

Province of
Newfoundland and Labrador



Consolidated Revenue Fund Financial Information

FOR THE YEAR ENDED
31 MARCH 2016



Province of Newfoundland and Labrador

Consolidated Revenue Fund Financial Information

**For The Year Ended
31 March 2016**

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INTRODUCTION

The Consolidated Revenue Fund Financial Information presents the financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. The Consolidated Revenue Fund, as required by the *Financial Administration Act*, is comprised of all public money over which the Legislature has power of appropriation.

These unaudited financial statements are prepared by the Comptroller General of Finance on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Chartered Professional Accountants of Canada and as outlined in the significant accounting policies of the Province. Where available, Original Budget figures prepared on the accrual basis of accounting are provided on several Statements for comparison purposes.

For modified cash based accounting information related to the Consolidated Revenue Fund, please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund released in June 2016. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates.

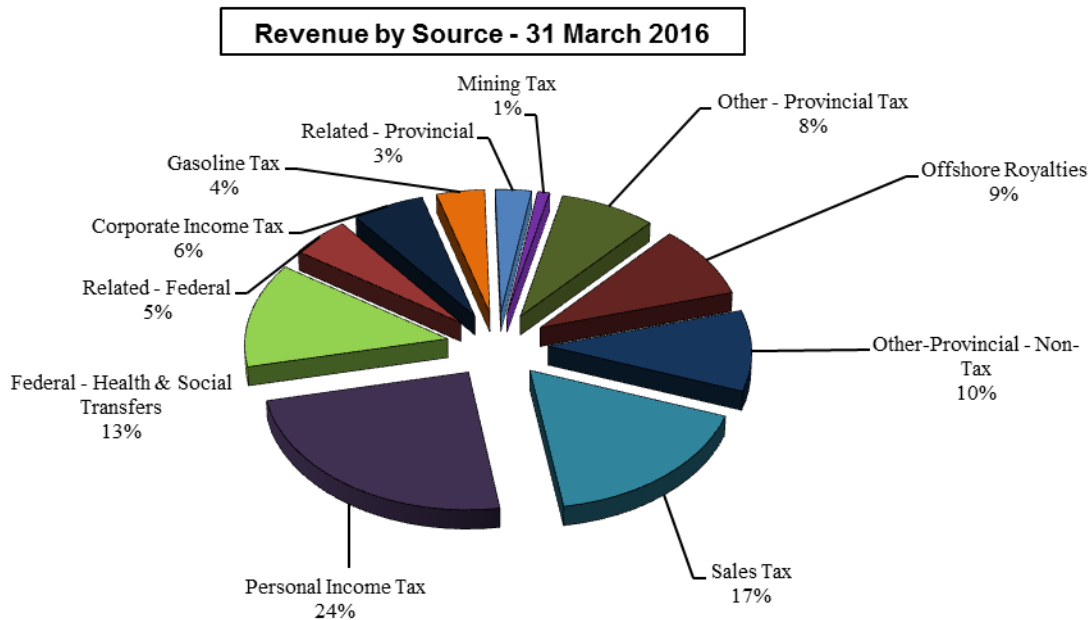
The accrual based consolidated summary financial statements of the Province, including Crown Corporations, Boards and Authorities, as approved by Treasury Board, may be found in the audited Public Accounts, which have been concurrently released with this document.

The Consolidated Revenue Fund Financial Information is also available on the Internet at:
http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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CONSOLIDATED REVENUE FUNDRevenue

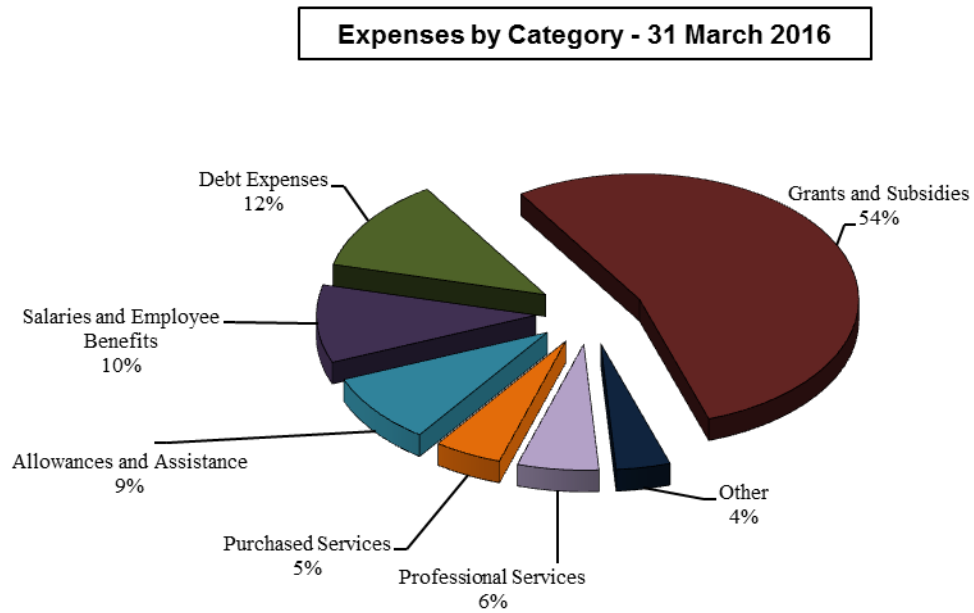
Total revenue was \$5.48 billion in 2015-16 which consisted of federal revenues of \$0.97 billion and provincial revenues of \$4.51 billion.



CONSOLIDATED REVENUE FUND

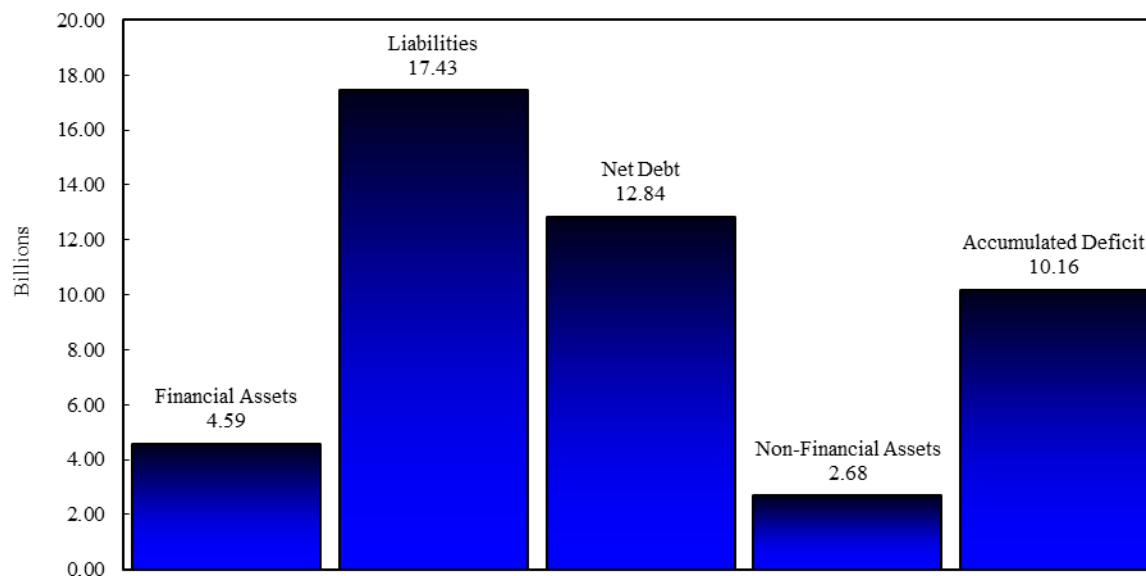
Expense

Total expenses were \$7.52 billion in 2015-16. Grants and subsidies of \$4.06 billion and debt expenses of \$0.84 billion represented approximately 65% of this amount.



CONSOLIDATED REVENUE FUNDFinancial Position

Net Debt of \$12.84 billion consisted of \$17.43 billion in liabilities less \$4.59 billion in financial assets. Accumulated Deficit of \$10.16 billion consisted of \$12.84 billion in Net Debt less \$2.68 billion in non-financial assets.

Statement of Financial Position - 31 March 2016

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October 18, 2016

The Honourable Tom Osborne, M.H.A.
Speaker
House of Assembly

Dear Colleague:

I am pleased to provide to you the Consolidated Revenue Fund Financial Information for the fiscal year ended 31 March 2016. The document presents the financial statements of the Consolidated Revenue Fund of the Province. It is prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board (PSAB) standards of Chartered Professional Accountants of Canada (CPA).

Yours sincerely,



Honourable Cathy Bennett, M.H.A.
District of Windsor Lake
Minister of Finance and
President of Treasury Board

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PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position
As at 31 March 2016
with comparative figures for 2015

	Actuals 2016 (\$000)	Actuals 2015 (Note 1 (d), (e)) (\$000)
FINANCIAL ASSETS		
	1,665,366	688,893
	111,308	108,638
Sch. A	426,611	476,992
	89,546	82,060
	<u>337,065</u>	<u>394,932</u>
Sch. B	134,244	145,834
	8,587	6,838
	<u>125,657</u>	<u>138,996</u>
Sch. C	2,366,693	1,604,702
	10,244	9,894
	<u>2,356,449</u>	<u>1,594,808</u>
	<u>4,595,845</u>	<u>2,926,267</u>
LIABILITIES		
Sch. E	1,668,561	1,715,182
	29,828	23,783
Sch. F	10,071,750	6,344,003
	1,219,413	1,104,960
	(162,822)	(99,612)
	<u>8,689,515</u>	<u>5,139,431</u>
	2,602,751	2,457,635
	1,838,037	1,675,396
	2,603,172	2,636,250
	<u>4,441,209</u>	<u>4,311,646</u>
	<u>17,431,864</u>	<u>13,647,677</u>
NET DEBT		
	<u>12,836,019</u>	<u>10,721,410</u>
NON-FINANCIAL ASSETS		
Sch. D	2,640,353	2,571,225
	4,869	7,283
	31,135	23,351
	<u>2,676,357</u>	<u>2,601,859</u>
ACCUMULATED DEFICIT		
	<u>10,159,662</u>	<u>8,119,551</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt For the year ended 31 March 2016 with comparative figures for 2015

	Actuals 2016 (\$000)	Original Budget 2016 (Note 18) (\$000)	Actuals 2015 (Note 1 (d), (e)) (\$000)
NET DEBT - beginning of period	10,721,410	11,055,469	9,383,761
Add (Deduct):			
Adjustments			
Amortization of premiums/discounts & issuance fees - note 1 (d), (e)	-	-	(33,283)
Pension plan - note 1 (e)	-	-	20,571
Contaminated sites - note 1 (b) (v)	-	-	18,634
ADJUSTED NET DEBT - beginning of period	<u>10,721,410</u>	<u>11,055,469</u>	<u>9,389,683</u>
Surplus (Deficit) for the period	<u>(2,040,111)</u>	<u>(1,057,476)</u>	<u>(1,207,061)</u>
Changes in tangible capital assets			
Acquisition of tangible capital assets	217,365	441,003	305,774
Net book value of tangible capital asset disposals	(110)	-	(46,093)
Amortization of tangible capital assets	<u>(148,127)</u>	<u>(153,551)</u>	<u>(132,325)</u>
<i>Increase in net book value of tangible capital assets</i>	<u>69,128</u>	<u>287,452</u>	<u>127,356</u>
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	(2,414)		(3,337)
Acquisition of inventories of supplies (net of usage)	<u>7,784</u>		<u>647</u>
<i>Increase in other non-financial assets</i>	<u>5,370</u>		<u>(2,690)</u>
<i>Increase (Decrease) in net debt</i>	<u>2,114,609</u>	<u>1,344,928</u>	<u>1,331,727</u>
NET DEBT - end of period	<u><u>12,836,019</u></u>	<u><u>12,400,397</u></u>	<u><u>10,721,410</u></u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Statement of Operations
For the year ended 31 March 2016
with comparative figures for 2015**

