Chapter 51
Summary Financial Statements—Interprovincial Comparisons

1.0 Main Points

Financial statements are key accountability documents that many find complex and challenging to understand. Each year, the Government provides financial statement discussion and analysis (FSD&A) to help legislators and the public understand its Summary Financial Statements. Its FSD&A includes 10-year trends on five key financial indicators, but does not include interprovincial comparisons for these indicators.

This chapter presents interprovincial comparisons to provide legislators and the public with an understanding of how Saskatchewan's finances compare to other provinces. Our results show:

- Saskatchewan's FSD&A is average.
- Saskatchewan compared favorably to other provinces in its five key financial indicators. However, the current content of the Government's Summary Budget[1] limits its ability to provide meaningful comparisons of planned versus actual results.

2.0 Introduction

Our Office recognizes the value of governments providing legislators and the public with strong public reporting. Through strong public reports, governments can make their operations clear and understandable. Strong public reports help legislators and the public hold governments accountable. Providing robust and complete FSD&A along with audited summary financial statements enables a government to show its accountability. Also, use of FSD&A provides key information to enhance legislators' and the public's understanding of a government's finances. Inclusion of interprovincial comparisons of a government's financial performance offers insights into how well a government performs relative to others.

The Government of Saskatchewan is comprised of about 270 different agencies that it controls. Its Summary Financial Statements combine the financial results of all of those agencies. The financial results reflected in the Summary Financial Statements provide information on the Government's financial condition.

To provide insight into how Saskatchewan is positioned financially relative to other provinces, this chapter compares Saskatchewan against other provinces using five key indicators of financial condition. Also, this chapter looks at how the FSD&A contained in Saskatchewan's *2012-13 Public Accounts – Volume 1*[2] compares to that of other provinces.

[1] The Summary Budget includes the estimated annual surplus of the planned activities of all of the Government.
[2] Available at www.finance.gov.sk.ca/paccts/paccts13/201213Volume1.pdf p. 26-44 (24 October 2013).

3.0 Key Indicators of Financial Condition by Province

3.1 Background

A government's financial condition reflects its financial health. Information about a government's financial condition provides insight into a government's management of its financial affairs and its performance.

The Public Sector Accounting Standards Board (PSAB) has suggested in its Statement of Recommended Practice (SORP-4) 12 financial indicators that can be used to assess and understand the financial condition of a government. It has grouped these indicators into the three categories of sustainability, flexibility, and vulnerability.

Our Office has selected the following five financial indicators that Saskatchewan has included within its FSD&A for its Summary Financial Statements. These indicators are commonly used by Canadian provincial governments in reporting on their financial condition. The following identifies each indicator along with its related SORP-4 category in brackets:

- Net Debt as a Percentage of Provincial Gross Domestic Product (Sustainability)
- Net Debt as a Percentage of Total Revenue (Sustainability)
- Debt charges as a Percentage of Total Revenue (Flexibility)
- Own-Source Revenue as a Percentage of Provincial Gross Domestic Product (Flexibility)
- Transfers from the federal government as a Percentage of Total Revenue (Vulnerability)

3.2 Source of Interprovincial Comparisons of Indicators of Financial Condition

At mid-October 2013, audited summary financial statements for the year ended March 31, 2013 were available for seven out of ten provinces, and for all provinces for the year ended March 31, 2012. **Exhibit 5.1** sets out when each of these financial statements were made public. Information from these audited financial statements is used when making comparisons.

Exhibit 5.2 explains, in more detail, the methodology used to collect and present the information along with the limitations of that information. The Glossary in **Section 6.0** explains key terms used in this chapter.

The following sections provide the meaning of each SORP-4 category and explain each indicator (in italics). For each indicator, we identify the three provinces with the most favorable ranking when using the 2013 financial statements available at mid-October. Also, for each indicator, we compare Saskatchewan's 2012 results against those of all other provinces.

3.3 Sustainability

Sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its net debt.

3.3.1 Sustainability—Net Debt as a Percentage of Provincial Gross Domestic Product

A government must manage its revenue-raising and spending practices in the context of its provincial economy. Looking at Gross Domestic Product (GDP) and debt provides insights into these practices. GDP is a measure of the value of the goods and services produced during a given year. GDP indicates the size of the provincial economy.

