



**Nova Scotia Utility and Review Board  
Financial Statements  
March 31, 2020**



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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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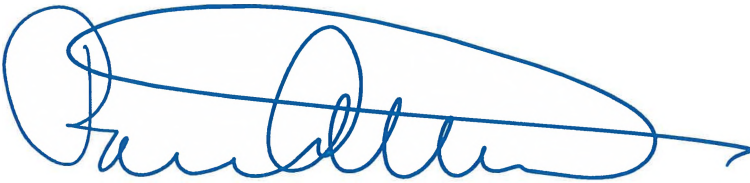
The accompanying financial statements are the responsibility of management of the Nova Scotia Utility and Review Board ("Board") and have been prepared in compliance with legislation and generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 with Board staff when required.

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



Paul G. Allen, CPA, CA  
Executive Director



Sheri L. Aisthorpe, MPA, CPA, CMA  
Controller

June 25, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of Nova Scotia Utility and Review Board (the "Board"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nova Scotia Utility and Review Board as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Those Charged with Governance 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**Levy  
Casey  
Carter  
MacLean**  
Chartered Professional  
Accountants

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Nova Scotia  
June 25, 2020

  
Chartered Professional Accountants

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2020**

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<b>FINANCIAL ASSETS</b>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 831,901	\$ 285,340
Investments (note 4)	1,485,302	1,442,241
Accounts receivable	2,476,507	1,904,660
Due from related parties (note 10)	<u>307,945</u>	<u>430,684</u>
	<u>5,101,655</u>	<u>4,062,925</u>
 <b>LIABILITIES</b>		
Payables and accruals	1,628,849	889,398
Due to related parties (note 10)	20,046	7,635
Advances for working capital (note 5 and note 10)	125,000	125,000
Post retirement benefits liability (note 7)	<u>1,333,651</u>	<u>1,297,354</u>
	<u>3,107,546</u>	<u>2,319,387</u>
 Net financial assets	 <u>1,994,109</u>	 <u>1,743,538</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (page 18)	33,350	46,247
Prepaid expenses	<u>104,130</u>	<u>96,849</u>
	<u>137,480</u>	<u>143,096</u>
 Accumulated surplus (page 19)	 <u>\$ 2,131,589</u>	 <u>\$ 1,886,634</u>
 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, 2020**

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<b>REVENUES</b>	<b>2020 Budget (Note 14)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Government operating grants (note 2 and 10)	\$ 2,090,000	\$ 2,090,000	\$ 2,006,000
Recoveries (note 8)	1,755,000	5,288,972	4,809,728
Assessments to utilities (note 2)	2,200,000	2,200,000	2,200,000
Interest income	<u>35,000</u>	<u>46,078</u>	<u>41,832</u>
	<u>6,080,000</u>	<u>9,625,050</u>	<u>9,057,560</u>
<b>EXPENDITURES</b>			
Quasi-judicial (page 20)	5,924,000	9,264,927	8,863,191
Motor carrier administration (page 20)	<u>156,000</u>	<u>115,168</u>	<u>68,016</u>
	<u>6,080,000</u>	<u>9,380,095</u>	<u>8,931,207</u>
Operating surplus	-	244,955	126,353
Accumulated surplus, beginning of the year	<u>1,886,634</u>	<u>1,886,634</u>	<u>1,760,281</u>
Accumulated surplus, end of the year (page 19)	<u>\$ 1,886,634</u>	<u>\$ 2,131,589</u>	<u>\$ 1,886,634</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

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	<b>2020 Budget (Note 14)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Operating surplus	\$ -	\$ 244,955	\$ 126,353
Acquisition of tangible capital assets (page 18)	(85,000)	(15,941)	(29,579)
Amortization of tangible capital assets (page 18)	<u>62,000</u>	<u>28,838</u>	<u>36,117</u>
	<u>(23,000)</u>	<u>12,897</u>	<u>6,538</u>
Acquisition of prepaid expense	(60,000)	(104,130)	(96,849)
Use of prepaid expense	<u>60,000</u>	<u>96,849</u>	<u>88,895</u>
	<u>-</u>	<u>(7,281)</u>	<u>(7,954)</u>
Change in net financial assets	(23,000)	250,571	124,937
Net financial assets, beginning of the year	<u>1,743,538</u>	<u>1,743,538</u>	<u>1,618,601</u>
Net financial assets, end of the year	<u>\$ 1,720,538</u>	<u>\$ 1,994,109</u>	<u>\$ 1,743,538</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

