



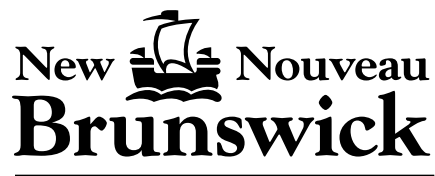
Volume 1
Financial Statements

Public Accounts

for the fiscal year ended 31 March

1996

Printed by
Authority of the Legislature
Fredericton, N.B.



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To Her Honour,

The Honourable Margaret McCain, B.A., B.S.W., L.L.D.
Lieutenant-Governor of the Province of New Brunswick

The undersigned has the honour to submit the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 1996.

I am, Your Honour,

Original Signed By

EDMOND P. BLANCHARD, Q.C.
Minister of Finance

Fredericton, New Brunswick
30 September 1996

The Honourable Edmond P. Blanchard, Q.C.
Minister of Finance

Sir:

The undersigned has the honour to present to you the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 1996.

Respectfully submitted,

Original Signed By

Edward Mehan, C.M.A.
Comptroller

Fredericton, New Brunswick
30 September 1996

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INTRODUCTION VOLUME I

The Public Accounts of the Province of New Brunswick are presented in three volumes.

This volume contains the audited financial statements of the Provincial Reporting Entity as described in Note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. This volume also contains the Auditor's Report and a Statement of Responsibility.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. Volume II also contains detailed information on Supplementary Appropriations, Funded Debt and Capital Loans, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, vendor, grant and contribution, and loan disbursement listings).

Volume III contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or the Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions. Volume III also contains various trust funds which the Province administers as Trustee.



STATEMENT OF RESPONSIBILITY

The financial statements of the Province of New Brunswick are prepared each year by the Comptroller as required under section 12 of the Financial Administration Act. The financial statements include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt.

Financial statement integrity and objectivity are the responsibility of the Government. To help fulfil this responsibility, systems of internal control have been established to provide reasonable assurance that transactions are properly authorized, executed and reported. The statements are prepared in accordance with the accounting policies described in Note 1 to the Financial Statements.

On behalf of the Government:

Original Signed by

Honourable Edmond P. Blanchard, Q.C.
Minister of Finance

30 September 1996



AUDITOR'S REPORT

To the Legislative Assembly
Province of New Brunswick

I have audited the statement of financial position of the Province of New Brunswick as at 31 March 1996 and the statements of revenue and expenditure, net debt and cash flow for the year then ended. These financial 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 government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Province as at 31 March 1996 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements. As required by section 10 of the Auditor General Act, I report that, in my opinion, these policies have been applied, after giving retroactive effect to the changes in accounting for Crown agencies and pensions as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Original signed by

R. W. Black, FCA
Auditor General

20 September 1996

Office of the Auditor General
P.O. Box 758
Fredericton, N.B. E3B 5B4

STATEMENT OF FINANCIAL POSITION
as at 31 March 1996

Schedule	(millions)	
	1996	1995
ASSETS		
1	\$ 239.6	\$ 238.0
2	344.6	372.3
3	28.1	23.5
4	53.4	63.6
	128.7	274.4
5	156.7	152.8
6	506.2	455.6
Total Assets	\$ 1,457.3	\$ 1,580.2
 LIABILITIES		
7	\$ 632.6	\$ 592.3
8	266.9	242.8
9	208.8	221.6
10	8.8	8.3
11	233.1	214.4
12	15.1	14.3
	422.7	695.7
	963.7	795.0
	2,751.7	2,784.4
	9,421.2	9,208.9
	(3,113.4)	(2,920.1)
	6,307.8	6,288.8
	(2,082.1)	(1,921.8)
	4,225.7	4,367.0
Total Liabilities	6,977.4	7,151.4
 NET DEBT	(5,520.1)	(5,571.2)
	\$ 1,457.3	\$ 1,580.2

Contingent Liabilities - See [Note 12](#)

Commitments - See [Note 13](#)

The accompanying notes are an integral part of these Financial Statements.

Original Signed By

Edward L. Mehan, C.M.A.
Comptroller

STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended 31 March 1996

Schedule	(millions)			
	1996 Budget (Note 3)	1996 Actual	1995 Actual	
REVENUE				
Provincial Sources				
13	Taxes on Consumption	\$ 916.8	\$ 935.4	\$ 889.2
	Taxes on Property	244.5	234.4	241.6
14	Taxes on Income	907.3	910.3	862.7
15	Other Taxes	35.3	34.0	34.0
16	Licenses and Permits	90.6	90.1	91.6
17	Royalties	47.4	50.7	48.5
18	Investment Income	218.3	236.6	232.4
19	Other Provincial Revenue	118.9	124.6	116.5
	Sinking Fund Earnings	167.7	186.1	157.5
		<u>2,746.8</u>	<u>2,802.2</u>	<u>2,674.0</u>
Federal Sources				
	Fiscal Equalization and Stabilization Payments	984.0	902.5	925.9
	Established Programs Financing	243.0	250.4	263.8
	Extended Health Care Financing	38.9	38.9	38.7
	Other Unconditional Grants - Canada	1.8	1.9	1.9
20	Conditional Grants - Canada	388.9	430.8	395.7
		<u>1,656.6</u>	<u>1,624.5</u>	<u>1,626.0</u>
	Total Revenue (Note 4)	<u>4,403.4</u>	<u>4,426.7</u>	<u>4,300.0</u>
EXPENDITURE				
Social Services				
21	Education	995.8	969.6	978.5
22	Health	1,291.8	1,309.0	1,290.6
23	Income Assistance	287.6	289.6	296.0
24	Justice	96.7	100.3	102.5
		<u>2,671.9</u>	<u>2,668.5</u>	<u>2,667.6</u>
25	Economic Development	320.1	328.4	325.3
26	Municipal Affairs	213.9	209.2	208.0
27	Transportation	341.5	407.5	360.7
28	Central Government	199.7	167.0	162.4
	Service of the Public Debt	618.5	595.0	644.6
	Total Expenditure (Notes 4 and 14)	<u>4,365.6</u>	<u>4,375.6</u>	<u>4,368.6</u>
	SURPLUS (DEFICIT)	<u>\$ 37.8</u>	<u>\$ 51.1</u>	<u>\$ (68.6)</u>

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF CASH FLOW
for the fiscal year ended 31 March 1996

	(millions)	
	1996	1995
OPERATING ACTIVITIES		
Surplus (Deficit)	\$ 51.1	\$ (68.6)
Non Cash Items		
Amortization of Premiums, Discounts and Issue Expenses	7.4	6.3
Amortization of Unrealized Foreign Exchange Losses	10.5	32.8
Increase in Allowance for Doubtful Accounts	28.2	19.5
Sinking Fund Earnings	(186.1)	(157.5)
Decrease in Pension Liability (Note 11)	(104.3)	(110.1)
Capital Asset Acquisitions Charged to Operations	277.5	285.6
Proceeds from Disposal of Capital Assets	(5.0)	(3.0)
(Increase) Decrease in Working Capital (Note 16)	46.3	(4.4)
Net Cash From Operating Activities	125.6	0.6
INVESTING ACTIVITIES		
Purchase of Capital Assets	(277.5)	(285.6)
Proceeds from Disposal of Capital Assets	5.0	3.0
Increase in Investments, Loans and Advances	(63.2)	(81.0)
Net Cash Used in Investing Activities	(335.7)	(363.6)
FINANCING ACTIVITIES		
Proceeds from Issuance of Funded Debt	687.9	703.2
Received from Sinking Fund for Redemption of Debentures and Payment of Exchange	123.2	49.3
Sinking Fund Instalments	(97.4)	(94.7)
Serial Redemptions and Capital Loan Repayments	(2.4)	(2.5)
Funded Debt Matured	(541.5)	(409.6)
Net Cash From Financing Activities	169.8	245.7
DECREASE IN CASH DURING YEAR	(40.3)	(117.3)
CASH POSITION - BEGINNING OF YEAR	(592.3)	(475.0)
CASH POSITION - END OF YEAR	\$ (632.6)	\$ (592.3)
CASH REPRESENTED BY		
Bank Advances and Short Term Borrowing	\$ (632.6)	\$ (592.3)

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF NET DEBT
for the fiscal year ended 31 March 1996

	(millions)	
	1996	1995
NET DEBT - BEGINNING OF YEAR		
As Previously Published	\$ (5,525.1)	\$ (5,461.1)
Prior Years' Adjustments		
Consolidation of Government Organizations (Note 2)	(23.2)	(19.4)
Increase in Accrued Pension Liability (Note 2)	(22.9)	(22.1)
As Restated	(5,571.2)	(5,502.6)
 SURPLUS (DEFICIT)	 51.1	 (68.6)
NET DEBT - END OF YEAR	\$ (5,520.1)	\$ (5,571.2)

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Provincial Reporting Entity

In these financial statements, the Province is defined as the Provincial Reporting Entity. The Provincial Reporting Entity is comprised of certain organizations that are accountable to the Legislature. These accountable organizations are the Consolidated Fund, the General Sinking Fund and certain agencies, commissions and corporations. The agencies, commissions and corporations included in this definition are identified below.

Transactions and balances of organizations are included in these financial statements through one of the following accounting methods:

- Consolidation method - This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.
- Modified equity method - This method is used for government enterprises. Government enterprises are defined in note 8 to these financial statements. The modified equity method reports a government enterprise's net assets as an investment in the Province's Statement of Financial Position. The net income of the government enterprise is reported as investment income in the Province's Statement of Revenue and Expenditure. Inter-organizational transactions and balances are not eliminated. All gains or losses arising from inter-organizational transactions between government enterprises and other government organizations are eliminated. The accounting policies of government enterprises are not adjusted to conform with those of other government organizations.
- Transaction method - This method records only transactions between the Province and the other organizations.

Organizations that have been included in the Provincial Reporting Entity through consolidation are:

Algonquin Properties Limited;
Arts Development Trust Fund;
Environmental Trust Fund;
Group Insurance Trust Fund;
Kingsbrae Horticultural Garden;
Mental Health Commission of New Brunswick;
New Brunswick Biotechnology and Technological Innovation Centre of Excellence Inc.;
New Brunswick Highway Corporation;
New Brunswick Housing Corporation;
New Brunswick Investment Management Corporation;
New Brunswick Transportation Authority;
Regional Development Corporation;
Sport Development Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

Government enterprises that have been included in these financial statements through modified equity accounting are:

Lotteries Commission of New Brunswick;
New Brunswick Liquor Corporation;
New Brunswick Municipal Finance Corporation;
New Brunswick Power Corporation;
Workplace Health, Safety and Compensation Commission.

Certain organizations that are accountable to the Legislature have been included through the transaction method. The transaction method was used because the appropriate methods would not produce a materially different result. The determination of which entities could be excluded because of materiality was made by Board of Management. The organizations included through the transaction method are:

Advisory Council on the Status of Women;
Board of Commissioners of Public Utilities of New Brunswick;
Forest Protection Limited;
Kings Landing Corporation;
New Brunswick Crop Insurance Commission;
New Brunswick Geographic Information Corporation;
New Brunswick Museum;
New Brunswick Research and Productivity Council;
Premier's Council on the Status of Disabled Persons;
Provincial Holdings Ltd.;
Strait Crossing Finance Inc.;
Youth Council of New Brunswick.

