

Public Accounts

of the Province of

Prince Edward Island

Volume I
Consolidated Financial Statements

For the Year Ended March 31st

2024



Public Accounts

of the Province of

Prince Edward Island

Volume I
Consolidated Financial Statements

For the Year Ended March 31st

2024



To Her Honour
The Honourable Antoinette Perry
Lieutenant-Governor of the Province of
Prince Edward Island

May it Please Your Honour:

The undersigned has the honour to submit herewith the Public Accounts Volume I of the Province of Prince Edward Island for the fiscal year ended March 31, 2024.

Respectfully submitted,

A handwritten signature in black ink that reads "Jill Burridge". The signature is written in a cursive, flowing style.

Honourable Jill Burridge
Minister of Finance
October 7, 2024

Department of Finance
Charlottetown, Prince Edward Island

To the Honourable Jill Burrige
Minister of Finance

Madam:

I have the honour to submit herewith the Public Accounts Volume I of the Province of Prince Edward Island for the fiscal year ended March 31, 2024.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jill", written in a cursive style.

Judy Killam, CPA, CGA
Comptroller
October 7, 2024

Office of the Comptroller
Charlottetown, Prince Edward Island

Public Accounts of the Province of Prince Edward Island
Table of Contents
Volume I
For the Fiscal Year Ended March 31, 2024

	Page Number
Introduction	1
Financial Statement Discussion and Analysis	
Highlights of Financial Results	3
Financial Statement Discussion and Analysis.....	4
Summary Financial Information.....	5
Indicators of Financial Health.....	24
Consolidated Financial Statements	
Statement of Government Responsibility	31
Independent Auditor’s Report.....	33
Consolidated Statement of Financial Position	37
Consolidated Statement of Operations	38
Consolidated Statement of Changes in Net Debt.....	39
Consolidated Statement of Changes in Accumulated Operating Deficit	40
Consolidated Statement of Remeasurement Gains and Losses.....	40
Consolidated Statement of Cash Flows	41
Notes to the Consolidated Financial Statements.....	43
Schedules to the Consolidated Financial Statements	75
Schedule 38 – Reconciliation of Consolidated Deficit.....	99
Schedule 39 – Reconciliation of 2023-2024 Budget Estimates.....	101
Schedule 40 – Provincial Reporting Entity	102

Introduction

The consolidated financial statements of the Province of Prince Edward Island are presented through the publication of the Public Accounts, Volume I. These statements consolidate the financial statements of the Province's Operating Fund with the financial statements of Agencies, Boards and Crown Corporations owned or controlled by the Province. The Operating Fund is comprised of all departments and government units of the Province; it does not include Agencies, Boards and Crown Corporations.

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with Canadian accounting standards for the public sector. Other significant accounting policies used by the Province are described in the Notes to the Consolidated Financial Statements. The consolidated financial statements are prepared by the Comptroller and are audited by the Auditor General, who presents an independent auditor's report to the Legislative Assembly on the results of the audit.

The Public Accounts for the year ended March 31, 2024, consists of three volumes:

Volume I – Consolidated Financial Statements presents the audited consolidated financial statements of the provincial reporting entity as described in Note 1 to the consolidated financial statements. Volume I commences with a Financial Statement Discussion and Analysis section, which provides a narrative review of the financial performance of the Province including presentation of trends along with illustrations of key figures and relationships. The objective of this narrative is to explain and highlight information contained in the consolidated financial statements. It is presented by management to provide a clearer understanding of the Province's financial health.

Volume II – Operating Fund Financial Statements and Details of Revenues and Expenditures presents the unaudited financial statements of the Operating Fund, and the details of revenues and expenditures of the Operating Fund.

Volume III – Financial Statements of Agencies, Boards and Crown Corporations and Funds presents the reproduction of the available financial statements of the Province's Agencies, Boards and Crown corporations that have been audited or had a review engagement completed.

The Public Accounts of the Province of Prince Edward Island are tabled in the Legislative Assembly in accordance with Section 61 of the *Financial Administration Act*.

Website – Volumes I, II and III of the Public Accounts are available in PDF format on the Province's website: <https://www.princeedwardisland.ca/en/topic/public-accounts>

Highlights of Financial Results

Fiscal Year Ended March 31, 2024



\$3.0 Billion
Revenues



\$3.0 Billion
Expenses



\$14.8 Million
Deficit



\$2.6 Billion
Net Debt



Main Sources of Revenues

\$1.5 Billion
Taxes



Primarily from Personal Income Tax, Harmonized Sales Tax, Corporate Income Tax and Provincial Real Property Tax.

\$561.2 Million
Equalization



Federal transfers are formula based and address fiscal disparities between Prince Edward Island and other provinces.

\$606.3 Million
Other Federal Transfers



Includes the Canada Health Transfer, Canada Social Transfer and transfers for infrastructure and other projects.

Key Areas of Spending

\$1.0 Billion

Health and Wellness



Provide leadership in all matters related to public health and health promotion to improve the health and well-being of citizens.

\$407.9 Million

Education and Early Years



Delivers high quality programs and curriculum in English and French to Island children from birth to Grade 12.

\$232.1 Million

Transportation and Infrastructure



Provides for essential transportation systems for the travelling public and the effective and efficient transport of goods.

\$177.0 Million

Social Development and Seniors



Supports Islanders most in need and helps promote resiliency through community partnerships and programs.

\$173.4 Million

Workforce, Advanced Learning and Population



Focused on expanding the workforce through training, recruitment, and support for various sectors.

Financial Statement Discussion and Analysis

Introduction

The Financial Statement Discussion and Analysis (FSDA) has been prepared by the Office of the Comptroller and should be read in conjunction with the Consolidated Financial Statements presented in the Public Accounts. The FSDA aims to broaden the comprehension of the Consolidated Financial Statements and the Province's financial condition by using narrative information and graphical illustrations to explain variances and trends.

The tables and charts in the pages that follow are based on the Consolidated Financial Statements for the fiscal year ended March 31, 2024.

Key Financial Indicators

The Province's fiscal management can be gauged through an assessment of its financial health in the context of the overall economic and financial environment.

Key financial indicators can be used to assess trends associated with performance and the economy, and to improve transparency. Trends over the last five years for sustainability, flexibility, and vulnerability are provided below.

	2020	2021	2022	2023	2024
Sustainability					
Net Debt as a Percentage of GDP	29.6%	30.8%	27.4%	26.0%	27.6%
Net Debt per Capita	14,153	14,443	14,476	14,603	15,242
Flexibility					
Provincial Source Revenues to GDP	18.0%	18.7%	18.9%	19.0%	19.2%
Program Expenses as Percentage of Provincial GDP	26.3%	28.9%	27.4%	27.9%	28.6%
Interests on Debt to Total Revenue	5.8%	5.1%	4.6%	5.0%	5.5%
Vulnerability					
Percent of Federal Transfers to Total Revenues	38.8%	41.0%	39.0%	37.9%	38.7%

Further details and commentary on these indicators can be found in the Indicators of Financial Health section of this Financial Statement Discussion and Analysis.

Summary Financial Information

Consolidated Statements of Operations and Financial Position

A summary of the Province's Consolidated Statement of Operations and Consolidated Statement of Financial Position for the current fiscal year is provided below:

Consolidated Statement of Operations

For the fiscal year ended March 31

(\$ Millions)

	2024	2024	2023	Change from	
	Budget	Actual	Actual*	2024	2023
				Budget	Actual*
Revenues					
Provincial Source Revenues	1,753.3	1,848.4	1,785.9	95.1	62.5
Government of Canada Transfers	1,215.4	1,167.5	1,091.0	(47.9)	76.5
	2,968.7	3,015.9	2,876.9	47.2	139.0
Expenses					
Programs	2,782.8	2,749.6	2,613.1	(33.2)	136.5
Interest, amortization and other	283.5	281.1	249.7	(2.4)	31.4
	3,066.3	3,030.7	2,862.8	(35.6)	167.9
Annual Surplus (Deficit)	(97.6)	(14.8)	14.1	82.8	(28.9)

Consolidated Statement of Financial Position

As at March 31

(\$ Millions)

	2024	2023	Change from
	Actual	Actual*	2023
			Actual*
Financial Assets	1,853.6	2,027.7	(174.1)
Liabilities	4,501.3	4,469.5	31.8
Net Debt	(2,647.7)	(2,441.8)	(205.9)
Non-Financial Assets	1,731.9	1,542.4	189.5
Accumulated Deficit	(915.8)	(899.4)	(16.4)

* Restated due to Government Restructuring and Adoption of New Accounting Standards

Revenues for the year ending March 31, 2024, were \$3,015.9 million, an increase of \$139.0 million (4.8%) over 2022-23. Program expenditures were \$2,749.6 million, an increase of \$136.5 million (5.2%), and the annual deficit was \$14.8 million, a decrease of \$28.9 million from the prior year surplus. Net Debt increased by \$205.9 million to \$2,647.7 million.

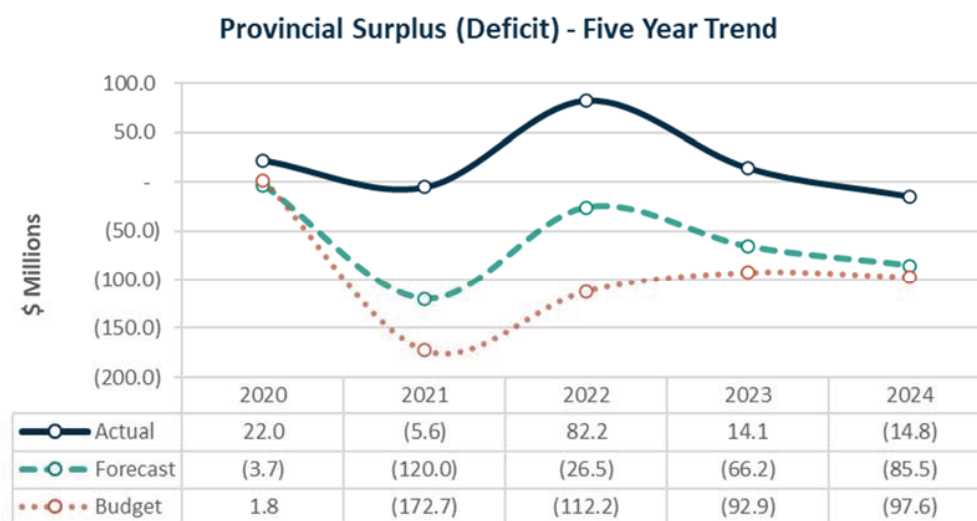
Deficit

\$14.8 Million
\$70.7 Million Lower
than Forecast



Surplus (Deficit) is the net financial result of the year's operations. The provincial deficit for the fiscal year ended March 31, 2024 was \$14.8 million, which is lower than the \$85.5 million deficit forecasted in Spring 2024 by \$70.7 million (2023 – \$80.3 million).

The Province reported the following net financial results over the past five years:




Revenues for the fiscal year ended March 31, 2024 were higher than what was forecasted in Spring 2024 due to \$30.7 million in additional provincial tax revenues. Other Income and Sales revenues were higher than forecasted by \$24.8 million which was partially offset by Government of Canada revenues being \$23.7 million lower than expected.

Expenditures were lower than what was forecasted in Spring 2024 due to lower than anticipated spending in the Ministry of Health and Wellness (\$15.9 million), Ministry of Finance (\$15.4 million) and Ministry of Economic Development, Innovation and Trade (\$8.7 million), partially offset by higher than forecasted spending in the Ministry of Education and Early Years (\$4.6 million).

Revenues

\$3.0 Billion
Increased by 4.8%



Definition

Revenues are monies received for the sale of goods, fees and services, licenses and permits, taxes, and transfers from the Government of Canada.

Results

Revenues for the year ending March 31, 2024, were \$3,015.9 million, an increase of \$139.0 million (4.8%) over 2022-23.

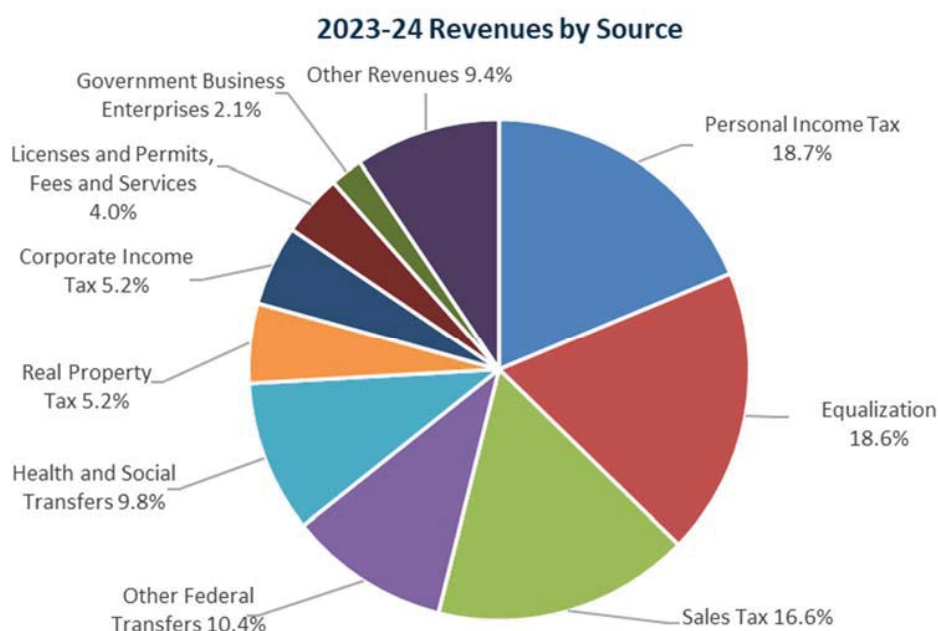
Five Year Trend for Revenues

Over the last five years, revenues have increased by \$828.3 million (37.9%). Provincial source revenues have increased by \$509.0 million (38.0%) as a result of strong domestic demand driven by population growth and a growing economy. Federal source revenue has increased by \$319.3 million (37.6%) and is trending upwards as several new funding agreements have been signed.



Revenues by Source

Revenues from the Government of Canada saw increases in Equalization, Health and Social Transfers, and a decrease in Other Federal Transfers. Provincial Source Revenues saw increases in Personal Income Tax, Sales Tax, and Corporate Income Tax.



Percent of Total Revenues

	2024	2023
Government of Canada		
Equalization	18.6%	17.5%
Health and Social Transfers	9.8%	9.1%
Other Federal Transfers	10.4%	11.3%
	38.8%	37.9%
Provincial Source Revenues		
Personal Income Tax	18.7%	19.4%
Sales Tax	16.6%	15.7%
Real Property Tax	5.2%	5.1%
Corporate Income Tax	5.2%	5.4%
Licenses and Permits, Fees and Services	4.0%	4.1%
Government Business Enterprises	2.1%	2.6%
Other Revenues	9.4%	9.8%
	61.2%	62.1%

Revenue Details

**Details of Budgeted and Actual Revenues for 2023-24
(\$ Millions)**

	2024 Budget	2024 Actual	2023 Actual *	Change from	
				2024 Budget	2023 Actual *
Tax Revenues					
Personal Income Tax	577.7	562.5	558.5	(15.2)	4.0
Sales Tax	444.7	501.6	452.3	56.9	49.3
Real Property Tax	152.9	155.6	146.9	2.7	8.7
Corporate Income Tax	142.3	157.8	154.9	15.5	2.9
Health Tax on Tobacco	29.5	25.6	29.1	(3.9)	(3.5)
Gasoline Tax	25.5	27.0	25.8	1.5	1.2
Health Tax on Liquor	24.0	24.6	24.7	0.6	(0.1)
Insurance Premium Tax	20.0	20.7	19.9	0.7	0.8
Carbon Levy	8.2	10.3	32.5	2.1	(22.2)
Other Taxes	21.7	22.7	23.1	1.0	(0.4)
Total Tax Revenues	1,446.5	1,508.4	1,467.7	61.9	40.7
Other Provincial Source Revenues					
Licenses and Permits, Fees and Services	127.9	121.9	117.9	(6.0)	4.0
Government Business Enterprises	61.7	62.7	74.4	1.0	(11.7)
Other	117.2	155.4	125.9	38.2	29.5
Total Other Provincial Source Revenues	306.8	340.0	318.2	33.2	21.8
Total Provincial Source Revenues	1,753.3	1,848.4	1,785.9	95.1	62.5
Government of Canada					
Equalization	561.2	561.2	502.6	-	58.6
Health and Social Transfers	302.5	294.1	262.5	(8.4)	31.6
Other Federal Transfers	351.7	312.2	325.9	(39.5)	(13.7)
Total Government of Canada	1,215.4	1,167.5	1,091.0	(47.9)	76.5
Total Revenues	2,968.7	3,015.9	2,876.9	47.2	139.0

* Restated due to Government Restructuring and Adoption of New Accounting Standards

Total revenues were higher than budget by \$47.2 million (1.6%) and exceeded the prior year by \$139.0 million (4.8%), primarily due to increases in Sales Tax and Other Provincial Source Revenues. For actual and budget variances greater than \$20.0 million, more details are provided below.

Tax Revenues

Tax revenues were higher than budget by \$61.9 million (4.3%). Sales Tax exceeded budget by \$56.9 million and was offset by decreases in Personal Income Tax of \$15.2 million.

Tax revenues were higher than 2022-23 by \$40.7 million (2.8%). Sales Tax increased by \$49.3 million as retail sales increased. Carbon Levy decreased by \$22.2 million as new federal programs replaced the provincial Carbon Levy.

Other Provincial Source Revenues

Other Provincial Source Revenue was higher than budget by \$33.2 million (10.8%). Investment income was higher by \$5.8 million due to higher interest rates, Worker Compensation Board of PEI recovery was \$5.0 million, and the Province's share of the 2023 Canada Games surplus was \$4.8 million.

Other Provincial Source Revenue was higher than 2022-23 by \$21.8 million (6.9%). Investment income was higher by \$9.2 million, grain sales were higher by \$7.5 million, Worker Compensation Board of PEI recovery was \$5.0 million, and the Province's share of the 2023 Canada Games surplus was \$4.8 million. This was offset by lower Health PEI foundation capital funding of \$4.4 million compared to 2022-23.

Government of Canada


Government of Canada transfers were lower than budget by \$47.9 million (3.9%). The Investing in Canada Infrastructure Program was under budget by \$30.6 million. As this program is claims-based, additional revenue will be included as projects are completed. Working Together to Improve Health Care for Canadians was under budget by \$16.7 million due to the deferral of certain revenue because of service delivery requirements.

Government of Canada transfers were higher than 2022-23 by \$76.5 million (7.0%). Equalization was higher by \$58.6 million. This formula-based federal revenue is based on a three-year moving average of national GDP growth and the fiscal capacity of the province. The Canada Health Transfer and Canada Social Transfer, both formula-based and influenced by population and GDP, together increased by \$31.6 million. Working Together to Improve Health Care for Canadians, a new source of federal revenue for 2023-24, contributed \$16.3 million of the increase for the year. Energy Efficiency Programs revenues increased by \$14.9 million, primarily due to federal cost sharing on the Oil-to-Heat Pump Affordability Program.

This was partially offset by decreases of \$69.9 million for Disaster Financial Assistance funding as claims for Post-Tropical Storm Fiona programs were mostly incurred in the previous fiscal year, and \$23.0 million for COVID-19 Response and Recovery as pandemic-related support program came to an end.

Expenses

\$3.0 Billion
Increased by 5.9%



Definition

Program Expenses are reported by Ministry and reflect costs associated with program and service delivery for specific sectors. Non-program expenses include interest charges, amortization and accretion expenses, and are not attributed to a specific program.

Results

Program Expenses by Ministry

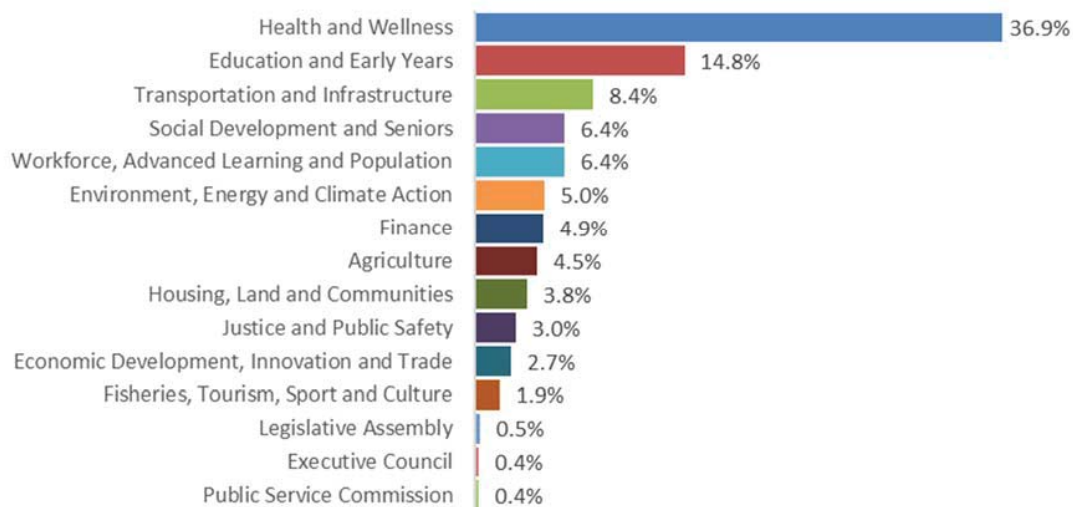
Expenses were \$3,030.7 million, increasing by \$167.9 million (5.9%) from 2022-23. Over the past five years, expenses have increased by \$865.1 million (39.9%).

	(\$ Millions)				
	2020	2021	2022	2023	2024
Program Expenses	1,956.1	2,158.3	2,349.1	2,613.1	2,749.6
Interest Charges	125.9	121.2	121.0	144.1	164.6
Amortization	83.6	90.7	99.1	104.2	115.3
Accretion	-	-	1.3	1.4	1.2
	2,165.6	2,370.2	2,570.5	2,862.8	3,030.7

Program Expenses

Program Expenses are reported by Ministry to reflect costs associated with specific sectors and include costs associated with delivering programs. In 2023-24, Health and Wellness, and Education and Early Years accounted for 51.7% of total program expenses.

