Public Accounts 2018-19

Volume 1

Summary Financial Statements

Government of Saskatchewan

2018-19 Public Accounts
Volume 1 - Summary Financial Statements

Contents

Regina, Saskatchewan
June 2019

To His Honour
The Honourable W. Thomas Malloy
Lieutenant Governor of Saskatchewan

Your Honour:

I have the honour to submit Volume 1 of the Public Accounts of the Government of Saskatchewan for the fiscal year ended March 31, 2019.

Respectfully submitted,

Donna Harpauer

DONNA HARPAUER
Minister of Finance

Regina, Saskatchewan
June 2019

The Honourable Donna Harpauer
Minister of Finance

We have the honour to present Volume 1 of the Public Accounts of the Government of Saskatchewan for the fiscal year ended March 31, 2019.

Respectfully submitted,

RUPEN PANDYA
Deputy Minister of Finance

Terry Paton

TERRY PATON
Provincial Comptroller

Introduction to the Public Accounts

The 2018-19 Public Accounts of the Government of Saskatchewan (the Government) are prepared in accordance with the *Financial Administration Act, 1993* and consist of two volumes. The Government is responsible for the integrity and objectivity of the information presented in these two volumes.

Volume 1

Financial Statement Discussion and Analysis provides users of the Government's Summary Financial Statements with an overview of the Government's performance by presenting comparative financial highlights and variance analysis. The information in the financial statement discussion and analysis should be read in conjunction with the Summary Financial Statements.

Summary Financial Statements provide an accounting of the full nature and extent of the financial affairs and resources of the Government. This includes the financial results of the General Revenue Fund, Crown corporations, boards and other organizations controlled by the Government. A listing of all organizations controlled by the Government, collectively referred to as the government reporting entity, is provided in schedule 18 of the Summary Financial Statements.

Volume 2

Volume 2 contains the following unaudited financial information:

- General Revenue Fund schedules and details;
- General Revenue Fund capital asset acquisitions schedule and details;
- revolving fund expenditure details;
- summary listing of payees who provided goods and services and capital assets of $50,000 or more to the General Revenue Fund and revolving funds during the fiscal year;
- assets, liabilities and residual balances of pension plans and trust funds administered by the Government;
- remissions of taxes and fees; and
- road-use fuel tax accountability revenues and expenditures.

The Public Accounts, including a Compendium, are available on the Government of Saskatchewan's website.

The Compendium contains the financial statements of various government agencies, boards, commissions, pension plans, special purpose funds and institutions, as well as Crown corporations which are accountable to Treasury Board. In addition, the financial statements of Crown corporations and wholly-owned subsidiaries that are accountable to the Crown Investments Corporation of Saskatchewan (CIC) Board can be found on CIC's website.

Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

Highlights

Introduction

The Financial Statement Discussion and Analysis (FSD&A) provides an overview of the Government's financial performance and information to report on the Government's accountability for the resources entrusted to it. The FSD&A is intended to assist users of the Summary Financial Statements (SFS) in their assessment of the Government's fiscal health. The Government is responsible for the integrity and objectivity of this discussion and analysis.

This information should be read in conjunction with the SFS which include the financial activities of all government-controlled organizations, collectively referred to as the government reporting entity. A complete listing of the organizations included in the government reporting entity is provided in schedule 18 of the SFS.

Financial Results

The Government's commitment to return to a balanced budget by 2019-20 remains on track, reporting a deficit of $268 million, $35 million lower than the prior year's deficit and $97 million less than the budgeted deficit. Saskatchewan's finances continue to benefit from improvement in non-renewable resource revenue with significant growth in potash revenue, both year-over-year and when compared to budget. Other significant improvements include higher provincial sales taxation and a reduction in pension related costs compared to both the prior year and budget and a year-over-year increase in individual income taxation.

These improvements were partially offset by year-over-year and actual-to-budget declines in the reported net income from government business enterprises. Improved results in the utilities sector were more than offset by the impact that the 2018 fourth quarter global market decline had on the insurance sector investment portfolios. Utilization pressures in health care also contributed to negative year-over-year and actual-to-budget changes. Another significant decline from the prior year is an increase in crop insurance payments resulting from unfavorable weather delaying the completion of the harvest.

The Government continued to invest in the Province's infrastructure, with significant investment in electricity and gas transmission, distribution and generation assets as well as roads and health care facilities. The $2.67 billion capital investment during 2018-19 will help the Government meet the challenges of a growing province, improve safety and strengthen the economy now and moving forward. This investment was the primary reason for the $546 million increase in net debt during the year.

The Government's overall financial position as at March 31, 2019 is an accumulated surplus of $19 million.

Highlights

At a Glance

Financial Results

(millions of dollars)

	2019		2018	Change from	
	Budget	Actual	Actual	Budget	2018 Actual
Revenue	14,244	14,449	14,019	206	430
Expense	14,609	14,717	14,322	108	395
Deficit	(365)	(268)	(303)	(97)	(35)
Net Debt	(12,162)	(11,834)	(11,288)	(328)	546
Accumulated Surplus (Deficit)	(190)	19	176	209	(156)

Totals may not add due to rounding.

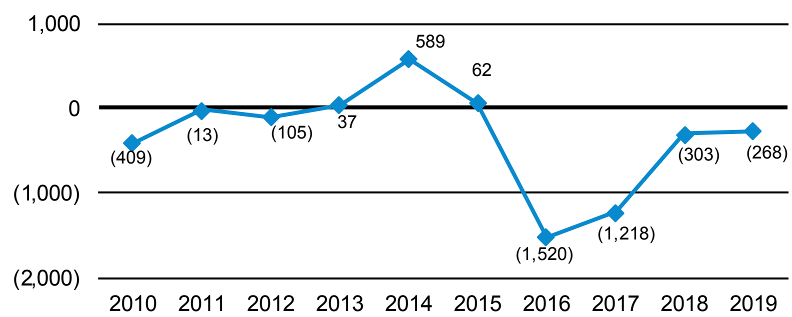
Highlights

(Deficit) Surplus

The (deficit) surplus represents the amount by which (expense exceeds revenue) revenue exceeds expense for the fiscal period.

(Deficit) Surplus

(millions of dollars)



The 2018-19 SFS report a deficit of $268 million, a $35 million improvement over the $303 million deficit reported in the previous year. The year-over-year improvement is mainly attributable to increases in taxation and non-renewable resources revenue, partially offset by a decrease in net income from government business enterprises. The overall increase in revenue was partially offset by an increase in most expense themes, notably in health and agriculture.

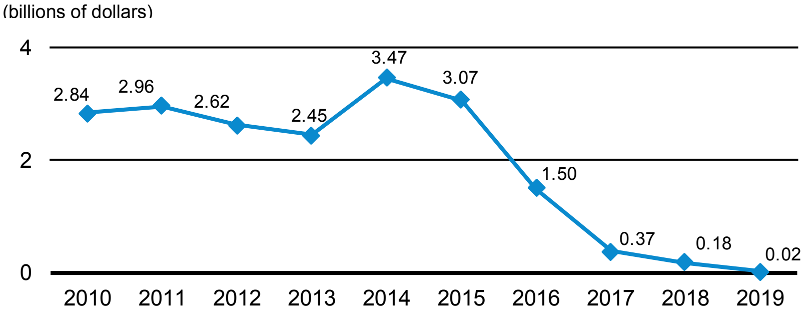
Compared to the budget, the deficit is $97 million lower-than-expected primarily due to higher-than-budgeted non-renewable resources revenue and lower-than-budgeted agriculture expenses partially offset by greater-than-expected education expenses.

Accumulated Surplus

An accumulated surplus represents the government's reported net economic resources. An accumulated surplus indicates that a government has net resources that can be used to provide future services.