	Actuals 2016	Original Budget 2016 (Note 18)	Actuals 2015 (Note 1(d), (e))
	(\$000)	(\$000)	(\$000)
REVENUE			
Provincial			
Tax Revenue			
Sales	905,398	1,059,272	936,821
Personal income	1,308,669	1,264,779	1,310,225
Gasoline	193,240	185,709	185,858
Corporate income	349,635	455,722	218,577
Mining and mineral rights	70,038	144,708	95,440
Other	438,401	378,641	419,263
Non-Tax Revenue			
Offshore royalties	514,557	1,211,636	1,562,307
Investment	329,920	342,180	292,646
Fees and fines	192,495	106,747	202,520
Other	34,924	-	22,521
Provincial related revenue	167,661	130,039	161,051
Federal			
Health and social transfers	685,070	689,046	679,867
Other	32,688	1,712	1,710
Federal related revenue	253,446	329,217	246,505
Sch. K Total Revenue	<u>5,476,142</u>	<u>6,299,408</u>	<u>6,335,311</u>
EXPENSE			
Sch. J General Government Sector and Legislative Branch	1,777,286	1,876,050	1,873,365
Sch. J Resource Sector	1,155,349	1,119,965	1,282,862
Sch. J Social Sector	4,583,618	4,360,869	4,386,145
Sch. K Total Expense	<u>7,516,253</u>	<u>7,356,884</u>	<u>7,542,372</u>
ANNUAL SURPLUS (DEFICIT) - notes 1 (d) and (e), 10	<u>(2,040,111)</u>	<u>(1,057,476)</u>	<u>(1,207,061)</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

CONSOLIDATED REVENUE FUND

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Statement of Change in Accumulated Deficit
For the year ended 31 March 2016
with comparative figures for 2015**

	Actuals 2016 (\$000)	Original Budget 2016 (Note 18) (\$000)	Actuals 2015 (Note 1 (d), (e)) (\$000)
ACCUMULATED DEFICIT - beginning of period	8,119,551		6,906,568
Add (Deduct):			
Adjustments			
Amortization of premiums/discounts & issuance fees - note 1 (d), (e)	-		(33,283)
Pension plan - note 1 (e)	-		20,571
Contaminated sites - note 1 (b) (v)	-		18,634
ADJUSTED ACCUMULATED DEFICIT - beginning of period	<u>8,119,551</u>		<u>6,912,490</u>
Surplus (Deficit) for the period	<u>(2,040,111)</u>	<u>(1,057,476)</u>	<u>(1,207,061)</u>
ACCUMULATED DEFICIT - end of period	<u><u>10,159,662</u></u>		<u><u>8,119,551</u></u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows
For the year ended 31 March 2016
with comparative figures for 2015

	Actuals 2016 (\$000)	Actuals 2015 (Note 1 (d), (e)) (\$000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit)	(2,040,111)	(1,207,061)
Add (Deduct) non-cash items:		
Accounts payable	81,540	211,208
Accounts receivable	67,718	311,091
Amortization of foreign exchange (gains)/losses, premiums, discounts and issuance fees	(44,254)	(10,228)
Amortization of tangible capital assets	148,127	132,325
April writebacks	(114,776)	(34,982)
Deferred revenue	6,045	8,122
Other	(25,418)	110,030
Retirement costs	307,878	602,969
Sinking funds	(53,436)	(54,477)
Valuation allowances	4,941	(10)
Net cash provided from (applied to) operating transactions	<u>(1,661,746)</u>	<u>68,987</u>
CAPITAL		
Acquisitions	(217,365)	(305,774)
Disposals	110	153
Net cash provided from (applied to) capital transactions	<u>(217,255)</u>	<u>(305,621)</u>
FINANCING		
Debt issued	2,385,000	500,000
Debt retirement	(4,928)	(454,532)
Retirement of promissory note	(33,078)	(48,750)
Sinking fund contributions	(46,268)	(46,268)
Sinking fund proceeds	96	140,688
Special purpose funds/contractors' holdback funds	(8,658)	(4,917)
Treasury bills purchased	10,203,892	3,890,402
Treasury bills redeemed	(8,889,922)	(3,604,729)
Net cash provided from (applied to) financing transactions	<u>3,606,134</u>	<u>371,894</u>
INVESTING		
Loan advances and investments	(772,875)	(444,348)
Loan repayments	22,215	32,650
Net cash provided from (applied to) investing transactions	<u>(750,660)</u>	<u>(411,698)</u>
Net cash provided (applied)	976,473	(276,438)
Cash and temporary investments - beginning of period	688,893	965,331
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	<u>1,665,366</u>	<u>688,893</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR**Notes to the Financial Statements
For the year ended 31 March 2016**

1. Summary of Significant Accounting Policies**(a) The Reporting Entity**

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the *Financial Administration Act* of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting**(i) Method**

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) Revenues

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known. Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Revenues from provincial tax sources are accrued in the year earned based upon estimates using statistical models and prior year actuals. Tax revenues are recorded at the amount estimated, after considering certain adjustments for non-refundable tax credits and other adjustments from the federal government. Refundable tax credits are not recognized as a reduction of tax revenues. Tax revenues are recorded net of any tax concessions or expenditures that reduce the amount of tax payable. Transfers made through the tax system that do not affect the amount of tax payable are recorded as expenses.

Other revenues are recorded on an accrual basis.

(iii) Expenses

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) Assets

Cash and temporary investments represent the cash position including bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash. Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

CONSOLIDATED REVENUE FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Accounts receivable are recorded for all amounts due for work performed and goods or services supplied. Taxes receivable are recorded for all amounts due for levies that are authorized and for which the taxable event has occurred. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the loan and are accounted as expenses on the Statement of Operations. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the investment and are accounted as expenses on the Statement of Operations. Investments are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

(v) *Liabilities*

A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. An obligation is not recognized unless all criteria above are satisfied. The standard was adopted in the 2014-15 fiscal year end and was applied retroactively without restatement resulting in an adjustment to beginning Net Debt and Accumulated Deficit of \$18.6 million.

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date. Premiums and Discounts relating to the issuance of debentures as well as issuance fees are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts and issuance fees are charged to debt expense.

CONSOLIDATED REVENUE FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)****(vi) Government Transfers**

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria and stipulations are met. The recognition of transfer revenues is only deferred when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Receivables are established for transfers to which the Province is entitled under government legislation, regulation or agreement. Liabilities are established for any transfers due at 31 March for which the intended recipients have met the eligibility criteria and the transfer is authorized.

(vii) Loan Guarantees

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(c) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistently with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(d) Change in Accounting Policy

A change in accounting policy has been implemented whereby premiums and discounts as well as issuance fees relating to the issuance of debt are deferred and amortized.

These changes have been applied retroactively with restatement resulting in a decrease to beginning Net Debt and Accumulated Deficit of \$33.3 million, a decrease to the prior year Annual Deficit of \$3.4 million for a combined decrease to borrowings, net of sinking funds, of \$36.7 million.

(e) Prior Period Adjustment

The Province has restated the unfunded pension liability to account for unprocessed requests for pension benefits. The impact of these unprocessed requests has been estimated by the Province's actuary based on the history of requests processed and taking into consideration the type of outstanding request. These requests when processed would be transferred to the respective pension plan for pension buyback and transfers in from the money purchase pension plan or other reciprocal arrangements. In addition, the Province has restated the unfunded pension liability to account for changes in the valuation of the Supplementary Employee Retirement component of the Public Service Pension Plan (PSPP). Specifically, the expected interest rate for the actuarial valuation was revised from the expected rate of return on the plan assets to the Province's borrowing rate.

These changes have been applied retroactively with restatement resulting in an increase to beginning Net Debt and Accumulated Deficit of \$20.6 million, an increase to the prior year Annual Deficit of \$20.3 million for a combined increase to the unfunded pension liability of \$40.9 million. Actual results may differ from these estimates.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

(f) Future Changes in Accounting Policies

There are several new standards and amendments to standards issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada that are not yet effective and have not been applied in these financial statements. These standards and corresponding effective dates are as follows:

Effective 1 April 2017:

PS 2200 Related Party Disclosures – a new standard defining related parties and establishing disclosure requirements for related party transactions.

PS 3210 Assets – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

PS 3320 Contingent Assets – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

PS 3380 Contractual Rights – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

PS 3420 Inter-entity Transactions – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Effective 1 April 2018:

PS 3430 Restructuring Transactions – a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities.

Effective 1 April 2019:

PS 3450 Financial Instruments – a new standard establishing guidance on how to account for and report all types of financial instruments including derivatives.

PS 2601 Foreign Currency Translation – replaces *PS 2600* with revised standards on how to account for and report transactions that are denominated in a foreign currency.

PS 1201 Financial Statement Presentation – effective in the period *PS 2601* and *PS 3450* are adopted, replaces *PS 1200* with revised general reporting principles and standards for disclosure of information.

PS 3041 Portfolio Investments – effective in the period *PS 1201*, *PS 2601* and *PS 3450* are adopted, replaces *PS 3040* with revised standards on how to account for and report portfolio investments.

These new and amended standards are planned to be adopted on the effective dates. The Province is currently analyzing the impact these standards will have on the financial statements.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2016	31 March 2015
	(\$mil)	(\$mil)
Cash balance (overdraft)	1,665.4	688.9
Temporary investments - note 17	-	-
Total: Cash and Temporary Investments	<u>1,665.4</u>	<u>688.9</u>

As at 31 March 2016, there were no temporary investments outstanding.

