



**Nova Scotia Utility and Review Board  
Financial Statements  
March 31, 2014**



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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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The accompanying financial statements are the responsibility of management of the Nova Scotia Utility and Review Board ("Board") and have been prepared in compliance with legislation and generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The integrity and objectivity of these financial statements are management's responsibility.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chair of the Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through regular meetings with them. The Chair met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The external auditors, Levy Casey Carter MacLean, conducted an independent examination, in accordance with Canadian auditing standards, and expressed their opinion on the financial statements. The external auditors have full and free access to the financial management of the Board and meet when required.

On behalf of management of the Nova Scotia Utility and Review Board:



Paul G. Allen, CA  
Executive Director



Sheri L. Aisthorpe, CMA  
Controller

June 30, 2014

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## INDEPENDENT AUDITORS' REPORT

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### 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, 2014 and the statement of operations and accumulated surplus, changes in net financial 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 public sector accounting standards, 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, 2014, and the results of its operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Halifax, Nova Scotia  
June 19, 2014

  
LEVY CASEY CARTER MACLEAN  
CHARTERED ACCOUNTANTS

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**Levy  
Casey  
Carter  
MacLean**  
Chartered Accountants

Terry Carter Ltd.  
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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014**

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<b>FINANCIAL ASSETS</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Cash and cash equivalents	\$ 716,761	\$ 1,391,962
Investments (note 4)	1,567,899	675,334
Accounts receivable	1,875,739	2,386,895
Due from related parties (note 10)	<u>310,441</u>	<u>144,213</u>
	<b><u>4,470,840</u></b>	<b><u>4,598,404</u></b>
<b>LIABILITIES</b>		
Payables and accruals	1,258,946	1,545,388
Due to related parties (note 10)	3,843	235,195
Advances for working capital (note 5 and note 10)	125,000	125,000
Post retirement benefits liability (note 7)	<u>1,497,793</u>	<u>1,379,067</u>
	<b><u>2,885,582</u></b>	<b><u>3,284,650</u></b>
Net financial assets	<b><u>1,585,258</u></b>	<b><u>1,313,754</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (page 16)	105,835	151,860
Prepaid expenses	<u>74,297</u>	<u>68,707</u>
	<b><u>180,132</u></b>	<b><u>220,567</u></b>
Accumulated surplus (page 17)	<b><u>\$ 1,765,390</u></b>	<b><u>\$ 1,534,321</u></b>
Contractual obligations (note 11)		

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**NOVA SCOTIA UTILITY AND REVIEW BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2014**

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<b>REVENUES</b>	<b><u>Budget</u> <u>(NOTE 14)</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Government operating grants (note 2 and 10)	\$ 1,990,000	\$ 1,990,000	\$ 2,038,000
Recoveries (note 8)	1,776,000	5,666,438	6,095,491
Assessments to utilities (note 2)	1,994,000	1,994,000	1,914,000
Interest income	40,000	29,214	42,747
	<u>5,800,000</u>	<u>9,679,652</u>	<u>10,090,238</u>
<b>EXPENDITURES</b>			
Quasi-judicial (page 18)	5,716,000	9,369,099	9,816,211
Motor carrier administration and enforcement (page 18)	84,000	79,484	148,497
	<u>5,800,000</u>	<u>9,448,583</u>	<u>9,964,708</u>
Operating surplus	-	231,069	125,530
Accumulated surplus, beginning of the year	<u>1,534,321</u>	<u>1,534,321</u>	<u>1,408,791</u>
Accumulated surplus, end of the year (page 17)	<u>\$ 1,534,321</u>	<u>\$ 1,765,390</u>	<u>\$ 1,534,321</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2014**