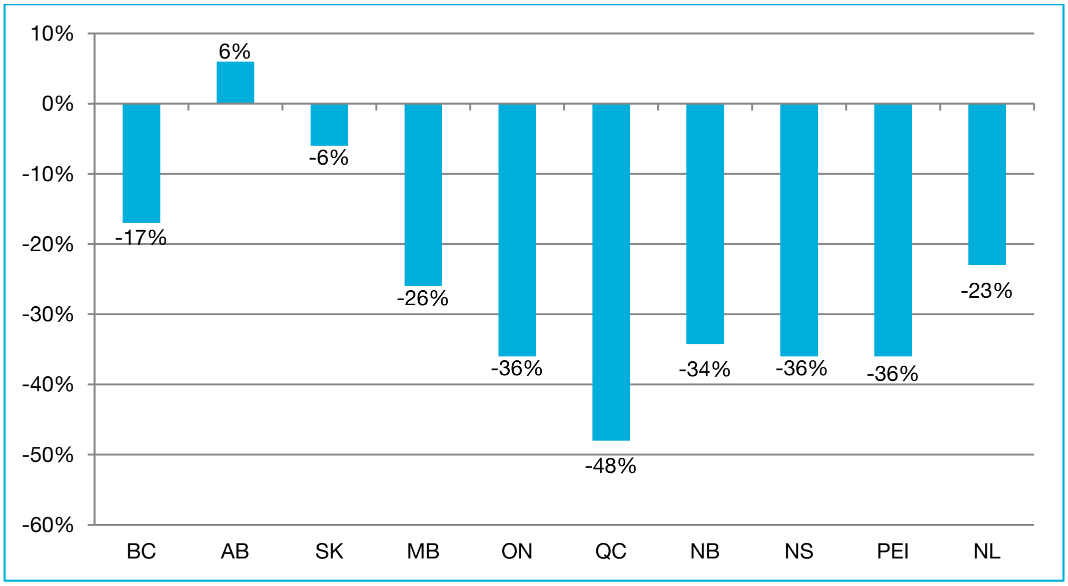
***Net debt as a percentage of provincial GDP** measures the level of financial demands placed on the economy by a government's spending and revenue-raising practices. It provides a measure of how much debt a government can afford to carry. The larger the economy, the more debt a government can afford to carry.*

Higher percentages mean that a government is placing a growing debt burden on taxpayers and it will need more future revenue to repay the debt. Higher percentages can adversely impact the interest rate at which a government can borrow (i.e., because of lower credit ratings)—<u>lower or decreasing percentages are generally better</u>.

Based on the 2013 financial statements available at mid-October, the three western provinces (Alberta, Saskatchewan, and British Columbia) had the lowest net debt as a percentage of provincial GDP (net debt ratio). Alberta continues to be the only province without net debt; rather, it has net financial assets. At March 31, 2013, Alberta had a net financial asset ratio of 4% (2012 – 6%). Also, at March 31, 2013, Saskatchewan had a net debt ratio of 7% (2012 – 6%) that was almost 11% higher than Alberta's; BC had a net debt ratio of 17% (2012 – 17%) that was about 10% higher than Saskatchewan's.

As shown in **Figure 1**, at March 31, 2012, the three western provinces had the lowest net debt ratios. At March 31, 2012, Saskatchewan, with the second lowest ratio, placed fewer financial demands on its economy than most other provinces.

Figure 1—Net Debt as Percentage of Provincial GDP at March 31, 2012 by Province



Source: Audited Summary Financial Statements (or equivalent) for the Year Ended March 31, 2012

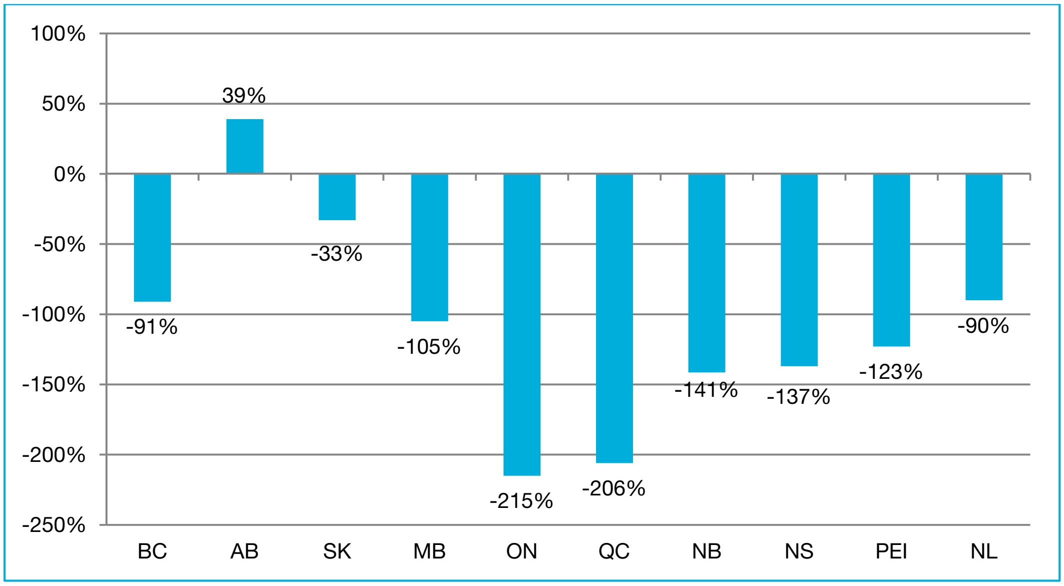
3.3.2 Sustainability—Net Debt as a Percentage of Total Revenue

