

FINANCIAL SUMMARY - SURPLUS / (DEFICIT)
(\$000s)

	2004-05 VOTED TO DATE	SUPPLE- ⁽¹⁾ MENTARY NO. 3	UNDER ⁽¹⁾ EXPEND- ITURE/ CHANGE	2004-05 REVISED VOTE
Revenue				
Territorial Revenue	79,937	0	1,145	81,082
Recoveries	124,567	0	(18,442)	106,125
Transfers from Canada	519,922	0	(14,136)	505,786
	724,426	0	(31,433)	692,993
Less Expenditures				
Operation and Maintenance Expenditures	577,067	6,988	(16,969)	567,086
Capital Expenditures	166,928	0	(38,528)	128,400
Loan Interest	360	0	0	360
	744,355	6,988	(55,497)	695,846
Effect of change in tangible capital assets				
Plus: Acquisitions	66,355	0	(21,442)	44,913
Less: Deferred capital contributions	(25,928)	0	1,212	(24,716)
Less: Amortization expense	(29,259)	0	1,848	(27,411)
Plus: Amortization of deferred capital contributions	13,966	0	(978)	12,988
	25,134	0	(19,360)	5,774
Adjustments				
Plus: In-year estimate of year-end lapses	22,141	0	(22,141)	0
Plus: Recoveries of prior years' expenditures	0	0	587	587
Plus: Items transferred to the balance sheet	(23)	0	910	887
Less: Net profit restricted funds	0	0	831	831
Surplus (Deficit) for the Year	27,323	(6,988)	(15,109)	5,226
Accumulated Surplus, March 31, 2004 ⁽²⁾				91,416
Restatement for change in accounting policy ⁽³⁾				344,186
Restatement for Employee Future Benefits ⁽⁴⁾				(27,397)
Accumulated Surplus, March 31, 2005				413,431

NOTES TO FINANCIAL SUMMARY

(\$000s)

(1) The 2004-05 Supplementary Estimates No. 3 document serves two purposes: i) it details expenditure changes requiring Appropriation authority, and ii) it provides updated information on the financial position of the Government. On the Financial Summary - Surplus / (Deficit), O&M Expenditure Summary and Capital Expenditure Summary, the shaded column is referred to as "Supplementary No. 3" representing changes requiring increased Appropriation authority. On all schedules, the column "Under Expenditure/Change" represents changes due to 2004-05 activities or changes reflected in the 2004-05 Public Accounts affecting the 2004-05 financial position.

(2) The 2003-04 Public Accounts disclosed two components for Surplus (as at March 31, 2004):

- Surplus resulting from Government operations	85,644
- Surplus resulting from restricted funds	<u>5,772</u>

For 2004-05, this distinction is not made - April 1, 2004 Opening Surplus is the sum total of Surplus previously reported in 2003-04.

91,416

(3) In accordance with the Public Sector Accounting Board (PSAB) recommendations, tangible capital assets are being recognized in the financial statements of the Government commencing with the 2004-05 fiscal year. Under this revised accounting policy, the costs of tangible capital assets are capitalized and amortized as expenses of operations over their estimated useful service lives. In 2003-04 and prior years, the costs of tangible capital assets were recognized as expenditures when the assets were acquired or constructed. This change in accounting policy has been applied retroactively and prior year financial statements have been restated.

(4) During the 2004-05 year, the Government adopted the recommendations issued by the Canadian Institute of Chartered Accountants with respect to accounting for extended health care and life insurance benefits for retired employees. Prior to 2004-05, expenses related to these benefits were recorded on a cash basis. As the actuarial valuation is not available for the period prior to April 1, 2004, this correction of accounting method was applied with an adjustment to the 2004-05 opening accumulated surplus and no restatement of comparative

(5) With the adoption of full accrual accounting effective April 1, 2004, the Government now reports Net Financial Resources (financial assets less liabilities) requiring restatement from the 2003-04 Public Accounts as follows:

Accumulated Surplus, March 31, 2004	85,644
Less: Prepaid expenses	(959)
Less: Inventories	(3,640)
Less: Capitalized leased buildings	(11,111)
Plus: Restricted funds	<u>5,772</u>
Net Financial Resources, March 31, 2004	<u>75,706</u>