

# **Public Accounts**

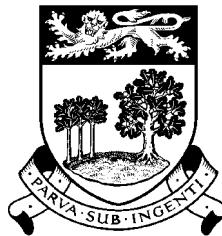
of the province of

## **Prince Edward Island**

Volume I - Financial Statements

For the Year Ended March 31st

# **2000**



**To His Honour**  
**The Honourable Gilbert R. Clements**  
Lieutenant-Governor of the Province of  
Prince Edward Island

**May It Please Your Honour:**

The undersigned has the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2000.

Respectfully submitted,



**Hon. Patricia J. Mella**  
Provincial Treasurer

Office of the Provincial Treasurer  
Charlottetown, Prince Edward Island

**To the Honourable Patricia J. Mella**  
Provincial Treasurer

**Madame:**

I have the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K. Scott Stevens". The signature is fluid and cursive, with a prominent flourish at the end.

**K. Scott Stevens, C.G.A.**  
Comptroller

Office of the Comptroller  
Charlottetown, Prince Edward Island

**Government of the Province of Prince Edward Island**  
**Statement of Responsibility**

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government. These summary financial statements include a statement of changes in financial position, accounting policies and notes and schedules integral to the statements. Together, they present fairly, in all material respects the Government's financial condition at the fiscal year end and results of operations for the year then ended. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or II.

On behalf of the Government



**Hon. Patricia J. Mella**  
Provincial Treasurer

November, 2000

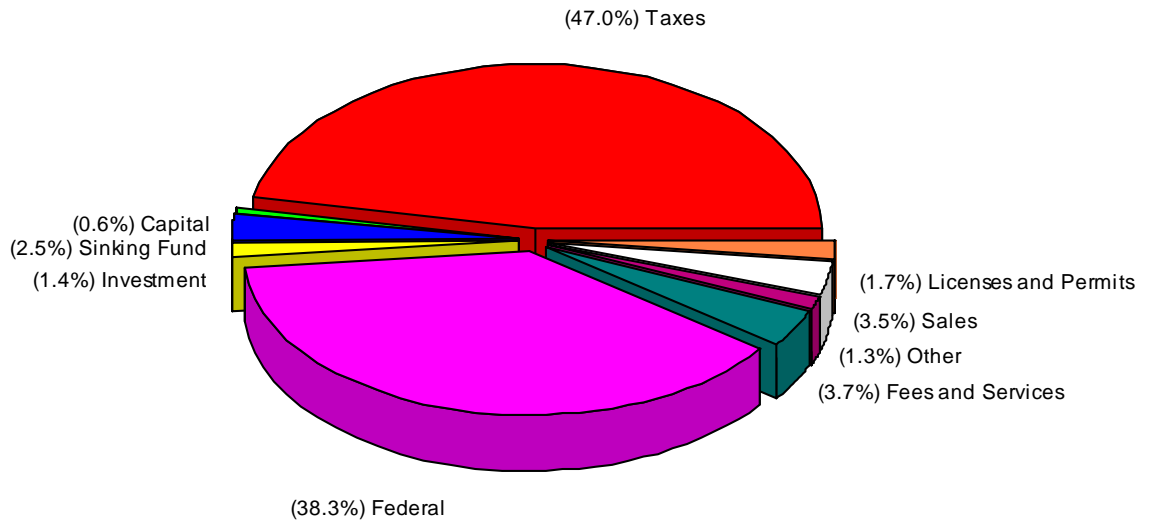
**Province of Prince Edward Island**  
**Table of Contents**  
**Volume I - Financial Statements**  
**For the Fiscal Year Ended March 31, 2000**

Statement Number		Page Number
<b>Consolidated (Summary) Financial Statements</b>		
	Auditor's Report .....	4
1.	Statement of Financial Position .....	5
2.	Statement of Revenue and Expenditure .....	6
3.	Statement of Changes in Net Debt .....	7
4.	Statement of Cash Flows .....	8
5.	Statements of Sinking Fund .....	9
	Notes to the Consolidated (Summary) Financial Statements .....	12
	Schedules to Statement of Financial Position .....	20
	Schedules to Statement of Revenue and Expenditure .....	29
<b>Operating Fund Financial Statements</b>		
	Auditor's Report .....	36
1.	Statement of Financial Position .....	37
2.	Statement of Revenue and Expenditure .....	38
3.	Ordinary Expenditure by Object .....	39
4.	Statement of Capital Revenue and Expenditure .....	40
5.	Statement of Change in Net Debt .....	41
6.	Statement of Cash Flows .....	42
7.	Statements of Sinking Fund .....	43
	Notes to the Operating Fund Financial Statements .....	45
	Schedules to Statement of Financial Position .....	52
	Schedules to Statement of Revenue and Expenditure .....	61

**Province of  
Prince Edward Island**

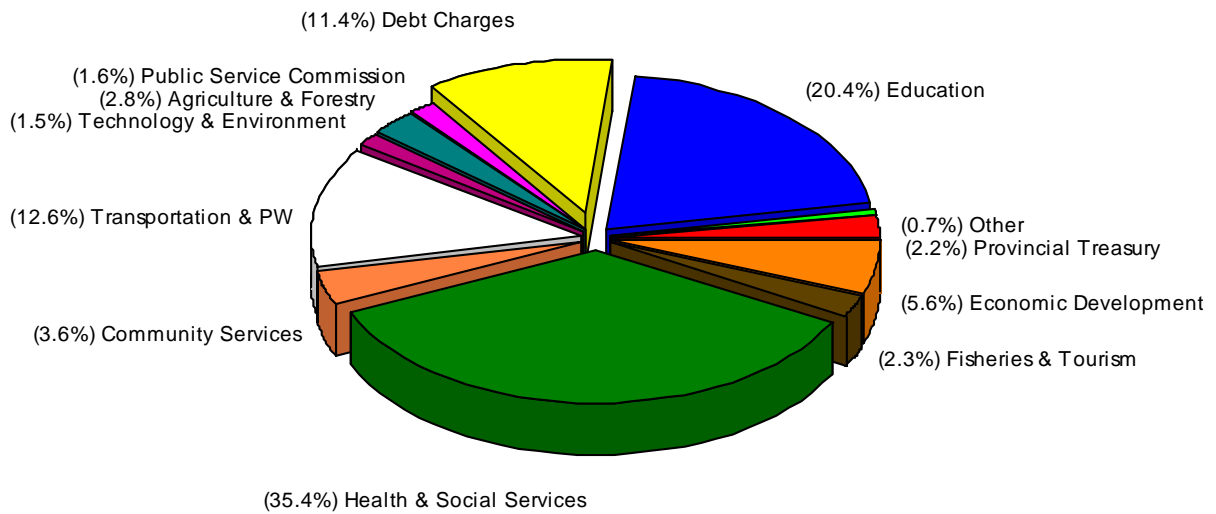
**Consolidated  
(Summary) Financial  
Statements and Schedules**

**Total Revenue**  
Consolidated (Summary) Statements



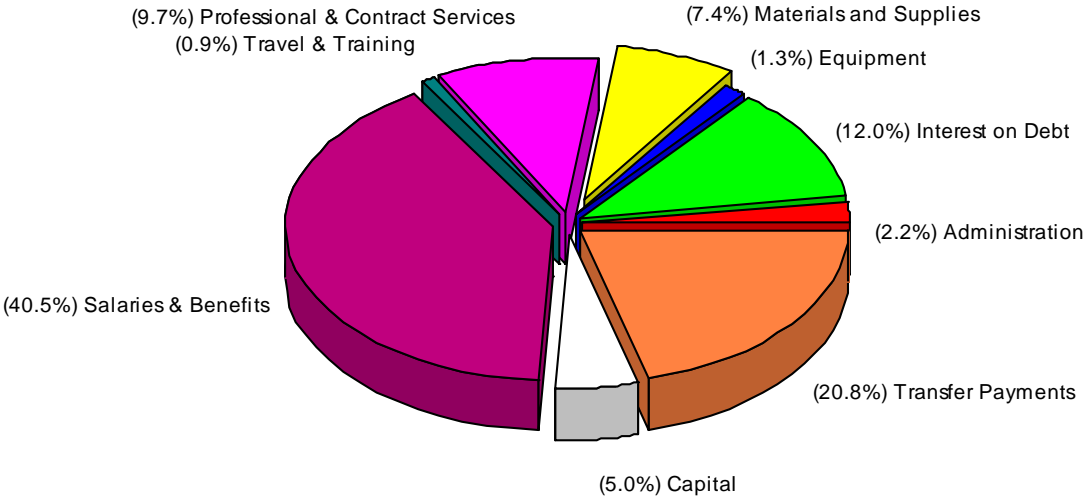
## Total Expenditure by Ministry

Consolidated (Summary) Statements





**Total Expenditure by Object**  
Consolidated (Summary) Statements



## AUDITOR'S REPORT

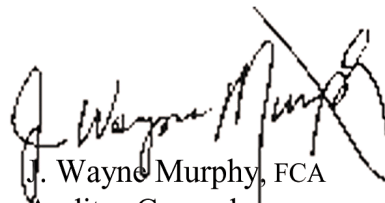
To the Members of the Legislative Assembly  
Province of Prince Edward Island

I have audited the Consolidated (Summary) statement of financial position of the Province of Prince Edward Island as at March 31, 2000 and the statement of revenue and expenditure, changes in net debt and cash flows for the year then ended. These statements are the responsibility of Government. 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 (Summary) financial statements present fairly, in all material respects, the financial position of the Province of Prince Edward Island as at March 31, 2000 and the results of its operations, the changes in net debt and the cash flows for the year then ended in accordance with the basis of accounting disclosed in the notes to the financial statements.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.

  
J. Wayne Murphy, FCA  
Auditor General

Charlottetown, Prince Edward Island  
November 1, 2000

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Statement of Financial Position  
as at March 31, 2000**

**Statement 1**

<b>Schedule</b>	<b>Assets</b>	<b>2000 (\$000)</b>	<b>1999 (\$000)</b>
		<u>7,983</u>	<u>29,859</u>
1	Cash and Short Term Deposits	7,983	29,859
2	Accounts and Taxes Receivable	88,329	93,323
3	Treasury Advances	783	1,054
4	Inventory and Property for Resale	8,626	9,997
5	Investments	10,011	11,677
6	Investment in Government Enterprises	14,455	14,122
7	Loans Receivable	114,243	93,410
8	Deferred Charges	<u>11,747</u>	<u>6,415</u>
	<b>Total Assets</b>	<b><u>256,177</u></b>	<b><u>259,857</u></b>
	<b>Net Debt (Statement 3)</b>	<b><u>1,009,852</u></b>	<b><u>993,775</u></b>
		<b><u>1,266,029</u></b>	<b><u>1,253,632</u></b>
	<b>Liabilities</b>		
9	Deferred Revenue/Credits	22,468	68,690
10	Accounts Payable	108,653	112,175
11	Accrued Liabilities	139,380	118,904
12	Short Term Loans	56,044	123,098
13	Obligation Under Capital Leases	26,833	21,735
14	Loans Payable	40,309	41,894
15	Pension Obligations		
	Gross Obligations	190,783	157,758
	Less: Committed Payments	<u>77,483</u>	<u>89,623</u>
17	Debentures		
	Gross Funded	994,963	918,758
	Less: Sinking Fund	<u>235,921</u>	<u>219,757</u>
	<b>Total Liabilities</b>	<b><u>1,266,029</u></b>	<b><u>1,253,632</u></b>
18	Tangible Capital Assets		
16	Trust Funds		
19	Guaranteed Debt		

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

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Statement of Revenue and Expenditure  
for the year ended March 31, 2000**

**Statement 2**

	<u>2000</u>	<u>1999</u>
	<u>(\$000)</u>	<u>(\$000)</u>
<b>Revenue</b>		
<b>Schedule</b>		
22 Provincial Sources	539,853	492,135
23 Federal Sources	353,110	350,009
24 Capital	5,282	10,591
Sinking Fund Earnings (Statement 5-1)	<u>23,222</u>	<u>21,744</u>
<b>Total Revenue</b>	<b><u>921,467</u></b>	<b><u>874,479</u></b>
 <b>Expenditure</b>		
25 Agriculture and Forestry	25,118	19,616
Auditor General	1,110	1,077
26 Community Service and Attorney General	32,746	32,459
27 Economic Development	50,401	34,914
28 Education	184,376	185,836
Executive Council	2,127	2,094
29 Fisheries and Tourism	20,552	17,613
30 Health and Social Services	319,466	310,158
Legislative Assembly	2,746	2,687
31 Provincial Treasury	20,174	18,116
32 Public Service Commission	14,540	13,817
33 Technology and Environment	13,295	15,613
34 Transportation and Public Works	113,518	97,172
Interest Charges on Debt	<u>102,712</u>	<u>101,442</u>
<b>Total Expenditure</b>	<b><u>902,881</u></b>	<b><u>852,614</u></b>
 <b>Surplus Before Special Adjustments</b>	 <b><u>18,586</u></b>	 <b><u>21,865</u></b>
 <b>Special Adjustments</b>		
Pension Adjustment	2,541	5,970
Capital Leases (Note 6e)	(6,416)	-
Reclassified Loan (Note 10)	(2,603)	-
6 Gain on Government Enterprises (Note 7)	<u>332</u>	<u>264</u>
<b>Total Special Adjustments</b>	<b><u>(6,146)</u></b>	<b><u>6,234</u></b>
 <b>Surplus</b>	 <b><u>12,440</u></b>	 <b><u>28,099</u></b>

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

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Statement of Changes in Net Debt  
for the year ended March 31, 2000**

Statement 3

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>Net Debt Increased by:</b>		
Excess of Expenditures Over Revenue		
Operating Fund - Capital Revenue and Expenditures	40,309	24,480
East Prince Health	32	-
Western School Board	-	29
Human Resource Management Services Inc.	-	346
Innovative Solutions Agency (PEI) Inc	-	1,261
PEI Agricultural Research Investment Fund	4	273
PEI Aquacultural Research Investment Fund	64	40
PEI Business Development Inc	1,463	2,289
PEI Crown Building Corporation	-	1
PEI Museum and Heritage Foundation	17	19
Tourism PEI	1,307	-
<b>Net Debt Decreased by:</b>		
Excess of Revenue Over Expenditures		
Operating Fund - Ordinary Revenue and Expenditures	34,864	30,825
East Prince Health Authority	-	58
Queens Region Health Authority	-	9
Eastern School Board	232	290
French School Board	8	10
Western School Board	99	-
Innovative Solutions Agency (PEI) Inc	1,129	-
Island Waste Management Corporation	20	-
PEI Energy Corporation	44	-
PEI Housing Corporation	928	908
PEI Human Rights Commission	1	-
PEI Lending Agency	337	88
PEI Self Insurance and Risk Management Fund	215	300
PEI Special Projects Fund	17,427	23,500
Tourism PEI	-	585
Gain on Government Enterprises (Schedule 6)	332	264
Increase (Decrease) from Operations	(12,440)	(28,099)
Employee Benefits Accrual Adjustment (Note 11)	28,517	-
Increase (Decrease) in Net Debt	16,077	(28,099)
Net Debt Beginning of Year	993,775	1,021,874
<b>Net Debt End of Year</b>	<b><u>1,009,852</u></b>	<b><u>993,775</u></b>

