	<u>(957,613)</u>	<u>1,841,115</u>
<b>Financing</b>		
(Decrease) increase in long term debt . . . . .	(1,915,069)	360,947
Government assistance . . . . .	---	11,655
	<u>(1,915,069)</u>	<u>372,602</u>
<b>Investing</b>		
Decrease (increase) in restricted assets . . . . .	2,705,237	(2,575,065)
Warranty settlement . . . . .	362,668	---
Construction of facility. . . . .	<u>(351,187)</u>	<u>(222,084)</u>
	<u>2,716,718</u>	<u>(2,797,149)</u>
Net decrease in cash and cash equivalents. . . . .	(155,964)	(583,432)
Cash and cash equivalents, beginning of year. . . . .	<u>512,103</u>	<u>1,095,535</u>
Cash and cash equivalents, end of year. . . . .	<u>\$ 356,139</u>	<u>\$ 512,103</u>

See accompanying notes to the financial statements.

# HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

## Notes to the Financial Statements March 31, 2000

### 1. Nature of operations

The Corporation has been established for the purpose of financing, design, construction, operation and maintenance of the Facility consisting mainly of a 45 km stretch of highway (referred to as the Highway 104 Western Alignment) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia.

### 2. Summary of significant accounting policies

#### Pre-operating and operating periods

The pre-operating period was the twenty month construction period commencing April 1, 1996 until the date of acceptance in November 1997. Operations began December 1, 1997.

#### Facility

The Facility consists of the highway referred to as the Highway 104 Western Alignment and the toll plaza constructed on the highway. The costs of the facility include certified progress payments to the Facility's contractor, independent engineer fees, professional fees and interest costs incurred during the pre-operating period. These costs are being amortized over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

#### Deferred costs - start up

Administrative expenses incurred during the pre-operating period have been deferred as start-up costs and are being amortized to operations, on a pro-rata basis, over a five year period commencing at the start of the operating period.

#### Deferred costs - financing fee

Financing, commitment and bondholder representative fees related to the establishment and placement of the senior and junior toll revenue bonds have been deferred and are being amortized to operations over the term of the related bond debt commencing at the start of the operating period.

#### Deferred government assistance

Government assistance provided by the Province of Nova Scotia has been recorded as a deferral and is being amortized to operations over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

**3. Prepaids**

	<b>2000</b>	<b>1999</b>
Operating expenses .....	\$ 29,946	\$ 27,840
Advance to operator .....	<u>229,408</u>	<u>164,408</u>
	<u>\$ 259,354</u>	<u>\$ 192,248</u>

**4. Receivables**

	<b>2000</b>	<b>1999</b>
Provincial supplemental payments .....	\$ ---	\$ 5,855
Interest .....	---	2,724
Harmonized Sales Tax .....	61,305	85,172
Other .....	<u>535,961</u>	<u>81,429</u>
	<u>\$ 597,266</u>	<u>\$ 175,180</u>

**5. Restricted assets**

			<b>2000</b>			<b>1999</b>
	<b>Cash</b>	<b>Investment</b>	<b>Total</b>	<b>Cash</b>	<b>Investment</b>	<b>Total</b>
Senior debt service reserve account	\$ 681	\$ 4,769,824	\$ 4,770,505	\$ 4,516,171		\$ 4,516,171
Capital reserve account	137	1,818,156	1,818,293	5,405,970		5,405,970
Major maintenance reserve account	51	1,210,125	1,210,176	582,070		582,070
	<u>\$ 869</u>	<u>\$ 7,798,105</u>	<u>\$ 7,798,974</u>	<u>\$ 10,504,211</u>		<u>\$ 10,504,211</u>

Investments are recorded at costs, have a weighted average term of 6.55 months to maturity and a weighted average interest rate of 5.77%. The market value of the investments approximates the carrying value.

The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior and junior bondholders and an Omnibus Agreement between the Corporation and the Province of Nova Scotia:

- (i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior and junior bonds and the subordinated notes. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project account. This account provides funding to the major maintenance reserve and the senior debt reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank accounts of the Corporation.
- (ii) The senior debt reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.
- (iii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.

**6. Facility**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2000 Net book Total</b>	<b>1999 Net book Total</b>
Facility .....	\$ <u>124,419,270</u>	\$ <u>4,756,438</u>	\$ <u>119,662,832</u>	\$ <u>121,907,867</u>

**7. Deferred costs**

	<b>2000</b>	<b>1999</b>
Start up .....	\$ 303,685	\$ 417,567
Financing fees .....	<u>677,700</u>	<u>713,134</u>
	\$ <u>981,385</u>	\$ <u>1,130,701</u>

**8. Long term debt**

	<b>2000</b>	<b>1999</b>
<p>Senior toll revenue bonds bearing interest at 10.13%, maturing March 31, 2026, repayable in partial interest payments from June 30, 1999 until March 31, 2006 and then 80 equal blended quarterly payments of interest and principal of \$2,251,191. Interest from the date of issue has been capitalized as part of the principal and continued to be fully capitalized until June 30, 1999. As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the Facility, a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.</p>	\$ 66,491,913	\$ 64,406,982
<p>Junior toll revenue bonds bearing interest at 10.76%, maturing March 31, 2011, repayable in interest payments only from June 30, 1999 until March 31, 2001 and then 40 equal blended quarterly payments of principal and interest of \$503,395. Interest from the date of issue has been capitalized as part of the principal and continued to be capitalized until June 30, 1999. As security, the Corporation has assigned a second charge security interest in all security pledged to senior toll revenue bondholders.</p>	12,242,063	12,242,063
<p>Subordinated notes bearing interest at 13.4%, interest only is payable monthly out of excess cash, to the extent it is not paid, it will be compounded semi-annually in arrears, quarterly principal repayments are to begin when surplus cash is available. The notes are expressly subordinated and postponed in right of payment to the senior toll revenue bonds and the junior toll revenue bonds.</p>	---	4,000,000
	<u>\$ 78,733,976</u>	<u>\$ 80,649,045</u>

Minimum principal repayments required will begin in year 2002 and are as follows:

2002	\$ 725,000
2003	806,000
2004	897,000

## 9. Payable to the Province of Nova Scotia

On the date of acceptance, the Province advanced \$250,000 to the Corporation to facilitate the Provincial subsidy. Under the First Amendment to the Omnibus Agreement, the Province reduced the tolls for transponder users and created a Provincial subsidy payable to the Corporation to offset the reduction. The advance is to be repaid to the Province on the earlier of the date when the toll rates are increased back to the original rates laid out in the Omnibus Agreement or when the Corporation has fully extinguished its obligations under the Senior and Junior Bond Indentures.

## 10. Reserve for restricted assets

The capital reserve account is to be funded from excess funds in the Project Bank Account. In addition, any interest earned on restricted assets form part of the reserve account.

	2000	1999
Reserve for restricted assets, beginning of year . . . . .	\$ 4,483,885	\$ 1,908,808
Transfers from project account . . . . .	8,405,000	10,129,646
Interest income . . . . .	440,335	558,387
Long term debt payments, including interest . . . . .	(10,084,868)	(8,112,956)
Rebate to Province . . . . .	(1,465,704)	
	<u>(2,705,237)</u>	<u>2,575,077</u>
Reserve for restricted assets, end of year . . . . .	\$ <u>1,778,648</u>	\$ <u>4,483,885</u>

## 11. Supplemental cash flow information

	2000	1999
<b>Change in non-cash operating working capital</b>		
Inventory . . . . .	\$ (12,431)	\$ (2,077)
Prepays . . . . .	(67,106)	21,782
Receivables . . . . .	(422,086)	1,023,402
Payables and accruals . . . . .	(1,095,390)	777,648
Deferred revenue . . . . .	33,796	187,862
	<u>\$ (1,563,217)</u>	<u>\$ 2,008,617</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks . . . . .	\$ <u>356,139</u>	\$ <u>512,103</u>
Interest paid . . . . .	<u>\$ 6,084,868</u>	<u>\$ 8,112,957</u>

## 12. Commitments and contractual obligations

The Corporation has entered into the following agreements to finance, design, construct, operate and maintain the Highway 104 Western Alignment:

- **Omnibus Agreement**

Agreement dated April 1, 1996, between the Corporation, the Contractor, the Operator and the Province of Nova Scotia to design, finance, construct, operate and maintain the Highway 104 Western Alignment. This agreement acknowledges that the Corporation has entered into a Design Build Agreement and an Operating Agreement to fulfil its obligations to the Province.

Under this agreement, the Province of Nova Scotia retains ownership of the Facility, however, the Corporation is granted the right to operate and collect tolls for a thirty-year period, at which time this right will revert back to the Province.

The Province contributed \$55,000,000 to the project.

- **Operating Agreement**

Agreement dated May 22, 1996 between the Corporation and Atlantic Highways Management Corporation (the Operator) whereby the Operator is required to operate the Facility which includes the toll collection system, toll plaza and the administration building.

Operator compensation is based on the annual operating budget plus a variable fee, subject to adjustment under certain conditions, equal to 10% of the total annual budget.

- **Major Maintenance Reserve Fund Agreement**

Agreement between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an independent engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account. The maximum annual fee is \$50,000.

- **Annual Roadway Maintenance Agreement**

Five year agreement between the Corporation and the Department of Transportation and Public Works of the Province of Nova Scotia to provide annual roadway maintenance services for an annual fee of \$650,000 commencing April 1, 1999 and subsequently adjusted thereafter for inflation.

- **Other**

The Corporation has also entered in various lease agreements for equipment and office space. The minimum lease payments for each of the next year are as follows:

2001

7,347



## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and  
To the Minister of Housing and Municipal Affairs

I have audited the balance sheet of the Nova Scotia Housing Development Corporation as at March 31, 2000, and the statements of revenues and expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Housing Development Corporation as at March 31, 2000, and the results of its operations and the changes in the fund balance for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 30, 2000

**NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current assets</b>		
Accounts receivable and accrued interest . . . . .	\$ 2,594,236	\$ 1,568,478
Current portion of mortgages receivable . . . . .	<u>2,635,900</u>	<u>846,560</u>
	5,230,136	2,415,038
<b>Mortgages receivable (Note 6) . . . . .</b>	36,742,656	20,612,789
<b>Investment in land and social housing (Note 7) . . . . .</b>	407,365,381	318,160,957
<b>Fund for future social housing expenditures . . . . .</b>	<u>9,702,415</u>	<u>8,959,108</u>
	<u>\$ 459,040,588</u>	<u>\$ 350,147,892</u>

**LIABILITIES**

<b>Current liabilities</b>		
Payables and accruals . . . . .	\$ 905,558	\$ 532,460
Current portion of long-term debt . . . . .	8,660,698	7,274,977
Deferred federal contributions . . . . .	<u>9,702,415</u>	<u>8,959,108</u>
	19,268,671	16,766,545
<b>Long-term debt (Note 8) . . . . .</b>	336,510,749	313,641,375
<b>Reserve for mortgage guarantees indemnified loans and interest fluctuations (Note 9) . . . . .</b>	12,600,000	11,300,000
<b>Housing Development Corporation Fund (Note 5) . . . . .</b>	<u>90,661,168</u>	<u>8,439,972</u>
	<u>\$ 459,040,588</u>	<u>\$ 350,147,892</u>

Commitments and Contingencies (Note 9)

**Statement of Revenues and Expenditures  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Interest revenue . . . . .	\$ 3,238,672	\$ 2,117,098
Land sales . . . . .	3,952,005	---
Recoveries from Canada Mortgage and Housing Corporation . . . . .	31,848,525	29,614,730
Recoveries from provincial government departments . . . . .	<u>10,391,893</u>	<u>7,425,742</u>
	<u>49,431,095</u>	<u>39,157,570</u>
<b>Expenditures</b>		
Administration fee . . . . .	2,685,059	1,309,033
Amortization of investments in social housing . . . . .	7,911,996	5,451,969
Cost of land sales . . . . .	4,108,411	---
Interest on long-term debt . . . . .	32,658,968	32,368,218
Miscellaneous . . . . .	---	28,350
Provision for Bad debts . . . . .	<u>2,066,661</u>	<u>---</u>
	<u>49,431,095</u>	<u>39,157,570</u>
<b>Excess of revenues over expenditures . . . . .</b>	<u>\$ ---</u>	<u>\$ ---</u>

The accompanying notes are an integral part of these statements.

**NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION**

**Statement of Changes in Fund Balance  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Funds provided by (used for):</b>		
<b>Operations</b>		
Excess of revenues over expenses . . . . .	\$ ---	\$ ---
Add: Expenses not requiring cash		
Amortization of investment in social housing . . . . .	7,911,996	5,451,969
Increase (decrease) in provision for bad debts . . . . .	2,066,661	(1,287,944)
Loss on sale of land . . . . .	156,406	---
Net change in operating assets and liabilities . . . . .	<u>(209,743)</u>	<u>9,745,526</u>
	<u>9,925,320</u>	<u>13,909,551</u>
<b>Investing activities</b>		
Repayment of mortgages receivable . . . . .	1,410,701	3,317,059
Transfer of Housing Development Fund net assets (Note 3) . . . . .	(95,062,762)	---
Transfer from Department of Housing and Municipal Affairs (Note 4) . . . . .	2,568,209	---
Increase in investment in social housing . . . . .	3,291,414	1,018,318
Transfer of Land to Dept of Natural Resources (Note 7) . . . . .	<u>6,030,860</u>	<u>---</u>
	<u>(81,761,578)</u>	<u>4,335,377</u>
<b>Financing activities</b>		
Repayment of long-term debt . . . . .	<u>(10,384,938)</u>	<u>(13,935,163)</u>
<b>Increase (decrease) in Fund balance during the year . . . . .</b>	<b>(82,221,196)</b>	<b>4,309,765</b>
<b>Fund balance, beginning of year . . . . .</b>	<b><u>(8,439,972)</u></b>	<b><u>(12,749,737)</u></b>
<b>Fund balance, end of year . . . . .</b>	<b>\$ <u>(90,661,168)</u></b>	<b>\$ <u>(8,439,972)</u></b>

The accompanying notes are an integral part of these statements.

# NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

## Notes to Financial Statements March 31, 2000

### 1. Authority

On June 17, 1986 the Nova Scotia Housing Development Corporation Act established the Nova Scotia Housing Development Corporation. The purpose of the Corporation is to provide long-term mortgage financing through outside lenders for social housing programs, and the home ownership programs of the Department of Housing and Municipal Affairs, and loan guarantees for housing purposes.

### 2. Significant Accounting Policies

#### Mortgages Receivable

Mortgages receivable are carried net of provisions for concessionary assistance and doubtful recoveries as described in Note 6 to the financial statements.

A Provision for doubtful recoveries is established to the extent that anticipated losses on bad debts exceed the funding available in the mortgage insurance funds. The Housing Development Corporation charges mortgage insurance fees to borrowers to offset the cost of bad debt write offs from the mortgage receivable portfolio.

A provision for concessionary assistance represents the present value of estimated future subsidies provided by the Department of Housing and Municipal Affairs to low income borrowers to assist them in meeting their monthly mortgage payments to the Corporation.

#### Investment in Land and Social Housing

Investments in Social Housing represent housing properties which are carried at cost including the cost of site investigation, land, construction, administration, and interest during construction less accumulated amortization. The Corporation has established reserves for the risks associated with interest rate fluctuation, mortgage default, and fire losses.

The capital cost of social housing properties is amortized, using the sinking fund method, by the amount of the principal repaid on the related long-term debt financing in the project.

Investments in Land represent properties developed for resale. Land projects are carried at the lower cost and estimated net realizable value. Land costs include acquisition and servicing costs, capitalized interest charges and administrative costs where applicable.

Profit or loss on the sale of land is recorded as lots are sold except when revenue or costs cannot be reasonably determined. Costs incurred plus estimated costs to complete are accumulated and allocated to individual units on the basis of relative sales values and written off as lots are sold. Certain common costs, such as main roadways, are allocated to that phase of the project with the applicable spending authority.

#### Recoveries From CMHC - Social Housing

Pursuant to the October 1, 1997 Social Housing Transfer Agreement, Canada Mortgage and Housing Corporation (CMHC) is required to pay to the Corporation annual contributions to assist with program expenses. Over the term of the agreement from October 1, 1997 to June 30, 2034 CMHC will contribute \$1,273,000,000. Contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet the interest, amortization, subsidy and administration expenses of programs under the Agreement.

The Corporation records recovery revenue from CMHC in an amount equal to the interest and amortization expenses incurred by the Corporation for programs under the Social Housing Transfer Agreement. CMHC funding not used during the current fiscal year by the Corporation or the Department is eligible for carry forward to future years. Unused CMHC funding is recorded separately in two interest bearing accounts entitled Fund for Future Social Housing Expenditures and Deferred Federal Contributions.

Recoveries from CMHC and provincial government departments are subject to final settlement reviews. Adjustments to recoveries, accounts receivable, deferred federal contributions and the Fund for Future Social Housing Expenditures, arising from the final settlement process, are recorded in the year the review is finalized.

#### **Recoveries From Provincial Government Departments**

Costs incurred by the Corporation for the amortization of provincial social housing assets and the interest costs associated with the debt financing of these assets are recovered from the applicable provincial government department.

#### **Interest Revenue**

Interest revenue associated with lending programs is recorded on the accrual basis as interest is earned.

#### **Interest on Long Term Debt**

Interest expense on long term debt is recorded on the accrual basis as interest obligations are incurred.

#### **Administration Fee**

The administration of the Nova Scotia Housing Development Corporation is carried out by the staff of the Department of Housing and Municipal Affairs. The Corporation reimburses the Department to the extent that revenues earned by the Corporation exceed expenditures.

#### **Change in Accounting Policy**

In prior years, increases or decreases in provisions of doubtful accounts were recorded as a direct charge to the Housing Development Corporation Fund. Commencing in the current fiscal year, increases and decreases in provisions of doubtful accounts will be recorded as an expenditure or a recovery on the Statement of Revenues and Expenditures. This change in accounting policy has not been applied on a retroactive basis.

### **3. Transfer of Housing Development Fund Net Assets**

On March 29, 2000, Section 9 of the Housing Development Corporation Act was amended to permit the Corporation to acquire all of the assets and liabilities of the Housing Development Fund. Housing Development Fund assets and liabilities were transferred at book value, effective April 1, 1999, to the Corporation as follows:

Accounts receivable and advances . . . . .	\$	464,596
Mortgages receivable . . . . .		20,536,635
Investment in land and housing projects . . . . .		108,723,242
Accounts payable . . . . .		(21,678)
Notes payable . . . . .		<u>(34,640,033)</u>
Book value of assets transferred . . . . .	\$	<u><u>95,062,762</u></u>

**4. Transfer from Department of Housing and Municipal Affairs**

Effective April, 1999 certain asset and liability balances related to the delivery of social housing programs administered by the Department of Housing and Municipal Affairs were transferred to the Corporation at their book value of \$2,568,209.

**5 Housing Development Corporation Fund**

To provide working capital for the Nova Scotia Housing Development Corporation, the Housing Development Corporation Fund was established by Order-In-Council. The Fund is set up as a revolving account which records all receipts and expenditures, and allows the Corporation to borrow up to \$175 million.

**6. Mortgages Receivable**

Mortgages receivable have an amortization period of 25 years and five or ten-year renewal terms. Aggregate monthly payments are approximately \$252,156 including interest. Interest rates vary from 6.5% to 13.05%, with renewal dates ranging from April 1, 2000 to Oct. 1, 2012. The mortgages are secured by registered first mortgages on the related properties. The Corporation has assigned the mortgages receivable as security for notes payable.

	<b>2000</b>	<b>1999</b>
Mortgages receivable. . . . .	\$ <u>41,781,456</u>	\$ <u>22,439,032</u>
Less: Current portion due within one year . . . . .	2,635,900	846,560
Provision for concessionary assistance and doubtful recoveries . . . . .	<u>2,402,900</u>	<u>979,683</u>
	<u>5,038,800</u>	<u>1,826,243</u>
	\$ <u><u>36,742,656</u></u>	\$ <u><u>20,612,789</u></u>

Estimated principal repayments for the next four years are as follows:

2001-2002	\$	2,675,701
2002-2003	\$	2,747,944
2003-2004	\$	2,854,022
2004-2005	\$	2,991,034

**7. Investment in Land and Social Housing**

	<b>2000</b>	<b>1999</b>
Investment in Land . . . . .	\$ 9,041,535	\$ ---
Investment in social housing . . . . .	<u>406,536,859</u>	<u>319,482,046</u>
	<u>415,578,394</u>	<u>319,482,046</u>
Less: Provision for doubtful land recoveries . . . . .	6,494,947	---
Provision for fire and other social housing losses . . . . .	<u>1,718,066</u>	<u>1,321,089</u>
	<u>8,213,013</u>	<u>1,321,089</u>
	\$ <u><u>407,365,381</u></u>	\$ <u><u>318,160,957</u></u>

Effective May 1, 1999 the Corporation transferred 694 acres of land with a book value of \$6,030,860, located at Second Lake, Halifax Regional Municipality, to the Department of Natural Resources. No monies were received by the Corporation from the Department of Natural Resources for this land and the cost has been recorded as a charge to the Housing Development Corporation.

**8. Long -Term Debt**

	<b>2000</b>	<b>1999</b>
Notes payable . . . . .	\$ 263,614,086	\$ 237,557,097
Mortgages payable . . . . .	<u>81,557,361</u>	<u>83,359,255</u>
	345,171,447	320,916,352
Less: Current portion due within one year . . . . .	<u>8,660,698</u>	<u>7,274,977</u>
	<u>\$ 336,510,749</u>	<u>\$ 313,641,375</u>

Long term debt is comprised of mortgages and notes payable from various lenders. The amortization of the notes payable ranges from 5 - 36 years. The mortgages payable amortization periods range from 20 - 35 years with either five or ten year renewal terms. Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing. Mortgages and notes payable are repayable in monthly or quarterly installments of interest and principal. Interest rates vary from 4.00% to 21.50% with renewal dates ranging from April 1, 2000 to January 1, 2034.

Estimated principal repayments for the next four years are as follows:

2001-2002	\$ 9,260,447
2002-2003	\$ 9,931,074
2003-2004	\$ 9,811,994
2004-2005	\$ 10,547,890

**9. Commitments and Contingencies**

Pursuant to the October 1, 1997 Social Housing Transfer Agreement CMHC requires the Corporation to indemnify CMHC against future losses related to their insured loan portfolio for Nova Scotia. As at March 31, 2000 there were 468 loans with an approximate outstanding balance of \$176,798,000 (1999 - 185,715,000).

The Corporation provides mortgage guarantees of interest and principal to lenders financing certain housing projects. As at March 31, 2000 a total of 28 (1999 - 29) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was \$27,962,000 (1999 - \$27,282,000).

The Corporation has established reserves for possible losses on mortgage guarantees and indemnified loans in the amount of \$12,600,000 which includes a reserve for risks associated with interest fluctuation of \$3,200,000.

**10. Comparative Figures**

Prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

**11. Related Party Transactions**

Major related parties of the Corporation are the Department of Housing and Municipal Affairs, Department of Justice, CMHC and the Regional Housing Authorities.

Certain assets owned by the Corporation under the Social Housing Transfer Agreement are operated by Regional Housing Authorities. The related operational expenses of those authorities are not included in the statements. These financial statements include certain assets and related external debt which is being repaid by another government department.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and  
To the Minister of Housing and Municipal Affairs

I have audited the balance sheet of the Housing Development Fund as at March 31, 2000, and the statement of continuity of net advances for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Housing Development Fund as at March 31, 2000, and the continuity of the net advances for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 30, 2000



**HOUSING DEVELOPMENT FUND**

**Balance Sheet  
as at March 31, 2000**

<b>ASSETS</b>		<b>2000</b>	<b>1999</b>
Accounts receivable and advances (Note 1) . . . . .	\$	---	\$ 464,596
Mortgages receivable (Note 1) . . . . .		---	20,536,635
Investment in land and housing projects (Note 1) . . . . .		---	108,723,242
	\$	---	\$ <u>129,724,473</u>

**LIABILITIES AND FUND BALANCE**

<b>Liabilities</b>			
Accounts payable (Note 1) . . . . .	\$	---	\$ 21,678
Notes payable (Note 1) . . . . .		---	34,640,033
		---	<u>34,661,711</u>
<b>Fund Balance</b>			
Advances from Consolidated Fund (Note 1) (Authorized \$154,000,000) . . . . .		---	101,024,530
Less: Allowance for Doubtful Recoveries (Note 1) . . . . .		---	(5,961,768)
Net advances . . . . .		---	95,062,762
	\$	---	\$ <u>129,724,473</u>

**Statement of Continuity of Net Advances  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Balance, beginning of the year</b> . . . . .	\$ 95,062,762	\$ 98,471,881
Add: Advances for lending, public housing and land development programs . . . . .	---	18,291,657
Less: Transfer of assets and liabilities to the Housing Development Corporation (Note 1) . . . . .	95,062,762	---
Recoveries from lending and land development programs . . . . .	---	20,975,853
Increase in Provision for Doubtful Recoveries . . . . .	---	715,568
Increase (decrease) in Provision for Concessionary Assistance . . . . .	---	9,355
	<u>95,062,762</u>	<u>21,700,776</u>
<b>Balance, end of the year</b> . . . . .	\$ <u>---</u>	\$ <u>95,062,762</u>

**HOUSING DEVELOPMENT FUND**

**Notes to Financial Statements  
March 31, 2000**

**1. Transfer of Housing Development Fund Net Assets**

On March 29, 2000, Section 9 of the Housing Development Corporation Act was amended to permit the Corporation to acquire all of the assets and liabilities of the Housing Development Fund. Housing Development Fund assets and liabilities were transferred at book value, effective April 1, 1999, to the Corporation as follows.

Accounts receivable and advances . . . . .	\$	464,596
Mortgages receivable . . . . .		20,536,635
Investment in land and housing projects . . . . .		108,723,242
Accounts payable . . . . .		(21,678)
Notes payable . . . . .		<u>(34,640,033)</u>
Book value of net assets transferred . . . . .	\$	<u>95,062,762</u>

As of March 31, 2000, the Housing Development fund is inactive.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 2000, and the statements of continuity of fund for the year then ended. These financial statements are the responsibility of the Nova Scotia Business Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2000 and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 5, 2000.

**INDUSTRIAL EXPANSION FUND**

**Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
		<b>(in thousands)</b>
Financial Assets, at cost		
Loans - Industrial Development Act . . . . .	\$ 69,689	\$ 83,912
Loans - Venture Corporations Act (Note 3) . . . . .	2,127	2,188
Royalty rights (Note 4) . . . . .	15,632	9,991
Shares (Note 5) . . . . .	<u>10,107</u>	<u>8,940</u>
	<u>97,555</u>	<u>105,031</u>
Less: Provision for concessionary assistance (Note 6) . . . . .	35,588	54,632
Allowance for doubtful accounts . . . . .	<u>9,680</u>	<u>4,725</u>
	<u>45,268</u>	<u>59,357</u>
	<u>52,287</u>	<u>45,674</u>
Due from Consolidated Fund		
Guarantees (Note 7) . . . . .	147,150	143,600
Less: Provision for payments under guarantees . . . . .	<u>3,349</u>	<u>50</u>
	143,801	143,550
Assistance authorized but unadvanced (Note 8) . . . . .	<u>13,519</u>	<u>54,302</u>
	<u>157,320</u>	<u>197,852</u>
	<u>\$ 209,607</u>	<u>\$ 243,526</u>

**FUNDING AUTHORIZED AND COMMITTED**

Authorized, net of write-offs		
Industrial Development Act . . . . .	\$ 311,967	\$ 332,449
Venture Corporations Act . . . . .	5,685	5,685
Contributed Surplus (Note 9) . . . . .	<u>1,138</u>	<u>1,138</u>
	318,790	339,272
Less: Provision for concessionary assistance and possible losses on assistance (Note 10). . . . .	<u>48,617</u>	<u>59,407</u>
Net Fund balance . . . . .	270,173	279,865
Less: Uncommitted balance of Fund . . . . .	<u>60,566</u>	<u>36,339</u>
	<u>\$ 209,607</u>	<u>\$ 243,526</u>

Contingency (Note 11)

See accompanying notes to financial statements.

**INDUSTRIAL EXPANSION FUND**

**Statement of Continuity of Fund  
Under the Industrial Development Act**

**March 31, 2000**

	<b>2000</b>	<b>1999</b>
	<b>(in thousands)</b>	
Balance, beginning of year .....	\$ 332,449	\$ 276,827
Add: Additional funds authorized .....	---	80,000
	<u>332,449</u>	<u>356,827</u>
Deduct: Accounts written off .....	20,482	24,378
Balance, end of year .....	\$ <u>311,967</u>	\$ <u>332,449</u>
Comprising:		
Loans, shares, rights and other assets .....	\$ 94,360	\$ 101,775
Guarantees in effect and utilized (Note 7) .....	40,767	15,700
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized .....	119,902	182,202
Uncommitted balance .....	56,938	32,772
	\$ <u>311,967</u>	\$ <u>332,449</u>

**Statement of Continuity of Fund  
Under the Venture Corporations Act**

**March 31, 2000**

Balance, beginning of year .....	\$ 5,685	\$ 5,685
Deduct: Accounts written off .....	---	---
Balance, end of year .....	\$ <u>5,685</u>	\$ <u>5,685</u>
Comprising:		
Loans advanced .....	\$ 2,127	\$ 2,188
Uncommitted balance .....	3,558	3,497
	\$ <u>5,685</u>	\$ <u>5,685</u>

**Statement of Continuity of Fund  
Under the Terms of the Canada-Nova Scotia  
Development Fund Agreement**

**March 31, 2000**

Balance, beginning of year .....	\$ 1,138	\$ 1,984
Deduct: disposal of acquired assets .....	---	846
Balance, end of year .....	\$ <u>1,138</u>	\$ <u>1,138</u>
Comprising:		
Loans advanced .....	\$ 1,068	\$ 1,068
Uncommitted balance .....	70	70
	\$ <u>1,138</u>	\$ <u>1,138</u>

See accompanying notes to financial statements.

## INDUSTRIAL EXPANSION FUND

### Notes to the Financial Statements March 31, 2000

#### 1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time. The Corporation's activities are administered through a division of the Nova Scotia Department of Economic Development.

#### 2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraph (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the Fund.

##### **Administrative expenses and interest revenue**

- (a) Administrative expenses of the Fund, and revenues earned on guarantees are included in the accounts of the Department of Economic Development and Tourism and are not reflected in the financial statements. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

##### **Statement of cash flows**

- (b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

##### **Current assets**

- (c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

##### **Provision for concessionary assistance**

- (d) The Fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

##### **Allowance for doubtful accounts**

- (e) The Fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

**Royalty rights**

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

**3. Venture Corporation Act**

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year \$61,500 (1999 - Nil) were received.

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Loans made to venture corporations . . . . .	\$ 2,127	\$ 2,188
Less: Allowance for doubtful accounts . . . . .	<u>1,671</u>	<u>1,566</u>
	<u>\$ 456</u>	<u>\$ 622</u>

**4. Royalty rights**

During the year, the Fund provided funds (\$5,641,000; 1999 - \$4,545,000) to companies under royalty agreements to provide a return on its investment. The royalty payments are based upon net sales of the company.

**5. Shares**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Preferred shares . . . . .	\$ 7,384	\$ 7,384
Common shares . . . . .	<u>2,723</u>	<u>1,556</u>
	<u>\$ 10,107</u>	<u>\$ 8,940</u>

**6. Provision for concessionary assistance**

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Fund.

The terms of concessionary assistance provided by the Fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Assistance</u>	<u>Provision for</u>	<u>Net</u>	<u>Net</u>
	<u>Outstanding</u>	<u>Concessionary</u>	<u>Book</u>	<u>Book</u>
		<u>Assistance</u>	<u>Value</u>	<u>Value</u>
	(in thousands)			
Loans .....	\$ 51,718	\$ 32,993	\$ 18,725	\$ 6,489
Shares .....	3,884	2,595	1,289	2,964
	<u>\$ 55,602</u>	<u>\$ 35,588</u>	<u>\$ 20,014</u>	<u>\$ 9,453</u>

## 7. Guarantees

Guarantees have been provided for the following purposes:

	<u>2000</u>	<u>1999</u>
	(in thousands)	
Authorized		
Bank loan guarantees .....	\$ <u>147,150</u>	\$ <u>143,600</u>
In effect and utilized		
Bank loan guarantees .....	\$ 40,767	\$ 15,700
In effect but not utilized .....	<u>106,383</u>	<u>127,900</u>
	<u>\$ 147,150</u>	<u>\$ 143,600</u>

During the year, no guarantees were paid out.

## 8. Assistance authorized but unadvanced

	<u>2000</u>	<u>1999</u>
	(in thousands)	
Loans .....	\$ 12,352	\$ 51,968
Shares .....	<u>1,167</u>	<u>2,334</u>
	<u>\$ 13,519</u>	<u>\$ 54,302</u>

## 9. Contributed Surplus

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement. Loans granted under this agreement require Federal Government approval before they can be written-off or forgiven. The Province has asked for permission to write-off the loans, as of the auditors' report date there has been no response from the Federal Government.



**10. Provision for concessionary assistance and possible losses on assistance**

The following is a continuity of the provision:

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Balance, beginning of year . . . . .	\$ 59,407	\$ 71,904
Add: Current year provision . . . . .	9,692	14,341
Deduct: Accounts written-off . . . . .	20,482	24,378
Change in accounting estimate (Note 12). . . . .	<u>---</u>	<u>2,460</u>
Balance, end of year	\$ <u><u>48,617</u></u>	\$ <u><u>59,407</u></u>

**11. Contingency**

The Fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

**12. Change in accounting estimate**

During the prior year, the Fund changes its methods of calculating the allowance for doubtful accounts. Due to the limited number of authorized accounts, it is appropriate to determine reserves on an item by item basis. Management feels a general reserve over this amount is not required. This change in accounting estimate is being accounted for prospectively.

## AUDITOR'S REPORT

To the Minister of Health

I have audited the balance sheet of the Insured Prescription Drug Plan Trust Fund as at March 31, 2000, and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Insured Prescription Drug Plan Trust Fund as at March 31, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
April 28, 2000

**INSURED PRESCRIPTION DRUG PLAN TRUST FUND**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Cash .....	\$ 2,248,043	\$ 2,387,074
Receivables		
Seniors .....	193,644	240,494
Department of Finance .....	13,969	11,957
Miscellaneous .....	24,167	17,700
Department of Health (Note 3) .....	---	7,175,172
Investments (Note 2) .....	9,287,444	598,842
	<u>\$ 11,767,267</u>	<u>\$ 10,431,239</u>

**LIABILITIES**

<b>Current</b>		
Payables and accruals .....	\$ 3,803,928	\$ 3,254,530
Prepaid Premiums .....	5,927,431	7,176,709
Payable to Department of Health (Note 3) .....	2,035,908	---
	<u>\$ 11,767,267</u>	<u>\$ 10,431,239</u>

**Statement of Revenues and Expenses  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Seniors		
Premiums paid by seniors .....	\$ 9,336,912	\$ 12,652,324
Premiums paid from the Low Income Credit Fund (Note 4) .....	---	10,302,127
Co-payments to pharmacies .....	<u>13,409,703</u>	<u>13,249,576</u>
	22,746,615	36,204,027
Department of Health .....	78,038,920	49,651,866
Investment income .....	77,512	1,451,534
	<u>100,863,047</u>	<u>87,307,427</u>
<b>Expenses</b>		
Provider claims .....	<u>100,863,047</u>	<u>99,303,733</u>
<b>Excess of Expenses over Revenues before additional     Provincial Contribution .....</b>	---	(11,996,306)
Additional contribution from Department of Health (Note 5) .....	---	11,996,306
<b>Excess of Revenues over Expenses .....</b>	<u>---</u>	<u>---</u>

**INSURED PRESCRIPTION DRUG PLAN TRUST FUND**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

Seniors' Pharmacare is a voluntary prescription drug insurance plan established, effective April 1, 1995, by Order-In-Council 95-557 and amended by Order-In-Council 1999-68 on February 26, 1999. Contributions made by seniors and government are placed in the Insured Prescription Drug Plan Trust Fund and are used to pay Seniors' Pharmacare program costs. Principle features of the Pharmacare program are:

- Participation in the pharmacare program is optional. Eligible seniors must be 65 years of age and not already have coverage under other government programs or primary drug coverage through a contract of insurance,
- Eligible seniors are required to pay an annual premium of \$215 plus a co-payment fee of 20% of prescription costs to a maximum of \$200 per year. Annual premiums are waived for low-income seniors. Changes to senior co-payment fees for the 2000-2001 fiscal year are discussed in Note 6.
- The Department of Health is responsible for funding program costs net of recoveries from seniors and other income.

**2. Significant Accounting Policies**

**Investments**

Investments consist of government and corporate bonds, and short-term investments. All investments are carried at cost which approximate market value.

**Premium Revenues**

Premium revenues are recorded on the accrual basis.

**Claim Expenses**

Claim expenses are recorded on the accrual basis. Claims, submitted by providers, are subject to audit by the program administrators. Any adjustments to claims as a result of these audits are recorded in the year of settlement.

**Administration of Program**

Maritime Medical Care Inc. administers Seniors' Pharmacare on behalf of the Department of Health, on a cost recovery basis. Administration costs for the year were paid by the Province of Nova Scotia and are not recorded in these financial statements.

**3. Payable to Department of Health**

This payable consists primarily of excess funding received during the year which is repayable to the Department of Health at year end as follows:

	<b>2000</b>	<b>1999</b>
Payable (Receivable) to (from) Department of Health,		
beginning of year. . . . .	\$ (7,175,172)	\$ (3,384,303)
Add: Payments from Department of Health. . . . .	87,250,000	57,857,303
Less: Net program expenses . . . . .	(78,038,920)	(61,648,172)
Payable (Receivable) to (from) Department of Health,		
end of year. . . . .	\$ 2,035,908	\$ (7,175,172)

**4. Low Income Credit Fund**

The Insured Prescription Drug Plan Low Income Credit Fund was established pursuant to Order-In-Council 95-558 on July 25, 1995. For the 1998-1999 and prior fiscal years, the province of Nova Scotia provided annual contributions to the Low Income Credit Fund to assist low income seniors with premium and co-payment costs.

In 1999-2000 and subsequent years, pursuant to Order-In-Council 1999-68, premiums for low income seniors have been waived and the Low Income Credit Fund has been eliminated.

**5 Additional Contribution from Department of Health**

In previous years, contributions from seniors were intended to cover 50% of program expenses. In prior fiscal years, revenues from seniors were insufficient to cover the 50% contribution. An additional contribution of \$11,996,306 was made by the Department of Health to fund the shortfall during the 1998-1999 fiscal year.

In 1999-2000, Order-in-Council 1999-68 eliminated the 50% sharing of costs between the Department of Health and seniors. The Department of Health now funds 100% of net program costs.

**6. Subsequent Event**

**Co-Payment Contributions**

Effective April 12, 2000, co-payment fees increased to 33% of prescription costs to a maximum of \$350 per year. An estimate of the financial impact of these changes is not determinable at this time.

**Seniors' Pharmacare Board**

Effective April 1, 2000, the Minister of Health announced that the Seniors' Pharmacare Board of Directors will be disbanded. The Seniors' Secretariat, who report to the Minister of Health on behalf of the Pharmacare Program, and associated seniors and councils will act in an advisory capacity as required.

**7. Comparative Figures**

Prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

## AUDITORS' REPORT

To the Board of The Izaak Walton Killam Grace  
Health Centre for Children, Women & Families

We have audited the balance sheet of The Izaak Walton Killam Grace Health Centre for Children, Women & Families as at March 31, 2000 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Canada  
May 25, 2000

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 11,137,000	\$ 2,210,000
Receivables (Note 3) . . . . .	10,580,000	6,773,000
Receivable from the Health Centre Foundations . . . . .	640,000	854,000
Inventories . . . . .	949,000	821,000
Prepays . . . . .	481,000	1,304,000
	23,787,000	11,962,000
Property and equipment (Note 4) . . . . .	102,797,000	102,817,000
Investments, at cost (Note 5) . . . . .	1,987,000	2,175,000
	\$ 128,571,000	\$ 116,954,000

**LIABILITIES**

<b>Current</b>		
Payables and accruals (Note 6) . . . . .	\$ 14,899,000	\$ 15,524,000
Deferred revenue - DOH advance . . . . .	4,071,000	6,515,000
	18,970,000	22,039,000
Appropriations and reserves (Note 8) . . . . .	6,819,000	4,287,000
	25,789,000	26,326,000

**FUND BALANCES (Page 4)**

Capital Fund . . . . .	102,797,000	102,817,000
Operating Fund (deficiency) . . . . .	(15,000)	(13,457,000)
General Fund . . . . .	---	1,268,000
	102,782,000	90,628,000
	\$ 128,571,000	\$ 116,954,000

Commitment (Note 13)

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Operations  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Inpatient, outpatient and clinics. . . . .	\$ 93,536,000	\$ 77,970,000
Department of Community Services. . . . .	2,138,000	2,171,000
Rentals, recoveries and sales . . . . .	4,876,000	5,995,000
Mental health. . . . .	5,738,000	5,943,000
Grants from Health Centre Foundations. . . . .	150,000	1,400,000
	<u>106,438,000</u>	<u>93,479,000</u>
<b>Expenses</b>		
Children's acute and continuing care. . . . .	16,162,000	15,114,000
Children's acute and emergency care. . . . .	14,691,000	14,563,000
Maternal and newborn health. . . . .	22,834,000	20,410,000
Mental health services . . . . .	7,531,000	7,486,000
Women's health . . . . .	3,945,000	3,797,000
Maritime health and partnership . . . . .	460,000	436,000
Professional and academic. . . . .	13,294,000	12,433,000
Operations and support . . . . .	25,446,000	26,224,000
Executive offices and administration . . . . .	842,000	975,000
Non portable . . . . .	1,248,000	1,388,000
	<u>106,453,000</u>	<u>102,826,000</u>
Net loss from operations . . . . .	<u>\$ (15,000)</u>	<u>\$ (9,347,000)</u>

See accompanying notes to the financial statements.



**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Fund Balances  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Capital Fund</b>		
Balance, beginning of year . . . . .	\$ 102,817,000	\$ 103,014,000
Funding for capital additions		
Capital grants . . . . .	1,667,000	1,560,000
Specified donations for equipment . . . . .	112,000	242,000
DOH Y2K funding . . . . .	1,208,000	231,000
Transfers from appropriations and reserves . . . . .	3,602,000	2,707,000
Transfer from operations . . . . .	---	1,049,000
	6,589,000	5,789,000
Capital debt repayment . . . . .	(209,000)	(145,000)
Depreciation . . . . .	(6,400,000)	(5,841,000)
	(6,609,000)	(5,986,000)
Balance, end of year . . . . .	\$ 102,797,000	\$ 102,817,000

**Operating Fund Deficiency**

Balance, beginning of year . . . . .	\$ (13,457,000)	\$ (3,061,000)
Funding from Department of Health . . . . .	13,457,000	---
Net loss from operations . . . . .	(15,000)	(9,347,000)
Transfer to capital fund . . . . .	---	(1,049,000)
Balance, end of year . . . . .	\$ (15,000)	\$ (13,457,000)

**General Fund**

Balance, beginning of year . . . . .	\$ 1,268,000	\$ 1,268,000
Investment income . . . . .	---	127,000
Transfer to appropriations . . . . .	(1,268,000)	---
Investment income paid to operations . . . . .	---	(127,000)
Balance, end of year . . . . .	\$ ---	\$ 1,268,000

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Cash Flows  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net loss for the year. . . . .	\$ (15,000)	\$ (9,347,000)
(Gain) loss on sale of investments . . . . .	(19,000)	5,000
	<u>(34,000)</u>	<u>(9,342,000)</u>
Change in non-cash operating working capital (Note 12) . . . . .	<u>(3,565,000)</u>	<u>8,718,000</u>
	<u>(3,599,000)</u>	<u>(624,000)</u>
<b>Financing</b>		
Accumulated deficit covered by Department of Health. . . . .	13,457,000	---
Net distribution of General Fund. . . . .	(1,268,000)	---
Construction grant. . . . .	---	2,475,000
Capital debt repayment . . . . .	(209,000)	(145,000)
Capital grants. . . . .	1,667,000	1,560,000
Demand loan . . . . .	---	(1,500,000)
Note payable. . . . .	---	(90,000)
Specified donations for equipment. . . . .	112,000	242,000
Y2K Capital financing . . . . .	1,208,000	231,000
Transfers from appropriations and reserves . . . . .	3,602,000	2,707,000
	<u>18,569,000</u>	<u>5,480,000</u>
<b>Investing</b>		
Proceeds on sale of investments, net of purchases . . . . .	207,000	121,000
Purchase of property and equipment. . . . .	(6,380,000)	(5,644,000)
Deposit - Salvation Army . . . . .	---	339,000
Employee advances (net). . . . .	130,000	240,000
Capital pledge receivable. . . . .	---	90,000
	<u>(6,043,000)</u>	<u>(4,854,000)</u>
Net increase in cash and cash equivalents . . . . .	8,927,000	2,000
Cash and cash equivalents		
Beginning of year. . . . .	<u>2,210,000</u>	<u>2,208,000</u>
End of year. . . . .	<u>\$ 11,137,000</u>	<u>\$ 2,210,000</u>

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Notes to the Financial Statements  
March 31,2000**

**1. Purpose of Organization**

The IWK Grace Health Centre provides quality care for children, women and families in the three Maritime Provinces and beyond. It is a tertiary care health centre dedicated to family-centred care, education, research and health promotion. The IWK Grace Health Centre offers a broad range of health services to women, children, and their families. The IWK Grace Health Centre is committed to helping children and women in the Maritimes be the healthiest in the world.

The IWK Grace Health Centre is a not-for-profit organization and is a registered charity under the Income Tax Act.

**2. Summary of significant accounting policies**

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

**Inventories**

Inventories are valued at the lower of cost and replacement cost.

**Property and equipment**

Property and equipment assets are stated at cost. Depreciation is provided on the straight-line basis over the expected useful life of the asset as determined by the Canadian Hospital Accounting Manual:

Buildings and service equipment	2% to 2.5%
Major equipment	
Shareable, various	5% to 20%
Non-shareable, various	5% to 20%

**Investments**

All investments are recorded at cost except donated investments which are recorded at values assigned at a date of acquisition.

**Appropriations and reserves**

Appropriations and reserves represent the balance of unexpended funds allocated for approved research, capital equipment and special purposes.

**Donations**

Specified donations transferred from the Foundations are recorded as direct additions either to appropriations and reserves or funds held in trust, depending on the source or specified purpose thereof.

**3. Receivables**

	<b>2000</b>	<b>1999</b>
Patients and other accounts receivable, net of allowance for doubtful accounts of \$170,000 (1999 - \$256,000) . . . \$	4,286,000 \$	3,818,000
Nova Scotia Department of Health		
Estimated year end adjustments . . . . .	6,294,000	480,000
Construction grant . . . . .	---	2,475,000
	<u>\$ 10,580,000</u>	<u>\$ 6,773,000</u>

The estimated year end adjustments are comprised of:

Y2K expenditures . . . . .	\$ 689,000
Accumulated deficit 1998/1999 . . . . .	4,684,000
Urgent capital . . . . .	681,000
Labour adjustment funding . . . . .	240,000
	<u>\$ 6,294,000</u>

Of the total receivable from the Nova Scotia Department of Health, \$1,852,000 was received in April 2000.

**4. Property and equipment**

			<b>2000</b>	<b>1999</b>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land . . . . . \$	3,854,000 \$	---	3,854,000 \$	3,854,000
Building and service equipment . . . . .	104,138,000	20,314,000	83,824,000	83,162,000
Major equipment . . . . .	31,389,000	16,445,000	14,944,000	15,615,000
Group home . . . . .	206,000	31,000	175,000	186,000
	<u>\$ 139,587,000</u>	<u>\$ 36,790,000</u>	<u>\$ 102,797,000</u>	<u>\$ 102,817,000</u>

**5. Investments, at cost**

	<b>2000</b>		<b>1999</b>	
	Book Value	Market Value	Book Value	Market Value
Short term investment . . . . . \$	-- \$	-- \$	4,000 \$	4,000
Bonds and debentures . . . . .	1,547,000	1,467,000	1,766,000	1,741,000
Canadian stocks . . . . .	391,000	491,000	390,000	327,000
Foreign stocks . . . . .	49,000	53,000	15,000	22,000
	<u>\$ 1,987,000</u>	<u>\$ 2,011,000</u>	<u>\$ 2,175,000</u>	<u>\$ 2,094,000</u>

Short term investments, bonds and debentures have interest rates ranging from 6.0% to 9.85% and maturity dates ranging from December 2000 to December 2006.

<b>6. Payables and accruals</b>	<b>2000</b>	<b>1999</b>
Trade payables . . . . .	\$ 5,767,000	\$ 4,425,000
Accrued salaries and benefits . . . . .	7,492,000	9,463,000
Funds held on behalf of others . . . . .	1,431,000	1,286,000
Nova Scotia Department of Health . . . . .	209,000	350,000
	<u>\$ 14,899,000</u>	<u>\$ 15,524,000</u>

**7. Demand loan**

The Health Centre has been approved for a line of credit of \$2,000,000. At year end, no amount has been advanced on the line of credit from the Royal Bank (1999 - \$Nil). Any outstanding amount is repayable on demand and bears interest at prime plus 3/4%.

**8. Appropriations and reserves**

**2000**                      **1999**

The following is a summary of the amounts in appropriations and reserves:

Capital		
Air quality renovations . . . . .	\$ 245,000	\$ 762,000
Equipment . . . . .	3,678,000	348,000
General renovations . . . . .	343,000	---
Civic hospital project . . . . .	258,000	540,000
	<u>4,524,000</u>	<u>1,650,000</u>
Board fellowship . . . . .	126,000	62,000
Windsor fellowship . . . . .	63,000	150,000
Neonatal fellowship . . . . .	129,000	---
Perinatal database/reproductive endocrine . . . . .	68,000	123,000
Research funds . . . . .	1,901,000	2,294,000
Memorial funds . . . . .	8,000	8,000
	<u>\$ 6,819,000</u>	<u>\$ 4,287,000</u>

The following is a summary of the continuity of appropriations and reserves:

Balance, beginning of year . . . . .	\$ <u>4,287,000</u>	\$ <u>3,526,000</u>
Grants from Health Centre Charitable Foundations . . . . .	4,570,000	3,320,000
Department of Health funding . . . . .	2,992,000	1,418,000
Donated equipment . . . . .	112,000	242,000
Research funding . . . . .	1,989,000	2,725,000
Transfer from other funds		
General . . . . .	1,268,000	---
Operating . . . . .	---	1,107,000
Other funding . . . . .	1,104,000	191,000
	<u>12,035,000</u>	<u>9,003,000</u>
Transfer to capital fund . . . . .	(6,604,000)	(5,620,000)
Disbursements		
Research . . . . .	(2,381,000)	(2,331,000)
Other . . . . .	(518,000)	(291,000)
	<u>(9,503,000)</u>	<u>(8,242,000)</u>
Balance, end of year . . . . .	<u>\$ 6,819,000</u>	<u>\$ 4,287,000</u>

**9. Capital debt repayment**

As part of the assumption of capital debt by the Nova Scotia Department of Health, the Health Centre is required to make an annual capital debt payment based on its "ability to pay" which is calculated at the annual per capita tax grant and 12 1/2% of the room differential as at March 31, 2000. The Health Centre is required to make this annual payment until the year 2002.

**10. Retirement allowances**

It was not possible to make a reasonable estimate of retirement allowances payable. Accordingly, no amount has been recorded as a payable in these financial statements.

**11. Pension plan**

The Health Centre participates in a multi-employer plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1997 and indicates a funding surplus. The Health Centre's pension expense for the year amounted to \$3,260,000 (1999 - \$2,839,000).

**12. Supplement cash flow information**

	<b>2000</b>	<b>1999</b>
Change in non-cash operating working capital:		
Receivables . . . . .	\$ (3,937,000)	\$ 2,797,000
Receivable from Health Centre Foundations . . . . .	214,000	142,000
Inventories . . . . .	(128,000)	256,000
Prepays . . . . .	823,000	(132,000)
Payables and accruals. . . . .	(625,000)	1,516,000
Deferred revenue . . . . .	(2,444,000)	3,378,000
Appropriations and reserves, net . . . . .	<u>2,532,000</u>	<u>761,000</u>
	<u>\$ (3,565,000)</u>	<u>\$ 8,718,000</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks . . . . .	<u>\$ 11,137,000</u>	<u>\$ 2,210,000</u>

**13. Commitment**

The Health Centre has entered into a contract to upgrade the mechanical and electrical systems. The total project is budgeted for \$4,400,000, of which \$3,300,000 was funded from the Department of Health. To date, capital expenditures on this project amount to \$4,155,000. The project is expected to be completed by September 2000.

**14. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**LAW REFORM COMMISSION OF NOVA SCOTIA**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

		<b>2000</b>
<b>Current Assets</b>		
Petty Cash . . . . .	\$	25.00
Bank Operating Account . . . . .	4,612.89	
T-Bill Account . . . . .	<u>50,186.66</u>	
Total Cash . . . . .		54,799.55
Prepaid Expenses . . . . .		1,156.75
HST Receivable . . . . .		2,872.10
GST Receivable . . . . .		<u>21.21</u>
<b>Total Current Assets . . . . .</b>		<u><u>58,874.61</u></u>
<b>Fixed Assets</b>		
Computer Office Equipment . . . . .	11,795.83	
Accum Computer Office Equipment . . . . .	<u>(11,795.83)</u>	
Net Office Equipment . . . . .		<u>---</u>
<b>Total Fixed Assets . . . . .</b>		<u>---</u>
<b>Total Assets . . . . .</b>	<b>\$</b>	<u><u>58,874.61</u></u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accrued Salary . . . . .	\$	513.05
Accrued Vacation Payable . . . . .		6,514.62
Accounts Payable . . . . .		41,238.29
UIC Payable . . . . .	---	
CPP Payable . . . . .	---	
Income Tax Payable . . . . .	<u>---</u>	
Receiver General Payable . . . . .		<u>---</u>
<b>Total Current Liabilities . . . . .</b>		<u><u>48,265.96</u></u>
<b>Total Liabilities . . . . .</b>	<b>\$</b>	<u><u>48,265.96</u></u>

**EQUITY**

<b>Surplus</b>		
Surplus Beginning of Year . . . . .		31,707.66
Surplus Current Year . . . . .		<u>(21,099.01)</u>
<b>Accumulated Surplus . . . . .</b>		<u><u>10,608.65</u></u>
<b>Total Equity . . . . .</b>		<u><u>10,608.65</u></u>
<b>Liabilities and Equity . . . . .</b>	<b>\$</b>	<u><u>58,874.61</u></u>

**LAW REFORM COMMISSION OF NOVA SCOTIA**

**Income Statement  
as at March 31, 2000**

	<b>2000</b>
<b>Revenue</b>	
<b>Operating &amp; Project Income</b>	
Dept. of Justice . . . . .	\$ 150,000.00
NS Law Foundation Contribution . . . . .	40,000.00
Interest Income . . . . .	2,674.27
<b>Total Contributions</b> . . . . .	<u>192,674.27</u>
<b>Total Revenue</b> . . . . .	<u>192,674.27</u>
 <b>Expense</b>	
<b>Administrative Expenses</b>	
Wages . . . . .	159,101.11
EI . . . . .	1,478.70
CPP . . . . .	1,231.46
Group Insurance Expense . . . . .	<u>1,029.20</u>
<b>Total Personnel Related</b> . . . . .	162,840.47
Advertising . . . . .	130.20
Non Legal Consultants Fees . . . . .	3,158.40
Commissioners Fees & Expenses . . . . .	7,077.47
Electrical Expense . . . . .	967.50
Meeting Costs . . . . .	1,738.28
Library . . . . .	1,237.42
Accounting Fees . . . . .	400.00
Membership Fees . . . . .	400.00
Professional Fees . . . . .	871.44
Computer Repairs . . . . .	330.00
Internet . . . . .	345.00
Staff Expenses . . . . .	155.02
Temp Staff Expense . . . . .	1,565.50
Rent . . . . .	17,682.60
Office Equipment Rental . . . . .	3,039.40
Insurance . . . . .	<u>507.00</u>
<b>Total Premises Related</b> . . . . .	21,229.00
Office Supplies . . . . .	1,790.42
Parking . . . . .	25.00
Photocopy/Printing . . . . .	1,932.41
Postage & Courier . . . . .	1,021.88
Telephone Expense . . . . .	3,687.74
Travel/Conference/Workshop . . . . .	2,251.74
Staff Deve. & Reg. Fees . . . . .	220.00
Office Equipment Maintenance . . . . .	<u>236.45</u>
<b>Total Office Related</b> . . . . .	11,165.64
Bank Charges . . . . .	257.34
HST Paid on Purchases . . . . .	(103.00)
GST Paid on Purchases . . . . .	<u>7.60</u>
<b>Total Administration</b> . . . . .	<u>213,773.28</u>
<b>Total Expense</b> . . . . .	<u>213,773.28</u>
<b>Net Income</b> . . . . .	<u>\$ (21,099.01)</u>



## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of the accounts established under the Members' Retiring Allowances Act for the year ended March 31, 2000. This financial statement is the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this statement presents fairly, in all material respects, the transactions of the accounts established under the Members' Retiring Allowances Act for the year ended March 31, 2000 in accordance with the provisions of the Members' Retiring Allowances Act as disclosed in the notes to the financial statement.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 30, 2000 (except as to Note 3 which is as of December 8, 2000)

**STATEMENT OF THE ACCOUNTS ESTABLISHED UNDER  
THE MEMBERS' RETIRING ALLOWANCES ACT**

**for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 43,668,800	\$ 43,904,000
Add:		
Standard contributions		
Members . . . . .	294,034	264,187
Government . . . . .	294,035	264,187
Interest . . . . .	3,653,957	3,661,259
Additional government contributions (Note 3) . . . . .	<u>868,529</u>	<u>781,995</u>
	<u>5,110,555</u>	<u>4,971,628</u>
Deduct:		
Allowances (pensions) . . . . .	2,731,572	2,604,090
Professional services . . . . .	9,132	8,746
Refunds - contributions . . . . .	76,672	331,477
- interest . . . . .	1,766	31,679
Actuarial adjustment (Note 3) . . . . .	<u>2,238,213</u>	<u>2,230,836</u>
	<u>5,057,355</u>	<u>5,206,828</u>
Balance, end of year . . . . .	<u>\$ 43,722,000</u>	<u>\$ 43,668,800</u>
Note:		
Number of contributors during the year . . . . .	69	47
Number of persons receiving allowances during the year . . . . .	104	98

**THE ACCOUNTS ESTABLISHED UNDER  
THE MEMBERS' RETIRING ALLOWANCES ACT**

**Notes to Financial Statement  
for the year ended March 31, 2000**

**1. Authority and Description of Plans**

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities, allowances and salaries and the Province contributes an equal amount. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the three highest years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

**2. Significant Accounting Policies**

In accordance with the provisions of the Members' Retiring Allowances Act this financial statement has been prepared on a modified cash basis of accounting. Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually.

For reporting purposes, the contributions and allowances under the Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account are combined.

**3. Actuarial Valuation**

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of liabilities as at the valuation date, calculated on the basis of various assumptions with respect to pension plan costs and interest rates. The latest actuarial valuation was conducted by Eckler Partners Ltd. based on information as of December 31, 1999.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the projected average indemnities, allowances and salaries at the date of retirement.

The valuation indicated that at December 31, 1999 the accounts had actuarial liabilities of \$43,305,700. The liability accounts at the same date had balances totalling \$45,387,400 giving rise to an accounting surplus of \$2,081,700. The valuation was based on the following key assumptions.

- |                           |   |
|---------------------------|---|
| Investment earnings       | - pre-retirement rate of 7.5%   |
|                           | - post-retirement rate of 4.37% (net of assumed pensioner cost-of-living increases per annum) |
| Salary escalation         | - 3% per annum  |
| Cost of living escalation | - 3%  |

During the year, the Province made additional contributions of \$868,529 (1999 - \$781,995). This was based on the December 31, 1999 valuation which indicated that the Province would be required to contribute 42.4% of total payroll (indemnities, allowances and salaries) of contributing members, including the 10% matching portion.

An Eckler Partners Ltd. prepared estimate as at March 31, 2000, calculated the surplus in the accounts at \$2,238,213. The accounts were adjusted to reflect this revised estimate of actuarial values.

## AUDITORS' REPORT

To the Board of Director of the  
Northern Regional Health Board

We have audited the statement of financial position of Northern Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Regional Health Board as at March 31, 2000 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Truro, Nova Scotia  
June 16, 2000

**NORTHERN REGIONAL HEALTH BOARD**

**Statement of Financial Position  
Year ended March 31, 2000**

**ASSETS**

	Operating Fund	Capital Fund	Endowment Fund	<b>Total 2000</b>	<b>Total 1999</b>
Current					
Cash and					
cash equivalents. . . . .	\$ 5,105,696	\$ 2,469,721	\$ 367,237	\$ 7,942,654	\$ 3,487,653
Receivables (Note 3) . . . . .	5,983,134	7,383,969	---	13,367,103	4,659,205
Due from (to)					
other funds . . . . .	2,309,428	(2,309,313)	(115)	---	---
Inventories . . . . .	791,083	---	---	791,083	687,552
Prepays. . . . .	408,000	7,218	---	415,218	1,425,431
	<u>14,597,341</u>	<u>7,551,595</u>	<u>367,122</u>	<u>22,516,058</u>	<u>10,259,841</u>
Capital assets (Note 4) . . . . .	---	79,719,936	---	79,719,936	68,855,230
	<u>\$ 14,597,341</u>	<u>\$ 87,271,531</u>	<u>\$ 367,122</u>	<u>\$ 102,235,994</u>	<u>\$ 79,115,071</u>

**LIABILITIES**

Current					
Payables and accruals					
(Note 5). . . . .	\$ 10,511,179	\$ 6,642,786	\$ ---	\$ 17,153,965	\$ 18,170,501
Deferred revenue. . . . .	4,086,162	256,719	---	4,342,881	5,076,674
Current portion of long					
term debt . . . . .	---	142,087	---	142,087	387,609
	<u>14,597,341</u>	<u>7,041,592</u>	<u>---</u>	<u>21,638,933</u>	<u>23,634,784</u>
Long term debt					
(Note 6). . . . .	---	542,977	---	542,977	1,322,918
	<u>14,597,341</u>	<u>7,584,569</u>	<u>---</u>	<u>22,181,910</u>	<u>24,957,702</u>

**FUND BALANCES (Page 4)**

Restricted. . . . .	---	685,064	242,764	927,828	855,369
Unrestricted . . . . .	---	---	124,358	124,358	(13,243,053)
Capital . . . . .	---	79,001,898	---	79,001,898	66,545,053
	---	79,686,962	367,122	80,054,084	54,157,369
	<u>\$ 14,597,341</u>	<u>\$ 87,271,531</u>	<u>\$ 367,122</u>	<u>\$ 102,235,994</u>	<u>\$ 79,115,071</u>

Contingency and commitments (notes 10 and 11)

See accompanying notes to the financial statements.

**NORTHERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Operating Fund  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Nova Scotia Department of Health . . . . .	\$ 84,811,437	\$ 71,338,238
Charges to M.S.I. . . . .	4,269,732	4,060,674
Department of Veterans Affairs . . . . .	2,046,511	1,539,481
In-patients. . . . .	1,702,723	1,451,297
Out-patients . . . . .	1,429,874	1,441,785
Long term care . . . . .	693,428	696,266
Rental income . . . . .	830,706	653,894
Investment income. . . . .	85,194	183,075
Foundations . . . . .	50,700	72,867
Other income . . . . .	563,819	542,874
	<u>96,484,124</u>	<u>81,980,451</u>
<b>Expenses</b>		
In-patient services. . . . .	32,985,912	30,790,954
Ambulatory services. . . . .	17,179,372	14,530,836
Diagnostic and therapeutic services . . . . .	15,716,189	14,385,993
Support services. . . . .	22,899,703	20,362,383
Public health services. . . . .	2,263,004	2,178,269
Drug addiction services . . . . .	2,776,012	2,496,732
Early departure and retirement incentives . . . . .	343,531	482,897
Rental expenses . . . . .	513,973	469,464
Year 2000 remediation. . . . .	946,130	221,687
Education and library . . . . .	287,449	272,146
Transfer to restricted surplus . . . . .	---	468,552
Increase in vacation pay accrual . . . . .	572,849	635,810
	<u>96,484,124</u>	<u>87,295,723</u>
Excess of revenue over expenses (expenses over revenues). . . . .	<u>---</u>	<u>\$ (5,315,272)</u>

See accompanying notes to the financial statements.

**NORTHERN REGIONAL HEALTH BOARD**

**Statement of Changes in Fund Balances  
Year ended March 31, 2000**

	Operating Fund	Capital Fund	Endow- ment Fund	<b>Total 2000</b>	<b>Total 1999</b>
<b>Restricted</b>					
Balance, beginning					
of year. . . . .	\$ 661,700	\$ ---	\$ 193,669	\$ 855,369	\$ 359,450
Transfer to unrestricted. . . . .	(661,700)	---	---	(661,700)	---
Excess of revenues					
over expenses. . . . .	---	---	14,857	14,857	8,491
Transfer from unstricted					
(Note 9). . . . .	---	685,064	---	685,064	---
Interfund transfer - capital					
asset funding. . . . .	---	---	---	---	(90,081)
Interfund transfer -					
Endowments. . . . .	---	---	---	---	46,425
Prior year program					
residuals. . . . .	---	---	---	---	26,290
Contributions . . . . .	---	---	34,238	34,238	36,242
Transfer from operations					
(Page 3) . . . . .	---	---	---	---	468,552
Balance, end of year . . . . .	<u>\$ ---</u>	<u>\$ 685,064</u>	<u>\$ 242,764</u>	<u>\$ 927,828</u>	<u>\$ 855,369</u>
 <b>Unrestricted</b>					
Balance, beginning					
of year. . . . .	\$ (13,678,326)	\$ 66,545,053	\$ 435,273	\$ 53,302,000	\$ 60,313,792
Transfer from restricted. . . . .	661,700	---	---	661,700	---
Department of Health					
(Note 9). . . . .	13,016,626	6,094,407	---	19,111,033	---
Excess (deficiency) of					
revenues over expenses. . .	---	28,561	34,358	62,919	(5,289,341)
Capital asset funding					
Department of Health. . . .	---	9,236,152	---	9,236,152	991,829
Foundations. . . . .	---	2,430,825	---	2,430,825	1,477,443
Auxiliaries . . . . .	---	96,448	---	96,448	150,276
Other. . . . .	---	38,130	---	38,130	84,805
Transfer to restricted					
(Note 9). . . . .	---	(685,064)	---	(685,064)	---
Interfund transfer -					
Endowments. . . . .	---	---	---	---	(46,425)
Interfund transfer - capital					
asset funding. . . . .	---	435,273	(435,273)	---	90,081
Capital debt charges					
funding . . . . .	---	---	---	---	305,729
Capital debt assistance					
preferred					
accommodations . . . . .	---	5,124	---	5,124	86,451
Contributions . . . . .	---	---	90,000	90,000	---
Amortization . . . . .	---	(5,090,474)	---	(5,090,474)	(4,676,694)
Capital debt charges. . . . .	---	(132,537)	---	(132,537)	(185,946)
Balance, end of year. . . . .	<u>\$ ---</u>	<u>\$ 79,001,898</u>	<u>\$ 124,358</u>	<u>\$ 79,126,256</u>	<u>\$ 53,302,000</u>

See accompanying notes to the financial statements



**NORTHERN REGIONAL HEALTH BOARD**

**Statements of Cash Flows  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents		
<b>Operations</b>		
Excess of expenses over revenues		
Operating Fund . . . . . \$	---	\$ (5,315,272)
Department of Health (Note 9) . . . . .	13,016,626	---
Transfer to surpluses . . . . .	---	468,552
Prior year program residuals . . . . .	---	26,290
Contributions - Endowment Fund . . . . .	124,358	36,242
Excess of revenues over expenses - Capital Fund . . . . .	28,561	---
Excess of revenues over expenses - Endowment Fund . . . . .	49,095	34,422
	13,218,640	(4,749,766)
 Change in non-cash working capital		
Receivables . . . . .	(8,707,898)	(1,373,695)
Inventories . . . . .	(103,531)	4,766
Prepaid expenses . . . . .	1,010,213	(106,162)
Payables and accruals . . . . .	(1,016,536)	5,747,865
Deferred revenue . . . . .	(733,793)	850,886
	3,667,095	373,894
 <b>Financing and investing</b>		
Department of Health (Note 9) . . . . .	6,094,407	---
Capital asset funding . . . . .	11,801,555	2,704,353
Capital debt assistance from preferred accommodations . . . . .	5,124	86,451
Capital debt charges funding . . . . .	---	305,729
Capital debt charges . . . . .	(132,537)	(185,946)
Interfund transfer - capital asset funding . . . . .	435,273	90,081
Long term debt proceeds . . . . .	---	617,815
Purchase of capital assets . . . . .	(15,955,180)	(3,474,181)
Repayment of long term debt . . . . .	(1,025,463)	(208,996)
	1,223,179	(64,694)
Decrease in restricted funds . . . . .	(435,273)	(90,081)
	787,906	(154,775)
 Net increase in cash and cash equivalents . . . . .	4,455,001	219,119
 Cash and cash equivalents, beginning of year . . . . .	3,487,653	3,268,534
 Cash and cash equivalents, end of year . . . . . \$	7,942,654	\$ 3,487,653

See accompanying notes to the financial statements.