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	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Operating surplus	\$ 244,955	\$ 126,353
Amortization of tangible capital assets	28,838	36,117
Net change in non-cash working capital balances related to operations (note 9)	<u>331,770</u>	<u>(424,161)</u>
Cash provided (used) by operating activities	<u>605,563</u>	<u>(261,691)</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	<u>(15,941)</u>	<u>(29,579)</u>
Cash used by capital activities	<u>(15,941)</u>	<u>(29,579)</u>
<b>Investing activities</b>		
Purchases of investments	(427,860)	(1,030,000)
Proceeds on redemption of investments	<u>384,799</u>	<u>76,749</u>
Cash used by investing activities	<u>(43,061)</u>	<u>(953,251)</u>
Increase (decrease) in cash during the year	546,561	(1,244,521)
Cash and cash equivalents, beginning of the year	<u>285,340</u>	<u>1,529,861</u>
Cash and cash equivalents, end of the year	<u>\$ 831,901</u>	<u>\$ 285,340</u>

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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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* and various other statutes and regulations. Several statutes or regulations allow for the recovery of direct and indirect expenses for activities relating to those acts (see note 8). Any operating surpluses or deficits, other than for Petroleum Products Pricing, are allocated to the Province and the public utilities based on the prorata share of revenue contributed.

**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 Chartered Professional Accountants of Canada.

**(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.

**(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.

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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

**(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

**(e) Revenues**

Revenues are recorded on an 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, 2020**

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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 ladder GIC portfolio with an expected average yield of 2.54% maturing between June 15, 2020 and September 28, 2021. The post-retirement benefits liability of \$1,333,651 (2019 - \$1,297,354) is funded through a combination of investments and an allocation of cash.

**5. Advances for working capital**

An amount of \$125,000 is owed to the Province of Nova Scotia as an advance for working capital. 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 \$352,135 (2019 - \$331,235). The Board is not responsible for any unfunded liability.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**7. Post retirement benefits**

The Board sponsors two defined benefits retirement programs, other than 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 eligible 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 accrual of service under the Public Service Award ceased August 11, 2015. In fiscal 2018 eligible employees were given a one-time option of electing to receive an immediate payout of their entitlement. Employees not electing an immediate payout of their Public Service Award entitlement continue to be paid the award on retirement based on their salary at that time.

As only a few employees did not elect to receive an immediate payout, the remaining retirement benefit liability for the Public Service Award at March 31, 2020 was recorded at the current salary rates in effect as at that date. All unamortized gains and losses relating to the Public Service Award were previously recognized in fiscal 2018 expenses.

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, 2020.

Actuarial valuations for accounting purposes are performed triennially. The most recent actuarial report was prepared at March 31, 2020. 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.

Specific assets earmarked to fund the post retirement benefits 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.

Information about the post retirement obligations as at March 31, 2020 is as follows:

	<b>March 31 2020</b>	March 31 2019
<i>Post retirement benefits accrued benefit obligation</i>		
Accrued benefit obligation, beginning of year	\$ 1,149,595	\$ 1,507,735
Current period benefit costs	42,001	50,156
Benefit payments	(11,951)	(229,882)
Interest on accrued benefit obligation	22,665	17,356
Actuarial losses (gains) at end of year	<u>26,852</u>	<u>(195,770)</u>
Accrued benefit obligation, end of year	<u>\$ 1,229,162</u>	<u>\$ 1,149,595</u>