Accumulated Surplus

(billions of dollars)



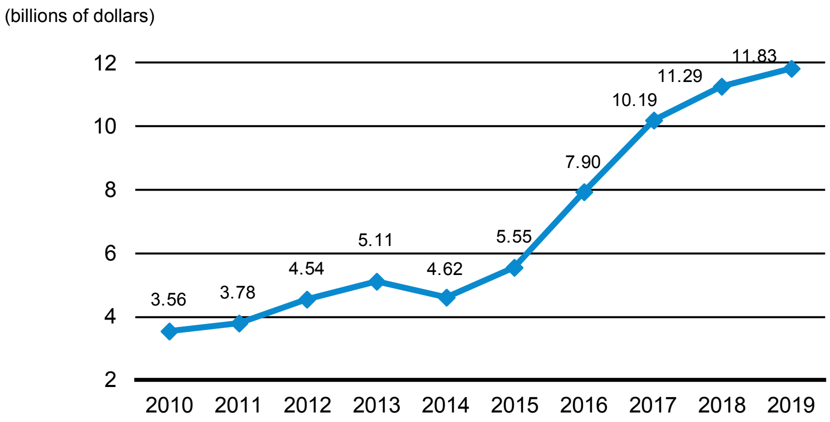
The Government has reported an accumulated surplus since 2008-09. At March 31, 2019, the accumulated surplus is $19 million, $156 million lower than the previous year but a $209 million improvement over the budget. The decrease from the prior year was mainly the result of the reported deficit of $268 million in the current year. The improvement over budget is mainly due to a lower-than-expected deficit in the current year.

Highlights

Net Debt

Net debt provides a measure of the future revenue that is required to pay for past transactions and events.

Net Debt



The net debt reported in the SFS at March 31, 2019 is $11.83 billion, an increase of $546 million over the prior year. The year-over-year increase in net debt is primarily due to the deficit reported in the current year together with the net acquisition of capital assets tied to the Government's continued investment in infrastructure.

Net debt is $328 million less than the budget. The decrease in net debt from budget is primarily due to the lower-than-expected deficit, lower-than-budgeted net acquisition of capital assets and unbudgeted adjustments to the opening accumulated surplus.

The net debt of the SFS is:

- the accumulated surplus, representing the extent to which past revenues have exceeded past expenses; offset by
- the investment in non-financial assets, primarily representing the Government's investment in educational and health care facilities and highways.

Net Debt Components

(millions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Accumulated surplus	2,836	2,961	2,617	2,449	3,469	3,074	1,495	372	176	19
Investment in non-financial assets	(6,395)	(6,744)	(7,161)	(7,558)	(8,085)	(8,626)	(9,394)	(10,564)	(11,464)	(11,853)
Net Debt	(3,560)	(3,783)	(4,543)	(5,109)	(4,615)	(5,552)	(7,899)	(10,192)	(11,288)	(11,834)

Totals may not add due to rounding.

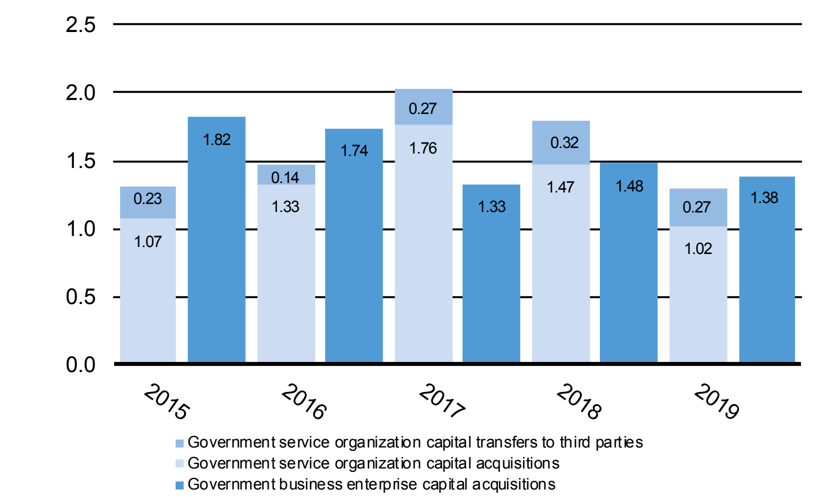
Highlights

Investment in Infrastructure

The Government invests in infrastructure by:
- investing in government-owned capital; and
- providing transfers to third parties, including municipalities and universities, for capital purposes.

Investment in Infrastructure

(billions of dollars)



During 2018-19, the Government invested $2.40 billion in government-owned infrastructure: $1.38 billion for government business enterprises (GBEs) to build new and maintain existing infrastructure; and $1.02 billion to meet the capital requirements of government service organizations (GSOs). In addition, $269 million was provided by GSOs to third parties to fund their capital needs.

Investment in government-owned infrastructure was down from the average of the previous four years of $3.00 billion and was $279 million less than budgeted. $314 million (2018 - $700 million) of the Government's current year investment was through public private partnerships (P3s). These P3s are long-term performance-based agreements between the public sector and the private sector to deliver public infrastructure.

Credit Rating

The credit ratings for all provinces as at March 31, 2019, are shown below.

Credit Ratings – March 2019

	Rating Agency[1]		
Jurisdiction	**Moody's Investors Service Inc.**	**Standard & Poor's**	**Dominion Bond Rating Service**
British Columbia	Aaa	AAA	AA (high)
Alberta	Aa1 (neg)	A+	AA (neg)
Saskatchewan	Aaa	AA	AA
Manitoba	Aa2	A+	A (high)
Ontario	Aa3	A+	AA (low)
Quebec	Aa2	AA-	A (high)
New Brunswick	Aa2	A+	A (high) (neg)
Nova Scotia	Aa2	AA-	A (high)
Prince Edward Island	Aa2	A	A (low)(pos)
Newfoundland & Labrador	Aa3 (neg)	A	A (low)

Ratings reflect the latest credit ratings available at March 31, 2019.

[1] The rating agencies assign letter ratings to borrowers. The major A bracket categories, in descending order of credit quality, are: AAA/Aaa; AA/Aa; A. The '1', '2', '3', 'high', 'low', '-', and '+' modifiers show relative standing within the major categories with (pos)/(neg) representing a positive/negative outlook or trend. For example, AAA exceeds AA, Aa1 exceeds Aa2 and AA exceeds AA-.

The Province obtains a credit rating from the three major credit rating agencies: Moody's Investors Service Inc.; Standard & Poor's; and the Dominion Bond Rating Service. Overall, Saskatchewan's credit rating from the three major credit rating agencies ranks second highest among the Canadian provinces.

Assessment of Fiscal Health

A government's fiscal management can be gauged through an assessment of its fiscal health in the context of the overall economic and financial environment. Fiscal health describes a government's ability to meet its existing financial obligations, both with respect to its service commitments to the public and its financial commitments to creditors, employees and others. The assessment of the Government's fiscal health considers the three elements of sustainability, flexibility and vulnerability on the basis of the following indicators:

Sustainability
- Accumulated surplus to the Province's GDP
- Net debt to the Province's GDP
- Net debt to total revenue
- Net debt per capita

Flexibility
- Financing charges to total revenue
- Own-source revenue to the Province's GDP

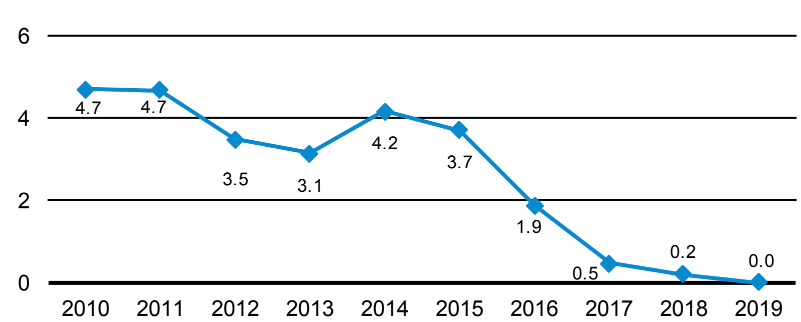
Vulnerability
- Non-renewable resources revenue to total expense
- Transfers from the federal government to total revenue
- Foreign currency debt to net debt

Sustainability

Sustainability is the degree to which a government can maintain its existing level of spending and meet its existing debt obligations.

