

Nova Scotia Utility and Review Board

Financial Statements

March 31, 2011



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INDEPENDENT AUDITORS' REPORT

TO THE CHAIR AND MEMBERS OF THE NOVA SCOTIA UTILITY AND REVIEW BOARD:

We have audited the accompanying financial statements, which comprise the statement of financial position of the Nova Scotia Utility and Review Board as at March 31, 2011 and the statement of operations and accumulated surplus, capital assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Utility and Review Board as at March 31, 2011, and the results of its operations, accumulated surplus, capital assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



LEVY CASEY CARTER MACLEAN
Chartered Accountants

Halifax, Nova Scotia
June 9, 2011

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Nova Scotia Utility and Review Board

Statement of Operations

Year Ended March 31	Budget	2011	2010
Revenue			
Grant from the Province of			
Nova Scotia (Notes 2, 14 and 15)	\$ 3,854,000	\$ 3,600,235	\$ 3,558,484
Recoveries (Notes 2, 9 and 14)	1,937,000	4,305,212	3,288,632
Assessments to utilities (Note 2 and 15)	1,636,000	1,694,151	1,644,502
Amortization of deferred capital funding		144,922	155,819
Interest	42,000	41,761	12,688
	<u>7,469,000</u>	<u>9,786,281</u>	<u>8,660,125</u>
Expenses			
Salaries, wages and benefits	5,239,000	5,082,713	5,057,668
Consulting and legal fees	698,000	3,009,807	2,113,417
Rent and business taxes (Note 10)	553,000	536,229	526,532
Travel	302,000	194,368	193,065
Amortization	22,000	167,805	178,702
Transcribing and printing	70,000	76,937	56,677
Staff training and development	101,000	65,578	55,404
Advertising	87,000	58,388	53,521
Maintenance	69,000	57,141	95,982
Office supplies and services	100,000	52,176	104,780
Equipment (Notes 3 and 15)	50,000	44,645	35,218
Telecommunications	33,000	42,015	40,438
Dues and fees	40,000	41,633	42,119
Books and reports	49,000	38,722	34,049
Sundry expenses	33,000	29,808	34,454
Postage and couriers	23,000	12,059	13,072
	<u>7,469,000</u>	<u>9,510,024</u>	<u>8,635,098</u>
Operating surplus for the year	\$ <u> -</u>	\$ <u>276,257</u>	\$ <u>25,027</u>

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Accumulated Surplus

Year Ended March 31

	2011			2010			
	Province of Nova Scotia	Petroleum Products Pricing (Note 9)	Public Utilities	Province of Nova Scotia	Petroleum Products Pricing	Public Utilities	Total
Internally restricted (Note 12)							
Balance, beginning of year	\$ 141,779	\$ -	\$ 48,221	\$ 134,940	\$ -	\$ 45,060	\$ 180,000
Transferred to general	(77,520)		(36,480)	6,839		3,161	10,000
Balance, end of year	<u>64,259</u>	<u>-</u>	<u>11,741</u>	<u>141,779</u>	<u>-</u>	<u>48,221</u>	<u>190,000</u>
			<u>190,000</u>				<u>180,000</u>
			<u>(114,000)</u>				<u>10,000</u>
			<u>76,000</u>				<u>190,000</u>
General							
Balance, beginning of year	242,906	-	111,929	232,629	-	107,179	339,808
Operating surplus	118,695	101,706	55,856	17,116	-	7,911	25,027
Transferred from internally restricted	77,520	-	36,480	(6,839)	-	(3,161)	(10,000)
Balance, end of year	<u>439,121</u>	<u>101,706</u>	<u>204,265</u>	<u>242,906</u>	<u>-</u>	<u>111,929</u>	<u>354,835</u>
Total accumulated surplus	<u>\$ 503,380</u>	<u>\$ 101,706</u>	<u>\$ 216,006</u>	<u>\$ 384,685</u>	<u>\$ -</u>	<u>\$ 160,150</u>	<u>\$ 544,835</u>