**NORTHERN REGIONAL HEALTH BOARD**

**Notes to the Financial Statements  
March 31, 2000**

**1. Nature of operations**

The Northern Regional Health Board was formed by an Act of the Province of Nova Scotia, as assented to by the Lieutenant Governor, on June 30, 1994. On October 1, 1996, the Board acquired the assets and assumed the liabilities of nine individual acute care facilities and community health centres.

The Northern Regional Health Board's mission is to improve the health of our communities through the efficient and effective use of resources and a commitment to consult with stakeholders.

**2. Summary of significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Fund accounting**

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Northern Regional Health Board's capital assets. Endowment contributions are reported in the Endowment Fund.

**Revenue recognition**

The Northern Regional Health Board follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in Endowment Fund net assets.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

**Capital assets**

Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

**Investments**

Investments are recorded at the lower of cost or market value.

**Inventories**

Inventories are recorded at the lower of cost or replacement value.

**Compensation accruals**

The Northern Regional Health Board follows the policy of recording the vacation pay liability. Retirement allowances, accumulated overtime and call back are not accrued in the financial statements and are expensed in the year in which they are incurred.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

**3. Receivables**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
Charges to M.S.I. . . . .	\$ 227,309	\$ ---	\$ 227,309	\$ 289,030
Foundations and Auxiliaries	58,845	1,655,607	1,714,452	1,996,039
Department of Veteran Affairs- final settlement .	213,215	---	213,215	---
Harmonized Sales Tax . . . . .	429,922	507,399	937,321	875,272
Patients. . . . .	716,291	---	716,291	718,333
Other . . . . .	387,169	54,286	441,455	657,261
	<u>2,032,751</u>	<u>2,217,292</u>	<u>4,250,043</u>	<u>4,535,935</u>
Nova Scotia Department of Health				
Construction and equipment. . . . .	---	5,166,677	5,166,677	123,270
Final settlement. . . . .	275,215	---	275,215	---
Other. . . . .	70,799	---	70,799	---
Vacation pay. . . . .	3,604,369	---	3,604,369	---
	<u>3,950,383</u>	<u>5,166,677</u>	<u>9,117,060</u>	<u>123,270</u>
	<u>\$ 5,983,134</u>	<u>\$ 7,383,969</u>	<u>\$ 13,367,103</u>	<u>\$ 4,659,205</u>

The resolution of final settlement estimates are dependent upon approval of the Department of Veterans Affairs. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>2000</b>	<b>1999</b>
				<b>Net Book Value</b>	<b>Net Book Value</b>
Land . . . . .	\$ 223,672	\$ ---	\$ 223,672	\$ 223,672	\$ 223,672
Land improvements . . . . .	939,714	276,950	662,764	662,764	502,570
Buildings. . . . .	82,996,301	20,377,393	62,618,908	62,618,908	59,086,774
Equipment . . . . .	30,444,720	19,823,248	10,621,472	10,621,472	6,766,522
Equipment under capital lease. . . . .	1,615,286	789,529	825,757	825,757	1,014,860
Construction in progress . . .	4,767,363	---	4,767,363	4,767,363	1,260,832
	<u>\$ 120,987,056</u>	<u>\$ 41,267,120</u>	<u>\$ 79,719,936</u>	<u>\$ 79,719,936</u>	<u>\$ 68,855,230</u>

**5. Payables and accruals**

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade . . . . .	\$ 6,317,109	\$ 4,413,901	\$ 10,731,010	\$ 8,132,325
Vacation pay . . . . .	4,177,219	---	4,177,219	3,604,369
Foundation . . . . .	---	2,218,923	2,218,923	---
Department of Veteran Affairs final settlement . . . . .	---	---	---	35,956
	<u>10,494,328</u>	<u>6,632,824</u>	<u>17,127,152</u>	<u>11,772,650</u>
 Nova Scotia Department of Health				
Advance . . . . .	---	---	---	3,083,518
Current business plan repayment . . . . .	---	---	---	620,000
Final settlement - prior years . . .	---	---	---	2,611,348
Retirement incentives . . . . .	---	---	---	(423,093)
Capital debt assistance . . . . .	---	---	---	86,451
Construction . . . . .	---	9,962	9,962	419,627
Other . . . . .	16,851	---	16,851	---
	<u>16,851</u>	<u>9,962</u>	<u>26,813</u>	<u>6,397,851</u>
	<u>\$ 10,511,179</u>	<u>\$ 6,642,786</u>	<u>\$ 17,153,965</u>	<u>\$ 18,170,501</u>

**6. Long term debt**

Obligations under capital leases

Banker's Acceptance Capital Corporation maturing in 2006; TeleHealth Services maturing in 2001; and Toshiba of Canada Limited maturing in 2005. The capital leases are secured by specific equipment.

Future minimum lease payments are as follows:	2000	1999
2000 . . . . .	\$ ---	\$ 278,997
2001 . . . . .	195,432	275,225
2002 . . . . .	170,173	198,289
2003 . . . . .	120,114	129,780
2004 . . . . .	120,114	120,114
2005 . . . . .	95,705	95,705
Subsequently . . . . .	<u>173,287</u>	<u>174,185</u>
	874,825	1,272,295
Less: amount representing interest on capital leases at varying rates of 7.2% to 10% . . . . .	<u>189,761</u>	<u>274,717</u>
	685,064	997,578
CIBC capital financing repaid during the year . . . . .	<u>---</u>	<u>712,949</u>
	685,064	1,710,527
Less: current portion . . . . .	<u>142,087</u>	<u>387,609</u>
	<u>\$ 542,977</u>	<u>\$ 1,322,918</u>

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to Aberdeen Hospital Commission before designation. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value at the time of designation (\$408,354) or fair market value is to be repaid to the foundation on an item by item basis.

**7. Pension Plan**

The Northern Regional Health Board participates in a multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1999 and showed a surplus of \$130 million. The Northern Regional Health Board's pension expense for the year amounted to \$2,489,653 (1999 - \$2,172,901).

**8. Credit Facilities**

On December 10, 1999, the board entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling \$4,000,000 and term borrowing arrangement of \$3,000,000. As of March 31, 2000 there was no borrowing outstanding against the credit facilities.

**9. Department of Health**

During the year, the Nova Scotia Department of Health agreed to fund the accumulated deficit and capital debt of the Northern Health Board as of March 31, 1999. The amount consisted of \$13,016,626 related to the deficit and \$6,094,407 for capital debt.

As part of the funding for capital debt, a reserve of \$685,064 was established for the existing capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 6.

**10. Contingency**

There is an outstanding claim against the Northern Regional Health Board for breach of contract and negligence. The amount of the loss resulting from the claim, if any, is not determinable as at March 31, 2000.

**11. Commitments**

a) The Northern Regional Health Board is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2001.....	\$	207,769
2002.....	\$	171,789
2003.....	\$	144,972
2004.....	\$	30,765
2005.....	\$	5,128

b) The Northern Regional Health Board has entered into agreements to spend \$2,616,485 on additions to property and equipment.

**12. Subsequent event**

On June 8, 2000, Royal Assent was proclaimed for the Health Authorities Act. The Act establishes three District Health Authorities in the northern region to replace the Northern Regional Health Board. All assets and liabilities of the Northern Regional Health Board will be transferred to the respective District Health Authorities on October 1, 2000.

**13. Comparative figures**

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

## AUDITORS' REPORT

To the Minister of Justice  
responsible for the  
Nova Scotia Alcohol & Gaming Authority

We have audited the balance sheet of the Nova Scotia Alcohol & Gaming Authority as at March 31, 2000 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles and as disclosed in Note 2.

GRANT THORNTON  
Chartered Accountants

Dartmouth, Nova Scotia  
June 9, 2000

**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Balance Sheet  
March 31,2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 600	\$ 76,327
Receivables (Note 3) .....	1,355,001	1,344,759
	<u>\$ 1,355,601</u>	<u>\$ 1,421,086</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Payables and accruals .....	\$ 619,399	\$ 47,490
Deferred revenue .....	7,320	7,700
Current portion of lease obligation .....	206,822	187,534
	<u>833,541</u>	<u>242,724</u>
Lease obligation (Note 4) .....	72,001	301,816
	<u>905,542</u>	<u>544,540</u>
<b>EQUITY</b>		
<b>Due to Minister of Finance</b>		
Balance, beginning of year .....	876,546	951,972
Net revenue .....	5,067,816	3,730,743
Remittances .....	(5,494,303)	(3,806,169)
Balance, end of year .....	450,059	876,546
	<u>\$ 1,355,601</u>	<u>\$ 1,421,086</u>

**Statement of Revenue and Expenditures  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Liquor license fees .....	\$ 7,341,315	\$ 7,163,700
Lottery licenses and fees .....	1,910,981	1,622,647
Casino fees .....	482,156	264,644
Amusement licenses .....	120,970	121,950
Amusement tax .....	10,296	21,954
Pari-mutuel tax .....	1,374,467	1,190,495
Film screening and distribution fees .....	364,031	331,612
	<u>11,604,216</u>	<u>10,717,002</u>
Administrative expenditures (Page 218) .....	6,536,400	6,986,259
Net revenue .....	<u>\$ 5,067,816</u>	<u>\$ 3,730,743</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Notes to the Financial Statements  
March 31, 2000**

**1. Nature of operations**

The Nova Scotia Alcohol & Gaming Authority is the regulatory body responsible for the administration and enforcement of the Gaming Control Act, the Theatres and Amusement Act and the Liquor Control Act. Revenues are derived from the sale and renewal of licenses and registration fees and collection of taxes.

**2. Significant accounting policies**

**Revenue**

License sales and renewals are recorded as revenue in the period received.

Amusement prize taxes are recorded as revenue based on reports prepared and submitted by the licensee.

**Tangible Capital Assets**

Effective April 1, 1999, the Province of Nova Scotia implemented a tangible capital asset policy. The policy required the Province, all departments and all public sector votes to record and amortize tangible capital assets on its financial statements.

The policy defines the specific classes of tangible capital assets to be recognized and the individual asset cost thresholds to be considered.

The classes of tangible capital assets relevant to the operations of the Authority are as follows:

	Amortization Method and Rate	Cost Capitalization Threshold
Computer hardware	30%, declining balance	\$ 25,000
Computer software	50%, declining balance	\$ 250,000

The policy is to be implemented on a retroactive basis where the necessary asset information is reasonably determinable. Management of the Authority determined that all expenditures of a capital nature prior to the current year would not significantly exceed the thresholds for capitalization detailed in the policy, and that the cost information in most cases would not be reasonably determinable. Therefore, no retroactive adjustment has been made to record or amortize tangible capital assets.

**3. Receivables**

	<b>2000</b>	<b>1999</b>
Amusement tax . . . . .	\$ 482,076	\$ 153,256
Film screening fees . . . . .	88,146	71,555
Gaming fees . . . . .	221,082	92,953
Liquor license fees . . . . .	217,587	130,440
Other . . . . .	162,208	58,977
Pari-mutuel tax . . . . .	<u>1,506,986</u>	<u>2,120,087</u>
	2,678,085	2,627,268
Less: Allowance for doubtful accounts . . . . .	<u>1,323,084</u>	<u>1,282,509</u>
	<u>\$ 1,355,001</u>	<u>\$ 1,344,759</u>



**4. Lease obligation**

	<b>2000</b>	<b>1999</b>
Newcourt Financial Limited, thirty-six monthly blended payments of \$18,799 to July, 2001, effective annual rate of interest of 9.83%.	\$ 278,823	\$ 489,350
Less: current portion	<u>206,822</u>	<u>187,534</u>
	<u>\$ 72,001</u>	<u>\$ 301,816</u>

Minimum principal payments required in each of the next three years are as follows:

2001	\$ 206,822
2002	\$ 72,001

**5. Related party transactions**

The Authority purchases certain services from other departments of the Province of Nova Scotia on a fee for service basis, including but not limited to:

- leasholds and related maintenance;
- human resource management;
- payroll processing, including pensions and benefits administration;
- accounting technology systems and processing;
- communication technology systems and network access.

**6. Subsequent event**

On June 9, 2000, the legislature of the Province of Nova Scotia enacted the Financial Measures (2000) Act. This Act revokes the appointment of the Chair, Vice-Chair, and all other members of the Board of the Authority, effective April 12, 2000. the adjudicative responsibilities of the Authority will be assumed by the Utility and Review Board and other departments of the Province of Nova Scotia.

**7. Uncertainty due to the Year 2000 issue**

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Schedule of Administrative Expenditures  
year ended March 31 ,2000**

	<b>2000</b>	<b>1999</b>
Advertising and promotion . . . . .	47,862 \$	31,776
Bad debts. . . . .	40,575	173,737
Computer processing . . . . .	63,883	67,977
Equipment. . . . .	42,805	654,406
Equipment leasing . . . . .	20,273	21,352
Freight and duty. . . . .	7,113	6,626
Interest on lease obligation . . . . .	37,695	21,554
Meetings . . . . .	14,451	6,188
Office. . . . .	30,522	28,954
Other. . . . .	14,343	24,199
Postage . . . . .	27,424	36,111
Printing and stationery . . . . .	84,496	94,700
Professional fees . . . . .	435,125	509,572
Relocation . . . . .	---	(3,232)
Rent . . . . .	280,469	273,788
Repairs and maintenance. . . . .	880	1,438
Security services . . . . .	1,003,000	805,200
Telephone. . . . .	121,119	158,067
Travel . . . . .	431,604	425,163
Training and development . . . . .	16,009	23,766
Wages and benefits. . . . .	3,816,752	3,624,917
	<u>\$ 6,536,400</u>	<u>\$ 6,986,259</u>

## AUDITORS' REPORT

To the Directors of the  
Nova Scotia Arts Council

We have audited the statement of financial position of the Nova Scotia Arts Council as at March 31, 2000, and the statement of operations, statement of changes in equity and statement of cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2000 and the results of its operations and cash flow for the year then ended, in accordance with generally accepted accounting principles.

HORNBY TINKHAM MARSHALL  
Chartered Accountants

May 15, 2000  
Dartmouth, Nova Scotia

NOVA SCOTIA ARTS COUNCIL

Statement of Financial Position  
as at March 31, 2000

	2000	1999
<b>ASSETS</b>		
Cash .....	\$ 137,306	\$ 140,856
Investments (Note 3) .....	1,142,025	948,424
Accounts receivable .....	28,284	51,194
Capital assets (Note 4) .....	<u>31,678</u>	<u>39,969</u>
	<u>\$ 1,339,293</u>	<u>\$ 1,180,443</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5) .....	\$ 393,494	\$ 267,135
Deferred contributions (Note 6) .....	<u>194,357</u>	<u>183,231</u>
	<u>587,851</u>	<u>450,366</u>
<b>EQUITY</b>		
Unrestricted for operations .....	22,852	14,561
Invested in capital assets. ....	31,678	39,969
Restricted for endowment purposes. ....	<u>696,912</u>	<u>675,547</u>
	<u>751,442</u>	<u>730,077</u>
	<u>\$ 1,339,293</u>	<u>\$ 1,180,443</u>

**NOVA SCOTIA ARTS COUNCIL**

**Statement of Changes in Equity  
Year ended March 31, 2000**

	<b>Invested in Capital Assets</b>	<b>Restricted For Endowment Purposes</b>	<b>Unrestricted For Operations</b>	<b>Total 2000</b>	<b>Total 1999</b>
Balance, beginning of the year . . . . .	\$ 39,969	\$ 675,547	\$ 14,561	\$ 730,077	\$ 688,302
Excess (deficiency) of revenues over expenses . . . . .	(10,531)	---	10,531	---	---
Endowment contributions (Notes 10 and 12) . . . . .	---	21,365	---	21,365	41,775
Investment in capital assets . . . . .	<u>2,240</u>	---	<u>(2,240)</u>	---	---
Balance, end of year . . . . .	<u>\$ 31,678</u>	<u>\$ 696,912</u>	<u>\$ 22,852</u>	<u>\$ 751,442</u>	<u>\$ 730,077</u>

**NOVA SCOTIA ARTS COUNCIL**

**Statement of Operations  
Year ended March 31, 2000**

	<b>2000</b>	<b>2000</b>	<b>1999</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Grants (Note 7) . . . . .	\$ 1,552,650	\$ 1,477,300	\$ 1,498,105
New Media Awards (Note 8) . . . . .	27,000	10,000	17,000
McConnell Foundation (Note 9) . . . . .	85,000	81,159	70,152
Other (Schedule 1) . . . . .	<u>25,562</u>	<u>33,990</u>	<u>21,366</u>
	<u>1,690,212</u>	<u>1,602,449</u>	<u>1,606,623</u>
<b>Expenses</b>			
<b>Grants</b>			
Grant programs for individuals (Schedule 2) . . .	446,000	445,550	448,447
Portia White award . . . . .	25,000	25,000	25,000
ArtsSmarts - Arts inFusion program . . . . .	90,000	65,590	63,713
Artists in the community . . . . .	25,000	---	---
New Media Awards . . . . .	25,000	10,000	15,000
Sector Strategy Contribution . . . . .	---	---	3,000
Phase . . . . .	1,000	---	---
Consultant study . . . . .	<u>8,109</u>	<u>7,246</u>	<u>---</u>
	620,109	553,386	555,160
Grant programs for organizations (Schedule 3) . . .	<u>615,000</u>	<u>614,520</u>	<u>615,000</u>
Total grants . . . . .	<u>1,235,109</u>	<u>1,167,906</u>	<u>1,170,160</u>
<b>Program delivery</b>			
Salaries - program officers . . . . .	102,107	101,076	102,668
Employee benefits . . . . .	14,300	14,650	14,972
Travel - officers (individuals) . . . . .	5,000	3,586	3,045
Travel - officers (organizations) . . . . .	6,000	3,181	4,217
Travel - officers (arts/education) . . . . .	1,000	---	1,800
ArtsSmarts - Arts inFusion - startup . . . . .	---	---	19,673
ArtsSmarts - Arts inFusion - administration . . .	17,435	15,569	1,765
Assessments - juries (Schedule 4) . . . . .	38,290	33,258	34,400
MTT Peer assessment . . . . .	<u>---</u>	<u>104</u>	<u>165</u>
Total program delivery . . . . .	<u>184,132</u>	<u>171,424</u>	<u>182,705</u>
Administrative (Schedule 5) . . . . .	<u>270,971</u>	<u>263,119</u>	<u>253,758</u>
Total expenses . . . . .	<u>1,690,212</u>	<u>1,602,449</u>	<u>1,606,623</u>
Excess of revenue over expenses . . . . .	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>

**NOVA SCOTIA ARTS COUNCIL**

**Statement of Cash Flow  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Item not affecting cash		
Amortization . . . . .	\$ 10,531	\$ 17,760
Changes in non-cash operating working capital items (Note 11) . .	<u>160,395</u>	<u>50,556</u>
	<u>170,926</u>	<u>68,316</u>
<b>Financing</b>		
Endowment contributions (Note 12) . . . . .	<u>21,365</u>	<u>41,775</u>
<b>Investing</b>		
Acquisition of capital assets . . . . .	(2,240)	(3,197)
Increase in investments . . . . .	<u>(193,601)</u>	<u>43,085</u>
	<u>(195,841)</u>	<u>39,888</u>
<b>Increase (decrease) in cash . . . . .</b>	(3,550)	149,979
<b>Cash position, beginning of year . . . . .</b>	<u>140,856</u>	<u>(9,123)</u>
<b>Cash position, end of year . . . . .</b>	<u>\$ 137,306</u>	<u>\$ 140,856</u>

**NOVA SCOTIA ARTS COUNCIL**

**Notes to the Financial Statements  
March 31,2000**

**1. PURPOSE OF THE ORGANIZATION**

An Act to Establish the Nova Scotia Arts Council was approved on January 11, 1996 by the 56th General Assembly of the Legislature of the Province of Nova Scotia. The purpose of the Organization is to:

- Make the arts integral to the lives of Nova Scotians;
- Foster artistic excellence throughout the Province;
- Encourage creative expression by funding activity in the arts;
- Utilize peer assessment in the determination of artistic merit and the allocation of funding;
- Educate the public regarding the cultural, social and economic importance of the arts;
- Strive for regional, cultural and developmental equity in the distribution of funding; and
- Carry out research on matters related to the Arts.

The Organization is also responsible for establishing and maintaining the Nova Scotia Arts Endowment Fund.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Revenue recognition**

The Nova Scotia Arts Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in equity.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight-line basis over a period of five years.

**Investments**

Investments are recorded at the lower of cost and market value.

**3. INVESTMENTS**

	<b>Market value</b>	<b>2000</b>	<b>1999</b>
Unrestricted for operations . . . . .	\$ 447,965	\$ 447,965	\$ 274,839
Restricted for endowment purposes . . . . .	816,974	694,060	673,585
	<u>\$ 1,264,939</u>	<u>\$ 1,142,025</u>	<u>\$ 948,424</u>



#### 4 CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2000	Net 1999
Office furniture . . . . .	\$ 34,594	\$ 17,745	\$ 16,849	\$ 21,061
Computer equipment. . . . .	38,121	23,392	14,729	18,565
Computer software. . . . .	886	786	100	343
	<u>\$ 73,601</u>	<u>\$ 41,923</u>	<u>\$ 31,678</u>	<u>\$ 39,969</u>

#### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2000	1999
Trade payables and accrued liabilities. . . . .	\$ 58,699	\$ 28,151
Grants payable . . . . .	<u>334,795</u>	<u>238,984</u>
	<u>\$ 393,494</u>	<u>\$ 267,135</u>

#### 6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. This deferred revenue will be expensed as indicated in next year's budget:

	2000	1999
Grant programs (Note 7) . . . . .	\$ ---	\$ 25,000
Operations (Note 7) . . . . .	<u>66,257</u>	<u>29,472</u>
	66,257	54,472
New Media Awards (Note 8). . . . .	---	10,000
McConnell Foundation Arts Smarts Program (Note 9) . . . . .	<u>128,100</u>	<u>118,759</u>
	<u>\$ 194,357</u>	<u>\$ 183,231</u>

#### 7. GRANT REVENUE

	2000	1999
Grants received from Province of Nova Scotia. . . . .	\$ 1,476,000	\$ 1,500,000
Deferred grant revenue from prior year. . . . .	54,472	52,577
Adjustment to McConnell deferral . . . . .	<u>13,085</u>	<u>---</u>
	1,543,557	1,552,577
Less contributions deferred until next year:		
Grant programs . . . . .	---	(25,000)
Operations . . . . .	<u>(66,257)</u>	<u>(29,472)</u>
	(66,257)	(54,472)
Amount recognized as revenue in the year . . . . .	<u>\$ 1,477,300</u>	<u>\$ 1,498,105</u>

#### 8. NEW MEDIA AWARDS

	2000	1999
Program grants received from MT T . . . . .	\$ ---	\$ 27,000
Deferred grant revenue from prior year. . . . .	<u>10,000</u>	<u>---</u>
	10,000	27,000
Less contributions deferred until next year . . . . .	---	(10,000)
Amount recognized as revenue in the year . . . . .	<u>\$ 10,000</u>	<u>\$ 17,000</u>

**9. McCONNELL FOUNDATION**

	<b>2000</b>	<b>1999</b>
Program grants received from McConnell Foundation . . . . .	\$ 90,500	\$ 85,000
Deferred grant revenue from prior year. . . . .	<u>118,759</u>	<u>103,911</u>
	209,259	188,911
Less contributions deferred until next year . . . . .	<u>(128,100)</u>	<u>(118,759)</u>
Amount recognized as revenue in the year . . . . .	<u>\$ 81,159</u>	<u>\$ 70,152</u>

**10. ENDOWMENT FUND**

The endowment fund was established in March 1997 with a grant from the Province of Nova Scotia. The Governor in Council has established the Regulations for this fund under the Regulations Act. The Council shall only make withdrawals of capital from the Endowment Fund for the purpose of investing the money and in accordance with the instructions of the investment managers. The fund advisors shall recommend annually to the Council the amount of income of the Endowment Fund, including, without limitation, interest, dividends, and realized capital gains, to be distributed to the Council for expenditures either as set out in the Endowment Fund budget prepared by the Council or with approval of the Minister. The value of the capital of the Endowment Fund after inflation should not diminish over time. Until such time as the endowed funds reach \$1 million, all earnings of the fund will be retained to grow the Endowment Fund.

**11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<b>2000</b>	<b>1999</b>
Accounts receivable. . . . .	\$ 22,910	\$ (26,845)
Accounts payable and accrued liabilities . . . . .	126,359	50,657
Deferred contributions . . . . .	<u>11,126</u>	<u>26,744</u>
	<u>\$ 160,395</u>	<u>\$ 50,556</u>

**12. ENDOWMENT CONTRIBUTIONS**

	<b>2000</b>	<b>1999</b>
Donations . . . . .	\$ 875	\$ 23,870
Investment income . . . . .	31,807	25,081
Bank and investment management charges . . . . .	<u>(11,317)</u>	<u>(7,176)</u>
	<u>\$ 21,365</u>	<u>\$ 41,775</u>

The market value of the Endowment investments at March 31, 2000 was \$816,974 (March 31, 1999 - \$680,188).

## NOVA SCOTIA ARTS COUNCIL

**Other Revenue**  
**Year ended March 31, 2000**

	<b>2000</b>	<b>2000</b>	<b>1999</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Interest .....	\$ 19,000	\$ 27,390	\$ 19,866
Other .....	<u>6,562</u>	<u>6,600</u>	<u>1,500</u>
	<u>\$ 25,562</u>	<u>\$ 33,990</u>	<u>\$ 21,366</u>

## Schedule 2

**Grant Programs for Individuals**  
**Year ended March 31, 2000**

Professional development .....	\$ 43,000	\$ 42,950	\$ 41,467
Travel .....	20,000	20,000	19,490
Presentation .....	60,000	59,600	60,560
Creation .....	300,000	300,000	299,950
Research .....	<u>23,000</u>	<u>23,000</u>	<u>26,980</u>
	<u>\$ 446,000</u>	<u>\$ 445,550</u>	<u>\$ 448,447</u>

## Schedule 3

**Grant Programs for Organizations**  
**Year ended March 31, 2000**

Production .....	\$ 220,000	\$ 220,000	\$ 220,000
Touring .....	52,000	52,000	52,000
Commissioning .....	28,000	28,000	28,000
Operating grants .....	285,000	285,000	285,000
Professional development .....	<u>30,000</u>	<u>29,520</u>	<u>30,000</u>
	<u>\$ 615,000</u>	<u>\$ 614,520</u>	<u>\$ 615,000</u>

## NOVA SCOTIA ARTS COUNCIL

Assessments - Juries  
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Assessment - juries (individual)			
Per diems. . . . .	\$ 3,008	\$ 2,611	\$ 2,478
Travel. . . . .	3,200	2,107	2,049
Accommodation. . . . .	5,952	5,268	5,296
Honorarium. . . . .	10,880	10,452	10,088
Meetings. . . . .	1,466	977	1,323
	<u>24,506</u>	<u>21,415</u>	<u>21,234</u>
Assessment - juries (organizations)			
Per diems. . . . .	1,692	1,340	1,724
Travel. . . . .	1,800	1,594	2,136
Accommodation. . . . .	3,348	2,345	3,374
Honorarium. . . . .	6,120	5,720	5,668
Meetings. . . . .	824	844	264
	<u>13,784</u>	<u>11,843</u>	<u>13,166</u>
Total assessments - juries. . . . .	<u>\$ 38,290</u>	<u>\$ 33,258</u>	<u>\$ 34,400</u>

## Schedule 5

Administrative Expenses  
Year ended March 31, 2000

Salaries . . . . .	\$ 102,000	\$ 103,552	\$ 91,805
Employee benefits . . . . .	14,280	17,206	9,452
Travel - Executive Director . . . . .	8,300	7,504	8,288
Board honoraria. . . . .	8,000	7,240	7,190
Board travel . . . . .	8,000	6,737	6,115
Board meetings . . . . .	4,600	5,650	4,347
Office rent . . . . .	22,500	19,039	22,236
Supplies and services (Schedule 6) . . . . .	72,000	63,673	59,427
Professional fees . . . . .	15,000	14,443	16,098
Amortizaiton . . . . .	3,500	10,531	17,760
Public relations. . . . .	3,500	4,755	2,802
Miscellaneous . . . . .	9,291	2,789	8,238
Total administrative . . . . .	<u>\$ 270,971</u>	<u>\$ 263,119</u>	<u>\$ 253,758</u>

## NOVA SCOTIA ARTS COUNCIL

**Supplies and Services**  
**Year ended March 31, 2000**

	<b>2000</b>	<b>2000</b>	<b>1999</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Professional development . . . . .	1,300	701	391
Conference . . . . .	1,800	614	1,795
Courier . . . . .	1,500	1,428	1,404
Postage . . . . .	4,500	4,080	4,687
Telephone . . . . .	9,000	6,038	8,533
Stationary and supplies . . . . .	12,700	9,721	12,663
Membership dues . . . . .	200	185	135
Bank charges . . . . .	900	1,254	860
Insurance . . . . .	2,000	1,844	803
Equipment rental . . . . .	2,300	1,686	2,330
Advertising and promotion . . . . .	500	---	---
Job search costs . . . . .	1,800	955	1,769
Annual report . . . . .	9,700	10,064	9,927
Newsletter/web site . . . . .	12,400	10,919	3,210
Printing costs . . . . .	11,000	14,184	10,520
Public relations . . . . .	400	---	400
	<u>\$ 72,000</u>	<u>\$ 63,673</u>	<u>\$ 59,427</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at March 31, 2000, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 5, 2000

**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Loans and Shares, at cost</b>		
Loans receivable . . . . .	\$ 152,312	\$ 145,765
Venture investments . . . . .	7,030	7,034
Community Business Loan Program . . . . .	3,920	4,008
Shares (Note 3) . . . . .	<u>16,461</u>	<u>17,272</u>
	<u>179,723</u>	<u>174,079</u>
Less: Provision for concessionary assistance (Note 4) . . . . .	18,303	24,402
Allowance for doubtful accounts . . . . .	<u>25,333</u>	<u>20,271</u>
	<u>43,636</u>	<u>44,673</u>
	<u>136,087</u>	<u>129,406</u>
<b>Industrial parks (Note 5) . . . . .</b>	<u>23,973</u>	<u>24,408</u>
<b>Other assets . . . . .</b>	298	1,769
Less: Provision for decline in value . . . . .	<u>89</u>	<u>263</u>
	<u>209</u>	<u>1,506</u>
<b>Due from consolidated fund</b>		
Guarantees (Note 6) . . . . .	10,875	12,213
Less: Provision for payment under guarantees . . . . .	<u>3,434</u>	<u>2,461</u>
	7,441	9,752
Assistance authorized but unadvanced . . . . .	<u>27,431</u>	<u>42,848</u>
	<u>34,872</u>	<u>52,600</u>
	<u>\$ 195,141</u>	<u>\$ 207,920</u>

**FUNDING AUTHORIZED AND COMMITTED**

Authorized, net of write-offs . . . . .	\$ 285,768	\$ 294,595
Less: Provision for concessionary assistance and possible losses on assistance (Note 7) . . . . .	<u>47,159</u>	<u>47,397</u>
Net fund balance . . . . .	238,609	247,198
Less: Uncommitted balance of fund . . . . .	<u>43,468</u>	<u>39,278</u>
	<u>\$ 195,141</u>	<u>\$ 207,920</u>
Contingency (Note 8)		

See accompanying notes to the financial statements

**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Statement of Continuity of Fund  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Balance, beginning of year</b> .....	\$ 294,595	\$ 303,802
Deduct: Accounts written off .....	<u>8,827</u>	<u>9,207</u>
<b>Balance, end of year</b> .....	<u>\$ 285,768</u>	<u>\$ 294,595</u>
 Comprising:		
Loans receivable, shares and other assets .....	\$ 180,021	\$ 175,848
Industrial parks .....	23,973	24,408
Guarantees in effect and utilized .....	9,871	10,870
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized .....	28,435	44,191
Uncommitted balance .....	<u>43,468</u>	<u>39,278</u>
	<u>\$ 285,768</u>	<u>\$ 294,595</u>

See accompanying notes to the financial statements



**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Notes to the Financial Statements  
March 31, 2000**

**1. Authority**

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the Corporation is to encourage business development in the Province by providing financial assistance to business through the Fund, or such other assistance as may be determined by the Governor-in-Council. The Corporation's activities are administered through a division of the Department of Economic Development.

**2. Accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

**Administrative Expenses and Interest Revenue**

(a) Administrative expenses of the Corporation and revenues earned on guarantees are included in the accounts of the Department of Economic Development and are not reflected in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in these financial statements.

**Statement of Cash Flows**

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

**Current Assets**

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

**Venture Investments**

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets.

Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.

**Industrial Parks**

- (e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.
- (f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.
- (g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

**Other Assets**

- (h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

**Provision for Concessionary Assistance**

- (i) The Corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

**Allowance for Doubtful Accounts**

- (j) The Corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

**3. Shares**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Preferred shares . . . . .	\$ 13,403	\$ 13,372
Common shares and equity interests . . . . .	<u>3,058</u>	<u>3,900</u>
	<u>\$ 16,461</u>	<u>\$ 17,272</u>

**4. Provision for concessionary assistance**

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Corporation.

The terms of concessionary assistance through the Corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of loans and shares is as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Assistance Outstanding</u>	<u>Provision for Concessionary Assistance</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	(in thousands)			
Loans .....	\$ 16,615	\$ 11,360	\$ 5,255	\$ 7,895
Shares .....	12,456	6,943	5,513	5,219
	<u>\$ 29,071</u>	<u>\$ 18,303</u>	<u>\$ 10,768</u>	<u>\$ 13,114</u>

#### 5. Industrial parks

These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at March 31, 2000 the cost of parks in excess of management's determination of market value totalled \$6,792,943 (market value - \$3,113,000). The cost of parks where market value exceeded cost was \$10,625,996 (market value - \$17,933,000). This results in an estimated net excess of current market value over carrying costs of approximately \$3,627,000.

The balance of the cost of industrial parks of \$6,554,277 is represented by the book value of the incubator malls, other buildings and property at March 31, 2000.

#### 6. Guarantees

	<u>2000</u>	<u>1999</u>
	(in thousands)	
Guarantees - In effect and utilized .....	\$ 9,871	\$ 10,870
Guarantees - In effect but not utilized .....	1,004	1,343
	<u>\$ 10,875</u>	<u>\$ 12,213</u>

During the year no guarantees were paid out.

#### 7. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	<u>2000</u>	<u>1999</u>
	(in thousands)	
<b>Balance, beginning of year</b> .....	\$ 47,397	\$ 54,755
Add: Current year provision .....	8,589	1,849
Deduct: Accounts written-off .....	8,827	9,207
<b>Balance, end of year</b> .....	<u>\$ 47,159</u>	<u>\$ 47,397</u>

## **8. Contingencies**

### **(a) Environmental remediation**

The Corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

### **(b) Litigation**

The Corporation is defending two legal actions relating to:

- i) a dispute in regard to an agreement of purchase and sale. The amount claimed is \$600,000.
- ii) the termination of a contract. No specific amount has been claimed.

In both cases counsel is unable to form an opinion at this early date in regard to the merit of these claims and consequently no provision for any possible losses has been recorded in these financial statements.

## AUDITORS' REPORT

To the Board of Governors of the  
Nova Scotia Community College

We have audited the balance sheet of the Nova Scotia Community College as at March 31, 2000 and the statements of financial position, revenue and expenditures, cash flows and statement of changes in net assets for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2000 and the results of its operations and the cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 16, 2000

**NOVA SCOTIA COMMUNITY COLLEGE**

**Statement of Financial Position  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current assets</b>		
Cash . . . . .	\$ 6,921,379	\$ 12,887,538
Accounts receivable (Note 3). . . . .	7,931,334	8,870,769
Inventory. . . . .	608,344	465,336
Prepays . . . . .	<u>238,628</u>	<u>160,468</u>
	15,699,685	22,384,111
<b>Capital assets (Notes 2 and 4) . . . . .</b>	<b>3,757,417</b>	<b>4,344,545</b>
<b>Endowment assets (Note 5) . . . . .</b>	<b><u>558,280</u></b>	<b><u>541,162</u></b>
	\$ <u>20,015,382</u>	\$ <u>27,269,818</u>

**LIABILITIES**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities . . . . .	\$ 7,702,423	\$ 14,378,931
Deferred revenue (Note 6) . . . . .	1,527,563	2,444,843
Deferred salary. . . . .	19,446	53,021
College service award (Note 8). . . . .	<u>67,326</u>	<u>17,326</u>
	9,316,758	16,894,121
<b>Deferred revenue related to capital assets (Note 7) . . . . .</b>	<b><u>2,173,690</u></b>	<b><u>2,000,000</u></b>
	<u>11,490,448</u>	<u>18,894,121</u>
<b>Net assets</b>		
Invested in capital assets (Note 9). . . . .	1,583,727	2,344,545
Unrestricted. . . . .	1,660,004	767,067
Restricted for endowment purposes (Note 5). . . . .	558,280	541,162
Restricted for Campus Development (Note 14) . . . . .	<u>4,722,923</u>	<u>4,722,923</u>
	<u>8,524,934</u>	<u>8,375,697</u>
	\$ <u>20,015,382</u>	\$ <u>27,269,818</u>

**NOVA SCOTIA COMMUNITY COLLEGE**

**Statement of Revenue and Expenditures  
year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Province of Nova Scotia (Note 10) . . . . .	\$ 50,932,000	\$ 48,232,000
Government of Canada . . . . .	6,444,045	6,859,635
Tuition and fees . . . . .	10,542,167	7,515,242
Customized training . . . . .	10,709,702	8,677,362
Applied Research (Note 11) . . . . .	569,685	---
Amortization of deferred revenue related to capital assets. . . . .	1,826,310	1,333,000
Other (Note 12) . . . . .	<u>13,551,996</u>	<u>8,851,240</u>
	<u>94,575,905</u>	<u>81,468,479</u>
<b>Expenditures</b>		
Salaries and benefits . . . . .	57,257,751	50,064,523
Operating supplies and services . . . . .	21,918,572	19,837,496
Equipment, rentals, other . . . . .	6,653,273	4,446,029
Utilities and maintenance. . . . .	5,991,938	4,845,296
Amortization . . . . .	<u>2,622,252</u>	<u>2,119,505</u>
	94,443,786	81,312,849
<b>Excess of revenue over expenditures . . . . .</b>	<u>\$ 132,119</u>	<u>\$ 155,630</u>

**NOVA SCOTIA COMMUNITY COLLEGE**

**Statement of Changes in Financial Position  
year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenditures . . . . . \$	132,119	\$ 155,630
Items not affecting cash		
Amortization of deferred revenue related to capital assets. . .	(1,826,310)	(1,333,000)
Amortization. . . . .	<u>2,622,252</u>	<u>2,119,505</u>
	928,061	942,135
Changes in non-cash working capital items (Note 13) . . . . .	<u>(6,859,096)</u>	<u>(3,849,202)</u>
	<u>(5,931,035)</u>	<u>(2,907,067)</u>
<b>Investing</b>		
Purchase of capital assets . . . . .	<u>(2,035,124)</u>	<u>(3,752,912)</u>
<b>Financing</b>		
Deferred revenue related to capital assets . . . . .	<u>2,000,000</u>	<u>2,000,000</u>
<b>Net cash inflow (outflow) . . . . .</b>	<b>(5,966,159)</b>	<b>(4,659,979)</b>
<b>Cash position, beginning of year. . . . .</b>	<b><u>12,887,538</u></b>	<b><u>17,547,517</u></b>
<b>Cash position, end of year. . . . .</b>	<b><u>\$ 6,921,379</u></b>	<b><u>\$ 12,887,538</u></b>



**NOVA SCOTIA COMMUNITY COLLEGE**

**Statement of Changes in Net Assets  
year ended March 31, 2000**

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted for Endowment Purposes</u>	<u>Restricted for Campus Development</u>	<u>2000 Total</u>	<u>1999 Total</u>
<b>Balance, beginning of year . . . . .</b>	\$ 2,344,545	\$ 767,067	\$ 541,162	\$ 4,722,923	\$ 8,375,697	\$ 8,023,113
Excess (deficiency) of revenue over expenditures. . . . .	(795,942)	928,061	---	---	132,119	155,630
Investment in capital assets. . . . .	35,124	(35,124)	---	---	---	---
Endowment contributions and interest. . . . .	---	---	170,590	---	170,590	247,083
Endowment disbursements. . . . .	---	---	(153,472)	---	(153,472)	(50,129)
<b>Balance, end of year . . . . .</b>	<u>\$ 1,583,727</u>	<u>\$ 1,660,004</u>	<u>\$ 558,280</u>	<u>\$ 4,722,923</u>	<u>\$ 8,524,934</u>	<u>\$ 8,375,697</u>

**NOVA SCOTIA COMMUNITY COLLEGE**

**Notes to the Financial Statements  
year ended March 31, 2000**

**1. OVERVIEW OF OPERATIONS**

The Nova Scotia Community College was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province, is responsible for enhancing the economic and social well-being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**a) Revenue Recognition**

The College follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

**b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and amounts held by financial institutions with maturities of less than 90 days.

**c) Capital Assets**

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years

Land and buildings are owned by the Province and are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year.

On March 31, 1996, the Province transferred title to all computers, furniture, fixtures and equipment contained within the buildings to the College. The assets have not been reflected in the financial statements. The capital policies described have been implemented on a prospective basis, as the information for retroactive treatment is not readily available.

**d) Contributed Services**

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements.

e) **Inventory**

Inventories consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

3. **ACCOUNTS RECEIVABLE**

	<b>2000</b>	<b>1999</b>
Customized training/other . . . . .	\$ 4,574,547	\$ 4,144,638
Province of Nova Scotia . . . . .	1,172,660	2,500,000
Tuition fees. . . . .	616,630	520,911
Harmonized Sales Tax . . . . .	1,925,521	2,075,855
Allowance for doubtful accounts . . . . .	(358,024)	(370,635)
	<u>\$ 7,931,334</u>	<u>\$ 8,870,769</u>

4. **CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2000</b>	<b>Net Book Value 1999</b>
Computer equipment . . . . .	\$*****\$ 4,106,006	\$ 1,180,388	\$ 2,224,603	\$ 2,224,603
Furniture and equipment . . . . .	***** 1,723,577	2,577,029	2,119,942	2,119,942
	<u>\$*****\$ 5,829,583</u>	<u>\$ 3,757,417</u>	<u>\$ 4,344,545</u>	<u>\$ 4,344,545</u>

5. **ENDOWMENT ASSETS**

The balance restricted for endowment purposes represents donations and related interest restricted for scholarships, awards and other specified purposes.

6. **DEFERRED REVENUE**

Deferred revenue represents the unexpended portion of amounts received for specific purposes and is summarized as follows:

	<b>2000</b>	<b>1999</b>
Apprenticeship . . . . .	\$ 525,000	\$ 801,099
Direct purchase option students HRDC. . . . .	---	780,000
Customized training. . . . .	845,745	368,453
Student information system development. . . . .	---	205,065
Co-operative education . . . . .	---	25,617
Other. . . . .	156,818	264,609
	<u>\$ 1,527,563</u>	<u>\$ 2,444,843</u>

**7. DEFERRED REVENUE RELATED TO CAPITAL ASSETS**

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia for capital asset additions. The changes in the deferred balance are as follows:

	<b>2000</b>	<b>1999</b>
Beginning balance . . . . .	\$ 2,000,000	\$ 1,333,000
Contributions received . . . . .	2,000,000	2,000,000
Amortization of deferred revenue related to capital asset: . . . . .	<u>(1,826,310)</u>	<u>(1,333,000)</u>
Ending balance . . . . .	<u>\$ 2,173,690</u>	<u>\$ 2,000,000</u>

**8. COLLEGE SERVICE AWARD**

As per the new collective agreements, some college employees are eligible for the College Service Award. This award replaces the Public Service Award for these employees. One percent of the employee's pay is contributed to the fund by the College.

**9. NET ASSETS INVESTED IN CAPITAL ASSETS**

	<b>2000</b>	<b>1999</b>
Capital assets, net . . . . .	\$ 3,757,417	\$ 4,344,545
Deferred revenue related to capital assets. . . . .	<u>(2,173,690)</u>	<u>(2,000,000)</u>
	<u>\$ 1,583,727</u>	<u>\$ 2,344,545</u>

**10. REVENUE-PROVINCE OF NOVA SCOTIA**

	<b>2000</b>	<b>1999</b>
Funding received . . . . .	\$ 52,932,000	\$ 50,232,000
Portion related to capital assets. . . . .	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	<u>\$ 50,932,000</u>	<u>\$ 48,232,000</u>

**11. APPLIED RESEARCH**

In 1999 the College was awarded funding from the Canadian Foundation for Innovation to undertake applied research in the area of marine geographics.

**12. OTHER REVENUE**

Other revenue is summarized as follows:

	<b>2000</b>	<b>1999</b>
Bookstore revenue . . . . .	\$ 3,366,128	\$ 2,639,674
Food sales . . . . .	1,342,341	1,237,267
Apprenticeship/Shop . . . . .	1,899,644	1,141,951
Interest . . . . .	853,215	882,522
Recoveries . . . . .	2,502,606	1,493,720
Lodging, rent and miscellaneous . . . . .	<u>3,588,062</u>	<u>1,456,106</u>
	<u>\$ 13,551,996</u>	<u>\$ 8,851,240</u>

**13. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2000</b>	<b>1999</b>
(Decrease) increase in accounts receivable . . . . .	\$ 939,435	\$ (4,486,187)
Increase in inventory . . . . .	(143,008)	(22,712)
Increase in prepaids . . . . .	(78,160)	(150,776)
Decrease in accounts payable . . . . .	(6,676,508)	(402,107)
(Decrease) increase in deferred revenue . . . . .	(917,280)	1,186,578
(Decrease) increase in deferred salary . . . . .	(33,575)	8,676
Increase in College Service Award . . . . .	50,000	17,326
	<u>\$ (6,859,096)</u>	<u>\$ (3,849,202)</u>

**14. RESTRICTED FOR COLLEGE DEVELOPMENT**

These funds have been internally restricted to ensure that the funds are used solely for college development projects.

**15. COMMITMENTS**

The College is committed to the following lease and maintenance agreement payments over the next four years:

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$591,923	\$ 201,849	\$ 56,406	\$ 11,957

**16. COMPARATIVE FIGURES**

Certain of the March 31, 1999 comparative figures have been reclassified to conform to the current year financial statement presentation.

## AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chair and Members of the Nova Scotia Crop  
and Livestock Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2000, and the statement of income and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 25, 2000

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
		<b>Restated (Note 2)</b>
<b>Current Assets</b>		
Cash .....	\$ 57,662	\$ 135,086
Short-term investments .....	5,232,073	4,658,176
Accounts receivable .....	32,925	202,216
Accrued interest receivable .....	<u>147,914</u>	<u>135,813</u>
	5,470,574	5,131,291
Capital Assets (Note 3) .....	<u>56,726</u>	<u>62,803</u>
	\$ <u><u>5,527,300</u></u>	\$ <u><u>5,194,094</u></u>

**LIABILITIES AND FUND BALANCES**

**Current Liabilities**

Unearned premiums .....	\$ 30,500	\$ 35,464
Deposits for insurance .....	14,773	11,924
Provision for payment of unsettled indemnities (Note 4) .....	<u>267,578</u>	<u>17,046</u>
	312,851	64,434
Deferred Contributions Related to Capital Assets (Note 5) .....	<u>56,726</u>	<u>62,803</u>
	<u>369,577</u>	<u>127,237</u>

**Fund Balances**

Crop insurance .....	4,144,596	4,100,739
Livestock insurance .....	<u>1,013,127</u>	<u>966,118</u>
	5,157,723	5,066,857
	\$ <u><u>5,527,300</u></u>	\$ <u><u>5,194,094</u></u>

Commitments (Note 8)

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Statement of Income and Fund Balances  
for the year ended March 31, 2000**

	<b>Crop Insurance</b>	<b>Livestock Insurance</b>	<b>Other</b>	<b>Totals 2000</b>	<b>1999</b>
				Restated (Note 2)	
<b>Revenues</b>					
Insurance premiums (Schedule A) . . . . .	\$ 631,903	\$ 17,533	\$ ---	\$ 649,436	\$ 666,838
Interest income . . . . .	204,759	46,876	---	251,635	253,327
Amortization of deferred contributions. . . . .	---	---	12,527	12,527	11,236
	<u>836,662</u>	<u>64,409</u>	<u>12,527</u>	<u>913,598</u>	<u>931,401</u>
<b>Expenses</b>					
Indemnity claims (Schedule A) . . . . .	793,005	17,400	---	810,405	976,594
Bad debt expense . . . . .	(200)	---	---	(200)	1,008
Administrative expenses (Note 6) (Schedule B) . . . . .	526,517	5,371	5,371	537,259	553,141
Amortization of capital assets. . . . .	---	---	12,527	12,527	11,236
	<u>1,319,322</u>	<u>22,771</u>	<u>17,898</u>	<u>1,359,991</u>	<u>1,541,979</u>
Income (loss) before Government contributions . . . . .	(482,660)	41,638	(5,371)	(446,393)	(610,578)
Government contributions (Note 7) . . . . .	<u>526,517</u>	<u>5,371</u>	<u>5,371</u>	<u>537,259</u>	<u>553,141</u>
<b>Net Income (Loss)</b> . . . . .	43,857	47,009	---	90,866	(57,437)
<b>Fund Balance</b>					
Beginning of year . . . . .	<u>4,100,739</u>	<u>966,118</u>	---	<u>5,066,857</u>	<u>5,124,294</u>
End of year . . . . .	<u>\$ 4,144,596</u>	<u>\$ 1,013,127</u>	<u>\$ ---</u>	<u>\$ 5,157,723</u>	<u>\$ 5,066,857</u>



**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Statement of Cash Flows  
For the Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Cash Flows from Operating Activities</b>		
Net income (loss) . . . . .	\$ 90,866	\$ (57,437)
Add (deduct) changes in non-cash working capital items:		
Decrease (increase) in accounts receivable . . . . .	169,291	(182,245)
(Increase) in accrued interest receivable . . . . .	(12,101)	(131,417)
Increase (decrease) in unearned premiums . . . . .	(4,964)	1,742
Increase in deposits for insurance . . . . .	2,849	11,173
Increase in provision for unsettled indemnities . . . . .	<u>250,532</u>	<u>846</u>
Cash provided by operating activities . . . . .	<u>496,473</u>	<u>(357,338)</u>
 <b>Cash Flow from Investing Activities</b>		
Sale (purchase) of short-term investments . . . . .	<u>(573,897)</u>	<u>418,128</u>
Increase (decrease) in cash . . . . .	(77,424)	60,790
Cash, beginning of year . . . . .	<u>135,086</u>	<u>74,296</u>
Cash, end of year . . . . .	\$ <u><u>57,662</u></u>	\$ <u><u>135,086</u></u>

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following accounting policy.

**Capital Assets**

Capital assets are recorded at cost, net accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

In previous financial statements, furniture and equipment purchases were charged to expenses in the year of acquisition. As a result of this change in accounting policy, prior year's comparative figures on the balance sheet and statement of income and fund balances have been restated to adjust for the effect of the change in accounting policy.

**3. Capital Assets**

	<b>2000</b>	<b>1999</b>
Equipment and furniture.....	\$ 90,754	\$ 84,304
Accumulated amortization.....	<u>(34,028)</u>	<u>(21,501)</u>
Net book value.....	<u>\$ 56,726</u>	<u>\$ 62,803</u>

**4. Provision for Payment of Unsettled Indemnities**

Any indemnities for losses incurred in the fiscal year not paid as of year end have been recorded in the financial statements, with the exception of indemnities for Winter Grain.

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

## 5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Marketing on behalf of the Commission.

	2000	1999
Balance, beginning of year . . . . .	\$ 62,803	\$ 63,789
Add: Capital assets acquired . . . . .	6,450	10,250
Less: Amounts amortized to revenue . . . . .	<u>(12,527)</u>	<u>(11,236)</u>
Balance, end of year . . . . .	<u>\$ 56,726</u>	<u>\$ 62,803</u>

## 6. Related Party Transactions

Administrative expenses include \$30,000 (1999 - \$30,000) for rent and \$44,240 (1999 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Marketing.

## 7. Government Contributions

Under the crop insurance programs, producers pay 50% of the insurance premiums and the Federal and Provincial governments each pay 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2000 fiscal year, the Federal government contributed 49% (1999 - 49%) of the total administrative expenses. The Provincial government funded the remainder.

## 8. Insurance Coverage

The total insurance coverage as of March 31, 2000 was \$35,493,508 (1999 - \$37,976,409 ), comprising crop insurance of \$11,982,508 (1999 - \$13,772,409) and livestock insurance of \$23,511,000 (1999 - \$24,204,000).

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Transactions concerning this Fund are recorded by the Province and are not reflected in the accounting records of the Commission.

There is no Re-Insurance Fund for livestock. The Province is responsible for any deficiency in this fund.

## 9. Public Service Superannuation Fund

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability.

## NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

**Premium Revenue and Indemnity Claims  
for the year ended March 31, 2000**

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2000	1999	2000	1999
<b>Crop Insurance</b>							
Spring grain . . . . .	\$ 28,233	\$ 14,117	\$ 14,117	\$ 56,467	\$ 76,271	\$ 108,075	\$ 58,567
Winter grain . . . . .	13,287	6,644	6,644	26,575	33,461	61,730	29,103
Tree fruit . . . . .	106,609	53,306	53,306	213,221	216,666	9,114	77,080
Corn . . . . .	22,516	11,259	11,259	45,034	67,127	19,645	24,290
Peas & Beans . . . . .	43,992	21,997	21,997	87,986	74,210	189,166	259,434
Blueberries . . . . .	63,830	31,914	31,914	127,658	78,973	25,127	281,337
Strawberries . . . . .	3,796	1,899	1,899	7,594	8,566	5,123	3,609
Forage . . . . .	645	323	323	1,291	2,121	294	967
Soybeans . . . . .	3,008	1,504	1,504	6,016	9,755	6,909	738
Potatoes . . . . .	30,031	15,015	15,015	60,061	81,505	367,822	186,364
	<u>315,947</u>	<u>157,978</u>	<u>157,978</u>	<u>631,903</u>	<u>648,655</u>	<u>793,005</u>	<u>921,489</u>
<b>Livestock Insurance</b>							
Dairy . . . . .	17,533	---	---	17,533	18,183	17,400	55,105
<b>Total . . . . .</b>	<u>\$ 333,480</u>	<u>\$ 157,978</u>	<u>\$ 157,978</u>	<u>\$ 649,436</u>	<u>\$ 666,838</u>	<u>\$ 810,405</u>	<u>\$ 976,594</u>

Schedule B

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Administrative Expenses  
for the year ended March 31, 2000

	Crop Insurance	Livestock Insurance	Other	Totals	
				2000	1999
Personnel . . . . .	\$ 378,521	\$ 3,862	\$ 3,862	\$ 386,245	\$ 359,368
Transportation and communication . . . . .	46,963	479	479	47,921	50,793
Information . . . . .	7,175	73	73	7,321	7,489
Professional and special services . . . . .	8,330	85	85	8,500	50,196
Office accommodation and equipment rental . . . . .	30,163	308	308	30,779	31,755
Repair and maintenance of equipment . . . . .	201	2	2	205	528
Utilities, materials and supplies . . . . .	11,735	119	119	11,973	8,773
Other expenditures . . . . .	43,429	443	443	44,315	44,239
	<u>\$ 526,517</u>	<u>\$ 5,371</u>	<u>\$ 5,371</u>	<u>\$ 537,259</u>	<u>\$ 553,141</u>

## AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and  
To the Chair and Members of the Nova Scotia Farm Loan Board

I have audited the statement of financial position of the Nova Scotia Farm Loan Board as at March 31, 2000 and the statements of revenues and expenditures and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year than ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 8, 2000

**NOVA SCOTIA FARM LOAN BOARD**

**Statement of Financial Position  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
		<b>(Restated Note 2)</b>
		(in thousands)
Accounts receivable . . . . .	\$ 4,574	\$ 4,329
Due from Department of Finance . . . . .	1,587	1,128
Loans receivable (Note 3, Schedule 1) . . . . .	150,922	146,788
Real estate (Note 4) . . . . .	<u>3,622</u>	<u>4,373</u>
	<u>\$ 160,705</u>	<u>\$ 156,618</u>

**LIABILITIES AND RETAINED EARNINGS**

Insurance reserve (Note 5) . . . . .	\$ 2,673	\$ 2,380
Advances from Department of Finance (Note 2) . . . . .	157,380	154,045
Retained earnings (Note 6) . . . . .	<u>652</u>	<u>193</u>
	<u>\$ 160,705</u>	<u>\$ 156,618</u>
Commitments (Note 7)		

**Statement of Revenues and Expenditures  
For the Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
		(in thousands)
<b>Revenues</b>		
Interest revenue . . . . .	\$ 12,048	\$ 11,733
Demutualization proceeds (Note 5) . . . . .	523	---
Fee revenue . . . . .	334	179
Other revenue . . . . .	<u>115</u>	<u>14</u>
	<u>13,020</u>	<u>11,926</u>
<b>Expenses</b>		
Interest expense (Note 2) . . . . .	10,344	10,867
Operating expenses (Note 8) . . . . .	911	821
Bad debt expense . . . . .	<u>381</u>	<u>96</u>
	<u>11,636</u>	<u>11,784</u>
Income before Government contributions . . . . .	1,384	142
Government Contributions . . . . .	<u>911</u>	<u>821</u>
Net Income . . . . .	<u>\$ 2,295</u>	<u>\$ 963</u>

**Statement of Retained Earnings  
For the Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
		(in thousands)
Retained earnings, beginning of year (Note 6) . . . . .	\$ 193	\$ ---
Net Income . . . . .	2,295	963
Distribution to Department of Finance . . . . .	<u>(1,836)</u>	<u>(770)</u>
Retained earnings, end of year . . . . .	<u>\$ 652</u>	<u>\$ 193</u>

**NOVA SCOTIA FARM LOAN BOARD**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

The Nova Scotia Farm Loan Board operates under the authority of the Agricultural and Rural Credit Act. The Board was established to increase agricultural activities in the Province by providing financial assistance to farmers.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Previous financial statements did not include interest and lease revenues, administration expenses, interest costs attributed to advances from the Department of Finance, as well as accrued interest receivable. These amounts were recorded in the accounts of other government departments which assumed the cost or received the revenue on behalf of the Board. As a result of this change in accounting policy, these statements now include a statement of revenues and expenditures and a statement of retained earnings. Further, prior year's comparative figures on the statement of financial position have been restated to adjust for the effect of the change in accounting policy.

The following are other significant accounting policies used in the preparation of these financial statements.

a) **Interest Expense**

Loans provided by the Board are funded through quarterly advances from the Department of Finance. Advances are based on the Board's estimated requirement for the forthcoming quarter. Interest expense is calculated in accordance with the terms of a Memorandum of Understanding between the Board and the Department of Finance, based on the Department's cost of borrowing the Funds advanced.

b) **Allowance for Doubtful Accounts**

The Board provides for possible losses on authorized loans receivable and other assets on an item by item basis. In addition, a general reserve is provided on all assets except real estate.

**3. Loans Receivable**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Farm loans . . . . .	\$ 154,704	\$ 150,694
Timber loans . . . . .	1,664	1,845
	156,368	152,539
Less: Allowance for doubtful accounts . . . . .	5,446	5,751
	\$ 150,922	\$ 146,788



**4. Real Estate -** at lower of cost and net realizable value

	<b>2000</b>	<b>1999</b>
		(in thousands)
Real estate being leased or held . . . . . \$	1,856 \$	1,462
Land bank . . . . .	2,344	2,916
Land consolidation		
Agricultural Rural Development Agreement (ARDA) .	103	163
Less: Federal Government share of ARDA properties	(51)	(96)
Held for Department of Agriculture and Marketing . . . . .	<u>355</u>	<u>770</u>
	4,607	5,215
Less: Allowance for doubtful recoveries . . . . .	<u>985</u>	<u>842</u>
	<u>\$ 3,622</u>	<u>\$ 4,373</u>

**5. Insurance Reserve**

	<b>2000</b>	<b>1999</b>
		(in thousands)
Balance, beginning of year . . . . . \$	2,380 \$	2,098
Add:		
Demutualization proceeds . . . . .	112	---
Premiums collected . . . . .	352	337
Increase in reserve held by carrier . . . . .	<u>331</u>	<u>425</u>
	<u>795</u>	<u>762</u>
Deduct:		
Premiums paid to carrier . . . . .	423	407
Administration fees . . . . .	<u>79</u>	<u>73</u>
	<u>502</u>	<u>480</u>
Balance, end of year . . . . . \$	<u>2,673</u>	<u>2,380</u>

The Board requires borrowers to participate in a group life insurance program administered by the Board. The carrier of the insurance will pay claims up to 100% and above 125% of premiums received from borrowers during the year. The insurance reserve will be used to fund the portion of claims that fall between these two limits. In addition, the Board may use the reserve to maintain or reduce future premiums charged to borrowers under the policy and pay for professional services related to the program.

Of the total reserve, \$936,000 (1999 - \$936,000) is held by the Department of Finance, and is included on the statement of financial position in the amount due from the Department of Finance. The remaining \$1,737,000 (1999 - \$1,444,000) is held by the carrier of the insurance plan, and is included in the accounts receivable of the Board. Interest is paid by the insurance plan carrier on an annual basis for certain funds and on a daily basis for other funds, and the interest rates used are set at the beginning of each policy year. The funds held by the Department of Finance bear no interest.

During the year ended March 31, 2000 the carrier of the insurance plan underwent a process of demutualization. As a result, the Board received \$635,000. Of this amount, \$112,000 was added to the insurance reserve, and \$523,000 was included in the general revenues of the Board.

**6. Retained Earnings**

A Memorandum of Understanding dated March 16, 1999 between the Nova Scotia Farm Loan Board and the Department of Finance enables the Board to retain 20% of its net income for future use. The agreement took affect as of April 1, 1998. Previously, all net income of the Board was transferred to the Department of Finance. Net income retained is included on the statement of financial position in the amount due from the Department of Finance, and cannot be expended without the consent of the Department.

**7. Commitments**

As at March 31, 2000, the Board had authorized loans of \$3,560,760 (1999 - \$6,266,945) which had not been disbursed.

**8. Operating Expenses**

	<b>2000</b>	<b>1999</b>
		(in thousands)
Salaries and benefits. . . . .	\$ 773	\$ 662
Supplies and services . . . . .	44	65
Travel . . . . .	39	47
Training and development . . . . .	22	6
Professional services . . . . .	18	24
Other . . . . .	15	17
	<u>\$ 911</u>	<u>\$ 821</u>

**9. Loss Provision Program**

The Department of Agriculture and Marketing administers a program that aids farmers having difficulty meeting financial obligations due to hardship caused by unfavourable weather conditions. The program assists farmers with interest and/or principal payments on loans they have with a recognized public-sector or private-sector lending agency. During the year ended March 31, 2000 the program paid \$9,143,830 to or on behalf of farmers, \$1,568,935 of which was applied against loans held by the Nova Scotia Farm Loan Board.

**10. Public Service Superannuation Fund**

All full time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

**PROVINCE OF NOVA SCOTIA**  
**NOVA SCOTIA FARM LOAN BOARD**

**Continuity of Loans Receivable**  
**for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Loans receivable</b>		
Balance, beginning of year .....	\$ 152,539	\$ 138,069
Add: Advances made		
Farm loans .....	18,571	30,995
Timber loans .....	2	454
	18,573	31,449
Deduct: Payments received		
Farm loans .....	13,929	16,079
Timber loans .....	183	217
Net transfers to real estate .....	632	683
	14,744	16,979
Balance, end of year .....	156,368	152,539
<b>Allowance for doubtful accounts .....</b>	<b>5,446</b>	<b>5,751</b>
<b>Loans receivable, net of allowance .....</b>	<b>\$ 150,922</b>	<b>\$ 146,788</b>

## **AUDITOR'S REPORT**

### **TO THE AUDITOR GENERAL OF THE PROVINCE OF NOVA SCOTIA:**

We have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2000 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies as outlined in Note 2 to the financial statements.

**LEVY CASEY CARTER MACLEAN  
CHARTERED ACCOUNTANTS**

Halifax, Nova Scotia  
June 2, 2000

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Statement of Financial Position  
March 31, 2000**

**ASSETS**

	<b><u>General Fund</u></b>	<b><u>MTT New Media Fund</u></b>	<b><u>Total 2000</u></b>	<b><u>Total 1999</u></b>
<b>Current</b>				
Cash and short term investments . . . . .	\$ 1,089,103	\$ 447,301	\$ 1,536,404	\$ 1,653,378
Other receivables. . . . .	360,611	750	361,361	139,903
Due from MTT New Media Fund. . . . .	---	---	---	6,000
Prepaid expenses. . . . .	<u>15,904</u>	<u>---</u>	<u>15,904</u>	<u>14,980</u>
	<u>\$ 1,465,618</u>	<u>\$ 448,051</u>	<u>\$ 1,913,669</u>	<u>\$ 1,814,261</u>

**LIABILITIES**

<b>Current</b>				
Payables and accruals, trade . . . . .	\$ 53,928	\$ ---	\$ 53,928	\$ 59,720
Deferred revenue. . . . .	14,945	---	14,945	12,423
Due to general fund . . . . .	<u>---</u>	<u>---</u>	<u>---</u>	<u>6,000</u>
	<u>68,873</u>	<u>---</u>	<u>68,873</u>	<u>78,143</u>

**FUND BALANCES**

<b>Unrestricted. . . . .</b>	(1,169)	324,868	323,699	(4,123)
<b>Committed . . . . .</b>	<u>1,397,914</u>	<u>123,183</u>	<u>1,521,097</u>	<u>1,740,241</u>
	<u>1,396,745</u>	<u>448,051</u>	<u>1,844,796</u>	<u>1,736,118</u>
	<u>\$ 1,465,618</u>	<u>\$ 448,051</u>	<u>\$ 1,913,669</u>	<u>\$ 1,814,261</u>

Contingent Commitment - General \$1,397,914 (1999 - \$1,521,609)  
 - MT & T New Media Fund \$123,183 (1999 - \$218,632) (Note 3)

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Statement of Operations and Changes in Fund Balances  
year ended March 31, 2000**

	<b>General Fund</b>	<b>MTT New Media Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Revenue</b>				
Contributions from the Department of Economic Development (note 4) . . . . .	\$ 2,994,153	\$ ---	\$ 2,994,153	\$ 3,447,847
Recovery of equity investments and development loans (notes 6 & 7) . . . . .	179,714	---	179,714	285,510
Contributions from MTT (note 5) . . . . .	---	175,000	175,000	150,000
Contributions from general fund . . . . .	---	175,000	175,000	150,000
First Works . . . . .	115,232	---	115,232	---
Interest and other income . . . . .	83,838	---	83,838	38,170
	<u>3,372,937</u>	<u>350,000</u>	<u>3,722,937</u>	<u>4,071,527</u>
<b>Expenditures</b>				
Equity investments (note 6) . . . . .	2,175,710	---	2,175,710	1,933,474
Project development loans (note 7) . . . . .	267,421	---	267,421	184,469
Special project grants . . . . .	289,085	---	289,085	269,281
Training assistance . . . . .	113,031	---	113,031	159,273
Film school feasibility . . . . .	26,702	---	26,702	45,961
First Works . . . . .	30,198	---	30,198	---
New Media development loans . . . . .	---	119,918	119,918	153,669
Contributions to MTT New Media Fund . . . . .	175,000	---	175,000	150,000
Advertising and marketing (page 266) . . . . .	114,907	---	114,907	125,586
Administrative expenses (page 266) . . . . .	302,287	---	302,287	335,536
	<u>3,494,341</u>	<u>119,918</u>	<u>3,614,259</u>	<u>3,357,249</u>
<b>Excess of revenues over expenditures. . . . .</b>	<b>(121,404)</b>	<b>230,082</b>	<b>108,678</b>	<b>714,278</b>
<b>Fund balance, beginning of year . . . . .</b>	<u><b>1,518,149</b></u>	<u><b>217,969</b></u>	<u><b>1,736,118</b></u>	<u><b>1,021,840</b></u>
<b>Fund balances, end of year. . . . .</b>	<u><u><b>\$ 1,396,745</b></u></u>	<u><u><b>\$ 448,051</b></u></u>	<u><u><b>\$ 1,844,796</b></u></u>	<u><u><b>\$ 1,736,118</b></u></u>

# NOVA SCOTIA FILM DEVELOPMENT CORPORATION

## Notes to Financial Statements March 31, 2000

### 1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

### 2. Significant Accounting Policies

- a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.
- b) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:
  - (i) Program grants, loans and equity participation are charges to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.
  - (ii) Capital asset acquisitions are recorded as current expenditures.
  - (iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

### 3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2000, the Corporation is contractually committed to advance funds totalling \$1,397,914 (1999 - \$1,521,609) from the general fund and \$123,183 (1999 - \$218,632) from the MTT New Media Fund as investments and loans in respect of current and future projects.