Accumulated Surplus to the Province's GDP

(per cent)



The indicator takes a long-term view of government finances. The trend of accumulated surplus as a percentage of GDP indicates whether the accumulated surplus is changing faster or slower than the growth or decline in the economy and provides insight into the Government's fiscal strategy in the context of the economy.

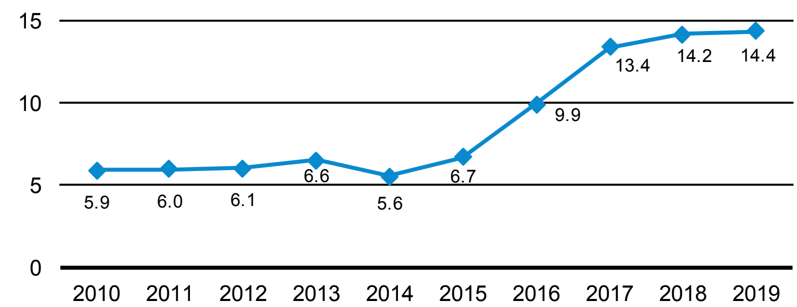
The accumulated surplus measures the sum of all current and prior years' operating results. Gross domestic product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the provincial economy. GDP reflects the latest figures available for the current and prior years. This is based on the February 2019 Edition of the Saskatchewan Provincial Economic Accounts for which the main source of data is the Provincial and Territorial Economic Accounts produced by Statistics Canada.

Assessment of Fiscal Health

Sustainability (*continued*)

Net Debt to the Province's GDP

(per cent)

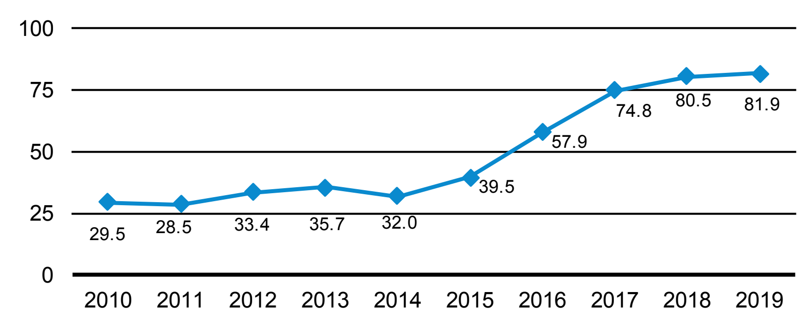


The relatively stable ratio from 2009-10 to 2014-15 indicates the Government's overall fiscal policies over this period of time were sustainable to the extent that the rate of economic growth in the Province matched the growth in net debt. The rise in this ratio in 2015-16 and 2016-17 is mainly a result of market-driven variables, such as low oil prices, together with the Government's continued investment in infrastructure. The return to relatively stable ratios in 2017-18 and 2018-19 reflects the revenue stability measures introduced in the 2017-18 budget and a strengthening provincial economy.

Net debt is the difference between a government's financial assets and liabilities and represents the future revenue that is required to pay for past transactions and events. Net debt as a percentage of the Province's GDP provides a measure of the level of financial demands placed on the economy by the Government's spending and taxation policies. A lower net debt to GDP ratio is desired and indicates higher sustainability.

Net Debt to Total Revenue

(per cent)



Over the last ten years, the Government's net debt as a percentage of total revenue has increased from 29.5 per cent in 2009-10 to 81.9 per cent in 2018-19. The overall increase in this ratio during this period is primarily the result of the Government's significant investment in capital. The fall in revenue tied to low oil and potash prices in 2015-16 and 2016-17 increased this upward trend, however, responsible spending, efforts to reduce reliance on non-renewable resource revenues as well as more favorable resource revenues has slowed this upward trend in recent years.

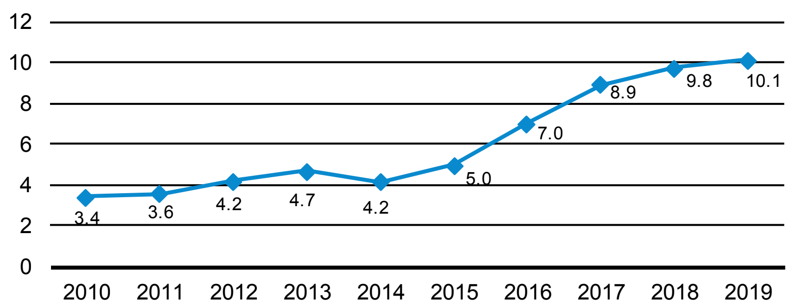
Another measure of a government's sustainability is net debt as a percentage of total revenue. Net debt provides a measure of the future revenue that is required to pay for past transactions and events. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt.

Assessment of Fiscal Health

Sustainability (*continued*)

Net Debt per Capita

(thousands of dollars)



Figures are based on Statistics Canada first quarter estimates representing the population at January 1 of each year.

Net debt per capita represents the net debt attributable to each Saskatchewan resident. An increase in this ratio indicates the debt burden per resident has grown.

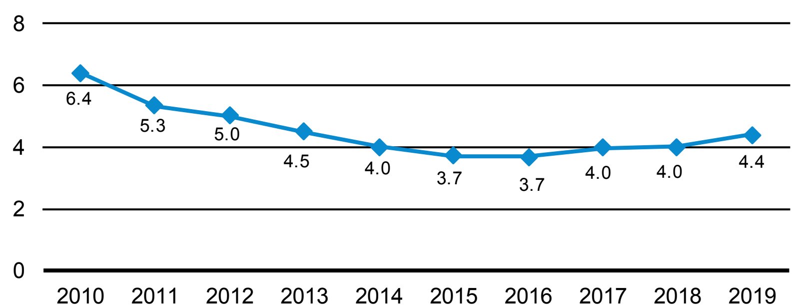
The overall increase in this ratio over the last ten years is a result of an increase in net debt that exceeds the growth in the Province's population over the same period. The rise in this ratio from 2014-15 to 2016-17 indicates that the annual increase in the Province's population in those years was proportionately lower than the increase in net debt over the same period. The $4.64 billion increase in net debt over this period was mainly a result of market-driven variables, such as low oil prices, together with the Government's investment in infrastructure. The return to relatively stable ratios in 2017-18 and 2018-19 reflects the revenue stability measures introduced in the 2017-18 budget and a strengthening provincial economy.

Flexibility

Flexibility is the extent to which a government has room to manoeuver in terms of increasing its debt or tax burden on the economy.

Financing Charges to Total Revenue

(per cent)



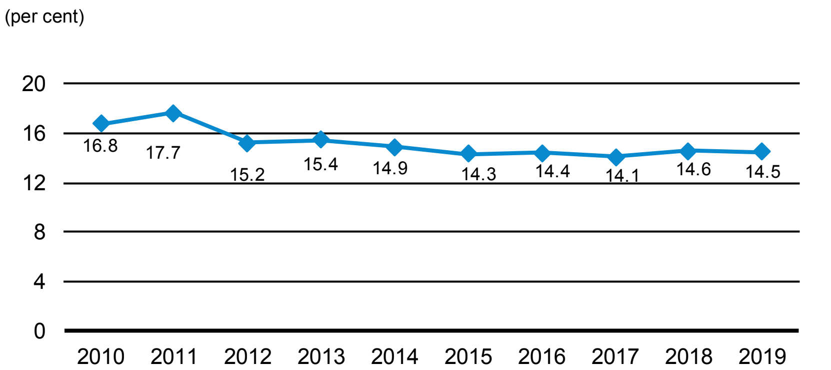
A financing charges to total revenue ratio, often referred to as the interest bite, indicates the proportion of provincial revenue that is required to pay interest charges on general debt and therefore is not available to pay for essential public services and programs. A lower ratio means that there is more money available to provide government services.