Program Expenses by Ministry



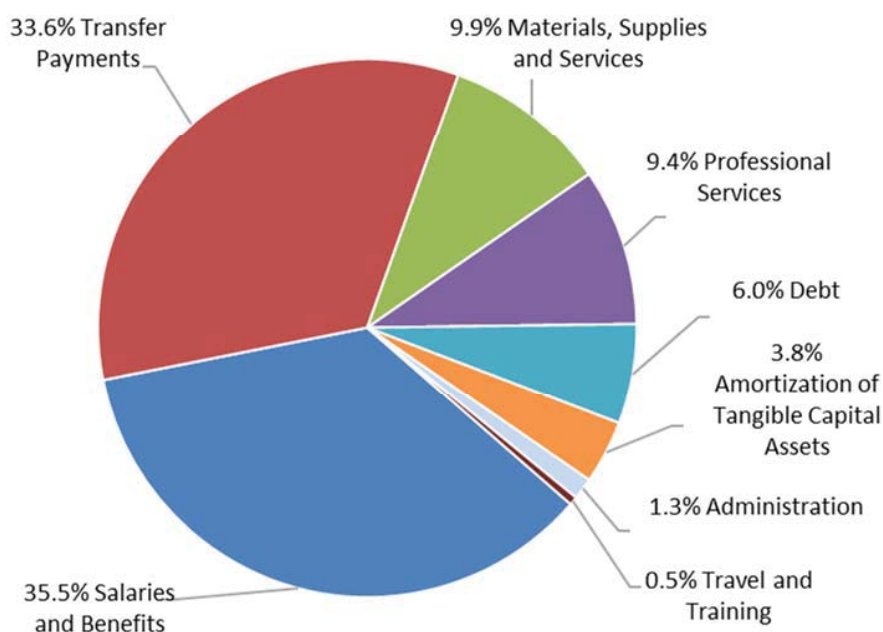
Expenses by Object

Expenses by Object provides an additional level of detail to identify expenses by their category. The two main categories of expenses incurred during 2023-24 were Salaries and Benefits and Transfer Payments.

Salaries and Benefits were \$1,074.4 million in 2023-24 and is the largest expense category at 35.5% of total expenses. Given the service-oriented nature of many provincially administered programs, people are essential for service delivery. There was a \$58.9 million (5.8%) increase in Salaries and Benefits from 2022-23.

Transfer Payments were \$1,017.4 million in 2023-24 and were 33.6% of total expenses. These payments include grants and funding programs managed by the Province for social assistance, labour market development, daycare funding and other grants. Transfer payments increased by \$52.1 million (5.4%) from 2022-23.

EXPENSES BY OBJECT



Expense Details

Details of Budgeted and Actual Expenses for 2023-24 (\$ Millions)

	2024 Budget	2024 Actual	2023 Actual*	\$ Change from	
				2024 Budget	2023 Actual*
Program Expenses					
Agriculture	108.9	122.6	98.8	13.7	23.8
Economic Development, Innovation and Trade	84.3	74.1	70.0	(10.2)	4.1
Education and Early Years	402.5	407.9	374.5	5.4	33.4
Environment, Energy and Climate Action	111.1	138.4	109.6	27.3	28.8
Executive Council	12.1	10.7	10.0	(1.4)	0.7
Finance	182.6	134.9	215.3	(47.7)	(80.4)
Fisheries, Tourism, Sport and Culture	51.4	52.8	48.0	1.4	4.8
Health and Wellness	1,040.4	1,015.8	901.3	(24.6)	114.5
Housing, Land and Communities	100.9	103.6	85.5	2.7	18.1
Justice and Public Safety	82.5	82.0	114.0	(0.5)	(32.0)
Legislative Assembly	14.1	13.4	12.3	(0.7)	1.1
Public Service Commission	10.9	10.9	8.9	-	2.0
Social Development and Seniors	162.3	177.0	186.5	14.7	(9.5)
Transportation and Infrastructure	252.8	232.1	219.6	(20.7)	12.5
Workforce, Advanced Learning and Population	166.0	173.4	158.8	7.4	14.6
Total Program Expenses	2,782.8	2,749.6	2,613.1	(33.2)	136.5
Non-Program Expenses					
Interest Charges on Debt	162.7	164.4	144.0	1.7	20.4
Interest Charges on Capital Obligations	-	0.2	0.1	0.2	0.1
Amortization of Tangible Capital Assets	120.8	115.3	104.2	(5.5)	11.1
Accretion	-	1.2	1.4	1.2	(0.2)
Total Non-Program Expenses	283.5	281.1	249.7	(2.4)	31.4
Total Expenses	3,066.3	3,030.7	2,862.8	(35.6)	167.9

* Restated due to Government Restructuring and Adoption of New Accounting Standards

Total expenses were lower than budget by \$35.6 million (1.2%) in 2023-24 and higher than 2022-23 by \$167.9 million (5.9%). For actual and budget variances greater than \$20.0 million, more details are provided below.

Ministry of Agriculture

Actual expenditures were higher than 2022-23 by \$23.8 million (24.1%). This is primarily due to higher AgriInsurance claims of \$24.7 million, which are partially offset by lower AgriStability indemnity claims of \$1.6 million.

Ministry of Education and Early Years

The Ministry of Education and Early Years expenditures were higher than 2022-23 by \$33.4 million (8.9%) and is attributed to \$16.0 million for Early Childhood Development to increase wages for Early Year Centres and to implement the \$10 per day childcare initiative, \$2.2 million of funding for Interministerial Women's Secretariat, which was pursuant to a federally funded agreement, and the Public Schools Branch and French Language School Board incurred \$13.8 million of additional expenses due to increasing the staffing complement at schools and rising operational costs.

Ministry of Environment, Energy and Climate Action

The Ministry of Environment, Energy and Climate Action exceeded budget by \$27.3 million (24.6%) and actuals were higher than 2022-23 by \$28.8 million (26.3%). The exceeded budget and actuals were due to increased expenditures for continued implementation of the Net Zero Free Programs which includes free heat pumps (\$12.0 million), free insulation (\$5.1 million), free hot water heater electrification (\$3.8 million), solar energy rebates (\$10.3 million), and energy rebates (\$3.0 million). This was offset by reductions in salaries and other programs (\$6.9 million).

Ministry of Finance

The Ministry of Finance expenditures were lower than budget by \$47.7 million (26.1%). This is due to \$6.5 million in lower salaries and benefit costs due to staff vacancies throughout the year, \$19.5 million for general contingencies for Post-Tropical Storm Fiona, Agriculture support, and other items identified in the budget that were not needed, and \$22.7 for Employee Benefits because the discount rates used to calculate pension costs in valuation reports were higher than the rates used in the budget calculation.

Actual expenditures were lower than 2022-23 by \$80.4 million (37.3%). General Government expenditures were lower by \$79.1 million, primarily due to completion of inflationary and COVID-19 program payments. Employee Benefits were lower by \$10.6 million due to higher discount rates for 2023-24 compared to 2022-23, and increased retirements resulting in lower expenditures for pension costs in the current year. This was partially offset by higher costs for carbon rebates and emergency payments that were not paid in the previous year due to late filers.

Ministry of Health and Wellness

The Ministry of Health and Wellness expenditures were lower than budget by \$24.6 million (2.4%). This is due to \$5.2 million budgeted for the At Home Caregiver Benefit did not start in 2023-24 and \$2.6 million in the Proof of Vaccination project was deferred until the following year. In addition, Health PEI expenditures were lower than budget due to delays in hirings tied to new initiatives, and vacancies across the system.

Actual expenditures were higher than 2022-23 by \$114.5 million (12.7%). The Department of Health and Wellness had increased costs of \$5.0 million for Ground Ambulance Services, \$1.5 million for Health Workforce and Recruitment Initiatives. In addition, Health PEI saw increased expenditures for Out of Province Medical Programs of \$13.2 million, Private Nursing Home subsidies increased by \$9.1 million and Primary Care and Chronic Diseases expenditures increased by \$9.1 million.

Ministry of Justice Public and Safety

The Ministry of Justice Public and Safety actual expenditures were lower than 2022-23 by \$32.0 million, which results primarily from having accrued \$41.7 million of expenditures for Post-Tropical Storm Fiona in 2022-23.

Ministry of Transportation and Infrastructure

The Ministry of Transportation and Infrastructure's expenditures were \$20.7 million (8.2%) below budget. This variance was primarily due to infrastructure grant underspending caused by construction delays in funding partners' projects and subsequent claims submissions.

Financial Assets

\$1.9 Billion
Decreased by
\$174.1 Million



Definition

Financial Assets are assets such as cash, receivables, and investments which could provide resources to discharge existing liabilities or finance future operations.

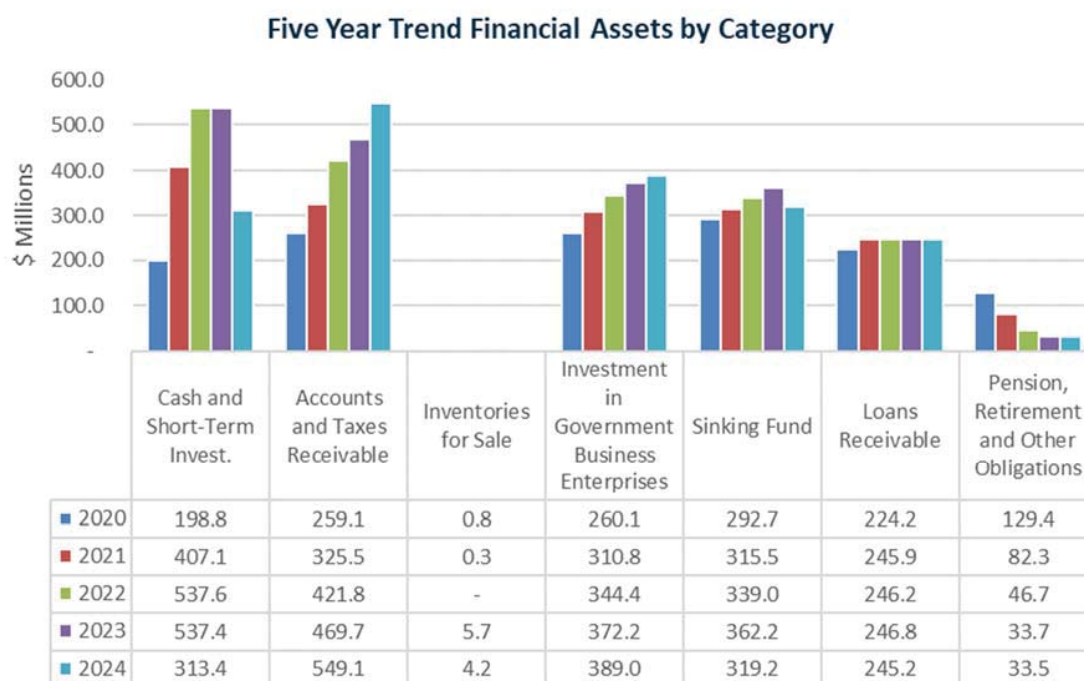
Results

Financial assets totalled \$1,853.6 million at March 31, 2024, a decrease of \$174.1 million (8.6%) from 2022-23.

Financial Assets (\$ Millions)

	2023-24		2022-23		Variance Increase (Decrease)
	Actual	% of Total	Actual Restated	% of Total	
Cash and Short-Term Investments	313.4	16.9%	537.4	26.5%	(224.0)
Accounts and Taxes Receivable	549.1	29.6%	469.7	23.2%	79.4
Inventories for Sale	4.2	0.2%	5.7	0.3%	(1.5)
Investment in Government Business Enterprises	389.0	21.0%	372.2	18.4%	16.8
Sinking Fund	319.2	17.2%	362.2	17.9%	(43.0)
Loans Receivable	245.2	13.2%	246.8	12.1%	(1.6)
Pension, Retirement and Other Obligations	33.5	1.9%	33.7	1.6%	(0.2)
Total Financial Assets	1,853.6	100.0%	2,027.7	100.0%	(174.1)

Five Year Trend Financial Assets by Category



Cash and Short-Term Investments

Cash and Short-Term Investments increased from 2020 to 2023 as funds were accumulated for a liquidity reserve. Cash and Short-Term investments decreased by \$224.0 million from 2022-23, primarily due to investments in Tangible Capital Assets of \$296.3 million and payments for maturing Debentures of \$71.1 million, offset by the issuance of Debentures of \$200.0 million.

Accounts and Taxes Receivable

Accounts and Taxes Receivable were \$549.1 million at March 31, 2024 which is mostly comprised of \$348.7 million from the Government of Canada. Since 2020, Accounts and Taxes Receivable have increased by \$290.0 million. During that same period, the amount due from the Government of Canada has increased by \$227.9 million.

Investment in Government Business Enterprises (GBEs)

The equity in GBEs was \$389.0 million at March 31, 2024, an increase of \$16.8 million (4.5%) from 2022-23. Since 2020, equity in GBEs has grown by \$128.9 million (49.6%).

The details for this investment can be found in Schedule 3(b) to the Consolidated Financial Statements. Equity investments in Island Investment Development Inc. (\$253.1 million) and P.E.I. Energy Corporation (\$113.6 million) comprise the majority of the GBEs balance. Island Investment Development Inc. invests in active business operations for new and expanding companies. P.E.I. Energy Corporation has responsibility for the development and promotion of energy systems in the Province.

The annual surplus for P.E.I. Cannabis Management Corporation, P.E.I. Liquor Control Commission and P.E.I. Lotteries Commission are transferred to the Province each year. Therefore, these entities contribute to the cash balance of the Province and have not been a significant component of the increases in the equity investment in GBEs.

Sinking Fund

Sinking Fund balance at March 31, 2024, was \$319.2 million, a decrease of \$43.0 million (11.9%) from 2022-23. The purpose of the sinking fund is to accumulate sufficient cash reserves to retire debt associated with long-term debentures and its balance has been consistent over the past five years.

Loans Receivable

Loans Receivable are primarily comprised of Finance PEI loans made to support private sector initiatives in agriculture, tourism, manufacturing and processing, fisheries, small business and residential construction. The overall balance for Loans Receivable at March 31, 2024 was \$245.2 million, a decrease of \$1.6 million (0.6%) from 2022-23. These loans are provided for working capital and capital investment.

Pension, Retirement and Other Obligations

Pension, Retirement and other Obligations represent the net balance of unamortized gains and losses of the Public Sector Pension Plan (PSPP) and Teachers' Pension Plan (TPP), and the net liability obligations of other pension plans and post-employment benefit obligations, such as retirement allowances and sick leave. These obligations are impacted by changes in demographic trends for the timing of retirement, mortality rates and the number of active employees. Additional information about this can be found in Notes 12 and 13, and Schedule 6 to the Consolidated Financial Statements.

The balance at March 31, 2024 was \$33.5 million and it decreased by \$0.2 million (0.6%) from the previous year. Since 2020, the balance has decreased by \$95.9 million (74.2%), which is attributed to a reducing balance of unamortized gains and losses for PSPP and TPP, and an increase to the net liability for other pension plans and post-employment benefit obligations.

Liabilities

\$4.5 Billion
Increased by
\$31.8 Million



Definition

Liabilities are debts or monetary obligations such as accounts payable, loans payable and debentures.

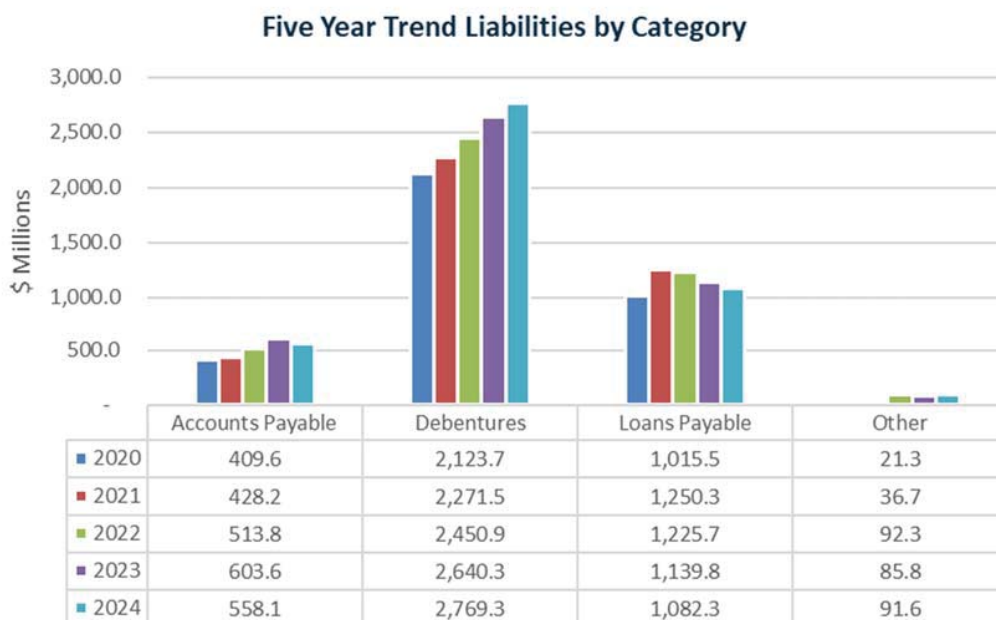
Results

Liabilities were \$4,501.3 million at March 31, 2024, an increase of \$31.8 million (0.7%) from the previous year.

Liabilities (\$ Millions)

	2023-24		2022-23		Variance Increase (Decrease)
	Actual	% of Total	Actual Restated	% of Total	
Accounts Payable	558.1	12.4%	603.6	13.5%	(45.5)
Debentures	2,769.3	61.5%	2,640.3	59.1%	129.0
Loans Payable	1,082.3	24.0%	1,139.8	25.5%	(57.5)
Other	91.6	2.1%	85.8	1.9%	5.8
Total Liabilities	4,501.3	100.0%	4,469.5	100.0%	31.8

Five Year Trend Liabilities by Category



Debentures

Debentures were \$2,769.3 million at March 31, 2024, an increase of \$129.0 million (4.9%) from 2022-23. The Province continues to borrow on a long-term basis to match its funding requirements for investments in infrastructure such as buildings, roads and bridges. The table below includes the Debentures Issued and Additions to Tangible Capital Assets in each of the last five years.

	\$ Millions					5 Yr
	2020	2021	2022	2023	2024	Total
Debentures Issued	100.0	250.0	200.0	200.0	200.0	950.0
Additions to TCA	165.0	188.0	204.7	237.5	296.3	1,091.5

Loans Payable

Loans Payable were \$1,082.3 million at March 31, 2024, and decreased by \$57.5 million (5.0%) from 2022-23. Since 2020, Loans Payable have increased by \$66.8 million (6.6%). These loans are primarily comprised of \$777.1 million in Treasury Notes that mature on a short-term basis and are used to manage cashflow requirements, and \$283.0 million in long-term loans used to fund pension plan obligations.

Net Debt

\$2.6 Billion
Increased by
\$205.9 Million



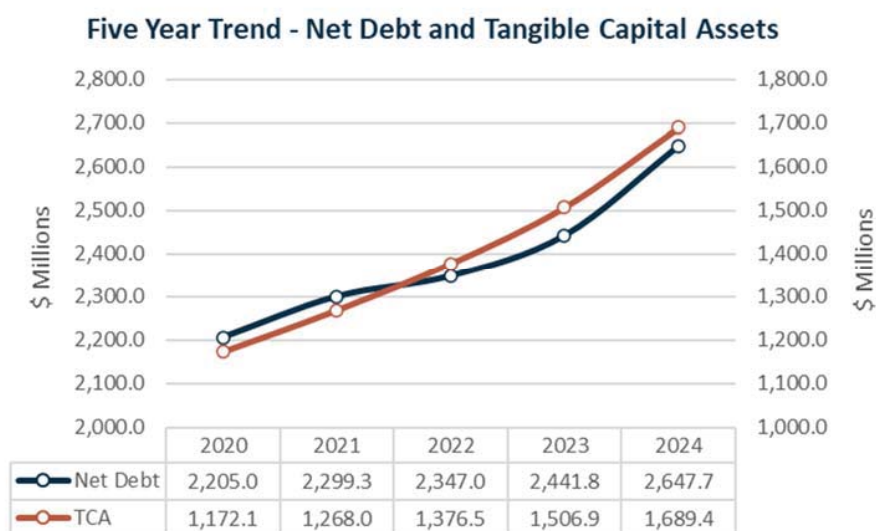
Definition

Net Debt is calculated as the amount that the Province's total liabilities exceeds total financial assets. As a key measure of the Province's financial position, net debt indicates the amount that current and past generations have accumulated through annual deficits, surpluses, net remeasurement gains and losses, and net investments in non-financial assets. These amounts remain as obligations to continue to carry as debt or for future generations to fund through annual surpluses.

Results

Net Debt was \$2,647.7 million at March 31, 2024, an increase of \$205.9 million (8.4%) from 2022-23. Since 2019-20, net debt has increased by \$442.7 million (20.1%).


Net Debt primarily includes funding for Tangible Capital Assets that have a longer term useful life. A comparison of the five-year trend of Net Debt and Tangible Capital Assets is shown below.



Additional context for the increase in Net Debt can be found in the Assessment of Fiscal Health section on Sustainability where Net Debt as a Percentage of GDP and Net Debt per Capita are discussed.

Non-Financial Assets

\$1.7 Billion
Increased by
\$189.5 Million



Definition

Non-Financial Assets are assets consumed in the delivery of government services. They do not normally provide resources to discharge existing liabilities. Non-financial assets primarily include Tangible Capital Assets such as roads and bridges, but also includes inventories, property holdings, prepaid expenses and other deferred charges.

Results

Non-Financial Assets were \$1,731.9 million in 2023-24, an increase of \$189.5 million (12.3%) over 2022-23. Tangible Capital Assets include buildings, roads, bridges, motor vehicles and other assets that are normally employed to deliver government services and accounted for 97.6% of Non-Financial Assets.

Non-Financial Assets (\$ Millions)

	2023-24	% of	2022-23	% of	Variance
	Actual	Total	Actual	Total	Increase (Decrease)
Tangible Capital Assets	1,689.4	97.6%	1,506.9	97.7%	182.5
Inventories and Property Holdings	29.7	1.7%	26.5	1.7%	3.2
Prepaid Expenses and Deferred Charges	12.8	0.7%	9.0	0.6%	3.8
Total Non-Financial Assets	1,731.9	100.0%	1,542.4	100.0%	189.5

Non-financial assets over the last five years are as follows:

	\$ Millions				
	2020	2021	2022	2023	2024
Non-Financial Assets	1,197.5	1,308.9	1,418.4	1,542.4	1,731.9

Indicators of Financial Health

This section provides financial health indicators of the Province's financial condition and follows the Public Sector Accounting Board (PSAB) statement of recommended practice, using information provided in the Province's consolidated financial statements as well as other standard socio-economic indicators such as nominal Gross Domestic Product (GDP). GDP is the measure of the market value of the goods and services produced in the Province over a year, indicating the size of the Provincial economy. The Province's GDP and population data are measured and reported by Statistics Canada, and the following analysis is based on the most current data available at the time of publication. As Statistics Canada updates this data after the release of Public Accounts, some indicators may reflect different amounts compared to values reported in prior years.

What are financial health indicators?

The Province's fiscal management can be gauged through an assessment of its financial health in the context of the overall economic and financial environment. Financial health indicators are a way to evaluate management and improve transparency. Trends over the last five years for sustainability, flexibility, and vulnerability are provided as recommended by PSAB.

While numerous potential indicators exist, this report includes those deemed most relevant, measurable, and transparent for users of government financial information. These indicators are also commonly used by banks, financial institutions, investors, and credit-rating agencies.

What risks can impact the calculations?

When evaluating a government's financial health, it is important to acknowledge that various factors beyond its direct control can significantly impact financial results and indicators. These factors include, but are not limited to:

- Geopolitical conflict and political instability;
- Changing global economic conditions such as energy prices, commodity prices, investment valuations, and inflation;
- Changes to international financial conditions that impact interest rates, currency fluctuations, or availability of credit;
- Changes to federal transfers or programs; and
- Emergencies such as storms, floods, forest fires, and pandemics.

Sustainability

Sustainability is the degree to which a government can maintain existing programs and meet creditor requirements without increasing taxes or the debt burden on the economy.