Net debt as a percentage of total revenue *provides a measure of future revenue that is required to pay for past transactions and events relative to the amount of tax burden that a government is placing on the economy through its raising of revenues. An increasing ratio indicates that it would take more time to eliminate net debt. A decreasing ratio indicates that a government is better able to maintain its existing financial obligations without increasing its debt or tax burden—a lower ratio or decreasing trend is generally better.*

Based on the 2013 financial statements available at mid-October, three western provinces (Alberta, Saskatchewan, and British Columbia) had the smallest net debt as a percentage of total revenue (net debt/revenue ratio). As noted in **Section 3.3.1**, Alberta has net financial assets. At March 31, 2013, Alberta had a net financial asset/revenue ratio of 29% (2012 – 39%); Saskatchewan had a net debt/revenue ratio of 36% (2012 – 33%); BC had a net debt/revenue ratio of 84% (2012 – 91%).

From 2012 to 2013, Saskatchewan's net debt/revenue ratio has increased slightly. As **Figure 2** shows, at March 31, 2012, Saskatchewan, with the second lowest ratio, was closer than most other provinces to being able to eliminate its net debt.

Figure 2—Net Debt as Percentage of Total Revenue at March 31, 2012 by Province



Source: Audited Summary Financial Statements (or equivalent) for the Year Ended March 31, 2012

3.4 Flexibility

Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

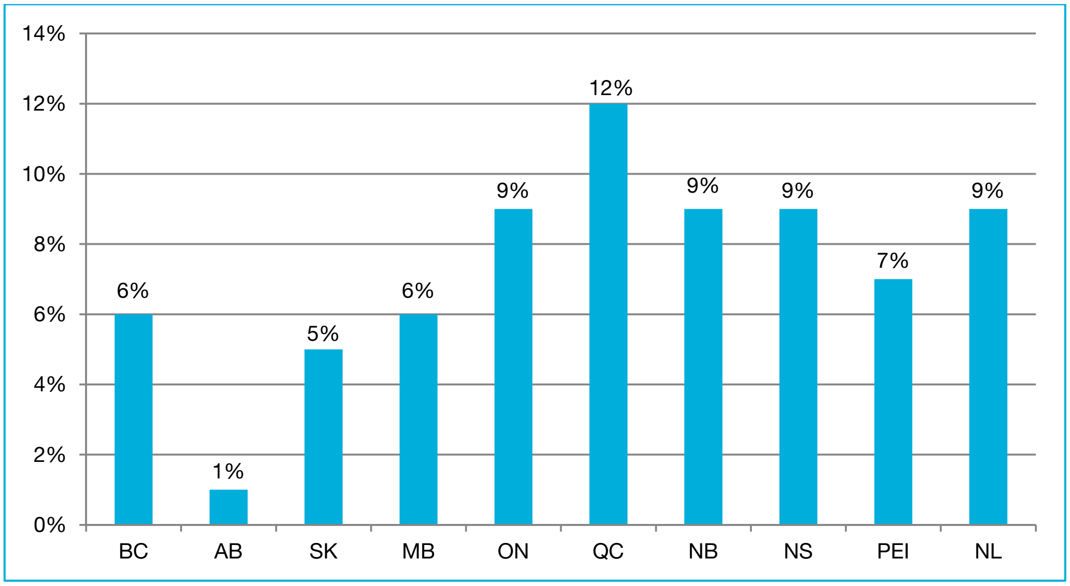
3.4.1 Flexibility—Debt Charges as a Percentage of Total Revenue

*The amount of **debt charges (interest costs) as a percentage of total revenue** (sometimes called the "interest bite") shows the extent to which a government must use revenue to pay for interest costs rather than pay for services. The more money a government pays for interest costs, the less money it has to pay for services. A lower ratio or decreasing trend is generally better.*

Based on the 2013 financial statements available at mid-October, three western provinces (Alberta, Saskatchewan, and British Columbia) had the lowest interest bite. At March 31, 2013, given its low debt levels, Alberta had an interest bite of 1% (2012 – 1%); Saskatchewan had an interest bite of 4% (2012 – 5%); BC had an interest bite of 5% (2012 – 6%).

As reflected in **Figure 3**, four western provinces had the lowest interest bite as of March 31, 2012. From 2012 to 2013, Saskatchewan's interest bite decreased slightly. As **Figure 3** shows, at March 31, 2012, Saskatchewan, with the second lowest interest bite, had more of its revenue available to provide government services than most other provinces.