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

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Statement of Cash Flows  
for the year ended March 31, 2000**

Statement 4

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>Operating Activities</b>		
Surplus (Deficit) for the year	12,440	28,099
Adjustments:		
Sinking Fund Earnings	(23,222)	(21,744)
Pension Adjustment	(2,541)	(5,970)
Employee Benefits Accrual Adjustment	(28,517)	-
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	4,993	4,086
Treasury Advances - (Increase) Decrease	271	(213)
Inventories - (Increase) Decrease	1,371	1,246
Deferred Charges - (Increase) Decrease	(5,332)	1,656
Deferred Revenue - Increase (Decrease)	7,388	993
Accounts Payable - Increase (Decrease)	(3,521)	11,355
Accrued Liabilities - Increase (Decrease)	30,757	5,610
<b>Cash Provided by (Used for) Operating Activities</b>	<u><b>(5,913)</b></u>	<u><b>25,118</b></u>
<b>Investing Activities</b>		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(20,833)	(18,342)
Investments - (Increase) Decrease	1,666	(8,067)
Investments in Government Enterprises-(Increase) Decrease	(332)	(264)
<b>Cash Provided by (Used for) Investing Activities</b>	<u><b>(19,499)</b></u>	<u><b>(26,673)</b></u>
<b>Financing Activities</b>		
Proceeds From Debentures	80,000	-
Changes in:		
Treasury Notes - Increase (Decrease)	(55,000)	48,000
Long Term Loans Payable - Increase (Decrease)	(1,585)	(1,237)
Obligation Under Capital Leases - Increase (Decrease)	5,098	2,480
Payment of Provincial Deposit Receipts	(12,054)	(18,189)
Payment of Debentures	(2,798)	(2,593)
Payments to Sinking Fund Provision	(10,125)	(10,125)
<b>Cash Provided by (Used for) Financing Activities</b>	<u><b>3,536</b></u>	<u><b>18,336</b></u>
Increase (Decrease) in Cash and Temporary Investments	(21,876)	16,781
Cash and Temporary Investments, beginning of year	<u>29,859</u>	<u>13,078</u>
<b>Cash and Temporary Investments, end of year</b>	<u><b>7,983</b></u>	<u><b>29,859</b></u>

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

**Province of Prince Edward Island Sinking Funds  
Consolidated (Summary) Financial Statements  
Statement of Financial Position  
as at March 31, 2000**

**Statement 5**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Assets</b>		
Cash	8	61
Accrued Interest	3,890	4,211
Accounts Receivable	20,481	16,470
	<u>24,379</u>	<u>20,742</u>
Investments (Statement 5-2)	211,546	199,016
Pledged Investments (Statement 5-2)	51,458	53,320
	<u>263,004</u>	<u>252,336</u>
<b>Total</b>	<b><u>287,383</u></b>	<b><u>273,078</u></b>
<b>Liabilities</b>		
Accounts Payable	<u>51,462</u>	<u>53,321</u>
<b>Sinking Fund Reserve</b>		
Balance, Beginning of Year	219,757	203,695
Add:		
Net Income for Year (Statement 5-1)	33,347	31,869
Change in Pledged Investments	1,862	9,400
Debentures Issued During Year (Schedule 21)	7,332	376
Less:		
Payment to Pension Funds	18,048	18,046
Debentures Which Matured During Year (Schedule 21)	8,329	7,537
Balance, End of Year	<u>235,921</u>	<u>219,757</u>
<b>Total</b>	<b><u>287,383</u></b>	<b><u>273,078</u></b>

**Note - Pledged Investments**

Acts to amend the Civil Service and Teachers' Superannuation Funds reflect that the Province shall pay \$63.4 and \$129.4 million into the Funds respectively, from 1996 to 2005. Treasury Board has directed that these payments will be paid annually out of the Market Contingency Fund, of the Sinking Fund.

**Province of Prince Edward Island Sinking Funds  
Consolidated (Summary) Financial Statements  
Statement of Financial Activities  
for the year ended March 31, 2000**

Statement 5-1

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>Sinking Fund Earnings</b>		
Interest-Debentures	16,025	17,065
-Bank	148	189
-Strip Bonds	5,862	4,767
Gain on Sale of Debentures	1,466	42
	<u>23,501</u>	<u>22,063</u>
<b>Expenses</b>		
Bank Charges	25	20
Amortization of Debenture Discount	254	299
	<u>279</u>	<u>319</u>
<b>Net Sinking Fund Earnings</b>	<b>23,222</b>	<b>21,744</b>
Add: Instalments	<u>10,125</u>	<u>10,125</u>
<b>Net Income</b>	<b><u>33,347</u></b>	<b><u>31,869</u></b>



**Province of Prince Edward Island Sinking Funds  
Consolidated (Summary) Financial Statements  
Statement of Investments  
for the year ended March 31, 2000**

**Statement 5-2**

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>Book Value of Investments</b>		
Debentures-Par Value	176,367	180,232
Add: Unamortized Premium	<u>1,438</u>	<u>1,800</u>
	177,805	182,032
 Debentures-Residuals	 84,749	 69,854
Mortgage Receivable	<u>450</u>	<u>450</u>
<b>Total Book Value of Investments</b>	<b><u>263,004</u></b>	<b><u>252,336</u></b>
 <b>Market Value of Investments</b>		
Debentures	288,198	295,903
Mortgage Receivable	<u>458</u>	<u>453</u>
<b>Total Market Value of Investments</b>	<b><u>288,656</u></b>	<b><u>296,356</u></b>

**Province of Prince Edward Island**  
**Notes to the Consolidated (Summary) Financial Statements**  
**For the year ended March 31, 2000**

**1 Reporting Entity**

The financial position of the Province is presented by a statement of financial position combining the statement of financial position of the Operating Fund and the balance sheets of such agencies, crown corporations, and boards as determined under section 61(2) of the Financial Administration Act.

The following agencies, crown corporations, and boards are included in the statement of financial position of the Consolidated Fund using the consolidation method of accounting. Under the consolidation method of accounting inter-organizational balances and transactions are eliminated. This method reports the organizations as if they were one organization.

East Prince Health Authority  
Eastern Kings Health Authority  
Queens Region Health Authority  
Southern Kings Health Authority  
West Prince Health Authority  
Eastern School Board  
French Language School Board  
Western School Board  
Innovative Solutions Agency (PEI) Inc.  
Island Waste Management Corporation  
P.E.I. Agricultural Research Investment Fund Inc.  
P.E.I. Aquaculture and Fisheries Research Initiative Inc.  
P.E.I. Business Development Inc  
P.E.I. Crown Building Corporation  
P.E.I. Energy Corporation  
P.E.I. Housing Corporation  
P.E.I. Human Rights Commission  
P.E.I. Lending Agency  
P.E.I. Museum and Heritage Foundation  
P.E.I. Self-Insurance and Risk Management Fund  
P.E.I. Special Projects Fund  
Tourism P.E.I.

The Eastern, Western, and French Language School Boards have a fiscal year-end of June 30, 1999.

The following agencies, crown corporations, and boards are included in the statement of financial position of the Consolidated Fund using the modified equity method of accounting. This method is used for Government Enterprises which are defined in Note 7 to these financial statements. The modified equity method reports the percentage of a Government Enterprise's net assets owned by the Province as an investment in the Province's Statement of Financial Position. Inter-organizational balances and transactions are not eliminated.

Charlottetown Area Development Corporation  
Island Investment Development Inc.  
P.E.I. Agricultural Insurance Corporation  
P.E.I. Grain Elevators Corporation  
P.E.I. Liquor Control Commission  
P.E.I. Lotteries Commission

P.E.I. Regulatory and Appeals Commission  
Summerside Regional Development Corporation Ltd.

The P.E.I. Grain Elevators Corporation has a fiscal year end of July 31, 1999.

The Statement of Financial Position does not include the financial position of the Workers' Compensation Board. The Board, as at December 31, 1999, had assets of \$60 million and liabilities of \$87 million. The Board has the ability to establish premium rates sufficient to meet its financial obligations.

## 2 Basis of Accounting

- (a) The Province complies with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants wherever applicable.
- (b) The financial transactions recorded in the Accounts of the Province and reflected in the Public Accounts are classified as budgetary and non-budgetary.

In general terms budgetary transactions are those which enter into the calculation of the annual budgetary surplus or deficit and are disclosed in the Statement of Revenue and Expenditure - both Capital and Ordinary Revenues and Expenditures are included. Non-budgetary transactions lead to the acquisition or disposal of financial assets, or to the creation or discharge of financial obligations which are disclosed in the Statement of Financial Position.

- (c) The Province's financial statements are presented so as to highlight Net Debt, a measurement of financial position. The Net Debt of the Province is determined by its liabilities less its listed assets.
- (d) The Province presents revenues and expenditures on the accrual basis, however payments from Canada under the Federal - Provincial Fiscal Arrangements, the Canada Health and Social Transfer and the Tax Collection Agreement are based on estimates which will be adjusted against future years revenues when actual results become available.
- (e) Capital Expenditures are incurred in the acquisition, development or construction of capital assets and equipment. They do not include operational expenses.
- (f) Tangible capital assets are reported as expenditures in the year the assets are acquired, they are not included in the Province's Statement of Financial Position. Schedule 18 (unaudited) is provided to inform users of the net book value of the tangible capital assets on hand and available for use by the Province.

## 3 Province of Prince Edward Island Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Earnings on sinking funds are reflected as current account revenue. The Sinking Fund is made up of three components:

### (a) Debentures

Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are treated as a non-budgetary item. The installment payments for the next five years are:

	(\$000)
2000-2001	11,266
2001-2002	11,131
2002-2003	10,511
2003-2004	10,488
2004-2005	10,488

As at March 31, 2000 Sinking Fund investments include P.E.I. Issues held but not cancelled in the amounts of:

	(\$000)		(\$000)
Debentures - Par Value	21,926	Book Value	23,593
Residuals - Par Value	95,223	Book Value	52,131

**(b) Canada Pension Plan Debentures**

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected. Beginning in March 1999 the Province began re-financing CPP debentures as they become due. There are no installment requirements for Canada Pension Plan debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of Canada Pension Plan debentures.

**(c) Market Contingency Fund**

The Market Contingency Fund was established from over-funding of Provincial debenture issues and Canada Pension Plan loans. In the 1995/96 fiscal year the Province committed to reduce the unfunded liability in the Teacher's Superannuation Fund and the Civil Service Superannuation Fund. The payments associated with this reduction are committed from the Market Contingency Fund. At March 31, 2000 the balance of this fund, \$51.5 million, is restricted by this commitment.

**4 Claims Outstanding**

At March 31, 2000 there are fifty claims outstanding, totaling approximately \$3.6 billion, arising from legal action in progress against the Crown in respect of breach of contract, damages to persons and property and like items. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain.

One of the fifty claims outstanding is a Hepatitis C class action suit seeking \$3.5 billion in damages. The remaining forty-nine claims total approximately \$80.5 million.

**5 Prince Edward Island Self-Insurance and Risk Management Fund**

The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The fund insures against liability claims. At March 31, 2000, fund reserves were \$7.7 million, (\$7.5 in 1999). Claims amounting to \$393 thousand (\$183 in 1999), were settled in the current year. The fund also carries an excess liability policy limiting the liability of the fund to \$5 million.

**6 Commitments**

**(a) Central Mortgage and Housing Corporation**

The Province is committed to pay half the cost of a loan from Central Mortgage and Housing Corporation, for the development of the Charlottetown Area Pollution Control and Summerside Sewage Disposal systems. The outstanding loan balance as at March 31, 2000 was \$557 thousand. An amount of \$187 thousand is included in the 2000-2001 budget of the Department of Community Services and Attorney General, to meet the Province's principal and interest share for the fiscal year.

**(b) K.C. Irving Chemistry Building**

The Province is committed to make payments over a ten year period totaling \$1 million plus interest on the outstanding balance. The outstanding balance as at March 31, 2000 was \$700 thousand. An amount of \$150 thousand is included in the 2000-2001 budget of the Department of Education to meet the Province's principal and interest share for the fiscal year.

**(c) Prince Edward Island Business Development Inc**

The corporation has committed under the Venture Capital Program to invest \$171 thousand in the Atlantic Canada Fund. The commitment expires March 11, 2006.

**(d) P.E.I. Lending Agency**

The corporation has approved, but not disbursed, loans at March 31, 2000 amounting to \$42.9 million,

**(e) Leases**

The Province is party to a significant number of lease agreements. The following list contains those leases where the annual lease payments exceed one hundred thousand dollars.

<b>Asset Description</b>	<b>Annual Lease Cost (\$000)</b>	<b>Lease Expiration</b>
Sir Henry Davies Law Courts *	791	March 21, 2028
Health and Social Services Office Space	301	March 31, 2012
Queens Regional Health Authority Office	405	May 14, 2012
Charlottetown Highway Safety Division Office	147	June 30, 2007
Kelly Building (Provincial Court House) *	355	October 31, 2024
Access PEI Summerside Office	583	January 31, 2018
Eastern Kings Regional Services Centre	203	December 31, 2010
Morell Library	163	March 31, 2003
Blanchard Building	212	August 31, 2003
Concorde Building	158	June 30, 2009
Cambridge Building	163	Month to Month
Smallman Building	399	Month to Month
Research Station	293	Being Negotiated
Hillsborough Bridge *	1,359	August 21, 2001
DocuTech 135 High Speed Copier	112	April 30, 2003
Unisys Mainframe Computer	663	March 31, 2003
Law Court Case Management System	450	August 31, 2003
Brudenell Golf Course (Tourism PEI)	102	August 31, 2004
Dundarave Golf Course (Tourism PEI)	635	December 31, 2008
Compost Turner and Screener (Island Waste Management) *	133	September 30, 2004

**\* Capital Leases**

Costs associated with replacement of the Hillsborough Bridge (\$21.7 million) and renovations to the Davies and Kelly Law Court Buildings (\$6.4 million) have been recorded as capital leases. These Capital Lease Obligations are recorded as a liability in the Statement of Financial Position.

Island Waste Management Corporation has recorded a Capital Lease at March 31, 2000 for lease of containers and transponder tags for containers.

**7 Government Enterprises**

Government Enterprises are defined as those agencies, crown corporations and boards which, (i) have the power to contract in their own name, (ii) have the financial and operating authority to carry on a business, (iii) sell goods and services to customers outside the provincial reporting entity as their principal activity and source of revenue, (iv) are able to maintain their operations and meet their liabilities from revenues received from sources outside the provincial reporting entity.

Schedule 6 presents condensed financial information of those Government Enterprises which are included in the provincial reporting entity as described in Note 1 to these financial statements.

## 8 Pension Funds

### (a) Civil Service Superannuation Fund

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund to which employee and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees and certain other expenses are charged. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

The Civil Service Superannuation Fund is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions plus equal contributions by the Province. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due.

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of \$11.6 million in 1995/96 and \$5.8 million in the years 1996/97 to 2004/05.