The following organizations do not meet the accounting criteria for inclusion in the Provincial Reporting Entity. These organizations are therefore reflected in these financial statements using the transaction method:

Hospital Corporations;
New Brunswick School Boards;
Nursing Homes.

Effective 1 March 1996, the Minister of Education assumed responsibility for the operation of New Brunswick Schools. Previously, schools were the responsibility of elected school boards. In these financial statements, the financial position and results of operations of New Brunswick schools have been reported using the transaction method. In future financial statements, the consolidation method will be used.

b) Accounting Policies

The financial statements of the Province are prepared using the accounting policies described below:

Accrual Accounting

Expenditures are recorded for all goods and services received during the fiscal year except as described below:

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

No accrual has been recorded for employee retirement allowances or vacation entitlements.

The Province is responsible for benefit payments to injured employees. The value of future benefit payments owed is \$37.3 million (\$24.1 million 1995) of which \$12.7 million is recorded as a liability (none in 1995).

Liabilities for environmental cleanup are recognized when the costs of cleanup have been incurred. Significant commitments for environmental cleanup are disclosed in note 12 to these financial statements.

Revenue from Canada under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, and the Canada-New Brunswick Tax Collection Agreement is accrued based on estimates provided by Canada. These estimates are subject to adjustment in future years. Such adjustments are included in revenue when Canada informs the Province of the revisions. The most recent revision included in these financial statements is dated 10 April 1996.

All other revenues and recoveries are recorded on an accrual basis.

Allocation of Interest

Interest and other debt service charges are reported in the Statement of Revenue and Expenditure as Service of the Public Debt except as described below:

Because government enterprises are included in the Provincial Reporting Entity through modified equity accounting, the cost of servicing their debt is not included in the Service of the Public Debt expenditure. The cost of servicing the debt of government enterprises is an expenditure used in the calculation of their net profit for the year.

Interest costs imputed on the Province's Accrued Pension Liability are recorded as part of pension expense which is included in various expenditure function classifications.

Interest is not allocated to other functions except for \$2.0 million of interest subsidies on certain loans issued.

Interest earned on the assets of the General Sinking Fund, and on other provincial assets is reported as revenue.

Government Transfers

Government transfers are transfers of money, such as grants, from a government to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return.

Government transfers are recognized in the Province's financial statements as expenditures or revenues in the period that the events assuring the transfer occurred. Liabilities have been established for any transfers due at 31 March 1996 for which the intended recipients have met the eligibility criteria. Receivables have been established for transfers to which the Province is entitled under governing legislation, regulation or agreement.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

Assets

Assets reported on the Statement of Financial Position include cash, financial claims due to the Province, prepaid and deferred expenditures, inventory of supplies for use or resale, unrealized foreign exchange losses, and investments held by the Province.

The cost of acquiring physical assets is expensed in the year of acquisition. The Statement of Financial Position does not report an amount for these assets.

Short Term Investments

Short term investments are recorded at cost.

Allowances for Doubtful Accounts

Allowances for doubtful accounts have been established for each type of account receivable and for loan guarantees. These allowances are disclosed in the schedules to the financial statements. The increase in these allowances charged to operations for the fiscal year ended 31 March 1996 was \$28.2 million (\$19.5 million 1995).

Concessionary Loans

There are two situations where the Province charges loan disbursements as expenditures. These are:

Loan agreements which commit the Province to provide future grants to the debtor to be used to repay the loan.

Loan agreements which include forgiveness provisions if the forgiveness is considered likely.

In both these situations, the loan is charged to expenditure when it is disbursed.

Loans that earn a low rate of return are recorded as assets at the original loan amount less any principal payments made to 31 March 1996.

Inventories

Inventories are recorded at the lower of cost or net realizable value. Inventories include properties acquired through foreclosure. Properties acquired through foreclosure which have not been disposed of within two fiscal year ends of repossession are removed from inventory and are recorded as expenditure.

Deposits Held in Trust

Any funds remitted to the Province and held in trust for specified persons are included in both the financial assets and liabilities of the Province. Legally established trust funds which the Province administers but does not control are not included as Provincial assets or liabilities. Note 15 to these financial statements discloses the equity balances of the trust funds administered by the Province.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

Liabilities

Liabilities reported on the Statement of Financial Position include financial claims payable by the Province and revenues or gains recorded but not yet earned. Sinking funds available for the repayment of long term debt are reported as a reduction of the debt.

Borrowing on Behalf of New Brunswick Power Corporation

The Province, as represented by the Consolidated Fund, has issued long term debt securities on behalf of New Brunswick Power Corporation in exchange for debentures with like terms and conditions.

The New Brunswick Power Corporation debentures received by the Province are reported in the Statement of Financial Position as a reduction of Funded Debt. This financing arrangement was used to obtain more favourable debt servicing costs. The transactions involving these securities, including the debt servicing costs, are not part of the budget plan of the Province's Consolidated Fund.

Foreign Currency Translation

The Province's assets, liabilities and contingent liabilities denominated in foreign currencies are translated to Canadian dollars at the year end rates of exchange, except where such items have been hedged or are subject to interest rate and currency swap agreements. In such cases, the rates established by the hedge or the agreements are used in the translation. Revenue and expenditure items are translated at the rates of exchange in effect at the respective transaction dates.

Exchange gains and losses are included in the Statement of Revenue and Expenditure except for the unrealized exchange gains and losses arising on the translation of long term items, which are deferred and amortized on a straight line basis over the remaining life of the related assets or liabilities.

Capital Leases

Long term leases, under which the Province assumes substantially all the benefits and risks of ownership related to the leased tangible property, are classified as capital leases although certain minimum dollar thresholds are in place for practical reasons. The present value of a capital lease is accounted for as an expenditure and the assumption of an obligation.

Measurement Uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in financial statements. This uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount. Many items in these financial statements have been measured using estimates. Those estimates have been based on assumptions that reflect economic conditions.

Some examples of where measurement uncertainty exists are the establishment of allowances for doubtful accounts, and the determination of pension expense.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 2 CHANGE IN ACCOUNTING POLICY

During the year ended 31 March 1996, the Province changed its method of accounting for the Mental Health Commission of New Brunswick and Algonquin Properties Limited. Algonquin Properties Limited was changed from the modified equity method to the consolidation method. This change was made to conform with revised accounting recommendations issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. The Mental Health Commission of New Brunswick was changed from the transaction method to the consolidation method. This change was made because the Commission's operating results are considered to have a material impact on the Province's financial results. These changes resulted in an increase in the Province's opening net debt as at 1 April 1995 of \$23.2 million (\$19.4 million in 1994). They also reduced the Province's annual surplus by \$4.0 million (\$3.8 million increase in the 1995 deficit).

The Province had an actuarial valuation completed on the Members' Superannuation Plan. This was the final valuation required to complete the Province's adoption of full accrual accounting for its pension liability and pension related expenditure. This resulted in an increase in the Province's opening net debt as at 1 April 1995 of \$22.9 million (\$22.1 million 1994). This also reduced the Province's annual surplus by \$0.5 million (\$0.8 million increase in the 1995 deficit).

NOTE 3 BUDGET

The budget amounts included in these financial statements are the amounts published in the Main Estimates, adjusted for transfers from the Supplementary Funding Provision Program and elimination of inter-account transactions. The Supplementary Funding Provision Program is an appropriation which provides funding to other programs for costs associated with contract settlements, retirement allowances, and other requirements not budgeted in a specific program.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 4 BUDGET AND ACTUAL RESULTS BY BUDGETARY ACCOUNT

The Province budgets and reports revenue and expenditure in five budgetary accounts: Ordinary, Capital, Special Purpose, Sinking Fund Earnings and Special Operating Agencies. Descriptions of the budgetary accounts as well as actual and budgeted results in each account are as follows:

a) Ordinary Account

Revenue includes most operating revenue raised through taxation, fees, fines, licenses, permits and payments from the federal government under various agreements.

Expenditure includes the operating costs of government programs. These costs are considered to be consumed in the year of occurrence and are costs which are not funded from Special Purpose revenue or by Special Operating Agency authority.

<u>Ordinary Revenue by Department</u>	(millions)		
	<u>1996 Budget</u>	<u>1996 Actual</u>	<u>1995 Actual</u>
Advanced Education and Labour	\$ 17.5	\$ 13.4	\$ 16.1
Agriculture and Rural Development	3.0	3.0	3.0
Economic Development and Tourism	4.3	5.9	4.4
Education	20.7	20.6	24.0
Environment	1.7	1.9	1.9
Finance	3,432.5	3,373.8	3,309.5
Fisheries and Aquaculture	5.9	6.8	7.8
Health and Community Services	84.0	81.5	78.2
Human Resources Development - NB	141.0	145.9	146.5
Justice	32.2	32.1	31.2
Maritime Provinces Higher Education Commission	3.0	2.6	1.9
Mental Health Commission of New Brunswick	2.4	2.2	2.6
Municipalities, Culture and Housing	51.6	51.8	53.0
Natural Resources and Energy	64.5	69.0	64.9
Office of the Comptroller	0.1	---	0.1
Other Agencies	128.0	132.5	147.0
Regional Development Corporation	30.2	27.5	36.1
Solicitor General	11.0	11.0	11.3
Supply and Services	1.1	1.3	1.5
Transportation	<u>73.2</u>	<u>72.5</u>	<u>74.6</u>
Total Ordinary Revenue	<u>4,107.9</u>	<u>4,055.3</u>	<u>4,015.6</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

<u>Ordinary Expenditure by Department</u>	(millions)		
	1996 <u>Budget</u>	1996 <u>Actual</u>	1995 <u>Actual</u>
Advanced Education and Labour	\$ 127.1	\$ 122.1	\$ 122.5
Agriculture and Rural Development	23.4	23.2	22.6
Economic Development and Tourism	26.5	45.1	34.6
Education	612.6	614.2	612.1
Environment	14.1	13.8	14.2
Executive Council	3.1	2.9	2.9
Finance	23.1	22.9	21.6
Fisheries and Aquaculture	10.9	10.8	10.7
General Government	145.0	89.3	78.8
Health and Community Services	1,198.1	1,197.7	1,189.6
Human Resources Development - NB	285.9	287.2	294.1
Intergovernmental Affairs	1.2	1.0	1.0
Justice	26.7	26.8	27.1
Legislative Assembly	10.1	10.9	9.9
Maritime Provinces Higher Education Commission	158.5	159.0	158.7
Mental Health Commission of New Brunswick	45.1	49.5	45.9
Municipalities, Culture and Housing	208.9	205.4	202.8
Natural Resources and Energy	61.9	65.0	61.0
Office of the Comptroller	4.9	4.6	4.6
Office of the Premier	1.1	1.0	1.1
Regional Development Corporation	78.8	71.9	85.4
Service of the Public Debt	618.5	595.0	644.6
Solicitor General	67.2	70.7	73.0
Supply and Services	76.9	76.4	76.3
Transportation	<u>127.4</u>	<u>130.8</u>	<u>130.5</u>
Total Ordinary Expenditure	<u>3,957.0</u>	<u>3,897.2</u>	<u>3,925.6</u>
Surplus on Ordinary Account	<u>\$ 150.9</u>	<u>\$ 158.1</u>	<u>\$ 90.0</u>

b) Capital Account

Recoveries include entitlements from Canada for the construction, acquisition or major renovation of physical assets and proceeds received on disposal of government properties.