Figure 3—Debt Charges as Percentage of Total Revenue at March 31, 2012 by Province



Source: Audited Summary Financial Statements (or equivalent) for the Year Ended March 31, 2012

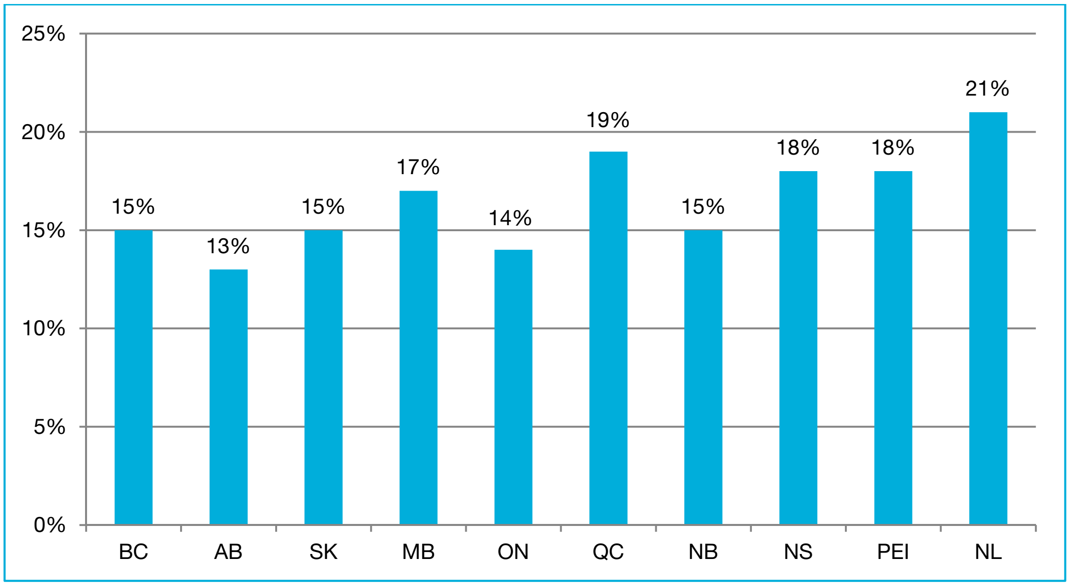
3.4.2 Flexibility—Own-Source Revenue as a Percentage of Provincial Gross Domestic Product

*A government's **own-source revenue as a percentage of provincial GDP** shows how much revenue a government raises through taxation and user fees from the provincial economy. High percentages or increases in percentages mean a government is placing higher demands on its provincial economy—its demands are outpacing growth in the economy. This can make future increases in taxes or user fees difficult. Lower or decreasing percentages are generally better.*

Based on the 2013 financial statements available at mid-October, Saskatchewan reported the fourth lowest own-source revenue as a percentage of provincial GDP (own-source revenue ratio). At March 31, 2013, Alberta had an own-source revenue ratio of 13% (2012 – 13%); Ontario had an own-source ratio of 14% (2012 – 14%); New Brunswick had an own-source revenue ratio of 15% (2012 – 15%); Saskatchewan had an own-source revenue ratio of 16% (2012 – 15%).

From 2012 to 2013, Saskatchewan's ratio increased slightly. As shown in **Figure 4**, at March 31, 2012, Saskatchewan was tied for third place with British Columbia and New Brunswick. Saskatchewan has placed a similar demand on its economy as several other provinces.

Figure 4—Own-source Revenue as Percentage of Provincial GDP at March 31, 2012 by Province



Source: Audited Summary Financial Statements (or equivalent) for the year ended March 31, 2012

3.5 Vulnerability

Vulnerability is the degree to which a government is dependent upon, and thus vulnerable to, sources of revenue outside of its control or influence, or is exposed to risks that could impair its ability to meet its existing obligations. This indicator measures the extent to which a government can manage its financial affairs without having to rely on others.

3.5.1 Vulnerability—Transfers from the Federal Government as a Percentage of Total Revenue

Transfers from the federal government as a percentage of total revenue *shows the extent to which a government is dependent on money from the federal government to operate. A decreasing ratio indicates that a government is becoming less dependent on federal money to operate.*