The ratios to measure sustainability are the following:

- Net Debt as a Percentage of GDP
- Net Debt per Capita

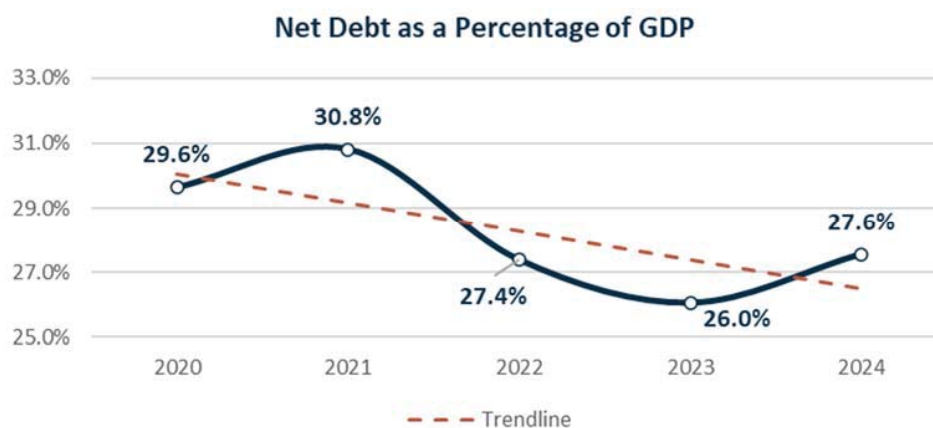
Net Debt as a Percentage of GDP

Definition

Net debt is an indication of the extent to which the Province’s liabilities exceed financial assets. The net debt-to-GDP ratio shows the relationship between net debt and the economy. If the ratio is declining, growth in the economy is exceeding growth in net debt, resulting in improved sustainability. Conversely, an increasing net debt-to-GDP ratio indicates net debt is increasing faster than growth in the economy and serving to reduce the Province’s financial sustainability.

Results

Since 2020, GDP has grown by 29.1%, outpacing the 20.1% growth in Net Debt over the same period. This has resulted in a slight downtrend in the Net Debt as a Percentage of GDP indicator, as shown in the chart below, indicating that the Provincial economy has grown at a slightly faster rate than Net Debt.



Sustainability

Net Debt per Capita

Definition

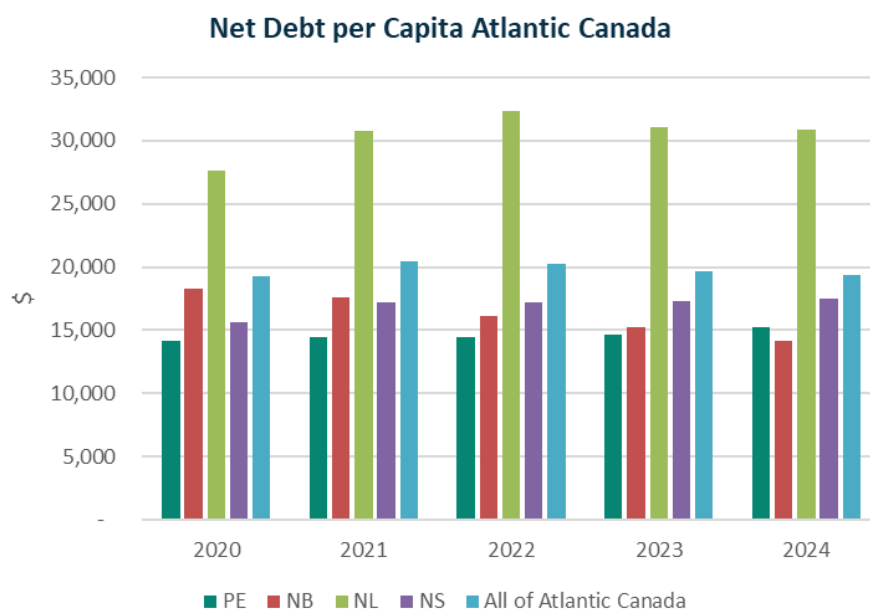
Net Debt per Capita is a measure of the Province's ability to meet short and long-term debt obligations based on the number of citizens it has.

Results

Net Debt per Capita was \$15,242 at March 31, 2024, a year over year increase of \$639. The five-year trend shows an increase of \$1,089 (7.7%) since 2020. This means there is an increase in the amount of debt attributable to each Island resident. A strong investment in Tangible Capital Assets resulted in an increase to Net Debt. This was offset by a growing Island population.

	2020	2021	2022	2023	2024
Net Debt per Capita	14,153	14,443	14,476	14,603	15,242

The following chart presents the Province's Net Debt per Capita in comparison to the other Atlantic Canada provinces:



The Province is managing Net Debt per Capita well when comparing to our neighboring provinces. Strong population growth combined with stronger fiscal results are driving the results seen in this chart.

Flexibility

Flexibility is the degree to which the Province can react to unexpected or increasing expenses, either by increasing its debt or raising taxes. Assessing flexibility provides insight as to how the Province manages its finances.

The ratios used to measure flexibility are the following:

- Provincial Source Revenues to GDP
- Program Expenses as a Percentage of Provincial GDP
- Interest on Debt to Total Revenues

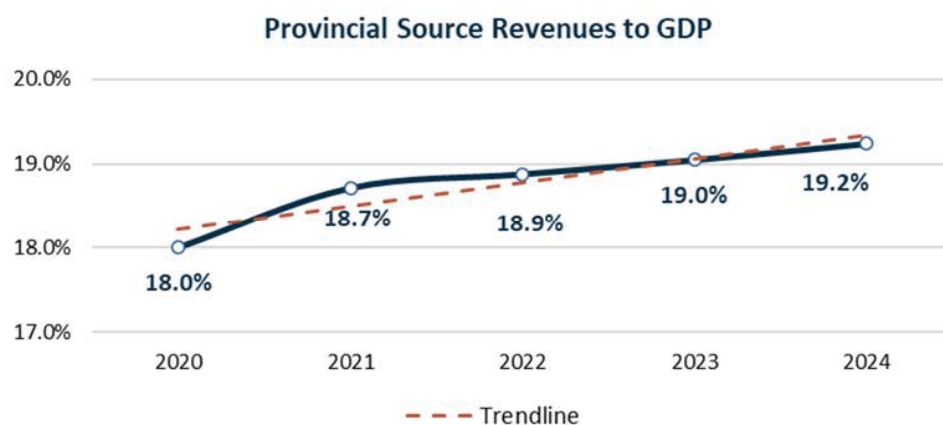
Provincial Source Revenues to GDP

Definition

This ratio is calculated by dividing the Provincial Source Revenues by the nominal GDP. It measures the tax burden on the provincial economy. An increasing ratio indicates that the Province’s own-source revenues are growing faster than the economy, reducing the government’s flexibility to further increase revenues without increasing the burden on taxpayers. A decreasing ratio is indicative of the government taking less revenue from the economy on a relative basis, thereby increasing its flexibility.

Results

This ratio had been trending up since 2020 as Provincial Source Revenues grew at a higher rate than provincial GDP. Since 2020, Provincial Source Revenues have grown \$508.9 million (38.0%) while GDP has grown \$2,168.0 million (29.1%).



Flexibility

Program Expenses as a Percentage of Provincial GDP

Definition

Program Expenses as a Percentage of provincial Gross Domestic Product (GDP) is an indicator of government spending in comparison to the provincial economy measured by GDP. A higher trending percentage indicates that expenses are growing at a rate higher than the provincial GDP and the converse also applies.

Results

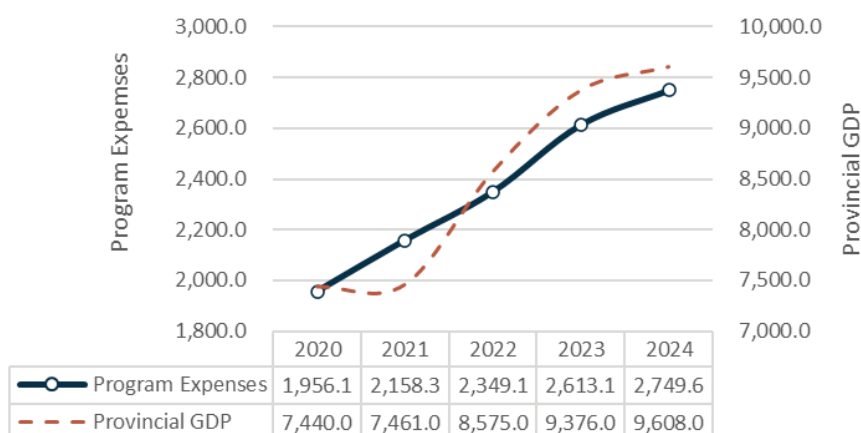
The ratio for the past five years is as follows:

	2020	2021	2022	2023	2024
Program Expenses as % of Provincial GDP	26.3%	28.9%	27.4%	27.9%	28.6%

Over the past five years, there has been an upward trend in the Program Expenses as a Percentage of Provincial GDP indicator. Since 2020, Program Expenses have increased by \$793.5 million (40.6%), while the provincial GDP rose by \$2,168.0 million (29.1%).

In 2020-21, the COVID-19 pandemic triggered an economic slowdown, resulting in higher program spending, as reflected in the higher ratio of 28.9% for the 2021 fiscal year. The economy showed signs of recovery in 2022 and 2023. However, in fiscal 2023, Post-Tropical Storm Fiona led to increased program spending that surpassed GDP growth. In 2024, GDP grew by 2.5% and program spending grew by 5.2%.

**Five Year Trend - Program Expenses vs Provincial GDP
(\$ Millions)**



Flexibility

Interest on Debt to Total Revenues

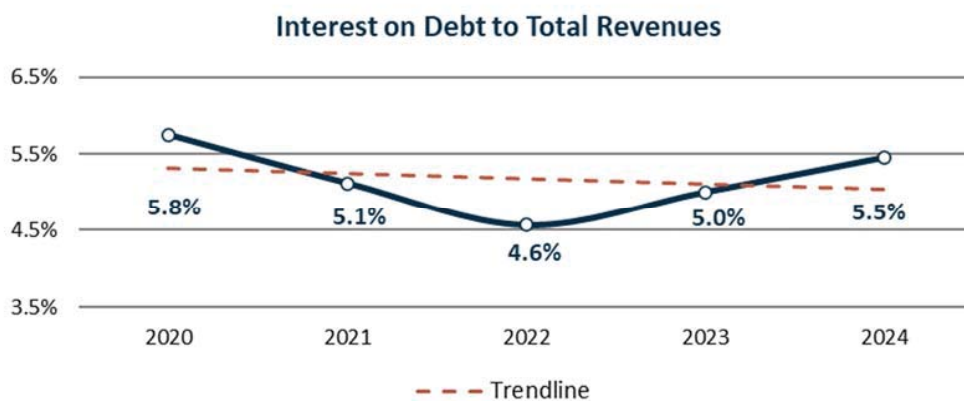
Definition

Debt service costs as a percentage of total revenues is an indicator of the Province’s ability to satisfy existing credit requirements in the context of the government’s overall revenue. Debt service costs can be impacted by variables outside the direct control of government, such as credit ratings, interest rates, financial markets and currency fluctuations. Investment in public infrastructure resulting in a change in the amount of debt can also influence borrowing requirements. An increase in this ratio indicates that debt service costs are a larger financial burden on the Province’s finances.

Results

Interest costs for 2024 increased by \$20.5 million, an increase of 14.2% from the previous year. This was 5.5% of total revenue (2023 – 5.0%).

Interest costs over the last two years have increased and can be attributed to increased debenture debt and higher interest rates. Overall, the trend for the past five years is slightly down.



Vulnerability

Vulnerability is the extent to which the Province is exposed to risks associated with sources of funding outside its control (for example, federal transfers and exposure to risks that would impact the Province's ability to pay for expenses). The more the Province is exposed to these factors, the more vulnerable it is.

The ratio used to measure vulnerability is:

- Percentage of Federal Transfers to Total Revenues

Percentage of Federal Transfers to Total Revenues

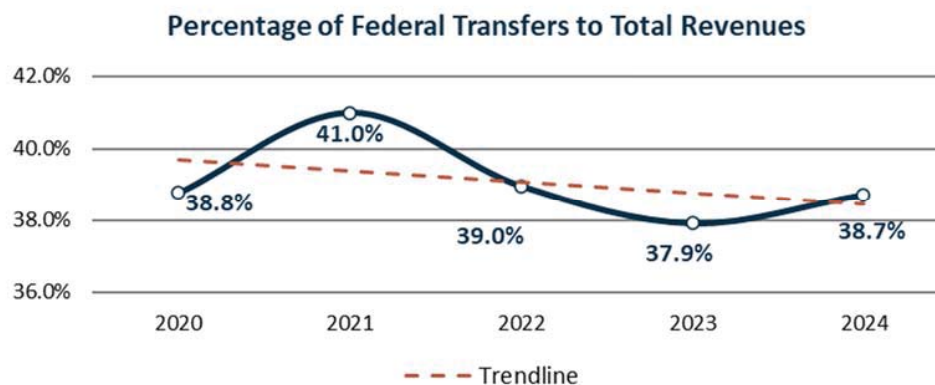
Definition

Federal transfer payments can be affected by both federal fiscal policy decisions, as well as the normal annual estimate process that guides federal payments under the Equalization Program and Canada Health and Social Transfers. Both factors contribute to year-to-year changes in the level of transfers.

Comparing the level of Federal Transfers to Total Revenues provides an indication of the vulnerability of the Province. Generally, if the ratio is increasing, the Province is increasingly reliant on federal transfers, resulting in increased vulnerability. If the ratio is declining, vulnerability is diminished.

Results

Federal Transfers amounted to \$1,167.5 million in 2023-24, an increase of \$76.5 million (7.0%) over 2022-23 and represents 38.8% of total revenue. Notably, there was an increase in 2021 due to federal support for COVID-19 relief programs. Since then, those programs have been completed, the provincial economy has recovered, and provincial source revenues have grown. Federal Transfers are back to pre-pandemic levels and the overall trend for the past five years is flat.



The Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity, objectivity and fair presentation of the consolidated financial statements of The Government of the Province of Prince Edward Island (the Province) rests with the Province. The consolidated financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Province as described in Note 3 of the consolidated financial statements.

These financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations, a Consolidated Statement of Changes in Net Debt, a Consolidated Statement of Changes in Accumulated Operating Deficit, a Consolidated Statement of Remeasurement Gains and Losses, a Consolidated Statement of Cash Flows and notes and schedules integral to the statements. Together, they present fairly, in all material respects, the Province's financial position at the fiscal year end and results of operations for the year ended March 31, 2024. More detailed information regarding the Province's financial position and operating results can be found in either Volume II or Volume III.

The Province is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

On behalf of the Government,



Honourable Jill Burridge

Minister of Finance

October 7, 2024

**Prince Edward Island****Office of the
Auditor General**PO Box 2000, Charlottetown PE
Canada C1A 7N8**Île-du-Prince-Édouard****Bureau du
vérificateur général**C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Legislative Assembly
Province of Prince Edward Island**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the **Province of Prince Edward Island** (the Province), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, changes in net debt, changes in accumulated deficit, remeasurement gains and losses, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province as at March 31, 2024, and the results of its consolidated operations, changes in net debt, changes in accumulated deficit, remeasurement gains and losses, and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was most significant in our audit of the Province's consolidated financial statements for the fiscal year ended March 31, 2024. This matter was addressed in the context of our audit of the Province's consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

Corporate income tax revenue is one of the Province's largest revenue streams, totalling \$157.8 million for fiscal 2024, and is reported in Schedule 20 – Taxes. The amount is a subjective estimate that is based on management's judgements and assumptions. The measurement uncertainty related to corporate income tax revenue is disclosed in Note 14. It exists due to differences that may arise between initial economic estimates and final tax assessments.

For the fiscal year ended March 31, 2024, the Province records nine months of revenue from the calendar year 2023 and the first three months of revenue from calendar year 2024, along with any adjustments related to previous years. Corporate income tax assessments for the 2023 calendar year will not be finalized until December 2024, and the 2024 corporate income tax assessments will

-2-

not be finalized until December 2025. As a result, actual corporate income tax figures cannot be determined until 21 months after the fiscal year-end date.

Our audit work consisted of assessing the appropriateness of the methods used to make this estimate, analyzing the accuracy and completeness of the underlying data supporting these estimates, testing the accuracy of the calculations to support these estimates, and performing a historical review to determine the accuracy of previous estimates made compared to actual results. Audit procedures also included reviewing the estimate for management bias and obtaining a written representation from management. We concluded that corporate income tax revenue reported is understated; however, the difference is not deemed to be material and our audit opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Volume I of the Public Accounts of the Province of Prince Edward Island but does not include the consolidated financial statements of the Province and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work that we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control that management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Province's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or cease the operations of the Province, or there is no realistic alternative but to do so.

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

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

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

-3-

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

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

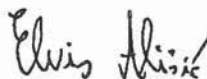
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Legal and Regulatory Requirements

As required by Section 16 of the *Audit Act*, we report that in our opinion, the consolidated financial statements of the Province present fairly the financial position, results of operations, and changes in financial position of the Province in accordance with the basis of accounting as disclosed in Note 3 to the consolidated financial statements applied on a basis consistent with that of the preceding year.



Darren Noonan, CPA, CA
Auditor General



Elvis Alisic, CPA, CA
Assistant Auditor General

Charlottetown, Prince Edward Island
October 7, 2024

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Financial Position

as at March 31, 2024

	2024	2023
	<u>(\$000)</u>	<u>Restated (\$000)</u>
FINANCIAL ASSETS		
Schedule		
1 Cash and Short-Term Investments (Note 5)	313,379	537,417
2 Accounts and Taxes Receivable	549,137	469,700
Inventories for Sale	4,184	5,743
3 Investment in Government Business Enterprises (Note 1)	389,048	372,152
4 Sinking Fund (Note 6)	319,185	362,182
5 Loans Receivable	245,186	246,760
6 Pension, Retirement and Other Obligations (Notes 12 and 13)	33,457	33,708
Total Financial Assets	<u>1,853,576</u>	<u>2,027,662</u>
 LIABILITIES		
7 Deferred Revenue and Credits	87,138	80,831
8 Accounts Payable and Accrued Liabilities	558,089	603,552
9 Short-Term Loans Payable	784,060	782,574
10 Obligations Under Capital Lease	4,540	5,006
11 Loans Payable	298,150	357,180
12 Debentures	2,769,293	2,640,306
Total Liabilities	<u>4,501,270</u>	<u>4,469,449</u>
 NET DEBT	 <u>(2,647,694)</u>	 <u>(2,441,787)</u>
 NON-FINANCIAL ASSETS		
13 Tangible Capital Assets	1,689,405	1,506,935
14 Inventories and Property Holdings	29,749	26,496
15 Prepaid Expenses and Other Deferred Charges	12,765	8,999
Total Non-Financial Assets	<u>1,731,919</u>	<u>1,542,430</u>
 ACCUMULATED DEFICIT	 <u>(915,775)</u>	 <u>(899,357)</u>
 ACCUMULATED DEFICIT IS COMPRISED OF:		
Accumulated Operating Deficit	(925,611)	(912,820)
Accumulated Remeasurement Gains	9,836	13,463
	<u>(915,775)</u>	<u>(899,357)</u>

Supplementary Information

- 16 Trust Funds
- 17 Guaranteed Debt
- 18 Continuity of Provision for Doubtful Accounts and Losses
- 19 Debentures Issued and Matured

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Operations for the year ended March 31, 2024

		2024 Budget	2024 Actual	2023 Actual Restated
		(\$000)	(\$000)	(\$000)
REVENUES				
Schedule				
20	Taxes	1,446,450	1,508,360	1,467,721
21	Licenses and Permits	45,690	42,442	41,681
22	Fees and Services	82,250	79,463	76,194
23	Sales	44,283	48,093	39,370
24	Investment Income	34,890	40,777	31,548
25	Other Income	25,583	52,889	41,885
26	Government of Canada	1,215,399	1,167,477	1,091,043
3	Government Business Enterprises	61,712	62,715	74,407
4	Sinking Fund Earnings	12,400	13,638	13,099
	Total Revenues	2,968,657	3,015,854	2,876,948
EXPENSES				
27	Agriculture	108,942	122,626	98,833
28	Economic Development, Innovation and Trade	84,276	74,060	69,977
29	Education and Early Years	402,472	407,928	374,510
	Environment, Energy and Climate Action	111,067	138,435	109,578
	Executive Council	12,080	10,671	10,016
30	Finance	182,588	134,866	215,283
31	Fisheries, Tourism, Sport and Culture	51,383	52,784	48,046
32	Health and Wellness	1,040,359	1,015,791	901,274
33	Housing, Land and Communities	100,906	103,635	85,467
34	Justice and Public Safety	82,500	82,042	114,016
	Legislative Assembly	14,131	13,353	12,256
	Public Service Commission	10,883	10,868	8,897
	Social Development and Seniors	162,303	176,956	186,542
	Transportation and Infrastructure	252,830	232,052	219,620
35	Workforce, Advanced Learning and Population	166,048	173,447	158,799
	Total Program Expenses	2,782,768	2,749,514	2,613,114
	Interest Charges on Debt	162,700	164,381	143,994
	Interest Charges on Capital Obligations	-	150	87
13	Amortization of Tangible Capital Assets	120,759	115,329	104,250
	Accretion Expense (Note 7)	-	1,247	1,391
	Total Expenses	3,066,227	3,030,621	2,862,836
	ANNUAL SURPLUS (DEFICIT)	(97,570)	(14,767)	14,112
Supplementary Information				
36	Expenses by Object			
37	Segment Reporting			
38	Reconciliation of Consolidated Deficit			
39	Reconciliation of 2023-2024 Budget Estimates			
40	Provincial Reporting Entity			

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

**Consolidated Statement of Changes in Net Debt
for the year ended March 31, 2024**

	2024 Budget	2024 Actual	2023 Actual Restated
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>
NET DEBT, BEGINNING OF YEAR	(2,441,787)	(2,441,787)	(2,346,960)
Restatement of Prior Year (Notes 2(a) and 18)	-	-	9,391
Restated Net Debt, Beginning of Year	(2,441,787)	(2,441,787)	(2,337,569)
Schedule			
Changes in Year			
Annual Surplus (Deficit)	(97,570)	(14,767)	14,112
13 Acquisition of Tangible Capital Assets	(308,095)	(296,335)	(237,491)
13 Amortization of Tangible Capital Assets	120,759	115,329	104,250
Net Book Value of Tangible Capital Asset Disposals	-	874	1,303
Net Book Value of Tangible Capital Asset Adjustments	-	(2,338)	1,551
Land Adjustment (Note 17)	-	1,976	1,539
Change in Inventories and Property Holdings	-	(3,253)	5,458
Change in Prepaid Expenses and Deferred Charges	-	(3,766)	897
Net Remeasurement Gains (Losses)	-	(3,627)	4,163
Total Change in Net Debt for the Year	(284,906)	(205,907)	(104,218)
NET DEBT, END OF YEAR	(2,726,693)	(2,647,694)	(2,441,787)