**4. Cost Paid by the Province of Nova Scotia**

During the year, services were provided to the Corporation by government departments, including the following:

	<b>2000</b>	<b>1999</b>
Legal services .....	\$ 57,937	\$ 57,937
Rent .....	<u>30,000</u>	<u>30,000</u>
	<u>\$ 87,937</u>	<u>\$ 87,937</u>

The cost of these services is not reflected in these financial statements.

**5. MTT New Media Fund**

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute \$400,000 over three years (1997-1998 - \$75,000; 1998-1999 - \$150,000; 1999-2000, \$175,000) which contribution will be matched by the Corporation. These funds are to be segregated and disbursed according to guidelines jointly developed by the Corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the Corporation in these financial statements.

**6. Equity Investments**

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received \$127,714 (1999 - \$242,510). The total of equity investments of the Corporation to March 31, 2000 is \$15,091,237 with recoupment to March 31, 2000 of \$764,943, for a net of \$14,326,294.

**7. Project Development Loans**

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2000 were \$1,009,346 (1999 - \$781,125). Development loans of \$52,000 (1999 - \$43,000) were recouped during the year.



**8. Public Service Superannuation Fund**

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

**9. Economic Dependence and Related Party Transactions**

The Province of Nova Scotia is related party of the Corporation. The Corporation is dependant on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Schedule of Advertising and Marketing Expenses  
and Schedule of Administrative Expenses  
year ended March 31, 1999**

	<b>2000</b>	<b>1999</b>
<b>Advertising and Marketing Expenses:</b>		
Advertising . . . . .	\$ 32,800	\$ 18,935
Annual report . . . . .	5,347	8,014
Business travel and expenses . . . . .	21,402	33,092
Familiarization tour . . . . .	---	11,339
Location scout . . . . .	8,043	8,935
Photos/location services . . . . .	5,892	6,288
Production guide, net of receipts of \$72,807 (1999 - \$63,342) . . . . .	5,804	873
Salaries and benefits . . . . .	<u>35,619</u>	<u>38,110</u>
	\$ <u>114,907</u>	\$ <u>125,586</u>

**Administrative Expenses:**

Bank charges . . . . .	\$ 1,124	\$ 1,244
Board honorarium and expenses . . . . .	17,646	38,918
Capital equipment . . . . .	7,213	9,444
Conference/marketing . . . . .	6,006	4,796
Consultants . . . . .	15,110	6,400
Courier services . . . . .	6,498	7,024
Dues, fees and subscriptions . . . . .	4,803	3,699
Insurance . . . . .	1,427	1,480
Office supplies . . . . .	15,751	10,867
Photocopier/fax rental . . . . .	5,282	5,369
Postage . . . . .	6,476	3,990
Professional fees . . . . .	4,000	3,890
Repairs and maintenance . . . . .	1,347	596
Salaries and benefits . . . . .	196,123	224,042
Staff training . . . . .	1,481	2,850
Telephone and fax . . . . .	<u>12,000</u>	<u>10,927</u>
	\$ <u>302,287</u>	\$ <u>335,536</u>

## AUDITORS' REPORT

To the Minister of Justice and  
Nova Scotia Freedom of Information and Protection of Privacy Review Office

We have audited the balance sheet of the Nova Scotia Freedom of Information and Protection of Privacy Review Office as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
June 5, 2000

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Balance Sheet  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 18,158	\$ 12,457
Accounts receivable .....	12,526	7,463
Prepaid expenses .....	<u>1,278</u>	<u>---</u>
	31,962	19,920
Capital assets .....	<u>6,085</u>	<u>3,353</u>
	<u>\$ 38,047</u>	<u>\$ 23,273</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Payments and accruals .....	\$ 31,962	\$ 19,920
<b>SURPLUS</b>		
Investment in capital assets (Note 3) .....	<u>6,085</u>	<u>3,353</u>
	<u>\$ 38,047</u>	<u>\$ 23,273</u>
Commitment (Note 5)		

**Statements of Operations and Surplus  
year ended March 31, 2000**

<b>Revenue</b>		
Grant from the Province of Nova Scotia .....	\$ 129,220	\$ 126,461
Interest and other revenue .....	1,070	946
Conference fees .....	<u>3,150</u>	<u>---</u>
	<u>133,440</u>	<u>127,407</u>
<b>Expenses</b>		
Salaries, wages and benefits .....	83,840	89,399
Shared support costs .....	10,188	10,866
Equipment .....	8,745	2,569
Rent .....	7,713	6,730
Legal, audit and consulting .....	5,300	5,610
Depreciation .....	2,939	1,676
Telephone .....	2,377	1,551
Conferences .....	2,183	---
Office supplies and services .....	2,108	915
Travel .....	1,669	3,788
Dues and fees .....	1,174	175
Hospitality .....	1,137	---
Repairs and maintenance .....	1,116	33
Printing and copying .....	<u>219</u>	<u>742</u>
	<u>130,708</u>	<u>124,054</u>
Operating surplus .....	<u>\$ 2,732</u>	<u>\$ 3,353</u>
Surplus, beginning of year .....	\$ ---	\$ ---
Operating surplus .....	<u>2,732</u>	<u>3,353</u>
Transfer from (to) investment in capital assets for		
Depreciation .....	2,939	1,676
Capital asset acquisitions .....	<u>(5,671)</u>	<u>(5,029)</u>
	<u>(2,732)</u>	<u>(3,353)</u>
Surplus, end of year .....	<u>\$ ---</u>	<u>\$ ---</u>
See accompanying notes to the financial statements		

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Statement of Capital Assets  
year ended March 31, 2000**

	Cost			Accumulated Depreciation			2000 Net Book Value	1999 Net Book Value
	Opening	Additions	Closing	Opening	Expense	Closing		
Computer equipment . . . . .	\$ 5,029	\$ 2,981	\$ 8,010	\$ 1,676	\$ 2,670	\$ 4,346	\$ 3,664	\$ 3,353
Furniture . . . . .	---	2,690	2,690	---	269	269	2,421	---
	<u>\$ 5,029</u>	<u>\$ 5,671</u>	<u>\$ 10,700</u>	<u>\$ 1,676</u>	<u>\$ 2,939</u>	<u>\$ 4,615</u>	<u>\$ 6,085</u>	<u>\$ 3,353</u>

**Statements of Cash Flows  
year ended March 31, 2000**

	2000	1999
Increase (decrease) in cash		
<b>Operating</b>		
Operating surplus . . . . .	\$ 2,732	\$ 3,353
Depreciation . . . . .	<u>2,939</u>	<u>1,676</u>
	5,671	5,029
Change in non-cash operating working capital (Note 6) . . . . .	<u>5,701</u>	<u>12,457</u>
	<u>11,372</u>	<u>17,486</u>
<b>Investing</b>		
Purchase of capital assets . . . . .	<u>(5,671)</u>	<u>(5,029)</u>
Increase in cash . . . . .	5,701	12,457
Cash,		
Beginning of year . . . . .	<u>12,457</u>	---
End of year . . . . .	<u>\$ 18,158</u>	<u>\$ 12,457</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Notes to the Financial Statements  
March 31, 2000**

**1. Incorporation**

The Nova Scotia Freedom of Information and Protection of Privacy Review Office was created pursuant to the Freedom of Information and Protection of Privacy Act, Chapter 5 of the Acts of Nova Scotia, 1993.

**2. Summary of significant accounting policies**

**a) General**

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

**b) Capital assets**

Capital assets purchased by the Review Office with a value greater than \$1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Furniture	10 years

**3. Investment in capital assets**

	2000	1999
Balance, beginning of year. . . . .	\$ 3,353	\$ ---
Capital asset acquisitions. . . . .	5,671	5,029
Depreciation. . . . .	<u>(2,939)</u>	<u>(1,676)</u>
Balance, end of year. . . . .	<u>\$ 6,085</u>	<u>\$ 3,353</u>

**4. Pensions**

Full time employees of the Review Office are entitled to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Review Office's operating expenses. The Review Office is not responsible for any unfunded liability.

**5. Commitment**

The company has entered into an agreement to lease its premises until December 31, 2004. The annual rent of premises consists of a minimum rent plus the Review Office's portion of common cost such as maintenance, power, water and property taxes. Minimum rent payable for premises for each of the next four years is as follows:

2001	\$ 5,555
2002	5,555
2003	5,555
2004	4,166

**6. Supplement cash flow information**

	<b>2000</b>	<b>1999</b>
Change in non-cash operating working capital		
Receivables . . . . .	\$ (5,063)	\$ (7,463)
Payables . . . . .	12,042	19,920
Prepays . . . . .	<u>(1,278)</u>	<u>---</u>
	<u>\$ 5,701</u>	<u>\$ 12,457</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and  
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Gaming Corporation as at March 31, 2000 and the statements of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 9, 2000



**NOVA SCOTIA GAMING CORPORATION**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
		(in thousands)	
		(Note 14)	
<b>Current</b>			
Cash & short term investments (Note 3) . . . . .	\$ 12,140	\$	16,957
Due from Atlantic Lottery Corporation Inc. . . . .	4,329		12,512
Due from Metropolitan Entertainment Group (Note3) . . . . .	---		4,053
Accounts Receivable . . . . .	10		---
Prepays . . . . .	<u>1</u>		<u>1</u>
	<u>16,480</u>		<u>33,523</u>
<b>Long-term</b>			
Investment in Atlantic Lottery Corporation Inc. . . . .	1		1
Investment in Interprovincial Lottery Corporation (Note 7) . . . . .	1		1
Fixed Assets (Note 8) . . . . .	<u>134</u>		<u>79</u>
	<u>136</u>		<u>81</u>
	\$ <u>16,616</u>	\$	\$ <u>33,604</u>

**LIABILITIES**

<b>Current</b>			
Accounts Payable . . . . .	\$ 1,302	\$	931
Due to Nova Scotia Harness Racing Incorporated (Note 10) . . . . .	91		1,986
Due to Nova Scotia Gaming Foundation . . . . .	56		45
Due to Metropolitan Entertainment Group (Note3) . . . . .	3,798		---
Due to Province of Nova Scotia . . . . .	5,411		26,925
Due to Casino Operations . . . . .	<u>5,958</u>		<u>3,717</u>
	\$ <u>16,616</u>	\$	\$ <u>33,604</u>

Contingencies and Commitments (Notes 3, 12 and 13)

**NOVA SCOTIA GAMING CORPORATION**

**Statement of Income and Retained Earnings  
for the year ended March 31, 2000**

	Lotteries (Schedule 1)			Casinos (Sch 11/111)	Lotteries (Schedule 1)			Casinos (Sch 11/111)	1999 Total
	Ticket Lottery	Video Lottery	Overhead	Halifax & Sydney	2000 Total	Ticket Lottery	Video Lottery	Halifax & Sydney	(Note 14)
Revenues.....	\$ 194,620	\$ 138,242	\$ ---	\$ 84,151	\$ 417,013	\$ 186,955	\$ 130,181	\$ 78,945	\$ 396,081
Expenses.....	<u>141,598</u>	<u>40,086</u>	<u>6,187</u>	<u>69,723</u>	<u>257,594</u>	<u>148,264</u>	<u>41,811</u>	<u>67,559</u>	<u>257,634</u>
Profit Distribution.....	<u>\$ 53,022</u>	<u>\$ 98,156</u>	<u>\$ (6,187)</u>	<u>\$ 14,428</u>	<u>\$ 159,419</u>	<u>\$ 38,691</u>	<u>\$ 88,370</u>	<u>\$ 11,386</u>	<u>\$ 138,447</u>
<b>Other Income</b>									
Interest on GST/HST award (Note 3).....					1,193				---
Interest income.....					<u>209</u>				<u>---</u>
					<u>1,402</u>				<u>---</u>
<b>Other expenses</b>									
Special Payments and Bonus Commissions (Note 5).....					216				221
Responsible Gaming Program (Note 6).....					394				---
Nova Scotia Gaming Foundation Contribution (Note 2).....					346				380
Nova Scotia Harness Racing Fund Contribution (Note 10).....					1,752				1,986
Management Expenses (Schedule IV).....					2,351				1,630
Ticket and Video Lotteries Repatriation Costs (Note 4 and Shedule V).....					<u>1,394</u>				<u>---</u>
					<u>6,453</u>				<u>4,217</u>
Net Operating Income.....					154,368				134,230
Income Guarantee Repayment (Notes 2 and 3).....					<u>(5,784)</u>				<u>(1,663)</u>
Net Income.....					148,584				132,567
Retained earnings, beginning of year.....					---				---
Payments to Province.....					---				---
Retained earnings, end of year.....					<u>(148,584)</u>				<u>(132,567)</u>
					<u>\$ ---</u>				<u>\$ ---</u>

# NOVA SCOTIA GAMING CORPORATION

## Notes to the Financial Statements for the year ended March 31, 2000

### 1. Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

### 2. Accounting Policies

#### a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principals. A statement of cash flows is not provided as disclosure in the balance sheet and the income statement is considered adequate.

#### b) Casino Revenue

In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

#### c) Ticket Lottery Revenues

In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

#### d) Video Lottery Revenue

In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings. (Note 4)

#### e) Income Guarantee

In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation, which provided that if Total Provincial Revenue was less than \$25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and \$25 million. Total Provincial Revenue was defined to include the aggregate of casino win tax (20%) paid to the Province of Nova Scotia, annual registration fees of \$100,000 paid to the Nova Scotia Alcohol and Gaming Authority (formerly Nova Scotia Gaming Control Commission) and the annual net operating income of the Corporation from the casino complexes.

If Total Provincial Revenue exceeded \$25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue is in excess of \$25 million in such year. On a cumulative monthly basis the amount of the income guarantee repayment is accrued if defined Total Provincial Revenue is greater than \$2,083,000 which equals the pro rata monthly portion of the \$25 million. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation. (Note 3)

**f) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on the declining balance basis at the following annual rates

Computer equipment . . . . .	30%
Office furniture and equipment . . . . .	20%

**g) Nova Scotia Gaming Foundation Contribution**

VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with Atlantic Lottery Corporation Inc., to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers. The administration of the Foundation was transferred from the Corporation to the Minister of Health effective December 8, 1999.

**h) Long -term Investments**

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

**3. Casino Nova Scotia**

**a) Operating Contract**

*i) Term and Structure*

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. and Purdy's Wharf Development Limited, to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

Effective December 29, 1999, Metropolitan Entertainment Group is a partnership between Park Place Entertainment Scotia Limited and East Port Properties Ltd.

*ii) Payments to Operator*

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax and Sydney with respect to each casino complex, which has been amortized straight-line over a three year term in Halifax, a ten-year term in Sydney and will be amortized over a seven-year term in relation to the Halifax permanent casino with interest calculated monthly at 12% per annum on the total outstanding capital investment. The Operator's Capital Investment in the Halifax Interim Casino of \$24.1 million was fully repaid in May 1998; and its Capital Investment in Sydney totaled \$23.2 million, of which \$12.4 million remained outstanding at March 31, 2000;
- an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve. Disbursements from this reserve are required to be approved in advance by the Corporation through the annual capital budget approval process;
- an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;
- an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above. The Operator will track the amount of the shortfall and will be entitled to increased payments by an amount equal to the accumulated shortfall plus interest at prime plus 1% during the period in which the shortfall is outstanding; and
- an amount equal to 35% of cash available for distribution, as defined in the Operating Contract in Halifax.

iii) *Net Operating Income*

The Corporation's net operating income consists of 100% of the cash available for distribution from the Sydney Casino and the remaining cash available for distribution from the Halifax Interim Casino after payment of 35% to Operator.

iv) *Operating Period*

Net operating income earned by the Corporation is calculated based upon the operating period, which is defined in the Operating Contract as January 1 - December 31. The Corporation's annual financial statements are prepared based upon an April 1 - March 31 fiscal year. Any net operating income earned by the Corporation during the period January 1 - March 31 is subject to adjustment for the results of operations in the period April 1- December 31.

v) *Approvals*

Under the Operating Contract, the Corporation is required to approve certain items including the Operator's Operating and Capital budgets. The Corporation did not agree with certain aspects of the Operator's 2000 Operating Budget and are currently addressing a number of these provisions.

vi) *Public Education and Problem Gambling Contribution*

Metropolitan Entertainment Group and the Corporation have agreed to an annual contribution of \$1 million to be paid from casino revenues to the Department of Health to provide funds for problem gaming programs and related public education.

**b) Cash in Casino Accounts**

Under the Operating Contract, the cash is managed by the Operator on behalf of the Corporation. The Corporation has included \$6,756,000 (1999 - \$16,957,000) in cash from the Casino Accounts on the Balance Sheet. Cash in Casino Accounts excludes the Capital Replacement Reserve Balance of \$3,696,000 (1999 - \$3,430,000).

**c) Income Guarantee**

The income guarantee payments for the guarantee periods and the income guarantee repayment accrual at March 31, 2000 are as follows:

	(in thousands)
July 31, 1996	\$ 9,621
July 31, 1997	5,813
July 31, 1998	5,564
July 31, 1999	<u>(4,379)</u>
Balance at July 31, 1999	16,619
Income guarantee repayment accrual - August 1, 1999 to March 31, 2000	<u>(3,798)</u>
Balance at March 31, 2000	<u>\$ 12,821</u>

Between August 1, 1999 and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by \$3,798,000 (1999 - \$2,402,000). The maximum potential recovery by Metropolitan Entertainment Group for the period April 1, 2000 to July 31, 2000 is \$12,821,000.

Between April 1, 1999, and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by \$5,784,000 (1999 - \$1,663,000) and therefore this estimate reduced the Corporation's net operating income to record the amount to be repaid to the Operator. (Note 2). The actual amount of the income guarantee repayment will be known at July 31, 2000.

**d) Due (to) from Metropolitan Entertainment Group**

	2000	1999
	(in thousands)	
Income guarantee receivable (August 1, 1996 - July 31, 1997) . . . . .	\$ ---	\$ 891
Income guarantee receivable (August 1, 1997 - July 31, 1998) . . . . .	---	5,564
Income guarantee payable (August 1, 1998 - March 31, 1999). . . . .	---	(2,402)
Income guarantee payable accrual (August 1, 1999 - March 31, 2000) (Note 3) . . . . .	<u>(3,798)</u>	---
Total . . . . .	<u>\$ (3,798)</u>	<u>\$ 4,053</u>

**e) Interest on GST/HST Award**

On January 28, 2000, the Corporation received payment of \$21.6 million from Metropolitan Entertainment Group in satisfaction of an award made in favour of the Corporation following arbitration over the interpretation of GST/HST in the Operating Contract. The arbitrator's award included interest of \$1.2 million to the Corporation.

**f) Halifax Permanent Casino**

Construction of the Halifax permanent casino commenced on February 1, 1998, and the casino opened on April 24, 2000. The total costs expended by the Operator at March 31, 2000, to construct the Halifax permanent casino were approximately \$98 million.

Within 180 days following the opening of the Halifax permanent casino, the Operator is required to submit to the Corporation for approval a detailed summary of the total amount expended for completion of the casino.

Within 30 days of the submission of the detailed summary, the Corporation is required to approve or give notice to the Operator of its non-approval of these amounts. Upon approval by the Corporation, such costs shall be deemed to be Approved Development Costs of the casino.

**g) Casino Option Contract**

Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling \$2.6 million for the price of \$1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

**4. Atlantic Lottery Corporation Inc.**

**a) Profit Distribution**

In 1976, the Atlantic Lottery Corporation was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

In March 1999, the Corporation served notice to Atlantic Lottery Corporation Inc. of its intention to withdraw its ticket and video lottery businesses from the Atlantic Lottery Corporation Inc. A project transition team was established on April 1, 1999 and costs associated with the withdrawal were capitalized during the year. On August 5, 1999, the Government announced that it would conduct a review of the Corporation's decision to withdraw its lottery operations from Atlantic Lottery Corporation Inc. On September 3, 1999, the Minister of Finance formally requested the Corporation suspend the transition initiatives pending the review and until otherwise advised.

On January 21, 2000, an agreement in principle was reached among the shareholder provinces that would permit the Corporation to continue with Atlantic Lottery Corporation Inc. The agreement consisted to three main elements:

- amended Unanimous Shareholders Agreement for common functions of the Atlantic Lottery Corporation Inc., including an amended profit allocation formula (revenue and cost allocation methodologies);
- agency Agreement to appoint the Atlantic Lottery Corporation Inc. as the Corporation's operator for ticket lottery and video lottery schemes in Nova Scotia; and
- independent review of effectiveness of the Atlantic Lottery Corporation Inc. in maximizing return to the Corporation and other shareholders.

The current year lottery figures included in the financial statements, including Schedule 1, are prepared based on the revised profit distribution formula in accordance with the draft amended and restated Unanimous Shareholders Agreement, which has not yet been finalized. As at the reporting date, it is expected that the Agency Agreement and Unanimous Shareholders Agreement will be executed shortly. Based upon the previous profit sharing formula included in the Unanimous Shareholders Agreement amended in 1991, Nova Scotia's share of lottery profits would be \$140.8 million, or \$4.2 million lower than the \$145.0 million included in Schedule 1.

Ticket and video lottery operating results for the year ended March 31, 1999 are not directly comparable as they are based on the previous profit distribution formula which was approved by the shareholders in 1976 and amended in 1991.

As a result of the agreement in principle, all ticket and video lottery repatriation costs that had previously been capitalized during the year have been expensed (Schedule V).

**b) Net Video Lottery Revenue**

Based on information provided by Atlantic Lottery Corporation Inc., net video lottery revenue in Nova Scotia for the year is calculated as follows:

	2000		1999	
	(in millions)			
Amounts Deposited...\$	450	---	\$ 420	---
Amounts Wagered. . . .	---	\$ 2,628	---	\$ 2,468
Amounts Paid				
as Winnings. . . . .	---	2,490	---	2,339
Amounts Cashed Out. .	312	---	291	---
Net Video Lottery				
Revenue. . . . . \$	138	\$ 138	\$ 129	\$ 129
Prize Payout				
Percentage . . . . .		95%		95%



**c) Federal Contribution**

By an agreement dated August 23, 1979, between the Government of Canada and the governments of the ten provinces, the Government of Canada agreed to withdraw from the sale of lottery tickets. In consideration for this withdrawal, the Provinces agreed to pay \$24 million annually to the Government of Canada, in 1979 dollars adjusted by the Consumer Price Index each year. The Atlantic Lottery Corporation Inc., as the Corporation's agent, remits Nova Scotia's share of the above payments to the Interprovincial Lottery Corporation for remission to the Government of Canada. For the year ended March 31, 2000, Nova Scotia's share was \$1,453,000 (1999 - \$1,402,000).

**5. Special Payments and Bonus Commissions**

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

	<b>2000</b>		<b>1999</b>
	(in thousands)		
The Department of Education and Culture (in support of the Cultural Federation of Nova Scotia) . . . . . \$	50	\$	50
The Department of Agriculture and Marketing (in support of the Exhibition Association of Nova Scotia) . . . . .	50		50
The Sport and Recreation Commission (in support of Sport Nova Scotia) . . . . .	<u>100</u>		<u>100</u>
	<u>\$ 200</u>	\$	<u>200</u>

These payments are special funds under the Provincial Finance Act established by the Minister of Finance under Section 14 (1) of the Atlantic Lottery Regulations as made under the Gaming Control Act.

Bonus commissions of \$16,000 (1999 - \$21,000) were paid during the year to 10 non-profit organizations.

**6. Responsible Gaming Program**

The Corporation worked collaboratively with the Tourism Industry Association of Nova Scotia and the Department of Health Addiction Services to develop a Responsible Gaming Program for all VLT retailers and their employees. The program delivery commenced in October 1999. The Corporation's share of the costs of the Responsible Gaming Program, including development and delivery to March 31, 2000, was \$394,000. Effective April 1, 2000, Atlantic Lottery Corporation Inc. will be responsible for the monitoring of the implementation of the Responsible Gaming Program as agent of the Corporation.

**7. Interprovincial Lottery Corporation**

The Interprovincial Lottery Corporation was incorporated on August 16, 1976, under the Canada Business Corporations Act. Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event-Celebration). Nova Scotia holds one of 10 shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

Five regional marketing organizations are responsible for the Interprovincial Lottery Corporation's game ticket distribution and sales, new game designs/changes, marketing and promotions and payment of prizes. The Atlantic Lottery Corporation Inc. is appointed a regional marketing organization.

**8. Fixed Assets**

			<b>2000</b>	<b>1999</b>
			(in thousands)	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computers . . . . .	\$ 147	\$ 50	\$ 97	\$ 48
Office Furniture/ Equipment . . . . .	<u>61</u>	<u>24</u>	<u>37</u>	<u>31</u>
	<u>\$ 208</u>	<u>\$ 74</u>	<u>\$ 134</u>	<u>\$ 79</u>

**9. Related Party Transactions**

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited, Atlantic Lottery Corporation Inc. and the ALC Harness Racing Corporation are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

**10. Harness Racing**

As requested by Government, Nova Scotia became involved in supporting the harness racing industry in June 1998 through the ALC Harness Racing Corporation. Nova Scotia Harness Racing Incorporated was established March 1, 1999, and designated as a crown corporation April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund. The Corporation annually contributes to the Fund amounts approved by the Minister of Finance.

For the year , ALC Harness Racing Corporation incurred a loss of \$1,750,000 (1999 - \$1,986,000) in Nova Scotia. The Corporation contributed \$1,752,000 to the Nova Scotia Harness Racing Fund this year to permit Nova Scotia Harness Racing Incorporated to fund ALC Harness Racing Corporation's loss of \$1,750,000 in Nova Scotia and to cover other expenses. The amount owing to Nova Scotia Harness Racing Incorporated at March 31, 2000, is \$91,000.

In March 2000, the Government decided to provide up to \$1 million in 2000-01 to support the harness racing industry in Nova Scotia. This contribution will be provided by the Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing. The Department of Agriculture and Marketing will manage the monies received from the Fund and determine how they will be distributed to the industry.

**11. GST/HST**

Since April 1, 1997, the Corporation has incurred and paid Harmonized Sales Tax (HST) on all expenditures that attract HST as would a normal registrant. Prior to april 1, 1997, the Corporation was exempt from the Goods and Services Tax (GST).

On September 16, 1998, the draft Games of Chance (GST) Regulations were promulgated and took effect because of a "coming into force" provision retroactive to February 15, 1995. As a prescribed registrant, the Corporation was therefore subject to GST prior to April 1, 1997, and HST thereafter. The Corporation must also identify all GST/HST paid and allocate these costs between gaming and non-gaming activities. The GST/HST on gaming activities is required to be "doubled up" and further remitted to Revenue Canada, while the GST/HST on non-gaming activities may be used by the Corporation as an input tax credit. As a result of these changes, the Corporation expensed \$362,000 during the year.

## 12. Commitments

The Corporation is required to make lease payments over the next five years as follows:

March 31, 2001	\$	62,000
March 31, 2002	\$	70,000
March 31, 2003	\$	62,000
March 31, 2004	\$	62,000
March 31, 2005	\$	41,000

## 13. Contingency

A former Director of the Corporation has commenced legal action against the Corporation alleging constructive dismissal and claiming damages for that dismissal. The eventual outcome of this action is not determinable at this time.

## 14. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

## NOVA SCOTIA GAMING CORPORATION

Ticket Lottery and Video Lottery Operating Results  
for the year ended March 31, 2000

	<b>Ticket Lottery</b>	<b>Video Lottery</b>	<b>Overhead</b>	<b>Total 2000</b>	<b>Total 1999</b>
	(in thousands)				
	(Note 4) (Notes 4 and 14)				
Ticket Lottery Sales . . . \$	194,620	\$ ---	\$ ---	\$ 194,620	\$ 186,955
Ticket Lottery Sales					
Discounts . . . . .	65	---	---	65	74
Prize Expense . . . . .	<u>103,666</u>	---	---	<u>103,666</u>	<u>100,558</u>
Net Ticket Lottery					
Sales . . . . .	90,889	---	---	90,889	86,323
Net Video Lottery					
Sales . . . . .	---	<u>138,242</u>	---	<u>138,242</u>	<u>130,181</u>
Total Net Sales . . . . .	<u>90,889</u>	<u>138,242</u>	---	<u>229,131</u>	<u>216,504</u>
Retailer Commissions . .	12,434	30,084	---	42,518	46,549
Tickets Costs . . . . .	<u>4,355</u>	<u>146</u>	---	<u>4,501</u>	<u>4,889</u>
	<u>16,789</u>	<u>30,230</u>	---	<u>47,019</u>	<u>51,438</u>
Gross Profit . . . . .	<u>74,100</u>	<u>108,012</u>	---	<u>182,112</u>	<u>165,066</u>
<b>Operating Expenses</b>					
Salaries & Benefits . . . .	4,261	2,405	1,446	8,112	8,075
Travel & Vehicle					
Expenses . . . . .	831	490	193	1,514	1,543
General & Professional					
Services . . . . .	569	48	598	1,215	807
Occupancy Cost . . . . .	576	323	320	1,219	1,337
Office & Miscellaneous	392	237	346	975	1,385
Equipment &					
Maintenance . . . . .	900	836	444	2,180	2,049
Telecommunication . . . .	1,331	60	408	1,799	2,363
Advertising . . . . .	3,633	1	258	3,892	3,702
Depreciation &					
Amortization . . . . .	<u>388</u>	<u>1,329</u>	<u>240</u>	<u>1,957</u>	<u>1,946</u>
Total Operating					
Expenses . . . . .	<u>12,881</u>	<u>5,729</u>	<u>4,253</u>	<u>22,863</u>	<u>23,207</u>
Operating Profit . . . . .	<u>61,219</u>	<u>102,283</u>	<u>(4,253)</u>	<u>159,249</u>	<u>141,859</u>
Other income (expenses)	<u>436</u>	<u>968</u>	<u>(13)</u>	<u>1,391</u>	<u>964</u>
Profit Before Other					
Distributions . . . . .	61,655	103,251	(4,266)	160,640	142,823
HST Expense . . . . .	3,975	5,095	468	9,538	9,955
Federal Contribution . . .	---	---	1,453	1,453	1,402
Charity Non-Profit . . . .	28	---	---	28	---
Retailer Bonus . . . . .	<u>4,630</u>	---	---	<u>4,630</u>	<u>4,406</u>
Net Profit . . . . . \$	<u><u>53,022</u></u>	<u><u>98,156</u></u>	<u><u>(6,187)</u></u>	<u><u>144,991</u></u>	<u><u>127,060</u></u>

## NOVA SCOTIA GAMING CORPORATION

**Halifax Casino Nova Scotia  
Operating Results  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Casino Revenue .....	\$ 54,379	\$ 50,192
Win Tax .....	<u>(10,876)</u>	<u>(10,038)</u>
Casino Revenue After Win Tax .....	43,503	40,154
Beverage, Food and Other Revenue .....	<u>1,256</u>	<u>1,316</u>
Total Net Revenues .....	<u>44,759</u>	<u>41,470</u>
Operating Expenses		
Salaries and Benefits .....	13,636	12,847
Other Expenses Including Cost of Beverage and Food .....	1,432	1,247
Public Education and Problem Gaming Contribution .....	670	656
General Administration and Marketing .....	5,298	4,971
Premise Expense .....	1,792	1,907
Harmonized Sales Tax .....	<u>3,784</u>	<u>3,713</u>
	<u>26,612</u>	<u>25,341</u>
Income Before Payments to Operator .....	<u>18,147</u>	<u>16,129</u>
Payments to Operator (Note 3)		
Amortization of Capital Investment and Interest .....	---	1,352
Capital Replacement Reserve .....	835	772
Operator Fee .....	<u>6,059</u>	<u>4,902</u>
	<u>6,894</u>	<u>7,026</u>
Net Operating Income .....	<u>\$ 11,253</u>	<u>\$ 9,103</u>

## NOVA SCOTIA GAMING CORPORATION

**Sydney Casino Nova Scotia  
Operating Results  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Casino Revenue.....	\$ 26,901	\$ 25,686
Win Tax .....	<u>(5,380)</u>	<u>(5,137)</u>
Casino Revenue After Win Tax .....	21,521	20,549
Beverage, Food and Other Revenue .....	<u>1,615</u>	<u>1,751</u>
Total Net Revenues .....	<u>23,136</u>	<u>22,300</u>
<b>Operating Expenses</b>		
Salaries and Benefits .....	6,078	6,431
Other Expenses Including Cost of Beverage and Food .....	1,329	1,374
Public Education and Problem Gaming Contribution .....	330	345
General Administration and Marketing .....	2,758	2,270
Premise Expense .....	760	753
Harmonized Sales Tax .....	<u>2,542</u>	<u>2,385</u>
	<u>13,797</u>	<u>13,558</u>
Income Before Payments to Operator .....	<u>9,339</u>	<u>8,742</u>
Payments to Operator (Note 3)		
Amortization of Capital Investment and Interest .....	3,957	4,340
Capital Replacement Reserve .....	428	412
Base Fee .....	855	823
Incentive Fee .....	<u>924</u>	<u>884</u>
	<u>6,164</u>	<u>6,459</u>
Net Operating Income .....	<u>\$ 3,175</u>	<u>\$ 2,283</u>

Schedule IV

NOVA SCOTIA GAMING CORPORATION

Management Expenses  
for the year ended March 31, 2000

	2000	1999
	(in thousands)	
Advertising . . . . .	10	5
Depreciation . . . . .	25	17
Directors fees . . . . .	112	112
Harmonized Sales Tax (Note 11) . . . . .	656	188
Membership Dues . . . . .	7	4
Occupancy Taxes . . . . .	2	1
Office and Miscellaneous . . . . .	41	19
Office Equipment . . . . .	14	8
Periodicals . . . . .	12	12
Postage and Freight . . . . .	10	6
Printing and Stationery . . . . .	27	33
Professional and Other Fees . . . . .	478	630
Rent . . . . .	45	36
Salaries and Benefits . . . . .	832	487
Telecommunications . . . . .	30	19
Training . . . . .	15	2
Travel . . . . .	35	51
	<u>\$ 2,351</u>	<u>\$ 1,630</u>

Schedule V

Ticket and Video Lotteries Repatriation Costs  
for the year ended March 31, 2000

	2000
	(in thousands)
Depreciation . . . . .	2
Harmonized Sales Tax (Note 11) . . . . .	177
Premise Rental . . . . .	19
Office and Miscellaneous . . . . .	19
Professional and Other Fees . . . . .	890
Salaries and Benefits . . . . .	231
Telecommunications . . . . .	14
Travel . . . . .	42
	<u>\$ 1,394</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and  
To the Minister of Finance and the Minister of Health

I have audited the balance sheet of the Nova Scotia Gaming Foundation as at December 8, 1999 and the statement of revenue, expense and surplus for the 252 days then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 8, 1999 and its operations for the 252 days then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
December 22, 1999



**NOVA SCOTIA GAMING FOUNDATION**

**Balance Sheet  
December 8, 1999**

**ASSETS**

	<b>December 8, 1999</b>	<b>March 31, 1999</b>
Cash and Term Deposit . . . . .	\$ 2,838,799	\$ 2,578,926
Accrued Interest . . . . .	1,577	
Due from Nova Scotia Gaming Corporation . . . . .	<u>66,348</u>	<u>44,923</u>
	<u>\$ 2,906,724</u>	<u>\$ 2,623,849</u>

**LIABILITIES**

Accounts Payable . . . . .	\$ 918	\$ 2,027
----------------------------	--------	----------

**EQUITY**

Surplus - restricted (Note 5) . . . . .	455,113	630,840
- unrestricted . . . . .	<u>2,450,693</u>	<u>1,990,982</u>
	<u>2,905,806</u>	<u>2,621,822</u>
	<u>\$ 2,906,724</u>	<u>\$ 2,623,849</u>

**Statement of Revenue, Expenses and Surplus  
for the 252 days ended December 8, 1999**

	<b>252 Days Ended December 8, 1999</b>	<b>Year Ended March 31, 1999</b>
<b>Revenue</b>		
Contributions		
Nova Scotia Gaming Corporation . . . . .	\$ 237,671	\$ 380,664
VLT Retailers . . . . .	237,671	380,664
Interest . . . . .	<u>77,134</u>	<u>109,879</u>
	<u>552,476</u>	<u>871,207</u>
<b>Expenses</b>		
Administrative Fees (Note4) . . . . .	10,473	24,610
Directors Fees . . . . .	3,675	2,000
Grants (Note 5) . . . . .	253,444	244,383
HST . . . . .	---	2,473
Office . . . . .	99	457
Professional . . . . .	<u>801</u>	<u>6,998</u>
	<u>268,492</u>	<u>280,921</u>
Excess of Revenue over Expenses . . . . .	283,984	590,286
Surplus, beginning of period . . . . .	<u>2,621,822</u>	<u>2,031,536</u>
Surplus, end of period . . . . .	<u>\$ 2,905,806</u>	<u>\$ 2,621,822</u>

# NOVA SCOTIA GAMING FOUNDATION

## Notes to the Financial Statements for the 252 Days Ended December 8, 1999

### 1. Description of the Foundation

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse funds in furtherance of the purposes set out in the Gaming Control Act, including for research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailers' agreements to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

### 2. Transfer of Administration

Since its establishment, the Foundation has been administered by the Nova Scotia Gaming Corporation on an interim basis. On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 to replace the Nova Scotia Gaming Corporation as the body responsible for the Foundation with the Minister of Health effective December 8, 1999. The past Board of Directors of the Foundation resigned effective December 8, 1999 and a new Board is anticipated to be appointed by the Minister of Health.

### 3. Accounting Policies

#### Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flows is not provided as disclosure in the balance sheet and the statement of revenue, expenses and surplus is considered adequate.

#### Term Deposits

Term Deposits are valued at original cost plus accrued interest.

#### Grants

Grant expenditures are recognized upon payment to the grantee. Payments are subject to the terms of the specific grant agreement.

### 4. Administrative Fees

The Foundation has entered into an agreement with the Nova Scotia Gaming Corporation to provide professional and administrative services on a cost recovery basis.

**5. Grants and Commitments**

The following represents the balance of grants committed at December 8, 1999.

	Approved Grant	Disbursed as at December 8,1999	Balance Committed at December 8,1999
Compulsive & Problem Gamblers Society . . . . .	\$ 216,108	\$ 205,568	\$ 10,540
Dalhousie University VLT Harm Reduction Study . . . . .	335,916	271,543	64,373
NS Department of Education and Culture . . . . .	<u>380,200</u>	<u>---</u>	<u>380,200</u>
	<u>\$ 932,224</u>	<u>\$ 477,111</u>	<u>\$ 455,113</u>

Of the \$477,111 disbursed as at December 8, 1999, \$253,444 was disbursed during the 252 days ended December 8, 1999.

At December 8, 1999, the Foundation had approved but not yet disbursed the funding for various problem gambling initiatives as detailed above. The Foundation considers the balance committed of \$455,113 at December 8, 1999, to be restricted for the purpose of presenting the surplus.

**6. Comparative Information**

These financial statements for the 252 days ended December 8, 1999 have been prepared up to the date of the transition of the administration of the Foundation to the Minister of Health. Comparative figures for the year ended March 31, 1999 have been provided for information only.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and  
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Harness Racing Incorporated as at March 31, 2000 and the statement of income for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 9, 2000

**NOVA SCOTIA HARNESS RACING INCORPORATED**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Bank . . . . .	\$ 1,135	\$ ---
Due from Nova Scotia Gaming Corporation. . . . .	<u>91,470</u>	<u>1,985,766</u>
	<u>92,605</u>	<u>1,985,766</u>
 <b>Long-term</b>		
Investment ALC Harness Racing Corporation. . . . .	<u>1</u>	<u>1</u>
	<u>\$ 92,606</u>	<u>\$ 1,985,767</u>

**LIABILITIES**

<b>Current</b>		
Accounts payable . . . . .	\$ 1,000	\$ ---
Due to ALC Harness Racing Corporation . . . . .	<u>91,606</u>	<u>1,985,767</u>
	<u>\$ 92,606</u>	<u>\$ 1,985,767</u>

**Income Statement  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation. . . . .	<u>\$ 1,752,225</u>	<u>\$ 1,985,766</u>
 <b>Expenses</b>		
Contribution to ALC Harness Racing Corporation grant program. . . . .	1,749,849	1,985,766
Dues and fees. . . . .	85	---
Interest and bank charges. . . . .	156	---
Office. . . . .	135	---
Professional fees. . . . .	<u>2,000</u>	<u>---</u>
	<u>1,752,225</u>	<u>1,985,766</u>
 Excess of revenue over expenses . . . . .	 <u>\$ ---</u>	 <u>\$ ---</u>

# NOVA SCOTIA HARNESS RACING INCORPORATED

## Notes to the Financial Statement for the year ended March 31, 2000

### 1. Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the Companies Act on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated Regulations and to oversee Nova Scotia's involvement in supporting the harness racing industry in the Province through its agent, ALC Harness Racing Corporation.

Nova Scotia Harness Racing Incorporated holds one share, and therefore has a 33.33% interest, in ALC Harness Racing Corporation, a corporation incorporated under the Canada Business Corporation Act on May 7, 1998 to carry out the mandate of providing marketing and promotional assistance to the Maritime Provinces' harness racing industry. Atlantic Lottery Corporation Inc. owns the remaining 66.67% of ALC Harness Racing Corporation holding two shares on behalf of each of the Province of New Brunswick and the Province of Prince Edward Island.

During the year ended March 31, 2000, ALC Harness Racing Corporation provided marketing and promotional support to seven race tracks in the Maritime Provinces through the distribution of grant funding in accordance with the terms of proposed grant agreements between ALC Harness Racing Corporation and the race tracks. Provided a track was in compliance with the terms of the grant agreement, ALC Harness Racing Corporation provided grant funding to each track comprised of amounts paid directly to the track for capital improvements, amounts paid to fund specific race events in accordance with a formula, amounts incurred by ALC Harness Racing Corporation or paid directly to suppliers by ALC Harness Racing Corporation for the conduct of races and amounts paid by ALC Harness Racing Corporation to advertise and promote the harness racing industry. Some amounts were paid subsequent to race events and others were paid as the expenses were incurred on behalf of the race tracks.

In March 2000, the Government decided to provide up to \$1,000,000 in 2000/01 to support the harness racing industry in Nova Scotia. This contribution will be provided by Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing. The Department of Agriculture and Marketing will manage the monies received from the Fund and determine how they will be distributed to the industry.

Nova Scotia, PEI and New Brunswick have decided to discontinue the operations relating to ALC Harness Racing Corporation. It is expected that a period of two months will be required to completely dispose of all assets and discharge all liabilities.

### 2. Accounting Policies

#### a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

**b) Investments**

The investment in ALC Harness Racing Corporation is recorded using the cost method of accounting for investments.

**3. Share Capital**

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.

**4. Harness Racing Operations**

Based on information provided by ALC Harness Racing Corporation, Nova Scotia Harness Racing Incorporated's contribution to ALC Harness Racing Corporation of \$1,749,849 was determined as follows:

Direct grants to Nova Scotia Tracks		
Truro Raceway. . . . .	\$	702,000
Tartan Downs Raceway. . . . .		288,000
Inverness Raceway. . . . .		308,000
		<u>1,298,000</u>
 ALCHRC costs allocated to Nova Scotia. . . . .		451,849
	\$	<u><u>1,749,849</u></u>

Included in ALC Harness Racing Corporation's costs above are Nova Scotia's share of the costs resulting from discontinuing the operations of ALC Harness Racing Corporation. These financial statements do not include any potential loss as the future costs are not determinable at this time and will be insignificant.

The amount of Nova Scotia Harness Racing Incorporated's contribution to ALC Harness Racing Corporation to provide marketing and promotional support to Nova Scotia tracks, was determined in accordance with a proposed profit allocation formula. The amount of Nova Scotia Harness Racing Incorporated's contribution is the sum of:

Direct grants to harness racing tracks in Nova Scotia;

Direct costs of ALC Harness Racing Corporation that were not grants to a harness racing track but were attributable to Nova Scotia; and

All other costs of ALC Harness Racing Corporation allocated to Nova Scotia on the basis of its percentage share of net pari-mutuel revenue.

Net pari-mutuel revenue is defined as gross pari-mutuel wager on live and simulcast racing generated in all participating provinces less winner payout expenses.

## AUDITOR'S REPORT

To the Chairman and Members of the  
Board of Management of the  
Nova Scotia Hospital

I have audited the balance sheet of the Nova Scotia Hospital as at March 31, 2000, and the statements of revenues and expenses, ancillary operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 6, 2000



**NOVA SCOTIA HOSPITAL**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
	<b>(Restated - Note 3)</b>	
<b>Current Assets</b>		
Cash . . . . .	\$ 3,593,251	\$ 10,939,290
Accounts receivable (Note 4) . . . . .	3,238,732	2,062,185
Inventory . . . . .	111,681	94,851
Prepaid expenses . . . . .	<u>295,997</u>	<u>108,030</u>
	7,239,661	13,204,356
<b>Due from IWK - Grace Health Centre (Note 5) . . . . .</b>	173,524	203,969
<b>Central Laundry Receivable (Payable) (Note 6) . . . . .</b>	69,700	(54,688)
<b>Capital Assets (Note 7) . . . . .</b>	16,362,390	16,018,090
<b>Restricted Trust Funds (Note 8) . . . . .</b>	<u>125,154</u>	<u>175,304</u>
	<u>\$ 23,970,429</u>	<u>\$ 29,547,031</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 9) . . . . .	\$ 5,161,346	\$ 8,644,828
Deferred revenue (Note 10) . . . . .	<u>1,218,847</u>	<u>1,314,371</u>
	6,380,193	9,959,199
<b>Due to Department of Health . . . . .</b>	---	1,016,855
<b>Estimated Year-End Adjustments Due to Department of Health . . . . .</b>	---	1,344,609
<b>Due to Provincial Drug Distribution Program (Note 11) . . . . .</b>	1,405,234	1,994,689
<b>Deferred contributions related to Capital Assets (Note 12) . . . . .</b>	<u>16,046,658</u>	<u>15,402,404</u>
	<u>23,832,085</u>	<u>29,717,756</u>
<b>Net Assets</b>		
Restricted Trust Funds (Note 8) . . . . .	125,154	175,304
Net assets invested in capital assets - Hospital . . . . .	100,838	415,686
Net assets invested in capital assets - Laundry . . . . .	214,894	200,000
Net assets internally restricted . . . . .	---	345,504
Unrestricted net assets . . . . .	<u>(302,542)</u>	<u>(1,307,219)</u>
	138,344	(170,725)
	<u>\$ 23,970,429</u>	<u>\$ 29,547,031</u>

**NOVA SCOTIA HOSPITAL**

**Statement of Revenues and Expenses  
Hospital Operations  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	<b>(Restated - Note 3)</b>	
<b>Revenues</b>		
<b>Inpatient Services</b>		
Department of Health . . . . .	\$ 32,373,048	\$ 28,416,094
Non-insured services . . . . .	54,937	192,694
	<u>32,427,985</u>	<u>28,608,788</u>
 <b>Other</b>		
Medical Services Insurance- Physicians. . . . .	4,685,546	4,458,929
Dietary. . . . .	880,347	484,454
Rentals . . . . .	529,416	500,633
Services to other institutions . . . . .	632,237	548,080
Maintenance operating costs recovery . . . . .	49,360	123,907
Interest . . . . .	420,209	417,185
Amortization of deferred capital contributions. . . . .	774,111	720,980
Sundry . . . . .	303,285	243,888
	<u>8,274,511</u>	<u>7,498,056</u>
	<u>40,702,496</u>	<u>36,106,844</u>
 <b>Operating Expenses</b>		
Provincial and Regional Consumer Services. . . . .	15,128,355	14,350,297
Provincial Forensic Psychiatric Services . . . . .	5,726,447	4,071,402
Provincial Clozapine Program . . . . .	931,983	770,802
Professional Services and Physicians Payments. . . . .	6,116,044	5,660,311
Administration and Board . . . . .	435,969	382,478
Corporate and Support Services . . . . .	9,473,575	8,669,148
Maintenance and repairs . . . . .	908,554	1,367,116
Education, Planning and Quality. . . . .	723,894	636,350
Public Relations and Communications . . . . .	316,120	323,167
Amortization of capital assets . . . . .	787,183	725,144
Y2K Expenditures . . . . .	141,182	283,309
	<u>40,689,306</u>	<u>37,239,524</u>
 <b>Excess (deficiency) of revenues over expenses . . . . .</b>	 <u>\$ 13,190</u>	 <u>\$ (1,132,680)</u>

**NOVA SCOTIA HOSPITAL**

**Statement of Ancillary Operations  
Central Laundry  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Sales of clean laundry . . . . .	\$ 3,666,537	\$ 2,454,456
Miscellaneous . . . . .	492	471
	<u>3,667,029</u>	<u>2,454,927</u>
<b>Expenses</b>		
Salaries . . . . .	1,807,199	992,562
Employee benefits . . . . .	172,224	89,045
Motor vehicle repairs and operations . . . . .	36,478	34,791
Steam/utilities and rent . . . . .	390,388	368,216
Administrative assessment . . . . .	1,292,408	820,145
Interest . . . . .	25,468	6,670
Amortization expense . . . . .	21,831	---
Other expenses . . . . .	7,378	93,009
	<u>3,753,374</u>	<u>2,404,438</u>
<b>Excess (deficiency) of revenues over expenses . . . . .</b>	<b>\$ <u>(86,345)</u></b>	<b>\$ <u>50,489</u></b>

**NOVA SCOTIA HOSPITAL**

**Statement of Changes in Net Assets  
For the Year Ended March 31, 2000**

	Restricted Trust Funds	Invested in Capital Assets -Hospital	Invested in Capital Assets -Laundry	Internally Restricted Net Assets	Unrestricted Net Assets	Total 2000	Total 1999 <b>(Restated -Note 3)</b>
<b>Balance, beginning of year . . . . \$</b>	175,304 \$	415,686 \$	200,000 \$	345,504 \$	(1,307,219)\$	(170,725)\$	917,869
Department of Health funding of accumulated deficits . . . . .	---	(415,686)	---	(345,504)	1,107,219	346,029	---
Excess (deficiency) of revenues over expenses . . . . .	---	(13,072)	---	---	26,262	13,190	(1,132,680)
Amortization of laundry assets . .	---	---	(21,831)	---	21,831	---	---
Trust Fund activity . . . . .	(50,150)	---	---	---	---	(50,150)	44,086
Investment in Capital Assets. . . .	---	113,910	36,725	---	(150,635)	---	---
<b>Balance, end of year . . . . . \$</b>	<u>125,154</u> \$	<u>100,838</u> \$	<u>214,894</u> \$	<u>---</u> \$	<u>(302,542)</u> \$	<u>138,344</u> \$	<u>(170,725)</u>

**NOVA SCOTIA HOSPITAL**

**Statement of Changes in Cash Flow  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	<b>(Restated - Note 3)</b>	
<b>Cash Flows from Operating Activities</b>		
Excess (deficit) from operations . . . . .	\$ 13,190	\$ (1,478,184)
Add: Increase in net assets internally restricted. . . . .	---	345,504
	<u>13,190</u>	<u>(1,132,680)</u>
Add (deduct) changes in non-cash working capital items		
Changes in accounts receivable . . . . .	(1,176,547)	824,418
Changes in inventory. . . . .	(16,830)	13,225
Changes in prepaid expenses . . . . .	(187,967)	211,970
Changes in accounts payable. . . . .	(3,483,482)	5,931,781
Amortization of deferred revenue. . . . .	(774,111)	(720,980)
Amortization of capital assets . . . . .	787,183	725,144
Change in deferred revenue . . . . .	<u>(95,524)</u>	<u>257,476</u>
	<u>(4,947,278)</u>	<u>7,243,034</u>
Add (deduct) changes in other operating accounts		
Changes in due to PDDP. . . . .	(589,455)	(752,508)
Changes in due from IWK-Grace. . . . .	30,445	130,354
Change in year end adjustments due to Department of Health . . . . .	(1,344,609)	1,428,668
Changes in due to Department of Health . . . . .	(1,016,855)	---
Changes in due to Central Laundry . . . . .	<u>(124,388)</u>	<u>(12,808)</u>
	<u>(3,044,862)</u>	<u>793,706</u>
	<u>(7,978,950)</u>	<u>6,904,060</u>
<b>Cash Flows from Financing Activities</b>		
DOH funding of accumulated deficits . . . . .	803,541	---
Increase in deferred revenue capital. . . . .	<u>982,684</u>	<u>1,009,157</u>
	<u>1,786,225</u>	<u>1,009,157</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets . . . . .	<u>(1,153,314)</u>	<u>(1,629,007)</u>
Increase (decrease ) in Cash . . . . .	(7,346,039)	6,284,210
<b>Cash, beginning of Year. . . . .</b>	<u>10,939,290</u>	<u>4,655,080</u>
<b>Cash, end of Year . . . . .</b>	<u>\$ 3,593,251</u>	<u>\$ 10,939,290</u>

# NOVA SCOTIA HOSPITAL

## Notes to Financial Statements

March 31, 2000

### 1. Authority

An Act to incorporate the Nova Scotia Hospital was proclaimed in 1967 to provide for the continuance of the Hospital.

The Nova Scotia Hospital is a Mental Health Centre providing a board interdisciplinary range of programs aimed at improving the mental health of Nova Scotians. The hospital is a consumer-focussed organization that operates a community - oriented approach to integrated care delivery.

The Hospital's mission is to work in partnership with Nova Scotians to attain the highest possible level of mental health.

### 2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Significant accounting policies are summarized as follows:

#### Revenue Recognition

The Nova Scotia Hospital follows the deferral method of accounting for capital contributions received from government.

Operating grants are recorded as revenue in the period to which they relate.

Externally restricted contributions are recognized as revenue in the year when the related expenses are recognized.

Contributions externally restricted for the purchase of capital assets are deferred and amortized as revenue in accordance with the amortization schedule for each capital asset.

#### Capital Assets

These financial statements do not include the land costs of the Hospital. Title to land and buildings rests with the Province of Nova Scotia.

The Nova Scotia Hospital implemented a Tangible Capital Asset Policy after receiving Board approval in 1999-2000. Capital assets are valued at cost. Capital assets are amortized on a straight-line basis over the useful life of each asset.

#### Operating Costs

In 1999-2000 the Province paid \$214,956 (1999 - \$1,133,064) for expenditures of the Hospital. This is comprised of \$49,360 (1999 - \$123,907) for maintenance expenditures and \$165,596 (1999 - \$1,009,157) related to capital expenditures. These costs are included in these financial statements. Maintenance expenditures are recorded as an expense and recognized as revenue. Capital expenditures are recorded as capital assets and recognized as deferred contributions related to capital assets.

### Final Settlements

Adjustments to prior years' operating results arising from the final settlement process of the Department of Health are reflected in net assets in the year they are determined.

### Inventory

Inventory is valued at average cost.

### 3. Change in Accounting Policy

The Canadian Institute of Chartered Accounts recommends that capital assets be capitalized and amortized over their estimated useful lives and that contributions restricted for the purchase of capital assets be deferred and amortized over the same period as the related asset under the deferral method. The organization has adopted the recommendations in the current fiscal year.

As a result, the hospital has changed its method of accounting for capital assets, on a retroactive basis, from expensing them when purchased to capitalizing and amortizing them over their estimated useful lives and from recording contributions restricted for the purchase of capital assets as revenue when received to deferring and amortizing them over the same period as the related capital asset.

The effect of these changes on the comparative figures for the year ended March 31, 1999 has been to decrease the deficit for the year and the accumulated deficit by \$415,686. The adjustment is comprised of the following accounts:

- a) Amortization expense increased from \$nil previously reported to \$725,144.
- b) Amortization of deferred contributions related to capital funding increased from \$nil previously reported to \$720,980.
- c) 1998-99 net capital expenditures were reduced by \$419,850 (capital assets acquired in excess of related deferred capital revenue).

### 4. Accounts Receivable

	2000	1999
Customer Receivables . . . . .	\$ 2,598,687	\$ 1,561,035
Less: Allowance for Doubtful Accounts . . . . .	<u>(11,158)</u>	<u>(9,642)</u>
	2,587,529	1,551,393
Tax Credits . . . . .	399,520	231,029
Foundation . . . . .	21,738	16,836
Accrued Recoveries . . . . .	<u>229,945</u>	<u>262,927</u>
	<u>\$ 3,238,732</u>	<u>\$ 2,062,185</u>

### 5. Due from IWK - Grace Health Centre

On June 30, 1994, the Nova Scotia Hospital entered into an agreement with the Izaak Walton Killiam - Grace Health Centre for Children, Women and Families (IWK - GHC) and the Atlantic Child Guidance Centre to establish the Trifacilities program. The purpose of the program is to provide mental health care, research and education for children and adolescents.

In 1999-2000, costs of \$1,108,891 (1999 - \$1,182,851) incurred by the Nova Scotia Hospital in providing child mental health services were recovered from the IWK - GHC and are not included on the Statement of Revenues and Expenses Hospital Operations.

**6. Central Laundry Receivable (Payable)**

The Nova Scotia Hospital administers the Central Laundry on behalf of the Department of Health and health care customers. Customers participate in this administration through membership on the Board of Directors of the Central Laundry, which is advisory in nature. The ultimate authority for governing the program rests with the Board of Management of the Nova Scotia Hospital.

The intent is for the laundry operation to be self-financing with any surplus to be shared by the partner hospitals. The total accumulated surplus as at March 31, 2000 was \$16,645.

Effective July 1994, the Nova Scotia Hospital entered into a management contract with Crothall Support Services for the management and the day to day operations of the Central Laundry including marketing the service to potential new customers and ensuring current customers needs are met. Through this management contract, Crothall Services is responsible for the payment of the 1999-2000 laundry deficit totalling \$86,345.

**7. Capital Assets**

Asset	Cost	Accumulated Amortization	Net Book Value March 31/00	Net Book Value March 31/99
Building . . . . .	\$ 25,377,828	\$ 11,684,173	\$ 13,693,655	\$ 14,160,686
Equipment . . . . .	4,022,529	1,454,632	2,567,897	1,857,404
Leasehold improvements . . . . .	113,910	13,072	100,838	---
Total . . . . .	<u>\$ 29,514,267</u>	<u>\$ 13,151,877</u>	<u>\$ 16,362,390</u>	<u>\$ 16,018,090</u>

Capital Assets are recorded at cost and amortized at the following annual rates:

Buildings	50 years straight line
Equipment	5 - 10 years straight line
Leasehold Improvements	10 years straight line

**8. Restricted Trust Funds**

These funds include monies held in trust for patients.

**9. Accounts Payable and Accrued Liabilities**

	2000	1999
Trade and Payroll Payables . . . . .	\$ 3,364,492	\$ 6,545,401
Other Accrued Liabilities . . . . .	1,796,854	2,099,427
	<u>\$ 5,161,346</u>	<u>\$ 8,644,828</u>

**10. Deferred Revenue**

This amount represents an advance payment to the Hospital from the Department of Health (\$1,181,391) for funding for the 2000-2001 fiscal year and other advances (\$37,456).

**11. Due to Provincial Drug Distribution Program**

On April 1, 1998 the Minister of Health signed an agreement with the existing Non-Designated Organizations and the Regional Health Boards to provide a Provincial Drug Distribution Program (PDDP).



The Minister designated the Nova Scotia Hospital as the service provider of the PDDP, in particular the hospital is providing materials management, information technology, cash management, accounting and banking services.

This balance represents the accumulated amounts owed to and from the PDDP as a result of providing these services.

These financial statements do not include the revenues or expenses of the Provincial Drug Distribution Program.

**12. Deferred Contributions Related to Capital Assets**

Deferred revenue related to capital assets represents the unamortized amount of capital grant funding and the reallocated capital funding from operations. The amortization of deferred revenue related to capital assets is recognized as revenue in the Statement of Revenues and Expenses Hospital Operations.

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 15,402,404	\$ 15,114,227
Add: Increase in Contributions . . . . .	1,002,679	1,009,157
Department of Health funding of deficit. . . . .	415,686	---
Less: Amounts amortized to revenue . . . . .	(774,111)	(720,980)
Balance, end of year. . . . .	<u>\$ 16,046,658</u>	<u>\$ 15,402,404</u>

**13. Public Service Superannuation Fund**

All full-time employees of the Nova Scotia Hospital are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Hospital's operating expenses.

The Public Service Superannuation Fund is administered by the Department of Finance. The Hospital is not responsible for any unfunded liability.

**14. Subsequent Events**

Proposed legislation (Bill 34) to create nine district health authorities was tabled in April 2000. Under this bill, a new Capital District Health Authority will be enacted replacing boards of the Queen Elizabeth II Health Sciences Centre, Nova Scotia Hospital and the Central Regional Health Board. The IWK-Grace will retain its own board and work in close partnership with the other organizations.

An amendment was made to Bill 34, to allow for the devolution of the Nova Scotia Hospital from government.

This amended Bill 34 was given Royal Assent on June 8, 2000 and comes into force as of October 1, 2000.

**15. Comparative Figures**

Certain prior year's figures have been reclassified to conform with the presentation adopted for the current year.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated balance sheet of the Nova Scotia Innovation Corporation as at March 31, 2000 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 24, 2000

**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 3,019,177	\$ 1,884,151
Accounts receivable . . . . .	2,345,586	2,544,209
Inventory . . . . .	347,257	233,815
	<u>5,712,020</u>	<u>4,662,175</u>
<b>Investments and Funds</b>		
Nova Scotia First Fund (Note 6) . . . . .	12,159,084	12,088,215
Research Endowment Fund (Note 7) . . . . .	661,182	755,887
Other investments (Note 8) . . . . .	665,491	542,216
Long Term Receivables (Note 9) . . . . .	471,033	143,963
	<u>13,956,790</u>	<u>13,530,281</u>
<b>Capital Assets, net (Note 10) . . . . .</b>	<u>6,407,861</u>	<u>7,294,462</u>
	<u>\$ 26,076,671</u>	<u>\$ 25,486,918</u>

**LIABILITIES AND EQUITY**

	<b>2000</b>	<b>1999</b>
		<b>(Restated)</b>
<b>Current</b>		
Accounts payable . . . . .	\$ 924,610	\$ 943,876
Due to Province of Nova Scotia . . . . .	3,446,938	2,877,957
Deferred revenue . . . . .	258,749	151,076
Current portion of Long-Term Debt (Note 11) . . . . .	44,137	38,964
	<u>4,674,434</u>	<u>4,011,873</u>
<b>Long-Term</b>		
Early Retirement Incentive Plans (Note 11) . . . . .	1,478,625	1,490,644
Long-Term Service Award (Note 12) . . . . .	280,301	306,400
Due to NSBDC (Note 11) . . . . .	121,314	143,963
	<u>1,880,240</u>	<u>1,941,007</u>
<b>Deferred Government Assistance . . . . .</b>	<u>539,815</u>	<u>650,307</u>
<b>Equity</b>		
Class A Common Shares, par value \$1.00 . . . . .	75	75
Principal Share, par value \$1.00 . . . . .	1	1
Contributed surplus - Nova Scotia First Fund . . . . .	11,110,791	11,110,791
Contributed surplus - Nova Scotia Research Foundation Corporation . . . . .	7,509,888	7,509,888
Contributed surplus - Applied Microelectronics Incorporated (Note 8) . . . . .	490,000	490,000
	<u>19,110,755</u>	<u>19,110,755</u>
<b>Retained Earnings (deficit)</b>		
Restricted for Nova Scotia First Fund (Note 6) . . . . .	1,048,293	977,424
Unrestricted . . . . .	(1,176,866)	(1,204,448)
	<u>(128,573)</u>	<u>(227,024)</u>
	<u>\$ 26,076,671</u>	<u>\$ 25,486,918</u>

**Commitments (Note 6)**

See accompanying notes to the financial statements

**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Statement of Earnings  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999 (Restated)</b>
<b>Revenues and Grants</b>		
Government grants (Note 13) . . . . .	\$ 3,218,732	\$ 3,550,004
Commercialization Services . . . . .	1,229,263	1,571,908
Technical Services . . . . .	889,863	505,112
Product Sales . . . . .	733,986	603,637
Sector Development . . . . .	402,000	537,095
Business Incubation . . . . .	<u>457,513</u>	<u>396,214</u>
	<u>6,931,357</u>	<u>7,163,970</u>
<b>Expenses</b>		
Commercialization Services . . . . .	1,703,894	1,899,027
Technical Services . . . . .	921,490	600,901
Product Sales . . . . .	900,982	782,173
Sector Development . . . . .	526,449	721,013
Business Incubation . . . . .	537,409	529,395
Corporate Services . . . . .	1,244,405	1,297,477
Occupancy Costs . . . . .	569,084	621,997
Corporate Office . . . . .	<u>334,065</u>	<u>547,599</u>
	<u>6,737,778</u>	<u>6,999,582</u>
	<u>193,579</u>	<u>164,388</u>
Amortization . . . . .	(562,210)	(621,226)
Investment income . . . . .	149,874	128,980
Early retirement incentive plan expense . . . . .	(123,018)	(123,701)
Nova Scotia First Fund net income . . . . .	<u>70,870</u>	<u>127,980</u>
	<u>(464,484)</u>	<u>(487,967)</u>
<b>Loss Before Unusual Item and Discontinued Operations . . . . .</b>	<b>(270,905)</b>	<b>(323,579)</b>
Unusual item (Note 5) . . . . .	<u>190,000</u>	<u>---</u>
<b>Net Loss before Discontinued Operations . . . . .</b>	<b>(80,905)</b>	<b>(323,579)</b>
Discontinued Operations (Note 3) . . . . .	<u>179,356</u>	<u>181,857</u>
<b>Net Income (Loss) . . . . .</b>	<b>\$ <u>98,451</u></b>	<b>\$ <u>(141,722)</u></b>

**Consolidated Statement of Deficit  
for the year ended March 31, 2000**

Deficit, beginning of year, as previously reported . . . . .	\$ (133,339)	\$ (33,023)
Change in Accounting Policy - Long-Term Service Award (Note 4) . . . . .	<u>(93,685)</u>	<u>(52,279)</u>
Deficit, beginning of year, as restated . . . . .	(227,024)	(85,302)
<b>Net Income ( Loss) . . . . .</b>	<u>98,451</u>	<u>(141,722)</u>
<b>Deficit, end of year . . . . .</b>	<b>\$ <u>(128,573)</u></b>	<b>\$ <u>(227,024)</u></b>

See accompanying notes to the financial statements.