Actuarial Valuations of the Civil Service Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1999. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-99	Estimate 31-Mar-00
	(\$000)	(\$000)
Actuarial Liability	367,574	423,345
Fund Assets	328,023	372,919
Present value of future special payments	29,431	25,444
Unfunded Liability	10,120	24,982

### (b) Teachers' Superannuation Fund

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund to which teacher and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees are charged. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

The Teachers' Superannuation Fund is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions plus equal contributions by the employer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due.

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of \$23.6 million in 1995/96 and \$11.8 million in the years 1996/97 to 2004/05.

Actuarial Valuations of the Teacher's Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at July 1, 1999. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Jul-99	Estimate 31-Mar-00
	<b>(\$000)</b>	<b>(\$000)</b>
Actuarial Liability	392,767	407,358
Fund Assets	245,891	261,287
Present value of future special payments	49,431	52,039
Unfunded Liability	97,445	94,032

**(c) MLA Pension Fund (Prior plan)**

The Legislative Assembly Retirement Allowances Act and Legislature and Executive Pensions Act provided a pension plan for members of the Legislative Assembly. Amendments in 1994 resulted in this plan being replaced by a new pension plan. Participants of the prior plan will be entitled to benefits accruing under the terms of the plan up to and including June 30, 1994. As a result, contributions to this fund ceased on June 30, 1994; however, investment interest and payments to existing pensioners will continue to be recorded to this fund. As well, the province provided \$5 million in funding to eliminate the unfunded liability at June 30, 1994. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1997. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-97	Estimate 31-Mar-00
	<b>(\$000)</b>	<b>(\$000)</b>
Actuarial Liability	14,355	14,868
Fund Assets	17,576	20,759
Unfunded Liability (Surplus )	(3,221)	(5,891)

**(d) Pension plan for Members of the Legislative Assembly (1994)**

An Amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. Contributions of Government and Members of the Legislative Assembly and investment income are credited, and payments to pensioners of this fund will be charged as they arise. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The matched contributions plus income are expected to be enough to allow the fund to continue to be fully funded.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1997. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-97	Estimate 31-Mar-00
	(\$000)	(\$000)
Actuarial Liability	359	1,230
Fund Assets	408	1,053
Unfunded Liability (Surplus)	(49)	177

#### 9 Canada Health and Social Transfer

The Province is receiving, from the Government of Canada, supplementary funding under the Canada Health and Social Transfer. The Federal Government has set up a trust fund to administer this program. The Province is recording revenue from this program per the following schedule:

	First Allocation	Second Allocation	Equipment Allocation	Totals
1999 - 2000	\$9.0 million	-	-	\$ 9.0 million
2000 - 2001	4.5 million	4.5 million	2.3 million	11.3 million
2001 - 2002	2.2 million	2.2 million	2.2 million	6.6 million
2002 - 2003	-	2.2 million	-	2.2 million
2003 - 2004	-	2.2 million	-	2.2 million
Totals	\$15.7 million	\$11.1 million	\$4.5 million	\$31.3 million

#### 10 Reclassified Loan

In the fiscal year ended March 31, 2000 the Province entered into an agreement with Innovative Solutions Agency (PEI) Inc. for development of a human resources program. A loan was provided to Innovative Solutions for the purchase of software and development of the HR program, the intent being that the Province would pay for the program through annual payments to Innovative Solutions. In accordance with guidelines set by the Public Sector Accounting Board this loan has been reclassified and the expenditure to Innovative Solutions, for the HR program, has been recognized as an expenditure in the fiscal year ended March 31, 2000.

#### 11 Employee Benefits Accrual Adjustment

In the fiscal year ended March 31, 2000 the Province made a special adjustment increasing its Accrued Liability for Employee Benefits by \$28.5 million. This adjustment is made up of two components; one being the addition of certain benefits payable to Health and Education sector employees not previously recognized by the Province. The second component of the adjustment is a change in the method of calculating the Province's liability for employee benefits. The amount the Province presents as its liability for employee benefits is calculated by an independent actuary who uses procedures generally accepted by the accounting community.

#### 12 Eliminations to Adjust Consolidated Agencies Financial Statements

The following elimination adjustments were made to consolidated agencies financial statements for accounts receivable set up by agencies which the Province does not recognize as accounts payable at March 31, 2000.

##### (a) Prince Edward Island Business Development Inc

Account receivable from the Province in the amount of \$552 thousand. Business Development Inc has set up an account receivable for a reduction in its provision for possible losses. This account receivable has not been recognized by the Province and has been eliminated by reducing Business Development Inc's equity.



**(b) The Health Region Authorities**

Accounts receivable from the Province in the amount of \$1.4 million set up by four of the five health regions. Four of the health region authorities have set up an account receivable for accrual of employee retirement allowances. This account has not been recognized by the Province and has been eliminated by reducing accrued liabilities for payroll and benefits. The Province has established its own accrual for employee benefits which includes retirement allowances for employees of the health regions.

**13 Comparative Figures**

Certain 1999 financial statement figures have been restated to conform with the presentation used in 2000.

**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 entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Schedules to Statements of Financial Position  
as at March 31, 2000**

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>1 Cash and Short Term Deposits</b>		
Operating Fund	(1,888)	14,855
Consolidated Agencies & Crown Corporations	<u>9,871</u>	<u>15,004</u>
	<u><b>7,983</b></u>	<u><b>29,859</b></u>
<b>2 Accounts and Taxes Receivable</b>		
Taxes	47,468	45,404
Government of Canada	20,378	21,533
Consolidated Agencies & Crown Corporations	12,321	9,304
Other	<u>10,178</u>	<u>18,527</u>
	90,345	94,768
Allowance for Doubtful Accounts (Schedule 20)	<u>(2,016)</u>	<u>(1,445)</u>
	<u><b>88,329</b></u>	<u><b>93,323</b></u>
<b>3 Treasury Advances</b>		
Employee Computer Purchases	227	481
Cash Floats	14	13
Travel	3	-
Salary	4	22
Nova Scotia Health Advance	535	535
Other	<u>-</u>	<u>3</u>
	<u><b>783</b></u>	<u><b>1,054</b></u>
<b>4 Inventory and Property for Resale</b>		
Leased Property (Net of Provision for Losses)	5,447	5,904
Property Holdings (Net of Provision for Losses)	2,587	3,488
Other	<u>592</u>	<u>605</u>
	<u><b>8,626</b></u>	<u><b>9,997</b></u>
<b>5 Investments</b>		
Industrial Malls (Net of Provision for Losses)	8,269	11,429
Investments held by Agencies	<u>1,742</u>	<u>248</u>
	<u><b>10,011</b></u>	<u><b>11,677</b></u>

## 6 Investment in Government Enterprises

	Charlottetown Area Development Corporation	Island Investment Development Inc	P.E.I. Agricultural Insurance Corporation	P.E.I. Grain Elevators Corporation	P.E.I. Liquor Control Commission	P.E.I. Lotteries Commission	P.E.I. Regulatory & Appeals Commission	Summerside Regional Development Corporation	2000 Total	1999 Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Assets	<u>39,365</u>	<u>86,577</u>	<u>8,686</u>	<u>1,517</u>	<u>6,886</u>	<u>399</u>	<u>1,193</u>	<u>14,543</u>	<u>159,166</u>	<u>158,502</u>
Liabilities	33,877	86,837	1,606	1,174	6,886	399	889	11,446	143,114	142,972
Equity	<u>5,488</u>	<u>(260)</u>	<u>7,080</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>3,097</u>	<u>16,052</u>	<u>15,530</u>
	<u>39,365</u>	<u>86,577</u>	<u>8,686</u>	<u>1,517</u>	<u>6,886</u>	<u>399</u>	<u>1,193</u>	<u>14,543</u>	<u>159,166</u>	<u>158,502</u>
Percentage of Ownership	85%	100%	100%	100%	100%	100%	100%	75%		
Province of PEI's Equity	<u>4,665</u>	<u>(260)</u>	<u>7,080</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>2,323</u>	<u>14,455</u>	<u>14,122</u>
Revenue	3,137	3,390	11,562	4,906	41,095	12,501	1,740	3,636	81,967	69,934
Expenditures	<u>3,145</u>	<u>3,373</u>	<u>12,135</u>	<u>4,584</u>	<u>30,712</u>	<u>12,501</u>	<u>1,616</u>	<u>2,872</u>	<u>70,938</u>	<u>59,764</u>
Net Income (Loss)	<u>(8)</u>	<u>17</u>	<u>(573)</u>	<u>322</u>	<u>10,383</u>	<u>-</u>	<u>124</u>	<u>764</u>	<u>11,029</u>	<u>10,170</u>
Province's Increase in Equity	<u>(7)</u>	<u>17</u>	<u>(573)</u>	<u>322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573</u>	<u>332</u>	<u>264</u>

Net income from the P.E.I. Liquor Control Commission and the P.E.I. Lotteries Commission are included in the Province's Operating Fund revenues (Schedule 22 - Sales).

Net income from the PEI Regulatory and Appeals Commission are included in the Province's Operating Fund revenues (Schedule 22 - Investment)

Complete financial statements of government enterprises, agencies consolidated and other agencies and crown corporations are provided in Volume II of the Public Accounts of the Province of Prince Edward Island.

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>7 Loans Receivable</b>		
<b>Debentures - Long Term</b>		
P.E.I. Liquor Control Commission	3,380	1,576
Charlottetown Area Pollution Control	159	276
Community Development	66	107
Stratford Pollution Control Commission	154	180
Charlottetown Area Development Corporation	7,618	800
Summerside Regional Development Corporation	130	150
City of Summerside	61	83
School Board Loans	-	268
Town of Montague	12	23
P.E.I. Grain Elevators Corporation	31	45
	<u>11,611</u>	<u>3,508</u>
<b>Debentures - Short Term</b>		
Island Regulatory and Appeals Commission	125	125
<b>Total - Debentures</b>	<u>11,736</u>	<u>3,633</u>
<b>Mortgages and Loans to Third Parties</b>		
P.E.I. Housing Corporation	11,182	11,367
P.E.I. Business Development Inc	4,936	-
P.E.I. Lending Agency	92,145	84,098
Allowance for Doubtful Accounts (Schedule 20)	(5,756)	(5,688)
<b>Net Mortgages and Loans to Third Parties</b>	<u>102,507</u>	<u>89,777</u>
	<u><b>114,243</b></u>	<u><b>93,410</b></u>
<b>8 Deferred Charges</b>		
Debenture Discount	5,963	5,439
Prepaid Expenses	5,784	976
	<u>11,747</u>	<u>6,415</u>
<b>9 Deferred Revenue/Credits</b>		
General	10,355	3,108
Pension Accrual	7,331	60,942
Motor Vehicle	4,782	4,640
	<u>22,468</u>	<u>68,690</u>
<b>10 Accounts Payable</b>		
Goods and Services	33,008	29,175
Government of Canada	11,031	24,250
Consolidated Agencies and Crown Corporations	32,388	28,591
Funding Arrangement	20,465	16,050
Other	11,761	14,109
	<u>108,653</u>	<u>112,175</u>

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>11 Accrued Liabilities</b>		
Accrued Payroll & Benefits	85,053	58,012
Debentures	19,902	19,228
Canada Pension Bonds	5,097	5,216
Civil Service Salaries	143	126
Pension Contributions	26,025	36,304
Other	3,160	18
	<u><b>139,380</b></u>	<u><b>118,904</b></u>
<b>12 Short Term Loans</b>		
Treasury Notes	-	55,000
Provincial Deposit Receipts - Principal	44,722	56,747
Provincial Deposit Receipts - Accumulated Interest	11,322	11,351
	<u><b>56,044</b></u>	<u><b>123,098</b></u>
<b>13 Obligation Under Capital Leases</b>		
Hillsborough Bridge	21,735	21,735
Law Court Buildings	4,940	-
Consolidated Agencies & Crown Corporations	158	-
	<u><b>26,833</b></u>	<u><b>21,735</b></u>
<b>14 Loans Payable</b>		
School Construction Program	1,949	2,338
Land Development Corporation	1,500	1,797
Consolidated Agencies & Crown Corporations	36,557	37,365
Other	303	394
	<u><b>40,309</b></u>	<u><b>41,894</b></u>
<b>15 Pension Obligations</b>		
Civil Service Superannuation Fund	24,982	1,897
Teachers' Superannuation Fund	94,032	70,905
MLA Pension Fund (Prior Plan)	(5,891)	(4,730)
Pension Plan for Members of the Legislative Assembly	177	63
	<u><b>113,300</b></u>	<u><b>68,135</b></u>
<b>16 Trust Funds</b>		
Operating Fund	645,569	583,561
East Prince Health Authority	30	29
Eastern Kings Health Authority	219	199
Queens Region Health Authority	90	94
Southern Kings Health Authority	10	9
West Prince Health Authority	12	13
Eastern School Board	55	52
Western School Board	116	114
P.E.I. Business Development Inc.	16,336	17,860
P.E.I. Housing Corporation	14	29
P.E.I. Museum and Heritage Foundation	359	370
	<u><b>662,810</b></u>	<u><b>602,330</b></u>

**17 Debentures Less Sinking Fund**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Term of Years</u>	<u>Gross Funded Debt</u>	<u>Contingency and Sinking Fund</u>	<u>Net Funded Debt</u>
<b>Public and Private Issues:</b>				<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
16-Feb-76	16-Feb-01	10.750%	25	1,984	6,155	(4,171)
15-Dec-81	15-Dec-01	16.250%	20	13,488	6,844	6,644
30-Apr-92	30-Apr-02	9.750%	10	45,943	6,581	39,362
4-Jul-77	4-Jul-02	9.500%	25	2,991	3,970	(979)
1-Dec-78	1-Dec-03	10.250%	25	2,367	1,773	594
18-Apr-79	18-Apr-04	10.625%	25	4,526	3,237	1,289
15-Jun-94	15-Jun-04	9.375%	10	59,058	6,636	52,422
12-Dec-84	12-Dec-04	12.750%	20	31,352	10,668	20,684
15-Dec-95	15-Dec-04	7.769%	20	16,634	-	16,634
3-Apr-86	3-Apr-06	10.625%	20	33,298	9,558	23,740
15-Jan-87	15-Jan-07	9.875%	20	30,186	7,751	22,435
3-Oct-97	3-Oct-07	6.000%	10	35,000	1,519	33,481
22-Jun-88	22-Jun-08	11.375%	20	47,980	12,696	35,284
1-Dec-88	1-Dec-08	10.750%	20	44,687	11,061	33,626
16-Aug-90	16-Aug-10	11.500%	20	60,000	11,445	48,555
14-Mar-91	14-Mar-11	11.000%	20	50,000	8,565	41,435
19-Sep-91	19-Sep-11	11.000%	20	50,000	7,940	42,060
17-Dec-92	17-Dec-12	9.750%	20	50,000	6,299	43,701
18-Mar-93	18-Mar-13	9.250%	20	60,000	8,563	51,437
27-Oct-95	27-Oct-15	8.500%	20	75,000	5,822	69,178
15-Dec-93	15-Dec-23	8.500%	30	60,000	7,411	52,589
21-Feb-00	21-Feb-30	6.800%	30	80,000	-	80,000
				<u>854,494</u>	<u>144,494</u>	<u>710,000</u>
<b>Canada Pension Plan Issues</b>						
1980-81	2000-2001	12.730%	20	9,136	9,136	-
1981-82	2001-2002	15.560%	20	11,504	11,504	-
1982-83	2002-2003	14.240%	20	11,360	11,360	-
1983-84	2003-2004	11.670%	20	11,135	11,135	-
1984-85	2004-2005	13.210%	20	10,500	9,903	597
1985-86	2005-2006	11.230%	20	8,975	7,113	1,862
1986-87	2006-2007	9.560%	20	13,526	9,190	4,336
1987-88	2007-2008	9.950%	20	10,010	5,902	4,108
1988-89	2008-2009	10.090%	20	9,703	4,803	4,900
1989-90	2009-2010	9.660%	20	10,544	4,234	6,310
1990-91	2010-2011	10.770%	20	9,603	3,188	6,415
1991-92	2011-2012	9.930%	20	9,794	2,587	7,207
1992-93	2012-2013	9.340%	20	6,971	1,369	5,602
1998-99	2018-2019	5.930%	20	376	3	373
1999-00	2019-2020	6.450%	20	7,332	-	7,332
				<u>140,469</u>	<u>91,427</u>	<u>49,042</u>
Market Contingency Fund				-	51,458	(51,458)
				994,963	287,379	707,584
Less: Investments pledged to reduce Pension Obligation				-	51,458	(51,458)
				<u>994,963</u>	<u>235,921</u>	<u>759,042</u>