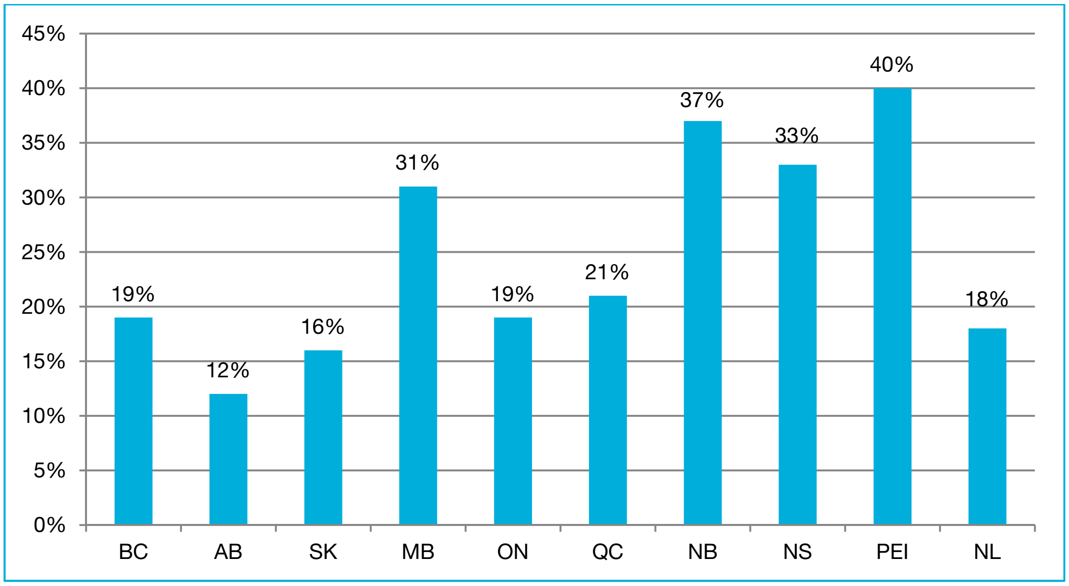
Transfers from the federal government are a significant source of revenue for provincial governments, including Saskatchewan. Provincial governments do not control the amount of federal transfers they get each year.[3] Provincial governments can be at risk if they place too much reliance on this source of revenue to pay for their services. Governments typically find it difficult to reduce or eliminate established services. Unexpected reductions in federal government transfers could impair a provincial government's ability to deliver its services. Significant shifts in federal transfers make it more challenging for a government to make long-term decisions about service delivery. Lower or decreasing rates is generally better with respect to vulnerability.

[3] For example, the federal government calculates the amount of equalization transfers by comparing the ability of provincial governments to raise revenue. Its calculation takes into account the performance of provincial economies relative to each other. The size of the provincial economy in any given year relative to other provinces significantly affects the annual amount of the equalization transfer.

Based on the 2013 financial statements available at mid-October, Alberta, Saskatchewan, and Ontario had the lowest federal government transfers as a percentage of total revenue (federal transfer ratio). At March 31, 2013, Alberta had a federal transfer ratio of 12% (2012 – 12%); Saskatchewan had a federal transfer ratio of 16% (2012 – 16%); Ontario had a federal transfer ratio of 19% (2012 – 19%).

Saskatchewan's 2013 federal transfer ratio was virtually unchanged from 2012. As **Figure 5** shows, at March 31, 2012, Saskatchewan, with the second lowest ratio, was less reliant on federal transfers to pay for its programs and services than most other provinces.

Figure 5—Federal Government Transfers as Percentage of Total Revenue at March 31, 2012 by Province



Source: Audited Summary Financial Statements (or equivalent) for the Year Ended March 31, 2012

3.6 Summary

Saskatchewan's overall financial condition was more favorable than most other provinces.

Given Saskatchewan's commodity-based economy and the impact changes in commodity and non-renewable resource prices can have on government revenues, a prudent approach to managing the Government's finances continues to be warranted.

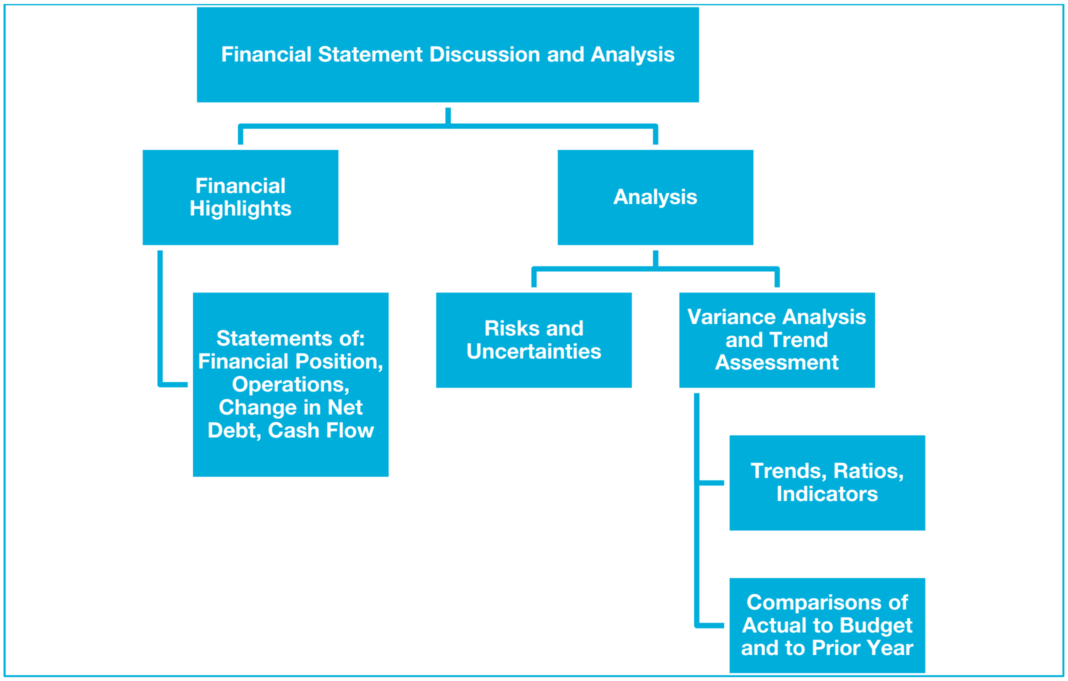
4.0 Saskatchewan's Financial Statement Discussion and Analysis As Compared to Other Provinces