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	<u>Budget</u>	<u>2014</u>	<u>2013</u>
Operating surplus	\$ -	\$ 231,069	\$ 125,530
Acquisition of tangible capital assets (page 16)	(140,000)	(41,558)	(2,525)
Amortization of tangible capital assets (page 16)	<u>101,000</u>	<u>87,583</u>	<u>104,181</u>
	<u>(39,000)</u>	<u>46,025</u>	<u>101,656</u>
Acquisition of prepaid expense	(60,000)	(74,297)	(68,707)
Use of prepaid expense	<u>60,000</u>	<u>68,707</u>	<u>59,039</u>
	<u>-</u>	<u>(5,590)</u>	<u>(9,668)</u>
Increase (decrease) in net financial assets	(39,000)	271,504	217,518
Net financial assets, beginning of the year	<u>1,313,754</u>	<u>1,313,754</u>	<u>1,096,236</u>
Net financial assets, end of the year	<u>\$ 1,274,754</u>	<u>\$ 1,585,258</u>	<u>\$ 1,313,754</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Operating surplus	\$ 231,069	\$ 125,530
Amortization of tangible capital assets	87,583	104,181
Net change in non-cash working capital balances related to operations (note 9)	<u>(59,730)</u>	<u>(276,240)</u>
Cash provided (used) by operating activities	<u>258,922</u>	<u>(46,529)</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	<u>(41,558)</u>	<u>(2,525)</u>
Cash used by capital activities	<u>(41,558)</u>	<u>(2,525)</u>
<b>Investing activities</b>		
Purchases of investments	(1,049,212)	-
Proceeds on redemption of investments	<u>156,647</u>	<u>772,504</u>
Cash provided (used) by investing activities	<u>(892,565)</u>	<u>772,504</u>
Increase (decrease) in cash during the year	<u>(675,201)</u>	<u>723,450</u>
Cash and cash equivalents, beginning of the year	<u>1,391,962</u>	<u>668,512</u>
Cash and cash equivalents, end of the year	<u>\$ 716,761</u>	<u>\$ 1,391,962</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**1. Incorporation**

The Nova Scotia Utility and Review Board (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.

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.

The Assessment Appeal Cost Recovery Regulations, made under the *Assessment Act*, require the Board to recover direct and indirect costs incurred for assessment appeals from Property Valuation Services Corporation.

**3. Significant accounting policies**

These financial statements have been prepared using the following significant accounting policies:

**(a) Basis of presentation**

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

**(b) Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**3. Significant accounting policies (continued)**

**(c) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the operating surplus or deficit, provides the change in net financial assets for the year.

**(d) Tangible capital assets**

Tangible capital assets are recorded at cost, which includes all costs directly attributable to the acquisition, construction, development, installation or betterment of the tangible capital asset. The Board capitalizes assets with a value greater than \$2,500 and a useful life greater than one year. The asset is amortized over its useful life as follows:

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
Leaseholds	straight line over remaining term of lease

**(e) Revenues**

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Recoveries revenue is recognized as the related expenditures occur. Assessment revenue is recognized when invoiced. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

**(f) Financial instruments**

All financial instruments are measured using either the amortized cost method or the fair value method. Financial instruments included in the amortized cost category are recorded at either cost or amortized cost using the effective interest rate method. Transaction costs are included in the initial cost of financial instruments recognized using the cost method. Financial instruments included in the fair value category are initially recorded at fair value with each subsequent change in fair value recognized in the statement of remeasurement gains and losses (see note 12) until such time that the financial instrument is derecognized. When the financial instrument is derecognized the accumulated remeasurement gain or loss is reversed and recognized on the statement of operations. Transaction costs associated with financial instruments in the fair value category are expensed when incurred.

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**3. Significant accounting policies (continued)**

**(f) Financial instruments (continued)**

Accounts receivable, payables and accruals, and post retirement benefits liability are recorded using the amortized cost method. Cash and investments are recorded using the fair value method utilizing quoted prices in active markets to determine the fair value.

**(g) Measurement uncertainty**

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Such uncertainty exists when there could be a material difference between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. The preparation of the financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. The post retirement benefits liability is an item requiring the use of significant estimates because actual results may differ significantly from the various assumptions about plan members and economic conditions in the marketplace.