The debentures listed on this schedule have been issued in Canadian dollars

**18 Tangible Capital Assets  
(unaudited)**

	<u>Land and Improvements</u> (\$000)	<u>Buildings and Improvements</u> (\$000)	<u>Leasehold Improvements</u> (\$000)	<u>Roads and Bridges</u> (\$000)	<u>Motor Vehicles</u> (\$000)	<u>Equipment</u> (\$000)	<u>Other</u> (\$000)	<u>Total</u> (\$000)
Balance, beginning of year	147,408	355,554	-	720,516	47,604	81,954	28,685	1,381,721
Additions	2,804	19,653	6,418	32,472	1,961	6,653	5,255	75,216
Disposals	<u>16,222</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>260</u>	<u>-</u>	<u>-</u>	<u>16,783</u>
Balance, end of year	<u>133,990</u>	<u>374,906</u>	<u>6,418</u>	<u>752,988</u>	<u>49,305</u>	<u>88,607</u>	<u>33,940</u>	<u>1,440,154</u>
Accum. Amortization, beginning of year	604	104,564	-	427,901	41,307	49,303	13,598	637,277
Add: Amortization 1999 - 2000	323	14,201	174	27,387	1,462	4,601	2,006	50,154
Less: Adjustment for disposals	<u>-</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>177</u>	<u>-</u>	<u>-</u>	<u>348</u>
Accumulated Amortization, end of year	<u>927</u>	<u>118,594</u>	<u>174</u>	<u>455,288</u>	<u>42,592</u>	<u>53,904</u>	<u>15,604</u>	<u>687,083</u>
<b>Net Book Value</b>	<b><u>133,063</u></b>	<b><u>256,312</u></b>	<b><u>6,244</u></b>	<b><u>297,700</u></b>	<b><u>6,713</u></b>	<b><u>34,703</u></b>	<b><u>18,336</u></b>	<b><u>753,071</u></b>

This schedule includes the tangible capital assets of the Province's Operating Fund and the tangible capital assets of consolidated agencies.

Land of the Operating Fund is valued at assessed value per the Provincial property assessment and taxation system.

**19 Guaranteed Debt**

	<b>Principal Guaranteed (\$000)</b>	<b>Outstanding 31-Mar-00 (\$000)</b>	<b>Outstanding 31-Mar-99 (\$000)</b>
1 Loan Guarantees - Lines of Credit	3,000	452	1,100
2 Debenture/Share Issues	15,235	14,355	11,709
3 Agencies and Crown Corporations	12,756	12,756	11,657
<b>Total Guaranteed Debt</b>	<b>30,991</b>	<b>27,563</b>	<b>24,466</b>

	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Guaranteed (\$000)</b>	<b>Outstanding 31-Mar-00 (\$000)</b>	<b>Outstanding 31-Mar-99 (\$000)</b>
<b>1 Loan Guarantees - Lines of Credit</b>					
P.E.I. Grain Elevators Corp.	15-Jan-01	Prime	2,500	452	1,100
Island Waste Management	6-Jul-00	Prime-1/4	500	-	-
			<u>3,000</u>	<u>452</u>	<u>1,100</u>
<b>2 Debenture / Share Issues</b>					
Prince County Hospital	4-Dec-08	5.375%	391	153	167
Summerside Reg. Dev. Corp.	31-Jul-00	Prime	3,000	3,000	-
Ch'town Area Dev. Corp.	15-May-13	5.781%	11,800	11,194	11,532
Town of Souris	1-Feb-03	5.375%	20	3	4
Village of Tignish	1-Jan-03	5.125%	15	3	4
Village of Crapaud	1-Dec-03	5.375%	9	2	2
			<u>15,235</u>	<u>14,355</u>	<u>11,709</u>

Both principal and interest are guaranteed for loan guarantees and debenture share issues.  
Guarantee balance at March 31 includes both principal and interest.  
During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

**3 Agencies and Crown Corporations**

P.E.I. Business Development Inc	12,431	12,431	11,278
P.E.I. Lending Agency	325	325	379
	<u>12,756</u>	<u>12,756</u>	<u>11,657</u>

**Student Loans**

The Province pays a risk premium, in lieu of providing a loan guarantee, to banks who provide student loans. Where certain conditions exist, and the risk premium does not apply, the Province provides a loan guarantee to the lender. There is approximately \$650 thousand in outstanding student loans which the Province has guaranteed at March 31, 2000.



**20 Continuity of Allowance for Doubtful Accounts**

	<b>Allowance 31-Mar-99 (\$000)</b>	<b>Written Off During Year 1999-00 (\$000)</b>	<b>Increase (Decrease) Provided 1999-00 (\$000)</b>	<b>Allowance 31-Mar-00 (\$000)</b>
<b>Accounts and Taxes Receivable:</b>				
Provincial Taxes	1,420	229	775	1,966
P.E.I. Business Development Inc	25	-	25	50
	<u>1,445</u>	<u>229</u>	<u>800</u>	<u>2,016</u>
<b>Inventory and Property for Resale:</b>				
P.E.I. Business Development Inc	603	-	(4)	599
P.E.I. Lending Agency	319	-	10	329
	<u>922</u>	<u>-</u>	<u>6</u>	<u>928</u>
<b>Investments:</b>				
P.E.I. Business Development Inc	2,706	-	7	2,713
<b>Loans Receivable:</b>				
P.E.I. Business Development Inc	713	-	(580)	133
P.E.I. Lending Agency	4,975	266	914	5,623
	<u>5,688</u>	<u>266</u>	<u>334</u>	<u>5,756</u>
<b>Other</b>				
P.E.I. Lending Agency	50	-	-	50
	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
<b>Totals</b>	<b><u>10,811</u></b>	<b><u>495</u></b>	<b><u>1,147</u></b>	<b><u>11,463</u></b>

Inventory and Property for Resale and Investments are presented on Statement 1 net of Allowance for Possible Losses.

The Allowance for Possible Losses for Other is included in Accounts Payable

## 21 Schedule of Debentures Issued and Matured

Issued	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue (\$000)	Price Received
<b>Operating Fund</b>					
Provincial Debenture	21-Feb-00	6.80%	21-Feb-30	<u>80,000</u>	98.68
<b>Sinking Fund</b>					
Canada Pension Plan	2-Apr-99	5.84%	2-Apr-19	730	100.00
	1-May-99	5.87%	1-May-19	1,120	100.00
	1-Jun-99	6.17%	1-Jun-19	1,232	100.00
	3-Jul-99	6.32%	3-Jul-19	775	100.00
	1-Aug-99	6.42%	1-Aug-19	353	100.00
	4-Sep-99	6.53%	4-Sep-19	265	100.00
	1-Oct-99	6.52%	1-Oct-19	649	100.00
	1-Nov-99	6.99%	1-Nov-19	648	100.00
	3-Dec-99	6.80%	3-Dec-19	478	100.00
	2-Jan-00	6.86%	2-Jan-20	126	100.00
	3-Mar-00	6.62%	3-Mar-20	<u>956</u>	100.00
				<u><u>7,332</u></u>	
<b>Matured/Called</b>					
Matured/Called	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue (\$000)	Amount Matured (\$000)
<b>Operating Fund</b>					
Provincial Debenture	15-Dec-95	7.769%	Quarterly	25,000	<u>2,798</u>
<b>Sinking Fund</b>					
Canada Pension Plan	2-Apr-79	10.26%	2-Apr-99	1,020	1,020
	1-May-79	10.20%	1-May-99	1,120	1,120
	1-Jun-79	10.02%	1-Jun-99	1,232	1,232
	3-Jul-79	10.02%	3-Jul-99	775	775
	1-Aug-79	9.98%	1-Aug-99	683	683
	4-Sep-79	10.22%	4-Sep-99	642	642
	1-Oct-79	10.49%	1-Oct-99	649	649
	1-Nov-79	10.68%	1-Nov-99	648	648
	3-Dec-79	11.50%	3-Dec-99	478	478
	2-Jan-80	11.24%	2-Jan-00	126	126
	3-Mar-80	12.74%	3-Mar-00	956	956
					<u><u>8,329</u></u>

**Province of Prince Edward Island  
Consolidated (Summary) Financial Statements  
Schedules to Revenue and Expenditure Statement  
for the year ended March 31, 2000**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b><u>Revenue</u></b>		
<b>22 Provincial Sources</b>		
<b>Taxes</b>		
Personal Income Tax	161,259	129,747
Sales Tax	145,011	133,389
Real Property Tax	43,128	41,080
Gasoline Tax	33,444	31,446
Corporate Income Tax	18,176	26,562
Health Tax on Tobacco	14,233	14,183
Health Tax on Liquor	9,998	9,442
Insurance Premium Tax	5,451	5,347
Corporation Capital Tax	1,714	1,557
Environment Tax	255	235
Fire Prevention Tax	255	257
	<b>432,924</b>	<b>393,245</b>
<b>Licenses and Permits</b>		
Motor Vehicle Registry	11,067	10,769
Registration & Licensing Act	636	620
Securities Act	1,206	882
Other	2,861	2,578
	<b>15,770</b>	<b>14,849</b>
<b>Fees and Services</b>		
Patient Fees	8,902	8,683
Housing Rental	4,397	4,419
Waste Reduction Program	2,393	2,542
Land Title and Registry Fees	1,736	1,632
Fines and Penalties	626	664
R.C.M.P. Recoveries	710	693
Campground Fees	-	567
Third Party Insurance	876	639
Probate Court Fees	1,001	922
Consolidated Agencies and Crown Corporations	8,153	5,812
Other	5,470	6,548
	<b>34,264</b>	<b>33,121</b>
<b>Sales</b>		
Lottery Revenue	12,501	11,143
Liquor Control Commission	10,383	9,658
Consolidated Agencies and Crown Corporations	7,145	6,018
Other	2,015	1,738
	<b>32,044</b>	<b>28,557</b>

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>Investment</b>		
Operating Fund	4,671	4,178
PEI Lending Authority	7,369	6,628
PEI Business Development Inc	64	55
Other Consolidated Agencies	1,228	157
	<u>13,332</u>	<u>11,018</u>
<b>Other Income</b>		
East Prince Health Authority	755	1,040
Eastern Kings Health Authority	417	272
Queens Region Health Authority	2,614	4,879
Southern Kings Health Authority	382	228
West Prince Health Authority	503	334
Innovative Solutions Agency (PEI) Inc.	1,844	526
Island Waste Management Inc	14	-
PEI Business Development Inc	4,041	3,056
PEI Lending Agency	557	711
PEI Museum and Heritage Foundation	177	195
PEI Self Insurance and Risk Management Fund	16	14
Tourism PEI	199	90
	<u>11,519</u>	<u>11,345</u>
<b>Total Provincial Sources</b>	<b><u>539,853</u></b>	<b><u>492,135</u></b>
<b>23 Federal Sources</b>		
Equalization	256,069	268,495
Canada Health and Social Transfer	71,298	62,323
Economic Regional Dev. Agreement	6,874	3,882
Canada Assistance Plan	-	747
Housing Programs	1,824	1,922
Young Offenders Services	1,886	1,793
Canada Employment	74	498
Minority & Second Language	1,456	1,102
Choice and Opportunity Program	-	1,000
French Service Agreement	1,484	1,131
Infrastructure Program	2,639	1,256
Statutory Subsidy	675	675
Rehabilitation Programs	512	727
Atlantic Freight Transistion Program	527	707
Community Access Program (Technology PEI)	697	752
Labour Market Development Agreement	2,988	46
Other	4,107	2,953
<b>Total Federal Sources</b>	<b><u>353,110</u></b>	<b><u>350,009</u></b>
<b>24 Capital Revenue</b>		
Federal Sources	2,538	9,713
Land Sales	2,323	253
Other	421	625
<b>Total Capital Revenue</b>	<b><u>5,282</u></b>	<b><u>10,591</u></b>

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b><u>Expenditure</u></b>		
<b>25 Agriculture and Forestry</b>		
Department of Agriculture and Forestry	24,082	19,080
PEI Grain Elevators Corporation	678	105
PEI Agricultural Research Investment Fund	358	431
	<u>25,118</u>	<u>19,616</u>
<b>26 Community Services and Attorney General</b>		
Dept.of Comm.Services and Attorney General	32,458	32,206
PEI Human Rights Commission	288	253
	<u>32,746</u>	<u>32,459</u>
<b>27 Economic Development</b>		
Department of Development	14,990	8,523
Employment Development Agency	4,832	4,589
PEI Business Development Inc	30,195	21,738
PEI Energy Corporation	384	64
	<u>50,401</u>	<u>34,914</u>
<b>28 Education</b>		
Department of Education	182,234	183,760
PEI Museum and Heritage Foundation	1,101	1,056
PEI Regulatory and Appeals Commission	1,041	1,020
	<u>184,376</u>	<u>185,836</u>
<b>29 Fisheries and Tourism</b>		
Department of Fisheries and Tourism	2,509	3,493
PEI Aquaculture and Fisheries Research Initiat.	105	175
Tourism PEI	17,938	13,945
	<u>20,552</u>	<u>17,613</u>
<b>30 Health and Social Services</b>		
Department of Health and Social Services	79,732	77,292
East Prince Health Authority	49,175	46,685
Eastern Kings Health Authority	10,744	10,082
Queens Region Health & Community Services	147,979	146,188
Southern Kings Health Authority	14,693	13,682
West Prince Health Authority	17,143	16,229
	<u>319,466</u>	<u>310,158</u>