Over the last ten years, there has been an overall decrease in the interest bite due to both increased revenue and decreased interest costs. In 2018-19, the Government spent approximately 4.4 cents of each dollar of revenue on financing charges on general debt, compared to 6.4 cents in 2009-10. This reduction leaves more resources available to the Government to provide services without increasing revenue.

Assessment of Fiscal Health

Flexibility (*continued*)

Own-Source Revenue to the Province's GDP



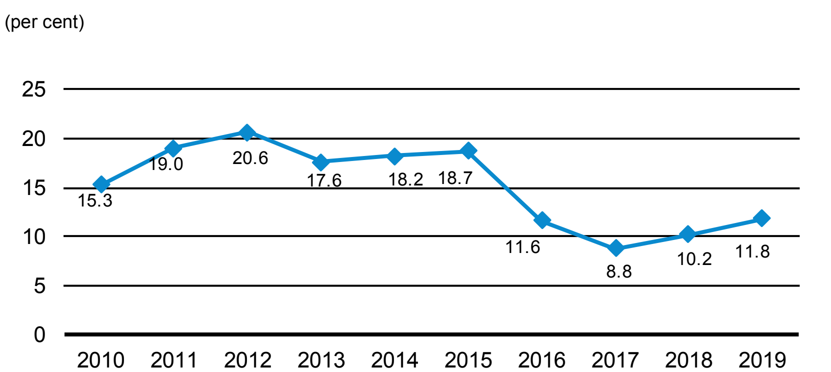
Own-source revenue as a percentage of GDP has remained relatively constant over the last ten years indicating that the Government has not significantly changed its demands on the provincial economy over this time. This ratio, while relatively constant, shows an overall decreasing trend which indicates that the Government's flexibility has improved over the last ten years.

This ratio measures the extent to which the Government is taking income out of the provincial economy, through taxation, non-renewable resources revenue or user fees. An increase in this ratio indicates that the Government's own-source revenue is growing faster than the economy, reducing the Government's flexibility to increase revenue without slowing the growth of the provincial economy.

Vulnerability

Vulnerability is the extent to which a government is dependent on, or exposed to, risks associated with sources of funding outside its control.

Non-Renewable Resources Revenue to Total Expense



In Saskatchewan, non-renewable resources revenue is an important but volatile source of revenue. A higher than normal non-renewable resources revenue to total expense ratio typically means that there has been a windfall in non-renewable resources revenue, where prices and/or sales are at above-normal levels. Likewise, when the ratio is lower than normal, it typically represents a period of reduced prices or sales.

The increase in the indicator in 2017-18 and 2018-19 is a result of strengthening non-renewable resource revenue and a focus on controlled spending.

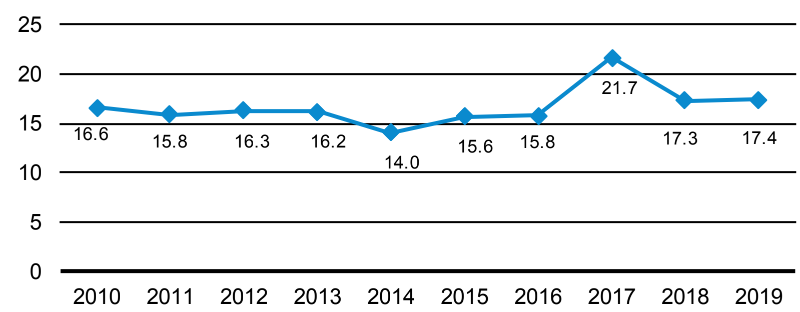
Non-renewable resources revenue is affected by price and sales factors which are beyond a government's direct control. Non-renewable resources revenue as a percentage of total expense is therefore an indicator of how vulnerable the Province is as a result of its dependence on non-renewable resources revenue to fund its expenses.

Assessment of Fiscal Health

Vulnerability (*continued*)

Transfers from the Federal Government to Total Revenue

(per cent)



In 2018-19, 17.4 per cent of the Government's revenue came from transfers from the federal government with the remainder coming from Saskatchewan sources. The Government's ability to fund essential programs and services from own-source revenue has remained fairly stable over the past ten years with the exception of significant one-time infrastructure transfers from the federal government received during 2016-17.

The Government does not control the amount of federal transfers that it receives each year. Transfers from the federal government as a percentage of total revenue is therefore an indicator of the degree of vulnerability the Government has as a result of reliance on the federal government for revenue. Generally, a decreasing ratio indicates that a government is less reliant on federal transfers to fund its programs, making it less vulnerable.

Foreign Currency Debt to Net Debt

The ratio of foreign currency debt to net debt is an indicator of the degree of vulnerability a government has to currency rate fluctuations. Where the Government holds debt that is issued in foreign currencies it often uses cross-currency swaps, a hedging strategy, to effectively convert this debt to Canadian dollar debt. At March 31, 2019, this ratio is nil due to the Government's hedging strategies. Over the last ten years, exposure to currency rate fluctuations on foreign currency debt has been minimal. Decreasing this exposure through the use of hedging activities mitigates the risk of debt and financing charges changing due to changes in foreign currency rates.

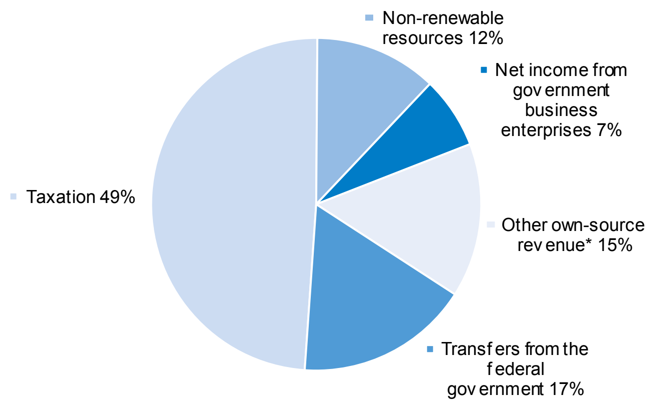
Details

Revenue

Total revenue was $14.45 billion in 2018-19, 17.4 per cent of which represents transfers from the federal government and the remaining 82.6 per cent own-source revenue.

Revenue by Source – 2018-19 ($14.45 billion)

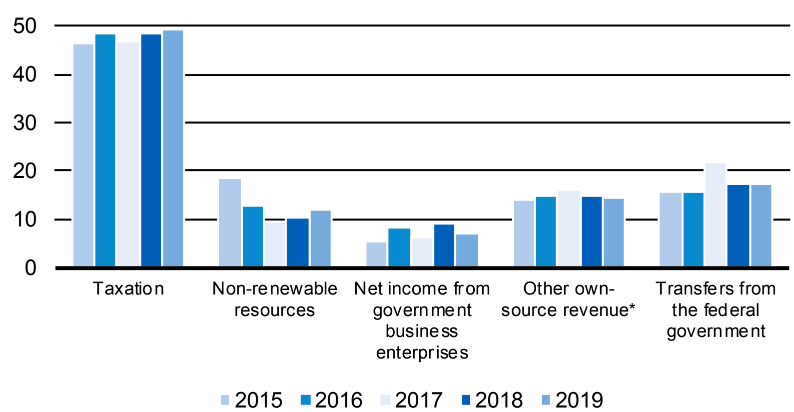
(per cent)



* Key components of “other own-source revenue” include fees (55%), insurance (14%), investment income (5%), and transfers from other governments (4%).