Estimates are based upon the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements and actual results could differ from these estimates.

**4. Investments**

Investments include a three year laddered GIC portfolio with an average yield of 2.32% maturing between April 16, 2014 and March 10, 2017. A total of \$1,497,793 in investments and cash (2013 - \$1,379,067) have been set aside to fund the post-retirement benefit liability.

**5. Advances for working capital**

Upon consolidation, an advance for working capital of \$125,000 was transferred to the Board from the Board of Commissioners of Public Utilities. The authority for the advance for working capital from the Province of Nova Scotia was contained in Section 14 of Chapter 380, RSNS 1989, of the *Public Utilities Act*. The advance is non-interest bearing, with no set terms of repayment.

**6. Pensions**

**(a) 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 totaled \$284,259 (2013 - \$294,872). The Board is not responsible for any unfunded liability.

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**6. Pensions (continued)**

**(b) 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 amount exceeding the limit set under the *Income Tax Act*. These benefits are paid from the Supplementary Employee Retirement Plan (SERP). During fiscal 2013, the Province of Nova Scotia changed its policy concerning recovery of costs under the SERP. The Board will no longer be responsible for payment of SERP benefits in respect of its former employees. All future amounts will be paid directly by the Province.

The change in SERP was treated as an unusual gain on settlement and the SERP retirement benefit liability of \$67,474, calculated and recorded to October 31, 2012, was removed from the statement of financial position during fiscal 2013, and recorded in recoveries as a gain.

**7. Post retirement benefits**

The Board sponsors two defined benefits retirement programs, other than the pensions, for substantially all of its employees. First, Public Service Awards are paid on similar conditions to those found in the *Civil Service Act* to employees retiring from service. Next, the Board contributes 65% of the cost of medical plan premiums on behalf of retiring employees and their survivors.

The Board is responsible for funding and eventual payment of all benefit programs as described above. The Board may fund post retirement benefit obligations through a combination of cash, investments and other assets. This obligation is fully funded as of March 31, 2014.

Actuarial valuations for accounting purposes are performed triennially. The most recent actuarial report was prepared at March 31, 2014. 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 investments and cash and are valued at market value. However, these assets have not been recognized in the disclosure presented below. Instead, the post retirement benefit fund assets are discussed in note 4.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**7. Post retirement benefits (continued)**

Information about the post retirement obligations as at March 31, 2014 is as follows:

	<b>March 31 2014</b>	<b>March 31 2013</b>
<i>Post retirement benefits accrued benefit obligation</i>		
Accrued benefit obligation, beginning of year	\$ 1,446,989	\$ 1,547,450
Retirement benefit service cost for the year	88,367	91,831
Benefit payments	(16,311)	(107,967)
Interest on accrued benefit obligation	38,180	38,943
Actuarial gains at end of year	<u>(124,719)</u>	<u>(56,079)</u>
Accrued benefit obligation, end of year before SERP removed	1,432,506	1,514,178
Less: SERP unamortized actuarial experience (gain) / loss	-	67,189
Accrued benefit obligation, end of year after SERP removed	<u>\$ 1,432,506</u>	<u>\$ 1,446,989</u>
<i>Unamortized gains (losses)</i>		
Unamortized actuarial gain (loss), beginning of year	\$ (67,922)	\$ (141,408)
Less: SERP unamortized actuarial experience (gain) / loss	-	(285)
Actuarial gain - accrued benefit obligation	124,719	56,079
Amortization recorded during the year	<u>8,490</u>	<u>17,692</u>
Unamortized actuarial gain (loss), end of year	<u>\$ 65,287</u>	<u>\$ (67,922)</u>
<i>Liability recorded on the Statement of Financial Position</i>		
Accrued benefit obligation, closing balance	\$ 1,432,506	\$ 1,514,178
SERP accrued benefit obligation	-	(67,189)
Unamortized actuarial gain (loss) after SERP removed	<u>65,287</u>	<u>(67,922)</u>
Post retirement benefits liability	<u>\$ 1,497,793</u>	<u>\$ 1,379,067</u>
<i>Post retirement benefits expense</i>		
Retirement benefit service cost for the year	\$ 88,367	\$ 91,831
Interest on accrued benefit obligation	38,180	38,943
Amortization of actuarial loss	<u>8,490</u>	<u>17,692</u>
Post retirement benefits expense	<u>\$ 135,037</u>	<u>\$ 148,466</u>

