

### *Volume II - Consolidated Revenue Fund Financial Statements*

This Volume provides information about the operating results and financial position of the Consolidated Revenue Fund only, comprised of the 18 Government departments and the Legislature. These statements are also prepared on an accrual basis of accounting.

### *Change in the Public Accounts This Year*

Traditionally the Public Accounts consisted of four volumes - Volume I (Consolidated Summary Financial Statements), Volume II (Consolidated Revenue Fund Financial Statements), Volume III (Consolidated Revenue Fund statements on a modified cash basis) and Volume IV (financial statements of Crown corporations, boards and authorities).

However, commencing this year, Government has decided to table the information previously contained in Volumes III and IV separately from the Public Accounts. As a result, we feel that there will be a better focus on Volume I - the Province's consolidated summary financial statements - the principal financial statements of the Province.

## **2.6 What Statements are Included and what do they Show?**

Government's financial statements are intended to reflect a fundamental difference between financial reporting for a government and financial reporting for private sector businesses. Governments use public money to provide services through various programs, with no intent to make profit. As such, a government's financial statements differ from those of business by focusing on net debt - not profit or loss. Simply put, net debt represents the amount Government will eventually have to raise to pay for carrying past liabilities, and is calculated as total liabilities less total financial assets.

The consolidated summary financial statements are comprised of five main statements:

### *Statement of Financial Position*

This statement shows the Province's financial assets, liabilities, net debt, non-financial assets and accumulated deficit.

Financial assets (such as cash, temporary investments and receivables) are different from non-financial assets (such as roads, schools and hospitals) in that they can be used to reduce liabilities. Liabilities include borrowings as well as liabilities relating to retirement benefits, including the unfunded pension liability. The difference between liabilities and financial assets is the Province's net debt. This is the amount which the government of the day leaves for future governments to either repay or refinance.

Non-financial assets will be used in providing programs and services and therefore are deducted from net debt in calculating the accumulated deficit. It is this accumulated deficit which reflects the difference between past expenses and revenues, i.e. the net accumulation of all annual surpluses and deficits.

### *Statement of Change in Net Debt*

This statement reflects the change in net debt for the year, calculated as the annual surplus or deficit, any changes in the net book value of tangible capital assets and any changes in other non-financial assets.

### *Statement of Operations*

This statement reflects the annual surplus or deficit, along with a comparison of budgeted and actual revenues and expenses. The surplus or deficit is calculated as the difference between revenues and expenses for the year and represents the extent to which Government was able to raise sufficient revenues to provide for the costs of programs and services, and servicing the debt.

### *Statement of Change in Accumulated Deficit*

This statement reflects the change in accumulated deficit resulting from the surplus or deficit for the year.

### *Statement of Cash Flows*

This statement reflects the change in cash (and cash equivalents such as temporary investments) and the source and use of cash through operations, financing and investing activities. It also reflects acquisitions and disposals of capital assets.

In addition to the five main statements, there are also several schedules and notes which are an integral part of the statements and which provide additional disclosure and explanation regarding significant balances, transactions and events during the year.