Revenue by Source – Percentage of Total Revenue

(per cent)



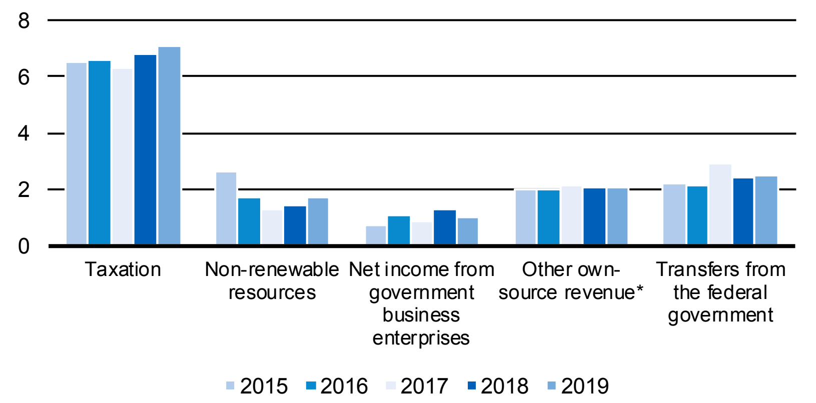
* In 2018-19, key components of “other own-source revenue” include fees (55%), insurance (14%), investment income (5%), and transfers from other governments (4%).

Details

Revenue (*continued*)

Revenue by Source

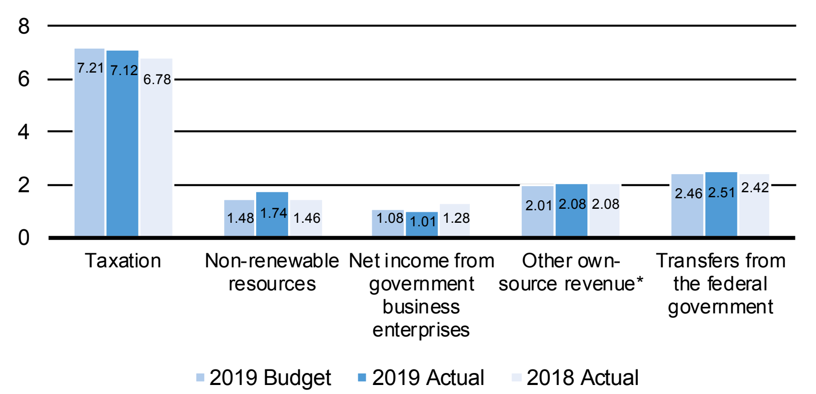
(billions of dollars)



* In 2018-19, key components of "other own-source revenue" include fees ($1.15 billion), insurance ($290 million), investment income ($113 million), and transfers from other governments ($76 million).

Revenue by Source – Comparison to Budget and Prior Year

(billions of dollars)



* In 2018-19, key components of "other own-source revenue" include fees ($1.15 billion), insurance ($290 million), investment income ($113 million), and transfers from other governments ($76 million).

Total revenue of $14.45 billion in 2018-19 represents a year-over-year increase of $430 million, or 3.1 per cent. This increase was the result of increases in revenue from taxation, non-renewable resources and transfers from the federal government. These increases were partially offset by a decrease in net income from government business enterprises.

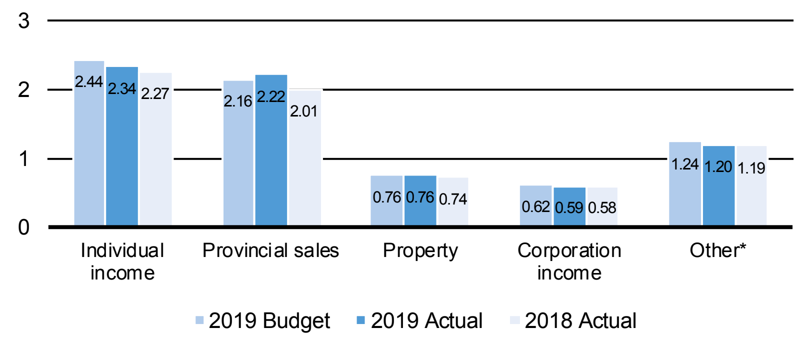
When compared to the budget, revenue was greater by $206 million, or 1.4 per cent. This increase was a result of greater-than-expected non-renewable resources revenue, other own-source revenue, and transfers from federal government, partially offset by lower-than-expected taxation revenue and net income from government business enterprises.

Details

Revenue (*continued*)

Taxation Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Taxation revenue was $7.12 billion in 2018-19, an increase of $335 million, or 4.9 per cent, over 2017-18 and a $98 million, or 1.4 per cent, decrease when compared to budget. The $335 million increase over prior year was largely due to an increase in provincial sales, individual income and property taxes. The $98 million budget shortfall is largely attributable to lower-than-expected individual income, corporation income, and other taxes, partially offset by greater-than-expected provincial sales tax.

* In 2018-19, key components of “other” include fuel ($556 million) and tobacco ($236 million).

Individual income tax revenue was $2.34 billion in 2018-19, an increase of $74 million, or 3.3 per cent, over 2017-18 but a decrease of $101 million, or 4.2 per cent, from budget. The year-over-year increase was primarily due to an improvement in the prior year’s reconciliation adjustment relative to 2017-18, partially offset by a decline in payments, due in large part to the tax rate reduction in 2018. The $101 million decrease from budget is primarily due to lower-than-expected tax assessments for the 2017 taxation year, which resulted in a larger negative prior-year adjustment payment and a decline in payments for the 2018 taxation year.

Provincial sales tax revenue was $2.22 billion in 2018-19, an increase of $212 million, or 10.5 per cent, over the prior year and an increase of $70 million, or 3.2 per cent, over budget. The year-over-year and actual-to-budget increases were primarily due to growth in the sales tax base, particularly in the agricultural, construction and mining sectors. This increase was partially offset by an increase in Saskatchewan Low Income Tax Credit payments.

Property tax revenue, at $763 million, was $28 million, or 3.8 per cent, higher than prior year with an increase of $4 million, or 0.5 per cent, over budget. The increase over prior year is primarily due to an increase in the number and assessed value of taxable properties.

Corporation income tax revenue was $586 million in 2018-19, an increase of $4 million, or 0.7 per cent over 2017-18 and a decrease of $36 million, or 5.7 per cent, from budget. The year-over-year increase was nominal. The $36 million decrease from budget was primarily due to a greater-than-budgeted proportion of the provincial tax base being taxed at the lower small business tax rate, partially offset by stronger-than-expected 2017 assessments.

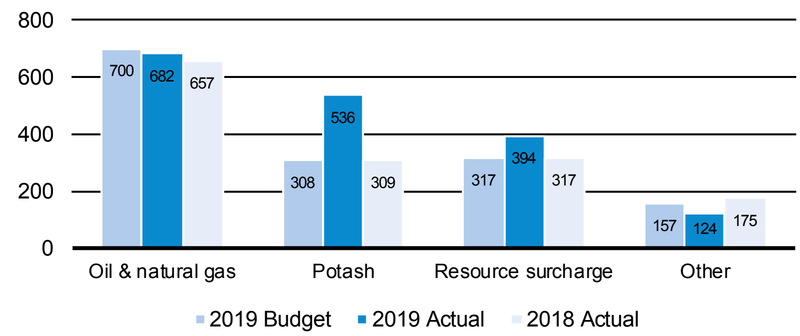
Other tax *(including fuel, tobacco and other miscellaneous tax)* revenue totaled $1.20 billion for the year, an increase of $18 million, or 1.5 per cent, over the previous year and a decrease of $35 million, or 2.9 per cent, from budget. The year-over-year growth is primarily due to an increase in fuel tax, partially offset by a decrease in tobacco tax due to changes in consumption. The $35 million decrease from budget was primarily due to: lower-than-expected tobacco consumption; lower-than-expected corporation capital tax payments from Crown corporations, partially offset by higher-than-expected payments from financial institutions; and lower-than-expected insurance premiums tax based on insured property values. These decreases were partially offset by higher-than-expected fuel consumption.

Details

Revenue (*continued*)

Non-Renewable Resources Revenue – Comparison to Budget and Prior Year

(millions of dollars)



Non-renewable resources revenue is one of the Government's most volatile revenue sources because it is influenced by external factors, particularly commodity prices, market demand and the exchange rate.

In 2018-19, non-renewable resources revenue was $1.74 billion, an increase of $277 million, or 19.0 per cent, over 2017-18 and $253 million, or 17.1 per cent, over budget. Year-over-year and actual-over-budget increases were primarily due to increases in potash and resource surcharge revenue. These increases were partially offset by a decrease in other non-renewable resource revenue.