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND
Consolidated Statement of Changes in Accumulated Operating Deficit
for the year ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual Restated
	(\$000)	(\$000)	(\$000)
ACCUMULATED OPERATING DEFICIT, BEG. OF YEAR	(912,820)	(912,820)	(928,562)
Adj. to Accumulated Operating Deficit (Notes 2(a) and 18)	-	-	91
Restated Accumulated Operating Deficit, Beg. of Year	(912,820)	(912,820)	(928,471)
Annual Surplus (Deficit)	(97,570)	(14,767)	14,112
Land Adjustment (Note 17)	-	1,976	1,539
ACCUMULATED OPERATING DEFICIT, END OF YEAR	<u>(1,010,390)</u>	<u>(925,611)</u>	<u>(912,820)</u>

Consolidated Statement of Remeasurement Gains and Losses
for the year ended March 31, 2024

	2024 (\$000)	2023 (\$000)
ACCUMULATED REMEASUREMENT GAINS, BEG. OF YEAR	13,463	9,300
Schedule		
3 Other Comprehensive Income	3,208	5,142
4 Unrealized Losses on Sinking Fund Investments	(6,835)	(979)
Net Remeasurement Gains (Losses)	<u>(3,627)</u>	<u>4,163</u>
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	<u>9,836</u>	<u>13,463</u>

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

**Consolidated Statement of Cash Flows
for the year ended March 31, 2024**

	2024	2023
	(\$000)	Restated (\$000)
Operating Activities		
Annual Surplus (Deficit)	(14,767)	14,112
Amortization of Tangible Capital Assets	115,329	104,250
Land Adjustment (Note 17)	1,976	1,539
Changes in:		
Accounts and Taxes Receivable	(79,437)	(47,900)
Inventories for Sale	1,559	(5,665)
Prepaid Expenses and Other Deferred Charges	(3,766)	897
Inventories and Property Holdings	(3,253)	5,458
Deferred Revenue and Credits	6,307	3,450
Accounts Payable and Accrued Liabilities	(45,463)	89,736
Pension, Retirement and Other Obligations	251	13,011
Cash Provided by (Used for) Operating Activities	(21,264)	178,888
Investing Activities		
Other Comprehensive Income	3,208	5,142
Unrealized Losses in Sinking Fund Investments	(6,835)	(979)
Changes in:		
Loans Receivable	1,574	(546)
Investment in Government Business Enterprises	(16,896)	(27,797)
Cash Used for Investing Activities	(18,949)	(24,180)
Capital Activities		
Acquisition of Tangible Capital Assets	(296,335)	(237,491)
Disposal of Tangible Capital Assets	874	1,303
Adjustment of Tangible Capital Assets	(2,338)	1,551
Cash Used for Capital Activities	(297,799)	(234,637)
Financing Activities		
Debentures Issued	200,000	200,000
Debentures Matured	(71,135)	(11,360)
Changes in:		
Short-Term Loans Payable	1,486	(3,771)
Loans Payable	(59,030)	(82,265)
Debenture Discount	122	806
Obligations Under Capital Lease	(466)	(456)
Sinking Fund	42,997	(23,220)
Cash Provided by Financing Activities	113,974	79,734
Change in Cash and Short-Term Investments	(224,038)	(195)
Cash and Short-Term Investments, Beginning of Year	537,417	537,612
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	313,379	537,417

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND
Notes to the Consolidated Financial Statements
as at March 31, 2024

1 Reporting Entity

(a) The Provincial Reporting Entity

The Provincial Reporting Entity is comprised of the Province's Operating Fund (departments and government units) and those Agencies, Boards and Crown Corporations which are controlled by the Province. Control is defined as the power to govern the financial and operating policies of another organization. The consolidated financial statements include organizations which make up the Provincial Reporting Entity, combining their accounts and financial activities.

Government Business Enterprises (GBEs) are those Agencies, Boards and Crown Corporations which, (i) have the power to contract in their own name, (ii) have the financial and operating authority to carry on a business, (iii) sell goods and services to customers outside the Provincial Reporting Entity as their principal activity and source of revenue, and (iv) are able to maintain their operations and meet their liabilities from revenues received from sources outside the Provincial Reporting Entity.

A listing of the organizations within the Provincial Reporting Entity is provided in Schedule 40 – Provincial Reporting Entity.

The consolidated financial statements do not include the Workers Compensation Board of Prince Edward Island (the Board). The Board, as at December 31, 2023, had assets of \$239.1 million (2022 - \$237.5 million), liabilities of \$171.9 million (2022 - \$162.0 million), and a fund balance of \$67.2 million (2022 - \$75.4 million). The Board has the ability to establish premium rates sufficient to meet its financial obligations.

(b) Methods of Consolidation

The Province's Operating Fund and those Agencies, Boards and Crown Corporations not classified as GBEs are included in the consolidated financial statements using the consolidation method of accounting. Under the consolidation method of accounting, inter-organizational balances and transactions are eliminated and the organizations are reported as if they were one organization.

GBEs are included in the consolidated financial statements using the modified equity method of accounting. The modified equity method reports the percentage of a GBE's net assets owned by the Province as an investment in the Province's Consolidated Statement of Financial Position. Net income of GBEs is reported as a separate revenue item in the Consolidated Statement of Operations. Inter-organizational balances and transactions are not eliminated. Schedule 3 presents condensed financial information of the Province's GBEs.

2 Adoption of New Accounting Standards

(a) PS 3400 Revenue

Effective April 1, 2023, the Province adopted the new Public Sector Accounting Standard *PS 3400 Revenue* which establishes guidance on how to account for and report on revenue and requires the identification and disclosure of performance obligations that are associated with revenue. The Province has adopted this standard on a modified retroactive basis. The adoption of this accounting standard has impacted the recognition and measurement for revenue (Note 18) as well as impacting the presentation and disclosure of such.

(b) PS 3160 Public Private Partnerships

Effective April 1, 2023, the Province adopted the new Public Sector Accounting Standard *PS 3160 Public Private Partnerships* which establishes guidance on how to account for and report on partnerships between public and private sector entities. The Province has adopted this standard, and as at March 31, 2024, no public private partnerships were utilized to obtain infrastructure assets from the private sector in accordance with the new standard.

3 Significant Accounting Policies

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(b) Future Changes in Accounting Policy

The Public Sector Accounting Board has issued new standards or amendments to standards that are not in effect as of the date of these financial statements, and they are as follows:

Effective April 1, 2026:

- *PS 1202 Financial Statement Presentation* – establishes a new reporting model intended to make financial statements more understandable and provide improved accountability information for users.
- *The Conceptual Framework for Financial Reporting in the Public Sector* – establishes the foundation for public sector financial reporting, standard setting, and promoting transparency, accountability and global consistency in financial reporting.

The Province is currently analyzing the impact of these new and amended standards and plans to adopt them on the effective date.

(c) Financial Assets

Financial Assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash and Short-Term Investments represent the cash position including bank balances, cash reserves, and short-term investments. The Province has two available credit facilities with financial institutions in the amounts of \$20.0 million and \$100.0 million. As part of the liquidity reserve, the Province holds short-term investments in term deposits as well as guaranteed investment certificates earning interest at rates between 5.65% and 6.42%.

Short-term investments are held for the purpose of meeting short-term cash commitments and include highly liquid investments that are redeemable or mature within six months or less. The short-term investments that are not redeemable are set to mature every few weeks to ensure sufficient cash flow is available to meet upcoming cash commitments.

Accounts and Taxes Receivable are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Inventories for Sale are recorded at the lower of cost or net realizable value.

Investment in Government Business Enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described in Note 1(b).

Sinking Fund investments are considered portfolio investments and are recorded at fair value.

Loans Receivable are recorded at cost less adjustments for impairment in value and concessionary terms. Where concessionary terms apply, loans are reported at their net present value. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

Pension, Retirement, and Other Obligations represent the Province's net assets for future employee benefit obligations as calculated using an accrued benefits actuarial method on an accounting basis. The net assets represent the market value of assets less the present value of accrued benefits, plus or minus deferred gains or losses to be amortized.

(d) Liabilities

Deferred Revenue and Credits represent amounts received but not yet earned.

Accounts Payable and Accrued Liabilities are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds standards included in the *Environmental Protection Act*. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Province is directly responsible, or accepts responsibility;
- a reasonable estimate of the cost of remediation can be made; and
- it is expected that future economic benefits will be given up.

Short-Term Loans Payable are recorded at cost, which approximates market value less unamortized discounts.

Obligations Under Capital Lease represent the liabilities recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease liability recognizes the lease contract as a financing tool to acquire an asset.

Loans Payable are recorded at face value less adjustments for concessionary terms, if any.

Debentures represent the gross funded debt of the Province of P.E.I. public debenture issues and Canada Pension Plan debenture issues, less unamortized discounts and premiums.

(e) Net Debt

The Province's consolidated financial statements are presented to highlight net debt as the measure of financial position. The Net Debt of the Province is determined as its liabilities less its financial assets.

(f) Non-Financial Assets

Non-Financial Assets do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible Capital Assets are recorded at historical cost, or at estimated cost where historical cost information is not available. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement, betterment, and/or retirement of the assets. Cost includes direct costs such as labour, materials, and overhead directly attributable to construction and development. Interest, if any, on capital projects is expensed as incurred.

For each category of tangible capital assets, only assets meeting a minimum dollar threshold for that category are recorded as capital assets.

The cost of assets under construction is not amortized until construction is complete and the asset is available for use. Amortization is pro-rated based on the month in which the asset is placed in service.

The cost of tangible capital assets, excluding land, is amortized using the straight-line basis over their estimated useful lives, as follows:

Land Improvements	10 years
Buildings and Improvements	4 - 40 years
Leasehold Improvements	Lease Term
Roads	10 - 20 years
Bridges	20 - 40 years
Motor Vehicles	5 - 10 years
Equipment	1 - 25 years
Other	5 - 40 years

The Province does not adjust the tangible capital asset policies of Agencies, Boards and Crown Corporations that are consolidated, as it would not result in a material adjustment. Policy differences may include amortization rates, estimates of useful lives, and dollar thresholds for capitalization.

Tangible Capital Assets do not include works of art and historical property, because a reasonable estimate of the future benefits associated with such property cannot be made. Works of art and historical property consist mainly of paintings, drawings, prints, artifacts, and photographs. The cost of works of art and historical property are expensed in the fiscal year in which they are acquired.

Provincial Paving Program assets are considered minor road construction projects, which have a 10-year useful life. These assets are retired within one year of becoming fully amortized.

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Province's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. Write-downs are expensed when identified.

Inventories consist of items on hand which were purchased for consumption or use by the Province during its operations. They are recorded at cost and expensed as they are consumed. Inventories consist of items such as medical and drug supplies, fuel, repair parts, highway materials, and textbooks.

Inventories do not include the supply of COVID-19 vaccines received from the Government of Canada, as the fair value could not be reasonably determined. During the year, the Province received 106.8 thousand COVID-19 vaccines and held 9.4 thousand vaccines in inventory at March 31, 2024.

Property Holdings are recorded at the lower of cost or net realizable value.

Prepaid Expenses and Other Deferred Charges are goods and services purchased which will provide economic benefits in future periods.

(g) Asset Retirement Obligations

Asset Retirement Obligations (AROs) are provisions for legal obligations for the cost of retiring the Province's tangible capital assets, whether they are in productive use or not. The legal obligation giving rise to an ARO can result from various sources, including regulations set by governments or regulatory bodies, contracts, legislation, or promissory estoppel.

An ARO is recognized when all of the following criteria have been met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount of the asset retirement obligation can be made.

The estimated liability is the total of the estimated discounted cash flows required to settle the retirement obligation. The liability is included in Accounts Payable and Accrued Liabilities on the Statement of Financial Position and is recognized in the period in which the obligation arises.

For assets that are still in productive use, there is a corresponding increase to the carrying value of the related asset. These assets are amortized over the estimated useful life of the underlying asset. For assets fully amortized but still in productive use, the ARO cost is amortized over the period until which time it is estimated to be retired. If the asset is not in productive use and is not recorded, the ARO cost is expensed in the period. For assets that are no longer in productive use, the ARO cost is expensed in the period.

(h) Accumulated Deficit

Accumulated Deficit is the Net Debt of the Province less Non-Financial Assets. It represents the accumulated balance of annual surpluses and deficits arising from operations, or Accumulated Operating Deficit, along with Accumulated Remeasurement Gains and Losses.

(i) Revenues

Revenues are recorded on an accrual basis.

Revenues from the Government of Canada under Federal - Provincial fiscal arrangements (such as equalization and health and social transfers) are based on estimated entitlements which are adjusted against future years' revenues when actual results or new information becomes available.

Transfers from the Government of Canada 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 recognized as revenue when the funds are used as intended.

Income taxes and Harmonized Sales Tax are both collected by the Government of Canada under various tax collection agreements and are remitted to the Province net of credits. The remittances are based on the Government of Canada's best estimates, which are periodically adjusted until finalized. The Province recognizes income tax and Harmonized Sales Tax revenues based on estimates, adjusted for known factors. Any adjustments upon finalization are recorded in the year in which they are identified.

Fuel and tobacco tax revenues are recorded based on returns which are filed by collectors and taxpayers. Returns filed, adjustments, and audit assessments are recognized as revenue in the period during which the return is filed or the amount is determined.

Property tax revenues are recorded based on prorated actual property tax billings for each of the calendar years that comprise the fiscal year. Adjustments recorded subsequent to fiscal year end, due to adjustments to property assessments or provincial tax credits, are recognized as revenue adjustments in the period in which the adjustments are determined.

The Province earns revenues through services, such as Motor Vehicle Registrations, Building Permits and Patient Fees, in which there are one or more performance obligations. Revenues for services with one performance obligation are recognized at the point in time when the service is rendered, and the performance obligation is met. Revenues for services with more than one performance obligation are recognized at the point in time when each performance obligation is met, at an amount proportional to the total. Revenues for services with no performance obligation are recognized immediately. Revenues for services are presented as Licenses and Permits and Fees and Services revenues on the Statement of Operations.

The Province earns revenues through the sale of goods, such as grain sales under P.E.I. Grain Elevators Corporation. Revenues associated with the sale of goods are recognized when the performance obligation is met, which occurs upon delivery of the goods. Revenues from the sales of goods are presented as Sales revenues on the Statement of Operations.

Investment Income and Sinking Fund Earnings revenues includes interest, amortization of premiums and discounts, and realized fair value gains and losses on portfolio investments.

Other Income relates to revenues received from property operations, foundations, and various other sources. Some other source revenues are non-recurring in nature. Revenues for other income which have performance obligations are recognized when the services are provided.

Government Business Enterprises (GBEs) revenues represents the net incomes of GBEs recorded on the modified equity basis as described in Note 1(b).

(j) Expenses

Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development, and/or construction of tangible capital assets. They do not include operational expenses. The acquisitions of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible Capital Assets are included in the Province's Consolidated Statement of Financial Position as Non-Financial Assets and their cost is amortized over their estimated useful life.

Transfer payments are transfers of money to individuals, organizations, or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenses in the period during which both the payment is authorized and any eligibility criteria are met.

Provisions are made for probable losses or impairments in the value of the asset on certain loans, investments, loan guarantees, and accounts receivable when it is likely that impairment in the value of the asset or liability exists and the amount can be reasonably determined. These provisions are updated annually as estimates are revised.

(k) Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities of another entity.

The Province's financial instruments consist of cash, short-term investments, accounts receivable, sinking fund investments, loans receivable, bank advances, accounts payable (excluding AROs), accrued liabilities, short term loans payable, loans payable, debentures, and loan guarantees.

With the exception of sinking fund investments, financial instruments are measured at cost or amortized cost. The associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are defined as incremental costs directly attributable to the acquisition or issue of a financial asset or liability. No transaction costs were incurred during the year.

Sinking fund investments are measured at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value measurements of financial instruments are classified based on the lowest level input that is significant to the measurement. The three levels of the fair value hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The Province only has Level 1 investments in the sinking fund, which are carried at their fair value of \$316.7 million (2023 - \$359.9 million).

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations.

4 Contractual Rights

The Province has entered into a number of multi-year contracts. These contractual rights will become revenue and assets in the future when the terms of the contracts are met. Significant contractual rights for the next five years and thereafter include:

Fiscal Year	Operating Fund	Agencies, Boards and Crown Corporations	Government Business Enterprises	Total Contractual Rights
	(\$000)	(\$000)	(\$000)	(\$000)
2024-2025	216,737	6,386	3,567	226,690
2025-2026	175,836	6,300	2,461	184,597
2026-2027	45,331	5,466	2,461	53,258
2027-2028	5,972	5,356	2,461	13,789
2028-2029	808	1,125	2,461	4,394
Thereafter	2,210	10,781	1,766	14,757
Total	446,894	35,414	15,177	497,485

The Operating Fund includes contractual rights for the Department of Transportation and Infrastructure of \$106.9 million, of which \$106.0 million is the Investing in Canada Infrastructure Program. The Department of Education and Early Years has contractual rights of \$77.5 million, of which \$60.3 million is the Canada Wide Child Care Agreement with the Government of Canada. The Department of Health and Wellness has total contractual rights of \$108.3 million, of which \$62.9 million is for Working Together to Improve Health Care for Canadians, and \$22.9 million is funding for Aging with Dignity. The Department of Environment, Energy and Climate Action has contractual rights of \$78.8 million, which includes \$71.9 million for the Oil-To-Heat Pump Affordability Program. The Department of Workforce, Advanced Learning and Population has contractual rights of \$50.3 million for Labour Market Development.

The Sustainable Canadian Agriculture Partnership agreement on agriculture, agri-food, and agri-based products policy provides the P.E.I. Agricultural Insurance Corporation with access to funding for AgriInsurance, AgriStability, AgriInvest, and AgriRecovery programs for fiscal years 2024 to 2028. Expected revenue is not included in the table above, as funding is tied to producer indemnity claims and premiums which cannot be reasonably estimated. However, the contractual right to access funding creates an offsetting contractual obligation to producers.

5 Restricted Cash

As at March 31, 2024, assets of \$83.7 million (2023 - \$81.5 million) have been restricted for designated purposes by external parties. Restricted cash includes: \$42.4 million for Public Safety Housing, \$12.4 million for Working Together to Improve Health Care for Canadians, \$8.7 million for New Deal for Cities and Communities, \$8.3 million for Proof of Vaccination, \$5.7 million for Early Learning and Child Care Agreement, \$4.0 million for Northumberland Power Cable, \$1.5 million for Health PEI, and \$0.7 million for other funds.

6 Sinking Fund

(a) Description of Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future debt retirement. Earnings on Sinking Funds are reflected as current revenue.

Installment payments are made to the Sinking Fund from the Operating Fund. They are allocations within the Operating Fund and as such are not treated as an expense. The installment payments for the next five years and thereafter are:

	(\$000)
2024-2025	10,200
2025-2026	10,200
2026-2027	10,200
2027-2028	8,950
2028-2029	8,950
Thereafter	44,250
	<u>92,750</u>

(b) P.E.I. Issues Held by the Sinking Fund

As at March 31, 2024, Sinking Fund investments include P.E.I. issues held but not cancelled in the amounts of:

		(\$000)		(\$000)
Debentures	Par Value	127,278	Fair Value	137,397
Residuals	Par Value	55,980	Fair Value	42,222

7 Asset Retirement Obligations

Asset Retirement Obligations relate primarily to the removal and disposal of designated substances, such as asbestos in buildings, and the disposal of equipment. The measurement of the liability for Asset Retirement Obligations is impacted by new information about activities required to settle the liability, the activities that settled all or part of the obligation, any changes in the legal obligation, and any changes to the discount rate used in the measurement.

To estimate the liability for asbestos and other designated substances in buildings, assessment reports that include the type and quantity of the substances were used with experience and expert advice to determine the cost of retiring the substances. For buildings without an assessment, the estimate is based on the cost for similar buildings until more specific data is available.

To estimate the liability for equipment, experience and expert advice were used to determine the cost of retiring the equipment based on the type of equipment and materials used.

The discount rate used for the ARO calculations ranges from 4.00% to 4.31% for the 2023 amounts and 4.00% to 4.88% for the 2024 fiscal year. Total estimated undiscounted expenditures are \$46.4 million (2023 – \$57.6 million) at the date of expected outlay, with estimated retirement years ranging from 2024 to 2064.

Below is a reconciliation of the beginning and ending aggregate carrying amount of the liability:

	<u>2024</u>	<u>2023</u>
	(\$000)	(\$000)
Asset Retirement Obligations, Beginning of Year	36,586	38,177
Estimated liabilities incurred	953	-
Estimated liabilities settled	(762)	-
Estimated liabilities disposed	(2)	-
Accretion Expense	1,247	1,391
Revisions of estimated costs	(11,322)	(2,982)
Asset Retirement Obligations, End of Year	26,700	36,586

8 Contaminated Sites

The Province is responsible for ensuring that provincial properties not in active use do not pose a problem for the environment. The Province has reviewed a listing of its own sites, and additional properties for which it has accepted responsibility, and has recorded a liability of \$1.7 million (2023 - \$1.8 million) associated with these sites. The Province will continue to review these sites and re-evaluate its liability on an ongoing basis.

Included in the Province's liability are costs associated with a number of former landfill and community dump sites. These sites operated prior to the establishment of the East Prince Landfill and were closed prior to 2003. The responsibility to monitor ground water for the former landfill sites is shared between the Province and Island Waste Management Corporation (IWMC).

9 Contractual Obligations

The Province has entered into a number of multi-year contracts. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Significant obligations for the next five years and beyond include:

Fiscal Year	Operating Fund	Agencies, Boards and Crown Corporations	Government Business Enterprises	Total Contractual Obligations
	(\$000)	(\$000)	(\$000)	(\$000)
2024-2025	448,482	110,030	43,449	601,961
2025-2026	279,138	19,919	14,060	313,117
2026-2027	99,295	17,953	13,014	130,262
2027-2028	46,873	16,849	12,666	76,388
2028-2029	36,617	8,979	9,727	55,323
Thereafter	126,803	82,577	7,242	216,622
Total	1,037,208	256,307	100,158	1,393,673

Included under the Operating Fund are contractual obligations for the Department of Transportation and Infrastructure of \$294.6 million, and major contracts include \$140.0 million for the Investing in Canada Infrastructure Program, \$38.8 million in Building Leases, \$52.4 million in Capital Infrastructure Projects, and \$36.3 million in Road Maintenance. The Department of Justice and Public Safety has contractual obligations of \$237.9 million, of which \$219.2 million is for Provincial Policing Services. The Department of Health and Wellness has contractual obligations of \$119.2 million, which includes \$62.9 million in funding for Working Together to Improve Health Care for Canadians, \$22.9 million in funding for Aging with Dignity, and \$21.4 million in funding for Improving Affordable Access to Prescription Drugs. The Department of Workforce, Advanced Learning and Population has contractual obligations of \$138.7 million, which includes \$71.2 million for Post-Secondary Education, and \$50.3 million for Labour Market Development. The Department of Environment, Energy and Climate Action has contractual obligations of \$112.4 million, which includes \$103.9 million for the Oil-to-Heat Pump Affordability program. The Department of Education and Early Years has contractual obligations of \$81.3 million, which includes \$60.3 million for the Canada Wide Child Care Agreement.