Expenditures are incurred to acquire or construct physical assets with expected lives of greater than one year. Grants paid to municipalities, educational institutions and government agencies to acquire or construct physical assets are also treated as capital expenditures when the assets are considered to be for long term public benefit. Physical assets include land, buildings, highways, bridges, wharves, ferries, vehicles and equipment. Certain minimum dollar thresholds have been established for practical reasons.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)		
	1996	1996	1995
<u>Capital Recoveries by Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Agriculture and Rural Development	\$ 0.6	\$ 1.3	\$ 1.6
Economic Development and Tourism	---	0.1	---
Municipalities, Culture and Housing	2.3	1.3	2.6
Natural Resources and Energy	---	---	0.1
Regional Development Corporation	6.7	6.1	6.8
Supply and Services	---	---	0.1
Transportation	<u>42.8</u>	<u>95.3</u>	<u>47.3</u>
Total Capital Recoveries	<u>52.4</u>	<u>104.1</u>	<u>58.5</u>
 <u>Capital Expenditure by Department</u>			
Agriculture and Rural Development	0.1	0.1	0.4
Economic Development and Tourism	0.6	0.6	0.2
Education	2.0	2.0	1.9
Environment	18.9	16.1	18.1
Health and Community Services	10.7	12.7	5.0
Maritime Provinces Higher Education Commission	1.0	1.0	2.2
Municipalities, Culture and Housing	4.5	3.9	3.9
Regional Development Corporation	12.8	11.9	15.5
Supply and Services	64.0	71.8	91.1
Transportation	<u>217.5</u>	<u>279.9</u>	<u>229.9</u>
Total Capital Expenditure	<u>332.1</u>	<u>400.0</u>	<u>368.2</u>
Net Capital Expenditure	<u>\$ (279.7)</u>	<u>\$ (295.9)</u>	<u>\$ (309.7)</u>

c) Special Purpose Account

Revenue is designated by donor request or legislation to be used for specific purposes.

Expenditures are made for those designated purposes from the revenue earned.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

<u>Special Purpose Revenue by Department</u>	(millions)		
	1996 <u>Budget</u>	1996 <u>Actual</u>	1995 <u>Actual</u>
Advanced Education and Labour	\$ 12.6	\$ 13.6	\$ 13.1
Agriculture and Rural Development	---	2.8	---
Economic Development and Tourism	---	0.1	---
Education	0.3	0.2	0.3
Environment	14.3	14.9	14.9
Finance	0.1	0.1	1.0
Health and Community Services	0.7	1.0	2.8
Justice	0.1	0.1	0.1
Municipalities, Culture and Housing	0.8	0.8	0.9
Solicitor General	2.1	1.9	2.1
Supply and Services	10.0	5.0	3.0
Transportation	<u>0.4</u>	<u>0.5</u>	<u>0.3</u>
Total Special Purpose Revenue	<u>41.4</u>	<u>41.0</u>	<u>38.5</u>
 <u>Special Purpose Expenditure by Department</u>			
Advanced Education and Labour	12.6	13.3	13.0
Agriculture and Rural Development	---	0.3	---
Economic Development and Tourism	---	0.1	---
Education	0.4	0.3	0.2
Environment	14.2	15.9	15.6
Finance	---	0.1	---
Health and Community Services	1.4	1.2	3.8
Justice	0.1	0.1	---
Municipalities, Culture and Housing	0.9	0.7	0.9
Solicitor General	2.4	2.7	2.4
Supply and Services	10.1	4.7	3.4
Transportation	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>
Total Special Purpose Expenditure	<u>42.5</u>	<u>39.7</u>	<u>39.7</u>
Surplus (Deficit) on Special Purpose Account	<u>\$ (1.1)</u>	<u>\$ 1.3</u>	<u>\$ (1.2)</u>

d) Sinking Fund Earnings

Revenue is income earned on investments held in the Province's General Sinking Fund.

<u>Revenue by Department</u>	(millions)		
	1996 <u>Budget</u>	1996 <u>Actual</u>	1995 <u>Actual</u>
Sinking Fund Earnings	<u>\$ 167.7</u>	<u>\$ 186.1</u>	<u>\$ 157.5</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

e) Special Operating Agencies

Revenue may be generated by the Special Operating Agencies or from transfers from other budgetary accounts.

Expenditures are incurred by the agencies in delivering the programs they offer and may be of a capital or operating nature.

The Regional Development Special Operating Agency exists to administer the projects under the Canada - New Brunswick Infrastructure Agreements, assist in administering the Jobs Plus program and assist in administering several other grant programs of government.

The Investment Management Special Operating Agency was established to manage employee pension plan and other investments. This agency became the Investment Management Corporation on 11 March 1996.

The Vehicle Management Special Operating Agency exists to maintain the provincial fleet of vehicles and heavy equipment.

The New Brunswick Integrated Justice Special Operating Agency was established to assist in managing the restructuring of justice administration.

	(millions)		
	1996	1996	1995
<u>Revenue by Special Operating Agency</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Regional Development	\$ 46.3	\$ 36.8	\$ 31.6
Investment Management	---	0.6	---
New Brunswick Integrated Justice	---	0.4	---
Vehicle Management	---	<u>43.2</u>	---
 Total Special Operating Agency Revenue	 <u>46.3</u>	 <u>81.0</u>	 <u>31.6</u>
 <u>Expenditure by Special Operating Agency</u>			
Regional Development	46.3	34.9	33.0
Investment Management	---	0.6	---
Vehicle Management	---	<u>42.9</u>	---
 Total Special Operating Agency Expenditure	 <u>46.3</u>	 <u>78.4</u>	 <u>33.0</u>
 Surplus (Deficit) on Special Operating Agency Account	 <u>\$ ---</u>	 <u>\$ 2.6</u>	 <u>\$ (1.4)</u>

f) Reconciliation to Statement of Revenue and Expenditure

The following table reconciles the total actual results by budgetary account to the totals reported in the Statement of Revenue and Expenditure of the Province which is prepared on a combined basis. In combining the various budgetary accounts, inter-account transactions have been eliminated and the revenues approved as reductions from expenditure appropriations have been added back.

NOTES TO THE FINANCIAL STATEMENTS
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The values of all amounts adjusted in this manner are disclosed in the following table:

	(millions)			
	1996		1995	
	<u>Revenue</u>	<u>Expenditure</u>	<u>Revenue</u>	<u>Expenditure</u>
Ordinary Account	\$ 4,055.3	\$ 3,897.2	\$ 4,015.6	\$ 3,925.6
Capital Account	104.1	400.0	58.5	368.2
Special Purpose Account	41.0	39.7	38.5	39.7
Sinking Fund Earnings	186.1	---	157.5	---
Special Operating Agencies	81.0	78.4	31.6	33.0
Revenues Netted Against Expenditure	16.2	16.2	7.3	7.3
Elimination of Inter-account Transactions	(64.7)	(64.7)	(15.1)	(15.1)
Adjustments on Consolidation	<u>7.7</u>	<u>8.8</u>	<u>6.1</u>	<u>9.9</u>
 Total as Reported in Financial Statements	 <u>\$ 4,426.7</u>	 <u>\$ 4,375.6</u>	 <u>\$ 4,300.0</u>	 <u>\$ 4,368.6</u>

NOTE 5 BALANCING OF ORDINARY ACCOUNT EXPENDITURE AND REVENUE

The Government of New Brunswick has the objective under the Act Respecting the Balancing of the Ordinary Expenditures and Ordinary Revenues of the Province that the total amount of ordinary account expenditure not exceed the total amount of ordinary account revenue for the period commencing 1 April 1993 and ending 31 March 1996.

That Act also stipulates that any change made within the last fifteen months, or after completion of the period from 1 April 1993 to 31 March 1996 in relation to the official estimates by the Government of Canada for provincial entitlements under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act or the Canada-New Brunswick Tax Collection Agreement shall not be taken into account.

The cumulative difference as at 31 March 1996 between ordinary revenue and expenditure is as follows:

	(millions)		
	1994 <u>Actual</u>	1995 <u>Actual</u>	1996 <u>Actual</u>
Cumulative Difference - Beginning of Year	\$ ---	\$ (137.7)	\$ (1.6)
Ordinary Revenue	3,739.4	4,015.6	4,055.3
Add: Changes in Provincial Entitlements from Canada			
(Section 6(1)) after 31 December 1994	---	45.3	13.5
(Section 6(2)) for 1995-96	---	---	58.2
Adjusted Revenue	3,739.4	4,060.9	4,127.0
Ordinary Expenditure	<u>(3,877.1)</u>	<u>(3,924.8)</u>	<u>(3,897.2)</u>
Adjusted Surplus (Deficit) for the Year	<u>(137.7)</u>	<u>136.1</u>	<u>229.8</u>
Cumulative Difference - End of Year	<u>\$ (137.7)</u>	<u>\$ (1.6)</u>	<u>\$ 228.2</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

The financial statements for the fiscal year ended 31 March 1995 reported an expenditure on ordinary account of \$3,924.8 million. Due to adjustments for the actuarial valuation of the Members' Superannuation Plan disclosed in note 2 to these financial statements, the 31 March 1995 ordinary expenditure has been restated to \$3,925.6 million. For the purposes of balancing revenue and expenditure, changes in accounting policy are not applied retroactively. For this reason the above table reports an ordinary expenditure as at 31 March 1995 of \$3,924.8 million.

NOTE 6 LOANS AND ADVANCES

In addition to establishing budgets for the classifications referred to in note 4 to these financial statements, the Province budgets disbursements and recoveries for loans and advances. The budgeted amounts and actual results for the year ended 31 March 1996, and the actual results for the year ended 31 March 1995 are as follows:

	1996 <u>Budget</u>	(millions) 1996 <u>Actual</u>	1995 <u>Actual</u>
<u>Disbursements</u>			
Agricultural Development Act and New Brunswick			
Crop Insurance Commission	\$ 5.0	\$ 2.9	\$ 2.7
Algonquin Properties Limited	1.7	0.7	1.7
Economic Development Act	17.0	28.4	26.7
Fisheries Development Act	8.0	3.1	2.9
Housing	2.6	2.5	2.5
Other	<u>0.3</u>	<u>---</u>	<u>0.2</u>
Total Disbursements	<u>34.6</u>	<u>37.6</u>	<u>36.7</u>
<u>Recoveries</u>			
Agricultural Development Act and New Brunswick			
Crop Insurance Commission	0.1	1.1	0.3
Economic Development Act	3.3	7.7	4.9
Fisheries Development Act	6.3	11.3	10.1
Housing	2.5	2.4	2.8
Other	<u>1.8</u>	<u>1.6</u>	<u>1.4</u>
Total Recoveries	<u>14.0</u>	<u>24.1</u>	<u>19.5</u>
Net Loans and Advances	<u>\$ 20.6</u>	<u>\$ 13.5</u>	<u>\$ 17.2</u>

NOTE 7 SPECIAL PURPOSE ACCOUNTS

Special Purpose Account revenue earned but not spent accumulates as a surplus in that account and may be spent in future years for the purposes specified. At 31 March 1996, the accumulated surplus in all Special Purpose Accounts totaled \$16.8 million (\$15.5 million 1995). This total is recorded as a reduction in net debt.