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

Liability discount rate	2.50% per year
General inflation	
Fiscal 2014:	2.50% per year
March 31, 2014 disclosure and projected Fiscal 2015 expense:	2.25% per year

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**NOVA SCOTIA UTILITY AND REVIEW BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

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**7. Post retirement benefits (continued)**

Extended health care cost increases Fiscal 2014 expense	0% as of April 1, 2013; 6.3% as at April 1, 2014 decreasing at 0.15% per year over 12 years to an ultimate rate of 4.50% per year
March 31, 2014 accrued benefit obligation and projected fiscal 2015 expense	6.15% as at April 1, 2015; decreasing at 0.15% per year over 11 years to an ultimate rate of 4.5% per year
Rate of compensation increase Fiscal 2014 expense March 31, 2014 disclosure and projected fiscal 2015 expense	2.50% to 5.00% depending on age 2.25% to 4.75% depending on age

**8. 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 and Accumulated Surplus.

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.

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.

The *Assessment Appeal Cost Recovery Regulations*, made under the *Assessment Act*, require the Board to recover direct and indirect costs incurred for assessment appeals from Property Valuation Services Corporation.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**8. Recoveries (continued)**

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

	<u>2014</u>	<u>2013</u>
Public utilities	\$ 3,914,273	\$ 4,231,330
Automobile insurance	694,869	697,059
Natural gas	396,486	477,596
Petroleum products pricing	355,168	354,643
Assessment	290,158	248,000
Motor carrier	10	2,342
Alcohol, gaming and amusements	7,119	5,124
All other recoveries	8,355	79,397
	<u>\$ 5,666,438</u>	<u>\$ 6,095,491</u>

**9. Net change in non-cash working capital balances related to operations**

Increase (decrease) in cash from changes in:	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 511,156	\$ (514,828)
Due from related parties	(166,228)	292,414
Prepaid expenses	(5,590)	(9,668)
Due to related parties	(231,352)	(132,499)
Post retirement benefits liability	118,726	(26,975)
Payables and accruals	(286,442)	115,316
	<u>\$ (59,730)</u>	<u>\$ (276,240)</u>

**10. 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 incurred by the Board in relation to its duties pursuant to the *Liquor Control Act* and *Theatre and Amusement Act*, the regulation of petroleum products pricing under the *Petroleum Products Pricing Act*, and payday loans under the *Consumer Protection Act* 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**  
**MARCH 31, 2014**

**10. Related party transactions (continued)**

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

	<u>2014</u>	<u>2013</u>
<i>Statement of Operations</i>		
Grant from the Province of Nova Scotia	\$ 1,990,000	\$ 2,038,000
Recoveries		
Alcohol, gaming and amusements adjudicative costs	\$ 7,119	\$ 5,124
Petroleum products pricing mandate	\$ 355,168	\$ 354,643
Office supplies expense	\$ 1,443	\$ 8,570
<i>Statement of Financial Position</i>		
Due from related parties	\$ 310,441	\$ 144,213
Due to related parties	\$ 3,843	\$ 235,195
Advances for working capital	\$ 125,000	\$ 125,000
Surplus	\$ 1,033,873	\$ 971,395

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

**11. Contractual obligations**

The Board has entered into lease agreements for its premises until October 31, 2024. 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 the next five years is as follows:

2015	499,098
2016	534,504
2017	534,504
2018	534,504
2019	534,504
Subsequently	<u>2,984,314</u>
	<u>\$ 5,621,428</u>

**12. Statement of rereasurement gains and losses**

The Board has no significant rereasurement gains or losses therefore, no statement of rereasurement gains or losses has been provided.