The Sustainable Canadian Agriculture Partnership agreement on agriculture, agrifood, and agri-based products policy provides the P.E.I. Agricultural Insurance Corporation with access to funding for AgriInsurance, AgriStability, AgriInvest, and AgriRecovery programs for fiscal years 2024 to 2028. Expected obligations are not included in the table above, as funding is tied to producer indemnity claims and premiums which cannot be reasonably estimated. However, the contractual obligation to provide funding creates a partially offsetting contractual right from the federal government.

10 Commitments

The nature of the Province’s activities results in commitments against future appropriations. Significant financial commitments at March 31, 2024, include:

(a) Loans

	2024	2023
	(\$000)	(\$000)
Loans approved but not disbursed at March 31:		
Island Investment Development Inc.	33,149	13,840
Finance PEI	32,605	19,327
	65,754	33,167

(b) Innovation PEI

The Crown has committed to disbursing as development program expenses \$24.7 million (2023 - \$27.5 million) for P.E.I. labour rebate program assistance, \$5.8 million (2023 - \$8.7 million) for enriched investment tax credits, \$20.4 million (2023 - \$27.9 million) for development fund assistance, \$0 (2023 - \$408.8 thousand) for cultural industry supports and \$21.0 thousand (2023 - \$108.5 thousand) for share purchase tax credits over the next four years as companies meet their eligibility requirements.

(c) Island Waste Management Corporation

The Corporation has entered into a waste processing agreement dated August 8, 1995, to supply P.E.I. Energy Systems with a minimum annual guaranteed amount of 30,617 metric tonnes of waste. The 30-year agreement, expiring in August 2025, provides for the payment by IWMC of a \$45 per metric tonne quarterly fee adjusted for consumer price index fluctuations. Any shortage is the responsibility of IWMC. Current annual costs for the waste processing are estimated at \$2.4 million (2023 - \$2.3 million).

(d) P.E.I. Energy Corporation**Power Purchase Agreements**

The Corporation is contractually obligated, through Power Purchase Agreements totaling 19 megawatts with private wind developers, to purchase all wind power produced, and then sell all wind power purchased, to Maritime Electric Company Ltd. These Power Purchase Agreements expire in 2026 (9 megawatts) and 2036 (10 megawatts).

The Corporation is contractually obligated, through Power Purchase Agreements totaling 65.28 megawatts as of March 31, 2024, to sell all wind power produced at its wind farm facilities to Maritime Electric Company Ltd. These Power Purchase Agreements expire in 2024 (5.28 megawatts), 2026 (30 megawatts), and 2033 (30 megawatts).

Land Lease Payments

In the normal course of business, the Corporation has entered into agreements for the use, or the option for use, of land into perpetuity in connection with the operation of its wind farms. Payment under these agreements is dependent on the amount of power generated by the wind farm assets; therefore, future minimum payments are indeterminable.

The Corporation has also entered into a lease agreement for the use of land in connection with the development of an electrical smart grid. The associated future minimum lease payments are included in Schedule 3(d).

(e) U.P.E.I. Medical School

The Province has committed to fund construction costs up to \$122.7 million at the U.P.E.I. Medical School for the new Faculty of Medicine and expansions to the Faculty of Nursing and services at the Health and Wellness Centre. As of March 31, 2024, \$6.6 million of funding has been provided related to this commitment. A further \$29.2 million of the amount is under contract and has been included in Note 9. The Province's commitment will be offset by federal funding of \$19.5 million. Of this total, \$15.9 million remains under contract and included in Note 4 of the financial statements.

(f) Prince Edward Island Harness Racing Industry Association Funding

Subsequent to March 31, 2024, P.E.I. Lotteries Commission (the Commission) entered into a funding agreement with the Prince Edward Island Harness Racing Industry Association (PEIHRIA) to assist with continued efforts to enhance the positive economic and cultural contributions of the harness racing industry in PEI and to advance the industry's sustainability. The Commission has committed a maximum amount of \$23.2 million to be paid over the April 1, 2024 to March 31, 2027 agreement.

11 Contingent Liabilities**(a) Claims Outstanding**

The Province is subject to legal actions arising in the normal course of business. At March 31, 2024, there were a number of outstanding claims arising from legal action in progress.

The cost, if any, of most of the claims outstanding will be paid through the P.E.I. Self-Insurance and Risk Management Fund (The Fund). The P.E.I. Self-Insurance and Risk Management Fund was established in 1988 under Part II of the *Financial Administration Act*. The Fund provides risk management services as well as general liability insurance, errors and omissions insurance, primary property and crime insurance, and automobile liability insurance for government entities. At March 31, 2024, Fund reserves were \$13.5 million (2023 - \$12.4 million). The reserve for unsettled claims

represents management's best estimate of the total costs, including investigation, litigation, and the projected final settlement of specific claims incurred as of the financial statement date. It also includes a general reserve to cover possible claims incurred as of the financial statement date but not yet reported to management. Claims expense in the current year was \$3.0 million (2023 - \$2.6 million). The Fund carries an excess liability policy limiting the liability of the Fund.

(b) Credit Union Deposit Insurance Corporation

The *Credit Unions Act* states that the Province shall ensure that the obligations of the Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by P.E.I. credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the seven credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2023, the CUDIC had an equity balance of \$25.4 million (2022 - \$22.7 million).

Deposits insured by CUDIC, on the basis of returns received from its member institutions, as at December 31, 2023, were \$1,785.6 million (2022 - \$1,664.3 million). The Province's contingent liability is offset by equity held by the CUDIC, Atlantic Central Credit Union, and the seven credit unions on P.E.I.

(c) Innovation PEI

A counterclaim has been commenced against Innovation PEI in response to an action for a deficiency remaining after realization on collateral held by the P.E.I. Lending Agency, a former Crown Corporation. The claimant has not provided any details as to the nature and extent of damages or loss for which they seek compensation. There is no liability recorded in these financial statements as it is management's opinion that no liability is likely to arise as a result of this counterclaim. The counterclaim has been ongoing since 1996.

(d) Transitional Funding

Included in revenues for the fiscal year 2014-2015 was \$35.0 million in transitional funding related to the Agreement on Co-operative Capital Markets. The agreement has terms for repayment if terminated.

(e) Guaranteed Debt

The Province has guaranteed the repayment for a variety of types of loans. Guarantees amounting to \$13.1 million (2023 - \$11.5 million) are reported in Schedule 17.

12 Pensions

During the year, the Province sponsored various defined benefit pension plans. The primary plans were the Prince Edward Island Public Sector Pension Plan and the Prince Edward Island Teachers' Pension Plan. Other plans include arrangements for a Supplementary Pension Plan for Members of the Legislative Assembly (MLA) of Prince Edward Island, a Senior Compensation Plan (SCP), and a Pension Plan for Judges.

Investments of the primary plans are held within the Province of Prince Edward Island Master Trust, which are administered by external investment managers under policy guidelines set down by Executive Council and supervised by the Joint Investment Advisory Committee to the Minister of Finance.

(a) Pension Plan Descriptions, Benefit Formulas, and Funding Policies**P.E.I. Public Sector Pension Plan**

Pursuant to the *Prince Edward Island Public Sector Pension Plan Act (PSPPA)*, membership is mandatory for all permanent employees of participating employers. Pension benefits are paid from the Prince Edward Island Public Sector Pension Plan (PSPP), which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions, which are matched by the employer, as well as employer special contributions as described below.

- *Contributions:* Members are required to contribute 8.09% of their pensionable salary up to the year's maximum pensionable earnings (YMPE). For earnings above the YMPE, the contribution rate is 9.75%. Member contributions are matched by their respective employer, and combined are considered Base Contributions. Variable Contributions are in addition to Base Contributions as determined by the funded benefits ratio.

Contribution increases, if needed, will be implemented on January 1st of the year following the effective date of the annual valuation report. The funded benefits ratio, as determined by the April 1, 2024, actuarial valuation, does not indicate that a contribution adjustment is required.

- *Pension Formula:* The annual pension for service prior to December 31, 2013, is based on the number of pensionable years of service, times 2% of the average best three years' annualized salary, with a reduction at age 65 for estimated Canada Pension Plan (CPP) benefits. The resulting pension amount represents the guaranteed Base Benefit. For service commencing January 1, 2014, pension amounts are based on the same formula as described above, applied to an employee's average weighted indexed pensionable salary. The resulting annual pension amount each year thereafter is added to the existing annual pension and becomes the new guaranteed Base Benefit.
- *Pre-Retirement Indexation:* Beginning in 2017, pre-retirement indexation is awarded only if the funded benefits ratio (as determined at April 1st immediately prior to the calendar year in which indexation is to be awarded) is greater than 100%. If there are years that full indexation is not awarded, and if the funded benefits ratio subsequently reaches 115%, then a portion of Plan funds is available to award missed indexation on a go-forward basis (i.e. no retroactive payments). The maximum indexation is 100% of the increase in the Average Industrial Wage (AIW) in Canada; however, if in any year the assets available to provide inflation protection are not adequate to provide full AIW, partial indexation will be awarded.
- *Post-Retirement Indexation:* Post-retirement indexation is awarded only if the funded benefits ratio is greater than 110%. If there are years that full post-retirement indexation is not awarded, and if the funded benefit ratio subsequently reaches 118%, then a portion of Plan funds is available to award missed indexation on a go-forward basis (i.e. no retroactive payments). The maximum indexation is 100% of Consumer Price Index (CPI); however, if in any year the Plan cannot afford full CPI, partial indexation will be awarded. Indexation for deferred vested benefits is applied at the same level as the post-retirement indexation.

P.E.I. Teachers' Pension Plan

The *Prince Edward Island Teachers' Pension Plan Act (TPPA)* established a fund for the payment of pensions to retired teachers or refunds of contributions under certain circumstances. Pension benefits are paid from the Prince Edward Island Teachers' Pension Plan (TPP), which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions, which are matched by the employer, as well as employer special contributions as described below.

- *Contributions:* Members are required to contribute 8.3% of their pensionable salary up to the year's YMPE. For earnings above the YMPE, the contribution rate is 10.0%. Member contributions are matched by their respective employer, and combined are considered Base Contributions. Variable Contributions are in addition to Base Contributions as determined by the funded benefits ratio.

Contribution increases, if needed, will be implemented on September 1st of the valuation year. The funded benefits ratio, as determined by the April 1, 2024, actuarial valuation, does not indicate that a contribution adjustment is required at this time.

- *Pension Formula:* The annual pension for service prior to December 31, 2013, is based on the number of years of pensionable service, times 2% of the average best five years' annualized salary, with a reduction at age 65 for estimated CPP benefits. The resulting pension amount represents the guaranteed Base Benefit. For service commencing January 1, 2014, pension amounts are based on the same formula as described above, applied to an employee's average weighted indexed pensionable salary. The resulting annual pension amount each year thereafter is added to the existing annual pension and becomes the new guaranteed Base Benefit.
- *Pre-Retirement Indexation:* With the adoption of an average weighted indexed pension salary approach to establishing yearly pension benefits, pre-retirement indexation was introduced. Pre-retirement indexation of the TPP is the same as described for the PSPP.
- *Post-Retirement Indexation:* Post-retirement indexation for the TPP is the same as described for the PSPP. Indexation for deferred vested benefits is applied at the same level as the post-retirement indexation.

Special Payments to the P.E.I. Public Sector Pension Plan and the P.E.I. Teachers' Pension Plan
Effective April 1, 2016, if the funded benefits ratio of the Plans falls below 100%, and after reflecting the future variable contributions, the Plans are still not projected to achieve a funded benefits ratio of at least 100% within 5 years, the Province is required to make an additional contribution equal to one fifth of the additional amount required to restore the funded benefits ratio to 100% within 5 years. This is reviewed on an annual basis and the contribution amount will be subject to change each year.

Previous contributions made by the Province in the form of promissory notes, and outstanding at year end, are listed in Schedule 11. Subsection 5(5) of the *PSPPA* and 9(5) of the *TPPA* stipulate that none of the promissory notes may be cancelled or recalled by the Province prior to maturity unless the Province contributes to the PSPP and TPP assets equal to or greater than the value of the promissory notes on the date of cancellation or recall.

Pension Plan for Members of the Legislative Assembly of PEI (Supplementary)

This Plan provides a pension which is supplementary to the benefits provided under the *PSPPA* (formerly provided under the *Pension Plan for Members of the Legislative Assembly*). Supplementary benefits are provided for service rendered subsequent to June 30, 1994, and the amount of benefit is approximately equal to those benefits provided under the PSPP. This Plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. Annual cost of living adjustments are provided at the same level as the *PSPPA*.

Senior Compensation Plan

An executive compensation plan is provided to the senior management of the Province. The Plan provides a pension which is supplementary to the benefits provided under the *PSPPA*. Prior to January

1, 2014, pension benefits were based on the number of years of participation in the Senior Compensation Plan to a maximum of 5 years, times 2% of the best three years' average salary. Effective January 1, 2014, the best three years' average salary was replaced by an average weighted indexed earnings in which the indexation is contingent on the financial health of the PSPP. To ensure no reduction in pre-2014 benefits as a result of this change, the best three years' average salary up to the end of 2013 is used as the starting point for future benefits determination. Pre- and post-retirement inflation protection is provided at the same level as provided in the *PSPPA*. This Plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due.

Pension Plan for Judges – Old and New

The *Provincial Court Act* provides a pension plan for Provincial Court Judges (Old Plan) who were appointed before April 1, 1997. Pension benefits are based on two thirds of the salary payable to the judge at the time of retirement.

The *Provincial Court Act* also provides a pension plan for Provincial Court Judges (New Plan) who were appointed after March 31, 1997. This is a supplementary benefit to the benefits provided under the *PSPPA*. Pension benefits are based on the number of years of service, times 3% of the best three years' average salary, less benefits received under the *PSPPA*.

Both Plans are unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The Plans provide for inflation protection to a maximum of 8% (old) and 6% (new).

(b) Summary of Plan Memberships

Year	PSPP		TPP		MLA Supplementary		SCP		Judges – Old & New Plans	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Actives	9,811	9,394	2,059	2,057	27	26	37	37	3	3
Retirees	6,725	6,487	1,815	1,777	71	72	89	86	5	5
Deferreds	1,032	938	196	127	12	5	9	7	-	-

(c) Actuarial Valuations / Estimates

Actuarial valuations of the PSPP and TPP are performed annually, at April 1st, and are required to be completed by December 31st of each year. Actuarial valuations of all the Province's other pension plans are carried out every three years. Extrapolations based on the most recent valuations are completed by the Province to estimate accrued benefit obligations and unamortized adjustments for the years between valuations.

The valuation method adopted for accounting purposes is the projected unit credit method pro-rated on service. Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The assumptions for the most recent valuations are as follows:

	PSPP	TPP	MLA – Supplementary	SCP	Judges’ – Old & New Plans
Date of Valuation	April 1, 2024	April 1, 2024	April 1, 2024	April 1, 2024	April 1, 2023
Inflation	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum
Discount Rate	6.40% per annum	6.40% per annum	4.72% per annum	4.72% per annum	4.40% per annum
Expected Rate of Return of Plan Assets	6.40% per annum	6.40% per annum	n/a	n/a	n/a
Salary Escalation	3.46% per annum	3.46% per annum	2.50% per annum	2.50% per annum	2.50% per annum
Pre-Retirement Indexation	3.14% per annum for 2024, 2.48% for 2023, 2.50% for the following 22 years, and 0% thereafter	3.14% per annum for 2024, 2.48% for 2023, 2.50% for the following 14 years, and 0% thereafter	3.14% per annum for 2024, 2.50% for the following 22 years; 0% thereafter	3.14% per annum for 2024, 2.50% for the following 22 years; 0% thereafter	n/a
Post-Retirement Indexation (includes deferred pensioners)	6.86% per annum for 2024, 3.74% for 2023, 2.00% for the following 12 years; 0% thereafter	6.86% per annum for 2024, 3.74% for 2023, 2.00% for the following 5 years; 0% thereafter	0.61% per annum for 2022, 3.74% per annum for 2023 and 6.86% per annum for 2024, 2.00% for the following 12 years; 0% thereafter	6.86% as at January 1, 2024 is included in the ABO. 2.00% for the following 12 years; 0% thereafter	1.90% per annum
Mortality	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 1.20 for males and 1.10 for females	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 1.15 for males and 1.00 for females	CPM2014Publ with no adjustments and CPM Scale B improvement scale	CPM2014Publ with future improvements based on CPM Scale B and size adjustments of 0.750 for males and 0.926 for females	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 0.750 for males and 0.926 for females
Termination	Tenure – based scale	Tenure – based scale	1	N/A	N/A
Retirement Age	Service and age – based scale	Service and age – based scale	2	3	Age 65, or in one year if judge has attained age 65
Proportion Married	Males 80% Females 75%	Males 80% Females 75%	Age-based scale	Males 80% Females 75%	Males 80% Females 75%
Age Difference for Spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses

¹ Termination: 33% terminate or retire after first election, 50% of balance terminate or retire at second election, and remaining members terminate or retire after third election.

² Retirement Age: Deferred Members: Age 50 or in one year if already over age 50. 33% terminate or retire after first election, 50% of balance terminate or retire at second election, and remaining members terminate or retire after third election.

³ Retirement Age: Later of age 55 or at which 5 years of Plan service is completed, or in one year if later. For deferred members, age 50, or in one year if later.

All actuarial assumptions are reviewed by a Valuation Assumption Committee. Recommendations from this committee for the various assumptions are prepared for the approval of the of the Minister.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group as follows:

	<u>2024</u>	<u>2023</u>
P.E.I. Public Sector Pension Plan	15 years	14 years
P.E.I. Teachers' Pension Plan	14 years	15 years
MLA Pension – Supplementary	6 years	4 years
Senior Compensation Pension Plan	4 years	5 years
Judges Pension Old Plan	1 year	1 year
Judges Pension New Plan	7 years	3 years

Pension fund assets are valued at market values. The actual return on plan assets was 6.2% in 2024 (2023 – (0.20)%).

In 2024, actuarial estimates were performed for all the Province's pension plans that did not have an actuarial valuation completed in the current year. These estimates are completed to reflect changes to assumptions effective April 1, 2024.

The updated discount rate assumptions are as follows:

	PSPP	TPP	MLA – Supplementary	SCP	Judges – Old & New Plans
Discount Rate 2024	6.40%	6.40%	4.72%	4.72%	4.72%
Discount Rate 2023	6.35%	6.35%	4.40%	4.40%	4.40%

(d) Summary Pension Information

	PSPP	TPP	MLA Supp ¹	SCP ¹	Judges' Old Plan ¹	Judges' New Plan ¹	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Accrued benefit obligation, beginning of year	2,520,614	1,065,064	19,196	31,703	8,306	3,450	3,648,333
Gains on experience and assumption changes and contingent indexation	24,080	4,090	2,199	(208)	(603)	260	29,818
Benefits accrued	57,671	20,754	723	1,741	133	208	81,230
Interest	157,661	66,376	840	1,400	344	173	226,794
Benefit payments	(133,199)	(60,284)	(954)	(1,379)	(381)	(120)	(196,317)
Accrued benefit obligation, end of year	2,626,827	1,096,000	22,004	33,257	7,799	3,971	3,789,858
Plan assets, beginning of year	2,520,614	1,065,064	-	-	-	-	3,585,678
Actuarial losses	(19,964)	(8,926)	-	-	-	-	(28,890)
Return on plan assets	159,016	66,776	-	-	-	-	225,792
Employer contributions	50,180	16,685	-	-	-	-	66,865
Employee contributions	50,180	16,685	-	-	-	-	66,865
Employer special contribution ²	-	-	-	-	-	-	-
Benefit payments	(133,199)	(60,284)	-	-	-	-	(193,483)
Plan assets, end of year	2,626,827	1,096,000	-	-	-	-	3,722,827
Actuarial pension liability	-	-	22,004	33,257	7,799	3,971	67,031
Unamortized adjustments, beginning of year	264,712	107,808	(2,289)	(2,052)	(757)	(876)	366,546
Gains on experience and assumption changes and contingent indexation	24,080	4,090	2,200	(207)	(603)	260	29,820
Loss on assets	19,964	8,926	-	-	-	-	28,890
Amortization of gains (losses)	(37,038)	(12,589)	565	235	1,006	384	(47,437)
Unamortized adjustments, end of year	271,718	108,235	476	(2,024)	(354)	(232)	377,819
Net Pension liability	(271,718)	(108,235)	21,528	35,281	8,153	4,203	(310,788)
Expense							
Current period benefit cost	56,130	18,250	723	1,741	133	208	77,185
Employee and other contributions	(49,328)	(15,433)	-	-	-	-	(64,761)
Net interest	(1,355)	(401)	840	1,400	344	173	1,001
Amortization of (gains) losses	37,038	12,589	(565)	(235)	(1,006)	(384)	47,437
Total pension (revenue) expense	42,485	15,005	998	2,906	(529)	(3)	60,862

¹ These pension plans are non-contributory.

For plans with contingent indexation, the total accrued benefit obligation consists of the following:

	PSPP	TPP	MLA Supp	SCP	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Base benefit liability	2,115,255	950,614	18,696	28,084	3,112,649
Contingent indexation liability ¹	511,572	145,386	3,308	5,173	665,439
Total accrued benefit obligation	2,626,827	1,096,000	22,004	33,257	3,778,088

¹ The contingent indexation liability is calculated based on total plan assets, less the accrued benefit obligation, assuming no future contingent indexation. This calculation does not incorporate the potential impact of future events such as contributions, gains or losses on asset returns, and new benefit accruals.

(e) Other Pension Plans

Health PEI

Salaried physicians maintain their own personal Registered Retirement Savings Plan (RRSP) accounts to which Health PEI makes contributions in accordance with the Master Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to 9% of the physician's base salary and shall not exceed 50% of the maximum permissible contribution provided for in the federal *Income Tax Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement. Contributions towards salaried physicians' personal RRSP accounts amounted to \$1.9 million (2023 - \$1.7 million).

13 Other Future Employee Benefits

(a) Other Future Employee Benefits Descriptions

Retirement Pay

Employees of the Civil Service, Health, and Education sectors and MLAs are provided with retirement allowances in accordance with the applicable collective agreement, terms of employment, or legislation. Amounts paid to eligible employees at retirement are based on the pay rate in effect at the retirement date and range from four days to one month of pay for each year of eligible service, depending on the employee group. Retirement pay is subject to maximums which vary by employee group from 20 to 52 weeks of pay. These benefits are unfunded.

Death Benefits

A post-retirement death benefit in the form of life insurance coverage of \$5.0 thousand is provided to regular, health, and senior compensation members of the PSPP. MLAs also receive coverage in the amount of \$50.0 thousand until age 65, reducing to \$25.0 thousand at age 65 and then remaining at that level for life. MLAs who served as Premier, Leader of the Opposition, Speaker of the House, or as a Minister are entitled to \$75.0 thousand coverage until they are 65. This benefit is unfunded and is paid from the Operating Fund.

Workers Compensation

Workers compensation benefits include medical services, wage loss replacement, and rehabilitation costs paid in the event that a volunteer firefighter or emergency measures organization employee is injured while performing their duties.

The Province is an assessed employer for the purpose of providing workers compensation benefits to Civil Service, Instruction Education, and Health PEI employees. The liability associated with these benefits is held by the Workers Compensation Board of Prince Edward Island.