The following table summarizes the change in the accumulated Special Purpose Account surplus.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)			
	1995	1996		1996
	Accumulated <u>Surplus</u>	<u>Revenue</u>	<u>Expenditure</u>	Accumulated <u>Surplus</u>
Advanced Education and Labour				
Contract Training Account	\$ ---	\$ 12.7	\$ 12.7	\$ ---
International Projects	0.1	0.9	0.6	0.4
New Brunswick Community College Scholarship Account	0.2	---	---	0.2
Agriculture				
Kingsbrae Horticultural Garden	---	1.3	0.3	1.0
Biotechnology Fund	---	1.5	---	1.5
Economic Development and Tourism				
J. Wordel Account	0.1	---	---	0.1
Redevelopment of the Miramichi Region	---	0.1	0.1	---
Education				
Fred Magee Account	0.2	0.1	0.2	0.1
CMEC-School Achievement Indicators Program	---	0.1	0.1	---
Environment				
Environmental Trust Fund	2.3	14.9	15.9	1.3
Finance				
Group Insurance Trust Fund	3.0	---	---	3.0
Strait Crossing Finance	---	0.1	0.1	---
Health and Community Services				
Hospital Liability Protection Account	4.6	0.7	0.9	4.4
Medical Research Assistance Account	2.9	0.2	0.2	2.9
Third Party Contributions	---	0.1	0.1	---
Justice				
Family Support Fund	0.1	0.1	0.1	0.1
Municipalities, Culture and Housing				
Arts Development Trust Fund	0.6	0.4	0.3	0.7
Sport Development Trust Fund	0.1	0.4	0.4	0.1
Solicitor General				
Municipal Police Assistance Account	0.3	0.7	0.7	0.3
Victim Compensation Account	0.1	0.3	0.3	0.1
Victim Services Account	0.8	0.9	1.7	---
Supply and Services				
Archival Account	0.1	---	---	0.1
Land Management Account	---	4.6	4.6	---
Public/Private Partnership Projects	---	0.3	---	0.3
Renovation of Old Government House	---	0.1	0.1	---
Transportation				
Suspended Driver - Alcohol Re-education Program	---	0.3	0.3	---
National Safety Code Agreement	---	0.2	---	0.2
	<u>\$ 15.5</u>	<u>\$ 41.0</u>	<u>\$ 39.7</u>	<u>\$ 16.8</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 8 GOVERNMENT ENTERPRISES

A Government Enterprise is an organization accountable to the Legislative Assembly that has the power to contract in its own name, has the financial and operating authority to carry on a business, sells goods and services to customers outside the Provincial Reporting Entity as its principal activity, and that can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside the Provincial Reporting Entity.

The following is a list of Government Enterprises, and their fiscal year ends, which are included in the Provincial Reporting Entity as described in note 1 a) to these financial statements.

Lotteries Commission of New Brunswick (Lotteries)	31-03-96
New Brunswick Liquor Corporation (Liquor)	31-03-96
New Brunswick Municipal Finance Corporation (Municipal Finance)	31-12-95
New Brunswick Power Corporation (Power)	31-03-96
Workplace Health, Safety and Compensation Commission (WHSCC)	31-12-95

The following table presents condensed financial information of these Government Enterprises.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)					
	Lotteries	Liquor	Municipal Finance	Power	WHSCC	Total
<u>Assets</u>						
Cash and Equivalents	\$ ---	\$ 0.2	\$ 0.7	\$ 35.5	\$ 375.1	\$ 411.5
Receivables	7.8	0.8	3.8	157.3	60.0	229.7
Prepays	---	0.1	---	5.8	---	5.9
Inventories	---	9.8	---	109.4	---	119.2
Deferred Charges	---	5.4	---	137.3	---	142.7
Fixed Assets	---	10.0	---	3,926.5	9.1	3,945.6
Other Assets	---	---	<u>287.3</u>	<u>4.7</u>	<u>0.2</u>	<u>292.2</u>
Total Assets	<u>\$ 7.8</u>	<u>\$ 26.3</u>	<u>\$ 291.8</u>	<u>\$4,376.5</u>	<u>\$ 444.4</u>	<u>\$ 5,146.8</u>
<u>Liabilities</u>						
Short Term Bank Loans	\$ ---	\$ ---	\$ ---	\$ 129.4	\$ ---	\$ 129.4
Payable	---	6.5	3.9	195.1	22.8	228.3
Deferred Revenue	---	---	---	---	0.4	0.4
Reserves	---	---	---	283.9	---	283.9
Long Term Debt	---	7.9	287.2	316.5	403.3	1,014.9
Debt Funded by the Province	---	---	---	<u>2,985.7</u>	---	<u>2,985.7</u>
Total Liabilities	---	<u>14.4</u>	<u>291.1</u>	<u>3,910.6</u>	<u>426.5</u>	<u>4,642.6</u>
<u>Equity</u>						
Retained Earnings	<u>7.8</u>	<u>11.9</u>	<u>0.7</u>	<u>465.9</u>	<u>17.9</u>	<u>504.2</u>
Total Equity	<u>7.8</u>	<u>11.9</u>	<u>0.7</u>	<u>465.9</u>	<u>17.9</u>	<u>504.2</u>
Total Liabilities and Equity	<u>\$ 7.8</u>	<u>\$ 26.3</u>	<u>\$ 291.8</u>	<u>\$4,376.5</u>	<u>\$ 444.4</u>	<u>\$ 5,146.8</u>
<u>Net Income</u>						
Total Revenue	\$ 82.2	\$ 231.4	\$ 25.5	\$1,067.3	\$ 127.5	\$ 1,533.9
Total Expenses	<u>0.8</u>	<u>149.0</u>	<u>25.5</u>	<u>1,059.1</u>	<u>85.6</u>	<u>1,320.0</u>
Net Income	<u>\$ 81.4</u>	<u>\$ 82.4</u>	<u>\$ ---</u>	<u>\$ 8.2</u>	<u>\$ 41.9</u>	<u>\$ 213.9</u>

Government Enterprises use accounting policies that are appropriate for the industry segment in which they operate. These accounting policies may not be consistent with accounting policies used by other member organizations of the Provincial Reporting Entity.

NOTES TO THE FINANCIAL STATEMENTS
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Lotteries Commission of New Brunswick

The Lotteries Commission of New Brunswick is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is jointly owned by the four Atlantic Provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

New Brunswick Liquor Corporation

The New Brunswick Liquor Corporation was established under the New Brunswick Liquor Corporation Act. Its business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick.

New Brunswick Municipal Finance Corporation

The Municipal Finance Corporation was established under the New Brunswick Municipal Finance Corporation Act. Its purpose is to provide financing for municipalities and municipal enterprises through a central borrowing authority.

New Brunswick Power Corporation

The New Brunswick Power Corporation was established in 1920 under the Electric Power Act and is an agent of the Crown in right of the Province. The Corporation shall provide for the continuous supply of energy adequate for the needs and future development of the Province and to promote economy and efficiency in the distribution, supply, sale and use of power.

Workplace Health, Safety and Compensation Commission

The Workplace Health, Safety and Compensation Commission was established under the Workplace Health, Safety and Compensation Commission Act on 1 January 1995, merging the former Occupational Health and Safety Commission and Worker's Compensation Board. It is now responsible for administration of both the Occupational Health and Safety Act and the Worker's Compensation Act. The Workplace Health, Safety and Compensation Commission is dedicated to the promotion of a safe and healthy work environment and the provision of services to workplaces, employers and the injured workers of New Brunswick.

The Workplace Health, Safety and Compensation Commission is responsible for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; the promotion of occupational health and safety; and investing funds. Assessments collected from employers can only be used for the purposes of the Commission.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 9 BORROWING AUTHORITY

a) Balance of Borrowing Authority under the Provincial Loans Act

The balance of borrowing authority granted under the Provincial Loans Act is as follows:

	(millions)			
	Balance	Authority Granted During the	Borrowing During the	Balance
	<u>31 March 95</u>	<u>Year</u>	<u>Year</u>	<u>31 March 96</u>
Loan Act 1991	\$ 5.5	\$ ---	\$ ---	\$ 5.5
Loan Act 1994	433.9	---	329.5	104.4
Loan Act 1995	<u>--</u>	<u>315.0</u>	<u>---</u>	<u>315.0</u>
	<u>\$439.4</u>	<u>\$315.0</u>	<u>\$329.5</u>	<u>\$424.9</u>

Under the authority of section 2 of the Provincial Loans Act, the maximum temporary indebtedness of the Province is \$1,400.0 million. At 31 March 1996, bank advances and short term borrowings amounted to \$1,047.7 million.

Under the authority of subsection 3(1) of the Provincial Loans Act, the Province may borrow sums required for the repayment, refinancing or renewal of securities issued or for the payment of any loan or liability, repayment of which is guaranteed by the Province. This authority is in addition to the authorities listed above.

b) Borrowing by the Municipal Finance Corporation

The New Brunswick Municipal Finance Corporation has authority under the New Brunswick Municipal Finance Corporation Act to provide financing for municipalities and municipal enterprises. As at 31 December 1995, long term debt owed by the corporation was \$287.2 million.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 10 FUNDED DEBT OUTSTANDING

The following is a maturity schedule for the total amount of the Province's Funded Debt.

(millions)					
<u>Fiscal</u> <u>Year of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate (%)</u> <u>Range</u>	<u>Currency</u> <u>Amount</u>	<u>Total</u> <u>Funded</u> <u>Debt</u>	<u>Borrowing</u> <u>for</u> <u>NB Power</u> <u>Corporation</u>	<u>Funded</u> <u>Debt for</u> <u>Provincial</u> <u>Purposes</u>
1996-97	8.0	US \$ 75.0	\$102.2	\$ ---	
	6.3	Yen 1,150.0	14.7	---	
	7.2-10.3	CAN \$ 298.4	<u>298.4</u>	<u>(100.0)</u>	
			<u>415.3</u>	<u>(100.0)</u>	\$ 315.3
1997-98	4.7	Yen 6,000.0	76.5	---	
	7.2-10.8	CAN \$ 651.2	<u>651.2</u>	<u>(100.0)</u>	
			<u>727.7</u>	<u>(100.0)</u>	627.7
1998-99	5.5-7.6	US \$ 62.0	84.5	(62.7)	
	7.2-10.5	CAN \$ 401.7	<u>401.7</u>	---	
			<u>486.2</u>	<u>(62.7)</u>	423.5
1999-2000	7.2-12.7	CAN \$ 415.0	<u>415.0</u>	<u>(100.0)</u>	315.0
2000-2001	5.0	Yen 1,128.0	14.4	---	
	7.4	Sfr 130.0	149.0	---	
	7.6-13.4	CAN \$626.8	<u>626.8</u>	<u>(251.0)</u>	
			<u>790.2</u>	<u>(251.0)</u>	539.2
2001-2002 & After	6.5-9.8	US \$ 1,593.5	2,172.3	(899.7)	
	5.0	Yen 10,872.0	138.6	---	
	5.3	Sfr 100.0	114.6	---	
	7.4-17.5	CAN \$4,161.3	<u>4,161.3</u>	<u>(1,600.0)</u>	
			<u>6,586.8</u>	<u>(2,499.7)</u>	<u>4,087.1</u>
Funded Debt before Sinking Fund Investments			9,421.2	(3,113.4)	6,307.8
Less: Sinking Fund Investments			<u>2,209.6</u>	<u>(127.5)</u>	<u>2,082.1</u>
Funded Debt Outstanding			<u>\$7,211.6</u>	<u>\$(2,985.9)</u>	<u>\$4,225.7</u>

NOTES TO THE FINANCIAL STATEMENTS
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Pursuant to section 12 of the Provincial Loans Act, the Minister of Finance maintains a General Sinking Fund for the repayment of funded debt either at maturity or upon redemption in advance of maturity. At 31 March 1996, the equity of the General Sinking Fund accumulated for the repayment of Provincial Debt was \$2,082.1 million (\$1,921.8 million 1995). The investments of this Fund include bonds and debentures issued or guaranteed by the Province of New Brunswick. The net book value of these investments at 31 March 1996 was \$1,191.1 million (\$1,153.8 million 1995).