**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Statement of Cash Flows  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999 (Restated)</b>
<b>Cash From (Used In) Operations</b>		
Net income (Loss) . . . . .	\$ 98,451	\$ (141,722)
Add (deduct):		
Amortization . . . . .	562,210	621,226
Deferred government assistance recognized. . . . .	(177,982)	(171,578)
Nova Scotia First Fund income (Note 6). . . . .	(70,870)	(127,980)
Equity in earnings of investee . . . . .	(18,570)	(3,650)
Gain (loss) on disposal of capital assets. . . . .	(202,168)	7,132
Working capital adjustments . . . . .	806,453	601,924
	997,524	785,352
<b>Cash From (Used In) Investing Activities</b>		
Nova Scotia First Fund portfolio investments, net. . . . .	1,665,161	915,763
Nova Scotia First Fund investments (Note 6). . . . .	(1,700,069)	(1,130,000)
Nova Scotia First Fund royalties and loan repayments. . . . .	87,408	214,237
Nova Scotia Information Highway Fund. . . . .	---	676,065
Repayments from (Advances to) Investees, net . . . . .	(104,705)	162,775
Long-Term Receivables. . . . .	(436,740)	(165,381)
Long-Term Receivables Repayments. . . . .	45,820	---
Capital Asset Purchases . . . . .	(57,271)	(409,798)
Research Endowment Fund (Note 7). . . . .	94,705	244,113
Proceeds from disposal of Capital Assets. . . . .	583,830	8,295
	178,139	516,069
<b>Cash From (Used In) Financing Activities</b>		
Nova Scotia Information Highway Industrial Support . . . . .	---	(676,065)
Deferred government assistance . . . . .	67,489	165,681
Assumption of AMEC debt to BDC. . . . .	---	165,381
Repayment of AMEC debt to BDC. . . . .	(21,418)	---
Early retirement incentive plan principal repayments. . . . .	(8,109)	(6,606)
Nova Scotia First Fund Disbursements. . . . .	(52,500)	---
Change in Long-Term Service Award Liability. . . . .	(26,099)	41,406
	(40,637)	(310,203)
<b>Net Change in Cash Position</b> . . . . .	<b>\$ 1,135,026</b>	<b>\$ 991,218</b>
<b>Ending Cash Balance</b> . . . . .	<b>\$ 3,019,177</b>	<b>\$ 1,884,151</b>
<b>Beginning Cash Balance</b> . . . . .	<b>1,884,151</b>	<b>892,933</b>
<b>Net Change in Cash Position</b> . . . . .	<b>\$ 1,135,026</b>	<b>\$ 991,218</b>

See accompanying notes to the financial statements.

NOVA SCOTIA INNOVATION CORPORATION

Notes to the Consolidated Financial Statements  
March 31, 2000

1. Authority

The Nova Scotia Innovation Corporation (InNOVAcorp) was established on February 6, 1995 by the Innovation Corporation Act. Its purpose is to build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

2. Accounting Policies

InNOVAcorp's financial statements have been prepared in accordance with generally accepted accounting principles, which include the following:

a. Principles of Consolidation

The consolidated financial statements include the accounts of InNOVAcorp and its wholly-owned subsidiary, Nova Magnetics Limited (NML).

b. Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments at cost plus accrued interest with original maturities of three months or less. Portfolio investments of the Nova Scotia First Fund which mature within ninety days are accorded the same treatment.

d. Inventory

Inventory is valued at the lower of cost or net realizable value.

e. Long-Term Investments

Venture capital investments made through the Nova Scotia First Fund and investments in companies over which InNOVAcorp does not have significant influence are carried at cost. Where management has determined there to be a decline in value that is considered to be other than temporary, these investments are written down to provide for the loss.

Fixed income investments of the Nova Scotia First Fund with terms to maturity greater than ninety days are recorded at cost plus accrued interest.

f. Capital Assets

Property, plant and equipment purchased or constructed by InNOVAcorp are recorded at cost. Property, plant and equipment acquired by donation are recorded at fair market value. Amortization of the cost of management information systems and the technology license are calculated on the straight-line basis over their economic lives of 10 years and 6 years respectively. Amortization of the cost of other capital assets is based on the declining balance method over the estimated economic life of the related class of assets as follows:

Buildings	4%
Computer equipment	30%
Equipment, furniture and fixtures	20%
Improvements to non-owned buildings	100%

**g. Donated Assets**

The donation of assets to InNOVAcorp is considered a capital contribution. These assets are recorded at their fair market value with an offsetting increase to a contributed capital account identifying the source of the donation. These assets are amortized to income over their estimated economic life.

**h. Government Grants and Deferred Government Assistance**

Government grants received for the acquisition of property, plant and equipment are recorded as deferred government assistance and recognized as income on the same basis as the related assets are amortized. Grants related to other expenditures are recognized as income in the year the related expenditures are incurred.

**i. Translation of Foreign Currencies**

Current assets, current liabilities, long-term monetary assets and liabilities are translated at the year-end rate of exchange. Revenue and expenses are translated at the rates prevailing when the transaction occurred. Translation gains and losses are included in earnings except for unrealized gains and losses arising from translation of long-term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the related items.

**3. Discontinued Operations**

On September 24, 1999, InNOVAcorp disposed of its chemistry, microbiology and materials laboratories, for consideration with a minimum net present value of \$396,420. The net gain on the sale of these discontinued operations totaled \$173,528. aggregate operating profits and losses for the year on these discontinued operations amounted to a net profit of \$5,730. Revenues of \$584,778 for 2000 and \$1,175,698 for 1999 have been excluded from consolidated revenues for the Technical Services division.

In addition to the above-mentioned consideration, InNOVAcorp is entitled to maximum variable consideration of \$200,000 under the terms of the asset sale. The amount of such consideration to be received is based on future performance of the business sold and cannot be determined at this time. At March 31, 2000 variable consideration received to date, net of associated expenses, was \$98.

The comparative statements for 1999 have been restated to reflect the reclassification of \$181,857 of income from operations discontinued in 2000.

**4. Change in Accounting Policies - Long-Term Service Awards**

Employees of the Corporation are entitled to Long-Term Service Awards on retirement. The Awards are based on the number of years of service of the employee and are earned at a rate of one week's pay for every year of service, to a maximum of 26 weeks.

During the year InNOVAcorp adopted the policy of accruing the liability for Long-Term Service Awards. The change has been applied retroactively for InNOVAcorp and predecessor organizations and prior periods have been restated as follows to reflect this change:

	<b>1999</b>
Decrease in net earnings	41,406
Increase in Deficit, beginning year	52,279
Increase in Accounts Payable	306,400
Decrease in Contributed Surplus - Nova Scotia Research Foundation Corporation	---
	(212,715)

## 5. Unusual Item

On July 23, 1999 InNOVAcorp filed a Notice of Objection with respect to a GST/HST audit reassessment. The contested issue was InNOVAcorp's ability to claim input tax credits related to expenses incurred delivering certain government funded programs under which services are provided to clients free-of-charge. On May 24, 2000 Canada Customs and Revenue allowed the objection. As a result, InNOVAcorp is entitled to file for unclaimed input tax credits related to the programs in question for the last four years. Management estimates that after appeal costs, \$190,000 will be recovered.

## 6. Nova Scotia First Fund

In 1989 the Nova Scotia First Fund (NSFF) was established by Governor in Council. The objective of the fund is to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. Fund investments represent investments in development stage enterprises and, as such, have not yet earned significant revenues from their intended business activities or established their commercial viability. The recovery of invested amounts and the realization of investment returns is dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises. Adverse developments could result in further write-downs of the carrying values of these investments.

During 1996-97 InNOVAcorp assumed management of the NSFF pursuant to the Innovation Corporation Act. The administration of investments and obligations made through the NSFF to April 1, 1996 was also transferred to InNOVAcorp. Fund activity during the current year is summarized below:

	<b>Portfolio Investments</b>	<b>Fund Investments</b>	<b>Fund Obligations</b>	<b>Valuation Adjustment</b>	<b>Fund Balance</b>
Beginning					
Balance . . . . .	\$ 8,793,073	\$ 5,020,244	\$ (277,500)	\$ (1,447,602)	\$ 12,088,215
Add (Deduct):					
Net Investment					
income . . . . .	358,635	112,234	---	(400,000)	70,869
Equity investments . . . .	(1,700,069)	1,700,069	---	---	---
Loan Repayments . . . . .	51,408	(51,408)	---	---	---
Royalty Buy- Back <sup>(1)</sup> . . . . .	36,000	(36,000)	---	---	---
Non repayable					
Contributions . . . . .	(52,500)	---	52,500	---	---
Ending Balance . . . . .	<u>\$ 7,486,547</u> <sup>(2)</sup>	6,745,139	<u>\$ (225,000)</u>	<u>\$ (1,847,602)</u>	12,159,084
Unrealized Gains -					
Venture Investments . . . . .		<u>740,000</u> <sup>(3)</sup>			<u>740,000</u>
Fair Market Value . . . . .	<u>\$ 7,485,139</u>				<u>\$ 12,899,084</u>

(1) InNOVAcorp entered into an agreement to sell its interest in one of its investments to the investee's other shareholders. Payment for InNOVAcorp's shares will be made in royalties based on the company's sales and the sales of a related company. Payments received are being applied first to eliminate the investment and then to income recognition.

(2) The fair market value of Portfolio Investments on March 31, 2000 was \$7,597,236.

(3) Unrealized gains represent increases in the value of Fund Investments evidenced by substantial arm's length third party transactions. The amount of these gains has been discounted in consideration of lack of liquidity of NSFF investments.



InNOVAcorp is entitled to recover direct expenses associated with its administration of the NSFF. To date it has elected not to charge the Fund for any of the costs incurred. These costs were charged to the Commercialization Services division of the Corporation.

In addition to the above investments and obligations, as at March 31, 2000 there were \$650,000 of approved commitments for the NSFF (1999 - \$75,000) and a guarantee of \$115,000 (1999 - \$115,000).

Under a Memorandum of Understanding, the Royal Bank Capital Corporation (RBCC) and InNOVAcorp were to co-invest \$3 million (on a two-thirds/one third basis) in early stage, high growth Nova Scotian companies in the life sciences and advanced materials sectors. The agreement was for a two-year term and expired December 5, 1999. No investments were made under this agreement.

InNOVAcorp and TARA (Telecom Applications Research Alliance) have entered into a \$2 million investment alliance agreement (InNOVAcorp share - \$1 million) to support emerging information technology (IT) companies. This strategic alliance will provide capital to IT companies with high growth potential. It will be targeted at early-stage companies seeking \$100,000 to \$300,000 in venture financing. A subcommittee of representatives from both organizations will manage the joint venture. At March 31, 2000, \$750,069 (InNOVAcorp share - \$375,069) has been placed under this agreement and there was an additional approved allocation of \$200,000 (InNOVAcorp share - \$150,000).

#### 7. Research Endowment Fund

The Research Endowment Fund was transferred to InNOVAcorp when the Nova Scotia Research Foundation Corporation was dissolved. Subject to any directions provided by the Governor in Council, the Fund is administered and controlled by InNOVAcorp. The Fund can be used for purposes consistent with the objects of InNOVAcorp. During the year, \$94,705 of the fund was used to make an investment in Plant Select Biotechnologies Systems Limited.

#### 8. Other Investments

	2000	1999
Applied Microelectronics Incorporated - 490,000 3%, non-cumulative preferred shares . . . . .	\$ 490,000	\$ 490,000
British Columbia Research Incorporated - 68,403 common shares . . . . .	41,042	41,042
PlantSelect Biotechnology Systems Limited - 20,000 common shares . . . . .	29,744	11,174
PlantSelect Biotechnology Systems Limited (a) . . . . .	94,705	---
Produxys Solutions Inc. - 1,000 common shares . . . . .	10,000	---
	<u>\$ 665,491</u>	<u>\$ 542,216</u>

a. On February 25, 2000 the Board of Directors authorized a U.S. \$65,000 investment in PlantSelect Biotechnology Systems Limited to be used to acquire preferred shares or debt of the company on terms to be negotiated between the shareholders. InNOVAcorp's investment was matched by additional research and development funding provided by three U.S. nurseries.

#### 9. Long Term Receivables

	2000	1999
Receivable (a) . . . . .	\$ 329,881	\$ ---
Less receivable (b) . . . . .	<u>228,768</u>	<u>165,381</u>
	558,649	165,381
Current Portion . . . . .	<u>87,616</u>	<u>21,418</u>
	<u>\$ 471,033</u>	<u>\$ 143,963</u>

- a) The receivable relates to the disposition of the discontinued operations. It represents the remaining \$422,000 in minimum quarterly installments due under the asset sale agreement, net of imputed interest at a rate of 9.65% per annum. The final installment is due no later than October 31, 2004. As security, payments under the asset sale agreement have been guaranteed by the parent company of the purchaser.
- b) InNOVAcorp leases equipment under agreements with terms of from three to eight years. The leases, which transfer substantially all of the risks and benefits incidental to ownership, have been accounted for as sales.

Future minimum lease receipts and the amount of the net investment in the lease is as follows:

2001 .....	\$	55,073
2002 .....		55,073
2003 .....		43,333
2004 .....		43,333
2005 .....		43,333
2006 and thereafter .....		<u>21,667</u>
Total minimum lease payments receivable .....		261,812
Less amount representing imputed interest .....		<u>33,044</u>
		228,768
Less current portion .....		<u>44,009</u>
	\$	<u><u>184,759</u></u>

## 10. Capital Assets

	Cost	2000 Accumulated Amortization	Carrying Value	1999 Carrying Value
Land .....	\$ 350,700	\$ ---	\$ 350,700	\$ 350,700
Buildings .....	5,926,357	892,140	5,034,217	5,244,132
Machinery and Equipment .....	1,315,183	746,955	568,228	1,127,390
Computer Equipment .....	699,483	449,199	250,284	332,847
SE Technology License .....	111,000	101,982	9,018	14,170
Furniture & Fixtures .....	173,316	89,154	84,162	99,321
Improvements .....	162,268	162,268	---	---
Management Information Systems .....	<u>146,474</u>	<u>35,222</u>	<u>111,252</u>	<u>125,902</u>
	\$ <u>8,884,781</u>	\$ <u>2,476,920</u>	\$ <u>6,407,861</u>	\$ <u>7,294,462</u>

## 11. Long-Term Debt

### (a) Early Retirement Incentive plans

In February 1991 and November 1993, the Province of Nova Scotia announced its intention to implement Early Retirement Incentive Plans. As an outside agency, the Nova Scotia Research Foundation Corporation (NSRFC) was invited to participate providing it agreed to pay the Province all costs of the Plans not covered by the Public Service Superannuation Fund. By resolutions of the Board of Directors on March 18, 1991 and January 20, 1994, NSRFC's participation in the Plans was authorized. The liabilities were transferred to InNOVAcorp upon the dissolution of NSRFC.

A liability in the amount of \$1,500,114 has been accrued as at March 31, 2000 (1999 - \$1,508,190). This amount represents management's best estimate of the present value of the future payments required under the Plans. \$21,489 (1999 - \$17,546) has been classified as current and \$1,478,625 (1999 - \$1,490,644) as long-term.

**(b) Business Development Corporation Obligation**

Effective March 31, 1999, InNOVAcorp completed an agreement of purchase and sale with the Advanced Materials Engineering Centre (AMEC). Under this agreement InNOVAcorp assumed \$197,500 of AMEC's obligation under its debenture with the Nova Scotia Business Development Corporation.

A liability in the amount of \$143,962 (1999 - \$165,381) exists as at March 31, 2000 representing management's best estimate of the present value of the future payments required. \$22,648 (1999 - \$21,418) has been classified as current and \$121,314 (1999 - 143,963) as long-term.

Aggregated payments required under the Early Retirement Incentive Plans and the Business Development Corporation obligation in each of the next five years are as follows:

	<b>Estimated Cash Flows</b>	<b>Imputed Interest</b>	<b>Principal Reduction</b>
2000-01	\$ 173,278	\$ 129,141	\$ 44,137
2001-02	179,101	124,395	54,706
2002-03	184,320	120,677	63,643
2003-04	189,721	118,485	71,236
2004-05	193,995	124,044	69,951
2005 and thereafter			<u>1,340,403</u>
			<u>\$ 1,644,076</u>

**12. Long-Term Service Award Liability**

Employees of the Corporation are entitled to Long-Term Service Awards on retirement. The Awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of 26 weeks. InNOVAcorp is responsible for the funding and eventual payment of these awards.

The liability is management's best estimate of the net present value of future awards to be paid to retiring staff. The benefit expense is calculated in two parts; an imputed interest charge on the average unfunded liability throughout the period, and an accrual of the award earned by the employee based on current service.

**13. Government Grants**

InNOVAcorp receives an annual grant from the Province of Nova Scotia as well as funding from various other Federal and Provincial government agencies for current operations and acquisition of capital assets. Funding related to the operating activities of a business unit has been included in the revenue of that unit.

Funding related to the acquisition of capital assets is deferred as disclosed in note 2(h).

Details of this funding are as follows:

	<b>2000</b>	<b>1999</b>
Grant received from Province of Nova Scotia . . . . .	\$ 3,069,600	\$ 3,521,000
Assistance for capital acquisitions . . . . .	23,421	23,111
Less government funding used to finance capital assets . . . . .	(52,271)	(165,685)
Amortization of capital grants . . . . .	177,982	164,446
Loss on disposal of assets financed through Government assistance. . . . .	---	7,132
	<u>\$ 3,218,732</u>	<u>\$ 3,550,004</u>

#### 14. Public Service Superannuation Fund

Employees of InNOVAcorp, other than casual employees, are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the expenses of InNOVAcorp's divisions.

The Department of Finance administers the Public Service Superannuation Fund. InNOVAcorp is not responsible for any unfunded liability.

#### 15. Income Taxes

InNOVAcorp is exempt from income tax under section 149 of the Income Tax Act.

#### 16. Related Party Transaction

Entity	Relationship	Sales To	Purchases From	Year End Receivable	Year End Payable
PlantSelect Biotechnology Systems Limited <sup>(1)</sup>	50% investee	\$ ---	\$ ---	\$ 173,840	\$ ---
BioScience Enterprise Centre	Managed Incubator	---	---	153,744	---
Agric-Tech Park Inc.	Managed Incubator	---	---	65,158	---
NSFF Investments	Investments	161,820	---	143,662	---

(1) Facilities and administrative services are provided to PlantSelect Biotechnology Systems Limited and Agri-Tech Park Inc. at no cost.

Sales to NSFF investments are at the same prices and terms as with unrelated parties. InNOVAcorp also has the use of the Technology Innovation Centre, which is owned by the Province of Nova Scotia, at no cost.

#### 17. Comparative Figures

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

## AUDITOR'S REPORT

To the Minister of Justice; and  
To the Chair and Members of the  
Nova Scotia Legal Aid Commission

I have audited the balance sheet of the Nova Scotia Legal Aid Commission as at March 31, 2000, and the statement of revenues, expenses and equity, and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Legal Aid Commission as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
July 13, 2000

**NOVA SCOTIA LEGAL AID COMMISSION**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
	(Restated - Note 3)	
<b>Current</b>		
Cash .....	\$ 262,940	\$ 738,167
Investments (Note 4) .....	2,552,723	1,449,883
Receivables .....	74,757	126,898
Prepaid expenses .....	<u>38,160</u>	<u>35,181</u>
	2,928,580	2,350,129
<b>Trust fund - long service awards (Note 5) .....</b>	<b>1,065,156</b>	<b>822,455</b>
<b>Capital Assets (Note 6) .....</b>	<b><u>93,538</u></b>	<b><u>89,638</u></b>
	<b><u>\$ 4,087,274</u></b>	<b><u>\$ 3,262,222</u></b>

**LIABILITIES AND EQUITY**

<b>Current</b>		
Accounts payable and accruals (Notes 7 and 8) .....	\$ 1,266,522	\$ 1,119,287
Current portion of obligation under capital lease (Note 9) .....	17,449	14,715
Deferred contribution - special case (Note 10) .....	<u>202,406</u>	<u>---</u>
	1,486,377	1,134,002
<b>Long-term</b>		
Accrued vacation .....	---	21,498
Early retirement incentive program (Note 11) .....	174,022	167,716
Long service awards (Note 12) .....	1,065,156	822,455
Obligation under capital lease (Note 9) .....	<u>12,738</u>	<u>29,531</u>
	1,251,916	1,041,200
<b>Deferred Contributions - capital assets (Note 13) .....</b>	<b><u>292,936</u></b>	<b><u>349,111</u></b>
<b>Equity</b>		
Operating equity (Note 14) .....	992,694	692,518
Equity in capital assets .....	<u>63,351</u>	<u>45,391</u>
	1,056,045	737,909
	<b><u>\$ 4,087,274</u></b>	<b><u>\$ 3,262,222</u></b>

Commitments and contingencies (Note 14)

**NOVA SCOTIA LEGAL AID COMMISSION**

**Statement of Revenues, Expenses and Equity  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(Restated - Note 3)	
<b>Revenues</b>		
Grant - Province of Nova Scotia . . . . .	\$ 11,263,174	\$ 10,737,889
Interest . . . . .	159,461	166,867
Other income . . . . .	12,820	45,053
	<u>11,435,455</u>	<u>10,949,809</u>
<b>Expenses (Schedule I)</b>		
Amortization . . . . .	42,143	20,660
Capital lease interest . . . . .	5,068	1,485
Directors' fees . . . . .	37,584	47,985
Equipment and maintenance . . . . .	69,377	63,854
Library . . . . .	142,742	127,316
Membership, meetings and conferences . . . . .	206,993	194,369
Office disbursements . . . . .	229,374	215,543
Private solicitors' fees (Note 8) . . . . .	1,838,818	1,977,313
Professional and other fees . . . . .	164,067	129,812
Salaries and benefits . . . . .	7,269,570	7,018,419
Supplies and services . . . . .	839,910	895,712
Travel . . . . .	271,673	266,340
	<u>11,117,319</u>	<u>10,958,808</u>
<b>Excess (Deficiency) of revenues over expenses before special case . . . . .</b>	<u>318,136</u>	<u>(8,999)</u>
<b>Special Case (Note 10)</b>		
Contribution from the Province of Nova Scotia . . . . .	197,594	---
Contribution from client . . . . .	11,282	---
	<u>208,876</u>	<u>---</u>
Expenses, special case . . . . .	208,876	---
	<u>---</u>	<u>---</u>
<b>Excess (Deficiency) of revenues over expenses . . . . .</b>	<u>318,136</u>	<u>(8,999)</u>
<b>Equity, as previously reported . . . . .</b>	737,909	707,557
<b>Restatement of prior years' expenditures (Note 3) . . . . .</b>	---	39,351
<b>As restated . . . . .</b>	<u>737,909</u>	<u>746,908</u>
<b>Equity, end of year . . . . .</b>	<u>\$ 1,056,045</u>	<u>\$ 737,909</u>

**NOVA SCOTIA LEGAL AID COMMISSION**

**Statement of Cash Flow  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Cash inflow (outflow) from the following activities:</b>		
<b>Operating:</b>		
Excess (deficit) from operations. . . . .	\$ 318,136	\$ (8,999)
Amortization . . . . .	42,143	20,660
Changes in receivables, payables and other items . . . . .	327,436	251,869
	<u>687,715</u>	<u>263,530</u>
<b>Investing:</b>		
Investing. . . . .	(1,102,840)	733,665
Fixed assets acquisitions . . . . .	(46,043)	(70,946)
	<u>(1,148,883)</u>	<u>662,719</u>
<b>Financing:</b>		
Capital leases . . . . .	(14,059)	44,246
Net cash inflow (outflow) . . . . .	(475,227)	970,495
<b>Cash position, beginning of year . . . . .</b>	<u>738,167</u>	<u>(232,328)</u>
<b>Cash position, end of year . . . . .</b>	<u>\$ 262,940</u>	<u>\$ 738,167</u>



NOVA SCOTIA LEGAL AID COMMISSION

Notes to Financial Statements  
March 31, 2000

1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the Legal Aid Act. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position.

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Significant accounting policies are summarized as follows:

Revenue

Operating grants are recorded on the accrual basis.

Contributions from the Province of Nova Scotia for the acquisition of capital assets are recorded as deferred contributions and are amortized to revenue in accordance with the amortization schedule for each capital asset acquired.

Capital Assets

Capital assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	33.33% per year
Leasehold improvements	Over term of lease
Equipment under capital lease	33.33% per year

Special Cases

Periodically, the Commission provides legal services to clients upon special request from the Department of Justice where the clients would not otherwise be eligible under the Commission's guidelines. Contributions and expenses related to these special cases are presented separately on the statement of revenues, expenses and equity.

3. Change in Accounting Policy

The Commission changed its method of accounting for capital assets from expensing them when purchased to that of capitalizing fixed assets and amortizing them over their estimated useful lives. The change in accounting policy has been applied retroactively and the financial statements for the year ended March 31, 1999 have been restated. The impact of the accounting policy change on the March 31, 1999 balance sheet is to record net capital assets of \$89,638, capital lease obligations of \$44,246 and equity in capital assets of \$45,391. The impact on the statement of revenues, expenses and equity for the year ended March 31, 1999 is to record amortization expense of \$20,660, capital interest expense of \$1,485 and decrease equipment and maintenance and leasehold improvements by \$28,185. Equity at the beginning of the year increased by \$39,351 to record prior years' equity in capital assets.

Certain other 1999 figures have been reclassified to conform with the presentation adopted for the 2000 financial statements.

#### 4. Investments

Investments consist of banker acceptance notes and are valued at cost, which approximates market value.

#### 5. Trust Fund - Long Service Awards

The Commission follows the provisions of the Civil Service Act with respect to the payment of long service awards to retiring employees. The Commission is responsible for the funding and eventual payment of these awards.

The Commission maintains a trust fund to provide for the eventual payment of awards and to administer long service award advances. The Commission provides contributions, from general operating funds, to defray future obligations for long service awards.

In prior years, employees with 15 years of employment could apply for an advance on their long service award. Advances are repayable upon retirement or termination, together with interest at the provincial borrowing rate which existed at the time of the advance. As at March 31, 2000 six employees have received advances. Advances plus accrued interest at March 31, 2000 totalled \$143,469 (1999 - \$146,832).

	<b>2000</b>	<b>1999</b>
<b>Balance, beginning of year</b> .....	\$ 822,455	\$ 670,445
Add: Contribution from operating funds .....	207,415	117,893
Interest on long service award advances .....	8,837	8,945
Interest on investments .....	29,635	26,052
	<u>245,887</u>	<u>152,890</u>
Less: Long service awards paid to retiring employees .....	3,186	880
<b>Balance, end of year</b> .....	<u>\$ 1,065,156</u>	<u>\$ 822,455</u>
Consisting of:		
Cash .....	\$ 695	\$ 439
Investments and accrued interest on investments (see Note 4) .....	772,385	612,197
Receivable - long service award advances and accrued interest on advances .....	143,469	146,832
Contribution due from operating funds .....	148,607	62,987
	<u>\$ 1,065,156</u>	<u>\$ 822,455</u>

#### 6. Capital Assets

<b>Assets</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value March 31, 2000</b>	<b>Net Book Value March 31, 1999</b>
Computer equipment . . . \$	79,997	\$ 32,405	\$ 47,592	\$ 17,787
Leasehold improvements .....	49,225	32,273	16,952	27,248
Equipment under capital lease .....	50,124	21,130	28,994	44,603
	<u>\$ 179,346</u>	<u>\$ 85,808</u>	<u>\$ 93,538</u>	<u>\$ 89,638</u>

**7. Accounts payable and Accruals**

	<b>2000</b>	<b>1999</b>
Supplies and services .....	\$ 241,703	\$ 172,096
Accrued private solicitors' fees (see Note 8) .....	798,297	819,937
Employee salaries and benefits .....	<u>226,522</u>	<u>127,254</u>
	<u>\$ 1,266,522</u>	<u>\$ 1,119,287</u>

**8. Measurement Uncertainty**

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in the financial statements. This exists when there is a variance between the recorded amount and another reasonably possible amount.

Measurement uncertainty in these financial statements is inherent in the recording of accrued private solicitors' fees. At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2000, a liability of \$798,297 (1999 - \$819,937) was recorded, of which \$635,619 (1999 - \$658,636) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the eventual billings from private solicitors due to the specific requirements of each case.

**9. Obligation under Capital Lease**

	<b>2000</b>	<b>1999</b>
Blended monthly payments totalling \$1,675 for computer equipment leases, with varying expiry dates to April 2002 .....	\$ 33,819	\$ 52,748
Less: amount represent interest (average rate 15.5%) .....	<u>(3,632)</u>	<u>(8,502)</u>
	30,187	44,246
Less: current portion .....	<u>(17,449)</u>	<u>(14,715)</u>
Long term portion .....	<u>\$ 12,738</u>	<u>\$ 29,531</u>

The future minimum lease payments under capital lease obligations are as follows:

2000/2001 .....	\$ 20,103
2001/2002 .....	<u>13,716</u>
	33,819
Less: interest portion .....	<u>(3,632)</u>
	<u>\$ 30,187</u>

**10. Special Case**

During the year ended March 31, 2000, the Commission provided legal services for a client upon a special request from the Department of Justice. All funding received from the Province of Nova Scotia for the case is restricted solely for expenditures incurred in the process of defending the accused. Any funding not committed at the conclusion of the case must be returned to the Province of Nova Scotia.

At March 31, 2000, the Commission was holding \$202,406 in deferred contributions from the Province of Nova Scotia for future expenses relating to the special case.

**11. Early Retirement Incentive Program**

The Commission participated in an Early Retirement Incentive Program offered by the Province of Nova Scotia to crown agencies. A liability in the amount of \$186,615 (1999 - 180,007 ) has been accrued on March 31, 2000. This amount represents management's best estimate of the present value of the future payments required under the Program. Of the total liability, \$12,593 (1999 - \$12,291) has been classified on the balance sheet as current and \$174,022 (1999 -\$167,716) has been classified as long-term.

Eligibility for the Program ended March 31, 1998.

**12. Long Service Awards**

Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of 26 weeks.

In 2000, the Commission engaged an outside consultant to estimate the liability relating to the awards. Based on the estimate of the present value of obligations respecting long service awards at March 31, 2000, the long service award trust funds of \$1,065,156 (1999 -\$822,455) are sufficient to fund the liability.

**13. Deferred Contributions - Capital Assets**

In 1999 the Province of Nova Scotia contributed \$353,000 to the Commission to offset anticipated costs of upgrading the Commission's computer systems. The changes in the deferred contributions balance for the period are as follows:

	<b>2000</b>	<b>1999</b>
Balance, beginning of year. . . . .	\$ 349,111	\$ 353,000
Less: amounts amortized to revenue. . . . .	(56,175)	(3,889)
Balance, end of year. . . . .	<u>\$ 292,936</u>	<u>\$ 349,111</u>

**14. Commitments and Contingencies**

a. The Commission assigns cases to private solicitors where a conflict of interest arises, or when choice of counsel is elected by the client in certain criminal cases. The Commission estimates that in addition to the \$798,297 liability for private solicitor's fees reflected in the financial statements, a further expenditure after March 31, 2000 of approximately \$443,224 may be required to complete these cases.

The operating equity of the Commission is committed to fund the eventual completion of private solicitor cases outstanding at year end.

b. The Commission has entered into lease agreements for eleven of its offices. The remaining two offices do not have formal lease agreements. Lease agreements typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office.

Minimum lease payments for signed lease agreements for the next five years, not including operating costs and taxes, are as follows:

2000/2001	\$	389,040
2001/2002	\$	145,785
2002/2003	\$	97,848
2003/2004	\$	90,120
2004/2005	\$	90,120

- c. The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide up to \$208,000 to Dalhousie Legal Aid Services for the year ending March 31, 2001.

**15. Client Trust Funds**

On March 31, 2000, \$12,537 (1999 - \$1,726) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

**16. Pensions**

Pursuant to Section 7 of the Legal Aid Act, all permanent employees of the Commission are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability with respect to the superannuation fund.

**PROVINCE OF NOVA SCOTIA**  
**NOVA SCOTIA LEGAL AID COMMISSION**

**Schedule of Expenses**

**for the year ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<b>Budget</b>	<b>Actual</b>	<b>(Restated - Note 3)</b> <b>Actual</b>
<b>Amortization</b> . . . . .	\$ ---	\$ 42,143	\$ 20,660
<b>Capital lease interest</b> . . . . .	---	5,068	1,485
<b>Directors' fees</b> . . . . .	63,400	37,584	47,985
<b>Equipment and maintenance</b>			
Office furniture and equipment . . . . .	59,300	20,080	22,551
Office machine leasing . . . . .	48,000	19,440	20,209
Office machine maintenance . . . . .	41,700	29,857	21,094
	<u>149,000</u>	<u>69,377</u>	<u>63,854</u>
<b>Library</b> . . . . .	130,000	142,742	127,316
<b>Membership, meetings and conferences</b>			
Membership and dues . . . . .	160,800	136,549	143,063
Meetings and conferences . . . . .	60,000	70,444	51,306
	<u>220,800</u>	<u>206,993</u>	<u>194,369</u>
<b>Office disbursements</b>			
Civil and Family . . . . .	242,000	93,023	105,781
Criminal . . . . .	80,000	119,953	102,391
Young Offender . . . . .	10,000	16,398	7,371
	<u>332,000</u>	<u>229,374</u>	<u>215,543</u>
<b>Private solicitors' fees</b>			
Civil and Family - conflicts . . . . .	1,083,453	984,066	1,162,040
Criminal - choice of counsel . . . . .	200,000	202,607	203,181
Criminal - conflicts . . . . .	481,271	504,588	499,389
Young Offender - conflicts . . . . .	107,276	147,557	112,703
	<u>1,872,000</u>	<u>1,838,818</u>	<u>1,977,313</u>
<b>Professional and other fees</b>			
Professional fees . . . . .	147,500	126,853	118,213
Consultants fees . . . . .	---	37,214	11,599
	<u>147,500</u>	<u>164,067</u>	<u>129,812</u>
<b>Salaries and benefits</b> . . . . .	7,332,100	7,269,570	7,018,419
<b>Supplies and services</b>			
General cleaning and office expense . . . . .	59,500	55,097	46,912
Heat, light and water . . . . .	25,000	26,869	18,718
Miscellaneous . . . . .	---	3,272	2,607
Printing and stationery . . . . .	80,000	71,018	80,703
Rent, insurance and taxes . . . . .	545,000	514,005	525,077
Telephone and postage . . . . .	245,000	169,649	221,695
	<u>954,500</u>	<u>839,910</u>	<u>895,712</u>
<b>Travel</b> . . . . .	244,200	271,673	266,340
	<u>\$ 11,445,500</u>	<u>\$ 11,117,319</u>	<u>\$ 10,958,808</u>

## AUDITORS' REPORT

To the Honourable Minister  
in Charge of Administration  
Liquor Control Act  
Province of Nova Scotia  
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Commission as at March 31, 2000 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Commission as at March 31, 2000 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
June 9, 2000

**THE NOVA SCOTIA LIQUOR COMMISSION**

**Balance Sheet**  
**March 31, 2000, with comparative figures for 1999**

**ASSETS**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Current assets:		
Cash . . . . .	\$ 2,001	\$ 3,808
Accounts receivable . . . . .	2,514	2,215
Inventories of stock in warehouse and stores . . . . .	16,477	15,012
Prepaid expenses . . . . .	<u>2,478</u>	<u>1,392</u>
	23,470	22,427
Property and equipment:		
Furniture, fixtures and portable equipment . . . . .	6,034	5,708
Other equipment . . . . .	7,015	6,916
Computers . . . . .	4,821	4,385
Land and buildings . . . . .	12,511	11,706
Capital and leasehold improvements . . . . .	<u>22,081</u>	<u>21,374</u>
	52,462	50,089
Less: Accumulated depreciation and amortization . . . . .	<u>38,826</u>	<u>35,894</u>
	13,636	14,195
Assets under capital lease . . . . .	10,831	10,831
Less accumulated amortization . . . . .	<u>7,995</u>	<u>7,462</u>
	2,836	3,369
	<u>\$ 39,942</u>	<u>\$ 39,991</u>

**LIABILITIES**

Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 15,924	\$ 16,814
Current portion of obligations under capital leases (note 2) . . . . .	<u>279</u>	<u>279</u>
	16,203	17,093
Long-term liability:		
Obligations under capital lease (note 2) . . . . .	8,569	8,848
Due to Minister of Finance:		
Balance, beginning of year . . . . .	14,050	9,264
Remittances . . . . .	<u>14,050</u>	<u>9,264</u>
	---	---
Current year:		
Net income . . . . .	135,170	129,223
Remittances . . . . .	<u>120,000</u>	<u>115,173</u>
Balance, end of year . . . . .	<u>15,170</u>	<u>14,050</u>
	<u>\$ 39,942</u>	<u>\$ 39,991</u>

Operating Leases (Note 3)

See accompanying notes to financial statements.



**THE NOVA SCOTIA LIQUOR COMMISSION**

**Statement of Earnings  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>% of Sales</b>	<b>1999</b>	<b>% of Sales</b>
		(in thousands)		
Net sales . . . . .	\$ 371,365	100.0	\$ 351,662	100.0
Cost of goods sold . . . . .	<u>187,609</u>	<u>50.5</u>	<u>176,451</u>	<u>50.2</u>
	183,756	49.5	175,211	49.8
Stores' operating expenses . . . . .	<u>33,787</u>	<u>9.1</u>	<u>31,359</u>	<u>8.9</u>
Income, store operations . . . . .	149,969	40.4	143,852	40.9
Depreciation . . . . .	3,465	0.9	3,898	1.1
Warehousing and distribution expenses . . . . .	3,850	1.0	3,774	1.1
Administrative expenses (note 4) . . . . .	8,522	2.3	8,306	2.4
Other revenue . . . . .	(2,856)	(0.7)	(2,657)	(0.8)
Other expenses . . . . .	<u>1,067</u>	<u>0.3</u>	<u>514</u>	<u>0.1</u>
	14,048	3.8	13,835	3.9
Earnings before unusual item . . . . .	<u>135,921</u>	<u>36.6</u>	<u>130,017</u>	<u>37.0</u>
Early retirement program . . . . .	<u>751</u>	<u>0.2</u>	<u>794</u>	<u>0.2</u>
Earnings from operations . . . . .	\$ <u>135,170</u>	<u>36.4</u>	\$ <u>129,223</u>	<u>36.8</u>

**Statement of Cash Flows  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Cash provided by (used in):		
Operations:		
Income from operations . . . . .	\$ 135,170	\$ 129,223
Depreciation and amortization not involving cash . . . . .	3,465	3,898
Gain on sale of property and equipment . . . . .	---	(438)
Change in non-cash operating working capital . . . . .	<u>(3,740)</u>	<u>(2,913)</u>
	134,895	129,770
Financing:		
Principal payments on obligations under capital lease . . . . .	(279)	(243)
Investments:		
Additions to property and equipment . . . . .	(2,373)	(4,348)
Proceeds on sale of property and equipment . . . . .	<u>---</u>	<u>438</u>
	(2,373)	(3,910)
Other:		
Remittances to Minister of Finance . . . . .	<u>(134,050)</u>	<u>(124,437)</u>
Increase (decrease) in cash . . . . .	(1,807)	1,180
Cash, beginning of year . . . . .	<u>3,808</u>	<u>2,628</u>
Cash, end of year . . . . .	\$ <u>2,001</u>	\$ <u>3,808</u>

See accompanying notes to financial statements.

**THE NOVA SCOTIA LIQUOR COMMISSION**

**Notes to Financial Statements  
Year ended March 31, 2000**

The Nova Scotia Liquor Commission administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989.

**1. Significant accounting policies:**

(a) Inventories:

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:

Property and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

<b>Asset</b>	<b>Rate</b>
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements .....	10%
Computers - stand-alone.....	33%
Computers - integrated systems .....	20%
Land and buildings .....	5%

In the year of addition, depreciation is charged at the full annual rate.

Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

**2. Obligation under capital lease:**

The Nova Scotia Liquor Commission has an obligation under a capital lease, which matures in 2011. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2000:

2001 .....	\$ 1,536
2002 .....	1,537
2003 .....	1,536
2004 .....	1,537
2005 .....	1,536
2006-2011 .....	10,371
Total minimum lease payments .....	<u>18,053</u>
Less amount representing interest .....	<u>9,205</u>
Balance of obligation .....	8,848
Less current portion of obligation under capital lease .....	279
	<u>\$ 8,569</u>

**3. Operating leases:**

The Nova Scotia Liquor Commission leases buildings, premises and equipment under operating leases which expire at various dates between 2001 and 2009. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2000:

2001 .....	\$	2,717
2002 .....		2,261
2003 .....		1,552
2004 .....		1,230
2005 .....		835
2006-2009 .....		<u>2,369</u>
Total minimum payments required .....	\$	<u>10,964</u>

**4. Administrative expenses:**

Administrative expenses also include the following:	<b>2000</b>	<b>1999</b>
		<b>(in thousands)</b>
Interest on obligation under capital lease .....	\$ <u>1,257</u>	\$ <u>1,294</u>

**5. Pension plan and retirement obligations:**

Full time employees of the Nova Scotia Liquor Commission are members of the Nova Scotia Public Service Superannuation Plan.

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Nova Scotia Municipal Finance Corporation as at March 31, 2000 and the statements of revenue, expenditure and reserve fund and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
May 12, 2000

**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Balance Sheet  
March 31, 2000 with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		<b>(As restated -see note 10)</b>
<b>ASSETS</b>		
Current assets:		
Cash . . . . .	\$ 3,160	\$ ---
Short-term investments, at amortized cost (market - \$2,040,000; 1999 - \$3,455,000) . . . . .	2,040,000	3,455,000
Accrued interest receivable . . . . .	16,439,252	19,724,592
Other receivables . . . . .	7,333	---
Principal due within one year on loans to units . . . . .	<u>161,176,120</u>	<u>138,251,338</u>
	179,665,865	161,430,930
Long-term assets:		
Loans to units (note 3) . . . . .	612,502,241	663,797,018
Less principal included in current assets . . . . .	<u>161,176,120</u>	<u>138,251,338</u>
	451,326,121	525,545,680
Investments, at amortized cost (market - \$6,939,664; 1999 - \$6,963,760). . . . .	<u>6,918,921</u>	<u>6,812,392</u>
	458,245,042	532,358,072
Deferred charges:		
Discount on debenture debt . . . . .	3,634,465	3,448,089
Less accumulated amortization . . . . .	<u>2,503,950</u>	<u>2,239,951</u>
	1,130,515	1,208,138
	<u>\$ 639,041,422</u>	<u>\$ 694,997,140</u>
Trust fund assets (note 4) . . . . .	<u>\$ 100,319,585</u>	<u>\$ 159,701,004</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Bank indebtedness . . . . .	\$ ---	\$ 79,620
Accounts payable . . . . .	34,612	22,391
Accrued interest payable . . . . .	16,449,585	19,787,711
Principal due within one year on debenture debt . . . . .	<u>165,792,750</u>	<u>139,466,000</u>
	182,276,947	159,355,722
Long-term debt:		
Debentures payable (note 5) . . . . .	616,943,000	669,451,000
Less principal included in current liabilities . . . . .	<u>165,792,750</u>	<u>139,466,000</u>
	451,150,250	529,985,000
Deferred credits:		
Discount on loans to units . . . . .	3,666,568	3,480,273
Less accumulated amortization . . . . .	<u>2,556,513</u>	<u>2,304,138</u>
	1,110,055	1,176,135
Equity:		
Reserve Fund:		
Residual Reserve Funds . . . . .	4,361,670	4,124,033
Reserve for debenture/loan interest differential . . . . .	<u>142,500</u>	<u>356,250</u>
	4,504,170	4,480,283
	<u>\$ 639,041,422</u>	<u>\$ 694,997,140</u>
Trust funds under administration (note 4) . . . . .	<u>\$ 100,319,585</u>	<u>\$ 159,701,004</u>

See accompanying notes to financial statements.

**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Statement of Revenue, Expenditure and Reserve Fund  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		<b>(As restated -see note 10)</b>
Revenue:		
Interest on loans to units . . . . .	\$ 50,259,635	\$ 56,436,788
Amortization of discount on loans to units . . . . .	252,374	260,956
Interest on short-term investments . . . . .	674,325	754,580
Current discount on loans to units . . . . .	<u>522,862</u>	<u>730,747</u>
	<u>51,709,196</u>	<u>58,183,071</u>
Expenditure:		
Interest on debenture debt and short-term loans. . . . .	50,907,275	57,100,385
Amortization of discount on debenture debt . . . . .	263,999	274,042
Debenture issue expenses . . . . .	305,344	467,727
Administrative expenses (note 6) . . . . .	<u>208,691</u>	<u>165,253</u>
	<u>51,685,309</u>	<u>58,007,407</u>
Net revenue . . . . .	<u>23,887</u>	175,664
Reserve Fund, beginning of year . . . . .	4,480,283	5,804,619
Payment of provincial portion of surplus to Province of Nova Scotia (note 7). . . . .	<u>---</u>	<u>(1,500,000)</u>
Reserve Fund, end of year. . . . .	<u><u>\$ 4,504,170</u></u>	<u><u>\$ 4,480,283</u></u>

See accompanying notes to financial statements.

**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Statement of Cash Flows  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		<b>(As restated -see note 10)</b>
Cash provided by (used in):		
Operations:		
Net revenue. . . . .	\$ 23,887	\$ 175,664
Add (deduct) items not involving cash:		
Amortization of discount on loans to units . . . . .	(252,375)	(260,956)
Amortization of discount on debenture debt . . . . .	263,999	274,042
Amortization of premium on investments . . . . .	(106,529)	(154,592)
Change in non-cash working capital (note 9) . . . . .	<u>(47,898)</u>	<u>(26,820)</u>
	<u>(118,916)</u>	<u>7,338</u>
Investments:		
Issue of loans of \$86,956,561 to units on security of debentures, net of discounts of \$186,295 (1999 - \$105,066,340 net of discounts of \$320,943) . .	(86,770,266)	(104,745,397)
Principal received on loans to units. . . . .	<u>138,251,338</u>	<u>73,041,907</u>
	<u>51,481,072</u>	<u>(31,703,490)</u>
Financing:		
Issue of debentures of \$86,958,000, net of discounts of \$186,376 (1999 - \$105,067,000 net of discounts of \$320,971) . . . . .	86,771,624	104,746,029
Principal payment on debenture debt . . . . .	(139,466,000)	(73,756,000)
Payment of provincial portion of surplus to Province of Nova Scotia . . . . .	---	(1,500,000)
	<u>(52,694,376)</u>	<u>29,490,029</u>
Decrease in cash position. . . . .	(1,332,220)	(2,206,123)
Cash position, beginning of year . . . . .	3,375,380	5,581,503
Cash position, end of year . . . . .	\$ <u>2,043,160</u>	\$ <u>3,375,380</u>

Cash position is defined as cash and short-term investments less bank indebtedness.

See accompanying notes to financial statements.

# NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

## Notes to Financial Statements Year ended March 31, 2000

The corporation was created by the Municipal Corporation Act which was proclaimed on July 31, 1979. The corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, including district school boards, and hospitals through a central borrowing authority.

### 1. Summary of significant accounting policies:

- (a) Discounts on debenture debt and loans to units are being amortized over the life of the debentures payable and the loans receivable to which they relate, using the debentures outstanding method.
- (b) The Reserve Fund was created from interest earnings on funds which had been advanced by the Province of Nova Scotia and have since been repaid and interest on other surplus monies available from time to time, as well as from discounts on loans to units. The purpose of the Reserve Fund is to provide a capital base for the corporation, as well as to provide for funds which may be required for administrative purposes and timing differences.
- (c) The Reserve for debenture/loan interest differential represents an allocation approved by the Board of Directors to fund the negative interest on loans maturing in the fiscal year 2001.

### 2. Fair values of financial instruments:

Financial assets and financial liabilities:

The fair values of cash, accrued interest receivable, other receivables, accounts payable, accrued interest payable and principal due within one year on loans to units and debenture debt are assumed to approximate their carrying amounts because of their short-term to maturity. The fair values of investments are assumed to approximate quoted market values as disclosed in the financial statements.

The fair values of the corporation's loans to units and debentures payable fluctuate with changes in current lending rates. The corporation's mandated rate of interest charged on loans to units is directly correlated to its cost of borrowing, thereby providing a hedge against equity erosion. As at March 31, 2000, the corporation's debenture debt was hedged by offsetting loans to units with the exception of approximately \$4,441,000 which was hedged by marketable securities. The fair market value of the marketable securities was \$6,939,664, while the fair market value of the debentures in excess of the loans to units was approximately \$4,513,000. As the corporation normally holds the debentures to maturity, book values of the investments and debentures have not been adjusted to reflect the differences.

Trust fund assets managed by the corporation are completely offset by trust fund liabilities providing a hedge against fair value changes.



**3. Loans to units:**

(a) Loans to units are made on the security of their debentures, due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 1.00% to 13.375%. Due to existing provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required.

(b) Principal payments receivable in each of the next five years are as follows:

2001 .....	\$	161,176,120
2002 .....		64,225,209
2003 .....		85,871,896
2004 .....		46,110,083
2005 .....		46,287,169

**4. Trust funds under administration:**

Trust fund assets totalling \$100,319,585 (1999 - \$159,701,004) are held on behalf of certain municipal units and provincial debt issued for school and hospital construction. These funds represent sinking funds which are held by the corporation to be applied to the repayment of outstanding debenture debt at maturity.

**5. Debentures payable:**

(a) The debenture debt outstanding at March 31, 2000 totalling \$616,943,000 (1999 - \$669,451,000) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia except for Series AT which is a private placement.

Series	Date Issued	Maturity Date	Interest Rate	Debt Outstanding
B	July 2/80	1998 to 2000	12.000	700,000
C	Dec. 19/80	1998 to 2000	13.375	1,250,000
D	Dec. 19/80	1998 to 2000	13.375	500,000
N	Apr. 2/85	1998 to 2005	12.250-12.500	3,385,000
P	Dec. 11/85	1998 to 2000	11.000	1,500,000
Y	June 21/90	2000	11.750	44,000,000
Z	Nov.15/90	2000	11.900	59,000,000
AA	May 29/91	1998 to 2001	10.500	10,200,000
AB	Oct. 30/91	1998 to 2001	9.750	10,320,000
AC	May 13/92	1998 to 2002	9.750-9.875	32,875,000
AD	Dec. 9/92	1998 to 2002	8.250-8.500	15,600,000
AE	May 5/93	1998 to 2003	8.000-8.500	11,400,000
AF	Nov. 18/93	1998 to 2003	7.125-7.625	9,110,000
AG	July 13/94	1998 to 2004	9.000-9.250	10,100,000
AH	Dec. 8/94	1998 to 2004	9.125-9.750	16,270,000
AI	May 2/95	1998 to 2005	8.625-9.125	11,760,000 *
AJ	Nov. 14/95	1998 to 2005	7.500-8.125	21,765,000
AK	May 14/96	1998 to 2006	7.000-8.000	32,098,000 *
AL	Oct. 28/96	1998 to 2006	6.500-7.500	15,926,000
AM	May 12/97	1998 to 2007	5.750-7.000	50,120,000 *
AN	Oct. 17/97	1998 to 2007	5.000-6.250	34,519,000 *
AP	Jan. 30/98	1999 to 2019	5.375-6.125	43,488,000 *
AQ	May 15/98	1999 to 2008	5.000-5.500	37,167,000
AR	Dec.1/98	1999 to 2008	4.625-5.625	56,932,000 *
AS	May 17/00	2000 to 2009	4.750-5.375	40,525,000 *
AT	May 28/99	2000 to 2015	1.000	2,700,000
AU	Dec 22/99	2000 to 2009	5.750-6.750	43,733,000 *
				<u>\$ 616,943,000</u>

\* Placed directly with the Province of Nova Scotia

Interest is payable semi-annually, except Series AT which is payable annually.

(b) Principal payments due in each of the next five years are as follows:

2001 .....	\$ 165,792,750
2002 .....	64,252,750
2003 .....	86,096,750
2004 .....	46,019,750
2005 .....	46,239,750

**6. Administrative expenses:**

	<u>Budget</u>	<u>2000 Actual</u>	<u>1999 Actual</u>
Salaries and benefits . . . . .	\$ 153,004	\$ 165,285	\$ 121,514
Travel . . . . .	4,000	3,791	3,611
Equipment and maintenance . . . . .	4,950	7,305	2,712
Printing . . . . .	2,300	5,194	3,991
Postage . . . . .	4,000	1,839	2,349
Telecommunications . . . . .	5,400	4,226	3,914
Stationery and supplies . . . . .	5,000	4,096	2,626
Professional services . . . . .	6,000	6,000	6,073
Bank charges . . . . .	12,000	8,689	6,142
Directors' fees and expenses . . . . .	5,600	3,421	5,385
Professional development . . . . .	5,225	3,576	5,330
Dues and subscriptions . . . . .	1,320	806	931
Insurance . . . . .	755	561	473
Other . . . . .	500	147	202
Salary recovery . . . . .	---	(6,245)	---
	<u>\$ 210,054</u>	<u>\$ 208,691</u>	<u>\$ 165,253</u>

**7. Payment of provincial portion of surplus to Province of Nova Scotia:**

In fiscal 1998/99 the corporation transferred \$1,500,000 of the Reserve Fund to the Province of Nova Scotia. This amount represented the Province's share of the Reserve Fund. The basis for the calculation was the portion of total Nova Scotia Municipal Finance Corporation loans made since its inception that were made to schools and hospitals. In exchange for the \$1,500,000 payment, the Province recognized the remainder of the reserve as the municipal portion.

**8. Taxes:**

The corporation is not subject to provincial or federal taxes.

**9. Change in non-cash working capital:**

	<u>2000</u>	<u>1999</u>
Accrued interest receivable . . . . .	\$ 3,285,340	\$ 540,558
Other receivables . . . . .	(7,333)	---
Accounts payable . . . . .	12,221	3,955
Accrued interest payable . . . . .	(3,338,126)	(571,333)
	<u>\$ (47,898)</u>	<u>\$ (26,820)</u>

**10. Correction of error:**

Subsequent to the issuance of the financial statements for the year ended March 31, 1999, the corporation discovered a calculation error relating to accrued interest payable. Accordingly, the March 31, 1999 financial statements have been restated to reflect the correct interest accrual. This resulted in an increase to the previously reported amounts for accrued interest payable and interest on debenture debt and short-term loans of \$455,446 and a reduction in net revenue and Reserve Fund of the same amount.

The following table illustrates the impact of this restatement on the Reserve Fund:

	<b>2000</b>	<b>1999</b> (As restated)
Reserve Fund, beginning of year:		
As previously reported . . . . . \$	4,935,729 \$	5,804,619
Adjustment to reflect correction error . . . . .	<u>(455,446)</u>	<u>---</u>
Reserve Fund, restated. . . . .	4,480,283	5,804,619
Net revenue. . . . .	23,887	175,664
Payment of provincial portion of surplus to Province of Nova Scotia . . . . .	---	(1,500,000)
Reserve Fund, end of year. . . . . \$	<u>4,504,170</u> \$	<u>4,480,283</u>

## AUDITORS' REPORT

To the Chair and Members of the  
Nova Scotia Police Commission

We have audited the balance sheet of the Nova Scotia Police Commission as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
June 5, 2000

**NOVA SCOTIA POLICE COMMISSION**

**Balance Sheet  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	--- \$	25,877
Accounts receivable .....	7,124	2,928
Due from the Province of Nova Scotia.....	<u>1,096</u>	<u>---</u>
	8,220	28,805
Capital assets .....	<u>3,858</u>	<u>8,464</u>
	<u>\$ 12,078</u>	<u>\$ 37,269</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness .....	1,127 \$	---
Payables and accruals .....	7,093	26,764
Due to Province of Nova Scotia .....	<u>---</u>	<u>2,041</u>
	<u>8,220</u>	<u>28,805</u>
<b>SURPLUS</b>		
Investment in capital assets (Note 3) .....	<u>3,858</u>	<u>8,464</u>
	<u>\$ 12,078</u>	<u>\$ 37,269</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA POLICE COMMISSION**

**Statements of Operations and Surplus  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Grant from the Province of Nova Scotia - gross . . . . . \$	267,464	\$ 260,799
Refundable portion . . . . .	---	(2,041)
Net grant . . . . .	<u>267,464</u>	<u>258,758</u>
Interest and other revenue . . . . .	6,254	5,144
	<u>273,718</u>	<u>263,902</u>
<b>Expenses</b>		
Commission		
Salaries, wages and benefits . . . . .	151,157	129,142
Investigation services . . . . .	35,357	30,960
Travel . . . . .	13,230	21,290
Audit and legal . . . . .	7,632	1,500
Office supplies and services . . . . .	6,729	7,589
Telephone . . . . .	4,789	5,310
Depreciation . . . . .	4,606	4,606
Printing and copying . . . . .	2,491	865
Equipment . . . . .	2,015	2,143
Dues and fees . . . . .	1,076	1,170
Repairs and maintenance . . . . .	858	188
Transcription . . . . .	470	---
Other expenses . . . . .	158	378
Training - Police . . . . .	---	14,432
	<u>230,568</u>	<u>219,573</u>
Review Board		
Salaries, wages and benefits . . . . .	37,075	29,585
Travel . . . . .	10,231	9,345
Dues and fees . . . . .	450	---
Transcription . . . . .	---	238
	<u>47,756</u>	<u>39,168</u>
	<u>278,324</u>	<u>258,741</u>
Operating (deficit) surplus . . . . . \$	<u>(4,606)</u>	<u>\$ 5,161</u>
Surplus, beginning of year . . . . . \$	---	\$ ---
Operating (deficit) surplus . . . . .	<u>(4,606)</u>	<u>5,161</u>
Transfer from (to) investment in capital assets for		
Depreciation . . . . .	4,606	4,606
Capital asset acquisitions . . . . .	---	(9,767)
	<u>4,606</u>	<u>(5,161)</u>
Surplus, end of year . . . . . \$	<u>---</u>	<u>\$ ---</u>

See accompanying notes to the financial statements

**NOVA SCOTIA POLICE COMMISSION**

**Statement of Capital Assets  
Year Ended March 31, 2000**

	<u>Cost</u>		<u>Accumulated Depreciation</u>			<b>2000 Net Book Value</b>	<b>1999 Net Book Value</b>
	<u>Opening</u>	<u>Closing</u>	<u>Opening</u>	<u>Expense</u>	<u>Closing</u>		
Computer equipment .....	\$ 12,961	\$ 12,961	\$ 7,485	\$ 3,422	\$ 10,907	\$ 2,054	\$ 5,476
Equipment .....	<u>5,917</u>	<u>5,917</u>	<u>2,929</u>	<u>1,184</u>	<u>4,113</u>	<u>1,804</u>	<u>2,988</u>
	\$ <u>18,878</u>	\$ <u>18,878</u>	\$ <u>10,414</u>	\$ <u>4,606</u>	\$ <u>15,020</u>	\$ <u>3,858</u>	\$ <u>8,464</u>

See accompanying notes to the financial statements.



**NOVA SCOTIA POLICE COMMISSION**

**Statement of Cash Flows  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash		
<b>Operating</b>		
Operating (deficit) surplus . . . . . \$	(4,606)	\$ 5,161
Depreciation . . . . .	4,606	4,606
	---	9,767
 Change in non-cash operating working capital (Note 5) . . . . .	 (27,004)	 (34,037)
	<u>(27,004)</u>	<u>(24,270)</u>
 <b>Investing</b>		
Purchase of capital assets . . . . .	---	(9,767)
Decrease in cash . . . . .	(27,004)	(34,037)
 (Bank indebtedness) Cash, Beginning of year . . . . .	 25,877	 59,914
End of year . . . . . \$	<u>(1,127)</u>	<u>25,877</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA POLICE COMMISSION**

**Notes to the Financial Statements  
March 31, 2000**

**1. Incorporation**

The Nova Scotia Police Commission was incorporated pursuant to the Police Act of Nova Scotia, Chapter 348 of the Revised Statutes of Nova Scotia, 1989.

**2. Summary of Significant Accounting Policies**

**a) General**

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

**b) Capital assets**

Capital assets purchased by the Commission with a value greater than \$1,000 and a useful life greater than one year will be capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Equipment	5 years

**3. Investment in Capital Assets**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . . \$	8,464	\$ 3,303
Capital asset acquisitions . . . . .	---	9,767
Depreciation . . . . .	<u>(4,606)</u>	<u>(4,606)</u>
Balance, end of year . . . . . \$	<u>3,858</u>	<u>\$ 8,464</u>

**4. Pensions**

The full time employees of the Commission are entitled, as Civil Servants, to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability.

**5. Supplementary cash flow information**

Change in non-cash operating working capital

	<b>2000</b>	<b>1999</b>
Receivables . . . . . \$	(4,196)	\$ (2,633)
Payables . . . . .	(19,671)	17,962
Due to province . . . . .	<u>(3,137)</u>	<u>(49,366)</u>
	<u>\$ (27,004)</u>	<u>\$ (34,037)</u>

## AUDITORS' REPORT

To the Board of Directors  
Nova Scotia Power Finance Corporation

We have audited the statement of financial position of Nova Scotia Power Finance Corporation as at March 31, 2000 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 2, 2000

**NOVA SCOTIA POWER FINANCE CORPORATION**

**(Formerly Nova Scotia Power Corporation - See Note 1)**

**Statement of Financial Position  
as at March 31, 2000**

**NET ASSETS**

	<b>2000</b>	<b>1999</b>
	(in millions)	
Notes receivable - Nova Scotia Power Inc. (Note 1) . . . . .	\$ ---	\$ ---
Accrued interest due from Nova Scotia Power Inc. . . . .	---	---
	---	---
Less: Long-term debt (Note 1) . . . . .	---	---
Accrued interest on long-term debt . . . . .	---	---
	---	---
Net (Note 2) . . . . .	\$ <u>---</u>	\$ <u>---</u>

**Statement of Earnings and Retained Earnings  
year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in millions)	
Revenue		
Interest on matching notes (Note 6) . . . . .	\$ ---	\$ ---
Expenses		
Interest on long-term debt (Note 6) . . . . .	---	---
<b>Net earnings</b> . . . . .	---	---
<b>Retained earnings, beginning of year</b> . . . . .	---	---
<b>Retained earnings, end of year</b> . . . . .	\$ <u>---</u>	\$ <u>---</u>

# NOVA SCOTIA POWER FINANCE CORPORATION

## Notes to the Financial Statements year ended March 31, 2000

### 1. REORGANIZATION AND PRIVATIZATION

In 1992, the Province of Nova Scotia passed legislation to facilitate the reorganization and privatization of the business of Nova Scotia Power Corporation (N.S.P.C.). In effecting this, pursuant to the Asset Transfer Agreement effective on August 10, 1992, N.S.P.C. transferred all of its existing assets, liabilities and equity except for long-term debt and related sinking funds to Nova Scotia Power Inc. (N.S.P.I.) in exchange for:

- a) matching notes receivable equivalent to outstanding long-term debt, and matching notes payable equivalent to sinking fund assets; and
- b) 20,134,666 fully paid common shares of N.S.P.I., issued to the Province of Nova Scotia, which were subsequently sold on August 12, 1992 by the Province of Nova Scotia as a secondary offering. Concurrently, the \$13.3 million of contributed surplus of N.S.P.C. was transferred to the retained earnings of N.S.P.I.

Subsequent to the reorganization and privatization, the business activities of N.S.P.C. continued under N.S.P.I. N.S.P.C. changed its name to Nova Scotia Power Finance Corporation (N.S.P.F.C.) which continues to hold the long-term debt and sinking fund assets.

Under the terms of the matching notes receivable, N.S.P.I. is responsible for the long-term debt of N.S.P.F.C.

### 2. ACCOUNTING POLICIES

Pursuant to changes in the reporting requirements for financial instruments, issued by the Canadian Institute of Chartered Accountants and effective for the years ended March 31, 1998, and thereafter, there is a requirement to net offsetting Notes Receivable and Long-Term Debt, and related interest, where there is a legally enforceable right to set off the recognized amounts and where the corporation's management does intend to realize on the asset and, simultaneously, settle the liability. Management concurs, based on legal counsel opinion, that these conditions apply to Nova Scotia Power Finance Corporation and hence the assets, less offsetting liabilities, have been netted in the Statement of Financial Position.

### 3. DEFEASANCE ASSETS

The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Government and Utilities, Federal Government and Federal US bonds, coupons or residuals. The portfolio mix as of March 31, 2000 is as follows, based upon future cash flows:

Security Type	% of Portfolio
Nova Scotia Power Corp. . . . .	67.24
Other Provincial Government and Utilities . . . . .	30.50
Federal Government . . . . .	2.23
Federal US Government. . . . .	0.03
	<u>100.00</u>

#### 4. LONG-TERM DEBT

Bonds, debentures and notes payable are summarized by years of maturity in the following table:

Years of Maturity	Principal Outstanding Total	Weighted Average Coupon Rate %
March, 2001 .....	\$ ---	---
March, 2002 .....	---	---
March, 2003 .....	100,000	13.50
March, 2004 .....	75,000	12.50
March, 2005 .....	<u>100,000</u>	<u>12.13</u>
1-5 years .....	275,000	12.73
6-10 years .....	50,000	11.50
11-15 years .....	350,000	11.09
16-20 years .....	150,000	10.25
21-25 years .....	436,050	9.40
26-30 years .....	---	---
31-40 years .....	<u>200,000</u>	<u>11.00</u>
Total long-term debt (Schedule 1) .....	<u>\$1,461,050</u>	<u>\$ 10.81</u>

*Details of long-term debt to March 31, 2000 are provided in Schedule 1 to the financial statements.*

*Series AA, AE, AF, and AG have call option dates prior to the maturity dates. Under the terms of the privatization agreements, the call options must be exercised.*

#### 5. DEBT DEFEASANCE

On reorganization, N.S.P.I. and N.S.P.F.C. committed, subject to certain conditions, to effect defeasance of N.S.P.F.'s long-term debt through repayment of the matching notes by December 31, 1998 in order to fully remove the debt from its Statement of Financial Position by that date. Defeasance requires qualifying assets to be set aside by the debtor to be used solely for satisfying scheduled future payments of principal and interest of a specific obligation.

Under the terms of the Defeasance Agreement, subject to certain factors, minimum amounts of debt to be defeased are as follows:

December 31	Annual Amount (in millions)
1993 .....	\$ 200.0
1994 .....	300.0
1995 .....	400.0
1996 .....	250.0
1997 .....	<u>231.6</u>
	<u>\$ 1,381.6</u>

As at March 31, 2000, \$1,461.1 million of debt has been defeased (1999 - \$1,477.8 million) (Schedule 1).

**6. General and Administrative Expenses**

Under the terms of the privatization agreements, N.S.P.I. is responsible for the payment of all N.S.P.F.C. expenses. During the year, \$29,054 of such expenses were incurred by N.S.P.F.C. and recovered by it from N.S.P.I.

## NOVA SCOTIA POWER FINANCE CORPORATION

LONG TERM DEBT  
as at March 31, 2000

Series	Date of Maturity	Call Date	Rate	Amount Outstanding	Defeasance To Date	Net Undeferred Balance
<b>Debentures</b>						
"AA"	July 15, 2005 (2)	July 15, 2000	11.50%	\$ 50,000,000	\$ 50,000,000	---
"AE"	December 1, 2002 (2)	December 1, 2000	13.50%	100,000,000	100,000,000	---
"AF"	December 20, 2003 (2)	December 20, 2001	12.50%	75,000,000	75,000,000	---
"AG"	February 14, 2005 (2)	February 14, 2002	12.125%	100,000,000	100,000,000	---
"AH"	November 15, 2012	November 15, 2012	10.875%	150,000,000	150,000,000	---
"AJ"	April 27, 2014	April 27, 2014	11.25%	200,000,000	200,000,000	---
"AK"	January 10, 2020	January 10, 2020	10.25%	150,000,000	150,000,000	---
"AM"	February 26, 2031	February 26, 2031	11.00%	200,000,000	200,000,000	---
"AN"	April 1, 2021 (U.S.) (1)	April 1, 2021	9.4%	436,050,000	436,050,000	---
<b>Total long-term debt</b>				<u>\$ 1,461,050,000</u>	<u>\$ 1,461,050,000</u>	<u>---</u>

(1) Amounts payable in foreign currencies and those sinking fund investments denominated in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements (\$300,000,000 US\$ converted @ 1.4535 as of March 31, 2000).