Sick Leave

Employees of the Civil Service, Instructional Education, and Health PEI are entitled to sick leave as provided for under collective agreements and terms of employment. Unused hours can be carried forward for future paid leave, up to predetermined maximum amounts. However, no amounts are paid out in respect of unused sick leave at termination or retirement. Eligible employees accumulate between 1.25 and 1.50 days of sick leave per month of service, depending on the employee group. Maximum accumulations range from 199 to 260 days. This program is unfunded.

(b) Actuarial Valuations / Estimates

Actuarial valuations of the Province's liability for other future employee benefits are carried out every three years. An estimated update, which is a calculation based on an extrapolation of the most recent valuation, is calculated by the Province for the years in which a formal valuation is not prepared.

The valuation method adopted for accounting purposes is the projected unit credit method, pro-rated on service. Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The assumptions for the most recent valuations are as follows:

	Retirement Pay (Civil & Education)	Retirement Pay (Health)	Death Benefits (MLA)	Death Benefits (Civil & Health)	WCB	Sick Leave (Civil & Education)	Sick Leave (Health)
Date of Valuation	1-Apr-23	1-Apr-23	1-Apr-24	1-Apr-23	1-Apr-23	1-Apr-23	1-Apr-23
Inflation	2.00% per annum	2.00% per annum	N/A	N/A	0-4.00% per annum	2.00% per annum	2.00% per annum
Discount Rate	4.31% per annum	4.31% per annum	4.72% per annum	4.40% per annum	4.31% per annum	4.31% per annum	4.31% per annum
Salary Escalation	1	1	N/A	N/A	N/A	9	2.50% per annum + PSPP Promotional Scale
Retirement Age	2	2	3	4	N/A	5	2024 PSPP Retirement Scale
Mortality	None	None	CPM2014Publ with Scale CPM-B improvement scale and no size adjustment factors	CPM2014Publ with Scale CPM-B improvement scale and size adjustment factors: 1.20 for males, 1.10 for females	CPM2014 Public Table	None	None
Termination	6	6	7	2014 PSPP Termination Scale, rates are doubled for temporary and casual employees	N/A	8	2014 PSPP Termination Scale

*Footnotes and assumptions are shown on the next page.

- 1 Salary escalation assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Senior Compensation Plan members & MLAs – 2.50% per annum;
 - All other civil servants and health employees and excluded – 2.50% per annum + PSPP promotional scale;
 - Education sector instructional and excluded employees – 2.50% per annum + TPP promotional scale; and
 - Education sector CUPE employees – 2.50% per annum.
- 2 Retirement age assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Civil servants and health employees – 2024 PSPP retirement scale for members age 45-54 at January 1, 2019 (applied to all members), or in one year if the member has attained age 68;
 - MLAs – For members eligible to retire: 33% retire after 1st election, 50% of balance retire at 2nd election and remaining retire after 3rd election. Elections are assumed to occur every 4 years commencing October 2023;
 - Education sector instructional and excluded employees – 2024 TPP retirement scale for members age 45-54 at January 1, 2019 (applied to all members), or in one year if the member has attained age 66; and
 - Education sector CUPE employees – 5% at each age from 55 to 59, 20% at age 60, 15% at age 61, 5% at each age from 62 to 64, 25% at age 65, or in one year if the member has attained age 55.
- 3 Retirement age assumptions for Death Benefits (MLA) are as follows:
 - For members eligible to retire - 33% retire after 1st election, 50% of balance retire at 2nd election and remaining members retire after 3rd election. Elections are assumed to occur every 4 years commencing October 2027;
 - Members remaining at age 71 are assumed to retire at age 71.
- 4 Same as 2024 PSPP retirement rates for members age 45-54 at January 1, 2019 (applied to all members), or in one year if the member has attained age 68.
- 5 Retirement age assumptions for Sick Leave (Civil & Education) are as follows:
 - Civil servants – 2024 PSPP Retirement Scale;
 - Education sector instructional employees – 2024 TPP Retirement Scale; and
 - Education sector CUPE and excluded employees – 5% at each age from 55 to 59, 20% at age 60, 15% at age 61, 5% at each age from 62 to 64, 25% at age 65, or in one year if the member has attained age 65.
- 6 Termination assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Civil servants and Senior Compensation members – 2014 PSPP termination scale, rates are doubled for temporary and casual employees;
 - Health employees – same as PSPP;
 - MLAs – same as MLA Pension (Supplementary);
 - Education sector instructional and excluded employees – 2014 TPP termination scale; and
 - Education sector CUPE employees – 2014 PSPP termination scale.
- 7 Termination assumptions for Death Benefits (MLA) are as follows:
 - For members not eligible to retire - 33% terminate after 1st election, 50% of balance terminate at 2nd election and remaining terminate after 3rd election. Elections are assumed to occur every 4 years commencing October 2027.
- 8 Termination assumptions for Sick Leave (Civil & Education) are as follows:
 - Civil servants, education sector CUPE and excluded employees – PSPP Termination Scale; and
 - Education sector instructional employees – TPP Termination Scale.
- 9 Salary increase assumptions for Sick Leave (Civil & Education) are as follows:
 - Civil servants – 2.5% per annum + PSPP Promotional Scale;
 - Education sector instructional employees – 2.5% per annum + TPP Promotional Scale; and
 - Education sector CUPE and excluded employees – 2.5% per annum

Actuarial gains and losses for other future employee benefits are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which ranges from 8 to 16 years.

The market value of the death benefit reserve account at the end of the year was \$1.7 thousand (2023 – \$32.8 thousand). The expected rate of return on death benefit assets was 4.40%. The actual return on assets was (18.3)% (2023 – (10.5)%).

In 2024, actuarial estimates were performed for all the Province's other future employee benefits to reflect changes to assumptions effective April 1, 2024.

The updated discount rate assumptions are as follows:

	Retirement Pay (Civil & Education)	Retirement Pay (Health)	Death Benefits (MLA)	Death Benefits (Civil & Health)	WCB	Sick Leave (Civil & Education)	Sick Leave (Health)
Discount Rate 2024	4.68%	4.68%	4.72%	4.72%	4.68%	4.68%	4.68%
Discount Rate 2023	4.31%	4.31%	4.40%	4.40%	4.31%	4.31%	4.31%

(c) **Benefit Summary Information**

	Retirement Pay	Death Benefits	WCB	Sick Leave¹	Total
	\$000	\$000	\$000	\$000	\$000
Accrued benefit obligation, beginning of year	155,181	15,672	5,076	54,994	230,923
Gain on experience and assumption changes	(13,205)	(611)	851	8,032	(4,933)
Benefits accrued	11,261	372	310	8,665	20,608
Interest	6,350	701	262	2,757	10,070
Benefit payments	(10,717)	(556)	(443)	(9,817)	(21,533)
Accrued benefit obligation, end of year	148,870	15,578	6,056	64,631	235,135
Plan assets, beginning of year	-	32	-	-	32
Actuarial gain	-	18	-	-	18
Employer contributions	-	502	-	-	502
Benefit payments	-	(546)	-	-	(546)
Plan assets, end of year	-	6	-	-	6
Actuarial benefit liability	148,870	15,572	6,056	64,631	235,129
Unamortized adjustments, beginning of year	(23,096)	(3,431)	(1,270)	(11,495)	(39,292)
Gain on experience and assumption changes	(13,206)	(611)	851	8,032	(4,934)
Gain on assets	-	(18)	-	-	(18)
Amortization of gains (losses)	1,512	52	3	475	2,042
Unamortized adjustments, end of year	(34,790)	(4,008)	(416)	(2,988)	(42,202)
Net benefit liability	183,660	19,580	6,472	67,619	277,331
Expense					
Current period benefit cost	11,261	372	310	8,665	20,608
Net interest	6,350	701	262	2,757	10,070
Amortization of (gains) losses	(1,512)	(52)	(3)	(475)	(2,042)
Total benefit expense	16,099	1,021	569	10,947	28,636

¹ Sick leave payments represent the cost of utilization in excess of benefits earned for the respective year.

14 Use of Estimates and Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used, it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted to reflect new information as it becomes available.

Measurement uncertainty exists in these financial statements in the accruals for such items as future pension, retirement and other obligations, contaminated sites obligations, various federal and provincial revenues including tax revenues and Disaster Financial Assistance Arrangements, and provisions for losses on loans, loan guarantees, accounts receivable, liabilities for asset retirement obligations and reserves for unsettled claims.

The nature of uncertainty in the accruals for pension, retirement, and other obligations arises because actual results may differ significantly from the Province's various assumptions about Plan Members and economic conditions in the marketplace. Uncertainty exists for contaminated sites obligations because the actual extent of remediation activities required may differ significantly based on the actual extent of site contamination and the chosen remediation process. Uncertainty related to federal and provincial revenues, including tax revenues and Disaster Financial Assistance Arrangements, arises because of the possible differences between the estimated and actual economic growth and other assumptions used to accrue these revenues. Uncertainty related to amounts receivable arises due to assumptions on economic conditions in the marketplace and the financial health of recipients. The nature of uncertainty in the ARO arises from uncertainty in the settlement amount, timing of the settlement and the discount rate, which could cause the actual ARO to differ significantly from the Province's estimate. There is uncertainty in the reserve for unsettled claims because it is based on estimates and assumptions that could differ significantly from actual results once the claims are settled. Measurement uncertainty also exists in the estimate of useful lives of tangible capital assets.

15 Financial Management

The Province, collectively through its Government Organizations and Government Business Enterprises, has exposure to the following risks related to its financial instruments: interest rate risk, foreign exchange rate risk, price risk, credit risk, and liquidity risk. An analysis of these risks is provided below.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably with changes in the market interest rates.

For Bank Advances, interest rate risk is managed as part of the Province's overall cash management strategy. The bank account is part of a pooling arrangement where overdraft is only charged if the sum of the pooled accounts is negative. Overdraft interest is a floating-rate interest. Maximum interest rate risk exposure based on a 1.0% change to interest rates would have impacted the operating results by \$0.7 million (2023 - \$0.8 million).

The Province mitigates this risk on short-term and sinking fund investments by laddering investments over different terms. The institutional risk is also managed by spreading investments over multiple highly reputable Canadian financial institutions, including investing in municipal and provincial issued bonds.

The majority of Loans Receivable are fixed rate loans. The remaining Loans Receivable that are variable rate loans is not significant, and therefore does not pose a significant interest rate risk.

The Province manages this risk on its debt by issuing securities at predominantly fixed rates of interest rather than at floating rates of interest. Floating-rate debt primarily refers to short-term promissory notes and fixed-rate debt maturing within one year. At March 31, 2024, \$3.1 billion (2023 - \$2.9 billion) of the Province's debt effectively carried a rate of interest that was fixed.

The Province's debt includes floating-rate debt of \$794.6 million (2023 - \$853.7 million). Based on management's assumptions, a 1.0% change to interest rates would have impacted the operating results by \$7.9 million (2023 - \$8.5 million).

(b) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that future cash flows related to financial instruments will vary due to fluctuations in foreign exchange rates. Foreign exchange risk is negligible with no debt issuance outside Canada. The Province does receive revenue in US dollars. The Province does not have any significant exposure to foreign currency.

(c) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably with changes in market prices.

The Province manages this risk by spreading the maturities of its short-term and sinking fund investments.

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Province is primarily exposed to credit risk on its Cash, Short-Term Investments, Sinking Fund Investments, Accounts Receivable, and Loans Receivable. The Province's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For Cash, Short-Term, and Sinking Fund Investments, the Province manages credit risk by dealing solely with highly reputable Canadian financial institutions and spreading short-term and sinking fund investments among several institutions, including investing in municipal and provincial issued bonds.

For Accounts Receivable, the Province manages credit risk by reviewing balances and aging information to determine if a valuation allowance is necessary. The Province considers accounts receivables that are past due and not impaired to be of good credit quality. The Province's exposure to credit risk on accounts receivable is disclosed below.

For Taxes and Government of Canada receivables as well as the various Government Agencies, Boards, and Crown Corporation receivables, the Province does not believe that it is exposed to significant risk.

Exposure to credit risk in relation to social programs is high. The majority of Social Program receivables are doubtful due to the financial circumstances of the clients involved, and an allowance for doubtful accounts has been set up.

Health PEI Fees and Revenues receivables are broken down into several categories. Drug Product Rebates in the amount of \$24.4 million (2023 – \$25.0 million), Assessments of Physician Billing in the amount of \$0.7 million (2023 - \$0.7 million), Hospital Foundations in the amount of \$3.5 million (2023 – \$3.4 million) and Other Receivables in the amount of \$2.4 million (2023 – \$2.2 million), which combined, amounts to \$31.0 million (2023 – \$31.3 million), are considered lower risk. The Province does not believe that it is exposed to significant risk with these particular receivables. Health PEI's remaining receivables are Fees and Revenues Receivable, amounting to \$7.8 million (2023 - \$6.1 million). The aging of these receivables, which can assist in determining its collectability, is shown below:

Health PEI	(\$000)				2024	2023
	Current	31-60 days	61-90 days	91+ days	(\$000) Total	(\$000) Total
Fees and Revenues Receivable	2,003	1,895	196	3,684	7,778	6,131

Aging of a receivable, as noted above, is an indicator of its collectability. The aging of Other receivables is as follows:

	(\$000)				2024	2023
	Current	31-60 days	61-90 days	91+ days	(\$000) Total	(\$000) Total
Operating Fund	17,211	241	133	339	17,924	16,404
Agencies, Boards and Crown Corporations	5,787	675	228	3,126	9,816	10,781
Total	22,998	916	361	3,465	27,740	27,185
P.E.I. Grain Elevators Corporation ¹					758	543
P.E.I. Agricultural Insurance Corporation ¹					1,729	2,507
P.E.I. Self Insurance and Risk Management Fund ²					184	143
Other Receivables ³					2,850	2,548
Total					33,261	32,926

¹ Due to the nature of these receivables, the receivable amounts noted above for P.E.I. Grain Elevators Corporation and P.E.I. Agricultural Insurance Corporation are not included in the aged receivables table above. These receivables are aged by crop year or program year and are managed differently.

² This amount in relation to the P.E.I. Self Insurance and Risk Management Fund pertains to estimated recoveries from insurance claims. The balance constantly fluctuates as claims are assessed and reassessed. As it is an estimate only, it has not been aged.

³ This amount relates to receivables with Trusts and various Government Agencies, Boards, and Crown Corporations. The Province does not believe that it is exposed to significant risk with these amounts and, as such, they have not been aged.

For Loans Receivable, the Province manages its risk by testing annually for impairment and adjusting the allowance accordingly. Finance PEI uses risk modelling that is customer based rather than product based. Finance PEI reviews the borrower's capacity to repay the loan rather than relying exclusively on collateral, although it is an important component in establishing credit risk. A loan is considered past due when a party has not made a payment by the contractual date. Typically, collateral consists of capital assets held by the borrower but can extend to working capital assets such as inventory when warranted. Any shortfall in collateral as compared to the carrying value of the loan is considered when analyzing the loan for the provision that needs to be applied to it.

Accounts Receivable and Loans Receivable include amounts that are past due and considered to be impaired. Allowances recorded to reflect the impairments are disclosed in Schedules 2, 5, and 18.

The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

(e) Liquidity Risk

Liquidity risk is the risk that the Province will encounter difficulty in meeting obligations associated with financial liabilities. The Province is exposed to liquidity risk on its bank advances, accounts payable (excluding AROs) and accrued liabilities, short term loans payable, loans payable, loan guarantees and debentures.

The Province manages its overall liquidity risk by managing cash resources, which is achieved by monitoring actual and forecasted cash flows from operating, investing, and financing activities.

The Province manages liquidity risk on its debt by distributing debt maturities over many years, maintaining sinking funds in which the investment maturities approximate that of the underlying long-term debt issues, and maintaining adequate liquidity reserves and short-term borrowing programs as contingent sources of liquidity. The Province also has access to two available credit facilities, as described in Note 3(c).

Bank Advances, Accounts Payable and Accrued Liabilities (excluding AROs) and Short-Term Loans Payable are considered current and due within one year. Expected contractual maturities related to other financial liabilities are disclosed in Schedules 11 and 12.

16 Contingent Assets

The Province is involved in legal actions with respect to the distribution, manufacture, sale, or use of opioids and tobacco that may result in recoveries for the Province. The recoveries are contingent on a favourable outcome and cannot be reasonably estimated at this time.

17 Land Adjustment

During fiscal year 2023-2024, a review of properties owned by the Province was completed and an estimated value was recorded for a number of properties which previously had been recorded at \$0. An adjustment in the amount of \$2.0 million (2023 - \$1.5 million) has been made at March 31, 2024, increasing the historical cost of Tangible Capital Assets (Land) and reducing the Accumulated Operating Deficit by the same amount. This change has had no impact on the Annual Surplus or on Net Debt and has not been applied retroactively.

18 Restatement of Prior Periods

(a) Government Restructuring

Executive Council announced that effective April 1, 2023, a reorganization of the operations of several departments would occur. The changes were formally adopted through an amendment to the *Public Departments Act* on November 29, 2023. Financial results presented in the Statement of Operations for the year ended March 31, 2023, for the restructured departments, have been restated for comparative purposes.

(b) Deferred Revenue

As a result of the adoption of Public Sector Accounting Standard *PS 3400 Revenue*, financial results presented in the Statement of Financial Position and Statement of Operations for the year ended March 31, 2023, have been restated to conform with the new standard (see Note 2(a)).

A reconciliation of the restatement for the significant consolidated financial statement line items is shown in the tables below, and each adjustment line includes a reference to the specific reason for the restatement, as disclosed in Notes 18(a) and (b):

Statement of Financial Position

	2023		
	as Previously		
	Reported	Adjustments	2023 Restated
	(\$000)	(\$000)	(\$000)
Liabilities			
Deferred Revenue and Credits	89,903	(9,072) ^(b)	80,831
Total Liabilities	4,478,521	(9,072)	4,469,449
Net Debt	(2,450,859)	9,072	(2,441,787)
Accumulated Deficit	(908,429)	9,072	(899,357)
Accumulated Deficit is Comprised Of:			
Accumulated Operating Deficit	(921,892)	9,072 ^(b)	(912,820)
Accumulated Deficit	(908,429)	9,072	(899,357)

Statement of Operations

	2023 as Previously Reported	Adjustments	2023 Restated
	(\$000)	(\$000)	(\$000)
Revenues			
Licenses and Permits	42,000	(319) ^(b)	41,681
Total Revenues	2,877,267	(319)	2,876,948
Expenses			
Agriculture	102,435	(3,602) ^(a)	98,833
Auditor General	2,757	(2,757) ^(a)	-
Economic, Development, Innovation and Trade	143,057	(73,080) ^(a)	69,977
Education and Early Years	485,524	(111,014) ^(a)	374,510
Executive Council	10,937	(921) ^(a)	10,016
Fisheries, Tourism, Sport and Culture	52,182	(4,136) ^(a)	48,046
Health and Wellness	906,697	(5,423) ^(a)	901,274
Housing, Land and Communities	-	85,467 ^(a)	85,467
Legislative Assembly	9,499	2,757 ^(a)	12,256
Social Development and Seniors	232,632	(46,090) ^(a)	186,542
Workforce, Advanced Learning and Population	-	158,799 ^(a)	158,799
Total Program Expenses	2,613,114	-	2,613,114
Annual Surplus	14,431	(319)	14,112

Statement of Changes in Net Debt

	2023 as Previously Reported	Adjustments	2023 Restated
	(\$000)	(\$000)	(\$000)
NET DEBT, BEGINNING OF YEAR	(2,346,960)	9,391^(b)	(2,337,569)
Changes in Year			
Annual Surplus	14,431	(319) ^(b)	14,112
Total Change in Net Debt for the Year	(103,899)	(319)	(104,218)
NET DEBT, END OF YEAR	(2,450,859)	9,072	(2,441,787)

Statement of Changes in Accumulated Operating Deficit

	2023 as Previously Reported	Adjustments	2023 Restated
	(\$000)	(\$000)	(\$000)
ACCUMULATED OPERATING DEFICIT, BEG. OF YEAR	(928,562)	-	(928,562)
Adjustment to Accumulated Operating Deficit	(9,300)	9,391 ^(b)	91
Restated Accumulated Operating Deficit, Beg. of Year	(937,862)	9,391	(928,471)
Annual Surplus	14,431	(319) ^(b)	14,112
ACCUMULATED OPERATING DEFICIT, END OF YEAR	(921,892)	9,072	(912,820)

Statement of Cash Flows

	2023 as Previously Reported	Adjustments	2023 Restated
	(\$000)	(\$000)	(\$000)
Operating Activities			
Annual Surplus	14,431	(319) ^(b)	14,112
Changes in:			
Deferred Revenue and Credits	3,131	319 ^(b)	3,450
Cash Provided by Operating Activities	178,888	-	178,888

PROVINCE OF PRINCE EDWARD ISLAND
Schedules to the Consolidated Financial Statements
for the year ended March 31, 2024

	2024	2023
	(\$000)	(\$000)
1 Cash and Short-Term Investments		
Operating Fund Bank Advances		
Bank Advances	(74,754)	(78,194)
Consolidated Agencies and Crown Corporations Cash (Bank Advances)		
Finance PEI	10,802	14,888
French Language School Board	2,120	1,075
Health PEI	5,244	16,640
Innovation PEI	4,000	3,409
P.E.I. Agricultural Insurance Corporation	21,028	29,505
P.E.I. Grain Elevators Corporation	368	984
P.E.I. Housing Corporation	15,727	6,204
Public Schools Branch	5,482	6,442
Student Financial Assistance Corporation	1,649	1,985
Tourism PEI	378	(1,213)
Other	2,046	1,820
Short-Term Investments		
Liquidity Reserve	304,375	516,447
Consolidated Agencies, Boards and Crown Corporations	14,914	17,425
	313,379	537,417
2 Accounts and Taxes Receivable		
Taxes	93,703	89,425
Government of Canada	348,746	254,826
Social Programs	10,206	8,973
Health PEI Fees and Revenues	38,519	37,471
Due from P.E.I. Cannabis Management Corporation	4,616	5,304
Due from P.E.I. Liquor Control Commission	13,011	12,013
Due from P.E.I. Lotteries Commission	22,287	42,808
Accrued Interest Receivable	3,362	8,067
Other	29,899	24,859
	564,349	483,746
Provision for Doubtful Accounts (Schedule 18)	(15,212)	(14,046)
	549,137	469,700

3 Investment in Government Business Enterprises

(a) Description of the Province's Crown Corporations classified as Government Business Enterprises

Charlottetown Area Development Corporation

The Corporation was established to provide innovation, investment, and expertise for individual projects of economic and social benefit that government or the private sector are not prepared to execute alone. The Corporation is owned by the Province of Prince Edward Island, the City of Charlottetown, Town of Stratford, and Town of Cornwall.

Island Investment Development Inc.

Island Investment Development Inc. is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are typically made in new or expanding companies. The Corporation develops and commercializes the real property assets of former Canadian Forces Base Summerside. It rents real property to commercial and residential tenants and operates airport, accommodations, food and beverage and retail divisions. The Corporation also administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island and charges applicants under the program various fees to process the applications received.

Island Waste Management Corporation

The Corporation is responsible for the implementation and management of a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island and the operation of water and wastewater facilities.