Because government enterprises are included in the reporting entity through modified equity accounting, long term debt issued directly by those enterprises is not included in the amount of Funded Debt Outstanding. Note 8 to these financial statements discloses the long term debt obligations of government enterprises.

The following amounts, which are payable under interest rate and currency swap agreements, have been included in the preceding funded debt maturity schedule. They have been reflected in that schedule in the currency payable per each financial swap agreement.

(millions)

<u>Fiscal Year of Maturity</u>	<u>Amount Payable in Original Currency</u>	<u>Amount Payable Per Financial Swap Agreement</u>	<u>Canadian Dollar Equivalent</u>
1999	Yen 5,000.0	CAN \$ 46.0	\$ 46.0
2001	US \$ 15.6	CAN \$ 23.8	23.8
2003	Yen 3,000.0	CAN \$ 30.6	30.6
2004	Yen 5,000.0	CAN \$ 59.8	59.8
2005	Yen 5,000.0	US \$ 47.5	64.8
2005	Yen 5,000.0	CAN \$ 71.2	71.2
2005	Yen 4,000.0	CAN \$ 55.1	55.1
2005	Yen 3,000.0	CAN \$ 41.1	<u>41.1</u>
			<u>\$392.4</u>

In addition to the above interest rate and currency swap agreements, the Province has an interest rate swap agreement associated with a CAN \$40.0 million issue due 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 March 1996

NOTE 11 PENSION PLANS

a) Description

Employees of the Province and certain provincial entities, as well as members of the Legislative Assembly, are entitled to receive pension benefits under the authority of various statutes. The following pension plans have been established pursuant to these statutes. These plans provide pension benefits based on length of service and average earnings.

Public Service Superannuation Plan (Public Service)
 Teachers' Pension Plan (Teachers')
 Judges' Superannuation Plan (Judges')
 Members' Superannuation Plan (Members')
 Pension Plan for Canadian Union of Public Employees of New Brunswick Hospitals
 (Hospitals - C.U.P.E.)
 Pension Plan for Management Employees of New Brunswick School Boards
 (Schools - Management)
 Pension Plan for General Labour, Trades and Services Employees of New Brunswick School
 Boards (Schools - G.L.T. & S.)
 Pension Plan for Secretarial and Clerical Employees of New Brunswick School Boards
 (Schools - S. & C.)
 Ombudsman Plan (Ombudsman)
 Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals
 (Hospitals - Certain)

Pension funds distinct from the Consolidated Fund exist for each of these pension plans, except for the Members' Superannuation and Ombudsman Plans.

b) Contributions

Employees are required to contribute a percentage of their salaries to the appropriate pension fund. Contributions by members of the Legislative Assembly are credited to the Members' Superannuation Account within the Provincial Consolidated Fund. The employer or Province is required to make contributions as described in the following table.

<u>Plan</u>	<u>Employers' Contributions</u>
Public Service	Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.
Teachers'	Employer contributes 7.3% of the employee's earnings up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan Act, plus 9% of the employee's earnings above the YMPE.
Judges'	Employer at least matches the employee's contributions.
Members'	The Province contributes an amount equal to the excess of pension payments over member contributions plus interest.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

<u>Plan</u>	<u>Employers' Contributions</u>
Hospitals - C.U.P.E.	Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.
Schools - Management	Employer contributes an amount as directed by the pension committee, based upon the advice of an actuary.
Schools - G.L.T.& S.	Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.
Schools - S.& C.	Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs. The employer contributions will not exceed 95% of employee contributions.
Ombudsman	The Province contributes the amount required to make annual pension payments.
Hospitals - Certain	Employer contributes 5.185% of the employee's earnings up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan Act, plus 6.61% of the employee's earnings above the YMPE.

c) Pension Liability

With the exception of the Hospitals - Certain plan which is a defined benefit plan with a fixed employer contribution, the Province is liable for accrued pension benefits not funded by the pension funds. The estimated pension liability for these pension plans is \$1,386.4 million (\$1,490.7 million 1995). This estimate is based on actuarial valuations using the projected unit credit method, calculated as at the dates listed below. This method estimates the present value of retirement benefits associated with the period of employee service to the valuation date. The actuarial valuations were based on a number of assumptions about future events, such as rates of return on assets, wage and salary increases and employee turnover and mortality. Section i) of this note lists some of the actuarial assumptions used. Section j) lists selected information about plan members.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

<u>Plan</u>	<u>Date</u>
Public Service	01/04/93
Teachers'	01/04/93
Judges'	31/03/92
Members'	01/04/96
Hospitals - C.U.P.E.	01/01/93
Schools - Management	01/01/93
Schools - G.L.T.& S.	01/01/93
Schools - S.& C.	01/01/93
Ombudsman	----
Hospitals - Certain	----
Early Retirement	31/03/96

Details of the pension liability are outlined in the table below. The estimated accrued benefits and the value of plan assets reported below have been updated to the most recent year end of the applicable pension plan. This was based on a projection of the actuarial assumptions and on actual contribution levels. The plans for hospital and school board employees have 31 December year ends. All other plans have 31 March year ends.

The actuarial pension liability is calculated by deducting the value of plan assets from the value of estimated accrued benefits. The pension liability for accounting purposes is calculated by adding the value of unamortized adjustments to the actuarial pension liability. Details of the unamortized adjustments are disclosed in sections f), g) and h) of this note.

<u>Plan</u>	(millions)					
	1996					1995
	Estimated Accrued Benefits	Value of Assets	Actuarial Pension Liability (Surplus)	Unamortized Pension Adjustments	Pension Liability (Surplus)	Pension Liability (Surplus)
Public Service	\$ 2,096.2	\$ 1,986.0	\$ 110.2	\$ 382.7	\$ 492.9	\$ 561.4
Teachers'	2,242.1	1,919.5	322.6	506.3	828.9	886.0
Judges'	24.0	10.5	13.5	0.2	13.7	13.9
Members'	27.7	----	27.7	----	27.7	27.2
Hospitals - C.U.P.E.	151.4	204.1	(52.7)	46.7	(6.0)	(3.9)
Schools - Management	9.9	14.7	(4.8)	2.6	(2.2)	(1.7)
Schools - G.L.T.& S.	78.4	105.1	(26.7)	21.5	(5.2)	(5.5)
Schools - S.& C.	11.2	17.1	(5.9)	3.7	(2.2)	(1.7)
Ombudsman	----	----	----	----	----	----
Hospitals - Certain	----	----	----	----	----	----
Early Retirement	<u>38.8</u>	<u>----</u>	<u>38.8</u>	<u>----</u>	<u>38.8</u>	<u>15.0</u>
	<u>\$ 4,679.7</u>	<u>\$ 4,257.0</u>	<u>\$ 422.7</u>	<u>\$ 963.7</u>	<u>\$ 1,386.4</u>	<u>\$ 1,490.7</u>

The Early Retirement amount disclosed in the above table is an actuarially determined estimate of the value of the Province's liability to make extra annual payments to certain former employees to reduce the affect of the early retirement actuarial reduction of pension benefits.

NOTES TO THE FINANCIAL STATEMENTS
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d) Funding

Pursuant to the Public Service Superannuation Act, the Consolidated Fund and certain government agencies will, in each fiscal year until the benefits under that Act are fully funded, pay an amount into the Public Service Superannuation Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1996 was \$35.3 million as follows:

Consolidated Fund	\$27.8
New Brunswick Liquor Corporation	0.4
New Brunswick Power Corporation	6.9
Workplace Health, Safety and Compensation Commission	0.2

In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

As at 31 March 1996, the Public Service plan had accrued benefits owing of \$2,096.2 million and assets of \$1,986.0 million. This plan was therefore 94.7% funded on an actuarial basis, using the assumptions disclosed in this note.

Pursuant to the Teachers' Pension Act, the Province will, in each fiscal year until the benefits under that Act are fully funded, pay an amount into the Teachers' Pension Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1996 was \$51.3 million. In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

As at 31 March 1996, the Teachers' plan had accrued benefits owing of \$2,242.1 million and assets of \$1,919.5 million. This plan was therefore 85.6% funded on an actuarial basis, using the assumptions disclosed in this note.

e) Change in Pension Liability

The components of the change in pension liability are disclosed in the following table:

NOTES TO THE FINANCIAL STATEMENTS
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(millions)

Plan	Employers' Share of Pension Benefits		Amortization of Adjustments	Total Pension Expense	Employer Pension Contribution	Increase (Decrease) in Pension Liability
	Earned	Pension Interest				
Public Service	\$ 14.7	\$ 7.0	\$ (39.3)	\$ (17.6)	\$ (50.9)	\$ (68.5)
Teachers'	28.0	27.1	(34.0)	21.1	(78.2)	(57.1)
Judges'	0.6	1.1	---	1.7	(1.9)	(0.2)
Members'	0.6	1.6	---	2.2	(1.7)	0.5
Hospitals - C.U.P.E.	2.7	(1.9)	(2.9)	(2.1)	---	(2.1)
Schools - Management	0.3	(0.2)	(0.2)	(0.1)	(0.4)	(0.5)
Schools - G.L.T.&S.	1.7	(1.0)	1.6	2.3	(2.0)	0.3
Schools - S. & C.	0.2	(0.2)	---	---	(0.5)	(0.5)
Ombudsman	0.2	---	---	0.2	(0.2)	---
Hospitals - Certain	7.3	---	---	7.3	(7.3)	---
Early Retirement	<u>25.9</u>	<u>---</u>	<u>---</u>	<u>25.9</u>	<u>(2.1)</u>	<u>23.8</u>
	<u>\$ 82.2</u>	<u>\$ 33.5</u>	<u>\$ (74.8)</u>	<u>\$ 40.9</u>	<u>\$ (145.2)</u>	<u>\$ (104.3)</u>

Total pension benefits of \$174.1 million were earned by employees during the fiscal year. Employees contributed \$78.0 million toward these benefits. The value of pension benefits charged to agencies was \$13.9 million. The employers' share of pension benefits earned was \$82.2 million.

f) Experience Gains and Losses

Experience gains or losses are amortized to pension expense over the estimated average remaining service life of active contributors. The following table summarizes the experience gains or losses for each plan:

(millions)

Plan	Estimated Average Remaining Service Life of Active Contributors (years)	31 March 1995		31 March 1996	
		Unamortized Experience Gains (Losses)	New Experience Gains (Losses)	Amortization of Experience (Gains) Losses	Unamortized Experience Gains (Losses)
Public Service	16.0	\$ 198.6	\$ 114.3	\$ (22.0)	\$ 290.9
Teachers'	15.0	294.3	125.9	(32.2)	388.0
Judges'	11.0	---	0.2	---	0.2
Hospitals - C.U.P.E.	16.0	28.3	21.2	(3.1)	46.4
Schools - G.L.T.&S.	17.0	8.2	9.5	(1.0)	16.7
Schools - S.&C.	21.0	(0.6)	1.6	(0.1)	0.9
Schools - Management	21.0	<u>---</u>	<u>1.4</u>	<u>(0.1)</u>	<u>1.3</u>
		<u>\$ 528.8</u>	<u>\$ 274.1</u>	<u>\$ (58.5)</u>	<u>\$ 744.4</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

g) Changes to Actuarial Assumptions

Changes to actuarial assumptions are being amortized to pension expense over the estimated average remaining service life of active contributors. No changes were made to the actuarial assumptions during the fiscal year ended 31 March 1996. The following table summarizes the value of estimation adjustments arising from changes to actuarial assumptions for each plan:

Plan	Estimated Average Remaining Service Life of Active Contributors (years)	(millions)		
		31 March 1995 Unamortized Value of Changes to Assumptions	Amortization of Changes to Assumptions	31 March 1996 Unamortized Value of Changes to Assumptions
Public Service	16.0	\$ 98.6	\$ (6.8)	\$ 91.8
Teachers'	15.0	140.5	(10.2)	130.3
Hospitals - C.U.P.E.	16.0	20.7	(1.3)	19.4
Schools - G.L.T.& S.	17.0	12.1	(0.7)	11.4
Schools - S. & C.	21.0	3.1	(0.1)	3.0
Schools - Management	21.0	<u>1.4</u>	<u>(0.1)</u>	<u>1.3</u>
		<u>\$ 276.4</u>	<u>\$ (19.2)</u>	<u>\$ 257.2</u>

h) Amendments to Pension Plan Provisions

Amendments made to the various pension plans are being amortized to pension expense over the term of the related collective agreements, if any. If there is not a related collective agreement, the value of the amendment is immediately reflected in revenue or expenditure.

