

**HIGHWAYS REVOLVING FUND
BALANCE SHEET
As At March 31**

	<u>2006</u>	<u>2005</u>
ASSETS		
Current:		
Accounts receivable	\$ -	\$ -
Inventories	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Non-current:		
Construction, maintenance and other equipment (Note 5)	-	-
Capital lease vehicles (Note 6)	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	\$ -	\$ -
Current portion of obligation under capital leases	-	-
Unearned Revenue	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Non-current liabilities:		
Long-term obligation under capital leases	-	-
Accumulated net expenditure (Statement 3)	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	-	-
	<hr/>	<hr/>
	\$ -	\$ -

(See accompanying notes to the financial statements)

HIGHWAYS REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2006		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 10)		
Revenue:			
Equipment Rental	\$ -	\$ -	\$ -
Custom Work and Other	-	-	-
Store Sales & Labour	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses:			
Repair	\$ -	\$ -	\$ -
Operating	-	-	-
Amortization	-	-	-
Custom Work	-	-	-
Store Sales & Labour	-	-	-
Direct Overheads	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Direct expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gross margin	\$ -	\$ -	\$ -
General Overheads	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net income (loss) from operations	\$ -	\$ -	\$ -
Loss on sale of equipment	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net income (loss)	\$ -	\$ -	\$ -
Accumulated operating (deficit) surplus, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated operating surplus/(deficit), end of year - to Statement 1	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes to the financial statements)

HIGHWAYS REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	<u>2006</u>	<u>2005</u>
Financing required for (provided by) operating activities:		
Net (income) loss	\$ -	\$ -
Items not affecting cash		
- amortization	-	-
- loss on sale of equipment	-	-
Net change in working capital items related to operations (Note 8)	-	-
	\$ -	\$ -
Financing required for (provided by) investing activities:		
Purchase of equipment	-	-
Proceeds from sale of equipment	-	-
	\$ -	\$ -
Financing required for financing activities:		
Paydown in obligation under the capital lease	\$ -	\$ -
Net increase (decrease) in financing requirements	\$ -	\$ -
Transfer of net assets to General Revenue Fund	-	(3,703,920)
Accumulated net expenditure, beginning of year	\$ -	\$ 3,703,920
Accumulated net expenditure, end of year - to Statement 1	\$ -	\$ -

(See accompanying notes to the financial statements)

HIGHWAYS REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006

1. Authority and Definition of Reporting Entity

The authority for this Revolving Fund is continued under Section 7 of *The Department of Highways and Transportation Act, 1997*. The purpose of the Revolving Fund is to provide a system of accounting that accumulates the costs of equipment, materials and labour used in the provision of construction and maintenance services. These costs are charged back to the Department and other parties on an equitable basis.

In January 2004, Treasury Board approved the transfer of the Revolving Fund's capital assets to the Department.

Effective April 1, 2004, the Department discontinued the use of the Revolving Fund. All remaining assets, liabilities and the accumulated surplus were transferred to the Department. All activities and capital acquisitions are now undertaken through the Department's appropriation. In addition, all custom work is now reported in the Department's appropriation in accordance with Section 13.1 of *The Financial Administration Act, 1993*.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 4. The following accounting policies are considered significant:

a) Net Financing Requirements

The net financing requirements is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

- i) working capital advanced by the Minister of Finance as at March 31, 1982 to the Revolving Fund;
- ii) the net increase/(decrease) in financing requirements for each fiscal year thereafter; and
- iii) the book value of assets acquired at no charge from another government agency.

3. Authorized Financing

Subsection 7(6) of *The Department of Highways and Transportation Act, 1997* specifies that the maximum amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of \$65,000,000 was established in February 2002.

4. Net Change in Working Capital Items Related to Operations

	2006	2005
Increase/(decrease) in accounts receivable	\$ 0	\$(4,766,170)
Decrease in inventories	0	(2,315,815)
Increase in accounts payable	0	2,873,244
Increase in unearned revenue	0	85,975
	<u>\$0</u>	<u>\$(4,122,766)</u>

5. Subsequent Event

In April, 2006, an amendment to the *Highways and Transportation Act, 1997*, to repeal in its entirety Section 7, Highways Revolving Fund, received third and final reading in the Legislative House. The proclamation of the amendment was subsequently completed.