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Financial Position

Year Ended March 31

2011

2010

Assets

Current

Cash and cash equivalents (Notes 3, 5 and 13)	\$ 1,725,836	\$ 1,757,052
Receivables (Note 4 and 5)	2,071,016	1,573,641
Inventory (Note 3)	1,003	4,864
Prepaid expenses	<u>66,265</u>	<u>61,004</u>
	3,864,120	3,396,561
 Capital assets (Page 5, note 16)	 <u>752,631</u>	 <u>576,823</u>
	\$ 4,616,751	\$ 3,973,384

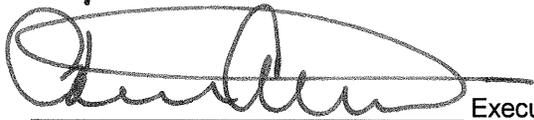
Liabilities

Current

Payables and accruals	\$ 970,243	\$ 717,282
Due to related parties, non-interest bearing, no set terms of repayment	17,229	219,877
Deferred revenue (Note 15)	751,102	726,100
Advances for working capital (Note 7)	<u>125,000</u>	<u>125,000</u>
	1,863,574	1,788,259
 Deferred capital funding (Note 15)	 665,757	 467,066
Post retirement benefits liability (Note 8)	<u>1,266,328</u>	<u>1,173,224</u>
	3,795,659	3,428,549
 Commitments (Note 10)		
 Surplus (Note 2)		
Internally restricted (Note 12)	76,000	190,000
General	<u>745,092</u>	<u>354,835</u>
	821,092	544,835
	\$ 4,616,751	\$ 3,973,384

On behalf of the Board


 _____ Chair


 _____ Executive Director

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Capital Assets

Year Ended March 31

	Cost			Accumulated Depreciation			2011 Net Book Value	2010 Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Expense			Disposals
Furniture	\$ 242,997	\$ 4,037	\$	\$ 247,034	\$ 181,767	\$ 9,600	\$	\$ 191,367	\$ 61,230
Computer Equipment	180,595	79,436	17,258	242,773	142,500	45,876	17,258	171,118	38,095
Computer Software (note 16)	293,046	240,331	23,170	510,207	134,044	21,884	23,170	132,758	159,002
Leaseholds	310,271			310,271	107,821	44,760		152,581	202,450
Vehicles	403,244			403,244	324,284	27,636		351,920	78,960
Equipment	174,294	19,809		194,103	137,208	18,049		155,257	37,086
Total	\$ 1,604,447	\$ 343,613	\$ 40,428	\$ 1,907,632	\$ 1,027,624	\$ 167,805	\$ 40,428	\$ 1,155,001	\$ 576,823

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Cash Flows

Year Ended March 31

2011

2010

Increase (decrease) in cash and cash equivalents

Operating		
Operating surplus	\$ 276,257	\$ 25,027
Amortization	<u>167,805</u>	<u>178,702</u>
	444,062	203,729
Change in non-cash working capital (Note 11)	<u>(423,460)</u>	<u>336,821</u>
	20,602	540,550
Financing		
Increase in deferred capital funding	198,691	115,371
Increase in post retirement benefits	<u>93,104</u>	<u>100,192</u>
	291,795	215,563
Investing		
Purchase of capital assets	<u>(343,613)</u>	<u>(282,071)</u>
	(343,613)	(282,071)
Net increase (decrease) in cash and cash equivalents	(31,216)	474,042
Cash and cash equivalents (Note 13)		
Beginning of year	<u>1,757,052</u>	<u>1,283,010</u>
End of year	\$ 1,725,836	\$ 1,757,052

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

1. Incorporation

The Nova Scotia Utility and Review Board (the Board) was created on December 14, 1992, through the proclamation of the *Utility and Review Board Act*, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