(2) Callable issues. Under the terms of the privatization agreements, all options must be exercised.



## NOVA SCOTIA POWER FINANCE CORPORATION

Continuity of Long-Term Debt  
August 10, 1992 to March 31, 2000

Long-term debt, August 10, 1992 (Note 1) . . . . .	\$	2,152,879,732
Less: Sinking funds, August 10, 1992 . . . . .		(420,560,964)
Net long-term debt, August 10, 1992 . . . . .		<u>1,732,318,768</u>

Less: Retired, funded or defeased:

	<u>Debt Retirement</u>	<u>Sinking Fund Growth</u>	<u>Defeasance</u>	
Period ended March 31, 1993	\$ (1,371,458)	\$ (57,498,429)	\$ (130,872,250)	(189,742,137)
Year ended March 31, 1994	(238,449,609)	69,597,333	(373,507,887)	(542,360,163)
Year ended March 31, 1995	(65,543,679)	70,132,288	(354,775,338)	(350,186,729)
Year ended March 31, 1996	(184,588,286)	146,494,758	(574,804,525)	(612,898,053)
Year ended March 31, 1997	(113,072,800)	87,986,602	(6,330,000)	(31,416,198)
Year ended March 31, 1998	(99,873,900)	103,848,412	(9,690,000)	(5,715,488)
Year ended March 31, 1999	27,780,000	---	(27,780,000)	---
Sinking fund instalments (NSPI) . . . . .	---	---	---	---
Sinking fund earnings . . . . .	---	---	---	---
Retirement of debentures . . . . .	---	---	---	---
Transfer to defeasance . . . . .	---	---	---	---
Retirement of savings bonds . . . . .	---	---	---	---
Foreign currency translation . . . . .	(16,710,000)	---	16,710,000	---
Year ended March 31, 2000 . . . . .	(16,710,000)	---	16,710,000	---
	\$ (691,829,732)	\$ 420,560,964	\$ (1,461,050,000)	(1,732,318,768)

Net long-term debt, March 31, 2000 . . . . . \$ ---

Comprised of:

Long-term debt (Schedule 1) . . . . .	\$	1,461,050,000
Less: Sinking funds . . . . .		---
Defeasance assets . . . . .		(1,461,050,000)
	\$	<u>---</u>

## AUDITOR'S REPORT

To the Minister of Natural Resources; and

To the Chair and Members of the  
Nova Scotia Primary Forest Products  
Marketing Board

I have audited the balance sheet of the Nova Scotia Primary Forest Products Marketing Board as at March 31, 2000 and the statement of revenues, expenses and fund balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
August 3, 2000

**NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Cash .....	\$ 200	\$ 200
Current portion of loan receivable (Note 3) .....	---	10,000
Due from processors .....	36,005	36,506
Due from Province of Nova Scotia .....	<u>570,976</u>	<u>554,458</u>
	<u>607,181</u>	<u>601,164</u>
<b>Long-Term</b>		
Loan receivable (Note 3) .....	---	20,000
	<u>\$ 607,181</u>	<u>\$ 621,164</u>

**LIABILITIES AND FUND BALANCE**

<b>Current</b>		
Accounts payable .....	\$ 3,816	\$ 2,275
Due to bargaining agents .....	<u>20,072</u>	<u>20,604</u>
	<u>23,888</u>	<u>22,879</u>
<b>Fund Balance</b> .....	<u>583,293</u>	<u>598,285</u>
	<u>\$ 607,181</u>	<u>\$ 621,164</u>

Commitment (Note 4)

**NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD**

**Statement of Revenues, Expenses and Fund Balance  
for the year ended March 31, 2000**

	2000		1999
	Budget	Actual	Actual
<b>Revenues</b>			
Charges against suppliers (Note 1) . . . . .		\$ 286,658	\$ 357,294
Less: Bargaining agents funding . . . . .		148,295	197,933
Charges for funding of Board operations . . . . .	\$ 150,000	138,363	159,361
Interest on fund balance . . . . .	30,000	35,833	33,088
Miscellaneous . . . . .	---	---	642
	180,000	174,196	193,091
<b>Expenses</b>			
Bad debt expense . . . . .	---	25,000	---
Board member per diems . . . . .	17,000	19,000	20,625
Equipment and maintenance(Note 2). . . . .	7,000	8,868	---
Grants . . . . .	25,000	17,199	19,000
Lease payments - equipment . . . . .	2,500	1,574	2,223
Lease payments - office space . . . . .	7,600	7,507	7,220
Legal fees . . . . .	4,000	3,800	2,644
Other . . . . .	6,500	3,460	2,670
Salaries . . . . .	92,800	86,543	74,074
Supplies and services . . . . .	8,750	4,932	5,220
Travel . . . . .	31,400	11,305	14,416
	202,550	189,188	148,092
<b>(Deficiency) Excess of revenues over expenses . . . . .</b>	<b>\$ (22,550)</b>	<b>(14,992)</b>	<b>44,999</b>
<b>Fund balance, beginning of year . . . . .</b>		<b>598,285</b>	<b>553,286</b>
<b>Fund balance, end of year . . . . .</b>		<b>\$ 583,293</b>	<b>\$ 598,285</b>

**NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD**

**Statement of Canges in Financial Position  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Cash derived from (applied to) operations (Deficiency) excess of revenues over expenses . . . . . \$	(14,992)\$	44,999
 Changes in non-cash operating working capital items		
Loan receivable (Note 3). . . . .	5,000	10,000
Allowance for doubtful accounts (Note 3). . . . .	25,000	---
Due from Board members . . . . .	---	3,600
Due from processors. . . . .	501	(12,383)
Due from Province of Nova Scotia. . . . .	(16,518)	(53,390)
Accounts payable. . . . .	1,541	678
Due to bargaining agents. . . . .	(532)	6,496
	<u>14,992</u>	<u>(44,999)</u>
 Increase (decrease) in cash . . . . .	---	---
 Cash, beginning of year. . . . .	<u>200</u>	<u>200</u>
 Cash, end of year. . . . . \$	<u><u>200</u></u> \$	<u><u>200</u></u>

**NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

The Nova Scotia Primary Forest Products Marketing Board was established by the Primary Forest Products Marketing Act.

The objectives of the Board are: to provide for the organization and funding of bargaining agents, to provide for the registration of bargaining agents, to provide for the resolution of bargaining disputes, to facilitate and support the continued development of the forest resources held by private woodlot owners, and to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.

The Board imposes separate charges against producers of primary forest products for the purpose of providing funding of bargaining agents, and for funding the operations of the Board.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. In common with many small, not-for-profit organizations, the Board charges furniture and equipment acquisitions to expenses in the year of purchase. During the year ended March 31, 2000 the Board purchased furniture and equipment costing \$8,868.

**3. Loan Receivable**

In November 1996, the Board provide a non-interest bearing loan of \$40,000 to a wood lot owners organization. As of March 31, 2000 the loan had a remaining balance of \$25,000, with payments of \$5,000 owing twice a year. However, during the year the wood lot owners organization gave notice of winding up its operations pursuant to the Co-operative Association Act. Collection of the total loan outstanding is uncertain, and an allowance has been recorded equivalent to the whole balance, as follows.

	<b>2000</b>	<b>1999</b>
Loan receivable. . . . .	\$ 25,000	\$ 30,000
Less: Allowance for doubtful accounts. . . . .	(25,000)	---
	<u>\$ ---</u>	<u>\$ 30,000</u>

**4. Office Lease Commitment**

The Board remits monthly payments of \$731 to the Department of Transportation and Public Works for the rental of office space procured by the Department on the Board's behalf. The current lease expires september 30, 2004.

**5. Pensions**

All permanent employees of the Board are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Board's operating expenses.

## AUDITORS' REPORT

To the Board of Trustees of the Nova Scotia Public Service Long Term Disability Plan Trust Fund

We have audited the balance sheet of the Nova Scotia Public Service Long Term Disability Trust Fund as at March 31, 2000 and the statement of continuity of fund equity for the year then ended. These financial statements are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2000 and the continuity of the fund for the year then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON  
Chartered Accountants

June 15, 2000

**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND**

**Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash .....	\$ 619,909	\$ 1,141,724
Accounts receivable - premiums .....	592,736	597,010
- EI premium rebates .....	49,198	95,425
- C.P.P. rebates .....	36,637	64,545
Goods and Services Tax receivable .....	97,793	97,793
Investments (note 4) .....	<u>31,071,380</u>	<u>23,810,744</u>
	32,467,653	25,807,241
<b>CAPITAL ASSETS (note 5) .....</b>	<u>4,021</u>	<u>5,745</u>
	<u>\$ 32,471,674</u>	<u>\$ 25,812,986</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - Province of Nova Scotia .....	\$ 667,199	\$ 1,532,445
- other .....	84,144	80,641
Deferred revenue .....	<u>29,178</u>	<u>27,873</u>
	780,521	1,640,959
<b>FUND EQUITY</b>		
<b>FUND EQUITY .....</b>	<u>31,691,153</u>	<u>24,172,027</u>
	<u>\$ 32,471,674</u>	<u>\$ 25,812,986</u>



**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND  
Statement of Continuity of Fund Equity  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>FUND INCREASES</b>		
Premiums (note 6) . . . . .	\$ 10,337,801	\$ 9,757,010
Investment income . . . . .	7,836,520	29,254
EI premium rebates . . . . .	954,409	1,054,552
Disability claim recoveries - subrogation . . . . .	342,299	25,974
GST recovered . . . . .	---	110,114
	<u>19,471,029</u>	<u>10,976,904</u>
<b>FUND DECREASES</b>		
Actuarial . . . . .	64,199	77,450
Audit and accounting . . . . .	17,077	21,465
Disability claims . . . . .	11,059,566	10,880,454
Investment custodian . . . . .	28,031	27,032
Investment manager . . . . .	69,441	64,460
Legal - subrogation . . . . .	32,362	26,859
- other . . . . .	11,441	21,215
Office and sundry (note 7) . . . . .	155,146	152,637
Operational review . . . . .	20,700	---
Plan administration services . . . . .	339,136	361,483
Rehabilitation program . . . . .	154,804	140,440
	<u>11,951,903</u>	<u>11,773,495</u>
<b>INCREASE (DECREASE) IN FUND EQUITY DURING THE YEAR . . . . .</b>	<b>7,519,126</b>	<b>(796,591)</b>
<b>FUND EQUITY - BEGINNING OF YEAR . . . . .</b>	<b><u>24,172,027</u></b>	<b><u>24,968,618</u></b>
<b>FUND EQUITY - END OF YEAR . . . . .</b>	<b><u>\$ 31,691,153</u></b>	<b><u>\$ 24,172,027</u></b>

**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND  
Notes to Financial Statements  
for the year ended March 31, 2000**

**1. AUTHORITY AND ACTIVITIES**

The fund was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the trustees.

**2. EFFECTIVE DATES**

The plan was established by Order in Council dated September 26, 1985.

The trust was established by Agreement and Declaration of Trust dated December 23, 1985.

Claimants' benefits became effective May 1, 1985 for employees who, at that time, met prescribed eligibility requirements.

**3. ACCOUNTING POLICIES**

Disability claims are recorded only for the qualifying disability periods to the date of the financial statements and no liabilities are recorded for future claim periods.

Marketable securities are stated at market value.

The fund records amortization of the capital assets at the annual rate of 30% using the declining balance method. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

**4. INVESTMENTS**

Investments include marketable securities, accrued interest thereon and the custodian's account balance. The investments as a March 31, 2000 are recorded at market value of \$31,071,380 (cost - \$22,684,152) and at March 31, 1999 were recorded at market value of \$23,810,744 (cost - \$20,587,550).

**5. CAPITAL ASSETS**

	2000		1999	
	Cost	Accumulated amortization	Net	Net
Computer equipment . . . \$	18,366	\$ 14,681	\$ 3,685	\$ 5,264
Software . . . . .	3,068	2,732	336	481
	\$ 21,434	\$ 17,413	\$ 4,021	\$ 5,745

**6. PREMIUMS**

	<b>2000</b>	<b>1999</b>
Atlantic Provinces Resources Centres . . . . .	\$ 41,001	\$ 38,637
Central Regional Health Services . . . . .	144,928	137,209
Correctional officers . . . . .	205,223	179,565
Department of Transportation . . . . .	568,988	473,307
Eastern Regional Health Services. . . . .	106,840	102,480
Northern Regional Health Services. . . . .	62,481	57,050
Nova Scotia Government Employees Union . . . . .	38,078	34,715
Nova Scotia Legal Aid . . . . .	117,650	109,476
Nova Scotia Utility and Review Board . . . . .	23,101	19,940
Other. . . . .	19,358	9,963
Province of Nova Scotia Employees. . . . .	7,144,613	6,584,569
Queen Elizabeth II. . . . .	1,803,097	1,934,535
Victoria General Foundation . . . . .	---	18,587
Western Regional Health Services . . . . .	62,443	56,977
	<u>\$ 10,337,801</u>	<u>\$ 9,757,010</u>

**7. OFFICE AND SUNDRY**

	<b>2000</b>	<b>1999</b>
Amortization. . . . .	\$ 1,724	2,374
Equipment rentals . . . . .	3,123	3,229
Miscellaneous. . . . .	23,127	15,996
Rent and taxes. . . . .	12,995	11,753
Salaries and benefits . . . . .	91,088	87,306
Supplies and postage. . . . .	14,903	23,093
Telephone. . . . .	4,503	5,137
Training. . . . .	1,688	2,395
Vehicle allowance and travel . . . . .	1,995	1,354
	<u>\$ 155,146</u>	<u>\$ 152,637</u>

**8. ACTUARIAL VALUATION**

The last actuarial valuation was completed as at March 31, 1997, which projected the present value of the fund liabilities for reported and estimated incurred but unreported claims to be \$66,079,000. The actuarial value of the fund assets as at March 31, 1997 was \$21,260,000, leaving an unfunded actuarial liability of \$44,819,000.

## AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nova Scotia Resources Limited as at December 31, 1999, and the consolidated statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Nova Scotia  
March 10, 2000

**NOVA SCOTIA RESOURCES LIMITED**

**Consolidated Balance Sheet  
December 31, 1999, with comparative figures for 1998**

**ASSETS**

	<b>1999</b>	<b>1998</b>
		(in thousands)
Oil and gas properties (note 3) . . . . .	\$ 182,555	\$ 96,384
Receivables and other assets (note 4) . . . . .	1,896	8,231
Collateral deposits. . . . .	---	245
Cash and short-term investments . . . . .	5,303	4,632
Investment tax credits receivable . . . . .	<u>4,636</u>	<u>---</u>
	\$ <u>194,390</u>	\$ <u>109,492</u>

**LIABILITIES and SHAREHOLDER'S DEFICIENCY**

Commercial paper (note 5) . . . . .	\$ 349,151	\$ 361,419
Short-term borrowing (note 6) . . . . .	364,682	254,264
Provision for site restoration (note 7) . . . . .	34,343	22,000
Payables and accruals . . . . .	<u>8,288</u>	<u>7,719</u>
	<u>756,464</u>	<u>645,402</u>

Shareholder's deficiency:

Capital stock:

Authorized: 40,000 common shares without par value

Issued and outstanding: 3 common shares . . . . .	1	1
---	---	---

Deficit . . . . .	<u>(562,075)</u>	<u>(535,911)</u>
	<u>(562,074)</u>	<u>(535,910)</u>
	\$ <u>194,390</u>	\$ <u>109,492</u>

Future operations (note 1)

Commitments (note 8)

Contingency (note 9)

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Loss and Deficit  
Year ended December 31, 1999, with comparative figures for 1998

	1999	1998
	(in thousands)	
<b>Revenue:</b>		
Oil and gas revenue . . . . .	\$ 35,501	\$ 61,208
Royalties . . . . .	<u>1,293</u>	<u>2,667</u>
	34,208	58,541
Sundry income . . . . .	<u>772</u>	<u>---</u>
	34,980	58,541
<b>Expenses:</b>		
Production . . . . .	40,904	42,093
General and administrative . . . . .	1,249	728
Depreciation and depletion . . . . .	<u>29,436</u>	<u>26,919</u>
	<u>71,589</u>	<u>69,740</u>
<b>Loss before financing cost and income taxes . . . . .</b>	36,609	11,199
Interest expense . . . . .	26,385	29,825
Foreign exchange loss (gain) . . . . .	(37,330)	34,510
Income taxes . . . . .	<u>500</u>	<u>250</u>
<b>Net loss. . . . .</b>	26,164	75,784
Deficit, beginning of year. . . . .	535,911	460,127
<b>Deficit, end of year. . . . .</b>	<u>\$ 562,075</u>	<u>\$ 535,911</u>

See accompanying notes to financial statements

**NOVA SCOTIA RESOURCES LIMITED**

**Consolidated Statement of Cash Flows**  
**year ended December 31, 1999, with comparative figures for 1998**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Cash derived from (applied to):		
<b>Operating:</b>		
Net loss . . . . .	\$ (26,164)	\$ (75,784)
Items not involving cash:		
Depreciation and depletion . . . . .	29,436	26,919
Unrealized foreign exchange gain on commercial paper and short-term borrowing . . . . .	(18,264)	(3,342)
	(14,992)	(52,207)
Changes in non-cash operating working capital items:		
Collateral deposits . . . . .	245	(15)
Receivables and other assets . . . . .	6,321	665
Payables and accruals . . . . .	569	(13,069)
Income taxes receivable . . . . .	(4,636)	---
	(12,493)	(64,626)
<b>Financing:</b>		
Increase (decrease) in commercial paper . . . . .	(589)	47,559
Increase in short-term borrowing . . . . .	117,003	109,427
	116,414	156,986
<b>Investing:</b>		
Expenditures on oil and gas properties . . . . .	(115,593)	(92,599)
Increase in provision for site restoration . . . . .	13,000	4,500
Payments for site restoration . . . . .	(657)	---
	(103,250)	(88,099)
Increase in cash . . . . .	671	4,261
Cash and short-term investments, beginning of year . . . . .	4,632	371
Cash and short-term investments, end of year . . . . .	\$ 5,303	\$ 4,632

See accompanying notes to financial statements.

# NOVA SCOTIA RESOURCES LIMITED

## Notes to Consolidated Financial Statements year ended December 31, 1999

### 1. Future operations:

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company has short-term borrowing owing to the Province of Nova Scotia of \$365 million and commercial paper of \$349 million which is guaranteed by the Province of Nova Scotia. The Company's assumption of a going concern is based on the continued support and debt guarantee of its shareholder, the Province of Nova Scotia.

### 2. Significant accounting policies:

#### (a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially, all of the Company's activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

#### (b) Oil and gas properties:

The Company accounts for oil and gas properties in accordance with the Canadian accounting guideline on full cost accounting.

Under this method, all costs associated with the acquisition, exploration and development of oil and gas properties are capitalized in one cost centre. Depletion is calculated using the unit of production method based on gross proved reserves before royalties. A ceiling test is applied to ensure that the capitalized costs do not exceed the estimated future revenues, net of production, site restoration, administration and financing costs.

#### (c) Inventory:

Inventory, included in receivables and other assets, is valued at the lower of cost and market, where market is the current sales price on delivered oil and/or gas.

#### (d) Provision for site restoration:

The provision for future removal and site restoration costs for the Cohasset/Panuke project is based on current estimates and has been fully charged against income as part of depletion expense.

Provision for future removal and site restoration costs for the Sable Offshore Energy Project will be made based on estimated costs and will be charged to depletion over the life of the properties on a unit-of-production basis.

#### (e) Foreign currency translation:

Monetary items that are denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rates in effect at the balance sheet date. Exchange gains and losses arising on the translation of short-term foreign currency balances are recorded in the statement of loss. The Company does not have any long-term foreign currency balances.



(f) Revenue recognition:

Revenue from the oil and gas fields offshore Nova Scotia is recorded at current sales prices once the product is delivered.

**3. Oil and gas properties:**

The Company has the following interests in oil and gas fields offshore Nova Scotia:

	<b>Cost</b>	<b>Accumulated Depletion</b>	<b>1999 Net Book Value</b>	<b>1998 Net Book Value</b>
(in thousands)				
Cohasset/Panuke Project				
-50% working interest . . . . .	\$ 294,524	\$ 294,524	\$ --	\$ 8,952
Sable Offshore Energy Project				
-8.4% working interest . . . . .	181,214	37	181,177	86,656
Seismic Studies				
-Scotian Shelf . . . . .	1,378	---	1,378	776
	<u>\$ 477,116</u>	<u>\$ 294,561</u>	<u>\$ 182,555</u>	<u>\$ 96,384</u>

During 1999, interest totaling \$8.3 million (1998 - \$0.5 million) has been capitalized to the cost of the Sable Offshore Energy Project.

During 1999, the Cohasset/Panuke project was completed. Accordingly, the remaining value of this property has been fully depleted.

In applying the ceiling test to its oil and gas reserves, the Company used forecasted commodity prices at December 31, 1999 to determine the net recoverable amount from its oil and gas activities. The Company compared this net recoverable amount to the carrying value of the oil and gas properties and has determined that no write down is required.

The Company will be providing a fixed and floating charge security on the real and personal property comprising the Sable Offshore Energy Project to secure its performance of its obligations under the Sable Offshore Project agreements.

**4. Receivable and other assets:**

	<b>1999</b>	<b>1998</b>
(in thousands)		
Accounts receivable, trade . . . . .	\$ 44	\$ 170
Inventory . . . . .	---	4,353
Prepaid expenses . . . . .	369	347
Receivable - J.V. partner . . . . .	239	3,312
Receivable - Offshore Infrastructure Fund . . . . .	1,200	---
Other assets . . . . .	44	49
	<u>\$ 1,896</u>	<u>\$ 8,231</u>

**5. Commercial paper:**

In 1986 the Company established a Euro Commercial Paper Programme under which it issues short-term notes to an aggregate principal amount not exceeding US \$250 million. These notes are denominated in US dollars and the principal balance outstanding at December 31, 1999 was US \$242 million (1998 - \$203 million). The average coupon rate for issuances in the year was 5.79% (1998 - 5.38%). At December 31, 1999, the rate for new issues in the three month term was approximately 6.05% (1998 - 5.6%).

To support the Euro Commercial Paper Programme, the Company has arranged a demand credit facility which provides committed bank funding to US \$250 million. The principal balance outstanding at December 31, 1999 was \$Nil (1998 - US \$33 million).

Payment of principal and interest under the Euro Commercial Paper Programme and the demand credit facility are guaranteed by the Province of Nova Scotia.

**6. Short-term borrowing:**

The short-term notes have face values totalling US \$222 million(1998 - \$166 million) and CDN \$44 million (1998 - \$Nil) payable to the Province of Nova Scotia. The US\$ notes bear interest at an effective rate of between 5.83% and 6.10%, with a weighted average rate of 6.02%. The CDN\$ notes bear interest at an effective rate of between 4.91% and 5.06%, with a weighted average rate of 4.99%. The notes have maturity dates ranging from January 25, 2000 through February 28, 2000. Upon maturity the notes will be refinanced at the then current rates of interest available to the Province of Nova Scotia.

**7. Provision for site restoration - measurement uncertainty:**

The carrying value of the provision for site restoration costs for the Cohasset/Panuke Project is based on an abandonment study conducted by an independent third party. The actual costs will be determined when the extent of the site restoration is approved by the Canada - Nova Scotia Offshore Petroleum Board. The Company's share of the cost of site restoration, based on the option chosen, is estimated to range between \$30 million and \$40 million.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of \$17.5 million. This note is guaranteed by the Province of Nova Scotia.

**8. Commitments:**

The Company has committed to certain payments over the next five years as follows (in thousands of dollars):

	2000	2001	2002	2003	2004
Equipment leasing and drilling commitments for the Sable Offshore Energy Project . . .	\$ 19,400	\$ 7,300	\$ 7,300	\$ 6,200	\$ 900
Cohasset/Panuke Project site restoration . . . . .	25,600	8,000	---	---	---
Natural gas transportation . . . . .	23,600	23,600	23,600	23,600	23,600
Other . . . . .	200	200	200	200	200
Total . . . . .	<u>\$ 68,800</u>	<u>\$ 39,100</u>	<u>\$ 31,100</u>	<u>\$ 30,000</u>	<u>\$ 24,700</u>

The obligations of the Company relating to natural gas transportation have been fully guaranteed by the Province of Nova Scotia.

The amounts shown above for Cohasset/Panuke Project site restoration are included in the provision for site restoration in the balance sheet.

**9. Contingency:**

The Company and the Government of Nova Scotia have been named in a claim by TransCanada Pipelines Limited for allegedly breaching the terms of a Memorandum of Agreement dated March 1983 that was to have secured their interest in any future developments in the natural gas fields around Sable Island. TransCanada Pipelines Limited has invested \$18 million in the development of the regional pipeline project and has stated that it does not intend to abandon this investment nor the opportunities contemplated in the Memorandum of Agreement. The Company has filed its defense of the claim and the magnitude and likelihood of any loss is currently indeterminable.

**10. Financial instruments:**

(i) Risk management activities

The Company operates internationally and has significant exposure to fluctuation in the US dollar, interest rates and oil and gas prices.

At December 31, 1999 a total of \$670 million (1998 - \$616 million) of liabilities are denominated in US dollars. In addition, substantially all of the oil and gas revenue is subject to fluctuation of US currency.

The Company has not entered into any foreign exchange contract or interest rate swap agreements to manage its exposure to foreign currency and interest rate fluctuations on its US dollar denominated liabilities.

The Company has not entered into any oil and gas futures or foreign exchange contracts to hedge anticipated sales.

(ii) Interest rate risk

At December 31, 1999 the increase or decrease in annual net earnings for each one percent change in interest rate on floating rate debt and short-term fixed debt amounts to \$7.1 million (1998 - \$6.1 million).

(iii) Foreign exchange risk

For the 1999 fiscal year, the increase or decrease in annual net earnings for each one cent change in the Canadian dollar, relative to the US dollar, on oil and gas revenue, US denominated liabilities and interest expense amounts to \$9.7 million (1998 - \$9.1 million).

(iv) Concentration of credit risk

All of the Company's accounts receivable-trade are with customers in the oil and gas industry and are subject to normal industry credit risks.

(v) Fair Values

The fair value of the Company's receivables and other assets, collateral deposits, cash and short-term investments, payables and accruals and commercial paper and short-term borrowings approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

**11. Income taxes:**

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

The Company's oil and gas operations are conducted through a subsidiary, Nova Scotia Resources (Ventures) Limited. This subsidiary is a taxable corporation and has approximately \$808 million (1998- \$655 million) of deductions available to reduce future taxable income. The tax benefit related to the deductions has not been recognized in these financial statements.

During 1999, refundable investment tax credits totaling \$4.9 million (1998 \$Nil) were earned by Nova Scotia Resources (Ventures) Limited and have been recorded as a reduction in the cost of the Sable Offshore Energy Project.

**12. Related party transactions:**

The Company paid \$272,453 (1998 -\$347,399) in consulting fees to Directors of the Company for specialized oil and gas consulting, primarily related to the Sable Offshore Energy Project. The transactions are in the normal course of operations and are measured at fair market value.

**13. Supplement cash flow information:**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Cash paid for:		
Interest . . . . .	\$ 24,956	\$ 29,323
Income taxes . . . . .	---	248
Cash received for interest . . . . .	507	627

**14. Uncertainty due to the Year 2000 Issue:**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Chairman and Members of the  
Nova Scotia Talent Trust

I have examined the statements of financial position of the Nova Scotia Talent Trust Operating Fund and Investment Fund as at March 31, 2000 and the statements of revenues, expenses and fund balances for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar organizations, the Trust derives revenue from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Trust and I was not able to determine whether any adjustments might be necessary to fund raising and donation revenues, excess of revenues over expenses, assets and Trust equity.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fund raising and donation revenues referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Trust as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R.Salmon, FCA  
Auditor General

Halifax, Nova Scotia  
September 15, 2000

**NOVA SCOTIA TALENT TRUST**

**Operating Fund Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 7,364	\$ 6,187
Investments .....	5,000	---
Accrued interest .....	<u>158</u>	<u>---</u>
	\$ <u><u>12,522</u></u>	\$ <u><u>6,187</u></u>
<b>LIABILITIES</b>		
Accounts payable .....	\$ 1,725	\$ ---
Due to Investment Fund .....	<u>---</u>	<u>441</u>
	<u>1,725</u>	<u>441</u>
<b>FUND BALANCE</b>		
Fund Balance - unappropriated .....	<u>10,797</u>	<u>5,746</u>
<b>Total Liabilities and Fund Balances .....</b>	\$ <u><u>12,522</u></u>	\$ <u><u>6,187</u></u>

**Investment Fund Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ ---	\$ 6,193
Short-term investments, at cost (Note 2) .....	38,349	20,492
Due from Operating Fund .....	---	441
Accrued interest .....	<u>486</u>	<u>689</u>
	38,835	27,815
Long-term investment, at cost (Note 2) .....	<u>6,373</u>	<u>12,168</u>
	\$ <u><u>45,208</u></u>	\$ <u><u>39,983</u></u>
<b>FUND BALANCE</b>		
Fund Balance - appropriated .....	\$ <u><u>45,208</u></u>	\$ <u><u>39,983</u></u>

**NOVA SCOTIA TALENT TRUST**

**Operating Fund  
Statement of Revenues, Expenses and Fund Balance  
for the year ended March 31,2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Grant - Province of Nova Scotia . . . . .	\$ 50,000	\$ 50,000
Fund-raising activities (donations) . . . . .	15,173	2,314
Interest income . . . . .	983	727
	<u>66,156</u>	<u>53,041</u>
<b>Expenses</b>		
Talent Trust grants . . . . .	53,300	49,800
Administration expenses (Note 3) . . . . .	4,605	2,069
	<u>57,905</u>	<u>51,869</u>
<b>Excess of revenues over expenses . . . . .</b>	8,251	1,172
<b>Fund Balance, beginning of period . . . . .</b>	5,746	7,074
Transfer to Investment Fund . . . . .	(3,200)	(2,500)
<b>Fund Balance, end of period . . . . .</b>	<u>\$ 10,797</u>	<u>\$ 5,746</u>

**Investment Fund  
Statement of Revenues, Expenses and Fund Balance  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Interest earned - investment fund . . . . .	\$ 2,025	\$ 1,587
<b>Expenses. . . . .</b>	<u>---</u>	<u>---</u>
<b>Excess of revenues over expenses . . . . .</b>	2,025	1,587
<b>Fund Balance, beginning of period . . . . .</b>	39,983	35,896
Transfer from Operating Fund . . . . .	3,200	2,500
<b>Fund Balance, end of period . . . . .</b>	<u>\$ 45,208</u>	<u>\$ 39,983</u>

# NOVA SCOTIA TALENT TRUST

## Notes to Financial Statements March 31, 2000

### 1. Authority

The Nova Scotia Talent Trust was established pursuant to a special resolution of the Nova Scotia Companies Act. The purpose of the Trust is to assist in the education and advancement of Nova Scotians in the visual and performing arts.

### 2. Investments

Investments consist of Royal Bank Guaranteed Investment Certificates and two Royal Bank Mutual Funds - Royfund Canadian Money Market and Royfund Balanced Mutual.

### 3. Administrative Expenses

These financial statements do not reflect administrative expenses incurred by the Provincial Department of Education and Culture on behalf of the Trust.

### 4. Statement of Cash Flow

A Statement of Cash Flow is not provided as disclosure in the balance sheets and statements of revenues, expenses and fund balance is considered adequate.



## AUDITOR'S REPORT

To the Members of the Legislative  
Assembly of Nova Scotia, and  
To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Teachers' Pension Fund as at December 31, 1999 and the Statement of Changes of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at December 31, 1999 and changes in net assets available for benefits for the period then ended in accordance with accounting principles generally accepted in Canada.

E. R. Salmon, F. C. A.  
Auditor General

Halifax, Nova Scotia  
June 16, 2000  
(Except for notes 5 and 6 which are as of November 21, 2000)

**NOVA SCOTIA TEACHERS' PENSION FUND**

**Statement of Net Assets Available for Benefits  
and Accrued Pension Benefits  
as at December 31, 1999**

	<b>December 31</b>	<b>March 31</b>
	<b>1999</b>	<b>1999</b>
	(in thousands)	
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>Assets</b>		
Investments (Note 4) .....	\$ 3,365,834	\$ 2,861,041
Receivable from School Boards (Note 1) .....	175,500	194,518
Contributions receivable		
Employees' .....	894	2,529
Employers' .....	3,745	6,764
Accrued income .....	14,463	21,639
Net investment transactions outstanding .....	3,458	---
Cash .....	2,523	1,546
Total Assets .....	<u>\$ 3,566,417</u>	<u>\$ 3,088,037</u>
<b>Liabilities</b>		
Net investment transactions outstanding .....	\$ ---	\$ 1,033
Accounts payable .....	20,248	19,165
Total liabilities .....	<u>20,248</u>	<u>20,198</u>
<b>Net assets available for benefits</b> .....	3,546,169	3,067,839
Actuarial asset value adjustment (Note 5) .....	56,955	65,931
<b>Actuarial value of net assets available for benefits</b> .....	<u>\$ 3,603,124</u>	<u>\$ 3,133,770</u>
<b>ACCRUED PENSION BENEFITS AND DEFICIENCY</b>		
Accrued pension benefits (Note 6) .....	\$ 3,778,237	\$ 3,664,669
Deficiency (Note 6) .....	<u>(175,113)</u>	<u>(530,899)</u>
Accrued pension benefits and deficiency .....	<u>\$ 3,603,124</u>	<u>\$ 3,133,770</u>

See accompanying notes to financial statements.

**NOVA SCOTIA TEACHERS' PENSION FUND**

**Statement of Changes in Net Assets Available for Benefits  
for nine months ended December 31, 1999  
(with 12 months ended March 31, 1999)**

	<b>9 months 1999</b>	<b>12 months 1999</b>
	(in thousands)	
<b>Increase In Assets</b>		
Investment activities (Note 4) . . . . .	\$ 528,011	\$ (37,981)
Interest on receivable from School Boards. . . . .	<u>11,321</u>	<u>13,778</u>
	<u>539,332</u>	<u>(24,203)</u>
<b>Contributions</b>		
Employers' - matched . . . . .	36,182	46,027
Employees' - matched . . . . .	36,182	46,027
Employers' - unmatched		
- School Boards . . . . .	---	28,834
- Province . . . . .	10,947	13,772
Employees' - unmatched . . . . .	665	870
Transfers from other pension plans . . . . .	<u>853</u>	<u>854</u>
	<u>84,829</u>	<u>136,384</u>
Total increase in assets . . . . .	<u>624,161</u>	<u>112,181</u>
<b>Decrease In Assets</b>		
Benefits paid . . . . .	138,539	183,995
Operating expenses (Note 7) . . . . .	5,354	6,278
Refund of contributions and interest . . . . .	1,727	1,575
Transfers to other pension plans . . . . .	<u>211</u>	<u>1,187</u>
Total decrease in assets . . . . .	<u>145,831</u>	<u>193,035</u>
<b>Increase (Decrease) in Net Assets . . . . .</b>	<b>478,330</b>	<b>(80,854)</b>
<b>Net Assets Available for Benefits at</b>		
<b>Beginning of Year . . . . .</b>	<u>3,067,839</u>	<u>3,148,693</u>
<b>Net Assets Available for Benefits at</b>		
<b>End of Year . . . . .</b>	<u>\$ 3,546,169</u>	<u>\$ 3,067,839</u>

See accompanying notes to financial statements.

# NOVA SCOTIA TEACHERS' PENSION FUND

## Notes to Financial Statements December 31, 1999

### 1. Authority and Description of Plan

The Teachers' Pension Fund was established by the Teachers' Pension Act. It is the funding vehicle for the Teachers' Pension Plan, a pension plan which covers public school and some community college teachers. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 8.3% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 9.9% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay are increased on January 1 of each year at a rate equal to the increase in the Consumers Price Index for Canada less 1%, to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- 35 years of service;
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85";
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

On July 22, 1994, the Governor in Council authorized an early retirement program (ERP) for plan members. Each employing school board was required to pay into the Teachers' Pension Plan an amount in respect of each eligible teacher in the employ of the school board who retired in accordance with these regulations. At December 31, 1999 the balance outstanding was \$175,500,000 (March 31, 1999 - \$194,518,000) which is repayable over 9 years and bears interest at 8%.

The fiscal year end of the Teachers' Pension Plan has been changed to coincide with the calendar year effective December 31, 1999. This brings the Fund into conformity with pension industry practice allowing effective comparison of the Funds performance with industry data published by the Pension Industry Association of Canada.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

#### (b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) **Investments**

- (i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
- (ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.
- (iii) Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of \$86.5 million (2.4% of Total Assets) as at December 31, 1999.

**3. Agreement to Address Unfunded Liability**

On November 25, 1993 the Teachers' Pension Act was amended to incorporate the terms of an agreement signed May 13, 1993 between the Nova Scotia Teachers' Union and the Province of Nova Scotia to address the unfunded liability in the Teachers' Pension Plan.

As part of this agreement the Province assumed responsibility for \$300 million of the unfunded liability. This receivable had an effective annual interest rate of 8% compounded semi-annually and payments were set out in Schedule A of the Teachers' Pension Act. On July 18, 1997 the Province paid the outstanding principal of this commitment (\$283,603,788) plus interest accrued to that date.

The Province also agreed to make payments over a ten year period equal to \$10 million per year in 1993, increased by 7.5% per year. This commitment is set out in Schedule B of the Teachers' Pension Act.

**4. Investments and Derivatives**

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employer. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

**(a) Market value of investments and related income before allocating the effects of derivative contracts.**

	as at <u>December 31, 1999</u>		as at <u>9 months March 31, 1999</u>			<u>12 months</u>	
	Assets	%	Income * (Loss)	Assets	%	Income * (Loss)	
			(in thousands)				
Money market.	\$ 343,312	10.2%	\$ 13,974	\$ 286,670	10.0%	\$ 11,681	
Fixed income. .	948,634	28.2%	(13,005)	991,449	34.7%	66,168	
Equities							
- Cdn . . . . .	1,229,854	36.5%	282,722	956,800	33.4%	(117,577)	
- US . . . . .	289,200	8.6%	6,525	289,968	10.1%	25,468	
- Other foreign . .	524,577	15.6%	188,230	339,191	11.9%	25,350	
Derivatives . . .	30,257	0.9%	49,506	(3,037)	(0.1)%	(49,118)	
Other . . . . .	---	---	59	---	---	47	
	<u>\$ 3,365,834</u>	<u>100.0%</u>	<u>\$ 528,011</u>	<u>\$ 2,861,041</u>	<u>100.0%</u>	<u>\$ (37,981)</u>	

\* Includes realized gains of \$126.7 million (\$173.4 - 1999 - 12 months) and unrealized gains of 302.7 million (\$289.3 million - 1999 - 12 months).

**(b) Derivative contracts**

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. Section (f) of this notes provides a summary of these contracts as at December 31, 1999.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at December 31, 1999. Notional amounts of these derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and the market value of the contracts are determined. These contracts are dominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index (in thousands)	BA Index	Market Value
\$ 15,720	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	\$ 2,300
56,148	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	3,821
49,148	1.3 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,718
46,527	2.0 yrs	AA(low)	TSE100	CAD-BA-CDOR	9,766
49,341	3.0 yrs	AA(low)	TSE100	CAD-BA-CDOR	11,688
<u>\$ 216,884</u>					<u>\$ 30,293</u>

**(c) Market value of investments and related income after allocating the effect of derivative contracts.**

	as at December 31, 1999		as at 9 months March 31, 1999		12 months Income *	
	Assets	%	Income * (Loss)	Assets	%	Income * (Loss)
	(in thousands)					
Money market.	\$ 124,975	3.7%	\$ 6,233	\$ 92,288	3.2%	\$ 2,145
Fixed income. .	948,634	28.2%	(13,005)	991,449	34.7%	66,168
Equities						
- Cdn . . . . .	1,478,448	43.9%	339,969	1,148,145	40.1%	(141,830)
- US . . . . .	289,200	8.6%	6,525	289,968	10.1%	10,065
- Other foreign . .	524,577	15.6%	188,230	339,191	11.9%	25,424
Other . . . . .	---	---	59	---	---	47
	<u>\$ 3,365,834</u>	100.0%	<u>\$ 528,011</u>	<u>\$ 2,861,041</u>	100.0%	<u>\$ (37,981)</u>

\* Includes realized gains of \$126.7 million (\$173.4 - 1999 - 12 months) and unrealized gains of \$302.7 million (\$289.3 million - 1999 - 12 months).

**(d) Interest rate risk**

Interest rate risk refers to the fact that the plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established a policy asset mix of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At December 31, 1999 the \$948,634,000 fixed income securities had a modified duration of 5.34 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.34%.

**(e) Credit risk**

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

**(f) Foreign currency risk**

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rate spreads or other economic fundamentals.

The Plan's foreign currency exposure as at December 31, 1999 is summarized in the following table.

<b>Currency</b>	<b>Exposure</b> (in thousands)
Canada	\$ 2,560,069
Eurozone	141,551
Japan	159,241
United Kingdom	42,558
United States	343,288
Other	<u>136,113</u>
Total	<u>\$ 3,382,820</u>

**5. Actuarial Asset Value Adjustment**

The actuarial asset value adjustment is comprised of the present value of future payments under Schedule B of the Teachers' Pension Act. As at December 31, 1999, the present value of these future payments was \$56,955,000 (March 31, 1999 - \$65,931,000).

**6. Actuarial Valuation**

Actuarial valuations of the Teachers' Pension Fund are required every three years by the Teachers' Pension Act (TPA), and provide an estimate of the accrued pension benefits (fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. A formal valuation, carried out by the Plan's consulting actuaries Morneau Sobeco, indicated that the plan had an unfunded liability of \$175.1 million as at December 31, 1999 and reported upon in November 2000.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determining the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation were as follows:

	Valuation December 31, 1999	Valuation July 31, 1998
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% per annum real plus merit ranging from 0.25% to 1.5% based on age	0.5% per annum real plus merit ranging from 0.25% to 1.5% based on age
Real Rate of Return on Investments	4.25% per annum	4.33% per annum
Average Retirement Age		
- Retire at earliest age for an unreduced pension	60%	60%
- Retire at age 65 or with 35 years of service	40%	40%
Mortality	1983 Group Annuity Table (with one-year age setback)	1983 Group Annuity Table (with no age setback)

The impact of the changes in actuarial assumptions used for the 1999 valuation as compared to the 1998 valuation:

- The assumed real rate of return (net of money management fees) was reduced from 4.33% to 4.25%, increasing the reported value of accrued liabilities by approximately \$36.3 million; and
- The mortality assumption was changed by adding a one-year age setback to the 1983 Group Annuity Mortality (with the 10% margin at each age) that was used previously. This change increased the reported value of accrued liabilities by approximately \$66.5 million.

## 7. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	9 months ended December 31 1999	12 months ended March 31 1999
	(in thousands)	
Investment management fees . . . . .	\$ 4,439	\$ 5,003
Professional services . . . . .	60	142
Salaries . . . . .	467	592
Supplies and services . . . . .	333	476
Travel . . . . .	19	8
Other . . . . .	36	57
	<u>\$ 5,354</u>	<u>\$ 6,278</u>



## AUDITORS' REPORT

To the Chair and Members of the  
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2000, and the statements of operations, accumulated surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP  
Chartered Accountants

Halifax, Nova Scotia  
June 5, 2000

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
Current			
Cash . . . . .	\$ 137,623	\$	---
Short term investments (Note 3)			
Board operations . . . . .	265,597		1,388,319
War Service pension . . . . .	179,861		155,403
Accounts receivable (Note 4) . . . . .	1,181,372		159,599
Prepays . . . . .	---		4,894
Inventory (Note 5) . . . . .	3,954		2,684
	<u>1,768,407</u>		<u>1,710,899</u>
Service award advances . . . . .	12,376		12,423
Capital assets . . . . .	100,867		83,164
	<u>\$ 1,881,650</u>	\$	<u>1,806,486</u>

**LIABILITIES**

Current			
Bank indebtedness . . . . .	\$ ---	\$	19,671
Payables and accruals . . . . .	369,279		235,934
Deferred revenue (Note 6) . . . . .	---		241,615
	<u>369,279</u>		<u>497,220</u>
Long term			
War Service pension liability (Note 7) . . . . .	179,861		155,403
Public service award liability (Note 8) . . . . .	275,192		268,893
Advances for working capital (Note 9) . . . . .	125,000		125,000
	<u>580,053</u>		<u>549,296</u>
	<u>949,332</u>		<u>1,046,516</u>
<b>Surplus</b> (Note 2)			
Province of Nova Scotia . . . . .	642,748		533,135
Utilities . . . . .	289,570		226,835
	<u>932,318</u>		<u>759,970</u>
	<u>\$ 1,881,650</u>	\$	<u>1,806,486</u>
Commitment (Note 11)			

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Operations  
Year Ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
<b>Revenue</b>			
Grant from the Province of Nova Scotia (Note 2) . . . . \$	2,407,825	\$	2,407,539
Assessments to utilities (Note 2) . . . . .	1,379,293		915,288
Recoveries (Note 10) . . . . .	82,557		145,790
Interest . . . . .	46,144		41,993
	<u>3,915,819</u>		<u>3,510,610</u>
<b>Expenses</b>			
Salaries, wages and benefits . . . . .	2,364,472		2,078,980
Consulting and legal fees . . . . .	485,521		335,915
Rent and business taxes (Note 11) . . . . .	439,970		361,493
Travel . . . . .	165,964		180,960
Depreciation . . . . .	51,609		87,539
Telephone and facsimile . . . . .	42,324		31,759
Maintenance . . . . .	35,521		33,309
Dues and fees . . . . .	32,857		26,402
Equipment (Note 3) . . . . .	27,105		39,050
Transcribing and printing . . . . .	24,247		22,120
Office supplies and services . . . . .	23,043		33,958
Advertising . . . . .	17,843		16,866
Books and reports . . . . .	13,240		17,785
Postage and couriers . . . . .	9,626		10,275
Staff training and development . . . . .	5,572		5,671
Sundry expenses . . . . .	4,557		10,774
	<u>3,743,471</u>		<u>3,292,856</u>
Operating surplus for the year . . . . . \$	<u>172,348</u>	\$	<u>217,754</u>

**Statement of Accumulated Surplus  
Year Ended March 31, 2000**

	<b>2000</b>		
	<b>Province of Nova Scotia</b>	<b>Utilities</b>	<b>Total</b>
Balance, beginning of year . . . . . \$	533,135	\$ 226,835	\$ 759,970
Operating surplus for year . . . . .	<u>109,613</u>	<u>62,735</u>	<u>172,348</u>
Balance, end of year . . . . . \$	<u>642,748</u>	\$ <u>289,570</u>	\$ <u>932,318</u>
	<b>1999</b>		
	<b>Province of Nova Scotia</b>	<b>Utilities</b>	<b>Total</b>
Balance, beginning of year . . . . . \$	396,922	\$ 145,294	\$ 542,216
Operating surplus for year . . . . .	<u>136,213</u>	<u>81,541</u>	<u>217,754</u>
Balance, end of year . . . . . \$	<u>533,135</u>	\$ <u>226,835</u>	\$ <u>759,970</u>

See accompanying notes to the financial statements

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Capital Assets  
Year ended March 31, 2000**

	Cost				Accumulated Depreciation				2000 Net Book Value	1999 Net Book Value
	Opening	Additions	Deletions	Closing	Opening	Expense	Deletions	Closing		
Furniture . . . . .	\$ 130,640	\$ 20,395	\$ ---	\$ 151,035	\$ 111,424	\$ 4,726	\$ ---	\$ 116,150	\$ 34,885	\$ 19,216
Computer Equipment . . . . .	140,447	4,294	---	144,741	80,604	35,211	---	115,815	28,926	59,843
Computer software . . . . .	2,151	2,524	---	4,675	1,434	1,559	---	2,993	1,682	717
Equipment . . . . .	13,119	42,099	---	55,218	9,731	10,113	---	19,844	35,374	3,388
Leaseholds . . . . .	<u>101,868</u>	<u>---</u>	<u>101,868</u>	<u>---</u>	<u>101,868</u>	<u>---</u>	<u>101,868</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total . . . . .	<u>\$ 388,225</u>	<u>\$ 69,312</u>	<u>\$ 101,868</u>	<u>\$ 355,669</u>	<u>\$ 305,061</u>	<u>\$ 51,609</u>	<u>\$ 101,868</u>	<u>\$ 254,802</u>	<u>\$ 100,867</u>	<u>\$ 83,164</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Cash Flows  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Operating surplus . . . . . \$	172,348	\$ 217,754
Depreciation . . . . .	<u>51,609</u>	<u>87,539</u>
	223,957	305,293
 Change in non-cash operating working capital (Note 12) . . . . .	 <u>(1,126,372)</u>	 <u>331,898</u>
	<u>(902,415)</u>	<u>637,191</u>
 <b>Financing</b>		
Increase (decrease) in War Service pension liability .	24,458	(13,558)
Increase in Public service award liability . . . . .	<u>6,299</u>	<u>171,685</u>
	<u>30,757</u>	<u>158,127</u>
 <b>Investing</b>		
Decrease (increase) in short term investments. . . . .	1,098,264	(604,412)
Purchase of capital assets. . . . .	(69,312)	(78,190)
Disposal of capital assets. . . . .	<u>---</u>	<u>14,073</u>
	<u>1,028,952</u>	<u>(668,529)</u>
 Net increase in cash . . . . .	 157,294	 126,789
 Cash (bank indebtedness)		
Beginning of year . . . . .	<u>(19,671)</u>	<u>(146,460)</u>
End of year . . . . . \$	<u><u>137,623</u></u>	<u><u>\$ (19,671)</u></u>

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Notes to the Financial Statements  
March 31, 2000**

**1. Incorporation**

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the Utility and Review Board Act, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

**2. Authority**

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the Utility and Review Board Act. Section 15(1) of the Public Utilities Act requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Sections 31 and 41 of the Gas Distribution Act allow the Board to set fees and award costs for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

**3. Summary of significant accounting policies**

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Short term investments

Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets

Capital assets purchased by the Board with a value greater than \$1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years
Leasehold	the lesser of 5 years or the remaining life of the lease

**4. Accounts receivable**

	<b>2000</b>		<b>1999</b>
Province of Nova Scotia . . . . .	\$ 52,879	\$	9,627
Public Utilities . . . . .	1,120,365		45,407
Other . . . . .	8,128		104,565
	<u>\$ 1,181,372</u>	\$	<u>159,599</u>

**5. Inventory**

Inventory consists of Daily Bus Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

**6. Deferred revenue**

During the prior year, the Board received fees from applicants to defray expenses relating to hearings concerning natural gas distribution rights. As the hearings were incomplete and total costs could not be reasonably estimated as of March 31, 1999, revenues sufficient to offset expenses incurred to date were recognized and the balance deferred to the current fiscal year.

Applicant fees . . . . .	\$	500,000
Hearing expenses as at March 31, 1999		<u>268,385</u>
Balance deferred . . . . .		231,615
Other deferrals . . . . .		<u>10,000</u>
	\$	<u><u>241,615</u></u>

**7. Pensions**

**Public service superannuation fund**

Pursuant to Section 10 of the Utility and Review Board Act, all full time employees of the Board are entitled to receive pension benefits under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

**War Service pension liability**

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits are the responsibility of the Board and are billed to the Board as pensions are paid. Employee pension contributions are used to defray future obligations for war service credits. The Board of Commissioners of Public Utilities, one of the predecessor boards, transferred its war service liability to the Nova Scotia Utility and Review Board on consolidation. An actuarial review was performed in 2000 which indicated that an additional \$38,238 was needed to recognize an increase in the present value of pension benefits. That amount was fully amortized into the fund in the current year.

	<b>2000</b>		<b>1999</b>
The status of the liability account is as follows:			
Employee contributions . . . . .	\$ 44,311	\$	44,311
Accumulated interest . . . . .	134,443		127,207
Board contributions . . . . .	<u>178,818</u>		<u>140,580</u>
	357,572		312,098
Less: pension payments to date . . . . .	<u>177,711</u>		<u>156,695</u>
	<u><u>\$ 179,861</u></u>	\$	<u><u>155,403</u></u>

**8. Public service award liability**

The Board follows the provisions of the Civil Service Act with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

In 1998 and prior years, the estimate was based on a general accrual of 1% of gross salary plus a specific accrual for those eligible to retire. The public service award expense is included in salaries, wages and benefits. In 1999, the accrual was changed to be based on a calculation of the specific liability for each employee given current salary and service.

**9. Advances for working capital**

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	<b>2000</b>	<b>1999</b>
Province of Nova Scotia . . . . .	\$ <u>125,000</u>	\$ <u>125,000</u>

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the Public Utilities Act. The advance is non-interest bearing, with no set terms of repayment.

**10. Recoveries**

Consultants are engaged by the Board pursuant to the Public Utilities Act to provide advice related to utility administration and expert evidence during hearings. Consulting fees for specific hearings may, in some cases, be recovered directly from the public utilities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

**11. Commitments**

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2001 . . . . .	\$ 202,342
2002 . . . . .	202,342
2003 . . . . .	202,342
2004 . . . . .	205,353
2005 . . . . .	209,569
Subsequently . . . . .	<u>750,954</u>
	\$ <u>1,772,902</u>

Approximately 1000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

**12. Supplemental cash flow information**

Change in non-cash operating working capital

	<b>2000</b>	<b>1999</b>
Receivables . . . . .	\$ (1,021,773)	\$ 2,070
Prepays. . . . .	4,894	(1,145)
Inventory . . . . .	(1,270)	7,143
Service award advances. . . . .	47	(12,423)
Payables and accruals. . . . .	133,345	94,638
Deferred revenue. . . . .	<u>(241,615)</u>	<u>241,615</u>
	\$ <u>(1,126,372)</u>	\$ <u>331,898</u>



## NOVACO LIMITED

Balance Sheet  
as at March 31, 2000

	2000	1999
<b>Assets</b>		
Current Assets		
Bank.....	\$ 26,458	\$ 564,416
Accrued interest.....	20,983	---
Investments		
Term deposit.....	<u>537,958</u>	---
Total Assets.....	<u>\$ 585,399</u>	<u>\$ 564,416</u>
<b>Liability &amp; Equity</b>		
Current Liabilities		
Accounts payable.....	\$ 288	\$ 216
Long Term Liabilities		
Deferred provincial grant.....	<u>---</u>	<u>332,905</u>
Total Liabilities.....	288	333,121
<b>Equity</b>		
Capital Stock.....	5,000	5,000
<b>Earnings</b>		
Beginning retained earnings.....	226,295	204,883
Current earnings.....	<u>353,816</u>	<u>21,412</u>
<b>Ending Retained Earnings</b> .....	580,111	226,295
Total Equity.....	<u>585,111</u>	<u>231,295</u>
<b>Total Liabilities/Equity</b> .....	<u>\$ 585,399</u>	<u>\$ 564,416</u>

Income Statement  
for the fiscal year ended March 31, 1999

	2000	1999
<b>Revenue</b>		
Natural Resources, Minerals & Energy Branch.....	\$ 332,905	\$ ---
Investment income.....	<u>20,983</u>	<u>21,484</u>
<b>Total revenue</b> .....	<u>353,888</u>	<u>21,484</u>
<b>Expenses</b>		
Corporate registration.....	<u>72</u>	<u>72</u>
<b>Total Expenses</b> .....	<u>72</u>	<u>72</u>
<b>Net Income</b> .....	<u>\$ 353,816</u>	<u>\$ 21,412</u>

**NOVACO LIMITED**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

Novaco Limited was incorporated under the Nova Scotia Companies Act in 1970. The Company provides an advisory role to Government with respect to all current and proposed coal mining operations, and may undertake surface coal mining operations that the Government wishes to undertake on its own behalf in the Province.

**2. Accounting Policy**

Land acquisition costs

All costs relating to land acquisition are expensed as project development costs in the year in which they are incurred.

**3. Deferred Provincial Grant**

The company has received \$883,900 from the Province of Nova Scotia for the purpose of acquiring surface rights for new coal mining projects.

Details for these grants are as follows:

	<b>2000</b>	<b>1999</b>
Received to date. . . . .	\$ 883,900	\$ 883,900
Expenditures to date. . . . .	550,995	550,995
Repayment of outstanding		
Balance, April 1, 2000 . . . . .	<u>332,905</u>	<u>---</u>
Balance , end of year . . . . .	\$ <u>---</u>	\$ <u>332,905</u>

**4. Land Reclamation Costs**

The Articles of Association of the company require that a reclamation fund be established, separate from the operating accounts of the company, for the reclamation of lands disturbed by mining operations.

**5. Future Operations**

Novaco Limited has closed its office in Sydney Mines, Nova Scotia, has disposed of all of its fixed assets and is operating in a nominal manner. At the fiscal year end, the company was not engaged in any near-surface mining or reclamation operations and there were no approved sites for future operations. Novaco Limited's Take or Pay Agreement with Curragh Resources Inc. is no longer in effect due to the cancellation of the purchase and sale of coal contract between the Nova Scotia Power Corporation and Curragh Resources Inc.

Unaudited

**NOVACO LIMITED**  
**Investment Income**  
**for the year ending March 31, 2000**

<b>Purchase Date</b>	<b>Maturity Date</b>	<b># Days</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Value Maturing</b>	<b>Interest</b>	<b>Total Interest</b>
May 4, 1999	May 4, 2000	366	4.30%	537,958.2	561,090.4	20,983.3 <sup>(1)</sup>	20,983.3

(1) accrued interest for 332 days (366 - 34 days - April to May 4/2000)

## AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chair and Members  
of the Provincial Community Pasture Board

I have audited the balance sheet of the Provincial Community Pasture Board as at March 31, 2000 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 31, 2000

**PROVINCIAL COMMUNITY PASTURE BOARD**

**Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable (Note 3) . . . . .	\$ 4,708	\$ 2,818
<b>Livestock</b> - at lower of cost and net realizable value (cost -2000 \$30,625;1999 \$27,750) (Note 2). . . . .	20,080 \$ <u>24,788</u>	18,800 \$ <u>21,618</u>
<b>EQUITY</b>		
<b>Retained Earnings</b> . . . . .	\$ <u>24,788</u>	\$ <u>21,618</u>
Subsequent Event (Note 5)		

**Statement of Income and Retained Earnings  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Revenues (Schedule A) . . . . .	\$ 51,229	\$ 56,268
Expenses (Schedule A) . . . . .	<u>149,313</u>	<u>154,428</u>
Net loss on pasture operations . . . . .	98,084	98,160
Loss on livestock (Note 4) . . . . .	<u>2,580</u>	<u>2,023</u>
Net loss before government contribution . . . . .	100,664	100,183
Contribution by the Province of Nova Scotia . . . . .	<u>103,834</u>	<u>100,247</u>
<b>Net income</b> . . . . .	3,170	64
<b>Retained earnings</b> , beginning of year . . . . .	<u>21,618</u>	<u>21,554</u>
<b>Retained earnings</b> , end of year . . . . .	\$ <u>24,788</u>	\$ <u>21,618</u>

**PROVINCIAL COMMUNITY PASTURE BOARD**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

The Provincial Community Pasture Board was established pursuant to Section 176(1) of the Agriculture and Marketing Act. The purpose of the Board is to establish, conduct and operate community pastures at such locations as the Board deems advisable.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging land, building and equipment acquisitions to expense in the year of purchase.

Livestock is comprised of breeding bulls on-hand at the end of the fiscal year. The bulls are valued at the lower of cost and net realizable value. The carrying-cost of bulls sold and any write-down of bulls to net realizable value is charged to expenses.

Further, under Section 183 of the Agriculture and Marketing Act, the administration costs of the Board are expenses of the Department of Agriculture and Marketing, and are not reflected in these financial statements.

**3. Accounts Receivable**

	<b>2000</b>	<b>1999</b>
Accounts receivable . . . . .	\$ 6,139	\$ 2,818
Less: Allowance for doubtful accounts . . . . .	<u>1,431</u>	<u>---</u>
	\$ <u><u>4,708</u></u>	\$ <u><u>2,818</u></u>

**4. Loss on Livestock**

	<b>2000</b>	<b>1999</b>
Sale of bulls . . . . .	\$ 4,540	\$ 4,327
Carrying-cost of bulls sold . . . . .	<u>4,700</u>	<u>5,300</u>
Loss on bulls sold . . . . .	160	973
Write-down of bulls to net realizable value . . . . .	<u>2,420</u>	<u>1,050</u>
	\$ <u><u>2,580</u></u>	\$ <u><u>2,023</u></u>

**5. Subsequent Event**

Subsequent to March 31, 2000 the Government of Nova Scotia announced that it will be ceasing its operation of community pastures.

## PROVINCIAL COMMUNITY PASTURE BOARD

**Pasture Operations**  
**for the year ended March 31, 2000**

	Cape Mabou	Cape John	Other	Totals	
				2000	1999
<b>Revenues</b>					
Pasture fees . . . . . \$	21,846 \$	28,912 \$	--- \$	50,758 \$	55,387
Pasture rentals . . . . .	---	---	471	471	881
	<u>21,846</u>	<u>28,912</u>	<u>471</u>	<u>51,229</u>	<u>56,268</u>
<b>Expenses</b>					
Bad debt expense . . . . .	1,431	---	---	1,431	---
Building . . . . .	---	4,804	---	4,804	---
Bulls feed and care . . . . .	3,482	5,326	---	8,808	9,000
Electricity . . . . .	176	1,081	---	1,257	991
Equipment maintenance . . . . .	818	819	---	1,637	736
Equipment purchases . . . . .	625	2,189	---	2,814	5,919
Fencing . . . . .	2,214	1,242	---	3,456	2,140
Fertilizer and lime . . . . .	9,210	12,010	---	21,220	34,999
Insurance . . . . .	1,011	1,011	---	2,022	1,797
Miscellaneous . . . . .	---	115	---	115	1,300
Operating assistance . . . . .	---	---	12,259	12,259	4,100
Supplies and services . . . . .	15,361	17,406	474	33,241	37,710
Wages . . . . .	27,022	29,227	---	56,249	55,736
	<u>61,350</u>	<u>75,230</u>	<u>12,733</u>	<u>149,313</u>	<u>154,428</u>
<b>Net loss on pasture operations . . . . . \$</b>	<u><u>39,504</u></u> \$	<u><u>46,318</u></u> \$	<u><u>12,262</u></u> \$	<u><u>98,084</u></u> \$	<u><u>98,160</u></u>

## AUDITOR'S REPORT

To the Minister of Health, Chairman and Members of the  
Board of Management of the Provincial Drug  
Distribution Program, and Chairman and Members  
of the Board of Management of the Nova Scotia Hospital

I have audited the balance sheet of the Provincial Drug Distribution Program as at March 31, 2000, and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Drug Distribution Program as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 6, 2000



**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current Assets</b>		
Accounts receivable (Note 3) . . . . .	\$ 6,858,001	\$ 6,121,136
Inventory . . . . .	<u>2,852,824</u>	<u>3,329,254</u>
	9,710,825	9,450,390
<b>Due from Nova Scotia Hospital (Note 7) . . . . .</b>	1,405,234	1,994,689
<b>Estimated Year End Adjustments Due (To) From Department of Health (Note 5) . . . . .</b>	76,521	(21,948)
<b>Investments (Note 4) . . . . .</b>	46,730	---
<b>Capital Assets . . . . .</b>	<u>96,439</u>	<u>---</u>
	\$ <u>11,335,749</u>	\$ <u>11,423,131</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Bank Overdraft . . . . .	\$ 1,376,905	\$ 1,880,326
Accounts payable and accrued liabilities . . . . .	<u>2,475,022</u>	<u>2,202,152</u>
	3,851,927	4,082,478
<b>Due to Department of Health (Note 6) . . . . .</b>	<u>7,340,653</u>	<u>7,340,653</u>
<b>Net Assets</b>		
Net assets invested in capital assets . . . . .	96,439	---
Net assets in investments . . . . .	<u>46,730</u>	<u>---</u>
	143,169	---
	\$ <u>11,335,749</u>	\$ <u>11,423,131</u>

**Statement of Operations  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Drug sales . . . . .	\$ 42,953,105	\$ 36,528,776
Cost of sales . . . . .	<u>42,732,867</u>	<u>36,321,754</u>
<b>Gross Profit on Drug Sales . . . . .</b>	<u>220,238</u>	<u>207,022</u>
<b>Other Revenue</b>		
Department of Health grant . . . . .	379,200	379,200
Other . . . . .	<u>228,664</u>	<u>233,466</u>
	607,864	612,666
	<u>828,102</u>	<u>819,688</u>
<b>Expenses</b>		
Salaries . . . . .	483,940	431,987
Employee benefits . . . . .	75,789	69,017
Freight . . . . .	139,821	119,316
Other expenses . . . . .	<u>83,852</u>	<u>121,619</u>
	783,402	741,939
<b>Excess of revenue over expenses . . . . .</b>	\$ <u>44,700</u>	\$ <u>77,749</u>

**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Statement of Changes in Net Assets  
as at March 31, 2000**

	Investment in Capital Assets	Acquisition of Investments	Total 2000	Total 1999
<b>Balance Beginning of Year</b> . . . . .	\$ ---	\$ ---	\$ ---	\$ ---
Acquisitions . . . . .	96,439	46,730	143,169	---
<b>Balance End of Year</b> . . . . .	<u>\$ 96,439</u>	<u>\$ 46,730</u>	<u>\$ 143,169</u>	<u>\$ ---</u>

**Statement of Cash Flow  
for the year ended March 31, 2000**

	2000	1999
<b>Operating Activities</b>		
Surplus from operations . . . . .	\$ 44,700	\$ 77,749
Add (deduct): changes in non-cash working capital items		
changes in accounts receivable . . . . .	(736,865)	(716,437)
changes in inventory . . . . .	476,430	(517,614)
changes in accounts payable . . . . .	272,870	(1,361,029)
changes in deferred revenue . . . . .	---	(269,200)
	<u>57,135</u>	<u>(2,786,531)</u>
Add (deduct): changes in other operating accounts		
DOH Final Settlement . . . . .	---	(43,892)
changes in receivable from Nova Scotia Hospital . . . . .	589,455	752,508
	<u>589,455</u>	<u>752,508</u>
<b>Cash generated (used) by operating activities</b> . . . . .	<u>646,590</u>	<u>(2,077,915)</u>
<b>Investing Activities</b>		
Purchase of capital assets . . . . .	(96,439)	---
Investment . . . . .	(46,730)	---
<b>Cash used by investing activities</b> . . . . .	<u>(143,169)</u>	<u>---</u>
<b>Increase (decrease) in Cash</b> . . . . .	503,421	(2,077,915)
<b>Cash, Beginning of Year</b> . . . . .	(1,880,326)	197,589
	<u>(1,880,326)</u>	<u>197,589</u>
<b>Cash at End of Year</b> . . . . .	<u>\$ (1,376,905)</u>	<u>\$ (1,880,326)</u>

**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Notes to Financial Statements  
March 31, 2000**

**1. Authority**

For many years the Nova Scotia Hospital has operated the Provincial Drug Distribution Program (PDDP). On March 31, 1998 the Hospital entered into an agreement, effective April 1, 1998, with the Province and the Regional Health Boards (RHBs) and non-designated organizations (NDOs) which gives the Minister of Health and a board of managers responsibility for the PDDP. The Hospital continues to administer the PDDP. The RHBs and NDOs have agreed to purchase all of their drug requirements through the PDDP. Sales are made to hospitals at cost and nursing homes at cost plus a mark up of 10%.

**2. Accounting Principles**

The PDDP follows the deferral method of accounting for contributions. These financial statements have been prepared in accordance with generally accepted accounting principles and include the following specific accounting policies.

**Operating Costs:**

These financial statements do not include certain expenses which are absorbed by the Nova Scotia Hospital.

**Capital Assets**

The PDDP implemented a Tangible Capital Asset Policy after receiving Board approval in 1999-2000. Capital assets are valued at cost. Capital assets are to be amortized on a straight-line basis over the useful life of each asset.