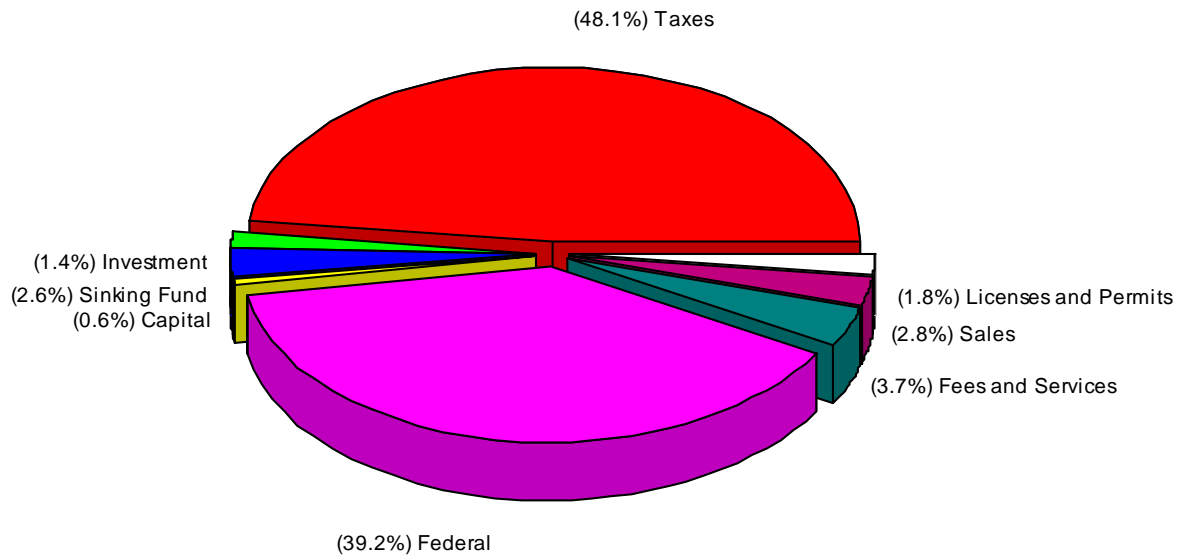
	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>31 Provincial Treasury</b>		
Department of Provincial Treasury	11,933	10,955
PEI Lending Agency	1,864	2,194
Council of Maritime Premiers	176	185
General Government	4,853	3,589
Interministerial Women's Secretariat	323	286
PEI Self Insurance and Risk Management Fund	1,025	907
	<u>20,174</u>	<u>18,116</u>
<b>32 Public Service Commission</b>		
Public Service Commission	4,067	3,119
Employee Benefits	10,473	10,698
	<u>14,540</u>	<u>13,817</u>
<b>33 Technology and Environment</b>		
Department of Technology and Environment	12,582	13,826
Innovative Solutions Agency (PEI) Inc	713	1,787
	<u>13,295</u>	<u>15,613</u>
<b>34 Transportation &amp; Public Works</b>		
Department of Transportation & Public Works	65,223	62,100
Capital Expenditures of the Operating Fund	45,591	35,071
Island Waste Management Corporation	2,691	-
PEI Crown Building Corporation	13	1
	<u>113,518</u>	<u>97,172</u>
<b>35 Expenditure by Object</b>		
Administration	20,219	18,965
Capital	45,591	35,071
Equipment	11,960	15,678
Interest on Debt	108,754	107,367
Materials and Supplies	66,546	59,629
Professional and Contract Services	88,027	87,251
Salaries and Benefits	365,897	350,370
Travel and Training	8,230	7,116
Transfer Payments	187,657	171,167
<b>Total Expenditure by Object</b>	<u>902,881</u>	<u>852,614</u>

**Province of  
Prince Edward Island**

**Operating Fund**

**Statements and Schedules**

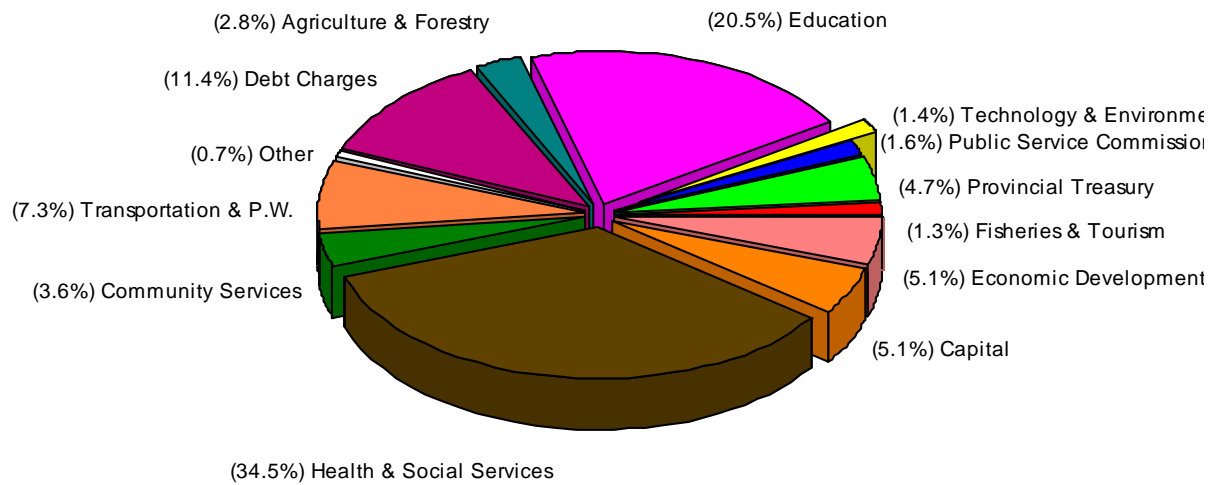
Total Revenue  
Operating Fund



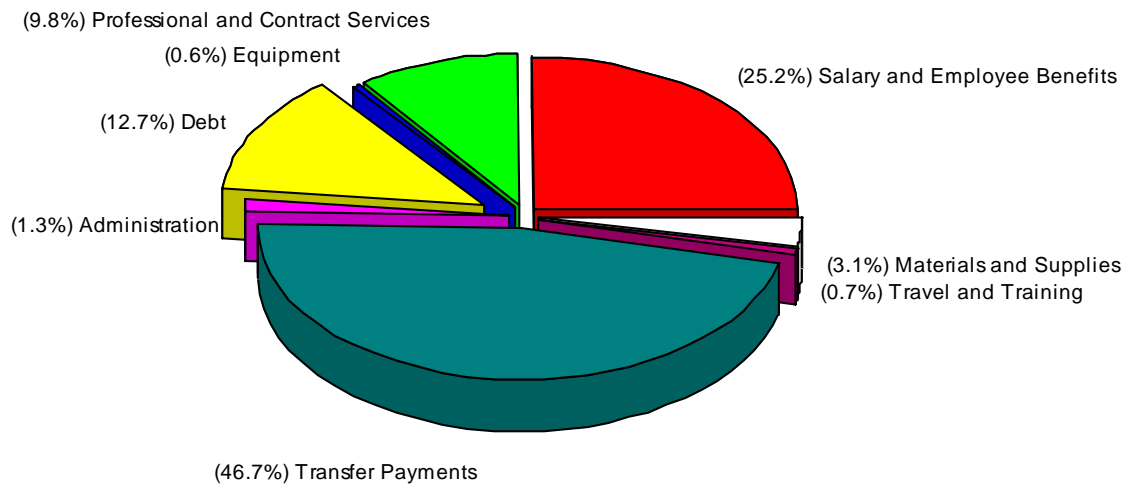


### Total Expenditure by Ministry

Operating Fund



Total Expenditure by Object  
Operating Fund



## AUDITOR'S REPORT

To the Members of the Legislative Assembly  
Province of Prince Edward Island

**These financial statements report transactions and events of the Operating Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the Operating Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.**

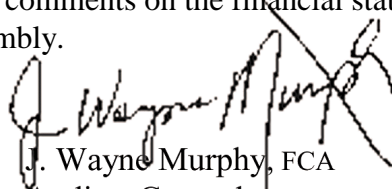
**Volume 1 of the Public Accounts also includes a more complete set of financial statements. Those statements are called the *Consolidated (Summary) Financial Statements* of the Province of Prince Edward Island. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.**

I have audited the Operating Fund statement of financial position of the Province of Prince Edward Island as at March 31, 2000 and the statement of revenue and expenditure, changes in net debt and cash flows for the year then ended. These statements are the responsibility of Government. 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 Operating Fund financial statements present fairly, in all material respects, the financial position of the Province of Prince Edward Island as at March 31, 2000 and the results of its operations, the changes in net debt and the cash flows for the year then ended in accordance with the basis of accounting disclosed in the notes to the financial statements.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.



J. Wayne Murphy, FCA  
Auditor General

Charlottetown, Prince Edward Island  
November 1, 2000

**Province of Prince Edward Island  
Operating Fund  
Statement of Financial Position  
as at March 31, 2000**

**Statement 1**

	<b>2000</b>	<b>1999</b>
<b>Assets</b>	<b>(\$000)</b>	<b>(\$000)</b>
<b>Schedule</b>		
1 Cash and Short Term Deposits	-	14,855
2 Accounts and Taxes Receivable	82,674	89,035
3 Treasury Advances	783	1,032
4 Inventories	310	273
5 Investments	4	4
6 Loans Receivable	135,605	123,818
7 Deferred Charges	9,428	5,440
<b>Total Assets</b>	<b>228,804</b>	<b>234,457</b>
<b>Net Debt (Statement 5)</b>	<b>1,024,367</b>	<b>990,405</b>
	<b>1,253,171</b>	<b>1,224,862</b>
 <b>Liabilities</b>		
1 Bank Advances	1,889	-
8 Deferred Revenue/Credits	20,452	66,955
9 Accounts Payable	148,845	134,139
10 Accrued Liabilities	122,085	105,920
11 Short Term Loans	57,131	124,449
12 Obligation Under Capital Leases	26,675	21,735
13 Loans Payable	3,752	4,528
14 Pension Obligations		
Gross Obligations	190,783	157,758
Less: Committed Payments	77,483	89,623
15 Debentures		
Gross Funded	994,963	918,758
Less: Sinking Fund	235,921	219,757
<b>Total Liabilities</b>	<b>1,253,171</b>	<b>1,224,862</b>
16 Tangible Capital Assets		
17 Trust Funds		
18 Guaranteed Debt		

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

**Province of Prince Edward Island  
Operating Fund  
Statement of Revenue and Expenditure  
for the year ended March 31, 2000**

Statement 2

<b>Revenue</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>1999</b>
<b>Schedule</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Actual</b>	<b>Actual</b>
	<b>Estimate</b>	<b>Forecast</b>	<b>Actual</b>	<b>Actual</b>
	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
21 Taxes	393,507	429,986	432,925	393,245
22 Licenses and Permits	13,940	15,226	15,770	14,849
23 Fees and Services	26,267	34,199	33,215	27,309
24 Sales	25,251	25,063	24,899	22,539
25 Investment	9,830	9,830	12,176	11,673
26 Government of Canada	325,896	350,978	352,866	350,009
Capital Revenue (Statement 4)	1,437	9,520	5,282	10,591
Sinking Fund Earnings (Statement 7-1)	23,050	23,050	23,222	21,744
<b>Total Revenue</b>	<b>819,178</b>	<b>897,852</b>	<b>900,355</b>	<b>851,959</b>
<b>Expenditure</b>				
27 Agriculture and Forestry	21,412	25,257	25,061	19,285
Auditor General	1,179	1,141	1,110	1,077
Community Services and Attorney General	31,555	32,684	32,747	32,459
28 Economic Development	31,597	43,695	45,728	31,338
29 Education	178,120	183,601	184,248	185,660
Executive Council	2,361	2,271	2,127	2,094
30 Fisheries and Tourism	12,749	12,946	11,946	12,127
Health and Social Services	301,237	310,233	310,553	299,274
Legislative Assembly	2,741	2,788	2,745	2,687
31 Provincial Treasury	17,616	44,258	42,040	39,394
32 Public Service Commission	13,741	13,758	14,540	13,817
Technology and Environment	11,831	12,623	12,581	13,826
33 Transportation & Public Works	62,196	65,673	65,610	62,100
Interest Charges on Debt	100,620	102,876	102,695	101,375
<b>Total Ordinary Expenditure</b>	<b>788,955</b>	<b>853,804</b>	<b>853,731</b>	<b>816,513</b>
Capital Expenditure (Statement 4)	34,252	45,738	45,591	35,071
<b>Total Expenditure</b>	<b>823,207</b>	<b>899,542</b>	<b>899,322</b>	<b>851,584</b>
<b>Surplus (Deficit) Before Special Adjustments</b>	<b>(4,029)</b>	<b>(1,690)</b>	<b>1,033</b>	<b>375</b>
<b>Special Adjustments</b>				
Pension Adjustment	9,000	7,000	2,541	5,970
Capital Lease (Note 6c)	-	-	(6,416)	-
Reclassified Loan (Note 9)	(761)	(1,211)	(2,603)	-
<b>Total Special Adjustments</b>	<b>8,239</b>	<b>5,789</b>	<b>(6,478)</b>	<b>5,970</b>
<b>Surplus (Deficit)</b>	<b>4,210</b>	<b>4,099</b>	<b>(5,445)</b>	<b>6,345</b>

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

**Province of Prince Edward Island  
Operating Fund  
Ordinary Expenditure by Object  
as at March 31, 2000**

**Statement 3**

Department	Administration	Debt	Equipment	Materials and Supplies	Professional & Contract Services	Salaries & Employee Benefits	Travel & Training	Transfer Payments	Total	Unaudited Estimate
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Agriculture and Forestry	416	-	341	883	1,860	8,578	933	12,050	25,061	21,412
Auditor General	26	-	16	7	87	939	23	12	1,110	1,179
Community Services and Attorney Genera	697	-	481	1,157	9,122	17,366	797	3,127	32,747	31,555
Economic Development	474	-	206	214	516	3,991	156	40,171	45,728	31,597
Education	506	1	1,005	2,483	646	113,087	384	66,136	184,248	178,120
Executive Council	60	-	6	10	280	1,638	125	8	2,127	2,361
Fisheries and Tourism	60	-	26	197	192	3,944	134	7,393	11,946	12,749
Health and Social Services	792	5,200	742	1,958	54,780	8,151	546	238,384	310,553	301,237
Legislative Assembly	116	-	7	49	71	2,272	127	103	2,745	2,741
Provincial Treasury	2,019	775	703	688	1,069	7,665	548	28,573	42,040	17,616
Public Service Commission	160	-	49	101	874	13,247	109	-	14,540	13,741
Technology and Environment	446	-	370	1,358	971	6,175	720	2,541	12,581	11,831
Transportation and Public Works	4,911	-	795	17,027	13,212	27,917	1,259	489	65,610	62,196
Interest Charges on Debt	-	102,695	-	-	-	-	-	-	102,695	100,620
<b>Total Expenditures</b>	<b>10,683</b>	<b>108,671</b>	<b>4,747</b>	<b>26,132</b>	<b>83,680</b>	<b>214,970</b>	<b>5,861</b>	<b>398,987</b>	<b>853,731</b>	<b>788,955</b>
<b>Percentage of Total Expenditures</b>	<b>1.3</b>	<b>12.7</b>	<b>0.6</b>	<b>3.0</b>	<b>9.8</b>	<b>25.2</b>	<b>0.7</b>	<b>46.7</b>	<b>100.0</b>	

Note 1 - Salaries include the salaries paid to School Unit Employees.