3. Government of Canada – Claims in Process

Consists of:

	31 March 2016	31 March 2015
	(\$mil)	(\$mil)
Claims receivable at 31 March not received in April	91.8	84.3
Receipts in April	19.5	24.3
Total: Government of Canada – Claims in Process	<u>111.3</u>	<u>108.6</u>

4. Deferred Revenue

Consists of:

	31 March 2016	31 March 2015
	(\$mil)	(\$mil)
Gas tax initiatives	27.2	21.1
Federal initiatives in support of community and employment development	1.2	1.6
Other miscellaneous programs	1.4	1.1
Total: Deferred Revenue	<u>29.8</u>	<u>23.8</u>

The balance as of 31 March 2016 will be recognized as revenue in the periods in which the revenue recognition criteria have been met.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Sinking Fund

The value of the sinking funds as recorded in the Newfoundland and Labrador Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2016	31 March 2015
	(\$mil)	(\$mil)
Investments at cost	1,087.0	980.8
Amortization of bond discount	59.3	54.0
Investments at amortized cost	1,146.3	1,034.8
Cash and receivables less accounts payable	73.1	70.2
Net Sinking Fund Assets - translated at 31 March	<u>1,219.4</u>	<u>1,105.0</u>

The net sinking fund assets balance of \$1,219.4 million Canadian dollars as at 31 March 2016 includes \$415.7 million U.S. dollars translated to \$539.9 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of \$1,105.0 million Canadian dollars as at 31 March 2015 includes \$389.3 million U.S. dollars translated to \$493.0 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

6. Unamortized Unrealized Foreign Exchange Gains and Losses and Unamortized Premiums and Discounts and Issuance Fees

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2016 or the exchange rate at maturity for those debt and sinking funds retired during the fiscal year. Premiums and Discounts as well as issuance fees relating to the issuance of debentures are deferred and amortized over the term of the related debt. See Schedule F - Debenture and Other Debt. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is \$9.8 million which represents a debit adjustment (31 March 2015 - \$6.8 million-credit adjustment). The net amortization expense on premiums, discounts and issuance fees is \$54.1 million which represents a credit adjustment (31 March 2015 - \$3.4 million-credit adjustment). This is included in debt expenses on the Statement of Operations.

	31 March 2016	31 March 2015
	(\$mil)	(\$mil)
Foreign exchange gain (loss):		
Debt	(92.0)	(58.3)
Sinking funds	36.0	21.3
Net	(56.0)	(37.0)
Accumulated amortization on foreign exchange	(16.1)	(25.9)
Net unamortized unrealized foreign exchange gains (losses)	(72.1)	(62.9)
Unamortized premiums and discounts and issuance fees	(90.7)	(36.7)
Total accumulated amortization	<u>(162.8)</u>	<u>(99.6)</u>

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Change in Accounting Policy

A change in accounting policy has been implemented whereby premiums and discounts as well as issuance fees relating to the issuance of debt are deferred and amortized.

These changes have been applied retroactively with restatement resulting in a decrease to beginning Net Debt and Accumulated Deficit of \$33.3 million, a decrease to the prior year Annual Deficit of \$3.4 million for a combined decrease to borrowings, net of sinking funds, of \$36.7 million.

7. Provision for Guaranteed Debt

The provision for possible losses on guaranteed debt is nil (31 March 2015 - nil) (see note 12(a)).

8. Retirement Benefits – Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan, are eligible to participate in the group insurance program sponsored by Government. All retired employees of the Government of Newfoundland and Labrador who (i) retired under the Public Service Pension Plan (PSPP) prior to 01 January 2015 or (ii) retire under the PSPP after 31 December 2014 and meet the eligibility criteria outlined below are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. These programs provide both group health and group life benefits to enrolled retirees, including their spouses and dependants.

Following proclamation of the *Other Post-Employment Benefits Eligibility Modification Act* (OPEB Act) on 01 January 2015, new criteria related to the eligibility for post-employment group health and group life insurance benefits (i.e., OPEBs) were established for PSPP members. Effective 01 January 2015, new employees and those who do not meet the eligibility criteria applicable during the five year transitional period under the OPEB Act will require 10 years of pensionable service instead of five and must immediately retire under the PSPP upon termination of employment to be eligible for OPEBs. During the five year transitional period certain employees and deferred pensioners, as defined in the OPEB Act, may be eligible for OPEBs in accordance with the OPEB Act.

Under Government's program, the Province contributes 50% towards group health and group life premiums for both employees and eligible retirees. Government also contributes 50% towards group health and group life premiums for both teachers and retirees insured under the programs sponsored by the NLTA, subject to the maximum premiums under Government's program. The group life benefits cease at age 65 for retirees. As at 31 March 2016, the plans have 56,139 participants who contributed mandatory contributions of \$99.6 million and the plans provided benefits of \$26.1 million to 36,495 retirees, their spouses and dependants.

Actuarial Valuations

An actuarial extrapolation was prepared to 31 March 2016 by the Province's actuaries based on the latest actuarial valuations (Public Service valuation date of 31 December 2014 and Teachers' valuation date of 31 August 2015) for the programs sponsored by the Province and the NLTA. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 3.70%, Consumer Price Index (CPI) of 2.25%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation (\$mil)	Unamortized Experience Gains (Losses) (\$mil)	Net Liability 2016 (\$mil)	Net Liability 2015 (\$mil)	Change (\$mil)
Group health retirement benefits	1,959.4	541.6	2,501.0	2,363.1	137.9
Group life insurance retirement benefits	121.9	(20.1)	101.8	94.5	7.3
Total	2,081.3	521.5	2,602.8	2,457.6	145.2

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Province's Share of Current Period Costs (\$mil)	Interest Expense on the Liability (\$mil)	Province's Current Period Contributions (\$mil)	Current Period Amortization of Experience Changes (\$mil)	Other Adjustments (\$mil)	Change (\$mil)
Group health retirement benefits	84.5	70.6	(24.1)	6.9	-	137.9
Group life insurance retirement benefits	3.3	3.6	(2.0)	2.6	(0.2)	7.3
Total	87.8	74.2	(26.1)	9.5	(0.2)	145.2

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest related to group health and life insurance retirement benefits for 31 March 2015 amounted to \$84.3 million.

Other Adjustments

Other adjustments include plan amendments of \$0.2 million relating to teachers' life insurance benefits as a result of changes to the Teachers' Pension Plan. See Note 9 for additional information on the changes to the pension plan.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The opening unamortized experience loss of \$69.0 million was increased by \$590.5 million during the year resulting in a closing unamortized experience gain of \$521.5 million. This increase consists of \$581.0 million for new experience gains and amortization of \$9.5 million.

Expected average remaining service life (EARSL) of related employee groups is 12 years.

9. Retirement Benefits – Pensions

Defined Benefits

The defined benefit pension plans provided to employees of the Province are maintained in two funds; the Public Service Pension Plan Fund and the Province of Newfoundland and Labrador Pooled Pension Fund.

Public Service Pension Plan Fund

During 2014-15, the Province signed a Joint Sponsorship Agreement with the five major unions representing unionized members of the Public Service Pension Plan (PSPP). The agreement establishes joint and equal participation in the sponsorship and management of the PSPP via the Public Service Pension Plan Corporation (PSPP Corporation). As a result, changes were made to the *Public Service Pensions Act, 1991* to establish the Public Service Pension Plan Fund. The PSPP Corporation was created to administer the plan and manage the investment of the Fund. The Corporation is an independent, statutory corporation without share capital and is not an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the PSPP and an equal sharing between the Province and plan members in any surpluses and deficits. The *Pensions Funding Act* was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the PSPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the PSPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the *Public Service Pensions Act, 1991* require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the PSPP Corporation, effective 31 March 2015. The promissory note amortizes \$2.685 billion over 30 years at a discount rate of 6%. The payments under this agreement are fixed and shall be made regardless of the funded status of the PSPP. Payments of \$47.0 million are made on a quarterly basis, which equates to equal annual payments of \$195.0 million due to the time value of money. As at 31 March 2016, the balance of the promissory note is \$2.603 billion. The promissory note is included as part of the total net pension liability on the statement of financial position.

As at 31 March 2016, the PSPP has 28,550 participants who contributed \$182.2 million and the plan provided benefits of \$418.1 million to 19,255 pensioners.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are up to 11.85% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available for new employees based on the number of years of pensionable service times 2% of the employee's best six years average salary, and for existing employees, based on the higher of the frozen best average five year earnings or the best

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

average six year earnings. Both new and existing pension benefits are reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 the *Public Service Pensions Act, 1991* was enacted consistent with the two components of the Plan. The Registered component is administered in the PSPP Corporation. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Province of Newfoundland and Labrador Pooled Pension Fund

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for many of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are – the Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 6,798 participants who contributed \$57.0 million as at 31 March 2016 as follows: Teachers' - \$51.9 million, Uniformed Services - \$4.4 million, Members of the House of Assembly - \$0.4 million and Provincial Court Judges' - \$0.3 million.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2016, the plans provided benefits of \$316.6 million to 9,889 pensioners as follows: Teachers' - \$283.6 million, Uniformed Services - \$25.1 million, Members of the House of Assembly - \$7.3 million and Provincial Court Judges' - \$0.6 million. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for all the pension plans noted above. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Teachers' Pension Plan

During 2015-16, the Province and the Newfoundland and Labrador Teachers' Association (NLTA) reached an agreement to sustain the Teachers' Pension Plan (TPP). The agreement establishes joint and equal participation in the sponsorship and management of the TPP via the Teachers' Pension Plan Corporation (TPP Corporation). As a result, changes were made to the *Teachers' Pensions Act, 1991* to establish the Teachers' Pension Plan Fund. The TPP Corporation will be created subsequent to year end to administer the plan and manage the investment of the Fund. The Corporation will be an independent, statutory corporation without share capital and will not be an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the TPP and an equal sharing between the Province and plan members in any surpluses and deficits. The *Pensions Funding Act* was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the TPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the TPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the *Teachers' Pensions Act, 1991* require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the TPP Corporation, effective 31 August 2016 with interest accruing as of 1 September 2015. The promissory note amortizes \$1.862 billion over 30 years at a discount rate of 6%. Equal annual payments of \$135.0 million will begin on 31 August 2016. The payments under this agreement are fixed and shall be made regardless of the funded status of the TPP. As at 31 March 2016, the balance of the promissory note is not reflected as part of the total net pension liability on the statement of financial position as the TPP Corporation has not yet been established.

CONSOLIDATED REVENUE FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)**

In addition to changes to Joint Sponsorship, other plan amendments were effective 01 September 2015. Amendments include an increase in members' contributions to 11.35% of pensionable salary from 9.35%, suspension of indexing for future service and changes to the average pensionable earnings formula. Any active member who terminates employment after 31 August 2016 with less than 24.5 years of credited service shall be eligible to retire at age 62. Amendments to the *Teachers' Pensions Act, 1991* to reflect the terms of the agreement signed by the Provincial Government and NLTA have been approved by the House of Assembly.

The impact of the plan amendment during fiscal 2015-16 resulted in a gain of \$70.2 million.

Contribution and Benefit Formulae**Teachers' Pension Plan**

Employee contributions are 11.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best eight years average salary, plus 2% of the employee's best eight years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 the *Teachers' Pensions Act, 1991* was enacted consistent with the two components of the Plan. The Registered component will be administered in the Teachers' Pension Plan Corporation. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

During 2012-13 the *Uniform Services Pensions Act, 2012* was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 8 February 1999, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009, the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 8 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan used for the extrapolation is 6.0% for the Registered component and 3.70% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Teachers' Pension Plan is 6.50% projected on a long-term basis. The expected rate for the Uniformed Services Pension Plan is 6.50% projected on a long-term basis. The expected rate for the Members of the House of Assembly Pension Plan is 6.50% for the Registered component and 3.70% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Provincial Court Judges' Pension Plan is 6.25% for the Registered component and 3.70% for the Supplementary Employee Retirement component, projected on a long-term basis.

Expected Inflation Rates

The expected inflation rate for all pension plans is 2.50%, changing to 2.25% at 31 March 2016.