2. Authority

The Board has those functions, powers and duties conferred upon it through Section 4 of the *Utility and Review Board Act*. Section 15 of the *Public Utilities Act* requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Regulations made pursuant to Sections 41 and 42 of the *Gas Distribution Act* and Section 44 of the *Pipeline Act* allow the Board to recover certain expenses for activities relating to those Acts. On October 1, 2008 the duties of the Nova Scotia Insurance Review Board were transferred to the Nova Scotia Utility and Review Board. Regulations made pursuant to Section 16AA of the *Insurance Act* permit the Board to recover direct and indirect costs incurred for activities under that Act by way of levies against insurers. Effective April 1, 2010 regulations made under the *Petroleum Products Pricing Act* permit the Board to recover direct and indirect costs relating to setting prices for gasoline and diesel oil by way of a monthly assessment fee against wholesalers and wholesaler - retailers. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

3. Summary of significant accounting policies

General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investments. Bank borrowings are considered to be financing activities.

Financial Instruments

Assets available for sale

Financial instruments classified as assets or liabilities available for sale are reported at fair value at each balance sheet date and any change in fair value is recognized on the Statement of Operations in the period in which the change occurs. Transaction costs are expensed when incurred. Cash and short term investments have been classified as available for sale.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Receivables have been designated as loans and receivables. Payables and accruals, deferred revenue, and post retirement benefits liability have been designated as other financial liabilities.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

3. Summary of significant accounting policies (continued)

Capital assets

Assets purchased by the Board with a value greater than \$2,500 and a useful life greater than one year are capitalized and amortized over their useful lives on the following basis:

Furniture	straight line over 10 years
Computer equipment	straight line over 3 years
Computer software	straight line over 3 years
Equipment	straight line over 5 years
Vehicles	35% declining balance
Leaseholds	straight line over remaining term of lease

Use of estimates

In preparing the Board's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Grant revenue is recognized when received. Recoveries revenue is recognized as the related expenditures occur. Assessment revenue is recognized when invoiced. Amortization of deferred capital funding revenue relates to grant and assessment funding provided for capital expenditures and is deferred and amortized at the same rate as the related capital asset.

Inventory

Inventory consists of specialty books held for resale. Cost is determined using the first-in, first-out method of valuation.

4. Receivables	<u>2011</u>	<u>2010</u>
Due from related parties, non-interest bearing, no set terms of repayment	\$ 317,615	\$ 381,378
Trade	<u>1,753,401</u>	<u>1,192,263</u>
	<u>\$ 2,071,016</u>	<u>\$ 1,573,641</u>

5. Financial instruments

Credit facility

The Board has an authorized line of credit of \$250,000 with interest payable monthly at a rate of prime plus 0.50%. As security, the Board has pledged certain accounts receivable. None of the line of credit is outstanding at March 31, 2011.

Credit risk management

The Board is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Board has adopted credit policies to monitor its accounts receivable.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

6. Pensions

Public Service Superannuation Fund

Pursuant to Section 10 of the *Utility and Review Board Act*, all full time employees of the Board are entitled to receive pension benefits under the *Public Service Superannuation Act*. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses and totalled \$392,122 (2010 - \$356,613). The Board is not responsible for any unfunded liability.

Supplementary Employee Retirement Plan

The Canadian *Income Tax Act* places limits on the amount of pension that can be paid from a defined benefit pension such as the Province's Public Service Superannuation Plan. In 2004 the Province passed legislation allowing payment of pension benefits for pension amounts exceeding the limit set under the *Income Tax Act*. These benefits are paid from the Supplementary Employee Retirement Plan (SERP). The Board is responsible for payment of the supplementary pensions at the time of the employee's retirement. This obligation has been included with other post retirement benefits.

7. Advances for working capital

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	<u>2011</u>	<u>2010</u>
Province of Nova Scotia	\$ <u>125,000</u>	\$ <u>125,000</u>

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the *Public Utilities Act*. The advance is non-interest bearing, with no set terms of repayment.