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

**Province of Prince Edward Island  
Operating Fund  
Statement of Capital Revenue and Expenditure  
for the year ended March 31, 2000**

**Statement 4**

	<b>2000 Unaudited Estimate (\$000)</b>	<b>2000 Unaudited Forecast (\$000)</b>	<b>2000 Actual (\$000)</b>	<b>1999 Actual (\$000)</b>
<b>Revenue</b>				
Federal Sources	1,010	2,349	2,538	9,713
Land Sales	297	2,286	2,323	253
Other	130	4,885	421	625
<b>Total Capital Revenue</b>	<b>1,437</b>	<b>9,520</b>	<b>5,282</b>	<b>10,591</b>
<b>Expenditure</b>				
<b>Highways</b>				
Paving	7,367	9,802	10,381	21,394
Reconstruction	14,462	16,838	18,694	5,095
Bridges and Culverts	3,675	4,825	3,310	1,571
Bridges and Roads Under Lease	-	-	87	2,208
Highways Equipment	600	635	636	645
<b>Total Highways</b>	<b>26,104</b>	<b>32,100</b>	<b>33,108</b>	<b>30,913</b>
<b>Buildings</b>				
Bridgetown Highway Depot	20	50	40	1,111
Brighton Road Office Complex	1,354	1,354	1,021	51
East Prince Waste Management Facility	-	380	244	-
Government House	56	34	29	71
Health Care Buildings - Renovations	1,000	1,000	994	-
Highway Material Testing Lab	20	20	16	618
O'Leary Community Hospital	-	52	32	53
Provincial Addiction Facility	3,160	2,973	2,882	6
Province House	151	223	215	107
Southern Kings/Queens Services Centre	237	237	244	-
Other	84	165	78	795
<b>Total Buildings</b>	<b>6,082</b>	<b>6,488</b>	<b>5,795</b>	<b>2,812</b>
<b>Other Capital Assets</b>				
Athena Sports Field	-	60	53	-
Brookvale Provincial Ski Park	50	50	51	-
Brudenell Waste Treatment Facilities	500	5,030	5,201	-
Dump Site Decommissioning	900	900	273	-
DVS Revenue System	53	54	54	-
Land Purchase	297	501	620	1,172
Provincial Parks Services Sites - Upgrading	50	50	50	-
Provincial Parks Sewage Treatment Facilities	100	100	100	-
Sally's Beach Development	-	160	168	-
Technology PEI Workstations	-	-	74	-
Other	116	245	44	174
<b>Total Other Capital</b>	<b>2,066</b>	<b>7,150</b>	<b>6,688</b>	<b>1,346</b>
<b>Total Capital Expenditure</b>	<b>34,252</b>	<b>45,738</b>	<b>45,591</b>	<b>35,071</b>
<b>Net Capital Expenditure</b>	<b>32,815</b>	<b>36,218</b>	<b>40,309</b>	<b>24,480</b>

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

**Province of Prince Edward Island  
Operating Fund  
Statement of Changes in Net Debt  
for the year ended March 31, 2000**

**Statement 5**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Net Debt Increased by:</b>		
Capital deficit	40,309	24,480
<b>Net Debt Decreased by:</b>		
Ordinary surplus	34,864	30,825
Increase (Decrease) from Operations	5,445	(6,345)
Employee Benefits Accrual Adjustment (Note 10)	28,517	-
Increase (Decrease) in Net Debt	33,962	(6,345)
Net Debt Beginning of Year	990,405	996,750
<b>Net Debt End of Year</b>	<b>1,024,367</b>	<b>990,405</b>

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



**Province of Prince Edward Island  
Operating Fund  
Statement of Cash Flows  
for the year ended March 31, 2000**

**Statement 6**

	<u>2000</u>	<u>1999</u>
	<u>(\$000)</u>	<u>(\$000)</u>
<b>Operating Activities</b>		
Surplus (Deficit) for the year	(5,445)	6,345
Adjustments to Surplus (Deficit):		
Sinking Fund Earnings	(23,222)	(21,744)
Pension Adjustment	(2,541)	(5,970)
Employee Benefits Accrual Adjustment	(28,517)	
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	6,362	(16,142)
Treasury Advances - (Increase) Decrease	249	(193)
Inventories - (Increase) Decrease	(37)	(29)
Deferred Charges - (Increase) Decrease	(3,988)	1,679
Deferred Revenue - Increase (Decrease)	7,107	742
Accounts Payable - Increase (Decrease)	14,706	35,469
Accrued Liabilities - Increase (Decrease)	26,446	5,228
<b>Cash Provided by (Used for) Operating Activities</b>	<u><b>(8,880)</b></u>	<u><b>5,385</b></u>
<b>Investing Activities</b>		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(11,787)	(14,227)
<b>Cash Provided by (Used for) Investing Activities</b>	<u><b>(11,787)</b></u>	<u><b>(14,227)</b></u>
<b>Financing Activities</b>		
Proceeds From Debentures	80,000	-
Changes in:		
Treasury Notes - Increase (Decrease)	(55,000)	48,000
Loans Payable - Increase (Decrease)	(776)	(442)
Obligation Under Capital Leases - Increase (Decrease)	4,940	2,480
Payment of Provincial Deposit Receipts	(12,318)	(18,329)
Payment of Debentures	(2,798)	(2,593)
Payments to Sinking Fund Provision	(10,125)	(10,125)
<b>Cash Provided by (Used for) Financing Activities</b>	<u><b>3,923</b></u>	<u><b>18,991</b></u>
Increase (Decrease) in Cash and Temporary Investments	(16,744)	10,149
Cash and Temporary Investments, beginning of year	<u>14,855</u>	<u>4,706</u>
<b>Cash and Temporary Investments (Bank Advances), end of year</b>	<u><b>(1,889)</b></u>	<u><b>14,855</b></u>

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

**Province of Prince Edward Island  
Sinking Fund  
Statement of Financial Position  
as at March 31, 2000**

**Statement 7**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Assets</b>		
Cash	8	61
Accrued Interest	3,890	4,211
Accounts Receivable	20,481	16,470
	<u>24,379</u>	<u>20,742</u>
Investments (Statement 7-2)	211,546	199,016
Pledged Investments (Statement 7-2)	51,458	53,320
	<u>263,004</u>	<u>252,336</u>
<b>Total</b>	<b><u>287,383</u></b>	<b><u>273,078</u></b>
<b>Liabilities</b>		
Accounts Payable	<u>51,462</u>	<u>53,321</u>
<b>Sinking Fund Reserve</b>		
Balance, Beginning of Year	219,757	203,695
Add:		
Net Income for Year (Statement 7-1)	33,347	31,869
Change in Pledged Investments	1,862	9,400
Debentures Issued During Year (Schedule 20)	7,332	376
Less:		
Payment to Pension Funds	18,048	18,046
Debentures Matured During Year (Schedule 20)	8,329	7,537
Balance, End of Year	<u>235,921</u>	<u>219,757</u>
<b>Total</b>	<b><u>287,383</u></b>	<b><u>273,078</u></b>

**Note - Pledged Investments**

Acts to amend the Civil Service and Teachers' Superannuation Funds reflect that the Province shall pay \$63.4 and \$129.4 million into the Funds respectively, from 1996 to 2005. Treasury Board has directed that these payments will be paid annually out of the Market Contingency Fund, of the Sinking Fund.

**Province of Prince Edward Island  
Sinking Fund  
Statement of Financial Activities  
for the year ended March 31, 2000**

**Statement 7-1**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Sinking Fund Earnings		
Interest-Debentures	16,025	17,065
-Bank	148	189
-Strip Bonds	5,862	4,767
Gain on Sale of Debentures	1,466	42
	23,501	22,063
Less Expenses:		
Bank Charges	25	20
Amortization of Debenture Discount	254	299
Net Sinking Fund Earnings	23,222	21,744
Add: Instalments	10,125	10,125
<b>Net Income</b>	<b>33,347</b>	<b>31,869</b>

**Province of Prince Edward Island  
Sinking Fund  
Statement of Investments  
as at March 31, 2000**

**Statement 7-2**

	<b>2000</b>	<b>1999</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Debentures-Par Value	176,367	180,232
Add: Unamortized Premium	1,438	1,800
	177,805	182,032
Debentures-Residuals	84,749	69,854
Mortgage Receivable	450	450
<b>Book Value of Investments</b>	<b>263,004</b>	<b>252,336</b>
Market Value of-Debentures	288,198	295,903
-Mortgage Receivable	458	453
<b>Market Value of Investments</b>	<b>288,656</b>	<b>296,356</b>

**Province of Prince Edward Island**  
**Notes to the Operating Fund Financial Statements**  
**For the year ended March 31, 2000**

**1 (a) Reporting Entity**

In accordance with the Financial Administration Act, the financial position of the Province is presented by a Statement of Financial Position of the Operating Fund.

**(b) Definitions**

**Capital Expenditure**

Expenditures incurred in the acquisition, development or construction of capital assets and equipment with a purchase price of \$50 thousand or greater. Capital expenditures are generally for highway construction and buildings.

**Tangible Capital Assets**

Non-financial assets that are held for use in the production or supply of goods and services, have useful lives extending beyond one accounting period and are not intended for sale in the ordinary course of operations.

**Ordinary Expenditures:**

**Administration**

Includes the costs associated with the operation and administration of an office.

**Debt**

Includes the cost of servicing the public debt and provision for losses.

**Equipment**

Includes equipment costing less than \$50 thousand and not permanently attached to buildings.

**Materials and Supplies**

Includes the cost of consumable supplies required in day to day operations.

**Professional and Contract Services**

Includes professional and contract services from non - government individuals or organizations.

**Salary and Employee Benefits**

Includes costs associated with employment of individuals such as salaries, severance and retirement allowances, workers compensation and employer share of insurance, Blue Cross, Canada Pension Plan, unemployment insurance, etc.

**Travel and Training**

Includes all costs associated with travel and training of provincial government employees.

**Transfer Payments**

Payments for which the government will not receive any tangible goods or services.

**Inventory**

Includes only that which is held for resale. Other commodities relating to consumable goods are valued at nil.

## 2 Basis of Accounting

- (a) The Province complies with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants wherever applicable.
- (b) The financial transactions recorded in the Accounts of the Province and reflected in the Public Accounts are classified as budgetary and non-budgetary.

In general terms budgetary transactions are those which enter into the calculation of the annual budgetary surplus or deficit and are disclosed in the Statement of Revenue and Expenditure - both Capital and Ordinary Revenues and Expenditures are included. Non-budgetary transactions lead to the acquisition or disposal of financial assets, or to the creation or discharge of financial obligations which are disclosed in the Statement of Financial Position.

- (c) The Province's financial statements are presented so as to highlight Net Debt, a measurement of financial position. The Net Debt of the Province is determined by its liabilities less its listed assets.
- (d) The Province presents revenues and expenditures on the accrual basis, however, payments from Canada under the Federal-Provincial Fiscal Arrangements, the Canada Health and Social Transfer and the Tax Collection Agreement are based on estimates which will be adjusted against future years revenues when actual results become available.
- (e) Tangible capital assets are reported as expenditures in the year the assets are acquired, they are not included in the Province's Statement of Financial Position. Schedule 16 (unaudited) is provided to inform users of the net book value of the tangible capital assets on hand and available for use by the Province.

## 3 Prince Edward Self-Insurance and Risk Management Fund

The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The fund insures against liability claims. At March 31, 2000, fund reserves were \$7.7 million (\$7.5 in 1999). Claims amounting to \$393 thousand (\$183 in 1999), were settled in the current year. The fund also carries an excess liability policy limiting the liability of the fund to \$5 million.

## 4 Province of Prince Edward Island Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Earnings on sinking funds are reflected as current account revenue. The Sinking Fund is made up of three components:

### (a) Debentures

Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are treated as a non-budgetary item. The installment payments for the next five years are:

	(\$000)
2000-2001	11,266
2001-2002	11,131
2002-2003	10,511
2003-2004	10,488
2004-2005	10,488

As at March 31, 2000 Sinking Fund investments include PEI Issues held but not cancelled in the amounts of:

	(\$000)		(\$000)
Debentures - Par Value	21,926	Book Value	23,593
Residuals - Par Value	95,223	Book Value	52,131

**(b) Canada Pension Plan Debentures**

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice under certain conditions. No calls have occurred to date and none are expected. Beginning in March 1999 the Province began re-financing CPP debentures as they become due. There are no installment requirements for Canada Pension Plan debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of Canada Pension Plan debentures.

**(c) Market Contingency Fund**

The Market Contingency Fund was established from over-funding of Provincial debenture issues and Canada Pension Plan loans. In the 1995/96 fiscal year the Province committed to reduce the unfunded liability in the Teacher's Superannuation Fund and the Civil Service Superannuation Fund. The payments associated with this reduction are committed from the Market Contingency Fund. At March 31, 2000 the balance of this fund, \$51.5 million, is restricted by this commitment.

**5 Claims Outstanding**

At March 31, 2000 there are fifty claims outstanding, totaling approximately \$3.6 billion, arising from legal action in progress against the Crown in respect of breach of contract, damages to persons and property and like items. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain

One of the fifty claims outstanding is a Hepatitis C class action suit seeking \$3.5 billion in damages. The remaining forty-nine claims total approximately \$80.5 million.

**6 Commitments****(a) Central Mortgage and Housing Corporation**

The Province is committed to pay half the cost of a loan from Central Mortgage and Housing Corporation, for the development of the Charlottetown Area Pollution Control and Summerside Sewage Disposal systems. The outstanding loan balance as at March 31, 2000 was \$557 thousand. An amount of \$187 thousand is included in the 2000-2001 budget of the Department of Community Services and Attorney General, to meet the Province's principal and interest share for the fiscal year.

**(b) K.C. Irving Chemistry Building**

The Province is committed to make payments over a ten year period totaling \$1 million plus interest on the outstanding balance. The outstanding balance as at March 31, 2000 was \$700 thousand. An amount of \$150 thousand is included in the 2000-2001 budget of the Department of Education to meet the Province's principal and interest share for the fiscal year.

**(c) Leases**

The Province is party to a significant number of lease agreements. The following list contains those leases where the annual lease payments exceed one hundred thousand dollars.

<b>Asset Description</b>	<b>Annual Lease Cost (\$000)</b>	<b>Lease Expiration</b>
Sir Henry Davies Law Courts *	791	March 21, 2028
Health and Social Services Office Space	301	March 31, 2012
Queens Regional Health Authority Office	405	May 14, 2012
Ch'town Highway Safety Division Office	147	June 30, 2007
Kelly Building (Provincial Court House) *	355	October 31, 2024
Access PEI Summerside Office	583	January 31, 2018
Eastern Kings Regional Services Centre	203	December 31, 2010
Morell Library	163	March 31, 2003
Blanchard Building	212	August 31, 2003
Concorde Building	158	June 30, 2009
Cambridge Building	163	Month to Month
Smallman Building	399	Month to Month
Research Station	293	Being Negotiated
Hillsborough Bridge *	1,359	August 21, 2001
DocuTech 135 High Speed Copier	112	April 30, 2003
Unisys Mainframe Computer	663	March 31, 2003
Law Court Case Management System	450	August 31, 2003

**\* Capital Leases**

Costs associated with replacement of the Hillsborough Bridge (\$21.7 million) and renovations to the Davies and Kelly Law Courts Buildings (\$6.4 million) have been recorded as capital leases. These Capital Lease Obligations are recorded as a liability in the Statement of Financial Position.