Oil and natural gas revenue was $682 million in 2018-19, an increase of $25 million, or 3.8 per cent, over 2017-18 and a decrease of $19 million, or 2.7 per cent, from budget. These variances are primarily due to changes in West Texas Intermediate (WTI) oil prices, light-heavy oil blend differential and the exchange rate.

WTI oil prices averaged 62.87 U.S. dollars per barrel in 2018-19. This was an increase of 9.34 U.S. dollars per barrel from the 2017-18 WTI average oil price of 53.53 U.S. dollars per barrel and an increase of 4.69 U.S. dollars per barrel from the budgeted WTI average oil price of 58.18 U.S. dollars per barrel.

The light-heavy oil blend differential increased from 20.0 per cent in 2017-18 to 31.8 per cent in 2018-19 negatively impacting oil royalties, and increased from 22.1 per cent at budget resulting in lower-than-budgeted oil royalties.

The average exchange rate decreased from 78.0 U.S. cents in 2017-18 (78.3 U.S cents at budget) to 76.2 U.S. cents in 2018-19. The decrease in the average exchange rate results in higher prices in Canadian dollars and generally has a positive impact on oil revenue.

The above mentioned factors resulted in an average Canadian dollar well-head oil price in Saskatchewan of $54.58 per barrel in 2018-19, higher than the $50.87 per barrel in the prior year and $54.36 per barrel in the budget.

Despite the greater-than-expected well-head prices, revenue was lower-than-budgeted due to a higher-than-budgeted percentage of the production coming from enhanced oil recovery which is subject to a lower royalty tax rate.

Potash revenue was $536 million in 2018-19, a $227 million, or 73.7 per cent, increase over the previous year and $228 million, or 74.0 per cent, over budget. The increases were largely due to higher prices and sales volumes. The average mine netback (realized) prices increased from 187 U.S. dollars per KCl tonne in 2017-18 (191 U.S. dollars per KCl tonne at budget) to 215 U.S. dollars per KCl tonne in 2018-19 (from $396 in 2017-18 and $399 at budget to $457 per K_2O tonne). Sales volumes increased from 12.3 million K_2O tonnes in 2017-18 (12.6 million K_2O tonnes at budget) to 13.4 million K_2O tonnes in the current year.

Resource surcharge revenue was $394 million in 2018-19, an increase of $77 million, or 24.2 per cent, over the prior year and $77 million, or 24.1 per cent, over budget. Increases over the prior year and budget in potash and year-over-year increase in oil and gas were partially offset by a decline in uranium and coal, all resulting from changes in sales volumes and prices.

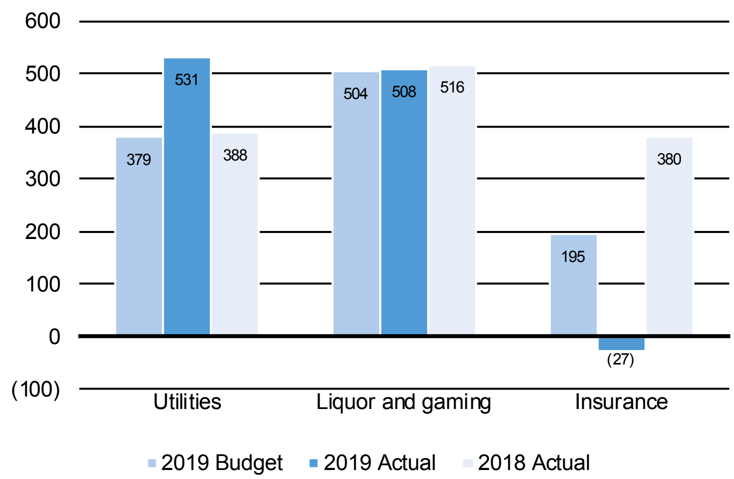
Other non-renewable resources *(including crown land sales and other miscellaneous non-renewable resources)* revenue was $124 million, a decrease of $52 million, or 29.5 per cent, from the prior year and $33 million, or 21.1 per cent, when compared to budget. These decreases are primarily due to: lower uranium royalties mainly resulting from lower sales volumes from the indefinite suspension of operations at McArthur River and Key Lake.

Details

Revenue *(continued)*

Net Income from GBEs – Comparison to Budget and Prior Year

(millions of dollars)



Net income from Government Business Enterprises (GBEs) was $1.01 billion in 2018-19, a decrease of $272 million, or 21.2 per cent, from 2017-18 and $67 million, or 6.2 per cent, from budget. These decreases primarily represent a decrease in insurance that was only partially offset by an increase in utilities.

Utilities reported a combined net income of $531 million in 2018-19, an improvement of $143 million, or 36.9 per cent, over the previous year and $152 million, or 40.1 per cent, over budget. These improvements were primarily due to increased demand, system-wide rate increases and higher commodity margins. These factors resulted in increased revenue for electricity sales and gas transportation, storage and delivery. Additionally, the increase experienced in the utilities sector resulted from: higher electricity export revenue due to increased opportunities to sell into Alberta at higher prices; and an asset impairment reversal on the sale of natural gas liquid extraction plants. An increase in operation and maintenance costs, partially offsetting higher revenue, was primarily in response to a number of factors. Utility generation volumes increased to sustain the additional demand for services. Transportation costs of natural gas increased as the province transitioned to a net importer with more gas being transported over greater distances. Fuel and purchased power costs increased as a result of unfavorable prices mainly from the introduction of the Federal Carbon charge and volume and fuel mix variances. Finally, maintenance, safety and integrity expenditures increased due to a growing transmission and distribution system. Where there was a year-over-year increase in telecommunications net income related to growth in wireless, maxTV and Internet, the growth was less than anticipated in the budget.

Liquor and gaming contributed $508 million to the Government's annual results, a decline of $8 million, or 1.6 per cent, over the previous year and a $3 million, or 0.6 per cent, improvement over budget.

Insurance reported a $27 million loss, a $407 million, or 107.2 per cent, decline over the previous year which was largely driven by a drop in investment income and an increase in insurance claims costs. Global equity markets suffered one of the worst quarterly falls in the last quarter of 2018. While the first quarter of 2019 saw a market rebound, the full effect of the unfavourable fourth quarter was reported by the Workers' Compensation Board (Saskatchewan) (WCB) which reports on a calendar year. A significant increase in claims costs was mainly attributable to an increase in the actuarially determined provision for future payments on existing claims and claims that have occurred but have not yet been reported. Growth in out-of-province premiums written resulted in increased revenue and claim costs for the year.

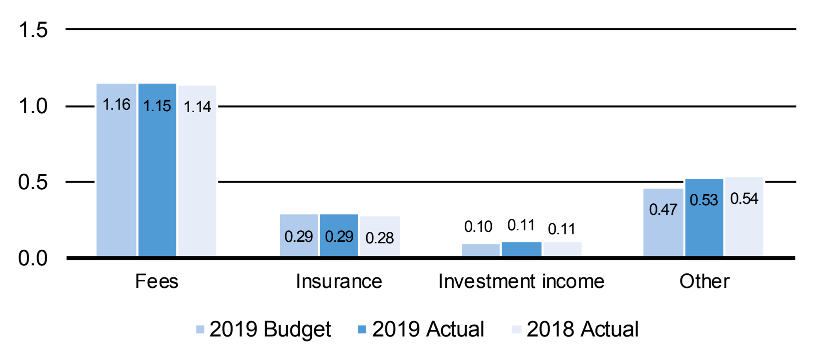
Compared to budget, net income was lower by $222 million, or 114.0 per cent. Higher-than-anticipated claims were the primary cause for the unfavourable variance from budget. This actual-over-budget increase in claims costs was mainly a result of changes in the actuarially determined provisions for future claims together with large losses and poor auto results in jurisdictions outside the province.

Details

Revenue (*continued*)

Other Own-Source Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Other own-source revenue was $2.08 billion in 2018-19. The year-over-year increase of $1 million, or 0.1 per cent, was nominal and due to offsetting changes in fees, insurance and other own-source revenue.