**Inventory**

The inventory valuation method was changed in 1999-2000 from average cost to first-in, first out (FIFO). This change was not applied retroactively as the impact on the financial statements of the current and prior period is not significant.

**3. Accounts Receivable**

	<b>2000</b>	<b>1999</b>
Customer Receivables .....	\$ 6,561,695	\$ 5,998,741
Out Dated Drugs Receivable .....	<u>296,306</u>	<u>122,395</u>
	<u>\$ 6,858,001</u>	<u>\$ 6,121,136</u>

**4. Investments**

The Department of Health entered into an agreement dated January 1, 2000 with a national buying group. As a result, the PDDP will be entitled to receive all negotiated vendor contract prices for pharmaceutical supplies. The PDDP paid a one-time nonrefundable joining fee. This investment is recorded at cost and will be amortized to \$1 over a five year period beginning in 2000-2001.

**5. Estimated Year End Adjustments due to (from ) Department of Health**

The accounts represents the net amount due to the Department of Health at the end of the fiscal year. Recovery and payment of estimated year end adjustments is dependent upon the approval by the Department of Health of the PDDP final settlement claim.

	<b>2000</b>	<b>1999</b>
<b>Deficit (Surplus)</b>		
1997-1998 .....	\$ 55,801	\$ 55,801
1998-1999 .....	(77,749)	(77,749)
1999-2000 .....	(44,700)	---
<b>1999-2000 Non-Operational items .....</b>	<u>143,169</u>	<u>---</u>
	<u>\$ 76,521</u>	<u>\$ (21,948)</u>

## **6. Due to Department of Health**

In prior years, the Province of Nova Scotia processed and recorded the receipts and disbursements of the Nova Scotia Hospital and PDDP. The cumulative difference between receipts and disbursements was recognized as a liability to the Province at year end. As of April 1, 1997 the Hospital began to process and record receipts and disbursements. Repayment terms for this liability are not specified.

## **7. Comparative Figures**

Certain prior year's figures have been reclassified to conform with the presentation adopted for the current year.

## PROVINCIAL RESORT HOTELS

Statement of User Fees and Expense  
for the year ended March 31, 2000

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals	
				2000	1999
<b>User Fees</b>					
Rooms . . . . .	\$ 1,868,009	\$ 1,845,092	\$ 787,713	\$ 4,500,814	\$ 4,158,934
Food . . . . .	1,353,697	1,668,606	716,160	3,738,463	3,437,393
Beverage . . . . .	269,376	336,588	100,241	706,205	628,277
Other . . . . .	<u>730,662</u>	<u>431,733</u>	<u>202,517</u>	<u>1,364,912</u>	<u>1,141,415</u>
	<u>4,221,744</u>	<u>4,282,019</u>	<u>1,806,631</u>	<u>10,310,394</u>	<u>9,366,019</u>
<b>Expense</b>					
Salaries & Wages . . . . .	1,799,896	1,890,219	865,463	4,555,578	4,141,678
Travel . . . . .	19,953	20,863	6,465	47,281	51,856
Supplies & Services . . . . .	1,771,027	1,717,123	643,682	4,131,832	4,138,720
Other . . . . .	<u>234,857</u>	<u>398,671</u>	<u>34,435</u>	<u>667,963</u>	<u>68,240</u>
	<u>3,825,733</u>	<u>4,026,876</u>	<u>1,550,045</u>	<u>9,402,654</u>	<u>8,400,494</u>
<b>Operating</b>					
<b>Profit (Loss) . . . . .</b>	<u>396,011</u>	<u>255,143</u>	<u>256,586</u>	<u>907,740</u>	<u>965,525</u>
Property					
Improvements . . . . .	400,000	428,672	221,065	1,049,737	3,495,304
Recoveries . . . . .	<u>20,000</u>	<u>277,000</u>	---	<u>297,000</u>	<u>3,229,000</u>
Profit (Loss) . . . . . \$	<u>16,011</u> \$	<u>103,471</u> \$	<u>35,521</u> \$	<u>155,003</u> \$	<u>699,221</u>

**PROVINCIAL RESORT HOTELS****Notes to Financial Statements  
March 31, 2000**

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Tourism and Culture. Recoveries represent expenditures transferred to the Economic Diversification Agreement:

Pines Resort: For the most part, renovations to the gift shop.

Keltic Lodge: For the most part, construction and furnishing of new suites.

The following is not included in this statement: \$518,050 (\$4,923 - 1999) in capital expenditures for construction, renovation and upgrading of facilities under Public Works and Special Projects (details of these expenditures are included in Volume 1 of the Public Accounts of the Province of Nova Scotia); \$395,112 (\$365,348 - 1999 ) for golf course maintenance at the Pines Resort accounted for by the Department of Transportation and Public Works; \$74,309 (\$73,390 - 1999 ) in maintenance costs accounted for by the Department of Transportation and Public Works.

## **Review Engagement Report**

To the Board of Trustees of  
The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds

We have reviewed the balance sheet of The Public Archives of Nova Scotia-Archival Ancillary and Trust funds (Archives) as at March 31, 2000 and the statements of revenue and expenditures, and changes in net assets for the year then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Archives.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PRICE, WATERHOUSE, COOPERS  
Chartered Accountants

August 11, 2000

**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Balance Sheet  
As at March 31, 2000**

	<b>Endowment Fund, Collections</b>	<b>Archival Ancillary Fund</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash .....	\$ ---	\$ 68,747	\$ 68,747
Marketable securities .....	31,275	48,700	79,975
Amount held in trust by Province of Nova Scotia .....	68,630	---	68,630
	99,905	117,447	217,352
<b>Capital assets (note 3) .....</b>	<b>---</b>	<b>34,217</b>	<b>34,217</b>
	<b>\$ 99,905</b>	<b>\$ 151,664</b>	<b>\$ 251,569</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and accrued liabilities .....	\$ 474	\$ 1,588	\$ 2,062
Deferred revenue .....	---	23,984	23,984
	474	25,572	26,046
<b>Net assets</b>			
Endowments .....	66,100	---	66,100
Earnings on endowments .....	33,331	---	33,331
Invested in capital assets .....	---	34,217	34,217
Unrestricted .....	---	91,875	91,875
	99,431	126,092	225,523
	<b>\$ 99,905</b>	<b>\$ 151,664</b>	<b>\$ 251,569</b>



**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Balance Sheet  
As at March 31, 2000**

	<b>Endowment Fund, Collections</b>	<b>Archival Ancillary Fund</b>	<b>Total</b>
<b>Revenue</b>			
Transitional Provincial Contribution. . . . .	\$ ---	\$ 102,000	\$ 102,000
Reprographic and other recoveries. . . . .	---	67,282	67,282
Funding for special collections maintenance. . .	---	12,667	12,667
Sale of equipment. . . . .	---	10,602	10,602
Interest . . . . .	7,856	2,613	10,469
	7,856	195,164	203,020
<b>Expenditures</b>			
Building maintenance. . . . .	---	38,048	38,048
Electricity. . . . .	---	16,479	16,479
Other services . . . . .	---	15,685	15,685
Special collections maintenance . . . . .	---	12,667	12,667
Professional services . . . . .	---	9,053	9,053
General operating. . . . .	---	6,896	6,896
Amortization . . . . .	---	4,406	4,406
Miscellaneous . . . . .	---	3,770	3,770
Staff training . . . . .	---	3,365	3,365
Telecommunications. . . . .	---	3,203	3,203
Printing and stationery . . . . .	---	2,158	2,158
Travel . . . . .	---	1,890	1,890
Security. . . . .	---	1,252	1,252
Water . . . . .	---	1,243	1,243
Postage . . . . .	---	796	796
Freight and express. . . . .	---	700	700
Equipment repair and maintenance . . . . .	---	594	594
Conferences and seminars. . . . .	---	360	360
Heating fuel . . . . .	---	351	351
Subscriptions and periodicals . . . . .	---	145	145
Membership dues . . . . .	---	65	65
	---	123,126	123,126
<b>Excess of revenue over expenditures for the year . . . . .</b>	<b>\$ 7,856</b>	<b>\$ 72,038</b>	<b>\$ 79,894</b>

**Statement of Changes in Net Assets  
For the Year ended March 31, 2000**

<b>Net assets - transferred from the Public</b>			
Archives of Nova Scotia . . . . .	\$ 91,575	\$ 54,054	\$ 145,629
<b>Excess of revenue over expenditures for the year . . . . .</b>	<b>7,856</b>	<b>72,038</b>	<b>79,894</b>
<b>Net assets - End of Year . . . . .</b>	<b>\$ 99,431</b>	<b>\$ 126,092</b>	<b>\$ 225,523</b>

**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Notes to Financial Statements  
March 31, 2000**

**1. Status and Nature of Activities**

As of April 1, 1999, the functions of the Provincial Archives of Nova Scotia were transferred to the control of the Province of Nova Scotia (Province). Management of the Archives retains control over ancillary revenues and expenditures and over the three trust funds that were previously endowed to the Archives. These funds are the Blakely, Fergusson, and Shand trust funds.

The funds remaining under the control of management of the Archives was significantly reduced as a result of this transfer. As such, PricewaterhouseCoopers recommended, and Management of the Archives concurred, that the scope of work performed by PricewaterhouseCoopers could be reduced from an audit to a review engagement.

The Archives is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province. The Archives is both a deposit library for publications of the Government of Nova Scotia and an historical research facility.

**2. Summary of Significant Accounting Policies**

The accounting policies of the Archives for the Archival Ancillary and Trust funds are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

**a) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and movements of funds during the year. Actual results could differ from these estimates.

**b) Fund accounting**

The Archives uses fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, capital assets and unrestricted balances.

The archival ancillary fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and capital assets.

The endowment fund, collections accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

**c) Financial instruments**

Financial instruments are stated at cost, or at cost less amounts written off to reflect a permanent decline in value, and where there is a fixed rate of return, accrued interest is included in book value. The fair value of these financial instruments approximates their carrying values, due to the short-term and/or the fixed nature of these instruments.

**d) Revenue recognition**

The Archives follows the restricted fund method of accounting for contributions, which include designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be reasonable estimated and collection is reasonably assured.

**e) Capital assets**

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Archives' ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods at the following rates:

Computer software	straight-line 10 years
Microfilm Equipment	straight-line 5 years

**3. Capital assets**

	<b>2000</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
Computer software . . . . .	\$ 17,262	\$ 1,726	\$ 15,536
Microfilm Equipment . . . . .	<u>21,361</u>	<u>2,680</u>	<u>18,681</u>
	<u>\$ 38,623</u>	<u>\$ 4,406</u>	<u>\$ 34,217</u>

## AUDITOR'S REPORT

To the Members of the Legislative  
Assembly of Nova Scotia, and  
To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Public Service Superannuation Fund as at March 31, 2000 and the Statement of Change of Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 2000 and changes in net assets available for benefits for the period then ended in accordance with accounting principles generally accepted in Canada.

E. R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 16, 2000  
(Except for notes 5 and 6 which are as of November 21, 2000)

**NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND**

**Statement of Net Assets Available for Benefits  
and Accrued Pension Benefits  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>Assets</b>		
Investments (Note 3) .....	\$ 3,130,701	\$ 2,507,068
Contributions receivable		
Employees' .....	2,067	417
Employers' .....	2,267	1,568
Accrued income .....	19,445	19,977
Prepaid expenses .....	78	---
Cash .....	1,986	2,793
Total Assets .....	\$ <u>3,156,544</u>	\$ <u>2,531,823</u>
<b>Liabilities</b>		
Net investment transactions outstanding .....	\$ 43,214	\$ 1,219
Accounts payable .....	<u>24,179</u>	<u>24,734</u>
Total liabilities .....	<u>67,393</u>	<u>25,953</u>
<b>Net Assets Available for Benefits</b> .....	3,089,151	2,505,870
Actuarial asset value adjustment (Note 4) .....	1,400	1,210
<b>Actuarial value of net assets available for benefits</b> .....	\$ <u>3,090,551</u>	\$ <u>2,507,080</u>
<b>ACCRUED PENSION BENEFITS AND SURPLUS</b>		
Accrued pension benefits .....	\$ 2,760,100	\$ 2,394,270
Surplus (Note 5) .....	<u>330,451</u>	<u>112,810</u>
<b>Accrued pension benefits and surplus</b> .....	\$ <u>3,090,551</u>	\$ <u>2,507,080</u>

See accompanying notes to financial statements.

**NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND**

**Statement of Changes in Net Assets Available for Benefits  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Increase in Assets</b>		
Investment activities (Note 3) . . . . .	\$ 661,549	\$ (36,386)
Contributions		
Employers' - matched . . . . .	32,756	---
Employees' - matched . . . . .	32,756	---
Employees' - unmatched . . . . .	155	183
Interest on the purchase of prior years service . . . . .	1,394	1,255
Transfers from other pension plans . . . . .	<u>2,286</u>	<u>1,384</u>
	<u>69,347</u>	<u>2,822</u>
Total increase (decrease) in assets . . . . .	<u>730,896</u>	<u>(33,564)</u>
<b>Decrease in Assets</b>		
Benefits paid . . . . .	131,060	128,694
Operating expenses (Note 6) . . . . .	6,775	5,949
Refund of contributions and interest . . . . .	1,158	1,221
Transfers to other pension plans . . . . .	8,622	6,777
Contribution holiday (Note 1) . . . . .	<u>---</u>	<u>60,135</u>
Total decrease in assets . . . . .	<u>147,615</u>	<u>202,776</u>
<b>Increase (decrease) in Net Assets</b> . . . . .	583,281	(236,340)
<b>Net Assets Available for Benefits</b>		
<b>at Beginning of Year</b> . . . . .	<u>2,505,870</u>	<u>2,742,210</u>
<b>Net Assets Available for Benefits</b>		
<b>at End of Year</b> . . . . .	\$ <u>3,089,151</u>	\$ <u>2,505,870</u>

See accompanying notes to financial statements.

# NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

## Notes to Financial Statements

March 31, 2000

### 1. Authority and Description of Plan

The Public Service Superannuation Fund was established by the Public Service Superannuation Act. It is the funding vehicle for the Public Service Superannuation Plan, a pension plan which covers employees of the Province and certain other public sector organizations. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 5.4% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 7% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay and deferred pensions are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus pensionable service factor of 80 - "Rule of 80" (active members only);
- age 55 with two years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85" (deferred pensioners);
- age 60 with two years of service;
- age 65

Certain pension payments are attributable to previous early retirement programs and other unfunded benefits. They are charged to the Consolidated Fund of the Province and participating employers and are not paid from the Fund. These payments amounted to \$15,273,000 for the year ended March 31, 2000 (1999 - \$15,239,000).

On December 3, 1998, the Lieutenant Governor gave Royal Assent to the Financial Measures (1998) Act. This Act authorized a contribution holiday for the period April 1, 1997 to March 31, 1999, inclusive. The contribution holiday for the fiscal year 1997/98 was paid retroactively during the fiscal year 1998/99 and is shown as decrease in assets in the Statement of Changes in Net Assets Available for Benefits.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

## (b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

## (c) Investments

- (i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
- (ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.
- (iii) Investments include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of \$73.6 million (2.3% of Total Assets) as at March 31, 2000.

## 3. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employers. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

- (a) Market value of investments and related income before allocating the effect of derivative contracts.

	as at <u>March 31, 2000</u>		for the <u>Year</u>		as at <u>March 31, 1999</u>		for the <u>Year</u>	
			Income *				Income *	
			(Loss)				(Loss)	
			(in thousands)					
Money market.	\$ 432,273	13.8%	\$ 18,775	\$ 300,685	12.0%	\$	11,463	
Fixed income.	957,362	30.6%	21,726	868,735	34.6%		66,517	
Equities								
- Cdn . . . . .	1,148,621	36.7%	371,588	836,747	33.4%		(107,165)	
- US . . . . .	191,523	6.1%	8,890	224,697	9.0%		15,608	
- Other foreign . . . . .	382,683	12.2%	163,002	276,941	11.0%		23,599	
Derivatives . . . .	18,239	0.6%	77,519	(737)	---		(46,458)	
Other . . . . .	---	---	49	---	---		50	
	<u>\$3,130,701</u>	100.0%	<u>\$ 661,549</u>	<u>\$2,507,068</u>	100.0%	\$	<u>(36,386)</u>	

\* Includes realized gains of \$226.1 million (\$189.7 - 1999) and unrealized gains of \$278.0 million (291.1 million loss - 1999)



(b) Derivative Contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. The following provides details of the derivative money market-to-equity swap contracts outstanding as at March 31, 2000. Notional amounts of derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

	<b>Notional Principal</b> (in thousands)	<b>Original Term</b>	<b>Credit Rating of Counter- party</b>	<b>Equity Index</b>	<b>BA Index</b>	<b>Market Value</b>
\$	57,128	1.3 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	\$ 2,549
	57,888	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,209
	19,059	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	1,674
	46,339	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	6,848
	<u>63,900</u>	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	<u>5,249</u>
\$	<u>244,314</u>					\$ <u>18,529</u>

(c) Market value of investments and related income after allocating the effects of derivative contracts.

	as at <u>March 31, 2000</u>		for the <u>Year</u> Income * (Loss) (in thousands)		as at <u>March 31, 1999</u>		for the <u>Year</u> Income * (Loss)	
Money market.	\$ 186,614	6.0%	\$ 8,427	\$ 123,346	4.9%	\$ 2,684		
Fixed income.	957,362	30.6%	21,726	868,735	34.7%	66,517		
Equities								
- Cdn . . . . .	1,412,519	45.1%	459,455	1,013,349	40.4%	(129,516)		
- US . . . . .	191,523	6.1%	8,890	224,697	9.0%	204		
- Other foreign . . . . .	382,683	12.2%	163,002	276,941	11.0%	23,675		
Other . . . . .	---	---	49	---	---	50		
	<u>\$3,130,701</u>	100.0%	<u>\$ 661,549</u>	<u>\$2,507,068</u>	100.0%	<u>\$ (36,386)</u>		

\* Includes realized gains of \$226.1 million (\$189.7 - 1999) and unrealized gains of \$278.0 million (\$291.1 million loss - 1999)

(d) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the plan's assets and cash flows related to the plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the plan has established a policy asset mix of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At March 31, 2000 the \$957,362,000 fixed income securities had a modified duration of 5.30 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.30 %.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rates or other economic fundamentals.

The Plan's foreign currency exposure as at March 31, 2000 is summarized in the following table.

<b>Currency</b>	<b>Exposure</b> (in thousands)
Canada.....	\$2,513,812
Eurozone.....	102,522
Japan.....	96,410
United Kingdom.....	45,441
United States.....	283,903
Other.....	<u>110,044</u>
Total.....	<u>\$3,152,132</u>

**4. Actuarial Asset Value Adjustment**

The actuarial asset value adjustment of \$1.4 million (1999 -\$1.2 million) represents the present value of outstanding employee and employer contributions which are due as a result of service buy-backs.

**5. Actuarial Valuation**

Actuarial valuations of the Public Service Superannuation Fund are carried out at least every three years and provide an estimate of the accrued pension benefits (fund liabilities) as at the valuation date, calculated on the basis of various assumptions with respect to pension costs and rates of return on investments. The calculations are updated in inter-valuation years. The last valuation of the Public Service Superannuation Fund was carried out by the Plan's consulting actuary, Morneau Sobeco, as at December 31, 1999 and reported upon November 21, 2000.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the member's projected five year average salary at the expected date of retirement. The actuaries have used the unit credit method of determining the current cost and actuarial liability. The major economic and demographic assumptions used in the last valuation were as follows:

	Valuation December 31, 1999	Valuation October 31, 1998
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% real plus 1.0% merit increase	0.5% real plus 1.0% merit increase
Real Rate of Return on Investments	4.25% per annum	4.5% per annum
Average Retirement Age	59 years	60 years
Mortality	1983 Group Annuity Table (with one-year age setback)	1983 Group Annuity Table (with no age setback)

The impact of the changes in actuarial assumptions used for the 1999 valuation as compared to the 1998 valuation:

- The assumed real rate of return (net of money management fees) was reduced from 4.5% to 4.25%, increasing the reported value of accrued liabilities by approximately \$89.5 million;
- The assumed retirement age was reduced from 60 to 59, increasing the reported value of accrued liabilities by approximately \$72.8 million; and
- The mortality assumption was changed by adding a one-year age setback to the 1983 Group Annuity Mortality (with the 10% margin at each age) that was used previously. This change increased the reported value of accrued liabilities by approximately \$58.4 million.

The valuation as at December 31, 1999 indicated that the plan had a surplus of \$157.5 million compared to a surplus of \$38.7 million as at October 31, 1998. A projection to March 31, 2000, applying the same assumptions, indicated a surplus of \$330.5 million.

## 6. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	2000	1999
	(in thousands)	
Investment management fees . . . . .	\$ 5,463	\$ 4,791
Professional services . . . . .	68	147
Salaries . . . . .	675	416
Supplies and services . . . . .	475	478
Travel . . . . .	24	8
Other . . . . .	70	109
	\$ 6,775	\$ 5,949

7. Certain comparative figures have been reclassified to conform with the financial statement presentation of this year.

## AUDITOR'S REPORT

To the Minister of Justice; and  
To the Public Trustee

I have audited the balance sheet of the Public Trustee Trust Funds as at March 31, 2000 and the statement of continuity of assets for the year then ended. These financial statements are the responsibility of the Public Trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many trust funds, it is not possible to verify by audit procedure that all the assets of any given trust actually came under the administration of the Public Trustee. Accordingly, my verification of trust assets was limited to those recorded in the records.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to verify the completeness of the assets of the trust funds, these financial statements present fairly, in all material respects, the financial position of the Public Trustee Trust Funds as at March 31, 2000 and the continuity of assets for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 16, 2000

**PUBLIC TRUSTEE TRUST FUNDS**

**Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Estates and Trusts</b>		
Cash .....	\$ 191,941	\$ 1,280,180
Securities, real estate and other assets (Note 3) .....	16,765,882	15,317,750
Common Fund securities (Note 4) .....	<u>1,304,794</u>	<u>1,305,340</u>
	18,262,617	17,903,270
<b>Special Reserve Fund (Note 5)</b>		
Cash and securities .....	<u>1,192,613</u>	<u>1,114,573</u>
	\$ <u><u>19,455,230</u></u>	\$ <u><u>19,017,843</u></u>
<b>LIABILITIES</b>		
<b>Estates and Trusts</b>		
Estates and trusts balances .....	\$ <u>18,262,617</u>	\$ <u>17,903,270</u>
<b>Special Reserve Fund (Note 5)</b>		
Restricted funds .....	1,136,042	1,056,537
Funds transferable to Province of Nova Scotia .....	<u>56,571</u>	<u>58,036</u>
	<u>1,192,613</u>	<u>1,114,573</u>
	\$ <u><u>19,455,230</u></u>	\$ <u><u>19,017,843</u></u>

**PUBLIC TRUSTEE TRUST FUNDS**

**Statement of Continuity of Assets  
For The Year Ended March 31, 2000**

	<b>Estates and Trusts</b>	<b>Special Reserve Fund</b>	<b>Fees Earned</b>	<b>2000 Total</b>	<b>1999 Total</b>
Balance, beginning of year . . . . .	\$ 17,903,270	\$ 1,114,573	\$ ---	\$ 19,017,843	\$ 19,089,060
<i>Add:</i>					
Assets acquired during the year . . . . .	8,949,456	---	---	8,949,456	9,480,693
Income earned . . . . .	718,090	---	---	718,090	715,113
Fees earned . . . . .	---	---	436,820	436,820	376,060
Interest earned on Special Reserve Fund investments . . .	---	56,571	---	56,571	58,036
Excess interest transferred from Common Fund . . . . .	---	79,505	---	79,505	85,386
	<u>9,667,546</u>	<u>136,076</u>	<u>436,820</u>	<u>10,240,442</u>	<u>10,715,288</u>
<i>Less:</i>					
Distributions of estates and trusts . . . . .	9,135,084	---	---	9,135,084	9,613,698
Transfers to the Province Fees . . . . .	---	---	436,820	436,820	376,060
Undistributable estates and trusts (per Section 28) . . .	173,115	---	---	173,115	749,865
Investment income earned on Special Reserve Fund . . . . .	---	58,036	---	58,036	46,882
	<u>9,308,199</u>	<u>58,036</u>	<u>436,820</u>	<u>9,803,055</u>	<u>10,786,505</u>
Balance, end of year . . .	\$ <u>18,262,617</u>	\$ <u>1,192,613</u>	\$ <u>---</u>	\$ <u>19,455,230</u>	\$ <u>19,017,843</u>

## **PUBLIC TRUSTEE TRUST FUNDS**

### **Notes to Financial Statements March 31, 2000**

#### **1. Authority**

The Office of the Public Trustee was established pursuant to the Public Trustee Act. The Public Trustee is empowered to perform the duties of a guardian, custodian, trustee, and executor or administrator of an estate. All investments by the Public Trustee are to be made in accordance with the Trustee Act.

#### **2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles, modified by the following policies.

- a) The Office of the Public Trustee uses a cash basis of accounting. These financial statements do not include accrued interest and other receivables, as well as accrued fees and other payables.
- b) The market value of stocks and bonds at year end is not disclosed in the financial statements.

#### **3. Securities, Real Estate and Other Assets**

Securities consist of deposit certificates, bonds, debentures and stocks. Securities purchased by the Public Trustee are valued at cost. Securities taken over by the Public Trustee are valued at market value as at the date of death for estates of deceased persons or as at the date that control is assumed for all other estates.

The Public Trustee is responsible for administering certain other assets such as real estate, personal effects and chattels. Real estate is valued at estimated market value based on annual assessments for municipal tax purposes. Personal effects and chattels are valued at estimated market value as at the date control is assumed. If market value is not readily ascertainable, they are each recorded at a nominal value of \$1.

#### **4. Common Fund Securities**

Section 30 of the Public Trustee Act permits the Public Trustee to invest monies, not subject to any express trust or direction for investment thereof, in a Common Fund. Investments of the Common Fund are valued at cost.

#### **5. Special Reserve Fund**

Section 32 of the Public Trustee Act provides for the establishment of a Special Reserve Fund. The purposes of the Fund are to provide for any deficiencies between income earned on investments of the Common Fund and interest required to be paid to estates comprising the Common Fund; and also to provide for any deficiency between the aggregate amount of sums invested and the realized value of investments of the Common Fund.

The Fund consists of investment income earned on Common Fund securities in excess of interest paid to Common Fund estates. Income earned on securities held in the Special Reserve Fund also forms part of the Fund.

Income earned on securities held in the Special Reserve Fund is eligible for transfer to the Province. The remainder of the Fund is restricted to the purposes described above.

## 6. Operating Costs

Operating costs of the Office for the Public Trustee are absorbed by various government departments and are not reflected in the statement of continuity of assets. These costs are offset by fees charged for administering estates and by investment income.

	<b>2000</b>	<b>1999</b>
Department of Justice		
- Salaries and benefits . . . . .	\$ 619,457	\$ 546,534
- Other operating costs . . . . .	36,751	36,904
Department of Transportation and Public Works		
- Rent . . . . .	<u>32,340</u>	<u>49,107</u>
	<u>688,548</u>	<u>632,545</u>
Less transfers to Province		
- Fees . . . . .	436,820	376,060
- Special Reserve Fund income . . . . .	<u>58,036</u>	<u>46,882</u>
	<u>494,856</u>	<u>422,942</u>
Net cost to the Province . . . . .	<u>\$ 193,692</u>	<u>\$ 209,603</u>



## AUDITORS' REPORT

To the Board of Directors of  
Queen Elizabeth II Health Sciences Centre

We have audited the statement of financial position - operating and capital fund of the Queen Elizabeth II Health Sciences Centre (the "QEII") as at March 31, 2000 and the statements of fund balances, revenues and expenditures operating fund, and cash flow for the year then ended. These financial statements are the responsibility of the QEII's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the QEII as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with auditing standards generally accepted in Canada.

ERNST & YOUNG LLP  
Chartered Accountants

Halifax, Canada  
May 25, 2000

**QUEEN ELIZABETH II HEALTH SCIENCES CENTRE**

**Statement of Financial Position - Operating and Capital Funds  
as at March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
	(in thousands)			
	<b>ASSETS</b>			
<b>Current</b>				
Cash & short term investments . . . \$	30,460	\$ ---	\$ 30,460	\$ ---
Investment held in trust . . . . .	500	---	500	500
Accounts receivable . . . . .	23,801	---	23,801	24,274
Due from Department of Health . . .	12,454	---	12,454	---
Due from QEII Foundation. . . . .	2,387	---	2,387	---
Due to (from) other fund . . . . .	(1,832)	1,832	---	---
Inventories (note 3). . . . .	3,915	---	3,915	4,524
Prepaid expenses . . . . .	1,609	---	1,609	5,748
	<u>73,294</u>	<u>1,832</u>	<u>75,126</u>	<u>35,046</u>
Restricted cash and short-term investments (notes 2 and 6) . . . . .	13,982	---	13,982	12,805
	<u>87,276</u>	<u>1,832</u>	<u>89,108</u>	<u>47,851</u>
Capital assets (note 4) . . . . .	---	203,608	203,608	206,500
	<u>\$ 87,276</u>	<u>\$ 205,440</u>	<u>\$ 292,716</u>	<u>\$ 254,351</u>

	<b>LIABILITIES</b>			
<b>Current</b>				
Bank indebtedness . . . . . \$	---	\$ ---	\$ ---	\$ 29,055
Accounts payable and accrued liabilities. . . . .	55,494	---	55,494	50,668
Due to Partners for Care . . . . .	664	---	664	---
Due to Department of Health . . . . .	---	---	---	90,443
Deferred revenue (note 5) . . . . .	17,136	1,832	18,968	12,438
Current portion of long-term debt (note 7) . . . . .	---	---	---	93
	<u>73,294</u>	<u>1,832</u>	<u>75,126</u>	<u>182,697</u>
Restricted liabilities (notes 2 and 6) . . . . .	13,982	---	13,982	12,805
	<u>87,276</u>	<u>1,832</u>	<u>89,108</u>	<u>195,502</u>
Long-term debt (note 7) . . . . .	---	---	---	354
	<u>87,276</u>	<u>1,832</u>	<u>89,108</u>	<u>195,856</u>

	<b>FUND BALANCE</b>			
Operating deficiency . . . . .	---	---	---	(95,094)
Surplus retention . . . . .	---	---	---	1,434
Investment in capital assets . . . . .	---	203,608	203,608	152,155
	<u>---</u>	<u>203,608</u>	<u>203,608</u>	<u>58,495</u>
	<u>\$ 87,276</u>	<u>\$ 205,440</u>	<u>\$ 292,716</u>	<u>\$ 254,351</u>

Contingencies and commitments (notes 9, 10 and 12)

See accompanying notes

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Fund Balances  
Year ended March 31, 2000

2000                      1999  
(in thousands)

OPERATING FUND

<b>Balance, beginning of year</b> .....	\$ (95,094)	\$ (53,705)
Net revenues over (under) expenditures .....	95,162	(30,519)
Net capital amortization .....	---	(6,906)
Re-engineering .....	---	(1,293)
Year 2000 .....	---	(2,671)
	68	(95,094)
Transfer equity to Department of Health .....	(68)	---
<b>Balance, end of year</b> .....	\$ ---	\$ (95,094)

SURPLUS RETENTION FUND

Balance, beginning of year .....	\$ 1,434	\$ 1,434
Transfer to Department of Health .....	(1,434)	---
	\$ ---	\$ 1,434

INVESTMENT IN CAPITAL ASSETS

<b>Capital Funding, beginning of year</b> .....	\$ 226,629	\$ 223,675
Capital deficit funding from Department of Health .....	65,005	---
Capital funding for the year (Schedule C) .....	18,659	2,954
	310,293	226,629
<b>Accumulated amortization of capital funding, beginning of year</b> .....	(74,474)	(61,555)
Amortization of capital deficit funding from Department of Health .....	(10,660)	---
Amortization of capital funding for the year .....	(21,551)	(12,919)
Accumulated amortization of capital funding, end of year .....	(106,685)	(74,474)
<b>Balance, end of year</b> .....	203,608	152,155
<b>Total</b> .....	\$ 203,608	\$ 58,495

See accompanying notes

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Revenues and Expenditures  
Operating Fund  
Year ended March 31, 2000

	2000	1999
	(in thousands)	
<b>Operating</b>		
Revenues (Schedule A) . . . . .	\$ 377,419	\$ 329,775
Expenditures (Schedule B) . . . . .	<u>377,351</u>	<u>361,151</u>
	68	(31,376)
Net capital amortization . . . . .	---	(6,906)
Re-engineering (Schedule B) . . . . .	---	(1,293)
Year 2000 - Revenues . . . . .	2,818	---
Year 2000 - Expenditures . . . . .	<u>(2,818)</u>	<u>(2,671)</u>
	---	(42,246)
<b>Results from operating activities . . . . .</b>	<u>68</u>	<u>(42,246)</u>
<b>Research</b>		
Revenues (Schedule A) . . . . .	12,132	11,733
Expenditures (Schedule B) . . . . .	<u>(10,955)</u>	<u>(9,416)</u>
	1,177	2,317
<b>Opening balance . . . . .</b>	<u>12,805</u>	<u>10,488</u>
Ending funds available for research . . . . .	13,982	12,805
Funds committed to future periods . . . . .	<u>(13,982)</u>	<u>(12,805)</u>
	---	---
<b>Net revenues over (under) expenditures before deficit funding . . . . .</b>	68	(42,246)
Operating deficit funding received from Department of Health . . . . .	<u>95,094</u>	<u>---</u>
<b>Net revenues over (under) expenditures . . . . .</b>	<u>\$ 95,162</u>	<u>\$ (42,246)</u>

See accompanying notes

**QUEEN ELIZABETH II HEALTH SCIENCES CENTRE**

**Statement of Cash Flow  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>OPERATING ACTIVITIES</b>		
Net revenues over (under) expenditures - operating fund. . . . . \$	68	\$ (41,389)
Items not requiring cash		
Depreciation. . . . .	21,551	19,825
Amortization of capital funding. . . . .	(21,551)	(12,919)
Changes in non-cash working capital items. . . . .	<u>(88,043)</u>	<u>46,483</u>
<b>Cash (used in) provided by operating activities . . . . .</b>	<u><b>(87,975)</b></u>	<u><b>12,000</b></u>
<b>FINANCING ACTIVITIES</b>		
Operating deficit funding from Department of Health . . . . .	95,094	---
Capital deficit funding from Department of Health. . . . .	54,345	---
Transfer of surplus retention fund to Department of Health. . . . .	(1,434)	---
Transfer of operating surplus to Department of Health. . . . .	(68)	---
Capital funding (Schedule C). . . . .	18,659	2,954
(Repayment of )increase in long-term debt . . . . .	<u>(447)</u>	<u>335</u>
<b>Cash provided by financing activities . . . . .</b>	<u><b>166,149</b></u>	<u><b>3,289</b></u>
<b>INVESTING ACTIVITIES</b>		
Capital assets acquired (Schedule C) . . . . .	<u>(18,659)</u>	<u>(18,293)</u>
<b>Cash used in investing activities . . . . .</b>	<u><b>(18,659)</b></u>	<u><b>(18,293)</b></u>
Restricted Funding . . . . .	<u>1,177</u>	<u>2,317</u>
<b>Net cash inflow (outflow) during the year . . . . .</b>	<b>60,692</b>	<b>(687)</b>
Cash position, beginning of year . . . . .	<u>(15,750)</u>	<u>(15,063)</u>
<b>Cash position, end of year . . . . .</b> \$	<u><b>44,942</b></u>	<u><b>(15,750)</b></u>
<b>Cash position, end of year is comprised as follows:</b>		
Cash (bank indebtedness) . . . . . \$	30,460	\$ (29,055)
Investments held in trust . . . . .	500	500
Restricted cash and short-term investments . . . . .	<u>13,982</u>	<u>12,805</u>
	<u><b>\$ 44,942</b></u>	<u><b>\$ (15,750)</b></u>

See accompanying notes

# QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

## Notes to the Financial Statements March 31,2000

### 1. Nature of the Organization

On July 8, 1994, the Province of Nova Scotia announced the formation of the Queen Elizabeth II Health Sciences Centre ("QEII"). An Act of the Legislation of the Province of Nova Scotia, proclaiming the incorporation of the QEII, was passed on February 27, 1996.

The QEII is dedicated to the provision of exemplary health care through the integration of patient care, teaching and research within a compassionate and caring Centre community, in partnership with other providers. It is the principal centre for the provision of these services in the Maritime Provinces.

The QEII is a non profit entity and, as such, is exempt from income tax.

### 2. Significant Accounting Policies

#### Fund Accounting

The QEII maintains its financial statements on a fund accounting basis. Separate funds have been established to distinguish operating activities from capital activities.

The Operating Fund contains the non-capital operating assets, liabilities, revenues and expenditures of the QEII related to the provision of hospital services.

The Capital Fund contains the capital assets, net of accumulated depreciation and related capital funding, net of accumulated amortization.

#### Deficit funding

During the year the QEII received funding from the Department of Health for its accumulated operating and capital deficits. This funding does not constitute a change in accounting policy or a correction of an error in prior period financial statements. Accordingly, the revenue has been recorded in the current fiscal year and prior period financial statements have not been restated.

#### Investments

Investments are stated at cost.

#### Inventories

Inventories are stated at cost, being the lower of cost and replacement costs.

#### Capital Assets

Capital Assets are recorded at cost and depreciated at the following annual rates:

New Halifax Infirmary building	50 years straight-line
Other buildings and additions	50 years straight-line
Equipment	10 years straight-line
Leasehold improvements	10 years straight-line
Information technology	5 years straight-line
Parking	5 years straight-line

**Restricted cash and short-term investments and restricted liabilities**

Restricted cash and short-term investments are designated for restricted purposes by independent funders, by regulation, or by resolution of the QEII's Board of Directors. The corresponding restricted liability represents the unexpended fund balance.

**Capital contributions**

Capital contributions are recorded as capital funding and amortized to income using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in the investment in capital.

**3. Inventories**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Drugs .....	\$ 2,215	\$ 2,238
General supplies .....	<u>1,700</u>	<u>2,286</u>
	<u>\$ 3,915</u>	<u>\$ 4,524</u>

**4. Capital Assets**

	<u><b>2000</b></u>		<u><b>1999</b></u>	
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>
	(in thousands)			
Land .....	\$ 324	\$ ---	\$ 324	\$ ---
Halifax Infirmary building .....	110,023	7,665	110,023	5,465
Other buildings & additions .....	7,091	1,348	7,091	1,206
Equipment .....	119,931	69,949	112,485	59,947
Leasehold improvements .....	41,302	11,215	33,770	7,462
Information technology .....	31,289	16,411	27,608	11,022
Parking .....	20	3	20	1
Paving .....	<u>313</u>	<u>94</u>	<u>313</u>	<u>31</u>
	310,293	106,685	291,634	85,134
Less accumulated depreciation .....	<u>106,685</u>		<u>85,134</u>	
	<u>\$ 203,608</u>		<u>\$ 206,500</u>	

**5. Deferred Revenue**

Deferred revenue in the operating fund of \$17,136,000 (1999 - \$8,705,000 ) represents advance funding received from the Department of Health for the 2000/01 fiscal year. Deferred revenue in the capital fund of \$1,832,000 (1999 - \$3,733,000) represents advance funding from the QEII foundation for capital equipment to be purchased subsequent to March 31, 2000.

## 6. Restricted Cash and Short-term Investments and Restricted Liabilities

These assets and liabilities represent funds, the use of which is restricted by various conditions as described in note 2.

	2000	1999
	(in thousands)	
Abbie J. Lane Trust Fund . . . . .	---	\$ 57
Charitable funds . . . . .	51	61
Centre for Clinical Research . . . . .	12,721	12,182
Other . . . . .	1,210	505
	\$ 13,982	\$ 12,805

## 7. Long-term debt

	2000	1999
	(in thousands)	
<b>Equipment Purchase Agreements</b>		
Nova Scotia Power Inc., repayable in 60 monthly payments of \$10,312, bearing interest at 7.8%, maturing June 2003. . . . .	---	447
	---	447
Less: current portion . . . . .	---	(93)
	\$ ---	\$ 354

## 8. Pension Funds

### Public Service Superannuation Fund

Most former employees of the Victoria General Hospital ("VGH") and Cancer Treatment and Research Foundation ("CTRF") belong to the Public Service Superannuation Fund ("the Plan"). The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the QEII's operating expenses. The Plan is administered by the Nova Scotia Government Department of Finance. The QEII is not responsible for any unfunded liability in this plan.

### Nova Scotia Association of Health Organizations

Employees of the former Nova Scotia Rehabilitation Centre ("NSRC") and Camp Hill Medical Centre ("CHMC") participate in the multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent Actuarial Valuation was conducted as at December 31, 1996 and showed a funding excess for the entire plan of over \$37,000,000.

## 9. Long-term disability plan

Most employees of the former VGH and the CTRF are eligible to join a long-term disability plan which is funded equally by employee and employer contributions. The employer's contributions are included in the QEII's operating expenses. The plan is currently administered by the Province of Nova Scotia which has disclosed an unfunded liability of approximately \$16,000,000 for VGH and CTRF employees. The ultimate responsibility for funding the liability has not been resolved between the Province of Nova Scotia and the QEII.



**10. Lease commitments**

The QEII is committed to the following annual lease payments in each of the next five fiscal years ended March 31:

	(in thousands)
2001	\$ 5,681
2002	4,278
2003	4,172
2004	4,135
2005	3,733

**11. Comparative Figures**

Certain of the March 31, 1999 comparative figures have been reclassified to conform with the presentation adopted in the current year.

**12. Contingency**

The QEII is disputing amounts claimed by a consulting firm as a result of a re-engineering project. The outcome of this dispute is not determinable at this time and no amount has been recorded in the financial statements as at March 31, 2000. The costs of settlement of this matter, if any, will be recorded in the year of resolution.

## QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

**Schedule of Revenues**  
**Operating Fund**  
**Year ended March 31, 2000**

	<b>Operating</b>	<b>Provincial Funded Programs</b>	<b>Research</b>	<b>2000 Total</b>	<b>1999 Total</b>
					(in thousands)
Department of Health . . . . \$	264,343	\$ 62,342	\$ ---	\$ 326,685	\$ 292,979
Amortization of capital funding . . . . .	21,551	---	---	21,551	12,919
Federal Government . . . .	16,684	---	---	16,684	15,111
Other . . . . .	2,656	16	4,839	7,511	10,309
Research grants . . . . .	---	---	7,293	7,293	6,227
Non Resident . . . . .	6,366	150	---	6,516	5,767
Dietary . . . . .	6,035	---	---	6,035	5,356
Referred in from other facilities . . . . .	5,121	---	---	5,121	4,965
Perferred accommodation . . . . .	4,959	---	---	4,959	3,927
Medical Education . . . . .	---	4,719	---	4,719	3,846
Workers Compensation Board . . . . .	3,105	(19)	---	3,086	3,147
Year 2000 . . . . .	2,818	---	---	2,818	---
Utilities . . . . .	995	---	---	995	980
Deinsured Services . . . . .	776	---	---	776	713
Parking . . . . .	300	---	---	300	33
Research transfer . . . . .	---	---	---	---	(1,828)
Bad debts . . . . .	(1,112)	(17)	---	(1,129)	(801)
Gross revenues . . . . .	<u>334,597</u>	<u>67,191</u>	<u>12,132</u>	<u>413,920</u>	<u>363,650</u>
Less: Amortization of capital funding . . . . .	21,551	---	---	21,551	12,919
Year 2000 . . . . .	2,818	---	---	2,818	---
	<u>24,369</u>	<u>---</u>	<u>---</u>	<u>24,369</u>	<u>12,919</u>
<b>Net revenues . . . . .</b>	<u>\$ 310,228</u>	<u>\$ 67,191</u>	<u>\$ 12,132</u>	<u>\$ 389,551</u>	<u>\$ 350,731</u>

## QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Schedule of Expenditures  
Operating Fund  
Year ended March 31, 2000

	Operating	Provincial Funded Programs	Research	2000 Total	1999 Total
					(in thousands)
Compensation . . . . .	\$ 221,864	\$ 35,383	\$ 7,809	\$ 265,056	\$ 260,790
Med/surg. Supplies . . . . .	13,924	18,208	16	32,148	31,838
Drugs . . . . .	14,092	10,629	15	24,736	20,916
Depreciation . . . . .	21,551	---	---	21,551	19,825
Purchased services . . . . .	14,664	494	191	15,349	16,911
Plant maintenance supplies . . . . .	11,944	869	421	13,234	11,162
Utilities . . . . .	10,679	149	131	10,959	10,296
Fees . . . . .	6,475	722	1,363	8,560	7,190
Food supplies . . . . .	4,879	3	---	4,882	4,785
Lab Supplies . . . . .	4,585	46	59	4,690	4,384
Diagnostic imaging . . . . .	2,782	69	8	2,859	2,741
Year 2000 . . . . .	2,818	---	---	2,818	2,671
Other . . . . .	2,844	514	(1,206)	2,152	5,341
Research grants . . . . .	---	---	1,644	1,644	510
Travel . . . . .	621	105	503	1,229	1,140
Insurance . . . . .	807	---	1	808	923
Move to New Halifax Infirmery . . . . .	---	---	---	---	7
Reengineering . . . . .	---	---	---	---	1,293
<b>Gross expenditures . . . . .</b>	<u>334,529</u>	<u>67,191</u>	<u>10,955</u>	<u>412,675</u>	<u>402,723</u>
Less: Depreciation . . . . .	21,551	---	---	21,551	19,825
Year 2000 . . . . .	2,818	---	---	2,818	2,671
Reengineering . . . . .	---	---	---	---	1,293
	<u>24,369</u>	<u>---</u>	<u>---</u>	<u>24,369</u>	<u>23,789</u>
Net expenditures . . . . .	<u>\$ 310,160</u>	<u>\$ 67,191</u>	<u>\$ 10,955</u>	<u>\$ 388,306</u>	<u>\$ 378,934</u>

## QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

**Schedule of Changes in Capital**  
**Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Capital Funding</b>		
Department of Health . . . . .	\$ 13,923	\$ 1,024
Foundations. . . . .	4,468	1,690
Veterans Affairs Canada . . . . .	243	---
Clinic Research. . . . .	25	240
	<u>\$ 18,659</u>	<u>\$ 2,954</u>
 <b>Capital Expenditures</b>		
New Halifax Infirmary building. . . . .	\$ ---	\$ 536
Equipment. . . . .	7,446	4,195
Leasehold improvements . . . . .	7,532	7,094
Information technology . . . . .	3,681	6,135
Transfer of parking assets from QEII Foundation . . . . .	---	333
	<u>\$ 18,659</u>	<u>\$ 18,293</u>
 <b>Capital deficit funding from Department of Health . . . . .</b>	<u>\$ 65,005</u>	<u>\$ ---</u>

## AUDITORS' REPORT

To the Board of Directors of  
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations, changes in net assets and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

GRANT THORTON  
Chartered Accountants

Truro, Nova Scotia  
May 5, 2000

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Operations  
Year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenues</b>		
Deposits		
Gross revenues from deposits . . . . .	\$ 27,220,278	\$ 19,062,106
Less:Harmonized sales tax . . . . .	<u>(3,613,080)</u>	<u>(2,572,475)</u>
	23,607,198	16,489,631
Sales of recyclable materials. . . . .	3,181,876	2,334,432
Stewardship . . . . .	8,139	7,400
Tire program . . . . .	<u>2,947,357</u>	<u>2,688,440</u>
<b>Total revenues . . . . .</b>	<u><b>29,744,570</b></u>	<u><b>21,519,903</b></u>
 <b>Cost of sales</b>		
Inventory, beginning of year. . . . .	104,603	70,183
Deposit refunds . . . . .	9,639,581	6,618,787
Enviro-Depot handling fees . . . . .	5,805,185	3,811,052
Local cartage . . . . .	898,637	987,063
Regional processing. . . . .	936,533	943,297
Freight-in. . . . .	65,752	33,145
Central processing expenses (Page 445) . . . . .	405,552	378,853
Non-deposit materials . . . . .	44,189	60,051
Used tires . . . . .	1,758,018	1,759,540
Paint program . . . . .	<u>151,000</u>	<u>92,000</u>
	19,809,050	14,753,971
 Less inventory, end of year. . . . .	 <u>101,116</u>	 <u>104,603</u>
	19,707,934	14,649,368
 Gross margin. . . . .	 10,036,636	 6,870,535
 Administrative expenses (Page 445) . . . . .	 <u>1,202,021</u>	 <u>1,176,249</u>
 <b>Operating income</b>	 8,834,615	 5,694,286
 Equity in net earnings( loss) of an affiliated company. . . . .	 71,164	 (27,378)
 Interest and other income. . . . .	 <u>447,113</u>	 <u>400,511</u>
 <b>Excess of revenues over expenses</b>	 \$ <u><u>9,352,892</u></u>	 \$ <u><u>6,067,419</u></u>

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Financial Position  
year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 11,706,143	\$ 9,005,783
Receivables . . . . .	2,474,947	2,480,987
Accrued interest receivable . . . . .	107,234	35,006
Inventory . . . . .	101,116	104,603
Prepays . . . . .	---	2,033
	<u>14,389,440</u>	<u>11,628,412</u>
Investment in an affiliated company (Note 3) . . . . .	304,186	254,022
Property and equipment (Note 4) . . . . .	725,094	612,814
Organizational costs, net of accumulated amortization. . . . .	172,044	302,764
	\$ <u>15,590,764</u>	\$ <u>12,798,012</u>

**LIABILITIES**

<b>Current</b>		
Payables and accruals . . . . .	\$ 2,294,235	\$ 2,994,794
Municipal solid waste diversion credits payable. . . . .	4,650,389	3,159,946
Unearned revenue. . . . .	3,175,500	2,695,500
	<u>10,120,124</u>	<u>8,850,240</u>

**NET ASSETS (Page 4)**

Invested in capital assets. . . . .	897,138	915,578
Invested in value added manufacturing. . . . .	304,186	254,022
Restricted for future projects. . . . .	856,107	835,107
Restricted for approved programs . . . . .	3,413,209	1,943,065
	<u>5,470,640</u>	<u>3,947,772</u>
	\$ <u>15,590,764</u>	\$ <u>12,798,012</u>

Commitment (Note 7)

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Changes in Net Assets  
Year Ended March 31, 2000**

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total 2000	Total 1999
Balance, beginning of year. . . .	\$ 915,578	\$ 254,022	\$ 835,107	\$ 1,943,065	\$ ---	\$ 3,947,772	\$ 4,712,278
Excess of revenues over expenses. . . . .	(339,342)	71,164	---	---	9,621,070	9,352,892	6,067,419
Investment in capital assets . . . .	<u>320,902</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(320,902)</u>	<u>---</u>	<u>---</u>
	897,138	325,186	835,107	1,943,065	9,300,168	13,300,664	10,779,697
Internally imposed restrictions . . . .	---	---	---	4,650,084	(4,650,084)	---	---
Investment in value-added Manufacturing (Note 6c) . . . .	---	(21,000)	21,000	---	---	---	---
Payments during the year							
Education and awareness . . . . .	---	---	---	(1,062,889)	---	(1,062,889)	(1,093,284)
Regional co-ordinators . . . . .	---	---	---	(210,000)	---	(210,000)	(210,000)
Approved programs . . . . .	---	---	---	(1,907,051)	---	(1,907,051)	(2,369,000)
Allocation to Municipal solid waste diversion Payable. . . . .	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(4,650,084)</u>	<u>(4,650,084)</u>	<u>(3,159,641)</u>
<b>Balance, end of year . . . . .</b>	<u><u>\$ 897,138</u></u>	<u><u>\$ 304,186</u></u>	<u><u>\$ 856,107</u></u>	<u><u>\$ 3,413,209</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 5,470,640</u></u>	<u><u>\$ 3,947,772</u></u>

See accompanying notes to the financial statements



**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Cash Flows  
year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents:		
<b>Operating</b>		
Excess of revenues over expenses . . . . .	\$ 9,352,892	\$ 6,067,419
Equity in net (earnings) loss of affiliated company . . . . .	(71,164)	27,378
Depreciation and amortization . . . . .	332,706	365,796
Loss on sale of property and equipment . . . . .	6,636	34,194
	<u>9,621,070</u>	<u>6,494,787</u>
Change in non-cash operating working capital		
Receivables . . . . .	(66,188)	(527,880)
Inventory . . . . .	3,487	(34,420)
Prepays . . . . .	2,033	4,643
Payables and accruals . . . . .	789,884	1,561,119
Unearned revenue . . . . .	480,000	660,200
	<u>10,830,286</u>	<u>8,158,449</u>
<b>Investing</b>		
Proceeds on sale of property and equipment . . . . .	1,750	234,000
Purchase of property and equipment . . . . .	(322,652)	(409,504)
Investment - value added manufacturing . . . . .	21,000	(281,400)
	<u>(299,902)</u>	<u>(456,904)</u>
<b>Allocation of net assets to:</b>		
Municipal solid waste diversion . . . . .	(4,650,084)	(3,159,641)
Approved programs . . . . .	(3,179,940)	(3,672,284)
	<u>(7,830,024)</u>	<u>(6,831,925)</u>
Net increase in cash and cash equivalents . . . . .	2,700,360	869,620
Cash and cash equivalents, beginning of year . . . . .	<u>9,005,783</u>	<u>8,136,163</u>
Cash and cash equivalents, end of year . . . . .	\$ <u>11,706,143</u>	\$ <u>9,005,783</u>

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Notes to the Financial Statements  
March 31, 2000**

**1. Nature of operations**

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste-Resource Management Regulations.

**2. Summary of signification accounting policies**

**Depreciation**

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%	straight-line
Office and warehouse equipment	20%	straight-line
Computer hardware and software	33 1/3%	straight-line
Containers	33 1/3%	straight-line
Vehicles	33 1/3%	straight-line

**Inventory**

Inventory is valued at the lower of cost and net realizable value.

**Unearned revenue**

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

**Organizational costs**

Organizational costs for new programs are amortized on a straight line basis over five years.

**Income taxes**

The company is exempt from income taxes under Section 149(I)(d) of the Canadian Income Tax Act.

**Revenue recognition**

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

**Investment in affiliated company**

The company accounts for its investment in affiliated company using the equity method.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

**Financial instruments**

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, investment in an affiliated company, payables and accruals, and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

**3. Investment in affiliated company**

Resource Recovery Fund Board Inc. has a 51% ownership in Novapet Inc., a company that processes polyethylene terephthalate (PET) plastic beverage bottles into a flake for resale.

Novapet Inc. has not been consolidated in the Resource Recovery Fund Board Inc.'s financial statements. Financial summaries of Novapet Inc. as at March 31, 2000 are as follows:

**Financial Position**

Total assets . . . . .	\$	<u>903,523</u>
Total liabilities . . . . .	\$	474,157
Shareholders' equity . . . . .		<u>429,366</u>
	\$	<u>903,523</u>

**Results of operations**

Total revenues . . . . .	\$	2,708,686
Total costs of goods sold and expenses . . . . .		<u>2,569,149</u>
Net earnings . . . . .	\$	<u>139,537</u>

**Cash Flows**

Cash from operations . . . . .	\$	92,808
Cash used in financing activities . . . . .		(58,402)
Cash used in investing activities . . . . .		<u>(23,608)</u>
Increase in cash and cash equivalents . . . . .	\$	<u>10,798</u>

**4. Property and equipment**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2000 Net Book Value</u>	<u>1999 Net Book Value</u>
Field Equipment . . . . .	169,508	79,596	89,912	48,204
Office and warehouse equipment . . . . .	93,310	55,436	37,874	52,067
Leasehold Improvements . . . . .	9,960	1,244	8,716	
Containers . . . . .	763,626	327,934	435,692	273,104
Computer hardware and software . . . . .	358,802	236,058	122,744	184,669
Vehicles . . . . .	<u>73,842</u>	<u>43,686</u>	<u>30,156</u>	<u>54,770</u>
	<u>\$ 1,469,048</u>	<u>\$ 743,954</u>	<u>\$ 725,094</u>	<u>\$ 612,814</u>

**5. Bank indebtedness**

The company has an operating line of credit of \$2,500,000 all of which is unused at March 31, 2000.

**6. Related party transactions**

During the year, the company had the following transactions with an affiliated company:

- a) Sold polyethylene terephthalate (PET) plastic beverage bottles in the amount of \$580,196 (1999 - \$619,507) to Novapet Inc. Included in trade accounts receivable is \$77,137 (1999 - \$39,330) owing from Novapet Inc. relating to these sales.
- b) During the year the company received dividends in the amount of \$15,285 (1999 - \$9,800) from Novapet Inc., and these have been accounted for as interest and other income. The total amount of these dividends is included in accrued interest receivable.
- c) During the year, Novapet Inc. redeemed \$21,000 of preferred shares owned by the Resource Recovery Fund Board Inc.

**7. Commitments**

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2001	\$	65,240
2002	\$	71,088
2003	\$	71,088
2004	\$	71,088
2005	\$	71,088

**8. Comparative figures**

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

**RESOURCE RECOVERY FUND BOARD INC.**

**Schedule of Central Processing Expenses  
Year Ended March 31**

	<b>2000</b>	<b>1999</b>
Building expenses . . . . .	\$ 49,239	\$ 42,000
Depreciation and amortization . . . . .	95,210	143,444
Equipment lease or rent . . . . .	6,965	1,960
Insurance . . . . .	725	744
Meetings and travel . . . . .	11,735	9,835
Postage and delivery . . . . .	9,072	977
Propane - forklift . . . . .	2,573	1,566
Repairs and maintenance - bulk bags . . . . .	56,904	25,969
Repairs and maintenance - equipment . . . . .	7,093	4,828
Salaries and benefits . . . . .	114,380	108,875
Shipping supplies . . . . .	38,902	21,925
Telecommunications . . . . .	12,419	9,853
Vehicle expense . . . . .	335	6,877
	<u>\$ 405,552</u>	<u>\$ 378,853</u>

**Schedule of Administrative Expenses  
Year Ended March 31**

	<b>2000</b>	<b>1999</b>
Bad debt expense . . . . .	\$ 8,452	\$ 17,217
Bank charges . . . . .	5,759	5,204
Board fees and expenses . . . . .	50,572	24,917
Building expenses . . . . .	72,216	30,267
Computer support . . . . .	32,439	22,686
Depreciation and amortization . . . . .	237,496	222,352
Dues and fees . . . . .	8,179	4,165
Equipment lease or rent . . . . .	4,814	4,713
Meetings and travel . . . . .	61,499	55,725
Office expense . . . . .	6,744	5,353
Postage and delivery . . . . .	14,485	11,590
Printing and stationery . . . . .	7,000	5,962
Professional fees . . . . .	86,926	79,102
Public relations . . . . .	86,173	162,699
Salaries and benefits . . . . .	479,208	473,924
Telecommunications . . . . .	33,153	33,868
Training . . . . .	4,673	8,355
Vehicle expense . . . . .	2,233	8,150
	<u>\$ 1,202,021</u>	<u>\$ 1,176,249</u>

## AUDITORS' REPORT

To the Members of the  
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2000 and the statements of operations, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000, and the results of its operations and the cash flows for the year then ended in accordance with the accounting principles adopted for museum boards in the Province of Nova Scotia.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 2, 2000

**SHERBROOKE RESTORATION COMMISSION**

**Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash . . . . .	\$ 86,008	\$ 62,416
Guaranteed Investment Certificate (Note 3) . . . . .	25,000	---
Accounts receivable . . . . .	34,542	17,824
Inventory (Note 2) . . . . .	103,754	98,407
Prepaid expense . . . . .	2,320	22,315
	<u>251,624</u>	<u>200,962</u>
<b>Capital assets, at cost (Note 2)</b>		
Property, buildings and furnishings . . . . .	4,189,808	4,105,198
	<u>\$ 4,441,432</u>	<u>\$ 4,306,160</u>

**LIABILITIES AND EQUITY**

<b>Current</b>		
Accounts payable . . . . .	<u>39,351</u>	<u>51,661</u>
<b>Equity</b>		
Investment in capital assets . . . . .	4,189,808	4,105,198
Operating fund surplus . . . . .	212,273	149,301
	<u>4,402,081</u>	<u>4,254,499</u>
	<u>\$ 4,441,432</u>	<u>\$ 4,306,160</u>

**Statement of Operations  
Year Ended March 31, 2000**

	<b>2000 Budget</b>	<b>2000 Actual</b>	<b>1999 Actual</b>
<b>Revenue</b>			
Operating grants			
Board of Governors of the Nova Scotia Museum . . . . .	\$ 928,300	\$ 970,404	\$ 928,300
Capital grants			
Department of Transportation and Public Works (Note 4) . . . . .	---	84,907	97,770
Program revenue (Schedule 2) . . . . .	273,600	349,338	334,225
Other			
Gate admissions . . . . .	143,000	152,296	141,264
Interest . . . . .	4,000	14,179	10,790
Miscellaneous . . . . .	8,290	7,650	5,171
	<u>155,290</u>	<u>174,125</u>	<u>157,225</u>
Total revenue . . . . .	<u>1,357,190</u>	<u>1,578,774</u>	<u>1,517,520</u>
<b>Expenditures</b>			
General operating (Schedule 1) . . . . .	609,940	631,497	532,960
Program (Schedule 2) . . . . .	732,385	811,010	766,500
Capital . . . . .	---	73,295	100,793
Total expenditures . . . . .	<u>1,342,325</u>	<u>1,515,802</u>	<u>1,400,253</u>
<b>Net revenue</b> . . . . .	<u>\$ 14,865</u>	<u>\$ 62,972</u>	<u>\$ 117,267</u>

**SHERBROOKE RESTORATION COMMISSION**

**Statement of Fund Balances  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>INVESTMENT IN CAPITAL ASSETS</b>		
<b>Balance, beginning of year</b> .....	\$ <u>4,105,198</u>	\$ <u>4,001,105</u>
Additions		
Furnishings and equipment .....	11,315	3,300
Renovations - Department of Transportation and Public Works .....	<u>73,295</u>	<u>100,793</u>
	<u>84,610</u>	<u>104,093</u>
<b>Balance, end of year</b> .....	\$ <u><u>4,189,808</u></u>	\$ <u><u>4,105,198</u></u>

**OPERATING FUND SURPLUS**

<b>Balance, beginning of year</b> .....	\$ 149,301	\$ 32,034
Net revenue .....	<u>62,972</u>	<u>117,267</u>
<b>Balance, end of year</b> .....	\$ <u><u>212,273</u></u>	\$ <u><u>149,301</u></u>

**Statement of Cash Flows  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net revenue .....	\$ 62,972	\$ 117,267
Add capital expenditures charged to operations .....	<u>84,610</u>	<u>104,093</u>
	147,582	221,360
Changes in non-cash operating capital items (Note 6) . . . .	<u>(14,380)</u>	<u>(336,800)</u>
	<u>133,202</u>	<u>(115,440)</u>
<b>Investing</b>		
Additions to property, buildings and furnishings .....	(84,610)	(104,093)
Investment in guaranteed investment certificate .....	<u>(25,000)</u>	<u>---</u>
	<u>(109,610)</u>	<u>(104,093)</u>
<b>Net cash inflow (outflow)</b> .....	23,592	(219,533)
<b>Cash position , beginning of year</b> .....	<u>62,416</u>	<u>281,949</u>
<b>Cash position , end of year</b> .....	\$ <u><u>86,008</u></u>	\$ <u><u>62,416</u></u>
Represented by:		
Cash .....	\$ <u><u>86,008</u></u>	\$ <u><u>62,416</u></u>



# SHERBROOKE RESTORATION COMMISSION

## Notes to the Financial Statements Year Ended March 31, 2000

### 1. DESCRIPTION OF OPERATIONS

The Commission operates the Sherbrooke Village Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting policies considered appropriate for the museums of Nova Scotia. The more significant of these accounting policies are summarized below:

#### a) Fund Accounting

The assets and liabilities of the Commission are segregated into two funds - Operating and Investment in Property, Buildings and Furnishings. The Operating Fund assets and liabilities are those which are used for the general operations of the Commission. The Investment in Property, Buildings and Furnishings Fund comprises assets of enduring benefit and any related debt.

#### b) Amortization

Amortization is not recorded on the capital assets.

#### c) Capital Assets

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31, 1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

#### d) Inventory

Inventories of finished goods for resale and raw materials are accounted for at the lower of cost and market.

#### e) Cash

Cash consists of amounts held at financial institutions.

### 3. GUARANTEED INVESTMENT CERTIFICATE

During the year, the Sherbrooke Restoration Commission internally restricted \$25,000 for the Sherbrooke Village Development fund. This fund will be for capital items that will fulfil the long-term objectives of the Commission, such as enhancements.

### 4. CAPITAL GRANTS - DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

The Commission receives grants for capital projects from the Nova Scotia Department of Transportation and Public Works. The portion of these grants relating to reimbursement for Workers' Compensation is applied directly to reduce the Workers' Compensation expense, rather than to revenue.

**5. PENSION PLAN**

The Commission has a defined benefit pension plan which covers all employees. The plan is contributory and provides retirement benefits based on length of service and average earnings as defined. The last actuarial valuation was carried out in 1998, and covered the financial position of the plan as at December 31, 1997. At that time, the assets of the plan amounted to \$657,922 and the liabilities amounted to \$528,205, with the result that the plan had a surplus of \$129,717 at that date.