4.1 Background—FSD&A Framework

The main objective of financial statement discussion and analysis (FSD&A) is to clearly explain and highlight key financial information so as to enhance readers' understanding of a government's financial performance. It is also a way for a government to show its accountability for public money.

Since 2007-08, Saskatchewan has provided FSD&A for the Summary Financial Statements in *Public Accounts – Volume 1*. The Public Sector Accounting Board has developed a framework for reporting FSD&A (SORP-1) (see **Figure 6**). The Board encourages governments to use this framework when preparing their FSD&A.

Figure 6—FSD&A Reporting Framework



Source: Statement of Recommended Practice 1 – Financial Statement Discussion and Analysis

The following sections compare Saskatchewan's FSD&A for its Summary Financial Statements included in *Public Accounts – Volume 1 2012-13* to the FSD&A included in the most recent Public Accounts – Volume 1 of other provinces. See **Exhibit 5.1** for details of which reports were available at October 2013.

To make the comparisons, this chapter uses each component of the FSD&A framework set out in **Figure 6***.* It describes the component (in italics) and highlights key similarities and differences between Saskatchewan's practices to those of other provinces.

4.2 Financial Highlights

Per SORP-1, the purpose of the financial highlights is not simply to reiterate the information presented in the financial statements, but to add value by providing an overview of the statements and significant activities that affected them. This could include a concise description of significant events or conditions and major changes that occurred in the year (planned or unplanned).

Similar to other provinces, Saskatchewan uses the differences between current-year and prior-year actual results for key items on its statements of financial position and operations, and the differences between its actual and planned current-year annual surplus to highlight areas with differences. For differences it viewed as significant, it described key events or factors that caused the differences. For example, in 2012-13, it explained why its current-year income from government business enterprises increased from the prior year. Some provinces such as Manitoba and British Columbia also used economic information (such as changes to gross domestic product, unemployment rate) to provide further insight into changes in their province's finances from the prior year or from what was planned.

Like most other provinces, Saskatchewan does not explain changes in current-year actual net debt as compared to prior years and budget, or provide highlights about cash flows (e.g., key reasons for changes in investing or financing activities from prior years or budget). SORP-1 encourages providing highlights in these areas.

4.3 Analysis—Risks and Uncertainties

Per SORP-1, it is important that the legislators and the public understand a government's exposure to risks and uncertainties to make informed judgements about the implications of such risks on a government's current and future finances. FSD&A describes risks that are likely to occur and that may have significant financial implications. Descriptions of risks include a government's assessments of their potential impact and strategies it is using to manage them.

The level and extent of detail that provinces provided on risks and uncertainties varied significantly. Some provinces (e.g., Manitoba, Quebec, Saskatchewan) had a separate page on risks and uncertainties. Others highlighted risks in conjunction with discussions of variances or economic factors (e.g., Nova Scotia). Typically, information on the impact of the identified risks was brief or minimal. Many provinces (British Columbia, Quebec, Ontario, Saskatchewan) provided key strategies to reduce exposure to identified risks. One province (Nova Scotia) also referred readers to the detailed descriptions of financial risks included in the notes to its summary financial statements.

Saskatchewan's listing of risks and uncertainties aligns with the areas of financial uncertainty disclosed in the notes to its Summary Financial Statements. We note that the notes to its financial statements refer to the additional significant risk of final corporate and individual income tax assessments differing from initial estimates on which revenue is based. The Government needs to make sure its listing of risks and uncertainties within the FSD&A is consistent with the measurement uncertainties it has identified within its financial statements as these uncertainties have been assessed as having a potentially material impact on the financial statements.

4.4 Variance Analysis and Trend Assessment

Per SORP-1, analysis of variances and trends helps legislators and the public understand the financial data included in the financial statements and accompanying notes. Assessments of trends in financial indicators and significant financial statement items help the public and legislators understand the financial condition of the government. Also, analysis explains key differences between current-year actual results and the budget, as well as between current-year and prior-year actual results.