Actuarial valuations for accounting purposes are generally completed every three years. The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

<u>Pension Plan</u>	<u>Valuation Date</u>
Public Service	31 December 2015
Teachers'	31 August 2015
Uniformed Services	31 December 2014
Members of the House of Assembly	31 December 2012
Provincial Court Judges'	31 December 2013

Actuarial extrapolations are provided for accounting purposes by the Province's actuaries based on the above dates, with the exception of the Members of the House of Assembly which is based on a draft valuation dated 31 December 2015.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Pension Liability

Details of the pension liability are outlined in the table below.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2016	Net Unfunded Liability 2015	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service	6,038.7	2,881.7	(569.6)	2,587.4	2,599.1	(11.7)
Teachers'	4,806.3	2,884.7	(434.8)	1,486.8	1,373.7	113.1
Uniformed Services	458.1	172.4	(25.5)	260.2	237.7	22.5
Members of the House of Assembly	118.6	21.4	(9.3)	87.9	84.6	3.3
Provincial Court Judges'	25.9	7.9	0.9	18.9	16.5	2.4
Total	11,447.6	5,968.1	(1,038.3)	4,441.2	4,311.6	129.6

Pension Fund Assets are valued at the market value at 31 March 2016 (31 March 2015 – \$6,190.5 million).

As at 31 March 2016, the net unfunded liability of \$4,441.2 million is comprised of the \$2,603.2 million outstanding balance of the promissory note delivered by the Province upon joint sponsorship to address the unfunded liability related to the Public Service Pension Plan and \$1,838.0 million in net unfunded pension liabilities.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Unfunded Portion of Current Period Pension Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service	11.7	91.9	(158.7)	43.4	-	(11.7)
Teachers'	26.3	101.7	(51.7)	107.0	(70.2)	113.1
Uniformed Services	4.5	16.8	(4.4)	5.6	-	22.5
Members of the House of Assembly	2.6	2.9	(6.1)	3.9	-	3.3
Provincial Court Judges'	2.0	0.5	(0.5)	0.4	-	2.4
Total	47.1	213.8	(221.4)	160.3	(70.2)	129.6

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Interest Expense

Pension interest expense is included with interest as debt expenses in the financial statements. Interest expense is comprised of the interest expense on the accrued benefit obligation netted with the interest earned on fund assets as follows:

Pension Plan	Interest Expense on the Accrued Benefit Obligation 2016 (\$mil)	Interest Earned on Fund Assets 2016 (\$mil)	Net Interest Expense 2016 (\$mil)
Public Service	266.6	(174.7)	91.9
Teachers'	311.6	(209.9)	101.7
Uniformed Services Members of the House of Assembly	29.3 4.4	(12.5) (1.5)	16.8 2.9
Provincial Court Judges'	1.0	(0.5)	0.5
Total	612.9	(399.1)	213.8

Pension interest expense for 31 March 2015 amounted to \$315.1 million.

Other Adjustments

Other adjustments include plan amendments of \$70.2 million for increased member contribution rates, changes in eligibility for early retirement and a change in the calculation of future service benefits. The reduction in the obligation due to the benefit changes is recognized immediately in expense, with offsetting recognition of the earliest outstanding net unamortized losses.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Accrued Benefit Obligation

The change in the unamortized experience gains (losses) on the accrued benefit obligation for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses) (\$mil)	New Experience Gains (Losses) (\$mil)	Amortization (\$mil)	Closing Unamortized Experience Gains (Losses) (\$mil)
Public Service	(674.7)	(23.0)	70.4	(627.3)
Teachers'	(418.3)	(88.6)	118.9	(388.0)
Uniformed Services	(43.9)	(3.3)	7.6	(39.6)
Members of the House of Assembly	(20.9)	5.1	4.4	(11.4)
Provincial Court Judges'	(3.0)	2.6	0.5	0.1
Total	(1,160.8)	(107.2)	201.8	(1,066.2)

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fund Assets

The change in the unamortized experience gains (losses) on the fund assets for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses)	New Experience Gains (Losses)	Amortization (Losses)	Closing Unamortized Experience Gains (Losses)
	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service	319.1	(234.4)	(27.0)	57.7
Teachers'	260.2	(295.1)	(11.9)	(46.8)
Uniformed Services	33.4	(17.3)	(2.0)	14.1
Members of the House of Assembly	3.9	(1.3)	(0.5)	2.1
Provincial Court Judges'	1.1	(0.2)	(0.1)	0.8
Total	617.7	(548.3)	(41.5)	27.9

Expected average remaining service life (EARSL) of related employee groups is as follows:

	Expected average remaining service life of related employee groups (EARSL)
Public Service - RPP	11 years
Public Service – SERP	9 years
Teachers'	13 years
Uniformed Services	14 years
Members of the House of Assembly	8 years
Provincial Court Judges'	8 years

Prior Period Adjustment

The Province has restated the unfunded pension liability to account for unprocessed requests for pension benefits. The impact of these unprocessed requests has been estimated by the Province's actuary based on the history of requests processed and taking into consideration the type of outstanding request. These requests when processed would be transferred to the respective pension plan for pension buyback and transfers in from the money purchase pension plan or other reciprocal arrangements. In addition, the Province has restated the unfunded pension liability to account for changes in the valuation of the Supplementary Employee Retirement component of the Public Service Pension Plan (PSPP). Specifically, the expected interest rate for the actuarial valuation was revised from the expected rate of return on the plan assets to the Province's borrowing rate.

These changes have been applied retroactively with restatement resulting in an increase to beginning Net Debt and Accumulated Deficit of \$20.6 million, an increase to the prior year Annual Deficit of \$20.3 million for a combined increase to the unfunded pension liability of \$40.9 million. Actual results may differ from these estimates.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

Other Pension Plan

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 33,827 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by The Great-West Life Assurance Company and at 31 March 2016 assets had a market value of \$340.4 million (31 March 2015 - \$342.3 million). The expense recognized for 31 March 2016 amounted to \$2.4 million (31 March 2015 - \$2.4 million).

10. Current and Capital Account

The annual deficit of \$2,040.1 million (31 March 2015 - deficit of \$1,207.1 million) is comprised of a deficit on the current account of \$1,887.3 million (31 March 2015 - deficit of \$938.3 million) and a deficit on the capital account of \$152.8 million (31 March 2015 - deficit of \$268.8 million). The classification of revenue and expenses between current account items and capital account items follow the classifications as per the Estimates for the purposes of categorizing the annual deficit.

11. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a Crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2016 amounted to \$750.2 million (31 March 2015 - \$339.3 million).

12. Contingent Liabilities

(a) Guaranteed Debt

Guarantees made by the Province as at 31 March 2016 amounted to \$1,461.5 million (31 March 2015 - \$1,516.3 million). In addition, the Province guaranteed the interest thereon. See Schedule G - Guaranteed Debt.

(b) Legal Actions

- (i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.
- (ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Trust Accounts*

a) Office of the Public Trustee

The Province guarantees all sums required to discharge the balances of the Public Trustee as administrator, guardian, trustee, etc. (*Public Trustee Act*). See Schedule I – Trust Accounts.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Supreme Court of Newfoundland and Labrador

The Province guarantees all sums required to discharge the balances of the Supreme Court of Newfoundland and Labrador as administrator, guardian, trustee, etc. (*Judicature Act*). See Schedule I – Trust Accounts.

c) Other Trust Accounts

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule I - Trust Accounts.

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 9.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2016, the Memorial University of Newfoundland Pension Plan had an unfunded pension liability for funding purposes of \$283.4 million (31 March 2015 - \$202.6 million). However, sufficient money currently exists in the Fund for the payment of expenditures as they fall due.

(iii) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was \$21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

CONSOLIDATED REVENUE FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)**

(iv) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has no guarantees issued at 31 March 2016. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling \$4.7 million, of which \$3.3 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule E - Other Liabilities.

(v) *Contaminated Sites*

The Province has identified approximately 185 sites for which environmental liabilities or contamination may exist for assessment, remediation or monitoring. See Note 13 – Contaminated Sites for further details.

In addition, the Province has provided an environmental guarantee to the acquiring entity of North Atlantic Refining Limited (NARL) regarding the oil refinery in Come by Chance. The Province and NARL entered into an environmental agreement on 13 November 2014 which required an environmental site assessment to be completed by NARL. The environmental assessment includes Phase I, Phase II and Phase III assessments and a remediation plan. The environmental assessment process has not yet been completed. Phase I, which included a review of current and historical activities associated with oil refinery, has been completed and approved the Province. Phase II, which included the preliminary collection and analysis of samples, has been completed and is being reviewed by the Province. While Phase III and a remediation plan have not been completed, a preliminary estimate indicates a range of \$34 - \$269 million.

(vi) *Equity Support Agreements – Lower Churchill Project*

The Province has provided a guarantee to the Government of Canada to compensate it for any costs under the Federal Loan Guarantee on the Lower Churchill Project which are triggered by legislative or regulatory actions of the Province. The Province has a separate agreement for each component of the project to guarantee the payment of Nalcor's equity commitments in the event that Nalcor fails to fulfill its commitments.

The project is expected to cost \$11.4 billion, including interest during construction and other capitalized/pre-funded financing costs of \$2.3 billion. The Province had a total equity investment in the project of \$1.6 billion as at 31 March 2016. Also, as at 31 March 2016, the Province had further equity commitments totaling \$3.6 billion related to the project (see Note 14). The project is being financed through the issuance of bonds in the amount of \$5.0 billion and equity contributions of \$6.4 billion.

(vii) *Corner Brook Pulp and Paper Limited (CBPPL)*

In 2014 the Province signed an agreement with CBPPL which states that in the event of the closure of the Corner Brook Mill, the Province has agreed to purchase the power assets and water rights. The purchase price is dependent upon the timing of the closure of the Corner Brook Mill, and could range from \$99.3 million to the greater of \$200.0 million or the fair market value of the purchased assets, less any monies owing to the Province in relation to the loan agreement with CBPPL.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Contaminated Sites

There are a number of sites throughout the Province which are considered potentially contaminated sites. The liability reflects the Province's best estimate of the amount required to remediate the sites to the current minimum standards for its use prior to contamination. As some of these sites are not yet fully assessed and contamination has not yet been determined or a detailed remediation plan has not been developed, no liability has been recognized. Studies are ongoing to assess the nature and extent of damage and to develop remediation plans, if necessary.

The Province has identified approximately 185 sites for which environmental liabilities may exist for assessment, remediation or monitoring. Of these, eleven were identified as sites where action is possible and for which a liability was recorded. As at 31 March 2016, a total liability for contaminated sites of \$109.2 million (31 March 2015 – \$96.1 million) has been recorded (see Schedule E – Other Liabilities). Of this, \$104.7 million relates to a liability for remediation of former mining sites. The Province has completed a partial remediation program at these sites, focused on the removal of buildings and infrastructure, designed to address safety hazards. The remaining contaminated sites liability of \$4.5 million is mainly related to Petroleum Hydrocarbon (PHC) impacts. The liability reflects the present value of estimated future cash flows, where applicable, with total undiscounted expenditures of \$508.6 million present valued at a discount rate of 6.35%.