**6. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<b>2000</b>	<b>1999</b>
Accounts receivable . . . . .	\$ (16,718)	\$ 8,613
Investment . . . . .	(5,347)	---
Inventory . . . . .	---	16,101
Prepaid expenses . . . . .	19,995	(3,485)
Accounts payable . . . . .	(12,310)	21,971
Deferred revenue . . . . .	---	(380,000)
	<u>\$ (14,380)</u>	<u>\$ (336,800)</u>

**SHERBROOKE RESTORATION COMMISSION**

**Schedule 1**

**Schedule of General Operating Expenditures  
Year Ended March 31, 2000**

	<b>2000 Budget</b>		<b>2000 Actual</b>		<b>1999 Actual</b>
Advertising and brochures . . . . .	\$ 22,000	\$	20,765	\$	15,542
Bad debts . . . . .	---		---		1,710
Freight . . . . .	2,000		2,200		2,401
Heat, light and power . . . . .	59,000		58,404		51,591
Insurance and taxes . . . . .	3,800		5,523		2,919
Interest and bank charges . . . . .	2,600		2,488		2,885
Maintenance supplies . . . . .	15,000		20,856		15,546
Miscellaneous . . . . .	8,700		7,596		4,365
Motor vehicles . . . . .	3,000		3,934		5,598
Office supplies and postage . . . . .	8,000		18,943		13,034
Sewer and water . . . . .	40,000		35,257		35,894
Professional fees . . . . .	6,000		7,537		4,500
Property maintenance and security salaries . . . . .	99,790		103,717		99,264
Pension plan and other benefits . . . . .	65,000		56,728		27,161
Salaries and wages - Administration . . . . .	210,050		228,197		200,507
Staff and Commission training . . . . .	25,000		9,796		9,487
Special projects wages . . . . .	(4,000)		194		603
Telephone . . . . .	14,000		16,728		15,415
Travel . . . . .	10,000		11,114		10,319
Workers' compensation . . . . .	20,000		21,520		14,219
	\$ <u>609,940</u>	\$	\$ <u>631,497</u>	\$	\$ <u>532,960</u>

**Schedule 2**

**Schedule of Program Revenue and Expenditures  
Year Ended March 31, 2000**

	<b>2000 Budget</b>		<b>2000 Net Expenditures</b>		<b>1999 Net Expenditures</b>
Blacksmith shop . . . . .	\$ 13,405	\$	11,903	\$	9,817
Boat shop . . . . .	10,655		---		---
Costume shop . . . . .	25,130		30,768		23,643
Craft shop . . . . .	26,195		35,578		29,757
Emporium (Schedule 3) . . . . .	(25,500)		(29,793)		5,024
Exhibit operations . . . . .	22,620		3,301		1,533
Jordan barn . . . . .	34,135		46,202		43,984
Pottery shop . . . . .	27,700		31,244		28,124
Restaurant . . . . .	(1,500)		11,349		(334)
Print shop . . . . .	1,000		302		(21)
Sawmill operations . . . . .	19,530		26,355		28,950
Ambrotype Studio . . . . .	11,560		5,718		9,902
Turner shop . . . . .	26,190		19,054		20,169
Woodworking shop . . . . .	19,290		24,713		30,060
Education program . . . . .	(11,000)		(28,377)		(21,769)
Guides . . . . .	246,265		269,700		221,173
Riverfront project . . . . .	10,000		4		1,652
Theatre program . . . . .	3,110		3,651		611
	\$ <u>458,785</u>	\$	\$ <u>461,672</u>	\$	\$ <u>432,275</u>
Program expenditures . . . . .	\$ 732,385	\$	811,010	\$	766,500
Less: Program revenue . . . . .	273,600		349,338		334,225
Net expenditures . . . . .	\$ <u>458,785</u>	\$	\$ <u>461,672</u>	\$	\$ <u>432,275</u>

**SHERBROOKE RESTORATION COMMISSION**

**Schedule 3**

**Schedule of Retail Operations  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Sales .....	\$ <u>170,597</u>	\$ <u>162,286</u>
 Cost of goods sold		
Merchandise inventory, opening .....	26,427	50,903
Purchases .....	<u>111,119</u>	<u>94,854</u>
 Merchandise available for sale .....	137,546	145,757
Less: Merchandise inventory, ending .....	<u>33,586</u>	<u>26,427</u>
Cost of goods sold. ....	<u>103,960</u>	<u>119,330</u>
 Gross profit on sales. ....	<u>66,637</u>	<u>42,956</u>
 Expenses		
Salaries and wages. ....	30,027	42,496
General expense. ....	<u>6,817</u>	<u>5,484</u>
	<u>36,844</u>	<u>47,980</u>
 <b>Net retail income (loss)</b>	\$ <u><u>29,793</u></u>	\$ <u><u>(5,024)</u></u>

## AUDITORS' REPORT

To the Chairperson and Members  
of the Southwest Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Southwest Regional School Board as at March 31, 2000, and the statements of operations for the year then ended. These financial statements are the responsibility of the Southwest Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Southwest Regional School Board as at March 31, 2000, and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

GRANT THORNTON LLP  
Registered Municipal Auditors

Bridgewater, Nova Scotia  
June 2, 2000

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current		
Receivables (Note 2) . . . . .	\$ 4,789,114	\$ 5,696,428
Inventory . . . . .	404,775	432,118
Prepaid expenses . . . . .	80,632	459,905
	<u>5,274,521</u>	<u>6,588,451</u>
Restricted cash . . . . .	61,283	226,585
Restricted investments . . . . .	100,916	96,652
	<u>162,199</u>	<u>323,237</u>
Fixed assets, at cost		
Land, buildings and improvements (Note 3) . . . . .	54,652,477	50,837,800
New Germany High Upgrade Project . . . . .	250,000	250,000
Digby Energy Project . . . . .	250,000	250,000
Equipment and furnishings . . . . .	17,429,486	17,067,833
School buses and other vehicles . . . . .	10,955,583	10,656,175
	<u>83,537,546</u>	<u>79,061,808</u>
	<u>\$ 88,974,266</u>	<u>\$ 85,973,496</u>

**LIABILITIES**

Current		
Bank overdraft . . . . .	\$ 1,567,143	\$ 3,813,994
Payables and accruals		
Trade . . . . .	1,640,590	1,629,476
Payroll and employee deductions . . . . .	192,662	318,440
C.S.A.P. . . . .	798,045	452,241
Deferred revenue . . . . .	352,904	219,841
Current portion of Province of Nova Scotia (Note 4) . . . . .	---	135,644
Current portion of Municipal Finance (Note 4) . . . . .	---	50,000
	<u>4,551,344</u>	<u>6,619,636</u>
Long term		
Commitment to Early Retirement Program (Note 7) . . . . .	22,225,143	22,225,143
Long term Province of Nova Scotia (Note 4) . . . . .	---	282,197
Municipal Finance Corporation (Note 4) . . . . .	---	150,000
	<u>22,225,143</u>	<u>22,657,340</u>
<b>Equity</b>		
Reserves . . . . .	662,199	323,237
Surplus (deficit) . . . . .	223,177	(63,382)
Investment in Early Retirement Program (Note 7) . . . . .	(22,225,143)	(22,225,143)
Investment in capital assets . . . . .	83,537,546	78,661,808
	<u>62,197,779</u>	<u>56,696,520</u>
	<u>\$ 88,974,266</u>	<u>\$ 85,973,496</u>
Commitments (Note 5)		
Contingencies (Note 8)		
Uncertainty (Note 9)		

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
Current		
Receivables (Note 2) . . . . .	\$ 4,789,114	\$ 5,696,428
Inventory . . . . .	404,775	432,118
Prepaid expenses . . . . .	<u>80,632</u>	<u>459,905</u>
	\$ <u>5,274,521</u>	\$ <u>6,588,451</u>

**LIABILITIES**

Current		
Bank overdraft . . . . .	\$ 1,567,143	\$ 3,813,994
Payables and accruals		
Trade . . . . .	1,640,590	1,629,476
Payroll and employee benefits . . . . .	192,662	318,440
C.S.A.P. . . . .	798,045	452,241
Deferred revenue . . . . .	352,904	219,841
Current portion of Province of Nova Scotia (Note 4) . . . . .	<u>---</u>	<u>85,644</u>
	<u>4,551,344</u>	<u>6,519,636</u>
Long term debt		
Commitment to Early Retirement Program (Note 7) . . . . .	22,225,143	22,225,143
Province of Nova Scotia (Note 4) . . . . .	<u>---</u>	<u>132,197</u>
	<u>22,225,143</u>	<u>22,357,340</u>
Due to Reserve Fund . . . . .	<u>500,000</u>	<u>---</u>

**EQUITY**

Investment in Early Retirement Program (Note 7) . . . . .	(22,225,143)	(22,225,143)
Surplus (deficit) . . . . .	<u>223,177</u>	<u>(63,382)</u>
	<u>(22,001,966)</u>	<u>(22,288,525)</u>
	\$ <u>5,274,521</u>	\$ <u>6,588,451</u>

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year Ended March 31, 2000**

	<b>Budget</b>	<u><b>2000</b></u> <b>Actual</b>	<u><b>1999</b></u> <b>Actual</b>
<b>Revenue</b>			
Province of Nova Scotia . . . . .	\$ 72,787,200	\$ 76,903,881	\$ 72,834,161
Government of Canada . . . . .	1,089,417	1,050,594	1,271,530
Appropriations from Councils . . . . .	18,120,500	18,120,546	17,816,948
Board Operations . . . . .	590,012	748,011	738,587
Transfer from Reserves . . . . .	207,704	251,642	18,125
	<u>92,794,833</u>	<u>97,074,674</u>	<u>92,679,351</u>
 <b>Expenditures</b>			
Regional Board Management . . . . .	2,861,843	2,887,730	2,609,528
School Administration and Instruction . . . . .	63,012,584	63,045,525	60,794,636
Special Education . . . . .	9,286,839	9,258,960	7,373,136
Adult Education . . . . .	480,500	535,570	400,668
Summer School . . . . .	30,000	28,191	29,873
Driver Education . . . . .	---	---	31,088
Federal programs . . . . .	---	---	833,778
Cafeteria . . . . .	---	---	50,793
Property Service . . . . .	8,679,959	8,931,616	8,486,818
Student Transportation . . . . .	6,421,844	6,793,634	6,161,152
Operating Capital . . . . .	1,793,789	4,860,634	3,540,540
Prior Years' Deficit . . . . .	227,475	227,478	2,509,175
	<u>92,794,833</u>	<u>96,569,338</u>	<u>92,821,185</u>
 Excess of expenditures over revenue . . . . .	 ---	 505,336	 (141,834)
Transfer to Reserve - Future Operations . . . . .	<u>---</u>	<u>(500,000)</u>	<u>---</u>
 Excess of expenditures over revenue after transfer to reserves . . . . .	 <u>---</u>	 <u>5,336</u>	 <u>(141,834)</u>

See accompanying notes to the financial statements



**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Continuity of Surplus  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Deficit, beginning of year . . . . .	\$ (63,382)	\$ (2,705,415)
Transfer from current operations . . . . .	141,834	2,495,103
Reduction of 1997 deficit of \$506,605		
Province of Nova Scotia - Reduction . . . . .	132,197	274,692
Deficit repayment . . . . .	<u>85,644</u>	<u>14,072</u>
	296,293	78,452
Transfer to current operaitons. . . . .	(78,452)	---
Excess expenditures over revenue. . . . .	<u>5,336</u>	<u>(141,834)</u>
Surplus (deficit), end of year. . . . .	<u>\$ 223,177</u>	<u>\$ (63,382)</u>

**Capital Fund Balance Sheet  
March 31, 2000**

**ASSETS**

Fixed assets, at cost		
Land, buildings and improvements (Note 3) . . . . .	\$ 54,652,477	\$ 50,837,800
New Germany High - upgrade project . . . . .	250,000	250,000
Digby emergency system upgrade. . . . .	250,000	250,000
Equipment and furnishings . . . . .	17,429,486	17,067,833
School buses and other vehicles . . . . .	<u>10,955,583</u>	<u>10,656,175</u>
	<u>\$ 83,537,546</u>	<u>\$ 79,061,808</u>

**LIABILITIES**

Current		
Long term debt . . . . .	\$ ---	\$ <u>100,000</u>
Long term		
Municipal Finance Corporation (Note 4). . . . .	---	150,000
Province of Nova Scotia (Note 4) . . . . .	<u>---</u>	<u>150,000</u>
	<u>---</u>	<u>300,000</u>

**EQUITY**

Investment in capital assets . . . . .	<u>83,537,546</u>	<u>78,661,808</u>
	<u>\$ 83,537,546</u>	<u>\$ 79,061,808</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Continuity of Investment in Capital Assets  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 78,661,808	\$ 76,465,019
Capital purchases		
Land, building and improvements . . . . .	3,814,677	2,608,289
New Germany High Upgrade . . . . .	200,000	50,000
Digby High Energy Management System . . . . .	200,000	50,000
Equipment and furnishings . . . . .	361,653	603,674
	<u>4,576,330</u>	<u>3,311,963</u>
School bus/motor vehicle dispositions . . . . .	(670,987)	(1,962,029)
School buses . . . . .	970,395	846,855
	<u>970,395</u>	<u>846,855</u>
Balance, end of year . . . . .	\$ <u>83,537,546</u>	\$ <u>78,661,808</u>

**Reserve Fund Balance Sheet  
March 31, 2000**

**ASSETS**

Restricted cash . . . . .	\$ 61,283	\$ 226,585
Restricted investments . . . . .	100,916	96,652
Due from operating fund . . . . .	500,000	---
	<u>\$ 662,199</u>	<u>\$ 323,237</u>

**EQUITY**

Reserve for future operations . . . . .	\$ 500,000	\$ ---
Reserve for future projects . . . . .	4,850	4,628
Reserve for retirement awards . . . . .	108,866	103,885
Reserve for libraries . . . . .	---	7,730
Reserve for equipment . . . . .	17,826	17,010
Reserve for school bus replacement . . . . .	---	34,458
Reserve for capital projects . . . . .	30,657	155,526
	<u>\$ 662,199</u>	<u>\$ 323,237</u>

**Statement of Continuity of Reserves  
March 31, 2000**

	Balance Beginning of Year	Transfer To Operating Fund	Interest Revenue	Balance End of Year
Future operations . . . . .	\$ ---	\$ 500,000	\$ ---	\$ 500,000
Future projects - investment increase . . . . .	4,628	---	222	4,850
Retirement awards . . . . .	103,885	---	4,981	108,866
Library upgrade . . . . .	7,730	(7,990)	260	---
Technology and equipment . . . . .	17,010	---	816	17,826
School bus replacement . . . . .	34,458	(35,948)	1,490	---
Future capital - air handling project . . . . .	15,265	(15,643)	378	---
Future capital projects . . . . .	140,261	(113,609)	4,005	30,657
	<u>\$ 323,237</u>	<u>\$ 326,810</u>	<u>\$ 12,152</u>	<u>\$ 662,199</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Revenues  
Year Ended March 31, 2000**

	<u>Budget</u>	<u>2000 Actual</u>	<u>1999 Actual</u>
<b>Province of Nova Scotia</b>			
General Formula . . . . .	\$ 65,545,800	\$ 65,723,586	\$ 55,883,712
General Formula - other . . . . .	---	500,000	---
Grants - Junior High Computer Networks . . . . .	177,300	220,000	130,000
Transportation . . . . .	---	---	6,273,000
Special education . . . . .	4,941,000	4,941,000	4,704,587
Learning disability grant . . . . .	155,800	188,787	143,250
Special education - transition homes . . . . .	---	---	6,700
Textbook credit . . . . .	787,200	787,200	787,184
Bus purchase . . . . .	814,800	814,800	814,800
Emergency capital . . . . .	---	3,051,540	1,903,502
Other:			
Wage recovery . . . . .	---	279,091	---
APEF - Learning Resources . . . . .	118,200	118,200	---
APEF - Provincial Development . . . . .	118,200	118,200	---
Infrastructure . . . . .	---	---	287,162
School initiative - 3P schools . . . . .	50,000	50,000	75,000
Professional development - special education . . . . .	29,300	---	50,638
Level 5 treatment facility . . . . .	28,600	59,620	28,422
Provincial gas tax rebate . . . . .	7,000	14,401	7,670
Prior years' deficit - funding . . . . .	---	---	1,470,000
French monitor program . . . . .	14,000	26,733	32,534
Environmental . . . . .	---	---	236,000
Technologist Grant - Meadowfields . . . . .	---	10,393	---
SAC - Inservice Grant . . . . .	---	330	---
	<u>\$ 72,787,200</u>	<u>\$ 76,903,881</u>	<u>\$ 72,834,161</u>
<b>Government of Canada</b>			
Dept. of Indian/Northern Development . . . . .	\$ 269,800	\$ 262,718	\$ 289,008
Employment and Immigration . . . . .	19,038	29,499	57,230
French formula grant . . . . .	60,000	58,875	88,564
French special projects . . . . .	275,000	292,389	259,226
Co-op education . . . . .	---	---	1,248
School to work transition program . . . . .	---	---	70,000
IEI Technology project . . . . .	465,579	407,113	506,254
	<u>\$ 1,089,417</u>	<u>\$ 1,050,594</u>	<u>\$ 1,271,530</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Revenues (continued)  
Year Ended March 31, 2000**

	<u>Budget</u>	<u>2000 Actual</u>	<u>1999 Actual</u>
<b>Appropriations from Councils</b>			
Town of Bridgewater . . . . .	\$ 1,483,960	\$ 1,483,960	\$ 1,487,900
Town of Lunenburg . . . . .	423,399	423,399	415,342
Town of Mahone Bay . . . . .	186,891	186,891	177,991
Municipality of Chester . . . . .	2,091,730	2,091,730	2,054,132
Municipality of Lunenburg . . . . .	3,853,626	3,853,626	3,753,022
Region of Queens Municipality . . . . .	2,289,348	2,289,348	2,248,772
Municipality of Barrington . . . . .	901,107	901,107	875,702
Town of Clark's Harbour . . . . .	114,097	114,097	114,706
Town of Shelburne . . . . .	248,173	248,173	248,209
Municipality of Shelburne . . . . .	696,187	696,187	673,710
Town of Lockeport . . . . .	79,582	79,582	76,838
Town of Yarmouth . . . . .	1,141,879	1,141,879	1,149,164
Municipality of Yarmouth . . . . .	1,296,164	1,296,164	1,261,867
Municipality of Digby . . . . .	819,119	819,119	799,302
Town of Digby . . . . .	284,501	284,502	303,734
Municipality of Clare . . . . .	1,140,711	1,140,756	1,129,178
Municipality of Argyle . . . . .	1,070,026	1,070,026	1,047,379
	<u>\$ 18,120,500</u>	<u>\$ 18,120,546</u>	<u>\$ 17,816,948</u>
<b>Board Operations</b>			
Investment income . . . . .	\$ 50,000	\$ 73,062	\$ 213,088
Cafeteria . . . . .	---	---	34,516
Adult education fees . . . . .	100,100	83,532	109,819
Nursery school fees . . . . .	73,000	93,762	72,082
Summer school fees . . . . .	30,000	28,395	31,378
Driver education fees . . . . .	---	---	31,658
Other fees/revenues			
Rental of buses . . . . .	70,000	144,795	72,333
Vandalism reimbursement . . . . .	4,000	614	5,312
Insurance claims . . . . .	---	---	14,555
International student program . . . . .	200,000	257,271	102,584
School programming-various grants . . . . .	51,912	45,781	29,246
Miscellaneous . . . . .	---	9,124	---
Total other fees/revenues . . . . .	<u>325,912</u>	<u>457,585</u>	<u>224,030</u>
Facilities rental . . . . .	10,000	6,880	9,884
Sale of assets . . . . .	<u>1,000</u>	<u>4,795</u>	<u>12,132</u>
	<u>\$ 590,012</u>	<u>\$ 748,011</u>	<u>\$ 738,587</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures  
Year Ended March 31, 2000**

	<u>Budget</u>	<u>2000 Actual</u>	<u>1999 Actual</u>
<b>Regional Board Management</b>			
Salaries, wages and honoraria: administration . . . . \$	502,683	\$ 508,895	\$ 512,208
Salaries, wages and honoraria: board members. . . .	135,000	134,709	134,831
Salaries, wages and honoraria: clerical. . . . .	642,504	650,074	550,584
Salaries, wages and honoraria: other. . . . .	135,829	126,847	106,743
Employer benefits: statutory benefits . . . . .	86,622	84,657	81,303
Employer benefits: group insurance/pension . . . .	65,000	79,551	61,500
Employer benefits: professional development . . . . .	27,500	11,509	288
Supplies and materials. . . . .	235,195	238,939	180,896
In-service training. . . . .	3,000	2,069	---
Travel and conference: other staff			
travel/conference. . . . .	85,900	91,318	92,840
Travel and conference: board members			
travel/conference. . . . .	85,300	86,515	86,814
Liability insurance . . . . .	120,000	140,127	125,589
Professional services: audit. . . . .	19,000	20,352	13,172
Professional services: legal. . . . .	120,000	141,057	129,752
Contracts: administrative services. . . . .	---	---	---
Contracts: bank charges. . . . .	1,500	---	958
Board office: rental. . . . .	54,000	54,984	53,967
Occupational health. . . . .	8,610	10,881	10,387
Board office: telephone. . . . .	110,600	105,148	129,196
Board office: utilities. . . . .	20,500	27,285	26,049
Dues/fees . . . . .	90,650	87,958	86,370
School board elections. . . . .	18,000	17,745	272
Computer services/equipment/data communication.	129,500	123,776	93,633
Other:			
Debt service. . . . .	22,750	22,749	16,371
Advertising. . . . .	56,600	48,668	62,772
Insurance claim - Barrington High. . . . .	---	---	13,461
Board office: maintenance. . . . .	30,600	22,697	19,523
Overdraft interest. . . . .	35,000	33,500	20,049
Compensation study. . . . .	20,000	15,720	---
	<u>\$ 2,861,843</u>	<u>\$ 2,887,730</u>	<u>\$ 2,609,528</u>

See accompanying notes to financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2000**

		<b>2000</b>	<b>1999</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>School Administration and Instruction</b>			
Salaries and wages: administration. . . . .	\$ 4,695,129	\$ 4,727,930	\$ 4,452,899
Salaries and wages: instruction. . . . .	44,691,406	44,591,828	43,593,454
Salaries and wages: substitutes. . . . .	1,550,000	1,460,511	1,573,063
Salaries and wages: sabbatical. . . . .	414,948	427,284	180,595
Salaries and wages: support services. . . . .	515,421	553,652	295,499
Salaries and wages: library. . . . .	457,541	448,914	454,425
Salaries and wages: guidance . . . . .	1,001,172	1,010,522	947,787
Salaries and wages: student assistants/tutors. . . . .	25,000	12,865	29,725
Salaries and wages: clerical. . . . .	1,412,331	1,456,373	1,381,785
Salaries and wages: lunch and bus. . . . .	400,000	389,119	434,238
Salaries and wages: other. . . . .	---	67,864	5,731
Employer benefits: statutory benefits . . . . .	2,909,733	2,911,917	2,854,623
Employer benefits: service awards . . . . .	70,000	81,434	172,809
Employer benefits: group insurance/pension . . . . .	300,000	275,998	565,646
Employer benefits: professional development . . . . .	195,770	190,781	46,774
School admin. and instruction - supplies			
Administration. . . . .	---	92,355	116,714
Instruction and curriculum. . . . .	1,070,250	511,312	412,065
Copies/copier leases . . . . .	---	370,969	379,488
Postage . . . . .	---	19,519	18,724
Books - instruction. . . . .	---	37,692	50,861
Furniture and equipment . . . . .	---	99,731	101,043
APEF - Learning Resources - supplies . . . . .	118,200	118,200	---
SAC Allocation. . . . .	19,331	19,352	1,274
Junior High Network. . . . .	177,300	220,000	129,373
Total school admin and instruction - supplies . . . . .	<u>1,385,081</u>	<u>1,489,130</u>	<u>1,209,542</u>
Supplies and materials: guidance. . . . .	---	1,047	816
Supplies and materials: library. . . . .	146,321	129,537	123,446
Supplies and materials: textbook credit allocation. . . . .	787,184	787,200	787,184
Supplies and materials: other supplies. . . . .	190,412	180,880	146,410
In-service training . . . . .	167,000	136,220	124,292
Travel: circuit/resource. . . . .	40,000	73,404	42,752
Travel: other staff travel/conference . . . . .	216,900	184,660	189,699
Telephone/fax/data communication. . . . .	221,000	301,163	222,943
Computer services. . . . .	178,300	171,536	73,736
Other:			
CSAP - purchase of services. . . . .	405,076	345,804	299,241
Extracurricular - board paid/supplies . . . . .	20,000	2,500	14,505
Needs Assessment. . . . .	20,000	38,518	---
International Student Program . . . . .	130,000	189,821	59,500
IEI Technology Program. . . . .	465,759	407,113	506,254
Other expenses . . . . .	1,100	---	5,263
	<u>\$ 63,012,584</u>	<u>\$ 63,045,525</u>	<u>\$ 60,794,636</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2000**

	Budget	2000 Actual	1999 Actual
<b>Special Education</b>			
Salaries and wages: administration . . . . .	\$ 61,344	\$ 61,649	\$ 58,511
Salaries and wages: instruction . . . . .	4,183,152	4,200,052	2,875,653
Salaries and wages: substitutes . . . . .	---	---	3,308
Salaries and wages: support services . . . . .	794,696	801,372	751,826
Salaries and wages: student assistants . . . . .	3,358,304	3,327,838	3,001,842
Salaries and wages: clerical . . . . .	23,801	23,721	23,567
Salaries and wages: other . . . . .	---	---	829
Benefits: statutory benefits . . . . .	563,027	544,008	404,120
Benefits: group insurance/pension . . . . .	120,000	115,135	107,938
Benefits: professional development . . . . .	15,000	15,230	---
Supplies and materials . . . . .	34,730	25,309	21,515
In-service training . . . . .	35,000	35,303	6,269
Travel: circuit/resource . . . . .	44,000	55,616	48,701
Travel: other travel/conference . . . . .	39,885	39,066	39,786
Telephone/fax/data comm. . . . .	11,400	13,927	15,950
Computer services . . . . .	---	---	13,321
Other . . . . .	2,500	734	---
	\$ 9,286,839	\$ 9,258,960	\$ 7,373,136
<b>Adult Education</b>			
Salaries and wages: administration . . . . .	\$ 124,000	\$ 119,313	\$ 70,426
Salaries and wages: instruction . . . . .	185,000	214,424	---
Salaries and wages: support services . . . . .	50,000	49,690	200,178
Salaries and wages: clerical . . . . .	12,000	26,487	11,368
Salaries and wages: other . . . . .	---	---	25,908
Benefits: statutory benefits . . . . .	36,000	32,933	24,595
Benefits: group insurance/pension . . . . .	---	9,726	2,993
Supplies and materials . . . . .	36,300	37,789	33,285
In-service training . . . . .	1,000	---	971
Travel: other travel/conference . . . . .	5,200	4,128	4,159
Building rental - nursery . . . . .	---	11,000	---
Telephone/fax/data comm. . . . .	6,000	13,920	5,731
Other . . . . .	25,000	16,160	21,054
	\$ 480,500	\$ 535,570	\$ 400,668
<b>Summer School</b>			
Salaries and wages: instruction . . . . .	\$ 13,700	\$ 12,000	\$ 13,695
Salaries and wages: other . . . . .	11,300	10,750	11,550
Benefits: statutory benefits . . . . .	1,000	735	575
Supplies and materials . . . . .	4,000	4,706	4,053
	\$ 30,000	\$ 28,191	\$ 29,873
<b>Driver Education</b>			
Salaries and wages: instruction . . . . .	\$ ---	\$ ---	\$ 31,088

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2000**

	<b>2000</b>		1999
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Federal Programs</b>			
Stay-in-school . . . . .	\$ ---	\$ ---	\$ 71
Reading recovery . . . . .	---	---	777,240
School to work transition program . . . . .	---	---	56,467
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 833,778</u>
<b>Cafeteria</b>			
Salaries and wages: other . . . . .	\$ ---	\$ ---	\$ 33,055
Benefits: statutory benefits . . . . .	---	---	1,548
Supplies and materials: other . . . . .	---	---	1,488
Contracted services . . . . .	---	---	3,944
Utilities . . . . .	---	---	4,278
Other . . . . .	---	---	6,480
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 50,793</u>
<b>Property Services</b>			
Salaries and wages: supervisory . . . . .	\$ 196,474	\$ 195,308	\$ 257,147
Salaries and wages: maintenance . . . . .	383,947	375,357	354,862
Salaries and wages: custodial . . . . .	3,244,904	3,251,748	3,170,220
Salaries and wages: P-3 recovery . . . . .	---	(75,228)	---
Salaries and wages: clerical . . . . .	51,569	49,781	35,333
Salaries and wages: other . . . . .	85,800	69,924	52,479
Benefits: statutory benefits . . . . .	320,415	329,575	332,736
Benefits: service awards . . . . .	---	---	45,356
Benefits: group insurance/pension . . . . .	200,000	199,075	153,549
Benefits: other benefits . . . . .	1,000	2,641	691
Supplies and materials: maintenance . . . . .	566,500	528,902	521,946
Supplies and materials: custodial . . . . .	300,000	279,230	334,698
Supplies and materials: other . . . . .	67,600	62,511	43,322
Insurance . . . . .	200,000	207,256	215,564
<b>Utilities</b>			
Electricity . . . . .	1,400,000	1,379,697	1,368,436
Heat-fuel oil . . . . .	665,000	727,078	619,623
Sewer/water/fire . . . . .	188,700	203,694	162,967
	<u>2,253,700</u>	<u>2,310,469</u>	<u>2,151,026</u>
In-service training . . . . .	7,000	5,856	5,578
Travel/conference . . . . .	40,000	41,431	46,263
Rental of facilities . . . . .	85,250	81,296	81,342
Contracted services: maintenance . . . . .	444,000	558,873	419,671
<b>Contracted services: custodial</b>			
Snow removal . . . . .	85,000	134,367	94,174
Garbage removal . . . . .	90,000	112,003	102,203
Other contracted services: custodial . . . . .	7,500	7,544	5,115
	<u>182,500</u>	<u>253,914</u>	<u>201,492</u>

See accompanying notes to the financial statements.



**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2000**

	Budget	2000 Actual	1999 Actual
Telephone/fax . . . . .	29,300	35,110	30,239
Computer services. . . . .	5,000	---	13,759
Equipment repairs. . . . .	10,000	10,656	5,124
P-3 maintenance charges. . . . .	---	152,384	---
Architectural fees . . . . .	5,000	5,547	14,421
	<u>\$ 8,679,959</u>	<u>\$ 8,931,616</u>	<u>\$ 8,486,818</u>
 <b>Pupil Transportation</b>			
Salaries and wages: supervisory . . . . .	\$ 144,116	\$ 141,574	\$ 235,818
Salaries and wages: drivers . . . . .	3,364,244	3,404,371	3,354,458
Salaries and wages: mechanics and helpers. . . . .	495,614	480,444	494,021
Salaries and wages: clerical. . . . .	70,500	71,545	43,169
Benefits: statutory benefits. . . . .	323,932	359,794	324,841
Benefits: service awards . . . . .	19,488	19,488	---
Benefits: group insurance/pension . . . . .	275,000	238,984	182,090
Benefits: other benefits . . . . .	13,000	13,617	715
Supplies and materials . . . . .	80,600	75,878	111,982
Vehicle operating expenses: gas/oil/grease . . . . .	525,800	512,568	501,347
Vehicle operating expenses: tires/tubes . . . . .	100,000	109,223	104,400
Vehicle operating expenses: registration and license . . . . .	102,000	101,177	92,637
Vehicle operating expenses: insurance . . . . .	65,000	62,066	61,163
Vehicle operating expenses: repairs/maintenance . . . . .	436,000	763,642	354,068
Garage expenses: repairs/maintenance. . . . .	33,000	60,248	32,697
Garage expenses: utilities . . . . .	52,600	53,108	52,629
In-service training. . . . .	15,000	18,075	8,852
Travel/conference. . . . .	29,000	43,761	28,368
Extra-curricular travel . . . . .	64,000	113,874	3,977
Contract conveyance . . . . .	95,000	64,720	104,922
Telephone/fax . . . . .	38,950	39,358	49,399
Computer services. . . . .	40,000	12,838	4,706
Bus site maintenance . . . . .	6,000	6,309	7,429
Equipment repairs . . . . .	33,000	26,972	7,464
	<u>\$ 6,421,844</u>	<u>\$ 6,793,634</u>	<u>\$ 6,161,152</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2000**

	Budget	2000 Actual	1999 Actual
Emergency capital. . . . .	\$ ---	\$ 3,051,540	\$ 1,903,503
Repairs and renovations: other programs . . . . .	---	4,557	---
Repairs and renovations: property service . . . . .	511,000	504,891	690,182
Furniture and equipment: school administration and instruction. . . . .	137,000	99,998	---
Furniture and equipment: property service . . . . .	129,252	129,252	---
Vehicles: transportation - buses. . . . .	828,537	891,483	846,855
Vehicles: transportation - property service. . . . .	88,000	78,913	---
Capital debt service . . . . .	100,000	100,000	100,000
	\$ 1,793,789	\$ 4,860,634	\$ 3,540,540

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Notes to the Financial Statements  
March 31, 2000**

**1. Accounting principles**

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

**Inventories**

Garage parts inventory is recorded at cost. All other supplies and purchases are expensed.

**Financial statement presentation**

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

**Expenditure recognition**

Expenditures other than salaries are recorded on an accrual basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

**Capital equipment and school buses**

Fixed assets are recorded at cost. Assets received from the various boards as at January 1, 1982, under the agreement creating the Southwest Regional School Board, are treated as additions to investments in fixed assets. The Board does not record depreciation on its fixed assets.

**2. Receivables**

	2000	1999
Government of Canada . . . . .	\$ 843,847	\$ 1,379,869
Province of Nova Scotia . . . . .	2,233,029	2,829,823
NSSRA - NSTU Salcon Insurance (Note 8) . . . . .	250,000	250,000
Municipalities . . . . .	---	87,282
Band Councils . . . . .	421,629	368,182
C.S.A.P. . . . .	67,788	67,788
Other . . . . .	972,821	713,484
	<u>\$ 4,789,114</u>	<u>\$ 5,696,428</u>

**3. Land, buildings and improvements**

Prior to the formation of the Southwest Regional School Board, certain municipal units had joined to form District School Boards. Under various agreements, land and school buildings on hand remained assets of the appropriate municipal units but were under the operational control of the District School Boards until such time as the Board no longer required the assets for school purposes. At that time, control reverted back to the appropriate municipality. These agreements will now remain in force with the Southwest Regional School Board.

The Southwest Regional School Board has a vested interest in capital improvements to school buildings. Under the Education Act, should a municipal unit sell a building returned to it by the Board under the circumstances noted above, a portion of the proceeds will be payable to the Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds will similarly be payable to the Board.

**4. Long term debt**

	2000	1999
<b>Operating</b>		
0% bridge financing, Province of Nova Scotia. Interest free for duration of loan's three year period . . . . .	\$ ---	\$ 492,533
Less: portion paid by Province of Nova Scotia . . . . .	---	<u>274,692</u>
	---	217,841
Less: current portion. . . . .	---	<u>85,644</u>
	<u>\$ ---</u>	<u>\$ 132,197</u>
<b>Capital</b>		
6.5% loan Province of Nova Scotia Maintenance Stabilization Fund, maturing in 2003. Repayable in semi-annual payments of \$25,000 plus interest . . . . .	\$ ---	\$ 200,000
4.5% - 6.5% Nova Scotia Municipal Finance Corporation debenture, maturing in 2003. Repayable in annual instalments of \$50,000 principal plus interest . . . . .	---	<u>200,000</u>
	---	400,000
Less: current portion. . . . .	---	<u>100,000</u>
	<u>\$ ---</u>	<u>\$ 300,000</u>

**5. Commitments**

**Service awards**

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teacher's Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

- Digby District - \$80 per year of service
- Queens District - 0.45 of one percent of a TC5 - MAX per year of service
- Shelburne District - \$90 per year of service
- Yarmouth District - 0.75 of one percent of annual salary per year of service
- Lunenburg District - \$200 per year of service
- Clare/Argyl District - 0.60 of one percent of annual salary per year of service

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and Southwest Regional School Board the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The amount of \$81,434 recorded as a service award expense represents the cash payment to teachers who retired in the fiscal year 1999/2000 and under the Early Retirement Program. Appropriations are not made for the cost of service award credits earned in the current year by teachers who have not yet retired. Any future liability is completely unfunded.

### **P-3 Operating Expenses**

The Board is planning to open a new school for the 99/00 school year. This school is being built under a Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are to be made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province intends to recover a portion of the operating lease payment from the school board. As there are going to be a significant number of leased schools in the next few years, it has been agreed by the Province to establish a province-wide rate for this recovery from school boards. At year end, this rate has been established as \$4 per square foot. A cost recovery of \$152,384 for one P-3 school for 6.5 months has been recorded for the year ended March 31, 2000 under the Property Service expenditure function.

### **Purchase**

The Board has entered into an agreement to purchase a new payroll system. Payments remaining over the next two years under the agreement are as follows:

2001	\$	50,000
2002	\$	50,000

## **6. Pensions plans**

The Board makes payments into the following pension plans:

Lunenburg District	- C.U.P.E. staff and support staff non-teaching defined benefit plans.
Queens District	- Non-teaching staff money purchased plan and defined benefit plan.
Shelburne District	- Non-teaching staff money purchase plan and defined benefit plan.
Yarmouth District	- Non-teaching staff money purchased plan and undivided registered retirement savings plan.
Digby District	- Non-teaching staff defined benefit plan.

Recent actuarial reports have not been prepared for these various plans and therefore no balances have been reflected in these financial statements. The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers Pension Act.

## **7. Early Retirement (1994-98) Program (ERP)**

On July 22, 1994, regulations governing the Nova Scotia Teachers' Early Retirement (1994-98) Program were enacted by the Province of Nova Scotia. This program entitles teachers who meet the eligibility criteria to elect to retire at a date preceding their normal retirement date.

The program operates and is accounted for in the following manner. For each program participant, the Board records the present value of the prescribed obligation with a corresponding deferred expenditure amount. In respect of each participant, the obligation is being repaid in monthly instalments; payments are charged to operations. In addition, both the deferred expenditure account and the obligation are reduced by the extent of the principal retired.

As at March 31, 1999, there were 179 teachers who had retired under the Early Retirement Program. The Board has recognized the remaining liability associated with these retirements in the amount of \$22,225,143 as at March 31, 2000. Sufficient data was not available to provide a breakdown by individual school boards as of March 31, 2000, therefore the obligation amount remains the same as March 31, 1999.

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the original school board to fulfill the annual obligation due under provisions of the Early Retirement Plan.

## **8. Contingencies**

### **Receivable**

Receivables include an amount of \$250,000 which is a recovery due from the Nova Scotia Teachers' Union Salcon. This amount is being pursued on behalf of the Southeast Regional School Board by the Nova Scotia School Board's Association.

### **Legal**

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

## **9. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

## **10. Subsequent Event**

As of the audit report date, it was still pending that the Southwest Regional School Board will be restructured into two districts - The South Shore District School Board and the Tri County District School Board. The Southwest Regional School Board will be responsible for all operational issues and the two school districts will be responsible for educational issues. An estimate of the financial effect of this change cannot be made at this time.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Trust Funds Balance Sheet  
March 31, 2000**

	2000	1999
<b>Assets</b>		
Cash.....	\$ <u>358,717</u>	\$ <u>332,261</u>
 <b>Equity</b>		
Reserve for scholarships		
Teachers' Scholastic Scholarship.....	\$ 5,779	\$ 5,762
Forbes Mountain Scholarship.....	855	1,010
Josephine Christie Fredea Award.....	1,576	1,578
L.C.D.S.B. Memorial Scholarship.....	4,477	3,982
Murray Barkhouse Scholarship Fund.....	3,015	---
Robert Hirtle Memorial Fund.....	920	---
W.G.L.Hirtle Scholarship.....	10,555	10,408
Elinor Muir Leary Scholarship.....	10,672	10,183
Irene and Derrell Ernst Scholarship.....	5,338	5,336
David Lowe Scholarship.....	7,659	7,364
Clara Quinlan Scholarship.....	5,101	5,112
Monte Oickle Scholarship.....	4,885	4,995
Cameron Smith Memorial.....	145	138
Paul Eisnor Memorial.....	405	437
Austin Nauss Scholarship.....	2,032	2,237
Rodney Veinot Memorial.....	2,671	2,529
Timothy Daniels Memorial.....	2,994	2,810
Sylvia Weagle Bursary.....	29,715	29,182
Dr. J.C. Wickwire.....	2,712	3,159
Augusta Nickerson.....	12,653	12,073
J. Pask Memorial.....	116	111
Margaret Ernst MacLeod.....	3,419	3,262
Elsie Hemeon Fund.....	469	447
Stay-in-School Bursary.....	1,711	1,632
F. Dakin and P. Dakin Dickson.....	42,438	41,456
Dr. Charles and Mary Webster.....	22,506	22,540
Erna Westhaver Loomis.....	36,828	36,426
Yarmouth District Scholarship Society		
Unassigned.....	3,361	3,383
Samuel Margolian Trust - Yarmouth High.....	169	316
Samuel Margolian Trust - St. Ambrose.....	169	---
Churchill Trust.....	1,321	1,117
Loraleis Trust.....	1,589	1,611
Blackader - Kirk Trust.....	3,587	3,705
Andrew Maxwell.....	3,277	3,324
Marjorie E. Jones.....	60,689	57,907
CUPE Pension Fund.....	62,909	47,114
	\$ <u>358,717</u>	\$ <u>332,646</u>

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Continuity of Trust Funds  
For the Year Ended March 31, 2000**

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Teachers Scholastic.....	\$ 5,762	\$ ---	\$ 7,423	\$ 294	\$ 7,700	\$ 5,779
Forbes Mountain.....	1,010	---	---	45	200	855
J.C.Fredea Award.....	1,578	---	---	73	75	1,576
L.C.D.S.B. Memorial.....	3,982	300	---	195	---	4,477
Murray Barkhouse Scholarship Fund.....	---	1,955	1,000	60	---	3,015
Robert Hirtle Memorial Fund.....	---	---	913	7	---	920
W.G.L. Hirtle.....	10,408	---	---	497	350	10,555
Elinor Muir Leary.....	10,183	---	---	489	---	10,672
Irene/Derrell Ernst.....	5,336	---	---	252	250	5,338
David Lowe.....	7,364	---	165	355	225	7,659
Clara Quinlan.....	5,112	---	---	239	250	5,101
Monte Oickle.....	4,995	---	---	240	350	4,885
Cameron Smith.....	138	---	---	7	---	145
Paul Eisnor.....	437	---	---	18	50	405
Austin Nauss.....	2,237	---	---	95	300	2,032
Rodney Veinot.....	2,529	---	20	122	---	2,671
Timothy Daniels.....	2,810	---	550	134	500	2,994
Sylvia Weagle Bursary.....	29,182	---	---	1,381	848	29,715
Dr. J.C. Wickwire.....	3,159	---	275	133	855	2,712
Balance forward.....	\$ 96,222	\$ 2,255	\$ 10,346	\$ 4,636	\$ 11,953	\$ 101,506



**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Continuity of Trust Funds (Continued)  
For the Year Ended March 31, 2000**

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Balance carried forward . . . . .	\$ 96,222	\$ 2,255	\$ 10,346	\$ 4,636	\$ 11,953	\$ 101,506
Augusta Nickerson . . . . .	12,073	---	---	580	---	12,653
J. Pask Memorial . . . . .	111	---	---	5	---	116
Margaret Ernst MacLeod . . . . .	3,262	---	---	157	---	3,419
R. Elsie Hemeon Fund. . . . .	447	---	---	22	---	469
Stay in School Bursary Fund. . . . .	1,632	---	---	79	---	1,711
F. Dakin and P. Dakin Dickson . . . . .	41,456	---	---	1,982	1,000	42,438
Dr. Charles and Mary Webster. . . . .	22,540	---	---	1,066	1,100	22,506
Ema Westhaver Loomis . . . . .	36,426	---	---	1,702	1,300	36,828
Yarmouth District Scholarship Society						
Unassigned. . . . .	3,383	---	25	153	200	3,361
Samuel Margolian Trust - Yarmouth High. . . . .	158	161	---	8	158	169
Samuel Margolian Trust - St. Ambrose. . . . .	158	161	---	8	158	169
Churchill Trust. . . . .	1,117	---	250	54	100	1,321
Loraleis Trust . . . . .	1,611	---	---	74	96	1,589
Blackader - Kirk Trust . . . . .	3,705	---	200	182	500	3,587
Andrew Maxwell. . . . .	3,324	---	---	153	200	3,277
Marjorie E. Jones . . . . .	57,907	---	---	2,782	---	60,689
CUPE Pension Fund. . . . .	47,114	13,252	---	2,543	---	62,909
	<u>\$ 332,646</u>	<u>\$ 15,829</u>	<u>\$ 10,821</u>	<u>\$ 16,186</u>	<u>\$ 16,765</u>	<u>\$ 358,717</u>

## AUDITOR'S REPORT

To the Chairman and Members  
Strait Regional School Board

I have audited the Operating Fund and Capital Fund of the Strait Regional School Board as at March 31, 2000 and the statements of operations and capital financing for the year then ended. These financial statements are the responsibility of the School Board's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2000 and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia Municipalities.

WILLIAM B. DRAPER  
Chartered Accountant  
Registered Municipal Auditor

Antigonish, Nova Scotia  
June 21, 2000

**STRAIT REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
Current			
Cash . . . . .	\$ 3,450	\$	3,450
Prepaid expenses . . . . .	303,898		1,046,509
Receivables			
Province of Nova Scotia . . . . .	2,068,159		1,494,258
Municipal Councils . . . . .	437,042		572,902
Government of Canada . . . . .	1,860,724		1,360,478
General public . . . . .	<u>171,440</u>		<u>439,700</u>
	<u>4,844,713</u>		<u>4,917,297</u>
Fixed assets, at undepreciated cost			
Equipment and furnishings . . . . .	3,284,936		3,764,516
School buses and other vehicles . . . . .	4,828,769		5,960,822
School buildings and improvements . . . . .	<u>38,171,731</u>		<u>42,468,594</u>
	<u>46,285,436</u>		<u>52,193,932</u>
	<u>\$ 51,130,149</u>	\$	<u>\$ 57,111,229</u>

**LIABILITIES**

Current			
Cheques issued in excess of funds on deposit . . . . .	\$ 1,497,770	\$	1,652,583
Payables and accruals			
Trade and other . . . . .	3,054,102		2,984,971
Employee deductions and salary accruals . . . . .	280,553		232,537
Current portion of early retirement program . . . . .	<u>1,665,252</u>		<u>1,665,252</u>
	6,497,677		6,535,343
Long term - commitment to early retirement program (Note 3) . . . . .	<u>19,909,283</u>		<u>19,909,283</u>
	<u>26,406,960</u>		<u>26,444,626</u>

**EQUITY**

Surplus (deficit) current year . . . . .	12,288		47,206
Investment in capital assets . . . . .	46,285,436		52,193,932
Investment in early retirement program . . . . .	<u>(21,574,535)</u>		<u>(21,574,535)</u>
	<u>24,723,189</u>		<u>30,666,603</u>
	<u>\$ 51,130,149</u>	\$	<u>\$ 57,111,229</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2000**

**ASSETS**

	<b>2000</b>		<b>1999</b>
Current			
Cash . . . . .	\$ 3,450	\$	3,450
Prepaid expenses . . . . .	303,898		1,046,509
Receivables			
Province of Nova Scotia . . . . .	2,068,159		1,494,258
Municipal councils . . . . .	437,042		572,902
Government of Canada . . . . .	1,860,724		1,360,478
General public . . . . .	171,440		439,700
	<u>\$ 4,844,713</u>	\$	<u>4,917,297</u>

**LIABILITIES**

Current			
Cheques issued in excess of funds on deposit . . . . .	\$ 1,497,770	\$	1,652,583
Payables, accruals and deferrals			
Trade and other . . . . .	3,054,102		2,984,971
Employee deductions and salary accruals . . . . .	280,553		232,537
Current portion of early retirement program . . . . .	1,665,252		1,665,252
	<u>6,497,677</u>		<u>6,535,343</u>
Long term - commitment to early retirement program (Note 3) . . . . .	19,909,283		19,909,283
	<u>26,406,960</u>		<u>26,444,626</u>

**EQUITY**

Surplus (deficit) current year . . . . .	12,288		47,206
Investment in early retirement program . . . . .	(21,574,535)		(21,574,535)
	<u>(21,562,247)</u>		<u>(21,527,329)</u>
	<u>\$ 4,844,713</u>	\$	<u>4,917,297</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year Ended March 31, 2000**

	<b>2000</b>		<b>1999</b>
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Actual</b></u>
<b>Revenue</b>			
Province of Nova Scotia .....	\$ 50,984,695	\$ 52,294,689	\$ 52,520,637
Government of Canada .....	1,065,436	1,290,611	1,117,521
Board operations .....	714,034	652,143	592,112
Appropriation from councils .....	<u>7,880,700</u>	<u>7,880,700</u>	<u>7,406,172</u>
	<u>60,644,865</u>	<u>62,118,143</u>	<u>61,636,442</u>
<b>Expenditures</b>			
Regional Board Management .....	2,344,915	2,510,713	2,435,334
School administration and instruction .....	38,617,930	40,151,536	38,205,310
Property service .....	6,851,080	6,763,994	6,474,202
Student transportation .....	5,124,451	5,001,326	5,021,284
Special education .....	5,157,756	5,046,195	4,658,653
Capital expenditures and repayments .....	2,425,939	2,501,124	2,089,447
Cafeteria .....	<u>170,000</u>	<u>178,173</u>	<u>185,209</u>
	<u>60,692,071</u>	<u>62,153,061</u>	<u>59,069,439</u>
Current year operating .....	47,206	(34,918)	2,567,003
Surplus of previous year .....	<u>47,206</u>	<u>47,206</u>	<u>2,519,797</u>
Excess of revenue over expenditure .....		<u>\$ 12,288</u>	<u>\$ 47,206</u>

**Statement of Continuity of Surplus (Deficit)  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year (deficit) .....	\$ 47,206	\$ (2,519,797)
Add:		
Current year surplus .....	<u>12,288</u>	<u>2,567,003</u>
	59,494	47,206
Deduct:		
Surplus of prior year included in revenue .....	<u>47,206</u>	---
Balance, end of year .....	<u>\$ 12,288</u>	<u>\$ 47,206</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
March 31, 2000**

<b>ASSETS</b>		
	<b>2000</b>	<b>1999</b>
Fixed assets, at cost		
Equipment and furnishings. . . . .	\$ 3,284,936	\$ 3,764,516
School buses and other vehicles. . . . .	4,828,769	5,960,822
School buildings and improvements. . . . .	<u>38,171,731</u>	<u>42,468,594</u>
	<u>\$ 46,285,436</u>	<u>\$ 52,193,932</u>

**INVESTMENT IN CAPITAL ASSETS**

Investment in capital assets . . . . .	\$ <u>46,285,436</u>	\$ <u>52,193,932</u>
	<u>\$ 46,285,436</u>	<u>\$ 52,193,932</u>

**Statement of Continuity of Investment in Capital Assets  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ 52,193,932	\$ 55,775,543
Capital purchases		
Buses and other vehicles . . . . .	937,420	790,482
Equipment . . . . .	<u>615,399</u>	<u>---</u>
	53,746,751	56,566,025
Retirement of assets and depreciation provision . . . . .	<u>7,461,315</u>	<u>4,372,093</u>
Balance, end of year . . . . .	<u>\$ 46,285,436</u>	<u>\$ 52,193,932</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Detail of Revenue  
Year Ended March 31, 2000**

	<u>2000</u>		<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Province of Nova Scotia</b>			
General formula and special . . . . .	\$ 41,885,400	\$ 42,063,747	\$ 42,908,584
Transportation - operating . . . . .	4,801,600	4,801,600	4,612,500
Property service. . . . .	---	371,487	---
Professional Development . . . . .	66,800	66,800	---
Special education . . . . .	2,978,000	2,978,000	2,855,132
Textbook credit allocation . . . . .	460,100	460,097	457,418
Emergency capital . . . . .	---	80,554	236,914
Capital bus purchase . . . . .	609,000	609,000	609,000
Special programs and projects. . . . .	183,795	863,404	841,089
	<u>\$ 50,984,695</u>	<u>\$ 52,294,689</u>	<u>\$ 52,520,637</u>
 <b>Government of Canada</b>			
Indian and Northern Affairs . . . . .	\$ 922,950	\$ 922,975	\$ 861,855
Minority language . . . . .	33,000	29,422	34,556
Special programs and projects. . . . .	109,486	338,214	221,110
	<u>\$ 1,065,436</u>	<u>\$ 1,290,611</u>	<u>\$ 1,117,521</u>
 <b>Board Operations</b>			
Cafeterias. . . . .	\$ 170,000	\$ 163,394	\$ 177,168
Investment income. . . . .	90,000	88,422	107,316
Program and rental income and sale of assets. . . . .	454,034	342,131	281,898
Other. . . . .	---	58,196	25,730
	<u>\$ 714,034</u>	<u>\$ 652,143</u>	<u>\$ 592,112</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditure  
Year Ended March 31, 2000**

	<u>2000</u>		<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Regional Board Management</b>			
Salaries and wages			
Administrative and clerical. . . . .	\$ 1,299,177	\$ 1,394,100	\$ 1,282,261
Board Members . . . . .	85,800	85,800	85,800
Employee benefits. . . . .	195,242	198,720	287,086
Supplies, materials and equipment. . . . .	140,000	198,606	115,237
Telephone and data transmission . . . . .	90,000	78,532	92,962
Staff travel and conference expenses. . . . .	171,821	198,753	196,008
Liability insurance. . . . .	80,920	80,920	83,079
Professional fees . . . . .	103,567	95,087	96,143
Bank charges. . . . .	9,275	2,641	1,334
Board members expense . . . . .	94,400	92,067	54,305
NSSBA Dues . . . . .	59,713	59,713	57,773
Other, including computer services . . . . .	15,000	25,774	83,346
	<u>\$ 2,344,915</u>	<u>\$ 2,510,713</u>	<u>\$ 2,435,334</u>
<b>School Administration and Instruction</b>			
Salaries and wages			
Administration. . . . .	\$ 4,013,197	\$ 4,062,643	\$ 4,153,447
Instruction. . . . .	25,661,436	25,490,864	24,936,756
Guidance. . . . .	668,209	690,121	537,745
Library. . . . .	688,178	657,982	563,332
Substitutes. . . . .	982,772	1,142,574	1,056,720
Clerical. . . . .	1,158,563	1,139,148	1,103,336
Lunch and bus supervision. . . . .	320,000	308,581	307,459
Employee benefits . . . . .	2,896,286	3,400,411	2,667,816
Supplies, materials and telephone. . . . .	883,000	982,516	1,156,331
Textbook credit allocation. . . . .	464,000	458,942	450,405
Travel and in service. . . . .	110,734	115,131	115,633
Other programs and projects (Note 4) . . . . .	771,555	1,702,623	1,156,330
	<u>\$ 38,617,930</u>	<u>\$ 40,151,536</u>	<u>\$ 38,205,310</u>
<b>Property Service</b>			
Salaries and wages. . . . .	\$ 3,253,448	\$ 3,214,298	\$ 2,918,284
Employee benefits . . . . .	433,373	454,329	358,880
Insurance . . . . .	155,344	155,344	153,977
Utilities. . . . .	2,205,020	2,128,307	2,219,800
Supplies and materials. . . . .	597,300	626,324	769,270
Telephone, travel, contracted services & other . . . . .	206,595	185,392	53,991
	<u>\$ 6,851,080</u>	<u>\$ 6,763,994</u>	<u>\$ 6,474,202</u>



**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditure (continued)  
Year Ended March 31, 2000**

**Student Transportation**

Salaries and wages . . . . .	\$ 3,365,501	\$ 3,351,892	\$ 3,425,392
Employee benefits . . . . .	481,850	509,828	442,867
Travel . . . . .	26,500	17,299	23,284
In-service. . . . .	33,050	6,075	5,440
Vehicle operating			
Gas and oil. . . . .	500,000	496,005	463,008
Tires. . . . .	55,000	78,781	69,519
License fees. . . . .	56,050	57,517	55,402
Insurance . . . . .	47,000	41,040	37,993
Repairs and maintenance . . . . .	300,000	264,229	297,507
Garage maintenance, supplies and utilities.	114,500	79,468	93,695
Contract conveyance, telephone and other. . . . .	145,000	99,192	107,177
	<u>\$ 5,124,451</u>	<u>\$ 5,001,326</u>	<u>\$ 5,021,284</u>

**Special Education**

Salaries and Wages			
Administration . . . . .	\$ 72,706	\$ 71,401	\$ 102,407
Instruction . . . . .	2,533,284	2,495,142	2,361,892
Professional services. . . . .	552,467	530,507	458,548
Student Program assistants. . . . .	1,536,814	1,475,793	1,346,626
Clerical. . . . .	7,970	7,979	8,000
Employee benefits . . . . .	342,798	355,186	305,971
Supplies, materials and telephone. . . . .	55,750	37,796	38,967
Travel and conference. . . . .	55,967	72,391	36,242
	<u>\$ 5,157,756</u>	<u>\$ 5,046,195</u>	<u>\$ 4,658,653</u>

**Capital Expenditures and Repayments**

Regional Board management - equipment \$	21,000	\$ 28,150	\$ ---
School administration & instruction - equipment. . . . .	480,262	541,642	146,506
Property service			
Capital repairs and projects. . . . .	525,856	578,683	1,129,050
Stabilization loans . . . . .	89,319	89,319	---
Vehicles. . . . .	78,591	78,591	---
Municipal Finance Loan . . . . .	101,871	64,063	---
Bridge financing. . . . .	228,540	216,240	---
Student transportation			
Buses. . . . .	800,000	842,464	813,891
Vehicle . . . . .	20,000	16,365	---
Equipment. . . . .	80,500	41,115	---
Special education equipment . . . . .	---	4,492	---
	<u>\$ 2,425,939</u>	<u>\$ 2,501,124</u>	<u>\$ 2,089,447</u>

**Cafeteria**

Salaries and wages . . . . .	\$ 81,000	\$ 85,306	\$ 91,442
Employee benefits . . . . .	9,000	9,780	8,566
Supplies and expenses. . . . .	80,000	83,087	85,201
	<u>\$ 170,000</u>	<u>\$ 178,173</u>	<u>\$ 185,209</u>

# STRAIT REGIONAL SCHOOL BOARD

## Notes to Financial Statements Year Ended March 31, 2000

### 1. Significant accounting policies and principles

These financial statements have been prepared to conform in all material respects, to the accounting principles prescribed by the Nova Scotia School Board Financial Handbook.

- (a) Financial Statement Presentation:  
The financial statements of the Board have been prepared in accordance with the fund basis of accounting.
- (b) Revenue and Expenditure Recognition:  
Major revenues and expenditures are recorded on the accrual basis. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Non teacher salaries are accrued at year end but teacher salaries are not, so that 195 teaching days salary is recorded as an expense. Outstanding purchase orders are accrued and recorded as payables at year end. The cost of inventories of supplies and materials is not recognized at year end, extraordinary circumstances excepted.
- (c) Fixed Assets are recorded at undepreciated cost. The cost of Assets received from various in the counties of Antigonish, Guysborough, Inverness and Richmond on January 1, 1982 were treated as additions to the investment in capital assets of the respective new boards formed at the time. On January 1, 1996 the Antigonish District School Board, the Guysborough County District School Board, the Inverness District School Board and the Richmond District School Board were amalgamated to form the Strait Regional School Board. Land and buildings involved in this agreement remain assets of the original municipal units but will be under the operational control of the Strait Regional School Board until such time as the Board no longer requires them for school purposes. At that time, control will revert back to the appropriate municipality.

Depreciated is calculated using the reducing balance method using rates prescribed by Canada Customs and Revenue Agency.

### 2. Service Awards

Under the terms of the collective agreement between the Nova Scotia Teachers Union and the Strait Regional School Board, the Board is required to pay service awards in accordance with Article 12 of the agreement as follows:

- 12.1 A Service Award/Death Benefit shall be paid to a teacher who has been employed by the board for ten (10) or more consecutive years and ceases employment with the Board or dies in the service of the Board.
- 12.2 For all teachers in the former Antigonish District School Board who were hired prior to January 13, 1989, the award shall be calculated as follows:
  - (a) For at least ten (10) years of service with the Board, nine percent (9%) of the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;
  - (b) For at least fifteen (15) years of service with the Board, fourteen percent (14%) of the salary pursuant to Article 12.2 (a);
  - (c) For at least (20) years of service with the board, nineteen percent (19%) of the salary pursuant to Article 12.2 (a); and
  - (d) For at least twenty-five (25) years of service with the Board, twenty-three (23%) of the salary pursuant to Article 12.2 (a).

- 12.3 For all teachers in the former Inverness District School Board Region who were hired prior to January 1, 1999, the award shall be calculated as follows:

The Service Award/Death Benefit shall be calculated at the rate of zero decimal six percent (0.6%) for each year of service with the Board multiplied by the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;

- 12.4 For all teachers hired by the former Antigonish District School Board Region after January 13, 1989, for all teachers hired by the former Inverness District School Board Region after January 1, 1999, for all teachers employed by the former Richmond District School Board and the former Guysborough District School Board and for all other teachers hired by the Strait Regional School Board after January 1, 1996, the award shall be calculated as follows:

- (a) For at least ten (10) years of service with the Board, the sum of twenty-six hundred dollars (\$2,600.00); and
- (b) For each additional year thereafter, the sum of two hundred sixty dollars (\$260.00) per year of service to a maximum of seventy-eight hundred dollars (\$7,800.00) upon completion of thirty (30) years of service.

- 12.5 A teacher shall be entitled to file with the Board, a written Designation of Beneficiary for the purpose of the payment of a Service Award/Death Benefit pursuant to a teacher who dies in the service of the Board.

- 12.6 The Service Award/Death Benefit shall be paid in one (1) lump sum or in equal monthly instalments at the option of the teacher.

- 12.7 Notwithstanding the provisions of this article, the Board shall advance, at least (30) days prior to the effective date of the teacher's resignation, to the Pension Services Group for the purposes of purchasing past service, the lesser of:

- (a) The full Service Award/Death Benefit available to the teacher; or
- (b) The actual amount required by the Pension Fund for the purpose of past service

- 12.8 The following conditions must be met before funds shall be released pursuant to Article 12.7:

- (a) The teacher has resigned his/her position;
- (b) The teacher requests the Board, in writing, to release the funds; and
- (c) The teacher files with the Board, a letter from the Pension Services Group stating the amount of funds required to purchase the past service.

- 12.9 Service Award/Death Benefits shall be due and payable immediately after the necessary documentation is supplied.

### **3. Early Retirement Program**

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under the plan. During the year ended March 31, 2000 the Province of Nova Scotia made payments on behalf of the regional school board to fulfill the annual obligation due under the provisions of the plan and has notified the Board they will do the same for the 2000-2001 fiscal year.

As at March 31, 2000, there were 225 teachers who had retired under the Early Retirement program and for each program participant the board records the present value of the prescribed obligation with a corresponding deferred expenditure amount. The remaining liability associated with these retirements amounted to \$21,574,535 as at March 31, 1999 and, since current data is not available at statement date, the 1999 balance was re-stated.

**4. School Administration and Instruction - other programs and projects**

	<b>Budget</b>	<b>2000 Actual</b>	<b>1999 Actual</b>
Sensen. . . . .	\$ ---	\$ 265,994	\$ 287,633
HRDC - interns . . . . .	---	281,692	---
IEI project . . . . .	---	205,091	292,586
French special projects . . . . .	75,482	327,448	233,878
Minority official language . . . . .	33,000	30,559	36,491
Mulgrave PD Centre . . . . .	242,014	174,747	147,442
Adult education . . . . .	---	861	4,889
Distance education . . . . .	309,772	325,658	57,641
Venture centre. . . . .	85,191	81,506	95,770
Middle school . . . . .	26,096	9,067	---
	<u>\$ 771,555</u>	<u>\$ 1,702,623</u>	<u>\$ 1,156,330</u>

## AUDITOR'S REPORT

To the Minister Responsible for Sydney Environmental Resources Limited

I have audited the operating fund balance sheet of Sydney Environmental Resources Limited for the year ended March 31, 2000, and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles except as disclosed in Note 3.

JOHN NASH  
Chartered Accountant

May 4, 2000

**SYDNEY ENVIRONMENTAL RESOURCES LIMITED**

**Balance Sheet  
as at March 31, 2000**

**ASSETS**

	<b>2000</b>	<b>1999</b>
<b>Current</b>		
Cash . . . . .	\$ 183,820	\$ 84,157
Accounts receivable . . . . .	42,784	52,400
Prepaid expenses . . . . .	<u>27,517</u>	<u>27,517</u>
	\$ <u>226,604</u>	\$ <u>164,074</u>

**LIABILITIES**

<b>Current</b>		
Accounts payable and accrued liabilities . . . . .	\$ 146,662	\$ 93,179
Due to Province of Nova Scotia . . . . .	<u>79,941</u>	<u>70,894</u>
	226,603	164,073

**EQUITY**

Share capital (Note 8) . . . . .	<u>1</u>	<u>1</u>
	\$ <u>226,604</u>	\$ <u>164,074</u>

**Commitments (Note 7)**

**Statement of Revenue and Expenditures  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Operating revenue . . . . .</b>	\$ <u>1,890,953</u>	\$ <u>1,748,051</u>
<b>Operating expenditures</b>		
Civic taxes . . . . .	3,348	2,608
Directors' fees . . . . .	11,152	12,599
Health, safety and environmental . . . . .	227,558	192,246
Incineration plant operation and maintenance . . . . .	52,407	52,632
Incineration plant overhead . . . . .	205,721	197,854
Joint Action Group and other community costs . . . . .	343,151	297,367
Office . . . . .	19,418	25,212
Professional fees . . . . .	9,619	8,977
Public information . . . . .	50,498	55,151
Rent . . . . .	27,849	23,546
Salaries and benefits . . . . .	809,732	765,712
Technical services . . . . .	113,724	98,230
Telephone . . . . .	10,336	10,174
Travel . . . . .	<u>6,440</u>	<u>5,743</u>
	1,890,953	1,748,051
<b>Excess revenue over expenditures . . . . .</b>	\$ <u>---</u>	\$ <u>---</u>

# SYDNEY ENVIRONMENTAL RESOURCES LIMITED

## Notes to the Financial Statements Year Ended March 31, 2000

### 1. AUTHORITY AND OBJECTIVE

The Company was incorporated under the Nova Scotia Companies Act on July 10, 1990. It was established as a crown corporation of the Province of Nova Scotia by Order-in-Council on March 26, 1991. On January 7, 1998 the company changed its name from Sydney Tar Ponds Clean-Up Inc. to Sydney Environmental Resources Limited.

Its current objective is to utilize its resources in emerging community based environmental initiatives.

### 2. CONTINUATION OF THE BUSINESS

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon obtaining necessary funding from the Province of Nova Scotia and/or the Government of Canada.

### 3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as outlined below:

#### a) **Financing**

The Company, an agency of Her Majesty, receives legislative appropriations for operating expenditures. These appropriations are reflected as operating grants to the extent of operating expenditures. Any excess appropriations are accounted for as deferred operating grants. Consequently, the Company does not have any equity.

#### b) **Capital Assets**

In accordance with funding requirements, the cost of capital assets are accounted for as current operating expenditures.

### 4. DUE FROM PROVINCE OF NOVA SCOTIA

The payable to the Province of Nova Scotia as at March 31, 2000 represents operating funding received for the year ended March 31, 2000 in excess of operating expenditures.

### 5. RELATED PARTY TRANSACTIONS

During the year, the Company received a net current operating grant of \$1,890,953 (1999 - \$1,748,051) from the Province of Nova Scotia.

In addition to the above-noted related party transactions, the Company is related in terms of common ownership to all Province of Nova Scotia created departments, agencies and crown corporations. The Company enters into transactions with these entities in the normal course of business.

### 6. COMPENSATION LEGISLATION

The Company has complied with the provisions of the Public Sector Compensation Act.

## 7. COMMITMENTS

**a) Operations**

The Company has committed to the Province of Nova Scotia, that it will run its affairs in accordance with Provincial standards. Its operations will be accountable to the Province through the Minister responsible for Sydney Environmental Resources Limited.

**b) Sales Agreement**

Should the Company operate the incinerator, it has a sales agreement with Nova Scotia Power Inc. to sell power, which the incinerator will generate. The agreement expires August 25, 2000.

**c) Land Lease**

The Company has entered into an agreement with Canadian National Railway Company to lease approximately 46 acres of land for an annual rental of \$1.00. The land gives the Company access to the Sydney Tar Ponds. The Company undertakes not to further contaminate any leased lands. The lease expires October 31, 2001.

**d) Sydney Steel Corporation**

The Company has undertaken to hire displaced Sydney Steel Corporation employees.

## 8. SHARE CAPITAL

Authorized

50,000 common shares with no par value

Issued

1 Share at \$1

\$ 1



**SYDNEY STEEL CORPORATION**

The following statements for Sydney Steel Corporation are draft versions only.

## SYDNEY STEEL CORPORATION

**Balance Sheet**  
**December 31, 1999, with comparative figures for 1998**

## ASSETS

	<b>1999</b>	<b>1998</b>
		(in thousands)
Current assets:		
Cash .....	\$ 13	\$ 1
Accounts receivable (note 3) .....	9,538	6,806
Inventories (note 4) .....	53,887	38,669
Prepaid expenses .....	<u>1,657</u>	<u>1,039</u>
	65,095	46,515
Property, plant and equipment:		
Land, buildings and equipment .....	441,231	438,336
Less accumulated depreciation and write-downs .....	<u>(415,896)</u>	<u>(412,941)</u>
	<u>25,335</u>	<u>25,395</u>
	<u>\$ 90,430</u>	<u>\$ 71,910</u>

## LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Current liabilities		
Cheques issued in excess of funds on deposit .....	\$ 2,648	\$ 5,616
Demand loans, guaranteed by the Province of Nova Scotia .....	155,362	103,685
Accounts payable and accrued liabilities (note 5) .....	<u>19,748</u>	<u>18,448</u>
	177,758	127,749
Accrued pension obligation .....	40,800	37,800
Shareholder's deficiency:		
Contributed surplus .....	523,018	523,018
Deficit .....	<u>(651,146)</u>	<u>(616,657)</u>
	<u>(128,128)</u>	<u>(93,639)</u>
	<u>\$ 90,430</u>	<u>\$ 71,910</u>

Future operations (note 1)  
Contingencies (note 6)

See accompanying notes to financial statements.