**7 Pension Funds****(a) Civil Service Superannuation Fund**

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund to which employee and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees and certain other expenses are charged. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

The Civil Service Superannuation Fund is not part of the Operating Fund of the Province. The Plan is funded by employee contributions plus equal contributions by the Province. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due.

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of \$11.6 million in 1995/96 and \$5.75 million in the years 1996/97 to 2004/05.

Actuarial Valuations of the Civil Service Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1999. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-99	Estimate 31-Mar-00
	(\$000)	(\$000)
Actuarial Liability	367,574	423,345
Fund Assets	328,023	372,919
Present value of future special payments	29,431	25,444
Unfunded Liability	10,120	24,982

**(b) Teachers' Superannuation Fund**

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund to which teacher and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees are charged. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

The Teachers' Superannuation Fund is not part of the Operating Fund of the Province. The Plan is funded by employee contributions plus equal contributions by the employer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due.

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of \$23.6 million in 1995/96 and \$11.76 million in the years 1996/97 to 2004/05.

Actuarial Valuations of the Teacher's Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at July 1, 1999. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Jul-99	Estimate 31-Mar-00
	(\$000)	(\$000)
Actuarial Liability	392,767	407,358
Fund Assets	245,891	261,287
Present value of future special payments	49,431	52,039
Unfunded Liability	97,445	94,032

**(c) MLA Pension Fund (Prior plan)**

The Legislative Assembly Retirement Allowances Act and Legislature and Executive Pensions Act provided a pension plan for members of the Legislative Assembly. Amendments in 1994 resulted in this plan being replaced by a new pension plan. Participants of the prior plan will be entitled to benefits accruing under the terms of the plan up to and including June 30, 1994. As a result, contributions to this fund ceased on June 30, 1994; however, investment interest and payments to existing pensioners will continue to be recorded to this fund. As well, the province provided \$5 million in funding to eliminate the unfunded liability at June 30, 1994.



Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1997. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-97	Estimate 31-Mar-00
	<b>(\$000)</b>	<b>(\$000)</b>
Actuarial Liability	14,355	14,868
Fund Assets	17,576	20,759
Unfunded liability (Surplus)	(3,221)	(5,891)

**(d) Pension Plan for Members of the Legislative Assembly (1994)**

An Amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. Contributions of Government and Members of the Legislative Assembly and investment income are credited, and payments to pensioners of this fund will be charged as they arise. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The matched contributions plus income are expected to be enough to allow the fund to continue to be fully funded.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1997. An estimated update, which is a partial calculation only, and indicates the present value of commitments, is provided as at March 31, 2000:

	Actuarial Valuation 01-Apr-97	Estimate 31-Mar-00
	<b>(\$000)</b>	<b>(\$000)</b>
Actuarial Liability	359	1,230
Fund Assets	408	1,053
Unfunded liability (Surplus)	(49)	177

**8 Canada Health and Social Transfer**

The Province is receiving, from the Government of Canada, supplementary funding under the Canada Health and Social Transfer. The Federal Government has set up a trust fund to administer this program. The Province is recording revenue from this program per the following schedule:

	First Allocation	Second Allocation	Equipment Allocation	Totals
1999 - 2000	\$9.0 million	-	-	\$ 9.0 million
2000 - 2001	4.5 million	4.5 million	2.3 million	11.3 million
2001 - 2002	2.2 million	2.2 million	2.2 million	6.6 million
2002 - 2003	-	2.2 million	-	2.2 million
2003 - 2004	-	2.2 million	-	2.2 million
Totals	\$15.7 million	\$11.1 million	\$4.5 million	\$31.3 million

**9 Reclassified Loan**

In the fiscal year ended March 31, 2000 the Province entered into an agreement with Innovative Solutions Agency (PEI) Inc. for development of a human resources program. A loan was provided to Innovative Solutions for the purchase of software and development of the HR program, the intent being that the Province would pay for the program through annual payments to Innovative Solutions. In accordance with guidelines set by the Public Sector Accounting Board this loan has been reclassified and the expenditure to Innovative Solutions, for the HR program, has been recognized as an expenditure in the fiscal year ended March 31, 2000.

**10 Employee Benefits Accrual Adjustment**

In the fiscal year ended March 31, 2000 the Province made a special adjustment increasing its Accrued Liability for Employee Benefits by \$28.5 million. This adjustment is made up of two components; one being the addition of certain benefits payable to Health and Education sector employees not previously recognized by the Province. The second component of the adjustment is a change in the method of calculating the Province's liability for employee benefits. The amount the Province presents as its liability for employee benefits is calculated by an independent actuary who uses procedures generally accepted by the accounting community.

**11 Comparative Figures**

Certain 1999 financial statement figures have been restated to conform with the presentation in 2000.

**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.

**Province of Prince Edward Island  
Operating Fund  
Schedules to Statement of Financial Position  
as at March 31, 2000**

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>1 Cash and Short Term Deposits (Bank Advances)</b>		
Bank Balance (Overdraft)	12,307	(4,160)
Uncashed Cheques	(14,196)	(4,485)
Term Deposits	-	23,500
	<u>(1,889)</u>	<u>14,855</u>
<b>2 Accounts and Taxes Receivable</b>		
Taxes	47,469	45,403
Government of Canada	20,378	21,533
Crown Corporations, Boards & Agencies	7,353	3,087
Interest	1,910	1,907
Atlantic Lottery Corporation	-	959
Other	7,530	17,566
	<u>84,640</u>	<u>90,455</u>
Allowance for Doubtful Accounts (Schedule 19)	(1,966)	(1,420)
	<u>82,674</u>	<u>89,035</u>
<b>3 Treasury Advances</b>		
Employee Computer Purchases	227	481
Cash Floats	14	13
Travel	3	-
Nova Scotia Health Advance	535	535
Salary	4	3
	<u>783</u>	<u>1,032</u>
<b>4 Inventories</b>		
Land, Tax Sales	283	273
Computer Application Licenses	27	-
	<u>310</u>	<u>273</u>
<b>5 Investments</b>		
Summerside Regional Development Corporation	2	2
Charlottetown Area Development Corporation	2	2
	<u>4</u>	<u>4</u>

	<b>2000</b> <b>(\$000)</b>	<b>1999</b> <b>(\$000)</b>
<b>6 Loans Receivable</b>		
<b>Debentures - Long Term</b>		
P.E.I. Business Development Inc	13,326	14,978
P.E.I. Lending Agency	83,311	82,328
P.E.I. Housing Corporation	21,673	21,324
P.E.I. Liquor Control Commission	3,380	1,576
Charlottetown Area Pollution Control	159	277
Community Development	66	107
Stratford Pollution Control Commission	154	180
Charlottetown Area Development Corporation	7,618	800
Summerside Regional Development Corporation	130	150
City of Summerside	61	83
Town of Montague	12	23
P.E.I. Grain Elevators Corporation	31	45
Gateway Village Development Inc	683	718
Golf Links PEI	884	-
Tourism PEI	361	-
	<u>131,849</u>	<u>122,589</u>
<b>Debentures - Short Term</b>		
P.E.I. Business Development Inc	-	1,950
P.E.I. Lending Agency	12,527	7,677
Island Regulatory & Appeals Commission	125	125
	<u>12,652</u>	<u>9,752</u>
<b>Total - Debentures</b>	144,501	132,341
Provision for Doubtful Accts (Schedule 19)	<u>(8,896)</u>	<u>(8,791)</u>
<b>Net Debentures</b>	135,605	123,550
<b>Other Loans</b>		
School Board Computer Loans	-	268
	<u>135,605</u>	<u>123,818</u>
<b>7 Deferred Charges</b>		
Debenture Discount	5,963	5,439
Prepaid Expenses	3,465	1
	<u>9,428</u>	<u>5,440</u>
<b>8 Deferred Revenue/Credits</b>		
Motor Vehicle	4,782	4,640
Pension Adjustment	7,331	60,942
General	8,339	1,373
	<u>20,452</u>	<u>66,955</u>
<b>9 Accounts Payable</b>		
Goods & Services	33,338	29,175
Government of Canada	11,031	24,250
Boards, Agencies, & Crown Corporations	40,944	34,773
Workforce Adjustment	703	5,317
Funding Arrangements	61,392	39,550
Other	1,437	1,074
	<u>148,845</u>	<u>134,139</u>

	<u>2000</u> <u>(\$000)</u>	<u>1999</u> <u>(\$000)</u>
<b>10 Accrued Liabilities</b>		
Accrued Payroll and Benefits	70,904	45,029
Debentures	19,902	19,228
Canada Pension Bonds	5,097	5,216
Deferred Salaries	143	126
Pension Contributions	26,025	36,304
Other	14	17
	<u><b>122,085</b></u>	<u><b>105,920</b></u>
<b>11 Short Term Loans</b>		
Treasury Notes	-	55,000
Provincial Deposit Receipts - Principal	45,765	57,974
Provincial Deposit Receipts - Interest	11,366	11,475
	<u><b>57,131</b></u>	<u><b>124,449</b></u>
<b>12 Obligation Under Capital Leases</b>		
Hillsborough Bridge	21,735	21,735
Law Court Buildings	4,940	-
	<u><b>26,675</b></u>	<u><b>21,735</b></u>
<b>13 Loans Payable</b>		
<b>Federal Secured by Debentures</b>		
School Construction Program	1,949	2,338
Land Development Corporation	1,500	1,797
Charlottetown Area Pollution Control	129	165
Summerside Regional Development Corporation	103	124
Summerside Seweage Disposal	59	81
Urban Services and Development	12	23
	<u><b>3,752</b></u>	<u><b>4,528</b></u>
<b>14 Pension Obligations</b>		
Civil Service Superannuation Fund	24,982	1,897
Teachers' Superannuation Fund	94,032	70,905
MLA Pension Fund (Prior Plan)	(5,891)	(4,730)
Pension Plan for Members of the Legislative Assembly	177	63
	<u><b>113,300</b></u>	<u><b>68,135</b></u>

**15 Debentures less Sinking Fund**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Term of Years</u>	<u>Gross Funded Debt</u>	<u>Contingency and Sinking Fund</u>	<u>Net Funded Debt</u>
<b>Public and Private Issues:</b>				<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
16-Feb-76	16-Feb-01	10.750%	25	1,984	6,155	(4,171)
15-Dec-81	15-Dec-01	16.250%	20	13,488	6,844	6,644
30-Apr-92	30-Apr-02	9.750%	10	45,943	6,581	39,362
4-Jul-77	4-Jul-02	9.500%	25	2,991	3,970	(979)
1-Dec-78	1-Dec-03	10.250%	25	2,367	1,773	594
18-Apr-79	18-Apr-04	10.625%	25	4,526	3,237	1,289
15-Jun-94	15-Jun-04	9.375%	10	59,058	6,636	52,422
12-Dec-84	12-Dec-04	12.750%	20	31,352	10,668	20,684
15-Dec-95	15-Dec-04	7.769%	20	16,634	-	16,634
3-Apr-86	3-Apr-06	10.625%	20	33,298	9,558	23,740
15-Jan-87	15-Jan-07	9.875%	20	30,186	7,751	22,435
3-Oct-97	3-Oct-07	6.000%	10	35,000	1,519	33,481
22-Jun-88	22-Jun-08	11.375%	20	47,980	12,696	35,284
1-Dec-88	1-Dec-08	10.750%	20	44,687	11,061	33,626
16-Aug-90	16-Aug-10	11.500%	20	60,000	11,445	48,555
14-Mar-91	14-Mar-11	11.000%	20	50,000	8,565	41,435
19-Sep-91	19-Sep-11	11.000%	20	50,000	7,940	42,060
17-Dec-92	17-Dec-12	9.750%	20	50,000	6,299	43,701
18-Mar-93	18-Mar-13	9.250%	20	60,000	8,563	51,437
27-Oct-95	27-Oct-15	8.500%	20	75,000	5,822	69,178
15-Dec-93	15-Dec-23	8.500%	30	60,000	7,411	52,589
21-Feb-00	21-Feb-30	6.800%	30	80,000	-	80,000
				<u>854,494</u>	<u>144,494</u>	<u>710,000</u>
<b>Canada Pension Plan Issues</b>						
1980-81	2000-2001	12.730%	20	9,136	9,136	-
1981-82	2001-2002	15.560%	20	11,504	11,504	-
1982-83	2002-2003	14.240%	20	11,360	11,360	-
1983-84	2003-2004	11.670%	20	11,135	11,135	-
1984-85	2004-2005	13.210%	20	10,500	9,903	597
1985-86	2005-2006	11.230%	20	8,975	7,113	1,862
1986-87	2006-2007	9.560%	20	13,526	9,190	4,336
1987-88	2007-2008	9.950%	20	10,010	5,902	4,108
1988-89	2008-2009	10.090%	20	9,703	4,803	4,900
1989-90	2009-2010	9.660%	20	10,544	4,234	6,310
1990-91	2010-2011	10.770%	20	9,603	3,188	6,415
1991-92	2011-2012	9.930%	20	9,794	2,587	7,207
1992-93	2012-2013	9.340%	20	6,971	1,369	5,602
1998-99	2018-2019	5.930%	20	376	3	373
1999-00	2019-2020	6.450%	20	7,332	-	7,332
				<u>140,469</u>	<u>91,427</u>	<u>49,042</u>
Market Contingency Fund				-	51,458	(51,458)
				994,963	287,379	707,584
Less: Investments pledged to reduce Pension Obligations				-	51,458	(51,458)
				<u>994,963</u>	<u>235,921</u>	<u>759,042</u>

The debentures listed on this schedule have been issued in Canadian dollars.

**16 Tangible Capital Assets  
(unaudited)**

	Land	Buildings	Leasehold Improvements	Roads and Bridges	Motor Vehicles	Equipment	Other	Total
Estimated useful life	Indefinite (\$000)	40 years (\$000)	Term of Lease (\$000)	10-40 years (\$000)	5-10 years (\$000)	5-10 years (\$000)	5-40 years (\$000)	(\$000)
Balance, beginning of year	140,560	47,366	-	720,516	31,603	7,207	28,506	975,758
Additions	1,645	9,269	6,416	32,472	1,295	645	5,255	56,997
Disposals	16,222	301	-	-	260	-	-	16,783
Balance, end of year	<u>125,983</u>	<u>56,334</u>	<u>6,416</u>	<u>752,988</u>	<u>32,638</u>	<u>7,852</u>	<u>33,761</u>	<u>1,015,972</u>
Accum. Amortization, beginning of year	-	17,117	-	427,901	28,981	5,650	13,463	493,112
Add: Amortization 1999-2000	-	7,672	174	27,387	752	1,224	1,984	39,193
Less: Adjustment for disposals	-	171	-	-	177	-	-	348
Accumulated Amortization, end of year	<u>-</u>	<u>24,618</u>	<u>174</u>	<u>455,288</u>	<u>29,556</u>	<u>6,874</u>	<u>15,447</u>	<u>531,957</u>
<b>Net Book Value</b>	<b><u>125,983</u></b>	<b><u>31,716</u></b>	<b><u>6,242</u></b>	<b><u>297,700</u></b>	<b><u>3,082</u></b>	<b><u>978</u></b>	<b><u>18,314</u></b>	<b><u>484,015</u></b>

Land is valued at assessed value (per the Provincial property assessment and taxation system), the remaining capital assets are valued at historical cost, or estimated cost where historical cost information is not available.