The remainder of the sites are not liabilities as they are active and absent of an unexpected event; the impacts on the site do not exceed the applicable standards; the Province is not responsible for remediation; or it is not anticipated that remediation will occur. Upon identification of new contaminated sites or changes in the assessments of currently known sites, additional liabilities or disclosures may be recognized.

14. Contractual Obligations

Contractual obligations to outside organizations in respect of contracts entered into before 31 March 2016 consists of:

	31 March 2016 (\$mil)	31 March 2015 (\$mil)
Lower Churchill Project	3,578.0	1,658.0
Capital projects	262.3	477.0
Provincial policing agreement	152.5	150.9
Oil and Gas	149.6	217.6
Economic development	84.2	113.1
Lease payments	45.4	45.2
Ferry services	36.0	33.5
Information technology services	32.0	33.4
Road maintenance	25.0	30.2
Residential services	17.7	27.8
Telephone services	14.5	1.2
Other projects	2.3	12.5
Building maintenance	-	3.7
Total: Contractual Obligations	4,399.5	2,804.1

These contractual obligations will become liabilities and expenses of the Consolidated Revenue Fund when the terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

CONSOLIDATED REVENUE FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)**

15. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available.

Some examples of where measurement uncertainty exists are as follows:

- (i) The nature of uncertainty for the accrual of retirement benefits, the allowance for guaranteed debt, and the accrual of self-insured workers' compensation benefits arises as actual results may differ significantly from the Province's assumptions about plan members and economic conditions in the marketplace.
- (ii) The accruals for environmental remediation obligations are uncertain because the actual extent of the remediation activities, methods, and site contamination may differ significantly from the Province's original remediation plans.
- (iii) Revenues from sales taxes, income taxes, oil royalties, Canada Health Transfer, and Canada Social Transfer are uncertain due to differences between the estimated and actual economic performance and other assumptions used to accrue these revenues. The tax revenues under the federal-provincial fiscal arrangements attributable to the year can change as a result of reassessments in subsequent years. The variability of the final amounts attributable to the year cannot be reasonably determined.

16. Comparatives

Certain of the 31 March 2015 financial statement figures and related schedules have been restated to be consistent with the 31 March 2016 statement presentation.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Cash Requirements

The following summarizes the actual cash requirements, borrowings and utilization of the borrowings in excess of cash requirements for the year ended 31 March 2016. The total borrowing contribution has been adjusted for the modifications to the cash basis of accounting to arrive at the cash requirement. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2016 for further information on the calculation of the Total Borrowing Contribution (Requirement) of \$(2,604.9) million noted below.

	31 March 2016 (\$mil)	31 March 2015 (\$mil)
Total Borrowing Contribution (Requirement)	(2,604.9)	(1,031.1)
Add (Deduct):		
Treasury bill borrowing repayments	(8,889.9)	(3,604.7)
Temporary investments 1 April 2015	-	149.0
Writeback expenditure - 2016	228.5	348.0
Writeback expenditure - 2015	(348.0)	(367.1)
Writeback revenue - 2016	(19.5)	(24.2)
Writeback revenue - 2015	24.2	8.3
Special purpose funds	(0.8)	-
Contractors' holdback funds	9.4	(4.9)
Prior year's expenditure cheques recovered	0.7	0.1
Other Adjustments	(12.1)	8.8
Total: Cash Requirements	<u>(11,612.4)</u>	<u>(4,517.8)</u>
Borrowings:		
Treasury bill borrowings	10,203.9	3,890.4
General Debentures borrowings	2,385.0	500.0
Increase (Decrease) in cash balance (overdraft)	976.5	(127.4)
Total: Borrowings	<u>11,612.4</u>	<u>4,517.8</u>
Temporary Investments 31 March	<u>-</u>	<u>-</u>

18. Original Budget

Certain amounts in the 2015-16 Budget shown for comparative purposes were prepared on the accrual basis.

The primary focus of the accrual budget information presented in the 2015-16 Budget Speech was to adhere to the more general format of the Consolidated Statement of Operations in the Public Accounts Consolidated Summary Financial Statements. The details of the budgeted revenue and expense items that comprised the annual deficit amount of \$1,057.5 million (consistent with the more detailed format of the Revenue and Expense by Sector as detailed in Schedule K) were not disclosed in the 2015-16 Budget Speech but rather were obtained from internal documentation used to calculate the budgeted surplus disclosed in the 2015-16 Budget Speech. In addition, an amount for Net Debt was also obtained from internal documentation.

In arriving at the original estimate figures on the Statement of Operations, implicit costs associated with the acquisition of tangible capital assets, which were eliminated from these items, were estimated based on a reasonable allocation methodology.

CONSOLIDATED REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Change in Government Structure

Under section 5 and 17 of the *Executive Council Act*, government departments were reorganized effective 1 April 2015. Pursuant to Cabinet direction and under section 20 of the *Financial Administration Act*, the new financial structure for the departments commenced for the 2015-16 fiscal year. The comparative figures have been restated to reflect this new departmental structure.

20. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable As at 31 March 2016 with comparative figures for 2015

	2016	2015
	(\$000)	(\$000)
Accounts Receivable:		
Offshore royalties	78,340	142,243
Newfoundland Labrador Liquor Corporation	75,600	67,310
Social assistance overpayments	49,556	43,542
Court fines	39,680	38,544
Miscellaneous/other receivables	24,358	28,502
Student loans	14,972	16,787
Nalcor Energy	8,956	17,086
Rent and other royalties/permits to occupy	5,148	4,769
Reciprocal billings - medical services	3,830	5,550
Accrued interest receivable	2,825	1
Amounts due as a result of Constituency Allowance review	2,723	2,742
Atlantic Lottery Corporation Incorporated	1,965	3,864
Due from municipalities	1,789	2,946
Workplace, Health, Safety and Compensation Commission	1,650	2,891
Accident recovery claims	768	338
Medical care plan audit recoveries	732	481
Province of Newfoundland and Labrador Pooled Pension Fund	690	865
Fees and licences	653	652
Travel advances	38	54
Total: Accounts Receivable	314,273	379,167
Taxes Receivable:		
Mining and mineral rights tax	48,612	17,918
Gasoline tax	15,878	16,410
Tobacco tax	13,968	12,128
Health and post secondary education tax	13,463	11,298
School tax	9,129	9,197
Insurance companies tax	5,480	4,989
Corporate income tax	3,936	8
Sales tax	1,614	24,738
Miscellaneous/other taxes	258	105
Corporate capital tax	-	1,034
Total: Taxes Receivable	112,338	97,825
Total: Accounts and Taxes Receivable	426,611	476,992

NOTE

The allowance for doubtful accounts for 31 March 2016 is \$89.5 million (31 March 2015 - \$82.1 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Loans, Advances and Mortgages Receivable
As at 31 March 2016
with comparative figures for 2015**

	<u>2016</u> (\$000)	<u>2015</u> (\$000)
Crown Agencies:		
C.A. Pippy Park Commission	250	250
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Student Loan Corporation	<u>1,804</u>	<u>21,804</u>
Total: Crown Agencies	<u>8,873</u>	<u>28,873</u>
Commercial Loans:		
6574262 Canada Inc.	500	500
A. L. Stuckless & Sons Limited	1,217	1,217
Afinin Lab Inc.	30	30
Atlantic Canada Regional Adventure Fund Limited Partnership	4,235	2,202
Blue Drop Inc.	500	500
Blue Ocean Satellite Systems Inc.	203	221
Canada Fluorspar (NL) Inc.	637	637
Clear Risk Inc.	420	420
Corner Brook Pulp and Paper Limited	99,269	94,960
D.F. Barnes Fabrication Limited	500	500
Desire2Learn Incorporated	674	674
Doyle, James & Sons Ltd.	771	771
Eastern Composite Services Inc.	212	85
Shell-Ex (formerly known as Eastern Star Group Canada Inc.)	150	500
Gavijo Innovations	15	15
Goodfellow Inc.	38	237
Holson Forest Products Ltd.	7,419	7,419
Hughes, Vincent	50	50
IC Spa Products Inc.	183	183
Icewater Harvesting Inc.	1,750	2,000
Island Seafoods Products Limited	125	125
Keats, Eric	102	102
Koby Seat Inc.	9	9
Marwood Ltd.	1,149	1,624
Mediclink Systems Limited	58	58
Mike Butland Fisheries	134	-
MyTechSupport.com Limited	20	20
MyTelescope.com Inc.	315	315
Newfoundland and Labrador Mobile Shelters Limited	500	340

CONSOLIDATED REVENUE FUND

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2016	2015
	(\$000)	(\$000)
Commercial Loans:		
Other Ocean Group Inc.	781	781
Phocalux International Inc.	824	-
Procom Data Services	127	134
Pumphrey, Gerry	537	537
ROINS Financial Services Limited	4,005	3,000
Rocket City Studios Canada Inc. (formerly Bit Trap Studios Canada Inc.)	-	150
Saunders, Ralph	61	61
Seacraft Limited	68	68
Seaward, Alphonsus	99	99
Sexton Lumber Ltd.	1,573	1,636
Short, William	262	262
Silk Stevens (NLL) Limited	103	103
Superior Waterproof Coatings NF & LB Inc.	154	154
Sweet, Roy	59	59
Terra Nova Marine Co. Ltd.	400	400
Uncle Phil's Think Tank Inc.	75	75
Verafin Inc.	2,504	975
Virtual Marine Technology	991	991
Wilson, Ronald & Curtis, Kevin	354	354
Total: Commercial Loans	<u>134,162</u>	<u>125,553</u>
Municipalities	<u>630</u>	<u>630</u>
Total: Other Organizations	<u>630</u>	<u>630</u>
Sub-Total: Loans, Advances and Mortgages Receivable	143,665	155,056
Less: Discounts due to concessionary terms - note 3	<u>(9,421)</u>	<u>(9,222)</u>
Total: Loans, Advances and Mortgages Receivable	<u><u>134,244</u></u>	<u><u>145,834</u></u>

NOTES

1. Interest Rates and Loan Terms

Interest rates on loans range from non-interest bearing to 14% and are repayable over terms not exceeding twenty-five years.

2. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2016 is \$8.6 million (31 March 2015 - \$6.8 million).