Plan	Amortization Period (years)	(millions)			
		31 March 1995 Unamortized Plan Amendments	Plan Amendments	Amortization of Plan Amendments	31 March 1996 Unamortized Plan Amendments
Public Service	1.0	\$ ---	\$ 10.5	\$ (10.5)	\$ ---
Teachers'	2.4	---	(20.4)	8.4	(12.0)
Hospitals - C.U.P.E.	3.5	---	(20.6)	1.5	(19.1)
Schools - G.L.T.&S.	4.0	(9.9)	---	3.3	(6.6)
Schools - S. & C.	3.0	<u>(0.4)</u>	<u>---</u>	<u>0.2</u>	<u>(0.2)</u>
		<u>\$ (10.3)</u>	<u>\$ (30.5)</u>	<u>\$ 2.9</u>	<u>\$ (37.9)</u>

i) Actuarial Assumptions

Calculation of the Province's employee pension obligations and related pension expenditure is based on long and short term actuarial assumptions except the Judges' Plan where only long term assumptions are used. The short term period spans the years 1997 to 2001 and the long term covers the years thereafter.

The tables below disclose the long term assumptions and the range of short term assumptions used in the actuarial valuations.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

Long Term Assumptions

<u>Plan</u>	<u>Rate of Return on Assets</u>	<u>Annual Wage and Salary Increase</u>	<u>Inflation</u>	<u>Rate of Pension Escalation after Retirement</u>
Public Service	8.16%	4.75% plus promotional increase between 0.20% and 1.00%	4.0%	3.7%
Teachers'	8.16%	4.75% plus promotional increase between 0.25% and 1.50%	4.0%	3.6%
Judges'	8.16%	5.25%	4.5%	4.0%
Hospitals - C.U.P.E.	8.16%	4.75%	4.0%	2.0%
Schools - Management	8.16%	4.75%	4.0%	2.0%
Schools - G.L.T.&S.	8.16%	4.75%	4.0%	2.0%
Schools - S.&C.	8.16%	4.75%	4.0%	2.0%
Members'	8.16%	4.75%	4.0%	4.0%

Short Term Assumptions

<u>Plan</u>	<u>Rate of Return on Assets</u>	<u>Annual Wage and Salary Increase</u>	<u>Inflation</u>	<u>Rate of Pension Escalation after Retirement</u>
Public Service	6.08% to 7.64%	2.0% to 4.0%	2.0% to 4.0%	2.0% to 3.5%
Teachers'	6.08% to 7.64%	1.5% to 4.0%	2.0% to 4.0%	2.0% to 3.5%
Judges'	8.16%	5.25%	4.5%	4.0%
Hospitals - C.U.P.E.	6.08% to 7.64%	1.5% to 4.0%	2.0% to 3.5%	2.0%
Schools - Management	6.08% to 7.64%	1.5% to 4.0%	2.0% to 3.5%	2.0%
Schools - G.L.T.&S.	6.08% to 7.64%	1.0% to 4.0%	2.0% to 3.5%	2.0%
Schools - S.&C.	6.08% to 7.64%	0.5% to 4.0%	2.0% to 3.5%	2.0%
Members'	6.08% to 7.64%	0.0% to 4.0%	2.0% to 3.5%	2.0% to 3.5%

j) Member Data

The following table lists data about the members of each plan as used in the latest actuarial valuations.

<u>Plan</u>	<u>Number of Active Contributors</u>	<u>Number of Pensioners</u>	<u>Average Annual Salary of Contributors</u>	<u>Average Annual Pension</u>
Public Service	16,901	6,182	\$ 36,822	\$ 10,840
Teachers'	9,017	3,578	41,713	17,706
Judges'	30	25	94,916	35,625
Hospitals - C.U.P.E.	3,878	983	21,952	3,086
Schools - Management	191	25	36,733	7,153
Schools - G.L.T. & S.	2,055	535	21,183	2,883
Schools - S.&C.	567	50	18,792	2,646
Members'	56	74	52,473	26,049

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 12 CONTINGENT LIABILITIES

a) Guaranteed Loans

The Province has guaranteed certain debt of entities external to the Provincial Reporting Entity under the authority of various statutes. At 31 March 1996, the total contingent liability in respect of these guarantees (including applicable accrued interest) was \$78.4 million (\$107.7 million 1995), of which the Province has recognized \$8.8 million as a liability in the Statement of Financial Position (\$8.3 million 1995).

	(millions)	
	<u>1996</u>	<u>1995</u>
Agricultural Development Act	\$ 0.4	\$ 0.3
Economic Development Act	65.6	86.6
Employment Development Act	3.1	3.0
Farm Machinery Loans Act	0.1	0.1
Fisheries Development Act	1.9	2.3
Livestock Incentives Act	0.9	1.4
Nursing Homes Act	<u>6.4</u>	<u>14.0</u>
	78.4	107.7
Less: Allowance for Losses on Guaranteed Loans	<u>8.8</u>	<u>8.3</u>
	<u>\$ 69.6</u>	<u>\$ 99.4</u>

b) Environmental Responsibility

The Province of New Brunswick has an agreement with a mining company to limit the liability of the company to \$3.0 million for environmental damages that occurred prior to the company commencing mining at a specified site. The cost to clean up the major problem area of this site has been estimated at \$3.0 million. The Province currently holds a performance bond from the company in the amount of \$1.3 million.

N.B. Coal (a wholly owned subsidiary of New Brunswick Power Corporation) has an environmental responsibility to treat acidic water drainage from an inactive mine. Cost of treatment for the fiscal year ended 31 March 1996 was \$0.8 million (\$0.7 million 1995).

The Province of New Brunswick is committed to assisting municipalities with the closure and remediation of local dumps and landfills in the Province. This is an ongoing initiative which is expected to take several years to complete. In the year ended 31 March 1996, the Province spent \$1.2 million on dump closures. The estimated Provincial share of the remaining costs of this cleanup is \$16.8 million (\$18.0 million in 1995).

The Province is also responsible to close dumps located in Local Service Districts. This is being completed over several years. Closure costs in the year ended 31 March 1996 totalled \$0.5 million. The cost to close the remaining dumps is estimated at \$2.8 million.

NOTES TO THE FINANCIAL STATEMENTS

31 March 1996

c) Insurance

The Province does not carry general liability insurance or property insurance on its assets except in a few limited instances. Any successful liability claims against the Province and any replacement of lost or damaged property are charged to expenditure in the year of settlement or replacement.

d) Government Enterprises

The Workplace Health, Safety and Compensation Commission is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded.

NOTE 13 COMMITMENTS

a) Operating Leases

The total future minimum payments under various operating lease agreements, including those of government enterprises, for the rental of space and equipment amounts to \$236.7 million. Minimum annual lease payments in each of the next five years are as follows:

	(millions)
1996-1997	\$26.0
1997-1998	24.5
1998-1999	22.4
1999-2000	20.9
2000-2001	18.4

b) Nursing Homes

The Department of Health and Community Services includes in its annual operating budget funding for the repayment of approved long term debt of certain nursing homes. The Department funds the nursing homes through grants which pay the difference between operating expenses and revenue from other sources. On average, revenue from other sources covers approximately 30% of operating costs.

Total long term debt of these nursing homes at 31 March 1996 amounted to approximately \$79.4 million (\$80.4 million 1995). Of the \$79.4 million nursing home debt, the Province has issued guarantees to Canada Mortgage and Housing Corporation totalling approximately \$6.4 million (\$14.0 million 1995) which is included as a contingent liability.

c) Authorized Capital Projects

The 31 March 1996 estimated amount required to complete authorized major construction projects of schools, hospitals, other buildings, roads and bridges, and to meet capital grant obligations is \$205.8 million (\$286.0 million 1995). This includes projects that will be cost shared with the Government of Canada. Most of these projects are expected to be completed within three years.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

d) Other Commitments

Human Resources Development - New Brunswick

The Province, through the Department of Human Resources Development - New Brunswick, has contracted with Andersen Consulting to develop and implement business processes which make use of information technology. This arrangement is expected to result in cost savings for the Province. Andersen Consulting will be repaid for their investment in this project only if adequate savings are realized. The total project investment by Andersen Consulting is estimated to be \$15.4 million plus financing charges.

The first phase of the project is expected to be completed during the fiscal year ended 31 March 1997, and sufficient benefits needed to repay Andersen Consulting are expected to accrue over a five year period after implementation. Operation and maintenance of the technology used in this project will be contracted separately.

The Province is responsible for the cost of the hardware and certain software necessary for this project.

Evergreen Park School

On 22 June 1995 the Province entered into a development agreement with 056157 N.B. Ltd., now Greenarm Schools Ltd., to design, construct and finance the Evergreen Park School in Moncton.

The facility will be owned, operated and maintained by Greenarm Schools Ltd. The Province executed a lease agreement on 5 October 1995 for a period of twenty-five years commencing on 1 August 1996. The total principal and interest cost for this lease will be approximately \$21.3 million. The Province will have the option, at the end of the twenty-five years, to either purchase the facility at a cost of \$2.5 million or to renew the lease for an additional ten years.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 14 EXPENDITURE BY PRIMARY CLASSIFICATION

The expenditures by primary classification are as follows:

	(millions)	
	<u>1996</u>	<u>1995</u>
Personal Services	\$ 492.9	\$ 485.1
Other Services	279.4	263.4
Materials and Supplies	117.7	107.7
Property and Equipment	279.8	261.6
Contributions, Grants and Subsidies to or on behalf of:		
School Boards	583.3	579.9
Hospitals	614.9	601.7
Municipalities and Local Service Districts	176.4	170.4
Individuals	683.0	691.3
Nursing Homes	100.7	101.3
Other	416.7	430.1
Debt and Other Charges	<u>630.8</u>	<u>676.1</u>
	<u>\$4,375.6</u>	<u>\$4,368.6</u>

Personal Services includes salaries and benefits of employees, and allowances paid to the members of the Legislative Assembly. Personal Services does not include salaries and benefits of employees of hospitals, school boards and other agencies, which are paid by those organizations. Funding provided to those organizations is recorded as Contributions, Grants and Subsidies.