4.4.1 Trends on Key Financial Indicators

Saskatchewan, consistent with all provinces other than Alberta,[4] included trends on key financial indicators in its FSD&A. Saskatchewan provided 10-year trend information on the five financial indicators set out in **Section 3.1**. The number of financial indicators that other provinces included within their FSD&A ranged from three (Prince Edward Island) to 14 (Manitoba), with the average number of indicators being seven. The time span of trends of financial indicators varied from three years (Ontario) to 10 years (New Brunswick, and Quebec), with most provinces providing trends of five years.

Only British Columbia provided interprovincial comparisons of financial indicators in its FSD&A. It compared British Columbia's 2013 results to the 2012 results of other provinces for two debt-related financial indicators.

4.4.2 Variance Analysis of Key Financial Statement Items

Most provinces, including Saskatchewan, provided both variances and reasons for significant changes between current and prior-year actual results for key financial statement items from their statements of operations and financial position. Many provinces provided additional comparisons (e.g., revenue by source, expense by theme, expense by function). Saskatchewan does not.

Almost all other provinces provide variances and reasons for significant changes between current-year actual and budgeted results for key items from their statements of operations and financial position. Because of the limited detail in its Summary Budget, Saskatchewan lacks comparisons between actual and budgeted results for key financial statement items. Saskatchewan is limited to comparing current-year actual annual surplus to budgeted annual surplus overall, and by key sectors within the Government (e.g., General Revenue Fund, Treasury Board Organizations, CIC Board Organizations).

4.4.3 Trends for Key Financial Statement Items

All provinces, including Saskatchewan, provide trends of actual results for key financial statement items (e.g., revenue by source, expense by type, changes in net book value of tangible capital assets). As with the financial indicators, the time span of trends of key financial statement items varied from three years (Ontario) to ten years (New Brunswick, and Quebec), with most provinces providing trends of five years. Saskatchewan provides five-year trends for some financial statement items (e.g., expense by theme) and 10-year trends for others (e.g., annual surplus [deficit]).

The extent of assessment of trends varied significantly by province. Most often, provinces provided sufficient detail to assist readers in understanding the largest changes evident from the trend data provided. For some financial statement items, Saskatchewan provided limited assessments of trends even though variances existed (e.g., education expense).

[4] The Government of Alberta published a report, *Highlights of the Alberta Economy 2013* that includes an interprovincial comparison of one SORP-4 indicator (Net Debt as a percentage of Provincial GDP for 2011-12). This report is published three times per year, most recently in June 2013.

4.5 Summary

Overall, the content of Saskatchewan's FSD&A is average in terms of extent of information and level of detail when compared to other provinces. The current content of its Summary Budget severely limits Saskatchewan's ability to provide meaningful comparisons of planned and actual results. This makes it challenging for legislators and the public to assess whether the Government carried outs its activities as planned and achieved what it expected to achieve.

In our April 2013 *Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*, we recommended that the Government provide information on planned revenues and expenses in its Summary Budget using the same accounting policies and format as used for the Summary Financial Statements. Providing a Summary Budget with this level of detail would enable Saskatchewan to provide the public with comparisons of planned results to actual results similar to what is provided in almost all other provinces.

Interprovincial comparisons are informative. As evident from **Exhibit 5.1**, providing interprovincial comparisons of the current-year results within the FSD&A is not feasible for provinces who publish their financial statements before most other provinces. When Saskatchewan publishes its *Public Accounts – Volume 1* each year, the summary financial statements of other provinces are not yet available because Saskatchewan is typically one of the first provinces to release its audited Summary Financial Statements. As such, it is not feasible for Saskatchewan to include current year interprovincial comparisons of key financial data in FSD&A. However, providing current-year interprovincial comparisons in later publications is feasible.

We note that from time to time, Saskatchewan has included some interprovincial comparisons in some of its publications. For example, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond* issued in October 2012 includes a few interprovincial comparisons (e.g., real gross domestic product, employment, debt-to-gross domestic product).[5] To date, these interprovincial comparisons have not included the five key financial indicators used in its FSD&A. We encourage the Government to consider publishing interprovincial comparisons on those five financial indicators.

[5] Government of Saskatchewan, *Saskatchewan Plan for Growth –Vision 2020 and Beyond,* p. 10, 11, 13, and 26.

5.0 Exhibits

Exhibit 5.1—Publishing Dates of Public Accounts – Volume 1 (Summary Financial Statements) by Province

Province	Publishing Date 2012-13	Publishing Date 2011-12
Saskatchewan	June 28, 2013	June 26, 2012
British Columbia	July 23, 2013	July 25, 2012
Alberta	June 27, 2013	June 28, 2012
Manitoba	September 9, 2013	October 26, 2012
Ontario	September 10, 2013	October 13, 2012
Quebec	Not available at mid October 2013	November 20, 2012
New Brunswick	October 16, 2013	August 14, 2012
Nova Scotia	July 31, 2013	August 2, 2012
Prince Edward Island	Not available at mid October 2013	January 4, 2013
Newfoundland and Labrador	Not available at mid October 2013	August 15, 2012