## SYDNEY STEEL CORPORATION

**Statement of Loss and Deficit**  
**Year Ended December 31, 1999, with comparative figures for 1998**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Sales .....	\$ 85,865	\$ 90,364
Expenses and other income:		
Manufacturing .....	80,224	89,294
Repairs and maintenance .....	18,350	16,649
Administrative and selling .....	8,729	4,980
Interest on short-term borrowing .....	7,260	5,283
Other income .....	(164)	(143)
	114,399	116,063
Loss before below-noted items .....	28,534	25,699
Depreciation .....	2,955	2,832
Provision for pension obligations .....	3,000	2,800
Loss for the year .....	34,489	31,331
Deficit, beginning of year .....	616,657	585,326
Deficit, end of year .....	\$ 651,146	\$ 616,657

**Statement of Changes in Financial Position**  
**Year Ended December 31, 1999, with comparative figures for 1998**

	<b>1999</b>	<b>1998</b>
Cash provided by (used in):		
Operations:		
Loss for the year .....	\$ (34,489)	\$ (31,331)
Items not involving cash:		
Depreciation .....	2,955	2,832
Provision for pension obligations .....	3,000	2,800
Change in non-cash operating working capital .....	(17,268)	(5,061)
	(45,802)	(30,760)
Investments:		
Expenditures on property, plant and equipment .....	(2,895)	(917)
Decrease in cash position .....	(48,697)	(31,677)
Cash position, beginning of year .....	(109,300)	(77,623)
Cash position, end of year .....	\$ (157,997)	\$ (109,300)

Cash position is defined as cash net of cheques issued in excess of funds on deposit and demand loans.

See accompanying notes to financial statements.

## SYDNEY STEEL CORPORATION

**Notes to Financial Statements  
Years Ended December 31, 1999**

Sydney Steel Corporation is a Crown Corporation incorporated by special act of the Province of Nova Scotia. Its principal business activities include the manufacturing of steel products.

**1. Future operations:**

The Corporation is dependent on its owner, the Province of Nova Scotia, for the financial support including loan guarantees necessary to sustain its operations.

The Corporation and the Province are seeking to establish an arrangement which would permit the Province to divest of its ownership and, concurrently, to identify a suitable new owner/operator who would commit to the long-term operation of the business and had engaged Hoogovens Technical Services Technological and Operational Assistance, Inc. to assist them in this regard.

Subsequent to December 31, 1999 the Province and Sydney Steel Corporation engaged Ernst & Young Inc. as their agent to sell the business or assets of Sydney Steel Corporation. Ernst & Young Inc. have also been appointed as agent to manage Sydney Steel Corporation during the above noted process.

These financial statements have been prepared on the going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in the financial statements.

**2. Significant accounting policies:****(a) Inventories:**

Manufactured products are stated at lower of cost and net realizable value. Raw materials and supplies are stated at lower of cost and replacement cost. Excessive inventories are stated at lower of cost and net realizable value.

**(b) Property, plant and equipment:**

Property, plant and equipment are stated at cost.

Depreciation for assets on hand April 1, 1994 (having a collective value of \$30 million at that date) is provided on a straight-line basis over a fifteen year period.

Depreciation for assets acquired since April 1, 1994 is provided on a straight-line basis over the estimated useful life of the asset commencing in the year following acquisition of the asset.

Additional write-downs are provided so as to reduce the net book value of property, plant and equipment to an amount considered recoverable in future periods.

**3. Accounts receivable:**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Trade receivables .....	\$ 7,791	\$ 5,056
Harmonized Sales Tax .....	<u>1,747</u>	<u>1,750</u>
	<u>\$ 9,538</u>	<u>\$ 6,806</u>

**4. Inventories:**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Manufactured products .....	\$ 39,022	\$ 24,751
Raw materials .....	14,281	13,322
Supplies .....	<u>584</u>	<u>596</u>
	<u>\$ 53,887</u>	<u>\$ 38,669</u>

**5. Accounts payable and accrued liabilities:**

	<b>1999</b>	<b>1998</b>
	(in thousands)	
Trade .....	\$ 15,260	\$ 14,699
Wages and benefits .....	<u>4,488</u>	<u>3,749</u>
	<u>\$ 19,748</u>	<u>\$ 18,448</u>

**6. Contingencies:**

The Corporation, supported by guarantee of the Province of Nova Scotia, is liable to the extent of \$9,715 in respect of letters of guarantee issued under bid and performance contracts.

**7. Pension cost and obligations:**

The Corporation contributes to defined benefit plans on behalf of virtually all employees. Pursuant to a prior agreement, the Province had agreed to assume responsibility for pension costs and obligations of the Corporation up to December 31, 1994. At that date, the Corporation recorded the assumption by the Province of such obligations. Since January 1, 1995, the total pension expense recorded by the Corporation has been as follows:

Year ended	Current service	Plan amendments	Interest on unfunded obligations	Total
December 31, 1995	\$ 634	\$ ---	\$ ---	634
December 31, 1996	501	---	---	501
December 31, 1997	648	35,000	---	35,648
December 31, 1998	575	---	2,800	3,375
December 31, 1999	1,751	---	3,000	4,751

## a) Current service:

Current service costs represent the cost of pension benefits provided in exchange for employees services rendered in the current period.

## b) Plan amendments:

In 1997 the Corporation negotiated labor agreements which resulted in enhancements to its pension plans. The net present value of benefits related to the enhancements was estimated at \$35 million and the Corporation, in contemplation of divestiture, had included the full estimated cost of the enhancements separately in the 1997 Statement of Loss and Deficit.

## c) Interest on unfunded obligations:

Because the Corporation has not yet provided funding for the \$35 million cost of 1997 plan amendments, the Corporation has included in 1999 an additional cost of \$3.0 million (1998 - \$2.8 million) representing interest on the unfunded obligations.

The most recent actuarial review of the Pension Plans was carried out by William M. Mercer Limited as at December 31, 1996 (prior to amendments to the Plans). While the review disclosed a deficiency between the value of pension fund assets and obligations at that date, the responsibility for funding same primarily vests with the Province of Nova Scotia pursuant to the earlier agreement.

Because responsibility for the Plans funding rests, in part, with the Company and, in part, with the Province, further discussions are required with the Superintendent of Pensions to clarify, implement and give effect to the respective obligations of the Company and the Province.

**8. Uncertainty due to the Year 2000 Issue:**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Unaudited

TIDAL POWER CORPORATION

Balance Sheet  
as at March 31, 2000

	2000	1999
<b>Assets</b>		
Current Assets		
Bank.....	\$ 41,615	\$ 40,023
Fixed Assets		
Office furniture.....	7,178	7,178
Less Accumulated Depreciation.....	3,709	3,350
	<u>3,469</u>	<u>3,828</u>
Computer Equipment.....	4,875	4,875
Less Accumulated Depreciation.....	2,435	1,948
	<u>2,440</u>	<u>2,927</u>
<b>Total Assets.....</b>	<b><u>\$ 47,524</u></b>	<b><u>\$ 46,778</u></b>
<b>Liability</b>		
Liabilities.....	\$ ---	---
<b>Equity</b>		
Opening retained earnings.....	46,778	45,954
Current earnings.....	746	824
Closing retained earnings.....	<u>47,524</u>	<u>46,778</u>
<b>Long Term Liabilities/Equity.....</b>	<b><u>\$ 47,524</u></b>	<b><u>\$ 46,778</u></b>

Income Statement  
for the year ended March 31, 2000

	2000	1999
<b>Revenue</b>		
Investment income.....	\$ 1,592	\$ 1,670
<b>Total revenue.....</b>	<b><u>\$ 1,592</u></b>	<b><u>\$ 1,670</u></b>
<b>Expenses</b>		
Administration-Bank charges.....	\$ ---	---
Depreciation Expense		
Furniture/Equipment.....	359	359
Computer.....	487	487
<b>Total Expenses.....</b>	<b><u>\$ 846</u></b>	<b><u>\$ 846</u></b>
<b>Net Income.....</b>	<b><u>\$ 746</u></b>	<b><u>\$ 824</u></b>

## TIDAL POWER CORPORATION

Schedule of Interest and Charges  
Year ended March 31, 2000

Month	Interest	Charges
April .....	\$ 131.52	\$ ---
May .....	136.37	---
June .....	124.17	---
July .....	128.67	---
August .....	129.10	---
September .....	125.35	---
October .....	129.90	---
November .....	126.13	---
December .....	139.46	---
January .....	139.88	---
February .....	131.34	---
March .....	149.65	---
<b>Total</b> .....	<u>\$ 1,591.54</u>	<u>\$ ---</u>

Notes to Financial Statements  
March 31, 2000**1. Authority**

The Tidal Power Corporation was established by the Tidal Power Corporation Act which came into force on April 22, 1971. The object of the Corporation is to obtain, for Nova Scotia, the maximum benefit which may be derived from exploitation of tidal power and undertakings which are ancillary to, connected with, or may arise as a result of exploitation.

**2. Significant Accounting Policies**

## Fixed Assets

Fixed assets are stated at cost. Depreciation is provided on a straight-line basis at an annual rate of 5% for office furniture and 10% for computer equipment.



## AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Trade Centre Limited as at March 31, 2000 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
June 2, 2000

**TRADE CENTRE LIMITED**

**Balance Sheet  
March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Current assets:		
Cash and short-term investments . . . . .	\$ 3,002,191	\$ 4,187,798
Accounts receivable (note 3) . . . . .	1,707,363	1,362,579
Inventories . . . . .	115,425	103,221
Prepaid expenses . . . . .	41,349	44,938
	4,866,328	5,698,536
Property and equipment (note 2 and 4):		
Land, building, furniture and equipment and tenant leaseholds . . . . .	38,073,897	36,614,458
Less accumulated depreciation and amortization . . . . .	(20,063,827)	(19,040,436)
	18,010,070	17,574,022
	\$ 22,876,398	\$ 23,272,558

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 1,207,016	\$ 740,954
Due to the Province of Nova Scotia . . . . .	608,909	647,778
Event deposits . . . . .	484,870	443,798
Deferred revenue . . . . .	46,103	89,031
	2,346,898	1,921,561
Shareholder's equity:		
Capital stock:		
Authorized: 1,000,000 common shares without par value		
Issued and outstanding: 100 common shares . . . . .	100	100
Contributed surplus (note 5) . . . . .	45,173,101	45,173,101
Deficit . . . . .	(24,643,701)	(23,822,204)
	20,529,500	21,350,997
	\$ 22,876,398	\$ 23,272,558

Commitments (note 7)

See accompanying notes to financial statements.

**TRADE CENTRE LIMITED**

**Statement of Operations and Deficit  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
<b>Revenues:</b>		
Convention Centre . . . . .	\$ 5,190,150	\$ 4,223,703
Halifax Regional Municipality Convention Centre Subsidy (note 6) . . . . .	457,292	449,206
Office Tower . . . . .	1,982,222	1,937,123
World Trade Centre and Windows . . . . .	<u>627,766</u>	<u>691,790</u>
	8,257,430	7,301,822
<b>Expenses:</b>		
Event expenses . . . . .	2,984,636	2,495,452
Salaries, wages and benefits . . . . .	1,765,278	1,699,374
Administration . . . . .	560,446	520,237
Advertising and marketing . . . . .	579,133	426,038
Maintenance . . . . .	598,699	555,680
Energy . . . . .	493,181	453,547
Taxes and insurance . . . . .	<u>815,515</u>	<u>832,504</u>
	7,796,888	6,982,832
Income before other items . . . . .	<u>460,542</u>	<u>318,990</u>
<b>Other income:</b>		
Gain on disposal of assets . . . . .	---	2,040
Interest income on short-term investments . . . . .	176,216	158,416
Pension contribution holiday . . . . .	<u>98,682</u>	<u>87,927</u>
	274,898	248,383
	<u>735,440</u>	<u>567,373</u>
<b>Other expenses:</b>		
Depreciation and amortization . . . . .	1,556,937	1,468,381
Loss for the year . . . . .	<u>(821,497)</u>	<u>(901,008)</u>
Deficit, beginning of year . . . . .	(23,822,204)	(22,921,196)
Deficit, end of year . . . . .	<u>\$ (24,643,701)</u>	<u>\$ (23,822,204)</u>

See accompanying notes to financial statements.

**TRADE CENTRE LIMITED**

**Statement of Cash Flows  
Year ended March 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Cash provided by (used in):		
Operations:		
Loss for the year . . . . .	\$ (821,497)	\$ (901,008)
Items not involving cash:		
Depreciation and amortization . . . . .	1,556,937	1,468,381
Gain on disposal of assets . . . . .	---	(2,040)
Change in non-cash operating working capital . . . . .	<u>71,938</u>	<u>(118,883)</u>
	807,378	446,450
Investments:		
Proceeds on disposal of furniture and equipment . . . . .	---	2,040
Purchase of property and equipment . . . . .	<u>(1,992,985)</u>	<u>(457,359)</u>
	(1,992,985)	(455,319)
Decrease in cash and cash equivalents . . . . .	<u>(1,185,607)</u>	<u>(8,869)</u>
Cash and cash equivalents, beginning of year . . . . .	4,187,798	4,196,667
Cash and cash equivalents, end of year . . . . .	<u>\$ 3,002,191</u>	<u>\$ 4,187,798</u>

Cash and cash equivalents is defined as cash plus short-term investments.

See accompanying notes to financial statements.

# TRADE CENTRE LIMITED

## Notes to Financial Statements Year ended March 31, 2000

The Trade Centre Limited is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, leasing of office and commercial space and the operation of Exhibition Park. The company is a government business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

### 1. Significant accounting policies:

#### (a) Divisional operations:

The Trade Centre Limited consists of four divisions; the Convention Centre, the World Trade Centre, the Office Tower and Exhibition Park. Revenue and expenses are recorded on the accrual basis.

#### (b) Short-term investments:

Short-term investments are recorded at the lower of cost and market.

#### (c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

#### (d) Property and equipment:

Property and equipment is stated at cost, net of government assistance. Depreciation and amortization is provided on the straight-line basis over the following terms:

<b>Asset</b>	<b>Rate</b>
Building	30 years
Furniture and equipment	5 years
Tenant leaseholds	Lease term

#### (e) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These significant estimates include the provision for the settlement of the Atlantic Winter Fair liabilities assumed upon taking over management of Exhibition Park. Actual results could differ from these estimates.

**2. Acquisition of Exhibition Park:**

On November 15, 1999, the Province of Nova Scotia assigned management of the Exhibition Park lands and buildings to Trade Centre Limited. On March 16, 2000, the Executive Council authorized the Minister of Agriculture and Marketing to transfer the property of Exhibition Park, including land and buildings, to Trade Centre Limited in consideration for Trade Centre Limited assuming the liabilities associated with Exhibition Park. As a result of this transaction, property and equipment include additions of \$210,000 and \$1,038,965 to land and buildings, respectively. The statement of operations includes the operations of Exhibition Park since November 15, 1999.

**3. Accounts receivable:**

	<b>2000</b>	<b>1999</b>
Convention Centre events .....	\$ 657,567	\$ 757,567
Office Tower rents .....	149,983	313,069
World Trade Club .....	68,794	124,620
Due from Halifax Regional Municipality .....	457,292	---
Other .....	424,848	199,209
	<u>1,758,484</u>	<u>1,394,465</u>
Less allowance for doubtful accounts .....	<u>(51,121)</u>	<u>(31,886)</u>
	<u>\$ 1,707,363</u>	<u>\$ 1,362,579</u>

**4. Property and equipment:**

	<b>Cost</b>	<b>Accumulated depreciation and amortization</b>	<b>2000 Net</b>	<b>1999 Net</b>
Land .....	\$ 210,001	\$ ---	\$ 210,001	\$ 1
Building .....	33,295,910	16,282,878	17,013,032	16,737,796
Furniture and equipment .....	3,067,012	2,779,952	287,060	124,740
Tenant leaseholds .....	1,500,974	1,000,997	499,977	711,485
	<u>\$ 38,073,897</u>	<u>\$ 20,063,827</u>	<u>\$ 18,010,070</u>	<u>\$ 17,574,022</u>

**5. Contributed surplus:**

	<b>2000</b>	<b>1999</b>
Government of Canada .....	\$ 2,750,000	\$ 2,750,000
Halifax Regional Municipality .....	1,500,000	1,500,000
Province of Nova Scotia .....	<u>40,923,101</u>	<u>40,923,101</u>
	<u>\$ 45,173,101</u>	<u>\$ 45,173,101</u>

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

**6. Operating subsidy from the Halifax Regional Municipality:**

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. In this respect, the Trade Centre Limited has recognized the contribution relating to the 2000 fiscal year in these financial statements.

**7. Commitments:**

The Centre is committed to payments under operating leases with terms expiring between 2000 and 2004. Annual payments are as follows:

2001 .....	\$	17,141
2002 .....		17,141
2003 .....		17,141
2004 .....		12,856

**8. Related party transactions:**

The Trade Centre Limited rents significant office tower space to departments and agencies of the Province of Nova Scotia.

For the year ended March 31, 2000, rental revenue and tenant recoveries included \$1,519,182 (1999 - \$1,596,041) received from departments and agencies of the Province of Nova Scotia.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

**9. Events Halifax:**

Events Halifax ("Eh!") is a new division of the Centre established in fiscal 1999. The purpose of Eh! is to provide marketing and promotion services for the benefit of bringing major sporting and cultural events to the Halifax Regional Municipality. Convention centre revenue includes an amount of \$165,635 (1999 - \$88,932) and advertising and marketing expenses includes an amount of \$165,635 (1999 - \$88,932) relating to the operations of Eh!. Contributions in the amount of \$24,088 (1999 - \$62,178) have been deferred and included in deferred revenue.

**10. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

**TRANSPORTATION TRUST FUND**

**Continuity of Transportation Trust Fund  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Balance, beginning of year . . . . .	\$ ---	\$ ---
<i>Add:</i> Revenue collected during year . . . . .	<u>38,211,162.63</u>	<u>38,128,841.05</u>
	38,211,162.63	38,128,841.05
 <i>Deduct:</i> Refund of Payments . . . . .	 193,309.92	 480,933.52
Department of Transportation and Public Works Expenditures (Schedule 1) . . . . .	25,080,401.87	24,136,265.53
Transfer to consolidated Fund . . . . .	<u>12,937,450.84</u>	<u>13,511,642.00</u>
	38,211,162.63	38,128,841.05
Balance - end of year . . . . .	<u>\$ ---</u>	<u>\$ ---</u>

**Transportation Trust Fund Expenditures  
for the year ended March 31, 2000**

<b>Highway</b>	<b>2000</b>	<b>1999</b>
101 . . . . .	\$ 1,721,786.36	\$ 2,465,200.95
102 . . . . .	2,446,125.49	1,786,389.83
103 . . . . .	4,176,993.11	5,952,026.06
104 . . . . .	8,509,456.62	6,237,036.78
105 . . . . .	2,668,029.29	2,557,330.13
106 . . . . .	---	---
107 . . . . .	2,629,926.88	---
111 . . . . .	9,737.77	---
113 . . . . .	66,474.50	---
118 . . . . .	1,667.90	1,330,908.38
125 . . . . .	2,816,664.89	2,467,992.23
142 . . . . .	---	1,148,937.95
Misc . . . . .	<u>33,539.06</u>	<u>190,443.22</u>
Total Expenditure . . . . .	<u>\$ 25,080,401.87</u>	<u>\$ 24,136,265.53</u>



## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the balance sheet of Upper Clements Family Theme Park Limited as at March 31, 2000, and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. SALMON, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 12, 2000.

**UPPER CLEMENTS FAMILY THEME PARK LIMITED**

**Balance Sheet  
as at March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ <u>1,904</u>	\$ <u>6,987</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities .....	\$ 296	\$ ---
Current portion of long-term liability .....	<u>813</u>	<u>1,778</u>
	<u>1,109</u>	<u>1,778</u>
<b>Long-term</b>		
Workers' compensation benefits liability (Note 2) .....	<u>10,436</u>	<u>26,667</u>
<b>Equity</b>		
Capital stock .....	1	1
Contributed surplus .....	5,667,174	5,667,174
Deficit .....	<u>(5,676,816)</u>	<u>(5,688,633)</u>
	<u>(9,641)</u>	<u>(21,458)</u>
	\$ <u>1,904</u>	\$ <u>6,987</u>

Contingency (Note 5)

**Statement of Income and Deficit  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Contributions from the Province (Note 4) .....	\$ 24,000	\$ 10,000
Refund on Safety Deposit box .....	<u>40</u>	<u>---</u>
	24,040	10,000
<b>Expenses</b>		
Professional fees .....	1,000	330
Workers' compensation benefits (Note 2) .....	26,522	5,813
Dues and fees .....	85	85
Miscellaneous .....	<u>35</u>	<u>78</u>
	27,642	6,306
Less: Adjustment to workers' compensation benefits (Note 2) .....	<u>15,419</u>	<u>---</u>
	12,223	6,306
<b>Net Income</b> .....	<u>11,817</u>	<u>3,694</u>
<b>Deficit, beginning of year</b> .....	<u>(5,688,633)</u>	<u>(5,692,327)</u>
<b>Deficit, end of year</b> .....	\$ <u>(5,676,816)</u>	\$ <u>(5,688,633)</u>

See accompanying notes to financial statements.

# UPPER CLEMENTS FAMILY THEME PARK LIMITED

## Notes to Financial Statements March 31, 2000

### 1. Authority

The Upper Clements Family Theme Park Limited was created by Order-in-Council #88-17 for the purpose of assisting in the establishment and operation of a family theme park. On April 6, 1994 the Company transferred all of its fixed assets to its shareholder, the Province of Nova Scotia.

The Province has subsequently entered into leasing arrangements with third parties to continue the operations of the park, the latest effective February 1, 1997 to January 31, 2007. Revenue and costs associated with the lease arrangements are included in the accounts of the Province.

The Company's affairs are being managed by staff of the Department of Tourism, and it is not actively involved in the operation of the family theme park.

### 2. Significant Accounting Policies

#### (a) Basis of Financial Statement Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the balance sheet and income statement is considered adequate.

#### (b) Workers' Compensation Benefits

This balance represents management's best estimate of the present value of the future payments required for workers' compensation benefits of a former employee. An adjustment to workers' compensation benefits occurs when changes are made to the assumptions used in estimating the long-term liability.

### 3. Contributed Surplus

The contributed surplus balance represents the Province of Nova Scotia's investment in the fixed assets of the park when it was created net of a reduction made in 1994 when the fixed assets were transferred to the Province. No gain or loss was realized on the transfer.

### 4. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Company. The Company is economically dependent on contributions from the Province of Nova Scotia to continue operating. The extent to which this assistance will be received in the future has not been determined. Details of any transactions between the related parties are separately disclosed in the financial statements.

### 5. Contingent Liability

An action was commenced by an individual for injuries incurred at the park. The likelihood of a payment being made on this claim and the amount involved is unknown.

VICTIMS' ASSISTANCE FUND

Balance Sheet  
as at March 31, 2000

ASSETS

	2000	1999
Cash .....	\$ 260,334.40	\$ 350,113.23
Investments .....	<u>814,829.50</u>	<u>729,279.36</u>
	<u>\$ 1,075,163.90</u>	<u>\$ 1,079,392.59</u>

LIABILITIES

Fund .....	<u>\$ 1,075,163.90</u>	<u>\$ 1,079,392.59</u>
------------	------------------------	------------------------

Continuity of Fund  
for the year ended March 31, 2000

	2000	1999
Balance, beginning of year .....	\$ <u>1,079,392.59</u>	\$ <u>1,323,596.44</u>
Receipts:		
Investment income .....	35,310.24	45,810.05
Bank interest .....	16,795.85	12,866.08
Fine surcharge revenue .....	<u>941,967.68</u>	<u>715,918.17</u>
	994,073.77	774,594.30
Disbursements .....	<u>(998,302.46)</u>	<u>(1,018,798.15)</u>
Balance, end of year .....	<u>\$ 1,075,163.90</u>	<u>\$ 1,079,392.59</u>

Note to the Financial Statements  
March 31, 2000

Investments at March 31,2000 consisted of the following:

\$30,329.5 Royal Bank BA		
5.17% March 3, 2000 to May 5, 2000 .....	\$	30,600.00
\$784,500.0 Bank of Nova Scotia Term Deposit		
5.34% March 30,2000 to May 9, 2000 .....		789,090.94
	\$	<u>819,690.94</u>

## AUDITORS' REPORT

To the Shareholder of  
Waterfront Development Corporation Limited

We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the results of its operations and cash flows for the year ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 12, 2000

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Balance Sheet  
March 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Receivables - trade .....	\$ 252,182	\$ 122,080
Notes receivable (Note 3) .....	148,821	176,731
Grants receivable .....	---	868,768
Prepays .....	20,987	---
Real estate and development projects (Note 4) .....	28,484,825	28,415,660
Deferred pension cost .....	<u>12,697</u>	<u>13,605</u>
	\$ <u>28,919,512</u>	\$ <u>29,596,844</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5) .....	\$ 343,168	\$ 1,091,117
Payables and accruals .....	502,468	539,550
Loan payable (Note 5) .....	<u>12,600,000</u>	<u>13,600,000</u>
	<u>13,445,636</u>	<u>15,230,667</u>
<b>SHAREHOLDER'S EQUITY</b>		
Capital stock (Note 6) .....	3	3
General Development Fund (Note 7) .....	900,000	3,105,000
Contributed surplus .....	13,747,826	13,747,826
Retained Earnings (deficit) .....	<u>826,047</u>	<u>(2,486,652)</u>
	<u>15,473,876</u>	<u>14,366,177</u>
	\$ <u>28,919,512</u>	\$ <u>29,596,844</u>

Commitments (Note 8)

See accompanying notes to the financial statements.

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Statement of Earnings and Retained Earnings  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Revenue		
Rents . . . . .	\$ 3,011,407	\$ 2,438,178
Recoveries . . . . .	3,615	3,430
Interest income . . . . .	9,932	12,848
Other income . . . . .	21,125	31,680
Grant revenue		
Overhead recovery . . . . .	---	162,720
Non-owned infrastructure . . . . .	196,762	100,000
	<u>3,242,841</u>	<u>2,748,856</u>
Property Expenses		
Property taxes . . . . .	55,321	35,046
Operating . . . . .	423,797	320,657
Depreciation and amortization . . . . .	221,280	229,703
	<u>700,398</u>	<u>585,406</u>
Income before other items . . . . .	<u>2,542,443</u>	<u>2,163,450</u>
Corporate expenses		
Directors fees and expenses . . . . .	16,701	21,947
Doubtful accounts . . . . .	1,442	2,442
Office operations . . . . .	50,219	46,737
Professional fees		
Audit . . . . .	9,500	9,000
Consultants . . . . .	54,558	49,749
Planning study . . . . .	109,337	---
Legal . . . . .	12,941	47,566
Salaries and benefits . . . . .	329,476	317,846
Waterfront promotions and public relations . . . . .	14,677	23,076
	<u>598,851</u>	<u>518,363</u>
Loan interest		
Expense . . . . .	743,259	715,072
Contributions from the Province of Nova Scotia . . . . .	(302,400)	---
	<u>440,859</u>	<u>715,072</u>
Depreciation on facilities for public access . . . . .	79,672	78,228
Contribution to non-owned infrastructure . . . . .	315,362	100,000
	<u>1,434,744</u>	<u>1,411,663</u>
Net earnings . . . . .	1,107,699	751,787
Transfer from (to) General Development Fund (Note 7) . . . . .	<u>2,205,000</u>	<u>(740,000)</u>
Transfer to Deficit . . . . .	3,312,699	11,787
Deficit, beginning of year . . . . .	(2,486,652)	(2,498,439)
Retained earnings (deficit), end of year . . . . .	<u>\$ 826,047</u>	<u>\$ (2,486,652)</u>

See accompanying notes to the financial statements.

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Statement of Cash Flows  
Year Ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net earnings . . . . .	\$ 1,107,699	\$ 751,787
Depreciation and amortization . . . . .	<u>300,952</u>	<u>307,931</u>
	1,408,651	1,059,718
 Change in non-cash operating working capital (Note 9) . . . . .	 <u>(24,543)</u>	 <u>(28,206)</u>
	<u>1,384,108</u>	<u>1,031,512</u>
 <b>Financing</b>		
Decrease in notes receivable, net. . . . .	27,910	4,409
Decrease (increase) in capital grants receivable. . . . .	706,048	(706,048)
Decrease (increase) in loan payable . . . . .	(1,000,000)	7,600,000
Decrease in payable for real estate purchases. . . . .	<u>---</u>	<u>(1,900,000)</u>
	<u>(266,042)</u>	<u>4,998,361</u>
 <b>Investing</b>		
Purchase of		
Equipment . . . . .	(21,245)	(11,331)
Real estate and construction projects . . . . .	<u>(348,872)</u>	<u>(6,700,989)</u>
	<u>(370,117)</u>	<u>(6,712,320)</u>
 Net increase (decrease) in cash and cash equivalents . . . . .	 747,949	 (682,447)
 Bank indebtedness, net of cash and cash equivalents		
Beginning of year . . . . .	<u>(1,091,117)</u>	<u>(408,670)</u>
End of year . . . . .	\$ <u><u>(343,168)</u></u>	\$ <u><u>(1,091,117)</u></u>

See accompanying notes to the financial statements.



# WATERFRONT DEVELOPMENT CORPORATION LIMITED

## Notes to the Financial Statements March 31, 2000

### 1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is the stewardship, long term development and revitalization of the Halifax and Dartmouth waterfronts, including the encouragement of promotional activity to attract public attention and use of these areas.

### 2. Summary of significant accounting policies

#### Capitalization

All expenditures directly related to acquisition, renovation and development are included in the cost of real estate.

#### Government assistance

Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

#### Income taxes

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of The Income Tax Act.

#### Depreciation

##### Building and equipment

Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

##### Long-term lease

The cost of the lease referred to in Note 5 is amortized over its term.

##### Development costs

Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

#### Use of estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### Bank indebtedness and cash equivalents

Bank indebtedness is comprised of cash on hand, cash held in banks and an operating line of credit.

<b>3. Notes receivable</b>	<b>2000</b>	<b>1999</b>
Note receivable bearing interest at 7%, repayable in blended monthly payments of \$1,185, maturing March 2002, secured by an assignment of land and building. . . . \$	26,649	\$ 38,555
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of \$1,712, maturing June 2006. \$75,000 of the principal amount has been guaranteed by a third party . . . . .	104,756	119,356
Note receivable bearing interest at 9%, repayable in blended monthly payments of \$253, maturing April 2008 . . . . .	<u>17,416</u>	<u>18,820</u>
	\$ <u>148,821</u>	\$ <u>176,731</u>

<b>4. Real estate and development projects</b>		<b>2000</b>	<b>1999</b>
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
			<b>Net Book Value</b>
Facilities for public access . . . . . \$	6,415,085	\$ 1,110,823	\$ 5,304,262
Real estate and development projects . . . . .	<u>27,094,189</u>	<u>3,913,626</u>	<u>23,180,563</u>
	\$ <u>33,509,274</u>	\$ <u>5,024,449</u>	\$ <u>28,484,825</u>

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

**5. Credit facility**

The Corporation has available a combined credit facility of \$14,500,000 bearing interest at prime, less one percent. The line is secured by a guarantee of the Province of Nova Scotia. Of this amount, \$1,000,000 has been allocated to operations with the remaining \$13,500,000 for capital projects. To date \$343,168 and \$12,600,000 have been drawn on the operating and capital lines, respectively. In addition, the Corporation has the ability to borrow additional funds on an unsecured basis with interest at prime less 1/2%.

<b>6. Capital stock</b>	<b>2000</b>	<b>1999</b>
Authorized 5,000 shares without nominal or par value		
Issued: 3 shares . . . . .	\$ <u>3</u>	\$ <u>3</u>

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

**7. General Development Fund**

	<b>2000</b>	<b>1999</b>
Beginning balance . . . . .	\$ 3,105,000	\$ 2,365,000
Transfer to (from) operations . . . . .	<u>(2,205,000)</u>	<u>740,000</u>
Ending balance . . . . .	\$ <u>900,000</u>	\$ <u>3,105,000</u>

The Board of Directors has established this fund for future development and promotional projects. Expenditures from this fund will be at their discretion.

**8. Commitments**

- (i) The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2001 . . . . .	\$ 1,016
2002 . . . . .	1,016
2003 . . . . .	1,016
2004 . . . . .	1,016
2005 . . . . .	1,016

- (ii) The Corporation has signed a contract which requires them to provide a piling allowance. As part of the same contract, the Corporation agreed to build a public park.
- (iii) During the year, the Corporation accepted an offer to sell a parcel of land on the Dartmouth Waterfront for \$221,000. As of the Audit report date the deal has not been closed.

**9. Supplemental cash flow information**

Change in non cash operating working capital

	<b>2000</b>	<b>1999</b>
Receivables . . . . .	\$ (130,102)	\$ (60,847)
Operating grants receivable . . . . .	162,720	(162,720)
Prepays . . . . .	(20,987)	19,369
Payables and accruals . . . . .	(37,082)	(44,915)
Deposits . . . . .	---	220,000
Deferred pension cost . . . . .	<u>908</u>	<u>907</u>
	\$ <u>(24,543)</u>	\$ <u>(28,206)</u>

Bank indebtedness and cash equivalents are comprised of the following:

Cash in bank account and on hand . . . . .	\$ 16,039	\$ 8,356
Line of credit . . . . .	<u>(359,207)</u>	<u>(1,099,473)</u>
	\$ <u>(343,168)</u>	\$ <u>(1,091,117)</u>
Interest paid . . . . .	<u>743,259</u>	<u>715,072</u>

**10. Financial instruments**

The fair values of cash and receivables approximate their carrying amounts because of their short term to maturity. The fair value of loans receivable approximate their carrying amounts because of variable interest rates and an insignificant fluctuation in the interest rates for those with fixed rates.

The fair values of payables and accruals and note payable approximate their carrying amounts because of their short term to maturity and variable interest rate.

**11. Employee pension plan**

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Sector Superannuation Plan. The plan required the payment costs for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at October 31, 1998 and includes pension assets of \$2,387,000,000, and pension liabilities of \$2,348,000,000, resulting in a pension surplus of \$39,000,000. This surplus has resulted in a pension holiday for its participants. The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only three employees.

## AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
Western Regional Health Board

We have audited the statement of financial position of the Western Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 9, 2000

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Financial Position  
as at March 31, 2000**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Current</b>				
Cash and cash equivalents (Page 521) . . . . .	\$ 4,388,515	\$ ---	\$ 4,388,515	\$ 2,569,669
Accounts receivable (Note 4) . . .	13,085,754	10,926,617	24,012,371	10,153,929
Inventory . . . . .	2,283,962	---	2,283,962	2,120,574
Prepaid expenses . . . . .	617,109	151,783	768,892	1,576,381
	<u>20,375,340</u>	<u>11,078,400</u>	<u>31,453,740</u>	<u>16,420,553</u>
<b>Long-term assets (Note 5) . . . . .</b>	636,826	31,557	668,383	48,379
<b>Property, plant and equipment (Note 6) . . . . .</b>	---	<u>129,986,155</u>	<u>129,986,155</u>	<u>110,837,186</u>
	<u>\$ 21,012,166</u>	<u>\$ 141,096,112</u>	<u>\$ 162,108,278</u>	<u>\$ 127,306,118</u>

**LIABILITIES**

<b>Current</b>				
Bank indebtedness (Note 7) . . . . .	\$ ---	\$ ---	\$ ---	\$ 2,368,635
Accounts payable and accrued liabilities (Note 8) . . . . .	17,656,716	3,543,290	21,200,006	18,934,369
Current portion of long-term debt (Note 9) . . . . .	---	185,513	185,513	290,106
Revenue received in advance . . .	<u>5,211,480</u>	---	<u>5,211,480</u>	<u>11,055,335</u>
	22,868,196	3,728,803	26,596,999	32,648,445
<b>Long-term debt (Note 9) . . . . .</b>	---	837,832	837,832	3,709,819
<b>Deferred capital grants (Note 10) . . . . .</b>	---	<u>131,464,690</u>	<u>131,464,690</u>	<u>106,335,682</u>
	<u>22,868,196</u>	<u>136,031,325</u>	<u>158,899,521</u>	<u>142,693,946</u>

**FUND BALANCES**

<b>Restricted (Page 520) . . . . .</b>	78,581	253,986	332,567	854,778
<b>Unrestricted (Page 520) . . . . .</b>	<u>(1,934,611)</u>	<u>4,810,801</u>	<u>2,876,190</u>	<u>(16,242,606)</u>
	<u>(1,856,030)</u>	<u>5,064,787</u>	<u>3,208,757</u>	<u>(15,387,828)</u>
	---	---	---	---
	<u>\$ 21,012,166</u>	<u>\$ 141,096,112</u>	<u>\$ 162,108,278</u>	<u>\$ 127,306,118</u>

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Year Ended March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Revenue</b>				
Department of Health				
Operating funding (Note 2(b)) . . . . .	\$ 124,830,584	\$ ---	\$ 124,830,584	\$ 104,231,573
Year 2000 funding . . . . .	1,978,051	---	1,978,051	---
Department of Veteran's Affairs . . . . .	4,290,504	---	4,290,504	3,589,608
Patient services . . . . .	3,594,119	---	3,594,119	3,994,673
Physician funding . . . . .	3,613,457	---	3,613,457	3,663,512
Program recoveries and sales . . . . .	5,211,938	---	5,211,938	4,660,388
Amortization of deferred capital grants (Notes 2(d) and 9) . . . . .	---	7,471,087	7,471,087	5,988,138
Other . . . . .	373,209	35,699	408,908	452,282
	<u>143,891,862</u>	<u>7,506,786</u>	<u>151,398,648</u>	<u>126,580,174</u>
<b>Expenses</b>				
Administration and support . . . . .	4,258,753	---	4,258,753	3,672,126
Addiction services . . . . .	4,248,942	---	4,248,942	3,084,807
Diagnostic imaging . . . . .	7,591,820	---	7,591,820	7,068,459
Environmental services . . . . .	6,088,110	---	6,088,110	5,674,393
Finance . . . . .	1,683,236	---	1,683,236	1,518,055
Food & nutritional services . . . . .	8,772,061	---	8,772,061	8,423,215
Human resources . . . . .	1,478,420	---	1,478,420	1,151,916
Information services . . . . .	5,551,699	---	5,551,699	5,336,440
Laboratory . . . . .	10,063,420	---	10,063,420	9,454,461
Materials management . . . . .	3,658,759	---	3,658,759	3,263,783
Mental health . . . . .	10,078,416	---	10,078,416	8,740,333
Nursing . . . . .	57,724,525	---	57,724,525	51,927,285
Pharmacy . . . . .	1,421,601	---	1,421,601	1,260,896
Plant & support services . . . . .	9,160,258	---	9,160,258	8,182,859
Public Health . . . . .	3,713,211	---	3,713,211	3,592,795
Rehabilitation services . . . . .	2,476,874	---	2,476,874	2,199,027
Other programs . . . . .	2,973,244	---	2,973,244	3,008,584
Year 2000 . . . . .	1,978,051	---	1,978,051	---
Depreciation (Note 2(c)) . . . . .	---	8,019,914	8,019,914	6,834,188
Interest . . . . .	---	228,659	228,659	288,270
Other . . . . .	979,273	45,385	1,024,658	2,268,190
	<u>143,900,673</u>	<u>8,293,958</u>	<u>152,194,631</u>	<u>136,950,082</u>
Excess (deficiency) of revenues over expenses before accumulated deficit and debt incremental funding . . . . .	<u>(8,811)</u>	<u>(787,172)</u>	<u>(795,983)</u>	<u>(10,369,908)</u>
Accumulated deficit and debt incremental funding (Note 3) . . . . .	<u>19,392,568</u>	<u>---</u>	<u>19,392,568</u>	<u>---</u>
<b>Excess (deficiency) of revenues over expenses . . . . .</b>	<u>\$ 19,383,757</u>	<u>\$ (787,172)</u>	<u>\$ 18,596,585</u>	<u>\$ (10,369,908)</u>

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Changes in Fund Balances  
as at March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Restricted Fund Balances</b>				
Balance, beginning of year. . . . .	\$ 600,792	\$ 253,986	\$ 854,778	\$ 854,778
Transfer to unrestricted fund . . . .	<u>(522,211)</u>	<u>---</u>	<u>(522,211)</u>	<u>---</u>
Balance, end of year. . . . .	<u>78,581</u>	<u>253,986</u>	<u>332,567</u>	<u>854,778</u>
<b>Unrestricted Fund Balances</b>				
Balance, beginning of year. . . . .	(19,914,779)	3,672,173	(16,242,606)	(5,845,927)
Transfer from restricted fund. . . .	522,211	---	522,211	---
Specified gifts to foundations . . .	---	---	---	(26,771)
Transfer to capital fund . . . . .	(1,925,800)	1,925,800	---	---
Excess (deficiency) of revenues over expenses (Page 519) . . . . .	<u>19,383,757</u>	<u>(787,172)</u>	<u>18,596,585</u>	<u>(10,369,908)</u>
<b>Balance, end of year. . . . .</b>	<u>(1,934,611)</u>	<u>4,810,801</u>	<u>2,876,190</u>	<u>(16,242,606)</u>
<b>Total Fund Balances. . . . .</b>	<u>\$ (1,856,030)</u>	<u>\$ 5,064,787</u>	<u>\$ 3,208,757</u>	<u>\$ (15,387,828)</u>



**WESTERN REGIONAL HEALTH BOARD**

**Statements of Cash Flows  
Year Ended March 31, 2000**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>				
<b>Operating</b>				
Excess (deficiency) of revenues over expenses (Page 519) . . . . .	\$ 19,383,757	\$ (787,172)	\$ 18,596,585	\$ (10,369,908)
Adjusted for:				
Depreciation (Page 519). . . . .	---	8,019,914	8,019,914	6,834,188
Amortization of deferred capital grants (Page 519 and Note 10) . . . . .	---	(7,471,087)	(7,471,087)	(5,988,138)
Changes in working capital items (Note 14) . . . . .	(10,112,360)	(6,680,199)	(16,792,559)	8,802,922
Appropriation to capital (Page 52)	<u>(1,925,800)</u>	<u>1,925,800</u>	<u>---</u>	<u>---</u>
	<u>7,345,597</u>	<u>(4,992,744)</u>	<u>2,352,853</u>	<u>(720,936)</u>
<b>Financing</b>				
Assumption of long-term debt . . . . .	---	377,383	377,383	19,998
Proceeds from capital grants. . . . .	---	32,600,095	32,600,095	17,319,482
Repayment of long-term debt . . . . .	---	<u>(3,353,964)</u>	<u>(3,353,964)</u>	<u>(479,863)</u>
	---	<u>29,623,514</u>	<u>29,623,514</u>	<u>16,859,617</u>
<b>Investing</b>				
Investment in long-term assets. . . . .	(588,447)	(31,557)	(620,004)	---
Acquisitions of property, plant and equipment . . . . .	---	(27,695,211)	(27,695,211)	(18,358,036)
Proceeds on disposals of property, plant and equipment. . . . .	---	526,329	526,329	154,141
Specified gifts of Foundation (Page 4). . . . .	---	---	---	<u>(26,771)</u>
	<u>(588,447)</u>	<u>(27,200,439)</u>	<u>(27,788,886)</u>	<u>(18,230,666)</u>
Net cash inflow (outflow) . . . . .	6,757,150	(2,569,669)	4,187,481	(2,091,985)
Cash and cash equivalents (bank indebtedness), beginning of year.	<u>(2,368,635)</u>	<u>2,569,669</u>	<u>201,034</u>	<u>2,293,019</u>
Cash and cash equivalents, end of year. . . . .	\$ <u>4,388,515</u>	\$ <u>---</u>	\$ <u>4,388,515</u>	\$ <u>201,034</u>

# WESTERN REGIONAL HEALTH BOARD

## Notes to the Financial Statements Year Ended March 31, 2000

### 1. DESCRIPTION OF ORGANIZATION

The Western Regional Health Board was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 30, 1994. The Board's mission is to facilitate the development of community based primary health care in the Western Region of Nova Scotia and ensure the provision of quality primary and secondary health services in response to identified needs. On October 21, 1999, the governance of the organization was transferred to the Department of Health, Province of Nova Scotia.

The facilities owned and operated by the Board are Annapolis Community Health Centre, Digby General Hospital, Eastern Kings Memorial Community Health Centre, Health Services Association of the South Shore, Queen's General Hospital, Roseway Hospital, Soldier's Memorial Hospital, Valley Regional Hospital, and Yarmouth Regional Hospital. In addition, the Board leases space to operate certain programs at the Western Kings Memorial Community Health Centre and other locations throughout the Western region of Nova Scotia for the delivery of certain programs and services and supports eleven (11) Community Health Boards.

### 2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and include the following significant accounting policies:

#### a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Western Regional Health Board's capital assets and special purposes and endowment funds.

#### b) Revenue Recognition

The Western Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**c) Property, Plant and Equipment**

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Designated capital assets are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

**d) Deferred Capital Grants**

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

**e) Inventory**

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

**3. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING**

During the year ended March 31, 2000, the Department of Health provided funding to cover accumulated debts and deficits to March 31, 1999 of Regional Health Boards and Non-Designated Organization. This incremental one-time amount was applied in the amount of \$19,392,568 for operating deficits which is included in revenue. The amount applied for capital was \$1,069,362 which is recorded as a contribution to deferred capital grants.

**4. ACCOUNTS RECEIVABLE**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2000</b>	<b>Total 1999</b>
Department of Health				
Operating funding. . . . .	\$ 8,582,233	\$ ---	\$ 8,582,233	\$ 1,404,325
Early Departure and Retirement incentives. . . .	838,957	---	838,957	1,034,303
Capital grants . . . . .	---	9,088,705	9,088,705	1,176,440
Department of Veteran's Affairs	51,334	---	51,334	51,334
Patient Care. . . . .	1,021,825	---	1,021,825	1,462,144
HST rebates. . . . .	465,150	575,913	1,041,063	1,376,857
Extended care facilities . . . .	844,049	---	844,049	901,956
Homecare/VON. . . . .	176,534	---	176,534	132,692
Charitable foundations . . . . .	118,316	1,088,880	1,207,196	1,370,074
Psychiatric recoveries . . . . .	355,574	---	355,574	495,356
Federal grant funding. . . . .	258,664	---	258,664	69,021
Other . . . . .	373,118	173,119	546,237	727,806
	<u>\$ 13,085,754</u>	<u>\$ 10,926,617</u>	<u>\$ 24,012,371</u>	<u>\$ 10,202,308</u>

**5. LONG-TERM ASSETS**

Long-term assets are comprised of employee advances, a prepaid maintenance contract, and other non-current receivables.

**6. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated Depreciation	Net Book Value	
			2000	1999
Land and land improvements . . . . .	\$ 2,067,809	\$ 843,989	\$ 1,223,820	\$ 1,132,825
Building and building service equipment . . . . .	158,640,633	46,232,355	112,408,278	98,342,859
Equipment . . . . .	65,795,398	50,518,261	15,277,137	10,402,573
Equipment under capital lease . . . . .	<u>2,081,295</u>	<u>1,004,375</u>	<u>1,076,920</u>	<u>958,929</u>
	<u>\$ 228,585,135</u>	<u>\$ 98,598,980</u>	<u>\$ 129,986,155</u>	<u>\$ 110,837,186</u>

**7. BANK INDEBTEDNESS**

The Board has available operating lines of credit with two Canadian chartered banks totalling \$10 million. As well, the Board has available a capital line of credit in the amount of \$2.5 million with a Canadian chartered bank. As of March 31, 2000, interest charges on any overdraft accounts would range between prime less 0.62% and prime less 0.24%. There were no amounts owing on these lines at March 31, 2000.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade payables . . . . .	\$ 2,484,846	\$ 2,438,275	\$ 4,923,121	\$ 6,154,956
Accrued liabilities . . . . .	1,888,290	1,105,015	2,993,305	1,925,672
Vacation pay . . . . .	5,881,315	---	5,881,315	4,991,719
Salary and benefits . . . . .	7,109,975	---	7,109,975	5,602,195
Other . . . . .	<u>292,290</u>	<u>---</u>	<u>292,290</u>	<u>259,827</u>
	<u>\$ 17,656,716</u>	<u>\$ 3,543,290</u>	<u>\$ 21,200,006</u>	<u>\$ 18,934,369</u>

**9. LONG-TERM DEBT**

	2000	1999
<b>Bayer Agfa</b> - non-interest bearing, maturing 2000 . . . . .	\$ 6,242	\$ 16,942
<b>Special Assistance Loan</b> Term, non-interest bearing . . . . .	---	360,000
<b>Yarmouth Hospital Charitable Foundation</b> - non-interest bearing . . . . .	---	2,587,601
<b>Due to E.K.M. Hospital Foundation</b> . . . . .	---	69,174
<b>Municipal Debt and Loan Fund</b> - interest at 5.38% . . . . .	---	50,780
<b>Obligations Under Capital Leases</b> - interest between 7-11%, maturing between 2000 and 2004 . . . . .	<u>1,017,103</u>	<u>915,428</u>
	1,023,345	3,999,925
<b>Current portion</b> . . . . .	<u>(185,513)</u>	<u>(290,106)</u>
	<u>\$ 837,832</u>	<u>\$ 3,709,819</u>

Estimated minimum principal repayments over the next five years are expected to be as follows:

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 185,513	\$ 192,753	\$ 208,229	\$ 225,632	\$ 211,218

**10. DEFERRED CAPITAL GRANTS**

	<u>2000</u>	<u>1999</u>
Balance, beginning of year . . . . .	\$ 106,335,682	\$ 95,004,338
Grants received for capital asset purchases . . . . .	27,648,974	17,079,441
Department of Health accumulated deficit and debt incremental funding (Note 3) . . . . .	1,069,362	---
To offset assets under capital lease . . . . .	368,006	---
To fund assets yet to be purchased . . . . .	<u>3,513,753</u>	<u>240,041</u>
	138,935,777	112,323,820
Amortization of deferred capital grants . . . . .	<u>(7,471,087)</u>	<u>(5,988,138)</u>
Balance, end of year . . . . .	\$ <u>131,464,690</u>	\$ <u>106,335,682</u>

**11. CONTINGENCIES**

No provision has been made in these financial statements for a retirement award liability for staff members who have not confirmed their intention to retire prior to March 31, 2000.

**12. COMMITMENTS**

**a) Leases and Purchase Commitments**

The Western Regional Health Board has committed funds from operations for the purchase of film and occupancy and equipment leases. Estimated minimum lease payments and film purchases over the next five years are expected to be as follows:

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 531,137	\$ 229,604	\$ 187,858	\$ 158,274	\$ 158,274

**b) Yarmouth Redevelopment Project**

The Board has committed to a redevelopment project for the Yarmouth Regional Hospital in the amount of \$47.9 million of which its share is 25% (\$11.975 million).

Discussions between management, Department of Health, and the Yarmouth Hospital Charitable Foundation regarding arranging required financing for the remaining portion of the project are ongoing.

**13. PENSION PLAN**

The Western Regional Health Board contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1996 and showed an unfunded liability for the entire plan of nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at October 31, 1998 and showed an unfunded liability for the entire plan of nil. The Western Regional Health Board bears no financial responsibility for any unfunded liability of either plan.

#### 14. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total 2000	Total 1999
Accounts receivable . . . . .	\$ (6,381,484)	\$ (7,476,958)	\$ (13,858,442)	\$ (2,416,386)
Inventory . . . . .	(163,388)	---	(163,388)	73,405
Prepaid expenses . . . . .	752,821	54,668	807,489	(174,860)
Accounts payable and accrued liabilities . . . . .	1,523,546	742,091	2,265,637	4,596,514
Revenue received in advance . . . . .	(5,843,855)	---	(5,843,855)	6,724,249
	<u>\$ (10,112,360)</u>	<u>\$ (6,680,199)</u>	<u>\$ (16,792,559)</u>	<u>\$ 8,802,922</u>

#### 15. SUBSEQUENT EVENT

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards and District Health Authorities and respecting Provincial Health Care Centres. This Act provides for the establishment of District Health Authorities to govern and manage the delivery of health services. The Province of Nova Scotia intends to transfer governance from Regional Health Boards to the District Health Authorities on October 1, 2000.

#### 16. COMPARATIVE FIGURES

Certain of the Board's 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for the 2000 fiscal year.

## AUDITORS' REPORT

### **To the Members of the Board of Directors Workers' Compensation Board of Nova Scotia**

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 1999 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Touche, LLP  
Chartered Accountants

Halifax, Nova Scotia  
March 10, 2000

**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Financial Position  
as at December 31, 1999**

	<b>1999</b>	<b>1998</b>
<b>ASSETS</b>		
Receivables (Note 3) . . . . .	\$ 7,094,641	\$ 6,785,241
Investments (Note 4) . . . . .	538,525,888	447,358,641
Deferred charges (Note 5) . . . . .	923,195	---
Property and equipment (Note 6) . . . . .	10,567,057	8,069,169
Other assets (Note 7) . . . . .	<u>2,250,000</u>	<u>2,400,000</u>
	<u>\$ 559,360,781</u>	<u>\$ 464,613,051</u>
<b>LIABILITIES</b>		
Payables and accruals . . . . .	\$ 7,571,405	\$ 6,013,670
Deferred revenue (Note 8) . . . . .	---	4,547,949
Benefits liabilities (Note 9) . . . . .	<u>890,545,991</u>	<u>823,903,110</u>
	898,117,396	834,464,729
Unfunded liability . . . . .	<u>(338,756,615)</u>	<u>(369,851,678)</u>
	<u>\$ 559,360,781</u>	<u>\$ 464,613,051</u>
Commitment (Note 16)		
Contingencies (Note 17)		



**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Operations and Unfunded Liability  
Year Ended December 31, 1999**

	<b>1999</b>	<b>1998</b>
Revenue		
Assessments (Note 10) . . . . .	\$ 180,379,331	\$ 168,532,163
Net investment income . . . . .	52,760,235	32,652,346
Government contribution (Note 8) . . . . .	4,600,000	4,600,000
	<u>237,739,566</u>	<u>205,784,509</u>
Claims costs incurred (Note 9)		
Short-term disability . . . . .	23,358,015	21,376,669
Long-term disability . . . . .	51,444,564	54,625,839
Survivor benefits . . . . .	5,831,247	5,194,084
Health care . . . . .	16,098,360	13,499,833
Rehabilitation . . . . .	1,586,190	1,406,788
	<u>98,318,376</u>	<u>96,103,213</u>
Growth in present value of benefits liabilities and actuarial adjustments (Note 9) . . . . .	63,118,914	43,731,548
Administration costs (Note 11) . . . . .	22,640,245	20,146,517
Legislated obligations (Note 12) . . . . .	5,154,149	4,965,991
	<u>189,231,684</u>	<u>164,947,269</u>
Excess of revenues over expenses before below noted item . . . .	48,507,882	40,837,240
Adjustment to benefits liabilities (Note 9) . . . . .	17,412,819	40,203,000
	<u>65,920,701</u>	<u>81,040,240</u>
Excess of revenues over expenses applied to reduce the unfunded liability . . . . .	31,095,063	634,240
Unfunded liability, beginning of year . . . . .	<u>(369,851,678)</u>	<u>(370,485,918)</u>
Unfunded liability, end of year . . . . .	\$ <u>(338,756,615)</u>	\$ <u>(369,851,678)</u>

**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Cash Flows  
Year Ended December 31, 1999**

	<b>1999</b>	<b>1998</b>
Cash Flow from Operating Activities		
Cash received from:		
Employers, for assessments . . . . .	\$ 178,938,402	\$ 166,324,161
Investment income . . . . .	52,760,235	32,652,346
Government contribution (Note 8) . . . . .	---	13,747,949
	<u>231,698,637</u>	<u>212,724,456</u>
Cash paid to:		
Claimants or third parties on their behalf. . . . .	111,704,261	97,082,710
Suppliers, for administrative and other goods and services. . . . .	<u>23,731,295</u>	<u>21,399,778</u>
	<u>135,435,556</u>	<u>118,482,488</u>
Deferred Charges (Note 5) . . . . .	<u>923,195</u>	---
	<u>95,339,886</u>	<u>94,241,968</u>
Cash Flow from Investing Activities		
Cash paid for:		
Purchases of equipment . . . . .	<u>4,172,639</u>	<u>1,344,899</u>
Net increase in cash and investments . . . . .	91,167,247	92,897,069
Cash and Investments, beginning of year (Note 4) . . . . .	<u>447,358,641</u>	<u>354,461,572</u>
Cash and Investment, end of year (Note 4). . . . .	\$ <u><u>538,525,888</u></u>	\$ <u><u>447,358,641</u></u>

**Notes to the Financial Statements**  
**Year Ended December 31, 1999**

**1. NATURE OF OPERATIONS**

The Workers' Compensation Board ("the WCB") was established by the Nova Scotia Legislature in 1917, under the Workers' Compensation Act ("the Act"). The WCB is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new Workers' Compensation Act received Royal Assent on February 6, 1995. The Act contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990, will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the Workers' Compensation Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

**a) Assessments Receivable**

Assessments receivable and assessment revenue includes a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

**b) Investments**

Fixed-term investments are recorded at amortized cost. Gain or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss, and the write down is included in the income of the year in which it occurs.

**c) Property and Equipment**

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half year's amortization is taken.

**d) Other Assets**

Other assets are stated at cost, less accumulated amortization which is charged on a straight-line basis over 25 years.

**e) Benefits Liabilities**

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefits Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also note 17).

**3. RECEIVABLES**

	<b>1999</b>	<b>1998</b>
Assessments . . . . .	\$ 5,035,937	\$ 5,235,460
Self-insured employers . . . . .	<u>4,850,208</u>	<u>3,207,446</u>
Assessments receivable . . . . .	9,886,145	8,442,906
Self-insured employers - deposits . . . . .	(4,001,250)	(4,001,250)
Government of Nova Scotia . . . . .	527,765	1,164,887
Harmonized Sales Tax rebate . . . . .	249,396	268,744
Other . . . . .	<u>432,585</u>	<u>909,954</u>
	\$ <u>7,094,641</u>	\$ <u>6,785,241</u>

Assessments receivable are net of allowance for doubtful accounts of \$775,824 in 1999 (1998 - \$842,598). Other receivables are net of allowance for doubtful accounts of \$66,022 in 1999 (1998 - \$68,111).

**4. INVESTMENTS**

	<b>1999</b>	<b>1998</b>
Cash . . . . .	\$ 5,206,949	\$ 2,125,548
Money Market . . . . .	105,480,613	148,942,296
Fixed term investment (market value 1999 - \$174,628,538; 1998 - \$138,790,924) . . . . .	180,927,930	134,834,448
Equities (market value 1999 - \$340,748,058; 1998 - \$203,017,889) . . . . .	271,322,648	185,136,426
Accrued interest . . . . .	<u>3,134,732</u>	<u>3,306,107</u>
	566,072,872	474,344,825
Deferred investment gains . . . . .	<u>(27,546,984)</u>	<u>(26,986,184)</u>
	\$ <u>538,525,888</u>	\$ <u>447,358,641</u>

**5. DEFERRED CHARGES**

During 1999, the Workers' Compensation Board entered into a partnership with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested \$923,195 to assist with the startup costs of the NSBR. The WCB will recover its total investment over the next five years through reduced transaction fees associated with accessing the system. At the end of the five-year period, any amounts not recovered through the reduction of transaction fees will be reimbursed to the WCB. The deferred charge will be amortized to expense over the next five years at a rate equivalent to the savings in transaction fees.

**6. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value	
			1999	1998
Land . . . . .	\$ 154,764	\$ ---	\$ 154,764	\$ 154,764
Building . . . . .	3,201,702	1,132,917	2,068,785	2,077,201
Furniture . . . . .	823,178	474,517	348,661	316,020
Equipment and computer hardware . . . . .	3,626,646	2,009,956	1,616,690	1,390,504
Software and process development. . . . .	<u>11,134,446</u>	<u>4,756,289</u>	<u>6,378,157</u>	<u>4,130,680</u>
	<u>\$ 18,940,736</u>	<u>\$ 8,373,679</u>	<u>\$ 10,567,057</u>	<u>\$ 8,069,169</u>

**7. OTHER ASSETS**

	1999	1998
Cost . . . . .	\$ 3,750,000	\$ 3,750,000
Accumulated amortization . . . . .	<u>(1,500,000)</u>	<u>(1,350,000)</u>
	<u>\$ 2,250,000</u>	<u>\$ 2,400,000</u>

During 1990, the WCB paid \$3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

**8. GOVERNMENT CONTRIBUTION**

In 1995, the Government of Nova Scotia agreed to contribute \$23,000,000, to the Accident Fund, payable in five equal instalments of \$4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate.

**9. BENEFITS LIABILITIES**

	<b>Short-Term Disability</b>	<b>Long-Term Disability</b>	<b>Survivor Benefits</b>	<b>Health Care</b>	<b>Rehabilitation</b>	<b>1999</b>	<b>Total 1998</b>
<b>Balance, beginning of year . . .</b>	<u>\$ 37,956,383</u>	<u>\$ 619,758,156</u>	<u>\$ 96,336,374</u>	<u>\$ 62,863,851</u>	<u>\$ 6,988,346</u>	<u>\$ 823,903,110</u>	<u>\$ 740,181,000</u>
Growth in present value of benefits liabilities . . . . .	2,087,601	45,862,104	7,128,892	3,143,193	349,417	58,571,207	40,415,037
Actuarial adjustments . . . . .	<u>2,700,589</u>	<u>(11,005,247)</u>	<u>2,493,795</u>	<u>9,986,311</u>	<u>372,259</u>	<u>4,547,707</u>	<u>3,316,511</u>
	<u>4,788,190</u>	<u>34,856,857</u>	<u>9,622,687</u>	<u>13,129,504</u>	<u>721,676</u>	<u>63,118,914</u>	<u>43,731,548</u>
Claims costs incurred . . . . .	23,358,015	51,444,564	5,831,247	16,098,360	1,586,190	98,318,376	96,103,213
Claims payments made . . . . .	(25,956,019)	(47,451,873)	(14,669,930)	(22,171,732)	(1,957,674)	(112,207,228)	(96,315,651)
Adjustments to benefits liabilities . . . . .	---	(4,300,000)	21,712,819	---	---	17,412,819	40,203,000
<b>Balance, end of year . . . . .</b>	<u>\$ 40,146,569</u>	<u>\$ 654,307,704</u>	<u>\$ 118,833,197</u>	<u>\$ 69,919,983</u>	<u>\$ 7,338,538</u>	<u>\$ 890,545,991</u>	<u>\$ 823,903,110</u>

## Adjustment to Benefits Liabilities

On July 10, 1998 the Board of Directors of the WCB issued a policy directive with respect to adjudication of chronic pain related benefits. This followed a Court of Appeal decision rendered on April 17, 1997 which indicated that chronic pain coverage would be expanded for clients whose entitlement to permanent benefits arose after March 23, 1990 and prior to proclamation of the new Workers' Compensation Act on February 1, 1996. The 1998 adjustment amount of \$40,203,000 represented the WCB's best estimate of the present value of the benefits payable pursuant to the Court of Appeal decision and the WCB's policy.

Amendments to the Workers' Compensation Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic paid whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

The 1999 adjustment to the benefits liabilities of \$17,412,819 combined with the adjustment of \$40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to these amendments.

## 10. ASSESSMENTS

	<b>1999</b>	<b>1998</b>
Classes . . . . .	\$ 149,679,867	\$ 139,556,221
Self-insured employers . . . . .	27,917,724	26,388,990
Premium adjustment charge . . . . .	2,031,420	2,006,050
Assessment and reporting penalties . . . . .	<u>750,320</u>	<u>580,902</u>
	<u>\$ 180,379,331</u>	<u>\$ 168,532,163</u>

Assessment revenue is shown net of bad debt expense of \$566,128 in 1999 (1998 - \$816,043).

## 11. ADMINISTRATION COSTS

	<b>1999</b>	<b>1998</b>
Salaries and staff expense . . . . .	\$ 15,236,476	\$ 13,668,419
Professional fees . . . . .	1,271,608	1,490,689
Amortization . . . . .	1,812,518	1,680,629
Supplies . . . . .	693,180	647,722
Building operations . . . . .	992,404	956,649
Communications . . . . .	727,573	698,489
Services contracted . . . . .	867,302	940,213
Equipment rental . . . . .	20,722	14,901
Travel and accommodations . . . . .	563,937	533,779
Training and development . . . . .	439,252	566,318
Miscellaneous . . . . .	15,273	10,603
Recovery of pension contributions* . . . . .	<u>---</u>	<u>(1,061,894)</u>
	<u>\$ 22,640,245</u>	<u>\$ 20,146,517</u>

\*Pursuant to the Financial Measures (1998) Act, which received Royal Assent on December 3, 1998, a pension contribution holiday was declared from April 1, 1997 to March 31, 1999. The above amount represents the recovery of the employer's contributions to December 31, 1998. In accordance with the pension contribution holiday, no contributions were paid into the fund from January 1, 1999 to March 31, 1999.

**12. LEGISLATED OBLIGATIONS**

	<b>1999</b>	<b>1998</b>
Occupational Health and Safety Division . . . . .	\$ 3,339,535	\$ 3,987,843
Workers' Compensation Appeal Tribunal . . . . .	<u>1,814,614</u>	<u>978,148</u>
	<u>\$ 5,154,149</u>	<u>\$ 4,965,991</u>

The WCB is required by the Workers' Compensation Act to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Labour. Total operating expenses incurred by the WCB for 1999 were \$3,339,535 (1998 - \$3,987,843).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Workers' Compensation Act to absorb the operating costs of the Appeals Tribunal.

**13. SELF-INSURED EMPLOYERS**

These financial statements include the effects of transactions carried out for self-insured employers- federal and provincial government bodies- who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	<b>1999</b>	<b>1998</b>
Revenue. . . . .	\$ <u>27,917,724</u>	\$ <u>26,388,990</u>
Claims costs incurred		
Short-term disability. . . . .	\$ 2,463,779	\$ 2,420,511
Long-term disability. . . . .	14,408,973	13,625,559
Survivor benefits . . . . .	3,516,898	3,310,933
Health care . . . . .	3,480,383	3,122,213
Rehabilitation. . . . .	<u>231,633</u>	<u>110,545</u>
	24,101,666	22,589,761
Administration charges . . . . .	<u>3,816,058</u>	<u>3,799,229</u>
	<u>\$ 27,917,724</u>	<u>\$ 26,388,990</u>

The benefits liabilities related to self-insured employers has not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

**14. RELATED PARTY TRANSACTIONS**

Pursuant to various legislative amendments to the Workers' Compensation Act, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 1999 were \$1,100,528 (1998 - \$1,079,621). Claims payments indicated in Note 9 are shown net of these amounts.



In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 13 for the Province of Nova Scotia are as follows:

	1999	1998
Revenue . . . . .	\$ <u>2,113,231</u>	\$ <u>2,007,906</u>
Claims costs incurred . . . . .	1,888,617	1,826,806
Administration charges . . . . .	<u>224,614</u>	<u>181,100</u>
	\$ <u>2,113,231</u>	\$ <u>2,007,906</u>

Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled \$4,847,848 in 1999 (1998 - \$7,648,354). Total funds invested in notes due from the Province as at December 31, 1999 were \$69,000,000 (1998 - \$124,000,000).

**15. INDUSTRY LEVIES**

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee	1999	1998
Construction	NS Construction Safety Association	\$ 944,090	\$ 731,242
Forestry	Forestry Safety Society	296,192	229,870
Retail Gasoline	Retail Gasoline Dealers' Association	30,695	25,486

**16. COMMITMENT**

The Workers' Compensation Board of Nova Scotia has committed to the following lease payments over the next four years:

2000	\$ 749,443
2001	\$ 508,208
2002	\$ 467,266
2003	\$ 147,191

**17. CONTINGENCIES**

**a) Actuarial Assumptions**

The WCB's independent actuaries, in their report of March 8, 2000, have emphasized that very little data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is \$367,120,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and magnitude of such a variance are currently undeterminable.

**b) Chronic Pain Related Benefits**

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the Workers' Compensation Act and Regulations are unconstitutional. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

**c) Survivor Benefits**

An appeal has been filed with the Supreme Court of Nova Scotia relating to survivor benefits. The appeal concerns retroactive reinstatement of benefits to survivors who remarried prior to 1985 and had their WCB benefits terminated pursuant to the legislation in effect at that time. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately \$10.8 million. The probability of such an increase in the liabilities is currently undeterminable.