**NOVA SCOTIA UTILITY AND REVIEW BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2020**

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

	<b>March 31 2020</b>	March 31 2019
<i>Unamortized gains (losses)</i>		
Unamortized actuarial gains (losses), beginning of year	\$ 147,759	\$ (54,012)
Actuarial gains (losses) - accrued benefit obligation	(26,852)	195,770
Amortization recorded during the year	<u>(16,418)</u>	<u>6,001</u>
Unamortized actuarial gains end of year	<u>\$ 104,489</u>	<u>\$ 147,759</u>
<i>Liability recorded on the Statement of Financial Position</i>		
Accrued benefit obligation, closing balance	\$ 1,229,162	\$ 1,149,595
Unamortized actuarial gains	<u>104,489</u>	<u>147,759</u>
Post retirement benefits liability	<u>\$ 1,333,651</u>	<u>\$ 1,297,354</u>
<i>Post retirement benefits expense</i>		
Retirement benefit service cost for the year	\$ 36,688	\$ 45,621
Interest on accrued benefit obligation	22,665	17,356
Amortization of actuarial losses (gains)	<u>(16,418)</u>	<u>6,001</u>
Post retirement benefits expense	<u>\$ 42,935</u>	<u>\$ 68,978</u>

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

Liability discount rate	
Fiscal 2020 expense:	2.25% per year
Fiscal 2020 disclosure and projected Fiscal 2021 expense:	2.25% per year
General inflation	
Fiscal 2020 expense:	2.00% per year
Fiscal 2020 disclosure and projected Fiscal 2021 expense:	2.00% per year
Extended health care cost increases	(6.00%) for the year ending April 1, 2018, 0.00% for year ending April 1, 2019, 6.83% for year ending April 1, 2020, decreasing by 0.167% per year to an ultimate rate of 4.5% per year
Fiscal 2020 expense:	

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**NOVA SCOTIA UTILITY AND REVIEW BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2020**

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

Extended health care cost increases Fiscal 2020 disclosure and projected Fiscal 2021 expense:	6.67% for year ending April 1, 2021, decreasing at 0.167% per year to an ultimate rate of 4.5% per year
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**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.

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.

Certain direct and indirect expenses incurred by the Board in relation to its duties pursuant to the *Municipal Government Act*, *Halifax Regional Municipal Charter*, *Liquor Control Act*, *Gaming Control Act*, *Theatre and Amusements Act*, and *Consumer Protection Act* may be 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, 2020**

**8. Recoveries (continued)**

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

	<u>2020</u>	<u>2019</u>
Public utilities	\$ 3,288,029	\$ 2,290,577
Natural gas	405,513	1,013,235
Automobile insurance	899,693	827,462
Petroleum products pricing	209,891	209,042
Assessment	260,664	170,098
Motor carrier	49,822	64,883
Payday loans	-	46,500
Alcohol, gaming and amusements	13,350	10,472
All other recoveries	<u>162,010</u>	<u>177,459</u>
	<u>\$ 5,288,972</u>	<u>\$ 4,809,728</u>

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

Increase (decrease) in cash from changes in:	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ (571,847)	\$ (238)
Due from related parties	122,739	(80,625)
Prepaid expenses	(7,281)	(7,954)
Due to related parties	12,411	4,454
Post retirement benefits liability	36,297	(156,369)
Payables and accruals	<u>739,451</u>	<u>(183,429)</u>
	<u>\$ 331,770</u>	<u>\$ (424,161)</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 grant pursuant to 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 the Office of Service Nova Scotia.

The Board sublets a portion of its office premises to government departments. The costs of the sublets is recovered from those departments.



**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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

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

	<u>2020</u>	<u>2019</u>
<i>Statement of Operations</i>		
Grant from the Province of Nova Scotia	\$ 2,090,000	\$ 2,006,000
Recoveries		
Alcohol, gaming and amusements adjudicative costs	\$ 13,350	\$ 10,472
Petroleum products pricing mandate	\$ 209,891	\$ 209,042
Motor Carrier Division (Transportation and Infrastructure Renewal)	\$ 49,822	\$ 64,883
Labour Board (Labour and Advanced Education)	\$ 150,876	\$ 165,558
Payday Loans	\$ -	\$ 46,500
Halifax Dartmouth Bridge Commission	\$ 35,754	\$ 35,136
Other recoveries	\$ -	\$ 1,658
<i>Statement of Financial Position</i>		
Due from related parties	\$ 307,945	\$ 430,684
Due to related parties	\$ 20,046	\$ 7,635
Advances for working capital	\$ 125,000	\$ 125,000
Surplus (page 19)	\$ 1,170,889	\$ 1,048,173

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:

2021	678,790
2022	678,790
2023	678,790
2024	678,790
2025	<u>395,961</u>
	<u>\$ 3,111,121</u>

Approximately 1,508 square feet of the Board's premises has been sublet to the Department of Transportation and Infrastructure Renewal and approximately 4,725 square feet has been sublet to the Labour Board (Department of Labour and Advanced Education).