3. Discounts Due to Concessionary Terms on Loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Investments
As at 31 March 2016
with comparative figures for 2015**

Description of Investment	Balance 31 March 2016		2015	
	Net Additions (\$000)	No. of Shares	Cost (\$000)	Cost (\$000)
Preferred Shares:				
Atlantic Ocean Farms Limited - Class A, redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class B	-	5,000	500	500
Burton's Cove Logging and Lumber	-	76	3,818	3,818
Cold Ocean Salmon Inc. - Class A	-	10,000	10,000	10,000
Country Ribbon Inc.	-	4,500	4,500	4,500
Gray Aqua Group Ltd. - Class A	-	4,826,836	4,827	4,827
Newfoundland Aqua Services Ltd. - redeemable	-	2,000,000	2,000	2,000
Northern Harvest Sea Farms Newfoundland Ltd.	408	8,607,792	8,608	8,200
Orphan Industries Limited - Class B	(290)	29,100	-	290
Pixecur Technologies Inc. - redeemable	-	4,000	400	400
Sexton Lumber Co. Ltd.	-	5,000	500	500
Shell-Ex - Class A	350	350	350	-
Total: Preferred Shares Investments	468		35,793	35,325
Common Shares:				
ACF Equity Atlantic Inc.	-	2,390,000	2,203	2,203
ACZEN Innovations Inc. - Class A	-	1,763	176	176
Adfinitum Networks Inc.	-	3,300	330	330
Atlantic Lottery Corporation Inc.	-	1	-	-
Consilient Technologies Corporation - Class B	-	568,182	500	500
Dockside Appetizers Ltd. - Class B	-	310	31	31
Dynamic Air Shelters Ltd. - Class B	(197)	428,492	231	428
First Choice Vision Centre Limited - Class B	(40)	4,537	371	411
Hurley Slate Works Company Inc. - Class B	-	400	400	400
Inter-Provincial Lottery Corporation - Class B	-	1	-	-
iSYS Intelligent Systems Solutions - Class F	-	986	98	98
Jackman Brand Marketing Inc. - Class B	-	1,250	125	125
Manitoba Telecom Services Inc.	-	126	-	-
Marble Mountain Development Corporation	-	500	-	-
Marine Industrial Lighting Systems	-	5,000	500	500
MedicLink Systems Ltd. - Class A	-	3,517	352	352
Municipal Assessment Agency	-	1	-	-
Nalcor Energy Corporation	-	122,500,018	110,187	110,187
NavSim Technologies	-	5,000	500	500
Newfound Genomics Inc.	-	5,000	500	500
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Immigrant Investor Fund Ltd.	-	3	-	-

CONSOLIDATED REVENUE FUND

INVESTMENTS (continued)

Description of Investment	Balance 31 March 2016		2015	
	Net Additions (\$000)	No. of Shares	Cost (\$000)	Cost (\$000)
Common Shares:				
Newfoundland Hardwoods Limited	-	253	25	25
Newfoundland Ocean Enterprises Limited	-	3	3	3
Newlab Clinical Research Inc. - Class A	-	5,000	484	484
Northern Radar Inc. - Class C	-	3,749	375	375
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
Solace Power Inc. - Class D	-	1,401	140	140
Trans Ocean Gas Inc.	-	18,000	90	90
Total: Common Shares Investments	<u>(237)</u>		<u>117,621</u>	<u>117,858</u>
Non-Share Equity:				
Nalcor Energy Corporation	760,000	-	2,149,168	1,389,168
Newfoundland and Labrador Housing Corporation	-	-	62,852	62,852
Newfoundland and Labrador Venture Capital Fund	-	-	1,820	-
Total: Non-Share Equity Investments	<u>760,000</u>		<u>2,213,840</u>	<u>1,452,020</u>
Sub-Total: Investments	760,231		2,367,254	1,605,203
Less: Discounts due to concessionary terms - note 2	-		(561)	(501)
Total: Investments	<u><u>760,231</u></u>		<u><u>2,366,693</u></u>	<u><u>1,604,702</u></u>

NOTES

1. Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2016 is \$10.2 million (31 March 2015 - \$9.9 million).

2. Discounts Due to Concessionary Terms on Investments

The discounts due to concessionary terms on investments are the portion of the investments that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreement.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Tangible Capital Assets
As at 31 March 2016
with comparative figures for 2015**

Category	Original Cost			Accumulated Amortization			Net Book Value 31 March 2016	Net Book Value 31 March 2015	
	Balance 31 March 2015	Additions 2016	Disposals 2016	Balance 31 March 2016	Balance 31 March 2015	Amort. Net of Disposals 2016			
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	
Buildings	1,511.6	48.0	-	1,559.6	655.5	36.9	692.4	856.1	
Marine vessels and aircraft	244.8	94.8	-	339.6	81.2	11.9	93.1	163.6	
Equipment and machinery	193.0	6.2	2.4	196.8	123.2	9.7	132.9	69.8	
Infrastructure	4,735.2	107.3	-	4,842.5	3,743.1	77.5	3,820.6	992.1	
Computer software	107.5	5.6	-	113.1	74.1	9.8	83.9	33.4	
Sub-total	<u>6,792.1</u>	<u>261.9</u>	<u>2.4</u>	<u>7,051.6</u>	<u>4,677.1</u>	<u>145.8</u>	<u>4,822.9</u>	<u>2,228.7</u>	<u>2,115.0</u>
Work in progress				<u>411.7</u>				<u>411.7</u>	<u>456.2</u>
Total				<u>7,463.3</u>				<u>2,640.4</u>	<u>2,571.2</u>

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets. Fully amortized tangible capital assets are recorded at gross cost and accumulated amortization.

2. Work in Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. The Province currently has a number of projects under construction or development with a total for 31 March 2016 of \$411.7 million (31 March 2015 - \$456.2 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of \$261.9 million include \$162.1 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of \$117.6 million less disposals of nil for 2015-16.

CONSOLIDATED REVENUE FUND

TANGIBLE CAPITAL ASSETS (continued)

3. Accumulated Amortization

The \$145.8 million change in accumulated amortization from the prior year, as reported in the Tangible Capital Asset schedule, consists of amortization expense of \$148.1 million less accumulated amortization on assets disposed of in the year in the amount of \$2.3 million.

The \$128.3 million change in accumulated amortization as at 31 March 2015 consisted of amortization expense of \$132.3 million less accumulated amortization on assets disposed of in the year in the amount of \$4.0 million.

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

TANGIBLE CAPITAL ASSETS (continued)

7. Leased Assets

The gross amount of leased tangible capital assets is \$27.6 million (31 March 2015 - \$27.6 million), amortization expense is \$0.7 million (31 March 2015 - \$0.8 million), and accumulated amortization is \$16.3 million (31 March 2015 - \$15.6 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled Abitibi-Consolidated Rights and Assets Act, to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Nalcor Energy to manage and operate the hydro electricity generating assets on behalf of the Province, the intent is to transfer these assets to Nalcor Energy or Newfoundland and Labrador Hydro. Nalcor Energy is operating these electricity generating assets on a cost recovery basis, and with revised power purchase rates now applying to these facilities. As the value of the electricity generating assets expropriated, and their ultimate use, have not been determined, any payments related to subsection 10.(2) of the Act have been recorded as tangible capital assets. \$144.7 million, net has been recorded as the cost of the electricity generating assets for the fiscal year ended 31 March 2016 and are included in the infrastructure category. As the value of the non-electricity generating assets expropriated, and their ultimate future use have not been determined, they have been recorded as tangible capital assets at a nominal amount.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities As at 31 March 2016 with comparative figures for 2015

	2016	2015
	(\$000)	(\$000)
Taxes payable	456,259	369,524
Due to Government of Canada - note 1	296,546	313,275
Accounts payable write-backs	228,538	348,041
Accrued salaries and employee benefits - note 2	191,039	168,435
Accrued interest	166,921	144,791
Contaminated sites	109,204	96,104
Due to municipalities	47,656	65,640
Self-insured workers' compensation benefits - note 3	43,996	42,773
Offshore royalties	33,445	38,020
Capital leases - note 4	22,320	24,086
Contractors' holdbacks	19,049	28,479
Physician services	15,551	13,720
Atlantic Lottery Corporation Incorporated	11,068	14,758
Reciprocal billing - hospital services payable	10,873	10,289
Special purpose funds - note 5	9,145	8,373
Accounts payable - other	3,650	23,372
Provision for student loan debt reduction	3,301	5,502
Total: Other Liabilities	1,668,561	1,715,182

NOTES

1. Due to Government of Canada

This amount is comprised of \$271.2 million for an Equalization loan (31 March 2015 - \$271.2 million), \$18.1 million for an RCMP payable (31 March 2015 - \$17.4 million), nil for Equalization overpayments (31 March 2015 - \$15.1 million), \$7.2 million for a Federal program (31 March 2015 - \$5.6 million) and nil for Health and Social transfer overpayments (31 March 2015 - \$4.0 million).

2. Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consists of \$90.7 million for severance (31 March 2015 - \$88.4 million), \$75.9 million for leave and other employee benefits (31 March 2015 - \$68.3 million) and \$24.4 million for salaries (31 March 2015 - \$11.7 million).

3. Self-Insured Workers' Compensation Benefits

The amount of \$44.0 million relates to the self-insured workers' compensation benefits liability as at 31 March 2016 (31 March 2015 - \$42.8 million). During the 2013-14 fiscal year, an actuarial valuation as of 31 December 2013, with disclosures as at 31 March 2016, was obtained for the Province's self-insured workers' compensation benefits.

4. Capital Leases

Interest rates for all capital leases range from non-interest bearing to 16.00% and have repayment schedules ranging in duration from 11 months to 9 years.

5. Special Purpose Funds

Included in this schedule are funds totalling \$9.1 million (31 March 2015 - \$8.4 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the Financial Administration Act, appropriations are not required for these payments.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Debenture and Other Debt
As at 31 March 2016
with comparative figures for 2015**

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency (\$000)	Sinking Fund Balance (\$000)	Amount Issued or Outstanding		Notes
						2016 (\$000)	2015 (\$000)	
General Debentures:								
AG	01 Jun. 1989	01 Jun. 2019	9.00	(150,000U.S.)	200,268	194,805	189,990	1(a)
AH	01 Jun. 1990	01 Jun. 2020	9.88	(150,000U.S.)	60,195	194,805	189,990	1(a)
AJ	29 Nov. 1990	01 Dec. 2020	10.00	(150,000U.S.)	57,731	194,805	189,990	1(a)
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892	1(a)
AK	17 Oct. 1991	15 Oct. 2021	9.00	(200,000U.S.)	70,197	259,740	253,320	1(a)
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000U.S.)	63,786	259,740	253,320	1(a)
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000U.S.)	87,726	259,740	253,320	1(a)
6B	07 Jul. 1995	07 Jul. 2025	9.15		29,452	100,000	100,000	1(a)
6C	05 Feb. 1996	05 Feb. 2026	8.45		42,363	150,000	150,000	1(a)
6F	17 Apr. 1998	17 Apr. 2028	6.15		133,141	450,000	450,000	1(a)
6H	27 Jul. 1999	17 Oct. 2029	6.50		58,200	200,000	200,000	1(a)
6K	30 Jun. 2000	17 Oct. 2030	6.55		117,966	450,000	450,000	1(a)
6R	12 Jun. 2003	17 Oct. 2033	5.60		62,490	300,000	300,000	1(a)
6T	21 Sep. 2004	17 Oct. 2035	5.70		55,437	300,000	300,000	1(a)
6U	28 Nov. 2006	17 Apr. 2037	4.50		61,305	350,000	350,000	1(a)
6V	15 May 2007	17 Oct. 2040	4.65		95,780	650,000	650,000	1(a)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		23,376	250,000	250,000	1(a)
6W	18 Mar. 2015	02 Jun. 2025	2.30		-	850,000	500,000	1(b)
6X	24 Jul. 2015	17 Oct. 2046	3.30		-	700,000	-	1(a)
6Y	15 Jan. 2016	30 Jan. 2019	1.13		-	235,000	-	1(a)
6Z	18 Mar. 2016	02 Jun. 2026	3.00		-	600,000	-	1(a)
7A	24 Mar. 2016	24 Mar. 2021	1.75		-	500,000	-	1(a)
Total: General Debentures					<u>1,219,413</u>	<u>7,596,527</u>	<u>5,177,822</u>	
Other:								
Treasury bill borrowings					-	<u>2,092,446</u>	<u>778,476</u>	1(c)
Total: Other					-	<u>2,092,446</u>	<u>778,476</u>	