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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**13. Financial instruments**

The following are the significant risks that the Board is exposed to through its financial instruments:

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The Board's main credit risks relate to its accounts receivable. In order to reduce its credit risk, the Board has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. The Board does not have a significant exposure to any individual customer or counterpart. Management reviews accounts receivable on a case by case basis to determine if an allowance is necessary to reflect an impairment in collectability.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board has investments in GIC's which bear interest at fixed rates. Consequently, the Board's exposure to interest rate risk on these investments is minimal. 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. Changes in the bank's prime lending rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this facility as of March 31, 2014.

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

**(d) Liquidity risk**

Liquidity risk is the risk that the Board will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The Board's ability to meet its obligations depends on the receipt of funds whether in the form of revenue or advances. Annually, the Board estimates its working capital requirements and may restrict a certain portion of its surplus every year for the purpose of ensuring there is adequate funds available to meet working capital requirements. Management believes its exposure to liquidity risk is low.

**14. Budget Information**

The budget figures presented are for comparison purposes and are unaudited. The budget is approved annually by the Chair of the Board.

**NOVA SCOTIA UTILITY AND REVIEW BOARD  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014					Net Book Value			
	Cost		Accumulated Amortization						
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Furniture	\$ 235,275	\$ -	\$ -	\$ 235,275	\$ 204,587	\$ 6,964	\$ -	\$ 211,551	\$ 23,724
Computer equipment	104,819	12,539	15,521	101,837	103,135	5,021	15,521	92,635	9,202
Computer software	162,727	16,094	-	178,821	156,038	12,057	-	168,095	10,726
Leaseholds	310,271	-	-	310,271	242,101	44,760	-	286,861	23,410
Equipment	244,602	12,925	-	257,527	199,973	18,781	-	218,754	38,773
<b>TOTAL</b>	<b>\$ 1,057,694</b>	<b>\$ 41,558</b>	<b>\$ 15,521</b>	<b>\$ 1,083,731</b>	<b>\$ 905,834</b>	<b>\$ 87,583</b>	<b>\$ 15,521</b>	<b>\$ 977,896</b>	<b>\$ 105,835</b>

	2013					Net Book Value			
	Cost		Accumulated Amortization						
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Furniture	\$ 235,275	\$ -	\$ -	\$ 235,275	\$ 196,957	\$ 7,630	\$ -	\$ 204,587	\$ 30,688
Computer equipment	124,278	2,525	21,984	104,819	119,375	5,744	21,984	103,135	1,684
Computer software	162,727	-	-	162,727	136,709	19,329	-	156,038	6,689
Leaseholds	310,271	-	-	310,271	197,341	44,760	-	242,101	68,170
Equipment	244,602	-	-	244,602	173,255	26,718	-	199,973	44,629
<b>TOTAL</b>	<b>\$ 1,077,153</b>	<b>\$ 2,525</b>	<b>\$ 21,984</b>	<b>\$ 1,057,694</b>	<b>\$ 823,637</b>	<b>\$ 104,181</b>	<b>\$ 21,984</b>	<b>\$ 905,834</b>	<b>\$ 151,860</b>

