

## Statement 1

**TRANSPORTATION PARTNERSHIPS FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	<b>2006</b>		<b>2005</b>	
<b>ASSETS</b>				
Current Assets:				
Due from General Revenue Fund (Note 3)	\$ 3,420,012	\$	3,929,964	
Accounts Receivable	2,612,999		331,963	
	\$ 6,033,011	\$	4,261,927	
Long Term Assets:				
Loan Receivable Less Concessionary Allowance (Note 6)	706,976		582,423	
	\$ 6,739,987	\$	4,844,350	
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts Payable	\$ 6,352	\$	27,267	
Long Term Liabilities:				
Deferred Revenue (Note 5)	3,156,533		3,156,533	
Net Assets (Statement 2)	3,577,102		1,660,550	
	\$ 6,739,987	\$	4,844,350	

## Statement 2

**TRANSPORTATION PARTNERSHIPS FUND**  
**STATEMENT OF REVENUE, EXPENSES AND NET ASSETS**  
**For The Year Ending March 31**

	<u>2006</u>	<u>2005</u>
Revenue		
Transportation Partnerships Agreement Revenues	\$ 3,735,518	\$ 1,226,748
Short-Line Railway Payments	3,500	
Sale of Technology	39,190	15,000
Interest Revenue (Note 3)	108,790	86,452
Amortization of Loan Discount (Note 6)	44,686	20,953
	<hr/>	<hr/>
Total Revenue	\$ 3,931,684	\$ 1,349,153
Expense		
Highway Improvement Projects	\$ 1,890,861	\$ 543,240
General Transfers (Note 6)	44,022	318,530
Research & Development Costs	-	81,791
Manufacturing Costs	30,249	9,751
Administrative Expenses (Note 4)	50,000	48,200
	<hr/>	<hr/>
Total Expense	\$ 2,015,132	\$ 1,001,512
Income (Deficit) for the year	\$ 1,916,552	\$ 347,641
Net Assets, beginning of year	1,660,550	1,312,909
	<hr/>	<hr/>
Net Assets, end of year (Statement 1)	\$ 3,577,102	\$ 1,660,550

Statement 3

TRANSPORTATION PARTNERSHIPS FUND  
STATEMENT OF CASH FLOWS  
For the Year Ended March 31

	<u>2006</u>		<u>2005</u>
Cash flows from operating activities:			
Cash Receipts From Transportation Companies	\$ 1,464,273	\$	1,330,338
Cash Receipts From Technology Sales	39,190		15,000
Cash Receipts From Short-Line Railways	3,500		-
Interest Received	99,001		88,919
Cash Paid For Highway Improvement Projects	(1,915,667)		(668,433)
Cash Paid For R & D Initiatives	-		(81,791)
Cash Paid For Manufacturing Costs	(30,249)		(9,751)
Cash Paid to Short-Line Railway	(120,000)		(880,000)
Cash Paid For Administration	(50,000)		(48,200)
Net increase (decrease) in cash	(509,952)		(253,918)
Due From General Revenue Fund, beginning of year	3,929,964		4,183,882
Due From General Revenue Fund, end of year	<u>\$ 3,420,012</u>	<u>\$</u>	<u>3,929,964</u>

(See accompanying notes to financial statements)

**TRANSPORTATION PARTNERSHIPS FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2006**

**1. Authority and Definition of Entity**

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

**2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Fund follows the deferral method for contributions. The following accounting principles are considered significant.

- a) Revenue recognition –
  - i) Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings are realized.
  - ii) Contributions – recognized when received or receivable or when the related expenses are incurred if the contribution is restricted.
- b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.
- c) Highway improvement projects undertaken by the Fund are betterments to assets of the Department of Highways and Transportation. Projects of a capital nature are transferred by the Fund to the department. The department records and amortizes these assets based on department capitalization policies and thresholds.

**3. Due from General Revenue Fund**

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 2.82% (2005 – 2.19%).

#### **4. Related Party Transactions**

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged \$50,000 (2005- \$48,200) by the Department of Highways and Transportation for salary and administrative expenses.

Transportation Partnerships Agreement Revenues include \$123,068 (2005 - \$114,711), from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund \$25,000 (2005 - \$57,392).

Transportation Partnerships Agreement Revenues include \$17,884 (2005 - \$0), from Meadow Lake Limited Partnership, pursuant to a transportation partnership agreement between the Fund and Meadow Lake Limited Partnership.

The Fund earned interest income of \$108,790 (2005 - \$86,452) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling \$3,420,012 (2005 - \$3,929,964).

#### **5. Deferred Revenue**

In 2001-02, the Fund received \$3,156,533 from the Department of Highways and Transportation. The funding will be used to provide financial assistance for eligible Short Line Railways and to improve the transportation infrastructure in Saskatchewan. All monies once repaid and monies not loaned to short line companies will be invested in infrastructure projects.

The monies will be recorded as revenue in the future period that infrastructure project expenditures are incurred.

#### **6. Loan Receivable**

In the current year, the Fund provided a loan for \$120,000 (2005 - \$880,000) in financial assistance to an eligible Short Line Railway company under *The Railway Line (Short Line) Financial Assistance Regulations*. The loan is interest free and is to be paid back over 15 years, with the first repayment due in the fourth year.

The loan is accounted for as a discounted loan on the Statement of Financial Position. Due to the concessionary nature of the loan, the Fund recognized \$40,133 (2005 - \$315,530) as the grant portion of the total loan advanced based on an interest rate of 4.625% (2005 - 5%). The grant portion is accounted for as a government transfer in the current year. A concessionary allowance has been recorded which will be amortized on a straight-line basis to revenue over the term of the loan.

No valuation allowance was established in the current year. An allowance will be recorded if at any point the loan is not considered payable in full.

## 7. Comparison of Planned and Actual Results

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>REVENUE</u></b>			
Transportation Partnership Agreements	\$ 800,000	\$ 3,735,518	\$ 2,935,518
Other Revenue	41,000	87,376	46,376
Interest Revenue	<u>20,000</u>	<u>108,790</u>	<u>88,790</u>
	\$ 861,000	\$ 3,931,684	\$ 3,070,684
<b><u>EXPENSE</u></b>			
Road Expenses	\$ 1,894,000	\$ 1,890,861	\$ 3,139
General Transfers	-	44,022	(44,022)
Other Transportation Initiatives	-	30,249	(30,249)
Administrative Expenses	<u>50,000</u>	<u>50,000</u>	<u>-</u>
	\$ 1,944,000	\$ 2,015,132	\$ ( 71,132)
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b><u>\$(1,083,000)</u></b>	<b><u>\$ 1,916,552</u></b>	<b><u>\$ 2,999,552</u></b>