P.E.I. Cannabis Management Corporation

The Corporation is responsible for the distribution and sale of adult use cannabis in Prince Edward Island.

P.E.I. Energy Corporation

The Corporation is responsible for the development and promotion of energy systems in the Province.

P.E.I. Liquor Control Commission

The Commission is responsible for managing the importation, sale, and distribution of beverage alcohol throughout Prince Edward Island.

P.E.I. Lotteries Commission

The Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. (ALC) and Interprovincial Lottery Corporation (ILC). ALC is jointly owned by the four Atlantic Provinces or their lottery agency, and is responsible to develop, organize, undertake, conduct, and manage lotteries in Atlantic Canada. ALC also markets and handles regionally the products of the ILC which is jointly owned by the ten Canadian provinces. Net profits (losses) of ALC and ILC are distributed to the shareholders. An agreement between the Commission and ALC provides for ALC to develop, organize, conduct, manage, and operate gaming entertainment centres as agent for and on behalf of the Commission.

(b) Supplementary Financial Information

	Charlottetown Area Development Corporation (\$'000)	Island Investment Development Inc. (\$'000)	Island Waste Management Corporation (\$'000)	P.E.I. Cannabis Management Corporation (\$'000)	P.E.I. Energy Corporation (\$'000)	P.E.I. Liquor Control Commission (\$'000)	P.E.I. Lotteries Commission (\$'000)	Total 2024 (\$'000)	Total 2023 (\$'000)
Cash and Marketable Securities	7,052	65,449	5,621	2,017	36,847	3,476	22,630	143,092	194,991
Accounts Receivable	1,204	17,606	1,639	269	6,757	1,614	-	29,089	26,544
Inventory	-	390	-	2,323	-	10,036	-	12,749	14,039
Loans Receivable	298	162,195	-	-	8,080	-	-	170,573	149,661
Tangible Capital Assets	74,695	22,300	20,120	3,980	127,230	7,708	-	256,033	247,250
Other Assets	2,609	6,202	1,182	1	87,410	147	9,923	107,474	104,232
Total Assets	85,858	274,142	28,562	8,590	266,324	22,981	32,553	719,010	736,717
Accounts Payable	2,024	3,385	2,997	2,251	2,915	5,607	-	19,179	22,030
Long-Term Debt	18,444	4,244	8,025	-	141,521	-	-	172,234	181,699
Obligations under Capital Lease	-	-	-	1,707	399	3,611	-	5,717	5,796
Other Liabilities	51,654	13,391	16,301	4,632	7,851	13,763	22,630	130,222	152,690
Total Liabilities	72,122	21,020	27,323	8,590	152,686	22,981	22,630	327,352	362,215
Equity	13,736	253,122	1,239	-	113,638	-	9,923	391,658	374,502
Total Liabilities and Equity	85,858	274,142	28,562	8,590	266,324	22,981	32,553	719,010	736,717
Percentage of Ownership	81%	100%	100%	100%	100%	100%	100%	389,048	372,152
Province of P.E.I.'s Equity	11,126	253,122	1,239	-	113,638	-	9,923	389,048	372,152
Revenues	8,538	27,581	24,775	26,154	22,985	100,172	26,846	237,051	233,527
Expenses	7,173	18,404	25,206	23,118	19,147	75,976	5,053	174,077	158,915
Net Income	1,365	9,177	(431)	3,036	3,838	24,196	21,793	62,974	74,612
Minority Interest in Net Income	(259)	-	-	-	-	-	-	(259)	(205)
Income (Loss) from GBEs	1,106	9,177	(431)	3,036	3,838	24,196	21,793	62,715	74,407
Net Income (Loss) from GBEs	1,106	9,177	(431)	3,036	3,838	24,196	21,793	62,715	74,407
Other Comprehensive Income	-	-	-	-	2,935	-	273	3,208	5,142
Income Distributions to the Province	-	-	-	(3,036)	-	(24,196)	(21,795)	(49,027)	(51,752)
Province's Increase (Decrease) in Equity	1,106	9,177	(431)	-	6,773	-	271	16,896	27,797

Audited financial statements of Government Business Enterprises are provided in Volume III of the Public Accounts of the Province of Prince Edward Island.

(c) Long-Term Debt

Long-term debt repayments of Government Business Enterprises due over the next five years and thereafter are:

	<u>Internal</u> <u>(\$000)</u>	<u>External</u> <u>(\$000)</u>	<u>Total</u> <u>(\$000)</u>
2024-2025	376	9,792	10,168
2025-2026	370	10,165	10,535
2026-2027	4,279	11,668	15,947
2027-2028	6,698	9,846	16,544
2028-2029	-	7,972	7,972
Thereafter	-	111,068	111,068
	<u>11,723</u>	<u>160,511</u>	<u>172,234</u>

(d) Obligations Under Capital Lease

Future minimum lease payments of Government Business Enterprises under the capital lease obligations are as follows:

	<u>Total</u> <u>(\$000)</u>
2024-2025	1,108
2025-2026	960
2026-2027	819
2027-2028	749
2028-2029	701
Thereafter	2,882
Total minimum lease payments	<u>7,219</u>
Less: Imputed Interest	<u>(1,502)</u>
Net Obligation	<u>5,717</u>

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
4 Sinking Fund		
FINANCIAL ACTIVITIES		
Sinking Fund Earnings		
Investment Earnings	13,671	13,121
Bank Charges	(33)	(22)
Net Sinking Fund Earnings	<u>13,638</u>	<u>13,099</u>
Installments from the Operating Fund	10,200	11,100
Debentures Redeemed	(60,000)	-
Unrealized Loss on Sinking Fund Investments	(6,835)	(979)
Change in Sinking Fund	<u>(42,997)</u>	<u>23,220</u>
Sinking Fund, beginning of year	<u>362,182</u>	<u>338,962</u>
Sinking Fund, end of year	<u><u>319,185</u></u>	<u><u>362,182</u></u>
FINANCIAL POSITION		
Assets		
Cash	370	63
Accrued Interest	2,117	2,273
	<u>2,487</u>	<u>2,336</u>
Investments	<u>316,703</u>	<u>359,852</u>
Total Assets	<u><u>319,190</u></u>	<u><u>362,188</u></u>
Liabilities		
Accounts Payable	5	6
Sinking Fund Reserve	<u>319,185</u>	<u>362,182</u>
Total Liabilities and Fund Reserve	<u><u>319,190</u></u>	<u><u>362,188</u></u>

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
5 Loans Receivable		
Operating Fund		
Community Development loan, repaid during the year.	-	8
Island Investment Development Inc. loan due to the year 2027, bearing interest at 4.83%.	2,071	2,613
Island Waste Management Corporation loans due to the year 2025, bearing interest rates ranging from 1.13% to variable.	1,585	1,636
P.E.I. Liquor Control Commission loan, repaid during the year.	-	48
Agencies, Boards and Crown Corporations		
Finance PEI loans repayable over various terms to a maximum of 10 years with interest rates ranging from 3.10% to 12.68%.	260,559	262,237
P.E.I. Student Financial Assistance Corporation loans due with various terms of repayment extending up to 15 years; Non-interest bearing.	27,990	28,440
Other		
Employee Transition Advances - Non-interest bearing	1,062	1,349
Employee Loans, with a one year term, bearing interest at 5.67%.	29	26
Provision for Doubtful Accounts (Schedule 18)	(48,110)	(49,597)
	<u><u>245,186</u></u>	<u><u>246,760</u></u>

Student Financial Assistance Corporation loans are net of interest concession of \$4,386.6 thousand (2023 - \$3,770.2 thousand).

Employee Transition Advances are net of interest concession of \$172.6 thousand (2023 - \$63.6 thousand).

	2024	2023
	(\$000)	Restated (\$000)
6 Pension, Retirement and Other Obligations		
P.E.I. Public Sector Pension Plan	271,718	264,712
P.E.I. Teachers' Pension Plan	108,235	107,808
Other Pension Plans	(69,165)	(68,629)
Retirement and Death Benefits	(203,240)	(197,348)
Sick Leave	(67,619)	(66,489)
Workers' Compensation	(6,472)	(6,346)
	33,457	33,708
7 Deferred Revenue and Credits		
Government of Canada		
COVID-19 Response and Recovery	-	2,356
Early Learning and Child Care Agreements	5,703	11,499
Canada Community Building Fund	51,124	51,709
Improving Affordable Access to Prescription Drugs	-	10,942
Proof of Vaccination	8,325	-
Working Together to Improve Health Care for Canadians	12,412	-
Health PEI	2,144	2,149
Finance PEI	990	998
P.E.I. Housing Corporation	5,071	61
Other Consolidated Agencies, Boards and Crown Corporations	491	435
Other Operating Fund	878	682
	87,138	80,831
8 Accounts Payable and Accrued Liabilities		
Goods and Services	307,918	342,655
Government of Canada	31,557	48,265
Interest	31,627	30,555
Wages and Benefits	103,388	91,014
Finance PEI - Advances from Related Companies	15,755	15,753
P.E.I. Self-Insurance and Risk Management - Reserve for Unsettled Claims	14,570	12,654
Labour Market Development and Social Services	4,408	2,425
Asset Retirement Obligations (Note 7)	26,700	36,586
Other	22,166	23,645
	558,089	603,552
9 Short-Term Loans Payable		
Operating Fund		
Treasury Notes, 4.97% - 5.13%, maturing April 2 to June 25, 2024	780,000	780,000
Discount on Treasury Notes	(4,659)	(4,424)
Other Short-Term Loans	1,721	-
	777,062	775,576
Finance PEI		
Demand Note Payable to Island Investment Development Inc.		
Interest is charged monthly at the Province of P.E.I. Treasury Board interest rate to Crown Corporations on advances.	6,998	6,998
	784,060	782,574

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
10 Obligations Under Capital Lease		
Operating Fund		
Lease obligation payable monthly until the year 2032, bearing interest at 3.00%.	4,540	5,006
	<u>4,540</u>	<u>5,006</u>

Interest expense related to capital lease obligations for the year was \$150.2 thousand (2023 - \$87.4 thousand).

Future minimum lease payments under the capital lease obligations are as follows:

2024-2025	617
2025-2026	617
2026-2027	617
2027-2028	667
2028-2029	667
Thereafter	2,000
Total minimum lease payments	<u>5,185</u>
Less: Imputed interest	(645)
	<u>4,540</u>

11 Loans Payable

Operating Fund

P.E.I. Teachers' Pension Plan, 4.14%, maturing January 1, 2029, with interest payable semi-annually and principal payments of \$23.5 million payable annually.

117,600 141,120

P.E.I. Public Sector Pension Plan, 4.14%, maturing January 1, 2029, with interest payable semi-annually and principal payments of \$33.1 million payable annually.

165,379 198,454

Consolidated Agencies, Boards and Crown Corporations

Finance PEI

Island Investment Development Inc., 4.00% note payable, no specific repayment terms.

1,430 1,430

Island Investment Development Inc., 4.00% note payable, no specific repayment terms.

557 557

Island Investment Development Inc., 4.00% note payable, due April 2028, repayable at \$8,165 monthly including principal and interest.

744 801

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
11 Loans Payable (continued)		
Manulife Financial, 6.01% note payable, due December 2024, repayable at \$88,025 monthly including principal and interest. This note payable is secured by a general security agreement covering certain property holdings with a net book value of nil.	773	1,752
Manulife Financial, 5.54% note payable, due December 2024, repayable at \$7,969 monthly including principal and interest. This note payable is secured by a general security agreement covering certain property holdings with a net book value of nil.	70	159
P.E.I. Grain Elevators Corporation Demand loan payable to Scotiabank, interest payable at prime less 0.25%, repayable in monthly principal amounts of \$16,944 plus interest, maturing July 2024 or 15 days prior to the expiration of the guarantee from the Province if it is not renewed, amortized until December 2030.	1,456	1,659
P.E.I. Housing Corporation Canada Mortgage and Housing Corporation: - Mortgages Payable - Debentures Payable	2,993 416	3,505 671
Interest rates range: 1.74% - 5.89%		
Maturity dates range: 2023 - 2052		
Loans and debentures are secured by properties.		
Summerside Regional Development Corporation Ltd. Atlantic Canada Opportunities Agency, non-interest bearing loan payable, due in and amortized to June 2025, repayable in monthly payments of \$13,900.	209	375
P.E.I. Century 2000 Fund Inc., 4.00% loan payable, due August 2026, amortized to 2046, repayable in monthly payments of principal and interest of \$36,588. As security the company has provided a promissory note and a first collateral mortgage on land and buildings located at 109 Water Street, 268 Water Street and 250-262 Water Street, Summerside, PE, assignment of property insurance, and assignment of lease(s) and rent(s).	6,523	6,697
	<u>298,150</u>	<u>357,180</u>

Principal repayment requirements over the next five years and thereafter on outstanding loans payable are as follows:

2024-2025	61,893
2025-2026	57,440
2026-2027	57,148
2027-2028	57,532
2028-2029	56,960
Thereafter	7,177
	<u>298,150</u>

12 Debentures and Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Debt (\$000)	Sinking Fund (\$000)	Net Debt 2024 (\$000)	Net Debt 2023 (\$000)
Public Issues:							
17-Aug-15	25-Aug-25	2.350%	10	125,000	-	125,000	125,000
20-Aug-02	29-Jul-27	6.100%	25	100,000	44,651	55,349	58,478
11-Feb-21	11-Feb-28	1.200%	7	125,000	-	125,000	125,000
21-Feb-00	21-Feb-30	6.800%	30	80,000	52,712	27,288	30,681
27-Jul-21	27-Jul-31	1.850%	10	100,000	-	100,000	100,000
24-Mar-22	27-Jul-31	1.850%	9	100,000	-	100,000	100,000
29-Jan-02	29-Jan-32	6.250%	30	100,000	56,327	43,673	47,512
31-Jan-23	1-Dec-32	3.750%	10	200,000	-	200,000	200,000
17-Jan-24	2-Jun-34	4.050%	10	200,000	-	200,000	-
12-Jun-03	21-Feb-34	5.600%	30	100,000	43,125	56,875	59,910
16-Sep-04	15-Jun-35	5.700%	30	100,000	37,809	62,191	65,036
28-Jan-05	19-May-36	5.300%	31	100,000	34,803	65,197	67,918
12-Sep-05	19-Nov-37	4.650%	32	100,000	33,943	66,057	68,715
17-Mar-10	19-Nov-37	4.650%	27	100,000	23,629	76,371	78,590
16-Mar-11	19-May-41	4.600%	30	100,000	-	100,000	100,000
26-Jul-11	19-May-41	4.600%	30	100,000	-	100,000	100,000
19-Jun-12	27-Jun-42	3.650%	30	200,000	-	200,000	200,000
11-Sep-19	1-Dec-51	2.650%	32	100,000	-	100,000	100,000
13-May-20	1-Dec-51	2.650%	31	125,000	-	125,000	125,000
10-Jan-13	17-Jan-53	3.600%	40	125,000	-	125,000	125,000
6-Aug-13	17-Jan-53	3.600%	40	75,000	-	75,000	75,000
11-Mar-14	17-Jan-53	3.600%	39	125,000	-	125,000	125,000
17-Jul-14	17-Jul-54	3.850%	40	125,000	-	125,000	125,000
				<u>2,705,000</u>	<u>326,999</u>	<u>2,378,001</u>	<u>2,201,840</u>
Canada Pension Plan Issues:							
2003-2004	2023-2024	5.728%	20	-	-	-	11,135
2004-2005	2024-2025	5.659%	20	10,500	-	10,500	10,500
2005-2006	2025-2026	5.212%	20	3,036	-	3,036	3,036
2005-2006	2035-2036	4.772%	30	5,939	-	5,939	5,939
2006-2007	2036-2037	4.879%	30	13,526	-	13,526	13,526
2007-2008	2037-2038	4.851%	30	10,010	-	10,010	10,010
2008-2009	2038-2039	4.968%	30	9,703	-	9,703	9,703
2009-2010	2039-2040	4.984%	30	10,544	-	10,544	10,544
2010-2011	2040-2041	4.818%	30	9,603	-	9,603	9,603
2011-2012	2041-2042	4.522%	30	9,794	-	9,794	9,794
2012-2013	2042-2043	3.624%	30	6,971	-	6,971	6,971
				<u>89,626</u>	<u>-</u>	<u>89,626</u>	<u>100,761</u>
Subtotal Debentures and Sinking Fund				2,794,626	326,999	2,467,627	2,302,601
Debenture Discount				(25,333)	-	(25,333)	(25,455)
Unrealized Loss on Sinking Fund Investments				-	(7,814)	7,814	979
Total Debentures and Sinking Fund				<u>2,769,293</u>	<u>319,185</u>	<u>2,450,108</u>	<u>2,278,125</u>

12 Debentures and Sinking Fund (continued)

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are redeemable in whole or in part before maturity at the option of the Minister of Finance of Prince Edward Island.

Interest rates are calculated on a weighted average basis.

Projected Payments

Projected payments for the next five years and thereafter are:

	Total Repayments (\$000)	Sinking Fund Requirements (\$000)	Net Principal Repayments (\$000)
2024-2025	10,500	-	10,500
2025-2026	128,036	-	128,036
2026-2027	-	-	-
2027-2028	225,000	44,651	180,349
2028-2029	-	-	-
Thereafter	2,431,090	282,347	2,148,743
	<u>2,794,626</u>	<u>326,998</u>	<u>2,467,628</u>

Net principal repayments are comprised of the principal amount due less available designated sinking funds to retire the debenture.

13 Tangible Capital Assets

	Land and Improvements ¹ (\$000)	Buildings and Improvements (\$000)	Leasehold Improvements (\$000)	Roads and Bridges (\$000)	Motor Vehicles (\$000)	Equipment (\$000)	Other (\$000)	2024 (\$000)	2023 (\$000)
Cost, beginning of year	128,348	1,150,229	13,754	886,932	103,489	427,232	122,546	2,832,530	2,627,563
Additions	16,414	139,677	2,807	70,745	23,255	38,688	4,749	296,335	237,491
Disposals / Writedowns	(332)	(153)	-	(6,938)	(4,814)	(2,403)	(367)	(15,007)	(24,165)
Adjustments	2,379	(2,225)	216	-	-	(289)	-	81	(8,359)
Cost, end of year	146,809	1,287,528	16,777	950,739	121,930	463,228	126,928	3,113,939	2,832,530
Accumulated Amortization, beginning of year	4,380	540,624	10,444	341,873	53,219	306,849	68,206	1,325,595	1,251,015
Amortization	174	29,404	1,098	41,843	9,194	29,888	3,728	115,329	104,250
Disposals / Writedowns	-	(35)	17	(6,728)	(4,670)	(2,402)	(315)	(14,133)	(22,862)
Adjustments	-	(1,966)	-	-	-	(291)	-	(2,257)	(6,808)
Accumulated Amortization, end of year	4,554	568,027	11,559	376,988	57,743	334,044	71,619	1,424,534	1,325,595
Net Book Value	142,255	719,501	5,218	573,751	64,187	129,184	55,309	1,689,405	1,506,935

The net book value of capital assets unamortized and under construction or development is \$145.9 million (2023 - \$124.6 million).

¹During the year, Management reviewed the opening balance of Land and identified properties that had previously been recorded at \$0. For those properties, management increased the historical cost of land by \$2.0 million (2023 - \$1.5 million) based on the estimated cost of those properties. Please refer to Note 17 for further details.

	2024	2023
	<u>(\$000)</u>	<u>Restated</u> <u>(\$000)</u>
14 Inventories and Property Holdings		
Inventories		
Operating Fund		
Department of Education and Early Years	567	380
Department of Environment, Energy and Climate Action	-	73
Department of Health and Wellness	557	470
Department of Transportation and Infrastructure	16,298	13,488
Health PEI - Personal Protective Equipment	1,544	1,842
Health PEI - Other	9,179	8,728
Other Consolidated Agencies, Boards and Crown Corporations	488	387
Property Holdings		
Operating Fund		
Tax Sale Properties	639	630
Finance PEI	5,026	5,206
P.E.I. Housing Corporation	244	244
	<u>34,542</u>	<u>31,448</u>
Provision for Losses on Property Holdings (Schedule 18)	(4,793)	(4,952)
	<u>29,749</u>	<u>26,496</u>
15 Prepaid Expenses and Other Deferred Charges		
Operating Fund		
Information Technology Maintenance and Support	6,449	5,228
Workers Compensation Board Premiums	1,011	493
Warranties and Maintenance	964	18
Deposits	811	-
Other	176	196
Health PEI	2,770	2,555
P.E.I. Grain Elevators Corporation	266	174
Other Consolidated Agencies, Boards and Crown Corporations	318	335
	<u>12,765</u>	<u>8,999</u>
16 Trust Funds		
Operating Fund		
P.E.I. Public Sector Pension Plan	2,626,826	2,520,614
P.E.I. Teachers' Pension Plan	1,096,252	1,065,064
Public Trustee	19,371	10,807
Supreme Court	2,427	2,214
Other	4,662	4,175
Health PEI	1,442	1,356
P.E.I. Museum and Heritage Foundation	1,271	1,192
Public Schools Branch	282	274
	<u>3,752,533</u>	<u>3,605,696</u>

17 Guaranteed Debt

	<u>Maturity Date</u>	<u>Authorized Limit (\$000)</u>	<u>2024 Outstanding (\$000)</u>	<u>2023 Outstanding (\$000)</u>
Debentures / Capital Loans				
Island Waste Management Corporation	31-Dec-2027	30,130	7,939	9,756
P.E.I. Energy Savings Bonds	31-Dec-2016	20,000	1	1
Pownal Sports Centre	30-Jun-2024	700	41	101
Community Seniors Co-operative Ltd.	31-Oct-2032	6,800	5,135	1,620
		57,630	13,116	11,478

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term, authorized lines of credit may revolve up to the original principal guaranteed plus interest due.

18 Continuity of Provision for Doubtful Accounts and Losses

	<u>Provision 2023</u> (\$000)	<u>Written Off During Year</u> (\$000)	<u>Increase (Decrease)</u> (\$000)	<u>Provision 2024</u> (\$000)
Accounts and Taxes Receivable:				
Operating Fund				
Social Programs	8,973	-	1,182	10,155
Real Property Tax	995	(51)	400	1,344
Other Departments	500	(62)	(122)	316
Finance PEI	950	-	(57)	893
Health PEI	2,244	-	(146)	2,098
Innovation PEI	113	-	51	164
P.E.I. Grain Elevators Corporation	60	-	10	70
P.E.I. Housing Corporation	99	-	58	157
Tourism PEI	112	-	(97)	15
	<u>14,046</u>	<u>(113)</u>	<u>1,279</u>	<u>15,212</u> ¹
Loans Receivable:				
Finance PEI	38,119	-	(2,105)	36,014
P.E.I. Student Financial Assistance Corp.	11,478	-	618	12,096
	<u>49,597</u>	<u>-</u>	<u>(1,487)</u>	<u>48,110</u> ²
Property Holdings:				
Operating Fund	272	-	(28)	244
Finance PEI	4,680	-	(131)	4,549
	<u>4,952</u>	<u>-</u>	<u>(159)</u>	<u>4,793</u> ³

¹ Provision for Doubtful Accounts for Accounts and Taxes Receivable are deducted on Schedule 2.