8. Post Retirement Benefits

The Board sponsors three defined benefits retirement programs, other than the Public Service Superannuation Plan, for substantially all of its employees. Public Service Awards are paid on similar conditions to those found in the *Civil Service Act* to employees retiring from service. The Board contributes 65% of the cost of medical plan premiums on behalf of retiring employees and their survivors. The Board is also responsible for payments to the Province's Supplementary Employee Retirement Plan (SERP) for employee's whose pension benefits exceed certain limits set by the Canadian *Income Tax Act*. The Board is responsible for funding and eventual payment of these benefits. The Board may fund post retirement benefit obligations through a combination of cash, investments and other assets. The obligation is fully funded as at March 31, 2011.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

8. Post Retirement Benefits (continued)

Actuarial valuations for accounting purposes are performed triennially. The most recent actuarial report was prepared at March 31, 2011. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Board's best estimates.

There are assets specifically earmarked to fund the post retirement benefits that are currently held in short term investments and are valued at market value. However these assets have not been recognized in the disclosure presented below for Note 8. Instead, the post retirement benefit fund assets are discussed in Note 13.

Information about the post retirement obligations as at March 31, 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Post retirement benefits accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 1,185,098	\$ 1,134,292
Actuarial (gains) / losses at beginning of year	(16,151)	-
Retirement benefit service cost for the year	80,249	87,303
Benefit payments	(14,829)	(23,483)
Interest on accrued benefit obligation	30,934	30,246
Past Service Cost incurred during the year	(4,437)	-
Actuarial (gains) / losses at end of year	<u>201,472</u>	<u>(43,260)</u>
Accrued benefit obligation, end of year	\$ <u>1,462,336</u>	\$ <u>1,185,098</u>
Unamortized Gains		
Unamortized actuarial gain (loss) beginning of year	\$ (11,874)	\$ (61,260)
Actuarial gains (losses) at beginning of year	16,151	-
Actuarial gain (loss) - accrued benefit obligation	(201,472)	43,260
Amortization recorded during the year	<u>1,187</u>	<u>6,126</u>
Unamortized actuarial gain (loss) end of year	\$ <u>(196,008)</u>	\$ <u>(11,874)</u>
Liability recorded on the Statement of Financial Position		
Accrued benefit obligation, closing balance	\$ 1,462,336	\$ 1,185,098
Less: Unamortized actuarial loss	<u>(196,008)</u>	<u>(11,874)</u>
Post retirement benefits liability	\$ <u>1,266,328</u>	\$ <u>1,173,224</u>
Post retirement benefits expense		
Retirement benefit service cost for the year	\$ 80,249	\$ 87,303
Interest on accrued benefit obligation	30,934	30,246
Past service cost incurred during the year	(4,437)	-
Amortization of actuarial (gain) loss	<u>1,187</u>	<u>6,126</u>
Post retirement benefits expense	\$ <u>107,933</u>	\$ <u>123,675</u>

The retirement benefit expense is included in the Statement of Operations as a component of salaries, wages and benefits expense.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

8. Post Retirement Benefits (continued)

The significant assumptions adopted in measuring the Board's accrued benefit obligations are as follows:

Liability discount rate	2.5% per year
General inflation	2.5% per year
YMPE increases	2.5% per year
Increase in maximum pension in	\$2,552 for 2011, and \$2,552 indexed starting in 2012 at 2.5% per year
Indexing of pension in retirement	1.25% each year to 2015 and 50% of CPI (i.e. 1.25%) thereafter
Extended health care cost increases Fiscal 2011 expense	7.1% as at April 1, 2009; 2.4% as at April 1, 2010; 6.75% as at April 1, 2011; decreasing at 0.15% per year over 15 years to an ultimate rate of 4.5% per year
March 31, 2011 accrued benefit obligation	0% as at April 1, 2011; 6.6% as at April 1, 2012; decreasing at 0.15% per year over 14 years to an ultimate rate of 4.5% per year
Rate of compensation increase	2.5% to 5.0% depending on age

9. Recoveries

Consultants are engaged by the Board to provide advice related to matters such as utility and natural gas operations and to provide expert testimony during hearings. Consulting fees for specific hearings are generally recovered directly from the entities involved. Expenses and recoveries relating to large hearings cannot be reasonably predicted or estimated in advance. Accordingly, no provision is made for these activities in the budget figures shown in the Statement of Operations.