Source: Related provincial government website

Exhibit 5.2—Methodology and Data Limitations

Methodology used

This chapter uses financial indicators published by The Canadian Institute of Chartered Accountants (CICA) to assess the finances of governments (*SORP-4 Statement of Recommended Practice – Indicators of Financial Condition*). Financial indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years and facilitate comparisons. SORP-4 groups indicators into three categories that measure a government's financial health in the context of its overall economic and financial environment. The indicators measure:

- Whether a government is living within its means (sustainability)
- How well a government can respond to rising commitments by either expanding its revenue or increasing its net debt (flexibility)
- How much a government relies on revenue sources beyond its direct control or influence, such as money from the federal government (vulnerability)

Source of data and its limitations

The financial indicators in this chapter use key financial information from provincial governments' audited summary financial statements. Economic information (gross domestic product) is based on the most recent "by province" information. It was obtained from Statistics Canada. Comparative data presented is not adjusted for inflation.

For the following reasons, data from other provinces is not fully comparable:

- In some cases, other provincial governments record their financial activities different from Saskatchewan. Where audited public information is available, we have adjusted the financial information of those provinces to conform to Saskatchewan's method. However, audited information is not always publicly available.
- How a provincial government organizes itself can affect what financial activities are included within its summary financial statements. For example, some provinces include the financial activities of universities in their summary financial statements, whereas Saskatchewan does not. It is not feasible or appropriate for us to adjust data for these types of differences.
- On occasion, the financial information of other provinces may not be reliable. Where audited information identifies the impact of the errors, we have adjusted the financial information.
- It is not feasible to adjust data for differences in the characteristics of provincial economies. For example, own-source revenue for some provincial governments (such as Alberta and Saskatchewan) includes significant revenue from non-renewable resources such as oil and gas.

* Statement of Recommended Practice 4 – Indicators of Financial Condition, CICA, 2009

6.0 Glossary

Annual surplus (deficit) – the amount by which total revenue for the reporting period exceeds total expenses for the reporting period or conversely, total expenses for the reporting period exceed total revenues for the reporting period.

Financial asset – an asset that can be used to discharge existing liabilities or finance future operations and is not for consumption in the normal course of operations. Examples of financial assets include investments in government business enterprises, marketable securities, and inventories for resale.

Financial condition – describes an organization's financial health in the context of the overall economic and financial environment.

Financial liability – any liability that is a contractual obligation to deliver a financial asset to another party, or to exchange financial instruments with another party under conditions that are potentially unfavourable to the entity.

General Revenue Fund – a special purpose fund or accounting entity in which all public money is deposited or disbursed unless otherwise authorized through legislation. This normally includes all revenues raised by the Government (i.e., primarily revenues from taxes, non-renewable resources, and transfers from the federal government) except those directed elsewhere in legislation. It includes planned spending for all Ministries plus the Assembly and its Officers. Also referred to in certain provinces as a Consolidated Revenue Fund or Core Government.

Government business enterprise – a self-sufficient government organization that has the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as its principal activity. Government business enterprises are recorded in the Summary Financial Statements using the modified equity method. Examples include SaskPower, SaskEnergy, SaskTel, and the Liquor and Gaming Authority.

Gross domestic product (GDP) – is a measure of the value of the goods and services produced in a jurisdiction in one year.

Interest bite – measures interest costs as a percentage of revenue and is an indicator of the state of a government's finances. The indicator shows the extent to which a government must use revenue to pay interest costs rather than to pay for programs and services.

Liabilities – are amounts owed. Liabilities include bonds and debentures, unfunded pension liabilities/obligations, and a variety of other payables and claims.

Net financial assets – is when total financial assets exceed total liabilities.

Net debt – a measure of a government's financial position that is calculated as the difference between financial assets and liabilities. Net debt provides a measure of the future revenues required to pay for past transactions and events.

Non-financial assets – are assets not readily convertible to cash. Examples include tangible capital assets, inventories for consumption, and prepaid expenses.

Own-source revenue – is the revenue raised by a provincial government from sources within the province and, thus, excludes federal government transfers.

Ratio – a comparison between two numbers. For example, the ratio of net debt per capita is the amount of net debt divided by the population. Any fraction, quotient, proportion, or percentage is a ratio.

Summary Financial Statements – a report of the financial results of all organizations that a government uses to provide goods and services to the public. Summary Financial Statements combine the financial activity of all government organizations including ministries, Crown corporations, agencies, boards, and commissions, etc. Some provinces refer to their Summary Financial Statements as Consolidated Financial Statements.

Tangible capital assets – identifiable long-term assets that are acquired, constructed or developed, and held for use rather than for sale. Examples include land, highways, buildings, automobiles, computer hardware and software, but exclude inventories, Crown land, and capital assets held by government business enterprises. Tangible capital assets are a key component in the delivery of government services and provide ongoing value to the public.

7.0 Selected References

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