**NOVA SCOTIA UTILITY AND REVIEW BOARD  
SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014				2013			
	Province of Nova Scotia	Petroleum Products Pricing	Public Utilities	TOTAL	Province of Nova Scotia	Petroleum Products Pricing	Public Utilities	TOTAL
<b>Internally restricted</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance, beginning of year	778,360	-	497,640	1,276,000	-	-	-	-
Transferred from general	778,360	-	497,640	1,276,000	-	-	-	-
Balance, end of year	1,556,720	-	995,280	2,552,000	-	-	-	-
<b>Capital assets</b>								
Balance, beginning of year	125,456	14,422	11,982	151,860	172,268	21,489	59,759	253,516
Current year purchases	19,948	-	21,610	41,558	1,250	-	1,275	2,525
Amortization of capital assets	(46,924)	(7,067)	(33,592)	(87,583)	(48,062)	(7,067)	(49,052)	(104,181)
Balance, end of year	98,480	7,355	0	105,835	125,456	14,422	11,982	151,860
<b>Capital assets - future acquisitions</b>								
Balance, beginning of year	127,200	-	129,800	257,000	153,100	-	120,200	273,300
Current year funding	(40,052)	-	(35,390)	(75,442)	(24,650)	-	10,875	(13,775)
Capital asset purchases	(19,948)	-	(21,610)	(41,558)	(1,250)	-	(1,275)	(2,525)
Balance, end of year	67,200	-	72,800	140,000	127,200	-	129,800	257,000
<b>General</b>								
Balance, beginning of year	718,739	(32,913)	439,635	1,125,461	540,143	50,579	291,253	881,975
Operating surplus	62,478	100,907	67,684	231,069	105,884	(90,559)	110,205	125,530
Transferred to capital assets	86,976	7,067	68,982	163,025	-	-	-	-
Transferred from (to) internally restricted	(778,360)	-	(497,640)	(1,276,000)	72,712	7,067	38,177	117,956
Balance, end of year	89,833	75,061	78,661	243,555	718,739	(32,913)	439,635	1,125,461
<b>Total accumulated surplus</b>	<b>\$ 1,033,873</b>	<b>\$ 82,416</b>	<b>\$ 649,101</b>	<b>\$ 1,765,390</b>	<b>\$ 971,395</b>	<b>\$ (18,491)</b>	<b>\$ 581,417</b>	<b>\$ 1,534,321</b>

The internally restricted surplus represents amounts restricted for working capital to ensure the ongoing and future operations of the Board.

The capital assets surplus represents the Board's net investment in capital assets.

The capital assets - future acquisitions surplus represents funds set aside by the Board for future capital asset acquisitions.

**NOVA SCOTIA UTILITY AND REVIEW BOARD  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014 Budget		2014 Actual		2013 Actual	
	Quasi-judicial	Motor carrier	Quasi-judicial	Motor carrier	Quasi-judicial	Motor carrier
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Consulting and legal fees	\$ 382,000	\$ 30,000	\$ 4,092,442	\$ 22,198	\$ 4,734,389	\$ 78,345
Salaries, wages and benefits	4,128,000	-	4,046,448	-	3,959,196	-
Rent and business taxes	514,000	42,000	563,997	44,842	518,155	42,467
Transcribing and printing	42,000	-	128,157	1,160	118,818	3,132
Equipment	117,000	-	89,424	147	45,479	-
Amortization	101,000	-	87,583	-	104,181	-
Travel	115,000	3,000	56,764	6,349	58,030	1,374
Staff training and development	80,000	-	61,598	-	67,673	-
Office supplies and services	71,000	-	55,469	823	70,012	6
Maintenance	42,000	-	39,577	2,935	12,430	-
Dues and fees	38,000	-	42,488	-	37,379	-
Books and reports	42,000	-	37,656	-	34,681	-
Sundry expenses	7,000	-	30,510	-	22,595	-
Telecommunications	22,000	-	26,428	-	13,985	-
Advertising	15,000	9,000	10,558	1,030	19,208	23,173
<b>TOTAL</b>	<b>\$ 5,716,000</b>	<b>\$ 84,000</b>	<b>\$ 9,369,099</b>	<b>\$ 79,484</b>	<b>\$ 9,816,211</b>	<b>\$ 148,497</b>
						<b>\$ 9,964,708</b>

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.