At the time of preparation of this schedule work on compiling historical information on equipment was incomplete, the amount shown for equipment is based on information available at time of printing.

Amortization is calculated using the straight line method based on the estimated useful life of each asset, except for roads and bridges which are amortized on the declining balance method.

The totals for capital expenditures on Statement 4 do not relate to capital addition totals on this schedule due to the fact that the policy for inclusion of assets in this schedule differs from the policy for classifying capital expenditures in the Operating Fund (see Note 1b).

## 17 Trust Funds

Balance	Cash and	Investments	Liabilities	Fund
	Receivables			Balance
	(\$000)	(\$000)	(\$000)	31-Mar-00
				(\$000)
Carnegie Endowment Fund	-	103	-	103
Civil Service Superannuation Fund	1,149	373,107	265	373,991
M.L.A.'s Superannuation Fund	37	20,696	17	20,716
Pension Plan for M.L.A.'s	144	1,054	17	1,181
Cable Replacement Fund	15	3,115	-	3,130
Public Trustee (unaudited)	1,582	5,198	6,730	50
Supreme Court	139	1,293	1,241	191
Teachers' Superannuation Fund *	425	246,036	570	245,891
Utility Capital Replacement Fund	6	310	-	316
<b>Totals</b>	<b>3,497</b>	<b>650,912</b>	<b>8,840</b>	<b>645,569</b>

Continuity	Balance	Revenues	Expenditures	Balance
	31-Mar-99			31-Mar-00
	(\$000)	(\$000)	(\$000)	(\$000)
Carnegie Endowment Fund	103	5	5	103
Civil Service Superannuation Fund	327,854	64,109	17,972	373,991
M.L.A.'s Superannuation Fund	19,335	2,455	1,074	20,716
Pension Plan for M.L.A.'s	856	335	10	1,181
Cable Replacement Fund	2,975	155	-	3,130
Public Trustee (unaudited)	96	78	124	50
Supreme Court	164	63	36	191
Teachers' Superannuation Fund *	231,695	32,725	18,529	245,891
Utility Capital Replacement Fund	313	15	12	316
<b>Totals</b>	<b>583,391</b>	<b>99,940</b>	<b>37,762</b>	<b>645,569</b>

\* As at June 30, 1999



**18 Guaranteed Debt**

	<b>Principal Guaranteed (\$000)</b>	<b>Outstanding 31-Mar-00 (\$000)</b>	<b>Outstanding 31-Mar-99 (\$000)</b>
1 Loan Guarantees - Lines of Credit	3,000	452	1,100
2 Debenture/Share Issues	<u>15,235</u>	<u>14,355</u>	<u>11,709</u>
<b>Total Guaranteed Debt</b>	<b><u>18,235</u></b>	<b><u>14,807</u></b>	<b><u>12,809</u></b>

	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Guaranteed (\$000)</b>	<b>Outstanding 31-Mar-00 (\$000)</b>	<b>Outstanding 31-Mar-99 (\$000)</b>
1 Loan Guarantees - Lines of Credit					
P.E.I. Grain Elevators Corp.	15-Jan-01	Prime	2,500	452	1,100
Island Waste Management	06-Jul-00	Prime - 1/4	<u>500</u>	<u>-</u>	<u>-</u>
			<u>3,000</u>	<u>452</u>	<u>1,100</u>
2 Debenture / Share Issues					
Prince County Hospital	4-Dec-08	5.375%	391	153	168
Summerside Reg. Dev. Corp.	31-Jul-00	Prime	3,000	3,000	-
Ch'town Area Dev. Corp.	15-May-13	5.781%	11,800	11,194	11,532
Town of Souris	1-Feb-03	5.375%	20	3	4
Village of Tignish	1-Jan-03	5.125%	15	3	3
Village of Crapaud	1-Dec-03	5.375%	<u>9</u>	<u>2</u>	<u>2</u>
			<u>15,235</u>	<u>14,355</u>	<u>11,709</u>

Both principal and interest are guaranteed for loan guarantees and debenture share issues.

Guarantee balance at March 31 includes both principal and interest.

During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

**Student Loans**

The Province pays a risk premium, in lieu of providing a loan guarantee, to banks who provide student loans. Where certain conditions exist, and the risk premium does not apply, the Province provides a loan guarantee to the lender. There is approximately \$650 thousand in outstanding student loans which the Province has guaranteed at March 31, 2000.

**19 Continuity of Allowance for Doubtful Accounts**

	<u>Allowance</u> <u>31-Mar-99</u> (\$000)	<u>Written Off</u> <u>During Year</u> <u>1999-00</u> (\$000)	<u>Increase</u> <u>(Decrease)</u> <u>Provided</u> <u>1999-00</u> (\$000)	<u>Allowance</u> <u>31-Mar-00</u> (\$000)
<b>Loans Receivable:</b>				
P.E.I. Business Dev. Inc	4,047	-	(553)	3,494
P.E.I. Lending Agency	<u>4,744</u>	<u>266</u>	<u>924</u>	<u>5,402</u>
	8,791	266	371	8,896
<b>Accounts Receivable:</b>				
Provincial Taxes	<u>1,420</u>	<u>229</u>	<u>775</u>	<u>1,966</u>
<b>Totals</b>	<u><u>10,211</u></u>	<u><u>495</u></u>	<u><u>1,146</u></u>	<u><u>10,862</u></u>

**20 Schedule of Debentures Issued and Matured**

<b>Issued</b>	<b>Date Of Issue</b>	<b>Rate of Interest</b>	<b>Date of Maturity</b>	<b>Amount of Issue (\$000)</b>	<b>Price Received</b>
<b>Operating Fund</b>					
Provincial Debenture	21-Feb-00	6.80%	21-Feb-30	<u>80,000</u>	98.68
<b>Sinking Fund</b>					
Canada Pension Plan	2-Apr-99	5.84%	2-Apr-19	730	100.00
	1-May-99	5.87%	1-May-19	1,120	100.00
	1-Jun-99	6.17%	1-Jun-19	1,232	100.00
	3-Jul-99	6.32%	3-Jul-19	775	100.00
	1-Aug-99	6.42%	1-Aug-19	353	100.00
	4-Sep-99	6.53%	4-Sep-19	265	100.00
	1-Oct-99	6.52%	1-Oct-19	649	100.00
	1-Nov-99	6.99%	1-Nov-19	648	100.00
	3-Dec-99	6.80%	3-Dec-19	478	100.00
	2-Jan-00	6.86%	2-Jan-20	126	100.00
	3-Mar-00	6.62%	3-Mar-20	<u>956</u>	100.00
				<u><u>7,332</u></u>	
<b>Matured/Called</b>					
<b>Matured/Called</b>	<b>Date Of Issue</b>	<b>Rate of Interest</b>	<b>Date of Maturity</b>	<b>Amount of Issue (\$000)</b>	<b>Amount Matured (\$000)</b>
<b>Operating Fund</b>					
Provincial Debenture	15-Dec-95	7.769%	Quarterly	25,000	<u>2,798</u>
<b>Sinking Fund</b>					
Canada Pension Plan	2-Apr-79	10.26%	2-Apr-99	1,020	1,020
	1-May-79	10.20%	1-May-99	1,120	1,120
	1-Jun-79	10.02%	1-Jun-99	1,232	1,232
	3-Jul-79	10.02%	3-Jul-99	775	775
	1-Aug-79	9.98%	1-Aug-99	683	683
	4-Sep-79	10.22%	4-Sep-99	642	642
	1-Oct-79	10.49%	1-Oct-99	649	649
	1-Nov-79	10.68%	1-Nov-99	648	648
	3-Dec-79	11.50%	3-Dec-99	478	478
	2-Jan-80	11.24%	2-Jan-00	126	126
	3-Mar-80	12.74%	3-Mar-00	956	956
					<u><u>8,329</u></u>

**Province of Prince Edward Island  
Operating Fund  
Schedules of Revenue and Expenditure  
for the year ended March 31, 2000**

<b>Revenue</b>	<b>2000 Unaudited Estimate (\$000)</b>	<b>2000 Unaudited Forecast (\$000)</b>	<b>2000 Actual (\$000)</b>	<b>1999 Actual (\$000)</b>
<b>21 Taxes</b>				
Personal Income Tax	128,523	161,540	161,260	129,747
Sales Tax	134,900	143,269	145,011	133,389
Real Property Tax	42,500	42,500	43,128	41,080
Gasoline Tax	33,500	33,500	33,444	31,446
Corporate Income Tax	23,284	18,177	18,176	26,562
Health Tax on Tobacco	14,000	14,000	14,233	14,183
Health Tax on Liquor	9,692	9,700	9,998	9,442
Insurance Premium Tax	5,018	5,200	5,451	5,347
Corporation Capital Tax	1,650	1,650	1,714	1,557
Environment Tax	200	200	255	235
Fire Prevention Tax	240	250	255	257
	<b>393,507</b>	<b>429,986</b>	<b>432,925</b>	<b>393,245</b>
<b>22 Licenses and Permits</b>				
Motor Vehicle Registry	10,472	11,055	11,067	10,769
Registration & Licensing Act	575	575	636	620
Securities Act	662	930	1,206	882
Other	2,231	2,666	2,861	2,578
	<b>13,940</b>	<b>15,226</b>	<b>15,770</b>	<b>14,849</b>
<b>23 Fees and Services</b>				
Patient Fees	7,808	8,846	8,902	8,683
Housing Rental	4,413	4,420	4,397	4,419
Special Project Fund	-	7,103	7,103	-
Waste Reduction Program	2,626	2,626	2,393	2,542
Land Title and Registry Fees	1,400	1,400	1,735	1,632
Fines and Penalties	635	635	627	664
R.C.M.P. Recoveries	710	710	710	693
Campground Fees	525	582	-	567
Third Party Insurance	1,035	800	876	639
Probate Court Fees	1,022	1,022	1,001	922
Other	6,093	6,055	5,471	6,548
	<b>26,267</b>	<b>34,199</b>	<b>33,215</b>	<b>27,309</b>

	<b>2000 Unaudited Estimate (\$000)</b>	<b>2000 Unaudited Forecast (\$000)</b>	<b>2000 Actual (\$000)</b>	<b>1999 Actual (\$000)</b>
<b>24 Sales</b>				
Lottery Revenue	13,500	13,000	12,501	11,143
Liquor Control Commission	9,948	10,105	10,383	9,658
Other	1,803	1,958	2,015	1,738
	<b><u>25,251</u></b>	<b><u>25,063</u></b>	<b><u>24,899</u></b>	<b><u>22,539</u></b>
<b>25 Investment</b>				
Enterprise P.E.I.	812	812	1,093	1,116
PEI Lending Agency	5,874	5,874	6,451	6,488
Housing Corporation	2,699	2,699	1,994	1,965
Other	445	445	2,638	2,104
	<b><u>9,830</u></b>	<b><u>9,830</u></b>	<b><u>12,176</u></b>	<b><u>11,673</u></b>
<b>26 Government of Canada</b>				
Equalization	241,910	255,932	256,069	268,495
Canada Health and Social Transfer	69,000	71,140	71,298	62,323
Economic Regional Dev. Agreement	3,600	7,354	6,874	3,882
Canada Assistance Plan	-	-	-	747
Housing Programs	1,813	1,830	1,824	1,922
Young Offenders Services	1,793	1,998	1,886	1,793
Canada Employment	75	75	74	498
Minority & Second Language	1,249	1,312	1,456	1,102
Choice and Opportunity Program	-	-	-	1,000
French Service Agreement	1,074	1,342	1,484	1,131
Infrastructure Program	-	-	2,639	1,256
Statutory Subsidy	674	674	674	675
Rehabilitation Programs	625	631	512	727
Atlantic Freight Transition Program	725	695	527	707
Community Access Prog. (Technology PEI)	275	653	697	752
Community & Labour Market Development	-	3,319	2,988	46
Other	3,083	4,023	3,864	2,953
	<b><u>325,896</u></b>	<b><u>350,978</u></b>	<b><u>352,866</u></b>	<b><u>350,009</u></b>
<b><u>Expenditure</u></b>				
<b>27 Agriculture and Forestry</b>				
Department of Agriculture and Forestry	21,247	24,579	24,383	19,180
P.E.I. Grain Elevators Corp.	165	678	678	105
	<b><u>21,412</u></b>	<b><u>25,257</u></b>	<b><u>25,061</u></b>	<b><u>19,285</u></b>

	<b>2000 Unaudited Estimate (\$000)</b>	<b>2000 Unaudited Forecast (\$000)</b>	<b>2000 Actual (\$000)</b>	<b>1999 Actual (\$000)</b>
<b>28 Economic Development</b>				
Department of Development	8,901	15,534	14,991	8,523
P.E.I. Business Development Inc.	18,945	23,082	25,717	18,129
Employment Development Agency	3,684	4,896	4,832	4,622
P.E.I. Energy Corporation	67	183	188	64
	<b><u>31,597</u></b>	<b><u>43,695</u></b>	<b><u>45,728</u></b>	<b><u>31,338</u></b>
<b>29 Education</b>				
Department of Education	177,079	182,560	183,207	184,640
Island Regulatory & Appeals Commission	1,041	1,041	1,041	1,020
	<b><u>178,120</u></b>	<b><u>183,601</u></b>	<b><u>184,248</u></b>	<b><u>185,660</u></b>
<b>30 Fisheries and Tourism</b>				
Department of Fisheries and Tourism	2,443	2,510	2,510	3,583
Tourism PEI	10,306	10,436	9,436	8,544
	<b><u>12,749</u></b>	<b><u>12,946</u></b>	<b><u>11,946</u></b>	<b><u>12,127</u></b>
<b>31 Provincial Treasury</b>				
Department of Provincial Treasury	11,738	11,960	11,933	10,609
General Government	4,638	31,058	28,876	27,609
P.E.I. Lending Agency	732	732	732	705
Council of Maritime Premiers	184	184	176	185
Interministerial Women's Secretariat	324	324	323	286
	<b><u>17,616</u></b>	<b><u>44,258</u></b>	<b><u>42,040</u></b>	<b><u>39,394</u></b>
<b>32 Public Service Commission</b>				
Public Service Commission	4,036	4,053	4,067	3,119
Employee Benefits	9,705	9,705	10,473	10,698
	<b><u>13,741</u></b>	<b><u>13,758</u></b>	<b><u>14,540</u></b>	<b><u>13,817</u></b>
<b>33 Transportation and Public Works</b>				
Dept. of Transportation & Public Works	62,196	65,673	65,597	62,100
PEI Crown Building Corporation	-	-	13	-
	<b><u>62,196</u></b>	<b><u>65,673</u></b>	<b><u>65,610</u></b>	<b><u>62,100</u></b>