When compared to budget, other own-source revenue increased by $70 million, or 3.5 per cent, representing higher-than-expected other own-source revenue and investment income, partially offset by lower-than-expected fees.

Other own-source revenue at $2.08 billion was $1 million, or 0.1 per cent, greater than reported in 2017-18 and $70 million, or 3.5 per cent, greater than the budget.

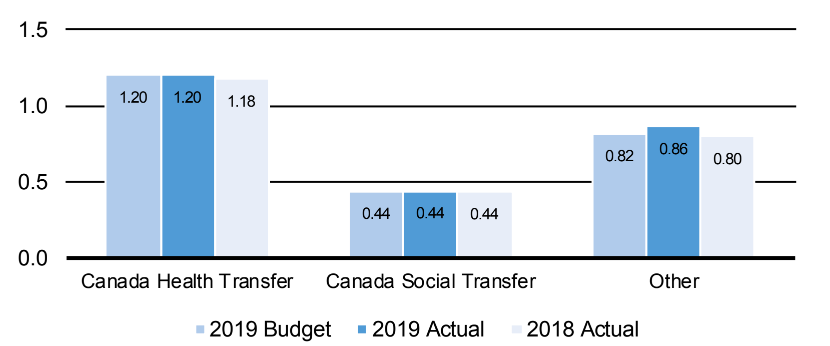
The year-over-year increase in other own-source revenue was negligible. The higher-than-budgeted own-source revenue primarily resulted from: greater-than-expected fees collected by Boards of Education; higher-than-budgeted crop insurance premiums resulting from higher-than-anticipated insured acres; greater-than-budgeted lottery sales, forestry revenue and land lease revenue; and unbudgeted wildfire fighting billings to other jurisdictions. These improvements over budget were partially offset by: budgeted, but not yet realized, revenue resulting from the deferral of asset transfers to the Government; and lower-than-expected health care fees and patient recoveries.

Details

Revenue *(continued)*

Transfers from the Federal Government – Comparison to Budget and Prior Year

(billions of dollars)



Federal transfers were $2.51 billion in 2018-19, an increase of $89 million, or 3.7 per cent, over 2017-18 and $47 million, or 1.9 per cent, when compared to budget. The year-over-year increase in other federal transfers was largely due to increased crop insurance and AgriStability funding resulting from a forecasted increase in indemnity payments. The actual-over-budget increase generally resulted from greater-than-expected spending on various federal-provincial cost-shared programs.

Canada Health Transfer was $1.20 billion in 2018-19, an increase of $27 million, or 2.3 per cent, over the previous year and $1 million, or 0.1 per cent, over budget. The increase over prior year was primarily due to a legislated annual increase in the national allocation equal to the greater of 3 per cent and the nominal GDP growth rate with an adjustment for changes in Saskatchewan's share of the national population.

Canada Social Transfer was $442 million in 2018-19, an increase of $6 million, or 1.5 per cent, over the previous year and $0.3 million, or 0.1 per cent, over budget. The year-over-year increase was primarily due to a legislated 3 per cent annual increase in the national allocation with an adjustment made for changes in Saskatchewan's share of the national population.

Other transfers from the federal government were $864 million in 2018-19, an increase of $55 million, or 6.8 per cent, over the previous year and $46 million, or 5.6 per cent, over budget. The year-over-year increase was primarily due to: greater crop insurance and AgriStability funding due to a forecasted increase in indemnity payments; one-time funding in 2018-19 for operation and maintenance of federal dams transferred to the Province; increased federal disaster assistance funding, primarily resulting from audits on prior year claims; an increase in Building Canada Fund-Provincial Territorial Infrastructure funding due to on-going work on provincial highways; an increase in Home and Community Care and Mental Health and Addictions Services agreement funding; and an increase in assistance to the Wildlife Damage Compensation Program due to crops left on the field over winter from a wet harvest. These year-over-year increases were partially offset by: reduced infrastructure funding, in particular, lower funding for the Regina Bypass project; less funding for the Clean Water and Wastewater Fund and the Public Transit Infrastructure Fund as respective projects and programs wind down; and reduced social housing funding under the Social Infrastructure Fund Agreement.

The increase of $46 million over budget was primarily due to: greater-than-budgeted AgriStability contributions; higher-than-expected disaster assistance funding for prior year claims; and unbudgeted funding for the operation and maintenance of federal dams transferred to the Province.

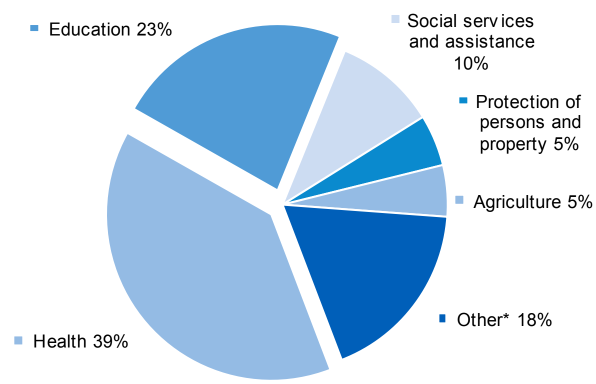
Details

Expense

Total expense was $14.72 billion in 2018-19, over half of which represents spending in the health and education sectors. The SFS report expense by theme and by object, or major type of expense such as salaries and benefits, transfers and operating costs.

Expense by Theme – 2018-19 ($14.72 billion)

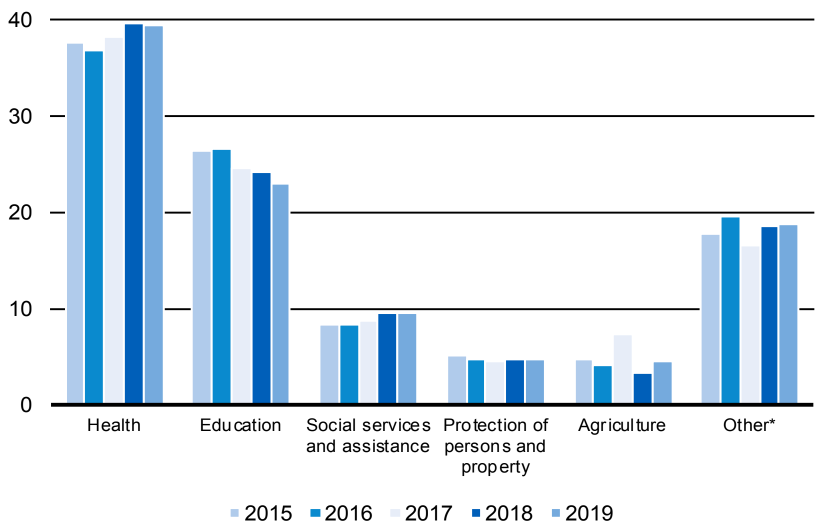
(per cent)



* Key components of "other" include financing charges (4%), community development (4%), transportation (4%), environment and natural resources (2%) and economic development (2%).

Expense by Theme – Percentage of Total Expense

(per cent)



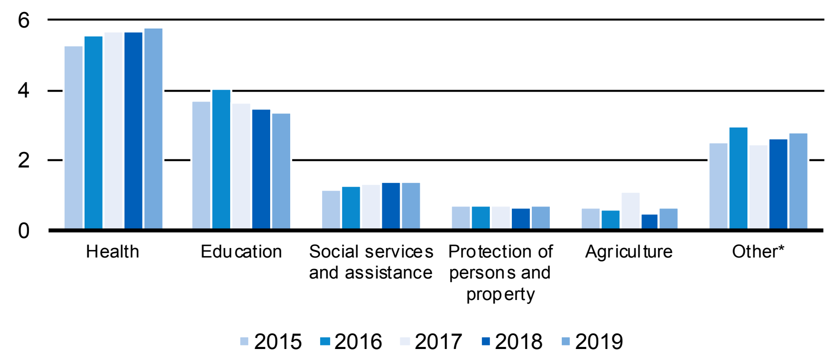
* Key components of "other" include financing charges (4%), community development (4%), transportation (4%), environment and natural resources (2%) and economic development (2%).