CONSOLIDATED REVENUE FUND

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance (\$000)	Amount Issued or Outstanding	
					2016 (\$000)	2015 (\$000)
Government of Canada and Other:						
Canada Pension Plan Investment Fund						
Debentures - note 1(d)						
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293 to 3A-303	02 Apr. 1999 to 03 Mar. 2000	02 Apr. 2019 to 03 Mar. 2020	5.89 to 7.02	-	35,282	35,282
3A-304 to 3A-314	01 Apr. 2000 to 02 Mar. 2001	01 Apr. 2020 to 02 Mar. 2021	6.41 to 6.90	-	42,645	42,645
3A-315 to 3A-326	01 Apr. 2001 to 01 Mar. 2002	01 Apr. 2021 to 01 Mar. 2022	6.38 to 6.85	-	52,376	52,376
3A-327 to 3A-337	01 Apr. 2002 to 01 Mar. 2003	01 Apr. 2022 to 01 Mar. 2023	5.88 to 6.61	-	52,104	52,104
3A-338 to 3A-347	05 Apr. 2003 to 01 Mar. 2004	05 Apr. 2023 to 01 Mar. 2024	5.41 to 6.15	-	50,738	50,738
3A-348 to 3A-356	02 Apr. 2004 to 02 Jan. 2005	02 Apr. 2024 to 02 Jan. 2025	5.36 to 5.92	-	47,146	47,146
3A-357 to 3A-359	01 Apr. 2005 to 03 Jun. 2005	01 Apr. 2025 to 03 Jun. 2025	4.91 to 5.34	-	23,987	23,987
Total: Canada Pension Plan Investment Fund Debentures				-	306,105	306,105
Harbour Lodge - see note 1(e)				-	290	326
Sun Life Assurance Company of Canada - see note 1(f)				-	76,382	81,274
Total: Other				-	76,672	81,600
Total: Government of Canada and Other				-	382,777	387,705
Total: Debenture and Other Debt				1,219,413	10,071,750	6,344,003
Current portion of Debenture and Other Debt					2,097,807	783,405
Long-term portion of Debenture and Other Debt					7,973,943	5,560,598
					10,071,750	6,344,003

DEBENTURE AND OTHER DEBT (continued)

NOTES

1. Details of Debt Issues

- a) Non-callable.
- b) Non-callable. During the year, general debenture 6W was reopened and \$350.0 million was issued on 3 March 2016.
- c) This amount represents the net proceeds from the sale of \$2,092.4 billion discounted treasury bills with maturity dates ranging from 4 April 2016 to 17 August 2016 and interest rates ranging from 0.55% to 0.70%.
- d) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund from March 1999 to June 2005. Commencing July 2005, Canada Pension Plan borrowings have not been rolled over and have been allowed to mature.
- e) This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended installments of principal and interest, at an interest rate of 7.875%, maturing 1 December 2021.
- f) Sun Life Assurance Company of Canada represents the secured creditors of the Exploits River Hydro Partnership and the Star Lake Hydro Partnership per Section 10.(2) of the Abitibi Consolidated Rights and Assets Act. The secured creditors of the Exploits River Hydro Partnership include Industrial Alliance Life Insurance, Manufacturers Life Insurance Company of Canada and Sun Life Assurance Company of Canada. This loan is repayable in blended quarterly installments of principal and interest, at an interest rate of 7.552%, maturing 31 December 2028. The secured creditors of the Star Lake Hydro Partnership include Sun Life Assurance Company of Canada, Industrial Alliance Life Insurance, Canada Life Assurance Company, Standard Life Assurance Company of Canada and Manufacturers Life Insurance Company of Canada. This loan is repayable in blended monthly installments of principal and interest, at an interest rate of 9.20%, maturing 1 April 2023.

2. Sinking Fund Balance

See note 5 of the Notes to the Financial Statements.

CONSOLIDATED REVENUE FUND

DEBENTURE AND OTHER DEBT (continued)

3. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, sinking funds and unamortized premiums, discounts and issuance fees as at 31 March 2016 are noted below. Refer to note 6 of the Notes to the Financial Statements for further details.

Major Currencies	Foreign Borrowings (\$000)	Exchange Rate	Canadian (\$000)	Unamortized Foreign Exchange Gains/(Losses) and Unamortized Premiums/ Discounts and Issuance Fees (\$000)	Net (\$000)
U.S.	1,050,000	1.2987	1,363,635	(123,486)	1,240,149
Canadian			<u>8,708,115</u>	-	<u>8,708,115</u>
	Sub-total		10,071,750	(123,486)	9,948,264
	Foreign sinking funds		(539,903)	51,429	(488,474)
	Canadian sinking funds		<u>(679,510)</u>	-	<u>(679,510)</u>
	Sub-total		<u>8,852,337</u>	(72,057)	8,780,280
	Unamortized premiums and discounts and issuance fees			<u>(90,765)</u>	<u>(90,765)</u>
	Total			<u>(162,822)</u>	<u>8,689,515</u>

4. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments, by major currency, in Canadian dollars are as follows. The total contributions and repayment requirements differ from the total debt outstanding due to reconciling items such as foreign exchange adjustments between 31 March 2016 and the maturity dates, and projected adjustments for sinking fund values at maturity.

	U.S. (\$000)	Canadian (\$000)	Total (\$000)
2016-2017	6,494	2,135,245	2,141,739
2017-2018	6,494	43,270	49,764
2018-2019	6,494	280,610	287,104
2019-2020	6,494	79,624	86,118
2020-2021	229,208	587,596	816,804
2021-2047	<u>427,640</u>	<u>3,683,060</u>	<u>4,110,700</u>
	<u>682,824</u>	<u>6,809,405</u>	7,492,229
Plus: Sinking Fund Values at Maturity			3,288,236
Less: Sinking Fund Contributions			<u>(708,715)</u>
			<u>10,071,750</u>

The foreign exchange loss which has been realized on the Statement of Operations is \$9.8 million.

DEBENTURE AND OTHER DEBT (continued)

5. Interest Expense

The gross interest expense associated with debenture and other debt, recognized for 31 March 2016, amounted to \$397.7 million (31 March 2015 - \$355.1 million).

6. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2016 would result in an increase/decrease in foreign borrowings of \$10.5 million (31 March 2015 - \$10.5 million).

7. Related Sinking Fund Investments

At year end, the Province held \$526.2 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2015 - \$450.1 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of \$350.8 million in Canadian investments and \$175.4 million in US investments.

8. Debt Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt As at 31 March 2016 with comparative figures for 2015

	Limit of Guarantee (\$000)	Contingent Liability	
		2016 (\$000)	2015 (\$000)
Guaranteed Debentures - note 7:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	89	89	86
Harbour Breton	213	213	206
Harbour Grace	149	149	145
Placentia	85	85	83
Wabana	23	23	22
	559	559	542
Crown Corporations - note 2:			
Eastern Regional Health Authority	114,613	114,613	116,158
Newfoundland and Labrador Hydro Electric Corporation	1,135,940	1,135,940	1,116,112
Newfoundland and Labrador Municipal Financing Corporation	12,414	12,414	18,089
	1,262,967	1,262,967	1,250,359
Guaranteed Bank Loans - note 7:			
Crown Corporations:			
Labrador-Grenfell Regional Health Authority	10,000	-	4,970
Marble Mountain Development Corporation	2,100	1,744	714
	12,100	1,744	5,684
Fisheries - note 3:			
70354 Newfoundland and Labrador Limited	191	191	215
AAG Enterprises Inc.	20	20	41
A.J. Rodgers & Sons Limited	277	277	347
Adam Crocker	184	184	203
Aiden Power and Leonard Mooney	158	158	175
Allister Russell and Wade Russell	960	960	1,040
Alychan Enterprise Limited	1,020	1,020	1,020
Anchor Point Enterprises Limited	1,145	1,145	1,170
Andrew Daley Limited	77	77	116
Ashco Fishing Limited	261	261	190
Ashley Enterprises Limited	131	131	150
Ashley's Pride Enterprises Limited	207	207	268
Atlantic Blue Fin Limited	-	-	294
Atlantic Providence Inc.	2,244	2,244	2,431
B & O Enterprises Ltd.	822	822	832

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2016	2015
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
B & R Genge Company Limited	139	139	279
B & R Mariner Fisheries Limited	146	146	256
B.A.D.S. Fisheries Limited	167	167	208
BNB Morey Fisheries Limited	50	50	198
Bears Cove Fisheries Limited	975	975	1,125
Billy and David Greenham	2,387	2,387	2,047
C & L Harvesting Limited	-	-	2,033
CJ Fisheries	149	149	198
Campbell Fisheries Limited	36	36	108
Cecil Ward Limited	516	516	555
Christopher Gerard Melvin	494	494	-
Clarke & Sons Fishing Limited	-	-	2,382
Colcor Fisheries Limited	260	260	-
D & A Fisheries Limited	840	840	-
Dempster's Fisheries Limited	918	918	1,058
Donald Spence	212	212	226
Drover's Sea Harvesting Limited	77	77	154
Dwight Russell Enterprises Limited	480	480	540
E & E Fisheries Limited	424	424	508
Fabian Hobbs	148	148	-
Frazer Scanlon	47	47	53
G & D Fisheries Limited	207	207	276
G & L Fisheries Incorporated	793	793	-
G B Dalton Enterprise Ltd.	212	212	231
G W R Fisheries Limited	-	-	206
Garrett Mulrooney	486	486	516
Genge, Theodore	670	670	720
Glenn Petten	497	497	538
Greenspond Fisheries Limited	-	-	30
Gregory D Piercey	505	505	-
Haily Bear Enterprises Limited	1,301	1,301	1,454
Harbourview Fishing Corporation	1,590	1,590	1,683
Hicks Fisheries Limited	175	175	204
J & K Frampton Enterprises Limited	315	315	315
Janica II Enterprise Limited	736	736	797
Jeffery Jones Fisheries Limited	500	500	-
John W. Brazil	239	239	258
Jolly T Fisheries Inc.	510	510	553
Jones, Richard	144	144	168
Kailey Venture Limited	229	229	323
Keith Bowen	875	875	296
L.S.J. Fisheries Limited	1,087	1,087	1,165
Larry Roche	244	244	266
Leyte, Melvin	78	78	157
Long Haul Ltd. (formerly Daley, Gary)	119	119	159