Other Services includes the purchase of various services including rental of space, postage, advertising, professional services, Royal Canadian Mounted Police services and travel expenses.

Materials and Supplies includes the purchase of textbooks, office supplies, heating fuel, vehicle and equipment supplies and parts, and structural materials and supplies.

Property and Equipment includes the purchase and construction of buildings, roads, bridges, equipment, and office furniture.

Contributions, Grants and Subsidies includes payments to government corporations, agencies and boards, and to business entities and non-profit organizations. Contributions, Grants and Subsidies to or on behalf of individuals includes income assistance payments and medical service payments on behalf of individuals.

Debt and Other Charges include the cost of servicing the public debt and bad debt expenses.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 15 TRUST FUNDS

The Province is trustee for various trust funds outside the Provincial Reporting Entity.

The following is a summary of the trust fund equities calculated using the method indicated below to value investment assets:

	(millions)	
	<u>1996</u>	<u>1995</u>
<u>Cost Method:</u>		
Margaret R. Lynds Bequest	\$ 0.1	\$ 0.1
Mental Health Trust Fund	0.5	0.5
New Brunswick Power Corporation Sinking Fund	235.4	372.2
Viscount Bennett Bequest	<u>0.2</u>	<u>0.2</u>
	<u>\$ 236.2</u>	<u>\$ 373.0</u>
 <u>Market Value Method:</u>		
Judges' Superannuation Trust Fund	\$ 10.5	\$ 8.2
Pension Plan for the Management Employees of New Brunswick School Boards	14.7	12.1
Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Boards	105.1	88.9
Pension Plan for Secretarial and Clerical Employees of New Brunswick School Boards	17.1	14.0
Pension Plan for C.U.P.E. Employees of New Brunswick Hospitals	204.1	172.8
Public Service Superannuation Fund	1,986.0	1,720.9
Teachers' Pension Trust Fund	<u>1,919.6</u>	<u>1,663.7</u>
	<u>\$ 4,257.1</u>	<u>\$ 3,680.6</u>

The Margaret R. Lynds Bequest is used to award three annual scholarships of equal value to students pursuing the study of communications at specified universities. The Mental Health Trust Fund is used to pay for psychoanalysis treatment of deserving New Brunswick residents. The income from the Viscount Bennett Bequest is used to develop the Province's historic resources.

The New Brunswick Power Corporation Sinking Fund is held in trust under the authority of the Electric Power Act. New Brunswick Power Corporation makes payments to this sinking fund as required by the terms of any bond or debenture issues. These are retained and invested. The purpose of the fund is to repay the bonds or debentures when they mature.

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 16 CHANGE IN PROVINCIAL BORROWING

The Province's funded debt issued for Provincial purposes decreased \$141.3 million during the year (increased \$198.4 million in 1995), after deducting the value of the sinking fund. Bank Advances and Short Term Borrowing increased by \$40.3 million (\$117.3 million in 1995). Total borrowing was therefore \$101.0 million less at 31 March 1996 than it was at 31 March 1995.

The following table shows how total borrowing decreased \$101.0 million.

	(millions)	
	<u>1996</u>	<u>1995</u>
Surplus (Deficit)	\$ 51.1	\$ (68.6)
Decrease in Pension Liability	(104.3)	(110.1)
Increase in Investments, Loans and Advances	(63.2)	(81.0)
Decrease in Other Current Assets and Liabilities	<u>71.7</u>	<u>16.6</u>
Increase in Borrowing Before Foreign Exchange Adjustments	(44.7)	(243.1)
Foreign Exchange Adjustments	<u>145.7</u>	<u>(72.6)</u>
Decrease (Increase) in Borrowing	\$ <u>101.0</u>	\$ <u>(315.7)</u>

The following changes in Other Current Assets and Liabilities had an affect on the Province's Working Capital position. In the table below, bracketed figures indicate an increase in Working Capital.

	(millions)	
	<u>1996</u>	<u>1995</u>
Accounts and Interest Receivable	\$ (7.6)	\$ 34.6
Taxes Receivable	14.7	(4.7)
Inventories	(4.6)	(4.9)
Prepaid and Deferred Charges	13.0	(18.4)
Accounts Payable	24.1	(51.2)
Accrued Expenditures	(12.8)	29.6
Deferred Revenue	18.7	8.7
Deposits Held in Trust	<u>0.8</u>	<u>1.9</u>
(Increase) Decrease in Working Capital	46.3	(4.4)
Increase in Allowance for Doubtful Accounts	28.2	19.5
(Increase) Decrease in Premiums and Discounts on Issue of Debt	<u>(2.8)</u>	<u>1.5</u>
Decrease in Other Current Assets and Liabilities	\$ <u>71.7</u>	\$ <u>16.6</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 1996

NOTE 17 SUBSEQUENT EVENTS

On 19 June 1996 the Province entered into a development agreement with Wackenhut Corrections Canada Inc. and Miramichi Youth Centre Management Inc., as trustee of the New Brunswick Youth Centre Trust, to design, construct and finance, the New Brunswick Youth Centre in Miramichi, N.B.

The facility will be owned, operated and maintained by the trustee for the New Brunswick Youth Centre Trust. The Province will lease the facility for a period of twenty-five years commencing on 1 January 1998. The total principal and interest cost for this lease will be \$46.4 million. The Province will have the option, at the end of twenty-five years, to either purchase the facility at a cost of \$5.8 million or to renew the lease for an additional ten years.

Wackenhut Corrections Corporation is the sole shareholder of the trustee, Miramichi Youth Centre Management Inc.

NOTE 18 COMPARATIVE FIGURES

Prior year figures have been restated because of the change in accounting policy disclosed in note 2. Certain other figures for the prior year have also been restated to conform with the 1996 presentation of the financial statements.

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)	
	1996	1995
SCHEDULE 1		
ACCOUNTS AND INTEREST RECEIVABLE		
Accounts Receivable		
Canada - Conditional Grants		
Atlantic Freight Transition Program	\$ 7.0	\$ ---
Canada Assistance Plan	9.5	9.2
Canada Mortgage and Housing Corporation	30.1	30.5
Canada/New Brunswick Highway Improvement Program	2.1	---
Crop Insurance	1.5	---
Disaster Financial Assistance Program	3.9	5.1
Economic and Regional Development Agreement	10.2	7.7
Infrastructure Program	3.0	7.4
New Brunswick Works	1.3	2.4
Official Languages in Education Program	4.1	7.1
Strategic Highway Improvement Program	1.5	1.5
Vocational Rehabilitation of Disabled Persons	2.3	2.0
Other Agreements	3.7	3.8
Canada - Unconditional Grants		
Fiscal Equalization	9.2	21.2
Fiscal Stabilization Payments	---	5.0
Receivables of Government Departments		
Advanced Education and Labour	5.3	7.2
Economic Development and Tourism	2.4	2.1
Education	19.8	23.6
Finance	7.1	4.4
Health and Community Services	9.2	5.1
Human Resources Development - NB	12.2	10.8
Justice	8.6	6.4
Municipalities, Culture and Housing	58.8	55.6
Natural Resources and Energy	11.3	8.8
Supply and Services	4.3	2.6
Transportation	3.9	2.4
Other Departments	7.9	6.2
Guarantee Payouts	14.5	12.3
Working Capital Advances	7.3	4.2
Other	2.0	2.4
Interest Receivable		
Agricultural Development Act	0.2	0.1
Economic Development Act	2.7	2.1
Fisheries Development Act	17.0	17.0
Other	0.5	0.6
	<u>284.4</u>	<u>276.8</u>
Less: Allowance for Doubtful Accounts	44.8	38.8
	<u>\$ 239.6</u>	<u>\$ 238.0</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)	
	1996	1995
SCHEDULE 2		
TAXES RECEIVABLE		
Corporate Income Tax	\$ ---	\$ 14.4
Gasoline and Motive Fuels Tax	13.0	13.6
Real Property Tax	283.6	290.5
Royalties and Stumpage on Timber	10.6	3.8
Social Services and Education Tax	80.0	79.5
Tobacco Tax	3.5	3.5
Other	0.3	0.3
	391.0	405.6
Less: Allowance for Doubtful Accounts	46.4	33.3
	\$ 344.6	\$ 372.3
 SCHEDULE 3		
INVENTORIES		
Construction and Maintenance Materials	\$ 12.2	\$ 9.2
Educational Textbooks	2.2	2.1
Machine Repair Parts	5.2	5.9
Properties Held for Resale	5.4	3.4
Stationery and Supplies	1.3	1.1
Veterinary Supplies	0.6	0.7
Other Supplies	1.2	1.1
	\$ 28.1	\$ 23.5
 SCHEDULE 4		
PREPAID AND DEFERRED CHARGES		
Income Assistance	\$ ---	\$ 14.0
Unamortized Premiums, Discounts, and Issue Expenses on Debentures	44.5	41.7
Other	8.9	7.9
	\$ 53.4	\$ 63.6

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)					
	1996			1995		
	Amount	Allowance for Doubtful Accounts	Net	Amount	Allowance for Doubtful Accounts	Net
SCHEDULE 5						
LOANS AND ADVANCES						
Agriculture and Rural Development						
Agricultural Development Act	\$ 9.5	\$ 1.6	\$ 7.9	\$ 7.2	\$ 1.3	\$ 5.9
New Brunswick Crop Insurance Commission	6.1	5.1	1.0	6.6	4.4	2.2
Economic Development and Tourism						
Economic Development Act	68.4	9.6	58.8	50.2	5.6	44.6
Provincial Holdings Ltd.	26.9	13.0	13.9	24.6	11.6	13.0
Education						
Advances to School Districts	---	---	---	0.5	---	0.5
Loans to Students	0.2	0.2	---	0.2	0.2	---
Environment						
Water and Sewerage Systems	0.5	---	0.5	0.5	---	0.5
Executive Council Office						
La Fondation du quotidien francophone	4.0	---	4.0	4.0	---	4.0
Finance						
Municipalities - Department of Regional Industrial Expansion Agreements	5.1	---	5.1	5.8	---	5.8
Fisheries and Aquaculture						
Fisheries Development Act	79.2	40.4	38.8	87.4	37.9	49.5
Health and Community Services						
Saint John Regional Laundry	2.1	---	2.1	2.5	---	2.5
Municipalities, Culture and Housing						
Loans to Municipalities	0.3	---	0.3	0.3	---	0.3
Other Loans	0.2	0.2	---	0.3	0.3	---
New Brunswick Housing Act	22.5	3.3	19.2	22.3	3.4	18.9
Regional Development Corporation						
Fundy Trail Trust	5.0	---	5.0	5.0	---	5.0
Supply and Services						
Other Loans	0.1	---	0.1	0.1	---	0.1
Transportation						
New Brunswick Transportation Authority	19.7	19.7	---	19.7	19.7	---
Unsatisfied Judgements	9.4	9.4	---	9.4	9.4	---
	<u>\$ 259.2</u>	<u>\$ 102.5</u>	<u>\$ 156.7</u>	<u>\$ 246.6</u>	<u>\$ 93.8</u>	<u>\$ 152.8</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)	
	1996	1995
SCHEDULE 6		
INVESTMENTS		
Investment in Government Enterprises		
Lotteries Commission of New Brunswick	\$ 7.8	\$ 5.8
New Brunswick Liquor Corporation	11.9	13.6
New Brunswick Power Corporation	465.9	457.7
New Brunswick Municipal Finance Corporation	0.7	0.6
Workplace Health, Safety and Compensation Commission	17.9	(24.0)
	504.2	453.7
Other Long Term Investments	2.0	1.9
	\$ 506.2	\$ 455.6
SCHEDULE 7		
BANK ADVANCES AND SHORT TERM BORROWING		
Bank Overdrafts	\$ 71.3	\$ 43.3
Treasury Bill 0% Payable on Demand	1.0	1.2
Treasury Bills 4.98%-6.20% Maturing 4 April 1996 - 1 October 1996	975.4	955.2
	1,047.7	999.7
Less:		
Cash	31.5	29.1
Short Term Investments	383.6	378.3
	415.1	407.4
	\$ 632.6	\$ 592.3