Certain direct and indirect expenses incurred by the Board in relation to its duties pursuant to the *Liquor Control Act*, *Gaming Control Act*, *Theatre and Amusements Act*, and *Consumer Protection Act* are recovered from the Province of Nova Scotia. Regulations made pursuant to Sections 41 and 42 of the *Gas Distribution Act* and Section 44 of the *Pipeline Act* allow the Board to recover certain expenses for activities relating to those Acts from permit holders and licensees. The Board recovers direct and indirect costs incurred for activities under the *Insurance Act* by way of levies against insurers.

Effective April 1, 2010 regulations made under the *Petroleum Products Pricing Act* permit the Board to recover direct and indirect costs relating to setting prices for gasoline and diesel oil by way of a monthly assessment fee against wholesalers and wholesale – retailers. In prior years the Board recovered expenses under this Act from Service Nova Scotia and Municipal Relations.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

9. Recoveries (continued)

The Board also recovers certain transcription, copying and other expenses from various sources. Recoveries, by mandate are as follows:

	<u>2011</u>	<u>2010</u>
Public utilities	\$ 2,083,608	1,404,650
Natural gas	689,296	589,163
Automobile insurance	666,293	569,343
Petroleum product pricing	362,645	444,872
Alcohol, gaming and amusements	201,411	211,186
Payday loans	212,572	-
Motor carrier	48,058	58,059
All other recoveries	<u>41,329</u>	<u>11,359</u>
	<u>\$ 4,305,212</u>	<u>\$ 3,288,632</u>

10. Commitments

The Board has entered into an agreement to lease its premises until October 31, 2014. The annual rent consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, including common costs, in aggregate and for each of the next three years is as follows:

2012	\$ 473,808
2013	473,808
2014	<u>276,388</u>
	<u>\$ 1,224,004</u>

11. Supplemental cash flow information

	<u>2011</u>	<u>2010</u>
Change in non-cash working capital		
Accounts receivable	\$ (497,375)	\$ (112,502)
Inventory	3,861	(558)
Prepaid expenses	(5,261)	216
Deferred revenue	25,002	94,700
Payables, accruals and due to related parties	<u>50,313</u>	<u>354,965</u>
	<u>\$ (423,460)</u>	<u>\$ 336,821</u>

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

12. Internally restricted surplus

Certain amounts of surplus have been restricted as necessary for ongoing and future operations of the Board. Details are as follows:

	Province of Nova Scotia	Public Utilities	2011 Total	2010 Total
Working capital	\$ 64,259	\$ 11,741	\$ 76,000	\$ 190,000

13. Cash and cash equivalents

Cash and cash equivalents included in the statements of financial position and cash flow are comprised of the following:

	2011	2010
Cash on hand and balances with banks	\$ 241,768	\$ 311,267
Short-term investments	<u>1,484,068</u>	<u>1,445,785</u>
	\$ <u>1,725,836</u>	\$ <u>1,757,052</u>

Short term investments consist of Province of Ontario bonds with an interest rate of 4.5% due on December 02, 2012. These bonds were purchased at a premium with an effective annual yield of 2.516%. Short term investments also include a five year laddered GIC portfolio with an average yield of 2.75% maturing between February 12, 2012 and March 3, 2016. A total of \$1,266,328 (2010 - \$1,173,244) has been set aside to fund the post-retirement benefit obligation (Note 8). Due to the nature of the investments, the interest rate risk is minimal.

14. Related party transactions

The Board is a quasi-judicial tribunal operating independently from the Government of the Province of Nova Scotia. A significant amount of the funding for the Board is provided from the Consolidated Fund of the Province through a public service vote.