CONSOLIDATED REVENUE FUND

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2016	2015
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries - note 3:			
Nautical Nancy Limited	285	285	332
Noonan Enterprise Limited	2,349	2,349	2,480
North Queen Limited	829	829	995
Northern Auk Fisheries Limited	510	510	553
Northern Provider Limited	261	261	516
Ocean Surfer Limited	980	980	349
Olivic Fisheries Ltd.	-	-	1,213
P & G Sea Harvestors Limited	1,131	1,131	-
Penney's Fisheries Limited	39	39	111
Piercey's Fishing Enterprises Limited	-	-	145
RB Fisheries Limited	925	925	734
Rainbow Venture Inc.	213	213	247
Richard and Melanie Marsh	104	104	112
Ryan, Randy and Lisa and Sea Surfer Enterprises Ltd.	14	14	29
Salt Water Foam Company Limited	-	-	27
Samuel and Juanita Morris	243	243	317
Shannon & Trevor Fisheries Limited	1,360	1,360	1,620
Shelco Fisheries Limited	600	600	930
Shirley Ann D. Enterprises Ltd.	1,212	1,212	1,305
Southside Fisheries Ltd.	1,008	1,008	1,120
Straits Venture Inc.	186	186	224
T & C Fisheries Ltd.	180	180	210
TJL Enterprises Limited	97	97	262
Trina and Sons Ltd.	139	139	190
Vince Petten	629	629	681
Ward, Cecil	67	67	101
Wayne Sterling Morgan	206	206	234
Woodworth Fisheries Limited	1,040	1,040	1,170
	<u>42,281</u>	<u>42,281</u>	<u>46,942</u>
Aggregate Limit & Contingent Amount	<u>72,706</u>	<u>72,706</u>	<u>75,241</u>
Corporate:			
Fogo Island Co-operative Society Limited	1,500	-	-
Stephenville Airport Corporation	900	719	486
Torngat Fish Producers Co-op Society Limited	600	-	967
	<u>3,000</u>	<u>719</u>	<u>1,453</u>
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Expenses	200	-	-
	<u>200</u>	<u>-</u>	<u>-</u>

GUARANTEED DEBT (continued)

	Limit of Guarantee (\$000)	Contingent Liability	
		2016 (\$000)	2015 (\$000)
Other Guarantees:			
Crown Corporations:			
Newfoundland and Labrador Immigrant Investor Fund Limited - note 4	153,194	153,194	211,312
	<u>153,194</u>	<u>153,194</u>	<u>211,312</u>
	<u>1,474,301</u>	<u>1,461,464</u>	<u>1,516,292</u>

NOTES

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less down payment and less any receipted Provincial subsidy.

Contingent Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province would be liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee.

2. Debenture Issues with Sinking Funds

Corporations for which guarantees are presented net of sinking funds values:

	Principal Amount of Debentures Outstanding (\$000)	Accrued Interest (\$000)	Value of Sinking Fund (\$000)	Contingent Liability (\$000)
Eastern Regional Health Authority				
- Canadian Funds	130,000	2,605	17,992	<u>114,613</u>
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,300,000	16,058	263,124	1,052,934
- Promissory Notes	<u>82,995</u>	<u>11</u>	<u>-</u>	<u>83,006</u>
	<u>1,382,995</u>	<u>16,069</u>	<u>263,124</u>	<u>1,135,940</u>

CONSOLIDATED REVENUE FUND**GUARANTEED DEBT (continued)****3. Fisheries Loans**

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. For guarantees issued prior to 1 June 2012, the Province's contingent liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank less the total of all claims paid to the Bank by the Province with respect to these loans. The Fisheries Loans Guarantee Program guidelines were amended effective 1 June 2012 such that all new guarantees issued from that date forward are fully guaranteed by the Province.

For the fiscal year ended 31 March 2016, the Province's contingent liability with respect to these guarantees is \$42.3 million (31 March 2015 - \$46.9 million).

4. Newfoundland and Labrador Immigrant Investor Fund Limited

The Corporation was incorporated on 28 April 2005 under the Corporations Act of the Province of Newfoundland and Labrador. The purpose of the Corporation is to administer and invest the Newfoundland and Labrador allocation of funds received from immigrant investors by Citizenship and Immigration Canada under its Business Immigration Program. The Province guarantees repayment of the funds received.

5. Payments under Guarantee

During the 2015-16 fiscal year the Province made a payment of nil (31 March 2015 - \$0.1 million) as a result of a claim made by a chartered bank due to a default on payment on a guaranteed loan.

6. Valuation Allowance

The provision for guaranteed debt for 31 March 2016 is nil (31 March 2015 - nil).

7. General Terms and Conditions

Guaranteed debentures and guaranteed bank loans have maturity dates ranging from October 2016 to December 2035 at interest rates varying from 1.12% to 10.5%.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Losses, Uncollectible Accounts and Other Amounts Written Off
For the year ended 31 March 2016
with comparative figures for 2015**

	<u>2016</u> (\$000)	<u>2015</u> (\$000)
Finance:		
Remissions	388	1,084
Advanced Education and Skills:		
Uncollectible accounts	951	2
Business, Tourism, Culture and Rural Development:		
Loan forgiveness	-	83
Uncollectible accounts	<u>4</u>	<u>-</u>
	<u>4</u>	<u>83</u>
Forestry and Agrifoods:		
Tax forgiveness	1,685	-
Justice and Public Safety:		
Uncollectible accounts	149	-
Municipal and Intergovernmental Affairs:		
Uncollectible accounts	220	200
Natural Resources:		
Tax forgiveness	-	1,571
Service Newfoundland and Labrador:		
Uncollectible accounts	-	38
	<u>3,397</u>	<u>2,978</u>
Total: Losses, Uncollectible Accounts and Other Amounts Written Off	<u><u>3,397</u></u>	<u><u>2,978</u></u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts As at 31 March 2016 with comparative figures for 2015

	2016	2015
	(\$000)	(\$000)
Office of the Public Trustee	40,219	43,245
Supreme Court of Newfoundland and Labrador	34,338	36,833
Eastern Regional Health Authority Sinking Fund	17,992	16,447
Refund Deposit Account (formerly known as Rate Stabilization Fund)	9,018	11,224
Teachers' Accrued Salary Trust Account	8,754	8,903
Federal/Provincial Contractors' Security Account	5,521	7,871
Consolidated Tender Account	4,512	4,956
Support Enforcement	1,327	1,393
Provincial Courts Trust Account	490	312
Contractors' Security Account - Transportation and Works	246	236
Provincial Nominee Program	169	168
Churchill Falls (Labrador) Corporation Trust	146	255
High Sheriff of Newfoundland	118	24
Victims of Mount Cashel	84	84
H.M. Penitentiary	83	87
Securities Payable	59	26
Bishop's Falls Correctional Centre	42	35
Labrador Correctional Centre	23	25
Chief Electoral Office Account	22	2
Newfoundland and Labrador Youth Centre	11	7
West Coast Correctional Centre	4	3
Unpaid Wages Trust Account	2	-
Commercial and Corporate Affairs Trust	1	1
School for the Deaf	-	1
Total: Trust Accounts	<u>123,181</u>	<u>132,138</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Expenses by Department
For the year ended 31 March 2016
with comparative figures for 2015**

	Actuals 2016 (\$000)	Actuals 2015 (\$000)
General Government Sector and Legislative Branch		
General Government Sector		
Consolidated Fund Services	478,668	357,055
Executive Council	106,570	107,296
Finance	673,187	877,846
Government Purchasing	2,321	2,499
Public Service Commission	2,426	2,322
Service NL	37,082	33,186
Transportation and Works	448,951	469,411
Legislative Branch		
Legislature	28,081	23,750
	<u>1,777,286</u>	<u>1,873,365</u>
Resource Sector		
Advanced Education and Skills	867,609	937,271
Business, Tourism, Culture and Rural Development	117,013	113,228
Environment and Conservation	26,172	15,858
Fisheries and Aquaculture	19,028	17,843
Forestry and Agrifoods	70,774	65,363
Natural Resources	54,753	133,299
	<u>1,155,349</u>	<u>1,282,862</u>
Social Sector		
Child, Youth and Family Services	151,432	135,013
Education and Early Childhood Development	891,560	869,510
Health and Community Services	2,997,230	2,867,830
Justice and Public Safety	265,650	253,434
Labour Relations	4,355	4,399
Municipal and Intergovernmental Affairs	216,039	194,658
Newfoundland and Labrador Housing Corporation	35,911	42,265
Seniors, Wellness and Social Development	21,441	19,036
	<u>4,583,618</u>	<u>4,386,145</u>
Total: Expenses by Department	<u><u>7,516,253</u></u>	<u><u>7,542,372</u></u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector For the year ended 31 March 2016 with comparative figures for 2015

	General Government Sector and Legislative Branch 2016 (\$000)	Resource Sector 2016 (\$000)	Social Sector 2016 (\$000)	Total 2016 (\$000)	Total 2015 (\$000)
REVENUE					
Provincial					
Taxation	3,265,047	334	-	3,265,381	3,166,184
Non-tax revenue	485,398	568,473	18,025	1,071,896	2,079,994
Related revenue	95,461	21,874	50,326	167,661	161,051
Federal	<u>753,948</u>	<u>146,830</u>	<u>70,426</u>	<u>971,204</u>	<u>928,082</u>
Total Sector Revenue	<u>4,599,854</u>	<u>737,511</u>	<u>138,777</u>	<u>5,476,142</u>	<u>6,335,311</u>
EXPENSE					
Salaries and employee benefits	425,835	133,989	231,873	791,697	923,628
Transportation and communications	11,876	11,214	10,099	33,189	37,518
Supplies	74,070	5,628	17,252	96,950	106,633
Professional services	15,259	5,341	441,287	461,887	462,474
Purchased services	210,379	60,696	109,005	380,081	433,317
Property, furnishings and equipment	1,197	1,034	46,404	48,635	60,064
Allowances and assistance	94,115	313,965	245,049	653,129	642,219
Grants and subsidies	10,111	591,062	3,456,710	4,057,883	3,944,785
Debt expenses	831,137	6,526	2,072	839,735	754,475
Amortization and (gain)/loss on the sale of tangible capital assets	103,303	20,957	23,867	148,127	177,269
Bad debt expense (recovery)	4	4,937	-	4,941	(10)
Total Sector Expense	<u>1,777,286</u>	<u>1,155,349</u>	<u>4,583,618</u>	<u>7,516,253</u>	<u>7,542,372</u>
SECTOR SURPLUS (DEFICIT)	<u>2,822,568</u>	<u>(417,838)</u>	<u>(4,444,841)</u>	<u>(2,040,111)</u>	<u>(1,207,061)</u>

REVENUE AND EXPENSE BY SECTOR (continued)

NOTE

Sectors

The sectors identified above are comprised of a broad array of programs which are delivered through the various departments and are consistent with the presentation of the 2015-16 Estimates as well as the reorganization of government departments which was effective 01 April 2015. Revenue and Expenses have been attributed to individual departments based on where the program is administered. Certain amounts have been allocated on a systematic basis. The sectors include the following departments:

General Government Sector and Legislative Branch

This sector consists of the Departments of Consolidated Fund Services, Executive Council, Finance, Government Purchasing, Legislature, Public Service Commission, Service Newfoundland and Labrador and Transportation and Works.

Resource Sector

This sector consists of the Departments of Advanced Education and Skills, Business, Tourism, Culture and Rural Development, Environment and Conservation, Fisheries and Aquaculture, Forestry and Agrifoods and Natural Resources.

Social Sector

This sector consists of the Departments of Child, Youth and Family Services, Education and Early Childhood Development, Health and Community Services, Justice and Public Safety, Labour Relations, Municipal and Intergovernmental Affairs, Newfoundland and Labrador Housing Corporation and Seniors, Wellness and Social Development.