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)	
	1996	1995
SCHEDULE 8		
ACCOUNTS PAYABLE		
Accounts Payable for Goods and Services		
Advanced Education and Labour	\$ 9.3	\$ 11.5
Agriculture and Rural Development	2.6	2.0
Economic Development and Tourism	11.7	13.7
Education	9.8	5.5
Environment	4.4	5.3
Finance	10.0	13.5
General Government	7.5	0.3
Health and Community Services	61.5	41.2
Human Resources Development -NB	5.9	5.2
Maritime Provinces Higher Education Commission	9.3	8.9
Mental Health Commission	5.4	3.5
Municipalities, Culture and Housing	13.4	12.8
Natural Resources and Energy	2.1	3.7
Office of the Comptroller	5.3	2.6
Regional Development Corporation	---	1.5
Solicitor General	13.5	13.2
Supply and Services	12.1	15.3
Transportation	20.6	19.9
Other Departments	3.7	2.8
Due to Canada		
Department of Regional Industrial Expansion	5.6	6.6
Gross Revenue Insurance Program	0.6	1.2
Other Transfer Payments	0.7	0.9
Other Agreements	0.2	0.2
New Brunswick Housing Corporation - Third Parties	50.0	50.7
Other	1.7	0.8
	\$ 266.9	\$ 242.8
 SCHEDULE 9		
ACCRUED EXPENDITURES		
Accrued Interest		
Funded Debt	\$ 154.0	\$ 152.6
Outstanding Treasury Bills	6.8	7.5
Other	0.9	0.9
	161.7	161.0
Accrued Salaries Payable	12.1	11.8
Health and Community Services	22.7	37.7
Holdbacks on Contracts	9.9	6.7
Land Expropriation	1.3	1.3
Other	1.1	3.1
	\$ 208.8	\$ 221.6

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)	
	1996	1995
SCHEDULE 10		
ALLOWANCE FOR LOSSES ON GUARANTEED LOANS		
Advanced Education and Labour	\$ 3.1	\$ 1.7
Agriculture and Rural Development	0.1	0.1
Economic Development and Tourism	5.6	6.5
	<u>\$ 8.8</u>	<u>\$ 8.3</u>
SCHEDULE 11		
DEFERRED REVENUE		
Motor Vehicle and Operators' Licenses	\$ 31.3	\$ 31.2
Real Property Taxes	183.2	179.3
Redevelopment of the Miramichi Region - Grant	10.3	---
Renovation of Old Government House - Grant	4.0	---
Other	4.3	3.9
	<u>\$ 233.1</u>	<u>\$ 214.4</u>
SCHEDULE 12		
DEPOSITS HELD IN TRUST		
Administrator of Estates of Patients in Psychiatric Facilities	\$ 0.6	\$ 0.6
Contractors' Deposits	1.0	0.9
Court of Queen's Bench	2.2	2.0
Mining Licenses - Non-Performance Renewal Fees	2.0	0.8
New Brunswick Reinsurance Account	---	0.8
Sale of Property for Taxes	0.7	0.7
Tenants' Security Deposits	7.7	7.3
Other	0.9	1.2
	<u>\$ 15.1</u>	<u>\$ 14.3</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)		
	1996 Budget	1996 Actual	1995 Actual
SCHEDULE 13			
TAXES ON CONSUMPTION			
Gasoline and Motive Fuels Tax	\$ 163.0	\$ 162.9	\$ 161.4
Social Services and Education Tax	715.0	732.2	690.6
Tobacco Tax	37.0	38.1	34.9
Other	1.8	2.2	2.3
	<u>\$ 916.8</u>	<u>\$ 935.4</u>	<u>\$ 889.2</u>
SCHEDULE 14			
TAXES ON INCOME			
Corporate Income Tax	\$ 111.0	\$ 113.7	\$ 159.6
Mining	7.3	9.6	5.4
Personal Income Tax	789.0	787.0	697.7
	<u>\$ 907.3</u>	<u>\$ 910.3</u>	<u>\$ 862.7</u>
SCHEDULE 15			
OTHER TAXES			
Financial Corporation Capital Tax	\$ 10.0	\$ 8.7	\$ 9.0
Insurance Premium Tax	22.6	22.8	22.4
Other	2.7	2.5	2.6
	<u>\$ 35.3</u>	<u>\$ 34.0</u>	<u>\$ 34.0</u>
SCHEDULE 16			
LICENSES AND PERMITS			
Angling Licenses	\$ 1.3	\$ 1.1	\$ 1.2
Corporations - Annual Filing Fees	1.6	1.7	1.6
Corporations - Letters Patent	1.0	1.0	1.1
Hunting Licenses	2.7	2.4	2.8
Liquor Licensing Board	5.8	5.4	4.8
Motor Vehicle Licenses	70.1	70.5	72.1
Other	8.1	8.0	8.0
	<u>\$ 90.6</u>	<u>\$ 90.1</u>	<u>\$ 91.6</u>
SCHEDULE 17			
ROYALTIES			
Forest	\$ 36.3	\$ 36.8	\$ 36.6
Mines	11.1	13.9	11.9
	<u>\$ 47.4</u>	<u>\$ 50.7</u>	<u>\$ 48.5</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)		
	1996 Budget	1996 Actual	1995 Actual
SCHEDULE 18			
INVESTMENT INCOME			
Lottery Revenues	\$ 73.3	\$ 81.4	\$ 63.3
New Brunswick Liquor Corporation	82.1	82.4	81.4
New Brunswick Municipal Finance Corporation	---	---	0.1
New Brunswick Power Corporation	38.5	8.2	25.7
Workplace Health, Safety and Compensation Commission	7.4	41.9	39.8
Other Investment Income	17.0	22.7	22.1
	<u>\$ 218.3</u>	<u>\$ 236.6</u>	<u>\$ 232.4</u>
SCHEDULE 19			
OTHER PROVINCIAL REVENUE			
Sales of Goods and Services	\$ 89.8	\$ 99.7	\$ 96.8
Other Revenue	29.1	24.9	19.7
	<u>\$ 118.9</u>	<u>\$ 124.6</u>	<u>\$ 116.5</u>
SCHEDULE 20			
CONDITIONAL GRANTS - CANADA			
Vocational Treatment and Rehabilitation of Disabled Persons	\$ 3.0	\$ 3.0	\$ 3.5
Canada Assistance Plan	196.7	205.2	203.1
Canada Mortgage and Housing Corporation	27.9	26.5	26.6
Canadian Job Strategy - Job Entry	5.5	1.6	4.2
Economic Development	29.3	26.5	33.2
Flood and Storm Damage	---	---	2.3
Highway Improvements	42.4	94.9	46.9
Infrastructure Program	24.2	17.0	16.5
Job Corps	8.4	8.5	5.7
Labour Force Development Agreement	9.7	5.4	7.8
New Brunswick Works	5.5	5.0	5.9
Official Languages in Education Agreement	17.7	16.1	19.0
Young Offenders Act	4.6	4.6	4.6
Other	14.0	16.5	16.4
	<u>\$ 388.9</u>	<u>\$ 430.8</u>	<u>\$ 395.7</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)		
	1996 Budget	1996 Actual	1995 Actual
SCHEDULE 21			
EDUCATION			
Advanced Education and Labour	\$ 149.1	\$ 144.8	\$ 142.1
Education	612.9	614.5	614.2
General Government	55.5	28.4	25.4
Maritime Provinces Higher Education Commission	159.0	159.4	160.8
Supply and Services	19.3	22.5	36.0
	<u>\$ 995.8</u>	<u>\$ 969.6</u>	<u>\$ 978.5</u>
SCHEDULE 22			
HEALTH			
General Government	\$ ---	\$ 5.2	\$ 3.5
Health and Community Services	1,210.3	1,211.6	1,198.4
Mental Health Commission	45.1	51.0	51.0
Supply and Services	36.4	41.2	37.7
	<u>\$ 1,291.8</u>	<u>\$ 1,309.0</u>	<u>\$ 1,290.6</u>
SCHEDULE 23			
INCOME ASSISTANCE			
General Government	\$ 1.7	\$ 1.7	\$ 1.3
Human Resources Development - NB	285.9	287.9	294.7
	<u>\$ 287.6</u>	<u>\$ 289.6</u>	<u>\$ 296.0</u>
SCHEDULE 24			
JUSTICE			
Justice	\$ 26.9	\$ 26.6	\$ 27.1
Solicitor General	69.7	73.7	75.4
Supply and Services	0.1	---	---
	<u>\$ 96.7</u>	<u>\$ 100.3</u>	<u>\$ 102.5</u>
SCHEDULE 25			
ECONOMIC DEVELOPMENT			
Agriculture and Rural Development	\$ 23.5	\$ 22.1	\$ 23.0
Economic Development and Tourism	26.5	45.2	34.8
Environment	34.4	32.8	36.6
Fisheries and Aquaculture	10.9	10.9	10.7
General Government	16.5	16.9	19.6
Natural Resources and Energy	69.7	73.4	61.1
Regional Development Corporation	91.6	83.1	98.6
Regional Development Corporation - Special Operating Agency	46.3	34.9	33.1
Supply and Services	0.7	9.1	7.8
	<u>\$ 320.1</u>	<u>\$ 328.4</u>	<u>\$ 325.3</u>

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 1996

	(millions)		
	1996 Budget	1996 Actual	1995 Actual
SCHEDULE 26			
MUNICIPAL AFFAIRS			
General Government	\$ 0.7	\$ 0.2	\$ 0.5
Municipalities, Culture and Housing	213.1	208.9	207.0
Supply and Services	0.1	0.1	0.5
	<u>\$ 213.9</u>	<u>\$ 209.2</u>	<u>\$ 208.0</u>
SCHEDULE 27			
TRANSPORTATION			
General Government	\$ 0.3	\$ ---	\$ 0.1
Supply and Services	0.1	0.5	0.5
Transportation	341.1	407.0	360.1
	<u>\$ 341.5</u>	<u>\$ 407.5</u>	<u>\$ 360.7</u>
SCHEDULE 28			
CENTRAL GOVERNMENT			
Executive Council	\$ 3.2	\$ 3.0	\$ 2.9
Finance	23.1	22.9	22.4
Finance - Special Operating Agency	---	0.6	---
General Government	70.1	35.2	25.3
Intergovernmental Affairs	1.2	1.0	1.0
Legislative Assembly	10.1	10.9	9.9
Office of the Comptroller	4.9	4.6	4.6
Office of the Premier	1.1	1.0	1.1
Supply and Services	86.0	87.8	95.2
	<u>\$ 199.7</u>	<u>\$ 167.0</u>	<u>\$ 162.4</u>