Direct expenses and a portion of salary costs incurred by the Board in relation to its duties pursuant to the *Liquor Control Act*, *Gaming Control Act* and *Theatre and Amusements Act* are recovered from the Province through the Alcohol and Gaming Division of the Department of Labour and Workforce Development.

Direct expenses incurred by the Board in relation to the regulation of petroleum product pricing under the *Petroleum Product Pricing Act* during 2010 and payday loans under the *Consumer Protection Act* for 2010 and 2011 were recovered from Service Nova Scotia and Municipal Relations.

The Board purchases certain stationery supplies from the central government stationery stockroom. Purchases are included in office supplies expense.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

14. Related party transactions (continued)

Transactions with the Province by financial statement category are as follows:

	<u>2011</u>	<u>2010</u>
Statement of Operations:		
Grant from the Province of Nova Scotia	\$ 3,600,235	\$ 3,558,484
Recoveries:		
Alcohol, gaming and amusements adjudicative costs	201,411	211,186
Petroleum product pricing mandate	362,645	444,872
Payday loans mandate	212,572	-
Amortization of deferred capital funding	112,995	121,674
Office supplies expense	-	10,621
Statement of Financial Position:		
Receivables (Note 4)	317,615	381,378
Due to related parties	17,229	219,877
Deferred revenue	672,485	663,283
Advances for working capital (Note 7)	125,000	125,000
Deferred capital funding	581,815	374,136
Surplus	503,380	384,685

The transactions were recorded at the exchange amount which was the agreed upon amount by the parties.

15. Deferred Capital Funding and Deferred Revenue

The Board purchases capital assets from the funding provided by the Province of Nova Scotia and the utilities. Revenue relating to capital assets is deferred and amortized at the same rate as the related capital assets. Funding provided for planned capital asset acquisitions is also deferred until the year of acquisition and then amortized to revenue over the life of the related asset.

Total funding for the year provided by the Province of Nova Scotia by Public Service Vote was as follows:

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Operating revenue	3,854,000	\$ 3,600,235	\$ 3,558,484
Capital asset funding	<u>150,000</u>	<u>333,765</u>	<u>293,516</u>
Total Public Service Vote	\$ <u>4,004,000</u>	\$ <u>3,934,000</u>	\$ <u>3,852,000</u>

Total funding for the year provided by the utilities by assessment was as follows:

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Operating revenue	\$ 1,636,000	\$ 1,694,151	\$ 1,644,502
Capital asset funding	<u>19,000</u>	<u>34,849</u>	<u>34,964</u>
Total assessments	\$ <u>1,655,000</u>	\$ <u>1,729,000</u>	\$ <u>1,679,466</u>

Nova Scotia Utility and Review Board

Notes to the Financial Statements

Year Ended March 31, 2011

16. Capital assets

Computer software includes \$342,997 in expenditures incurred for the development of a Motor Carrier Licensing and Inspection System. Amortization of this asset will begin when the system is placed in service. Development is expected to be complete during the year ending March 31, 2012.

17. Subsequent events

Effective April 1, 2011 financial responsibility for, and substantial control of, the operations of the Motor Carrier Division was moved from the Board to the Department of Transportation and Infrastructure Renewal. Consequently, the statutory grant from the Province of Nova Scotia, which includes funding for the Motor Carrier Division, was reduced by \$1.575 million for the year ending March 31, 2012 and future years. Deferred capital funding in the amount of \$341,825 relating to Motor Carrier Division assets was also transferred to the Department from the Board.

Proposed amendments to the *Liquor Control Act* were introduced by government on Tuesday, April 26, 2011. The amendments, when passed, will transfer various authorities from the Board to the Alcohol and Gaming Division of Service Nova Scotia and Municipal Relations. This transfer of authority is expected to reduce the amount recovered from government for hearings and related licensing activities by approximately \$225,000 per year in future.