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**NOVA SCOTIA UTILITY AND REVIEW BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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

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

**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. For some natural gas projects risk is further reduced by requiring companies to provide irrevocable collateral or credit instruments.

**(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, 2020.

**(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.

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**NOVA SCOTIA UTILITY AND REVIEW BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2020**

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**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, 2020**

	2020								
	Cost				Accumulated Amortization				Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Furniture	\$ 233,853	\$ -	\$ -	\$ 233,853	\$ 231,819	\$ 675	\$ -	\$ 232,494	\$ 1,359
Computer equipment	79,292	10,891	12,539	77,644	73,639	7,871	12,539	68,971	8,673
Computer software	203,204	5,050	-	208,254	187,101	9,236	-	196,337	11,917
Equipment	216,342	-	-	216,342	193,885	11,056	-	204,941	11,401
<b>TOTAL</b>	<b>\$ 732,691</b>	<b>\$ 15,941</b>	<b>\$ 12,539</b>	<b>\$ 736,093</b>	<b>\$ 686,444</b>	<b>\$ 28,838</b>	<b>\$ 12,539</b>	<b>\$ 702,743</b>	<b>\$ 33,350</b>
	2019								
	Cost				Accumulated Amortization				Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Furniture	\$ 233,853	\$ -	\$ -	\$ 233,853	\$ 228,426	\$ 3,393	\$ -	\$ 231,819	\$ 2,034
Computer equipment	77,585	4,232	2,525	79,292	71,923	4,241	2,525	73,639	5,653
Computer software	180,546	22,658	-	203,204	171,857	15,244	-	187,101	16,103
Equipment	213,653	2,689	-	216,342	180,646	13,239	-	193,885	22,457
<b>TOTAL</b>	<b>\$ 705,637</b>	<b>\$ 29,579</b>	<b>\$ 2,525</b>	<b>\$ 732,691</b>	<b>\$ 652,852</b>	<b>\$ 36,117</b>	<b>\$ 2,525</b>	<b>\$ 686,444</b>	<b>\$ 46,247</b>