² Provision for Doubtful Accounts for Loans Receivable are deducted on Schedule 5.

³ Provision for Losses on Property Holdings are deducted on Schedule 14.

19 Debentures Issued and Matured

ISSUED

<u>Date Of Issue</u>	<u>Rate of Interest</u>	<u>Date of Maturity</u>	<u>Amount of Issue (\$000)</u>	<u>Price Received</u>
17-Jan-24	4.05%	2-Jun-34	200,000	98.99
Total Debentures Issued			200,000	

MATURED

<u>Date Of Issue</u>	<u>Rate of Interest</u>	<u>Date of Maturity</u>	<u>Amount of Issue (\$000)</u>	<u>Amount Matured (\$000)</u>
5-Apr-03	6.15%	5-Apr-23	1,381	1,381
2-May-03	5.94%	2-May-23	1,777	1,777
1-Jun-03	5.58%	1-Jun-23	1,787	1,787
4-Jul-03	5.53%	4-Jul-23	1,191	1,191
2-Aug-03	5.79%	2-Aug-23	856	856
1-Sep-03	5.86%	1-Sep-23	785	785
3-Oct-03	5.52%	3-Oct-23	726	726
1-Nov-03	5.76%	1-Nov-23	832	832
1-Dec-03	5.67%	1-Dec-23	332	332
15-Dec-93	8.50%	15-Dec-23	60,000	60,000
1-Mar-04	5.41%	1-Mar-24	1,468	1,468
Total Debentures Matured				71,135

	2024 Budget	2024 Actual	2023 Actual Restated
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>
<u>Revenues</u>			
20 Taxes			
Personal Income Tax	577,713	562,466	558,451
Sales Tax	444,715	501,571	452,253
Real Property Tax	152,930	155,641	146,855
Corporate Income Tax	142,300	157,764	154,880
Health Tax on Tobacco	29,500	25,612	29,137
Gasoline Tax	25,500	26,989	25,817
Health Tax on Liquor	24,040	24,584	24,713
Insurance Premium Tax	19,952	20,720	19,865
Carbon Levy	8,200	10,267	32,465
Real Property Transfer Tax	11,500	10,419	11,940
Corporation Capital Tax	5,500	6,971	7,164
Cannabis Tax	2,900	3,682	2,735
Environment Tax	1,500	1,674	1,446
Other	200	-	-
	<u>1,446,450</u>	<u>1,508,360</u>	<u>1,467,721</u>
21 Licenses and Permits			
Motor Vehicle Registry	24,350	22,846	21,382
Securities Act	8,747	7,198	7,484
Security Brokers and Salesperson's Licenses	4,500	4,303	4,504
Registry Act	1,500	1,590	1,552
P.E.I. Regulatory and Appeals Commission	1,108	985	1,431
Other	5,485	5,520	5,328
	<u>45,690</u>	<u>42,442</u>	<u>41,681</u>
22 Fees and Services			
Patient Fees	22,667	22,603	20,118
P.E.I. Agricultural Insurance Corp.- Insurance Premiums	15,627	14,937	14,447
Beverage Containers and Recycled Materials	9,800	9,505	10,322
Third Party Insurance	5,000	5,170	4,231
Land Title and Registry Fees	3,200	3,313	3,440
Automated Property Registration	2,000	1,974	1,814
9-1-1 Cost Recovery Fees	1,447	1,474	1,325
Tuition Reimbursement	2,844	1,613	1,641
Fines and Penalties	1,721	1,045	1,247
Electricity Efficiency and Conservation Plan Contributions	1,200	965	1,999
Provincial Integrated Communication System Recoveries	1,121	1,120	1,120
R.C.M.P. Recoveries	666	665	656
P.E.I. Grain Elevators Corporation	819	725	713
Tourism PEI	-	238	378
Other	14,138	14,116	12,743
	<u>82,250</u>	<u>79,463</u>	<u>76,194</u>
23 Sales			
P.E.I. Grain Elevators Corporation	34,111	35,395	27,863
Tourism PEI - Golf and Park Operations	8,204	9,501	8,874
Health PEI	1,024	1,444	1,382
Other	944	1,753	1,251
	<u>44,283</u>	<u>48,093</u>	<u>39,370</u>

	2024 Budget	2024 Actual	2023 Actual Restated
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>
24 Investment Income			
Operating Fund	19,318	24,427	17,934
Finance PEI	14,975	13,079	11,968
Other Consolidated Agencies, Boards and Crown Corporations	597	3,271	1,646
	<u>34,890</u>	<u>40,777</u>	<u>31,548</u>
25 Other Income			
Operating Fund	1,499	15,868	3,813
Property Operations			
P.E.I. Housing Corporation	10,126	10,715	11,244
Finance PEI	3,449	5,414	5,405
Summerside Regional Development Corporation Ltd.	956	1,101	1,060
Health PEI - Foundation Capital Funding	5,909	5,793	10,167
Health PEI - Other	1,634	10,762	6,991
Innovation PEI	1,819	1,378	1,285
Other Consolidated Agencies, Boards and Crown Corporations	191	1,858	1,920
	<u>25,583</u>	<u>52,889</u>	<u>41,885</u>
26 Government of Canada			
Equalization	561,230	561,230	502,600
Canada Health Transfer	229,228	222,978	194,085
Canada Social Transfer	73,234	71,158	68,425
Disaster Financial Assistance	20,382	14,964	84,907
Labour Market Agreements and Support	37,042	32,710	32,210
COVID-19 Response and Recovery	389	481	23,440
Infrastructure Programs			
Investing in Canada Infrastructure Program	95,549	64,951	54,770
New Deals for Cities and Communities	12,600	13,106	11,339
Build Canada and New Building Canada Funds	9,100	11,139	9,916
Capital Funding	5,400	5,487	5,088
Public Safety and Housing	3,995	2,783	1,231
Early Learning and Child Care Agreements	31,347	34,158	24,071
Crop Insurance	20,797	19,539	17,422
Energy Efficiency Programs	21,159	24,608	9,626
Housing Programs	10,893	10,194	7,606
Official Languages in Education	3,344	4,321	4,398
Home Care Services	6,033	5,271	4,189
Agriculture Support Programs	5,381	4,949	4,051
Electronic Medical Records System	5,455	3,695	2,180
Improving Affordable Access to Prescription Drugs	10,700	11,023	2,444
Mental Health Services	1,890	1,534	1,973
Youth Justice Services	1,833	1,833	1,830
Working Together to Improve Health Care for Canadians	33,000	16,321	-
Rehabilitation Programs	1,460	1,238	1,463
Promotion of Official Languages	1,063	819	1,238
Other	12,895	26,987	20,541
	<u>1,215,399</u>	<u>1,167,477</u>	<u>1,091,043</u>

	2024 Budget	2024 Actual	2023 Actual Restated
	(\$000)	(\$000)	(\$000)
Expenses			
27 Agriculture			
Department of Agriculture	21,105	18,839	26,736
P.E.I. Agricultural Insurance Corporation	53,519	68,299	44,165
P.E.I. Grain Elevators Corporation	34,318	35,488	27,932
	108,942	122,626	98,833
28 Economic Development, Innovation and Trade			
Department of Economic Development, Innovation and Trade	2,984	2,379	921
Innovation PEI	66,065	65,285	62,421
Finance PEI	14,317	5,480	5,739
Summerside Regional Development Corporation Ltd.	910	916	896
	84,276	74,060	69,977
29 Education and Early Years			
Department of Education and Early Years	100,194	100,168	80,418
Public Schools Branch	274,422	279,889	267,271
French Language School Board	23,019	23,820	22,651
P.E.I. Advisory Council on the Status of Women	288	312	241
P.E.I. Regulatory and Appeals Commission	4,549	3,739	3,929
	402,472	407,928	374,510
30 Finance			
Department of Finance	78,405	74,260	66,955
General Government	45,404	24,659	103,753
Employee Benefits	44,375	21,652	32,294
Interest on Underfunded Employee Future Benefits	7,335	7,429	6,526
P.E.I. Self Insurance and Risk Management Fund	7,069	6,866	5,755
	182,588	134,866	215,283
31 Fisheries, Tourism, Sport and Culture			
Department of Fisheries, Tourism, Sport and Culture	22,677	22,063	14,895
P.E.I. Marine Science Organization	55	3	211
P.E.I. Museum and Heritage Foundation	2,065	2,948	2,122
Tourism PEI	26,586	27,770	30,818
	51,383	52,784	48,046

	2024 Budget	2024 Actual	2023 Actual Restated
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>
32 Health and Wellness			
Department of Health and Wellness	87,471	73,225	65,204
Health PEI	952,888	942,566	836,070
	<u>1,040,359</u>	<u>1,015,791</u>	<u>901,274</u>
33 Housing, Land and Communities			
Department of Housing, Land and Communities	44,632	45,380	39,378
P.E.I. Housing Corporation	56,274	58,255	46,089
	<u>100,906</u>	<u>103,635</u>	<u>85,467</u>
34 Justice and Public Safety			
Department of Justice and Public Safety	82,291	80,997	113,024
P.E.I. Human Rights Commission	209	1,045	992
	<u>82,500</u>	<u>82,042</u>	<u>114,016</u>
35 Workforce, Advanced Learning and Population			
Department of Workforce, Advanced Learning and Population	145,773	152,870	141,174
Employment Development Agency	6,840	6,759	6,743
P.E.I. Student Financial Assistance Corporation	13,435	13,818	10,882
	<u>166,048</u>	<u>173,447</u>	<u>158,799</u>
36 Expenses by Object			
Administration		40,992	38,597
Amortization of Tangible Capital Assets		115,329	104,250
Debt		181,792	158,665
Materials, Supplies and Services		298,952	321,462
Professional Services		286,550	246,221
Salaries and Benefits		1,074,397	1,015,473
Travel and Training		15,170	12,790
Transfer Payments		1,017,439	965,378
		<u>3,030,621</u>	<u>2,862,836</u>

37 Segment Reporting

Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of government and to better understand the performance of segments. The following table provides segment information for both the current and prior fiscal years. Segment results represent the activities of that segment and include any inter-segment transactions. Inter-segment eliminations are shown in a separate column and show the reconciliation to the total financial statement amounts.

Health

This segment includes all matters related to public health and health promotion, including policies that improve the health and well-being of Islanders.

Education and Workforce Development

This segment includes delivery of education programs and curriculum in English and French for K-12 programs, funding for post-secondary education and efforts to expand the workforce through local training, international recruitment, and support for various sectors and communities.

Social Programs

This segment supports Islanders most in need by providing (directly or in partnership with community organizations) financial assistance, child and family services, support for people living with disabilities, and services to address challenges with housing.

Transportation and Infrastructure

This segment includes provisions for essential transportation systems for the travelling public and the effective and efficient transport of goods. It provides the infrastructure for government services in construction, land management, and building maintenance and accommodations.

Natural Resources and Energy

This segment works to advance Prince Edward Island's industries of agriculture and fisheries while ensuring the protection of air, land and water resources, and coordination of all government programs related to energy systems and climate change.

Other Government

This segment includes revenues and expenses for activities that are not identified as a separate segment and includes a wide range of service delivery activities, including finance, public safety, tourism, economic development, and other general government activities.

Most taxation revenues are budgeted to the Department of Finance, which is included in the Other Government segment. However, for the purposes of Segment Reporting, some taxation revenues were allocated to other segments. Taxation revenues allocated included:

- Health Tax on Liquor and Tobacco are allocated to Health;
- Gasoline Tax is allocated to Transportation and Infrastructure; and
- Carbon Levy and Environment Tax are allocated to Natural Resources and Energy.

37 Segment Reporting (continued)

	Health		Education and Workforce Development		Social Programs		Transportation and Infrastructure	
	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)
Revenue								
Provincial Sources								
Tax Revenue	50,196	53,851	-	-	-	-	26,989	25,817
Other Provincial Revenue	42,084	39,638	4,082	4,502	11,405	11,443	24,156	22,622
Net Income (Loss) from GBEs	-	-	-	-	-	-	(431)	342
Investment Income	-	-	341	221	-	-	80	72
Federal Sources	264,944	228,763	75,720	62,867	83,669	78,449	94,968	81,275
Total Revenue	357,224	322,252	80,143	67,590	95,074	89,892	145,762	130,128
Expenses								
Administration and Other	18,504	16,718	7,127	5,942	3,701	3,356	13,511	12,301
Debt	7,692	6,921	2,735	1,692	1,181	6	32	14
Materials, Supplies and Services	105,758	103,325	34,189	33,362	8,114	7,800	61,657	100,675
Professional Services	236,506	205,189	1,364	1,667	2,237	819	2,314	2,226
Salaries and Benefits	499,770	465,435	302,181	285,517	37,780	34,144	48,610	47,756
Transfer Payments	152,197	108,235	227,174	200,412	182,219	187,445	105,929	56,661
Total Expenses	1,020,427	905,823	574,770	528,592	235,232	233,570	232,053	219,633
Segment Results	(663,203)	(583,571)	(494,627)	(461,002)	(140,158)	(143,678)	(86,291)	(89,505)

37 Segment Reporting (continued)

	Natural Resources and Energy		Other Government		Inter-Segment Eliminations		Total	
	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)	2024 (\$000)	2023 (\$000)
Revenue								
Provincial Sources								
Tax Revenue	11,940	33,911	1,419,235	1,354,142	-	-	1,508,360	1,467,721
Other Provincial Revenue	56,484	49,280	92,510	78,289	(7,834)	(6,644)	222,887	199,130
Net Income (Loss) from GBEs	3,838	3,503	59,308	70,562	-	-	62,715	74,407
Investment Income	2,719	1,330	53,168	44,304	(1,893)	(1,280)	54,415	44,647
Federal Sources	59,015	35,523	589,161	604,166	-	-	1,167,477	1,091,043
Total Revenue	<u>133,996</u>	<u>123,547</u>	<u>2,213,382</u>	<u>2,151,463</u>	<u>(9,727)</u>	<u>(7,924)</u>	<u>3,015,854</u>	<u>2,876,948</u>
Expenses								
Administration and Other	6,227	5,576	14,926	14,138	(7,834)	(6,644)	56,162	51,387
Debt and Other Charges	870	373	6,644	6,858	(1,893)	(1,280)	17,261	14,584
Materials, Supplies and Services	46,085	37,594	41,902	37,315	-	-	297,705	320,071
Professional Services	2,752	1,584	41,377	34,736	-	-	286,550	246,221
Salaries and Benefits	22,857	21,532	163,199	161,089	-	-	1,074,397	1,015,473
Transfer Payments	187,070	146,994	162,850	265,631	-	-	1,017,439	965,378
Total Expenses	<u>265,861</u>	<u>213,653</u>	<u>430,898</u>	<u>519,767</u>	<u>(9,727)</u>	<u>(7,924)</u>	<u>2,749,514</u>	<u>2,613,114</u>
Segment Results	<u>(131,865)</u>	<u>(90,106)</u>	<u>1,782,484</u>	<u>1,631,696</u>	<u>-</u>	<u>-</u>	<u>266,340</u>	<u>263,834</u>
Unallocated Expenses								
Debt and Other Charges							(164,531)	(144,081)
Amortization and Accretion							(116,576)	(105,641)
Consolidated Surplus (Deficit)							<u>(14,767)</u>	<u>14,112</u>

38 Reconciliation of Consolidated Deficit

	2024 Surplus (Deficit) (\$000)	Consolidation Adjustments (\$000)	2024 Consolidated Surplus (Deficit) (\$000)
Operating Fund	(60,409)	63 ¹	(60,346)
Consolidated Agencies, Boards and Crown Corporations			
Finance PEI	5,188	-	5,188
French Language School Board	20	632 ²	652
Health PEI	7,445	(20,002) ^{3,7}	(12,557)
Innovation PEI	274	(89) ⁶	185
P.E.I. Advisory Council on the Status of Women	(1)	-	(1)
P.E.I. Agricultural Insurance Corporation	(13,863)	-	(13,863)
P.E.I. Grain Elevators Corporation	(189)	-	(189)
P.E.I. Housing Corporation	60,611	(62,533) ^{3,8}	(1,922)
P.E.I. Human Rights Commission	85	-	85
P.E.I. Marine Science Organization	(3)	-	(3)
P.E.I. Museum and Heritage Foundation	(39)	(614) ^{4,9}	(653)
P.E.I. Regulatory and Appeals Commission	274	-	274
P.E.I. Self Insurance and Risk Management Fund	5,418	-	5,418
P.E.I. Student Financial Assistance Corporation	400	(616) ⁴	(216)
Public Schools Branch	(5)	300 ⁵	295
Summerside Regional Development Corporation Ltd.	171	-	171
Total Consolidated Agencies, Boards and Crown Corps.	65,786	(82,922)	(17,136)
Government Business Enterprises (Schedule 3)	62,715	-	62,715
Consolidated Deficit			(14,767)
Consolidation Adjustments			
¹ Operating Fund			
Adjustments for intercompany accounts			63
² French Language School Board			
Reversal of prior year adjustment to eliminate deferred revenue			(1,178)
Reversal of prior year amounts due to Province			132
Eliminate current year deferred revenue			1,678
			632
³ Adjustment for Capital Funding Provided By Operating Fund To:			
Health PEI			(19,555)
P.E.I. Housing Corporation			(62,568)
P.E.I. Museum and Heritage Foundation			(137)

38 Reconciliation of Consolidated Deficit (continued)

⁴ P.E.I. Student Financial Assistance Corporation	
Net adjustment for interest concession on interest free student loans	<u>(616)</u>
⁵ Public Schools Branch	
Reversal of prior year adjustment to eliminate deferred revenue	(1,881)
Eliminate current year deferred revenue	<u>2,181</u>
	<u>300</u>
⁶ Innovation PEI	
Eliminate amounts due to Province	<u>(89)</u>
⁷ Health PEI	
Reversal of prior year amounts due to Province	171
Reversal of prior year amounts due from Province	(441)
Prior year adjustment to Operating Grant	(186)
Eliminate amounts due to Province	(3,764)
Eliminate amounts due from Province	<u>3,773</u>
	<u>(447)</u>
⁸ P.E.I. Housing Corporation	
Eliminate difference in Accounts Payable Restatement	<u>35</u>
⁹ P.E.I. Museum and Heritage	
Eliminate amounts due to Province	(51)
ARO Adjustment	<u>(426)</u>
	<u>(477)</u>

39 Reconciliation of 2023-2024 Budget Estimates

	2023-2024 Budget per Estimates Book	Adjustments	2024 Budget
	(\$000)	(\$000)	(\$000)
REVENUES			
Taxes	1,446,450	-	1,446,450
Licenses and Permits	44,583	1,107 ¹	45,690
Fees and Services	102,941	(20,691) ^{1/2/3/4}	82,250
Sales	-	44,283 ^{1/3}	44,283
Investment Income	26,083	8,807 ^{1/2/4}	34,890
Other Income	8,107	17,476 ^{1/2/3/4}	25,583
Government of Canada	1,215,094	305 ^{1/2/4}	1,215,399
Government Business Enterprises	61,712	-	61,712
Sinking Fund Earnings	12,400	-	12,400
Consolidated Agencies Revenue	77,813	(77,813) ^{1/2/4}	-
Total Revenues	2,995,183	(26,526)	2,968,657
EXPENSES			
Agriculture	74,624	34,318 ^{1/2/4}	108,942
Economic Development, Innovation and Trade	69,247	15,029 ^{1/2/4}	84,276
Education and Early Years	403,367	(895) ^{1/2/4}	402,472
Environment, Energy and Climate Action	111,720	(653) ^{1/2/4}	111,067
Executive Council	12,080	-	12,080
Finance	179,347	3,241 ^{1/2/4}	182,588
Fisheries, Tourism, Sport and Culture	50,942	441 ^{1/2/4}	51,383
Health and Wellness	1,045,162	(4,803) ^{1/2/4}	1,040,359
Housing, Land and Communities	101,272	(366) ^{1/2/4}	100,906
Justice and Public Safety	82,291	209 ^{1/2/4}	82,500
Legislative Assembly	14,131	-	14,131
Public Service Commission	11,473	(590) ^{1/2/4}	10,883
Social Development and Seniors	162,325	(22) ^{1/2/4}	162,303
Transportation and Infrastructure	254,262	(1,432) ^{1/2/4}	252,830
Workforce, Advanced Learning and Population	166,848	(800) ^{1/2/4}	166,048
Consolidated Agencies Expenses	70,203	(70,203) ^{1/2/4}	-
Total Program Expenses	2,809,294	(26,526)	2,782,768
Interest Charges on Debt	162,700	-	162,700
Amortization of Tangible Capital Assets	120,759	-	120,759
Total Expenses	3,092,753	(26,526)	3,066,227
Consolidated Deficit	(97,570)		(97,570)

¹ Restatement of revenues and expenses to include consolidated Agencies, Boards and Crown Corporations.

² Adjustment for inter-organizational transactions.

³ Re-allocate a portion of Other Income and Fees and Services to Sales.

⁴ Adjustment for items included in Operating Fund budget and Agencies, Boards and Crown Corporations budgets.

This schedule outlines the changes in the Province's 2023-2024 Budget to present, for comparative purposes, the inclusion of consolidated agencies on a line by line basis. The "Budget per Estimates Book" is taken from the Province of P.E.I.'s *Estimates of Revenue and Expenditures 2023-2024*.

40 Provincial Reporting Entity

The Provincial Reporting Entity is comprised of the Operating Fund (departments and government units) and the following Agencies, Boards and Crown Corporations:

Government Organizations¹

Employment Development Agency	P.E.I. Crown Building Corporation
Finance PEI	P.E.I. Grain Elevators Corporation ²
Atlantic Technology Centre Inc.	P.E.I. Housing Corporation
100417 P.E.I. Inc.	P.E.I. Human Rights Commission
P.E.I. Infrastructure Inc.	P.E.I. Marine Science Organization
French Language School Board	P.E.I. Museum and Heritage Foundation
Health PEI	P.E.I. Regulatory and Appeals Commission
Innovation PEI	P.E.I. Self-Insurance and Risk Management Fund
F.T.C. Enterprises Limited	P.E.I. Student Financial Assistance Corporation
LaunchPad PEI Inc.	Public Schools Branch
P.E.I. Advisory Council on the Status of Women	Summerside Regional Development Corporation Ltd.
P.E.I. Agricultural Insurance Corporation	Tourism PEI

Government Business Enterprises³

Charlottetown Area Development Corporation ⁴	P.E.I. Cannabis Management Corporation
Harbourside Management Services Inc.	P.E.I. Energy Corporation
Island Investment Development Inc.	P.E.I. Liquor Control Commission
Prince Edward Island Century 2000 Fund Inc.	P.E.I. Lotteries Commission
Slemon Park Corporation	
Island Waste Management Corporation	
Environmental Industrial Services Inc.	

¹ Government Organizations are included in the Provincial Reporting Entity using the consolidation method of accounting (see Note 1(b)).

² The P.E.I. Grain Elevators Corporation has a fiscal year end of July 31, 2023.

³ Government Business Enterprises are included in the Provincial Reporting Entity using the modified equity method of accounting (see Note 1(b)).

⁴ The Province owns 81% of Charlottetown Area Development Corporation. The minority interest of 19% is deducted in calculating the Province's investment in the Corporation.