**NOVA SCOTIA UTILITY AND REVIEW BOARD  
SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2020**

	2020				2019			
	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	\$ 845,490	\$ -	\$ 543,510	\$ 1,389,000	\$ 656,990	\$ -	\$ 423,010	\$ 1,080,000
Transferred (to) from general	<u>(128,400)</u>	<u>-</u>	<u>(85,600)</u>	<u>(214,000)</u>	<u>188,500</u>	<u>-</u>	<u>120,500</u>	<u>309,000</u>
Balance, end of year	<u>717,090</u>	<u>-</u>	<u>457,910</u>	<u>1,175,000</u>	<u>845,490</u>	<u>-</u>	<u>543,510</u>	<u>1,389,000</u>
<b>Capital assets</b>								
Balance, beginning of year	51,769	-	(5,522)	46,247	54,556	732	(2,503)	52,785
Current year purchases	7,811	-	8,130	15,941	14,198	-	15,381	29,579
Amortization of capital assets	<u>(14,131)</u>	<u>-</u>	<u>(14,707)</u>	<u>(28,838)</u>	<u>(16,985)</u>	<u>(732)</u>	<u>(18,400)</u>	<u>(36,117)</u>
Balance, end of year	<u>45,449</u>	<u>-</u>	<u>(12,099)</u>	<u>33,350</u>	<u>51,769</u>	<u>-</u>	<u>(5,522)</u>	<u>46,247</u>
<b>Capital assets - future acquisitions</b>								
Balance, beginning of year	145,000	-	158,000	303,000	131,000	-	136,000	267,000
Current year funding	29,811	-	24,130	53,941	28,198	-	37,381	65,579
Capital asset purchases	<u>(7,811)</u>	<u>-</u>	<u>(8,130)</u>	<u>(15,941)</u>	<u>(14,198)</u>	<u>-</u>	<u>(15,381)</u>	<u>(29,579)</u>
Balance, end of year	<u>167,000</u>	<u>-</u>	<u>174,000</u>	<u>341,000</u>	<u>145,000</u>	<u>-</u>	<u>158,000</u>	<u>303,000</u>
<b>General</b>								
Balance, beginning of year	5,914	172,016	(29,543)	148,387	145,348	170,512	44,636	360,496
Operating (deficit) surplus	122,716	(5,485)	127,724	244,955	60,279	772	65,302	126,353
Transferred from capital assets	6,320	-	6,577	12,897	2,787	732	3,019	6,538
Transferred to capital assets - future	<u>(22,000)</u>	<u>-</u>	<u>(16,000)</u>	<u>(38,000)</u>	<u>(14,000)</u>	<u>-</u>	<u>(22,000)</u>	<u>(36,000)</u>
Transferred (to) from internally restricted	<u>128,400</u>	<u>-</u>	<u>85,600</u>	<u>214,000</u>	<u>(188,500)</u>	<u>-</u>	<u>(120,500)</u>	<u>(309,000)</u>
Balance, end of year	<u>241,350</u>	<u>166,531</u>	<u>174,358</u>	<u>582,239</u>	<u>5,914</u>	<u>172,016</u>	<u>(29,543)</u>	<u>148,387</u>
<b>Total accumulated surplus</b>	<u>\$ 1,170,889</u>	<u>\$ 166,531</u>	<u>\$ 794,169</u>	<u>\$ 2,131,589</u>	<u>\$ 1,048,173</u>	<u>\$ 172,016</u>	<u>\$ 666,445</u>	<u>\$ 1,886,634</u>

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, 2020**

	2020 Budget			2020 Actual			2019 Actual		
	Quasi-judicial	Motor carrier	TOTAL	Quasi-judicial	Motor carrier	TOTAL	Quasi-judicial	Motor carrier	TOTAL
Salaries, wages and benefits	\$ 4,331,000	\$ 54,000	\$ 4,385,000	\$ 4,447,448	\$ 52,603	\$ 4,500,051	\$ 4,177,070	\$ 11,713	\$ 4,188,783
Consulting and legal fees	245,000	30,000	275,000	3,697,714	-	3,697,714	3,397,921	660	3,398,581
Rent and business taxes	743,000	54,000	797,000	661,620	48,586	710,206	728,792	53,235	782,027
Staff training and development	90,000	1,000	91,000	76,103	-	76,103	89,354	-	89,354
Equipment	80,000	-	80,000	64,168	3,502	67,670	98,705	-	98,705
Travel	84,000	3,000	87,000	61,664	388	62,052	86,201	207	86,408
Books and reports	52,000	-	52,000	55,167	-	55,167	53,174	-	53,174
Dues and fees	50,000	-	50,000	48,684	-	48,684	50,783	-	50,783
Transcribing and printing	41,000	2,000	43,000	32,473	5,920	38,393	41,872	62	41,934
Office supplies and services	72,000	3,000	75,000	34,282	3,007	37,289	37,318	1,707	39,025
Amortization	62,000	-	62,000	28,838	-	28,838	36,117	-	36,117
Sundry expenses	22,000	-	22,000	17,322	675	17,997	13,704	377	14,081
Telecommunications	22,000	-	22,000	16,564	140	16,704	16,641	55	16,696
Advertising	15,000	9,000	24,000	13,259	347	13,606	25,823	-	25,823
Maintenance	15,000	-	15,000	9,621	-	9,621	9,716	-	9,716
<b>TOTAL</b>	<b>\$ 5,924,000</b>	<b>\$ 156,000</b>	<b>\$ 6,080,000</b>	<b>\$ 9,264,927</b>	<b>\$ 115,168</b>	<b>\$ 9,380,095</b>	<b>\$ 8,863,191</b>	<b>\$ 68,016</b>	<b>\$ 8,931,207</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.