Details

Expense (*continued*)

Expense by Theme

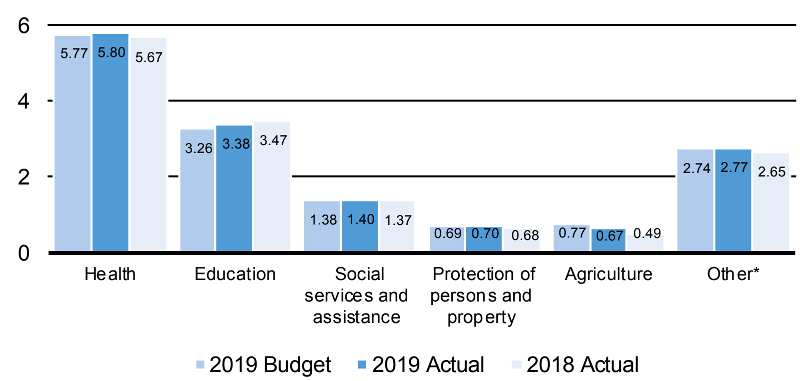
(billions of dollars)



* In 2018-19, key components of "other" include financing charges ($637 million), community development ($590 million), transportation ($538 million), environment and natural resources ($279 million) and economic development ($225 million).

Expense by Theme – Comparison to Budget and Prior Year

(billions of dollars)



* In 2018-19, key components of "other" reported in the Statement of Operations include financing charges ($637 million), community development ($590 million), transportation ($538 million), environment and natural resources ($279 million) and economic development ($225 million).

Total expense was $14.72 billion in 2018-19. This represents an increase of $395 million, or 2.8 per cent, over the prior year. This increase is primarily in agriculture, where there was a significant year-over-year increase in expenses for agricultural insurance claims, and health, due to volume-based pressures.

The total expense reported in 2018-19 was $108 million, or 0.7 per cent, greater than the budget. Spending was greater-than-anticipated in all themes except agriculture. The increase over budget was primarily due to unbudgeted recognition of Treaty Land Entitlement claims and greater-than-expected pension costs. These increases were partially offset by lower-than-budgeted agricultural insurance claims due to favorable crop conditions compared to the budget which is based on a 10-year average.

Health expense was $5.80 billion in 2018-19, an increase of $128 million, or 2.3 per cent, over 2017-18 and $31 million, or 0.5 per cent, over the budget. The increases over prior year and budget were primarily due to volume - based pressures across the entire health sector leading to increased spending on salaries and benefits and drug costs, including the Saskatchewan Prescription Drug Plan. Additional physician recruitment, operating and accommodations spending was incurred as a result of the Saskatchewan Hospital North Battleford opening in 2018-19 and the Jim Pattison Children's Hospital nearing completion.

Details

Expense (*continued*)

Education expense was $3.38 billion in the current year, representing a $88 million, or 2.5 per cent, decrease from the prior year and a $119 million, or 3.7 per cent, increase when compared to the budget. The decrease from prior year was primarily due to lower pension costs for the Teachers' Superannuation Plan (TSP) due to net losses of prior years being fully amortized by 2017-18. Also contributing to the year-over-year decrease was savings related to the suspension of the Saskatchewan Advantage Grant for Education Savings program. These decreases were partially offset by: an increase in spending in school divisions due to an increase in salaries and benefits associated with enrollment pressures and greater amortization charges with the new P3 school additions now operational for a full year; and increases in post-secondary funding, primarily at the University of Saskatchewan. The increase over the budget is mainly attributed to: greater-than-expected pension costs for TSP due to lower-than-expected interest rates; higher-than-expected minor capital renovation and maintenance costs for school divisions; and larger-than-budgeted post-secondary funding.

Social services and assistance expense, at $1.40 billion, saw an increase of $28 million, or 2.1 per cent, over the prior year and $17 million, or 1.3 per cent, over budget. The increase over prior year was primarily due to: greater Income Assistance and Disability Services payments, largely due to a significant investment in Disability Services and higher utilization in the Transitional Employment Allowance and Saskatchewan Assured Income for Disability programs; and an increase in Child and Family Services payments resulting from higher utilization and program delivery costs. These increases were partially offset by a decrease in the cost of social housing primarily due to decreased spending on maintenance and rejuvenation of housing units and grants to affordable housing programs as the majority of projects in the current Social Infrastructure Fund Agreement were completed in the prior year. The increase from budget is primarily attributable to higher-than-expected caseloads in child and family services. This was partially offset by lower-than-expected spending in income assistance and disability services, primarily due to lower-than-budgeted caseloads in the Saskatchewan Assistance Program.

Protection of persons and property expense, at $703 million, was a $28 million, or 4.1 per cent, increase over prior year and $13 million, or 1.9 per cent, over the budget. The year-over-year increase resulted from a number of factors including: increased policing costs due to increases in salary under the RCMP contract; increased spending on custody and court services due to higher utilization; and additional accommodation spending at the new Saskatchewan Hospital North Battleford. These increases were partially offset by a year-over-year decline in Provincial Disaster Assistance Program (PDAP) claims. The increase from budget was due to: PDAP spending being higher-than-budgeted for the settlement of outstanding prior year claims; and greater-than-budgeted custody costs from higher-than-expected custody counts. This was partially offset by lower-than-budgeted policing costs due to vacancies across the province.

Agriculture expense, at $667 million, was $182 million, or 37.4 per cent, greater than the prior year but $104 million, or 13.5 per cent, lower than the budget. The increase over prior year was primarily due to: greater AgriStability expenses reflecting the year-over-year change in forecasted claims adjusted for prior year actual claim experience; an increase in crop insurance and wildlife damage claims due to unfavorable harvest conditions compared to the prior year, but less than budget which is based on a 10-year average; and increased funding to irrigation districts for rehabilitation and transfer of irrigation infrastructure during the year. These increases over prior year were partially offset by: a decrease in grants to producers under The Farm and Ranch Water Infrastructure Program due to drought conditions in prior year; and less AgriInvest program spending. The lower-than-budgeted indemnity payments for crop insurance were partially offset by: greater-than-expected AgriStability expense which is based on forecasted claims; higher-than-expected wildlife damage claims due to crops left on the field over winter; and unexpected losses incurred on the transfer of irrigation assets to irrigation districts.

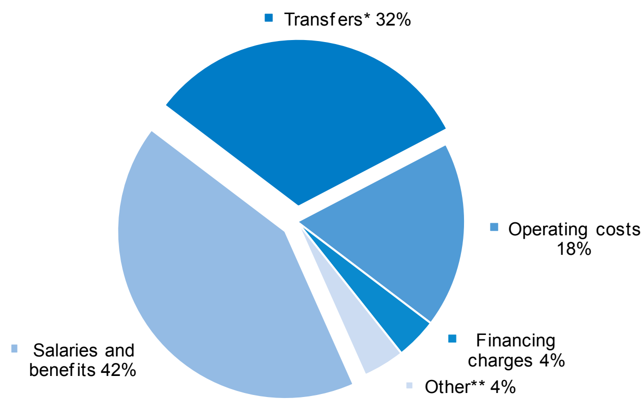
Other (*including financing charges, community development, transportation, environment and natural resources, economic development and other miscellaneous*) expense was $2.77 billion in 2018-19. This represents a $118 million, or 4.5 per cent, increase over the prior year and a $32 million, or 1.2 per cent, increase over budget. The year-over-year increase resulted from a number of factors. Several Treaty Land Entitlement claims were recognized by the Government in the current year. Financing charges increased from a corresponding increase in borrowing. Amortization charges increased related to the expanding network of provincial roads and highways. Actuarial adjustments increased related to changes in life insurance benefit obligations and pension costs increased from a decrease in the gain on plan assets. Finally, the operation and maintenance spending on dams increased due to the addition of the federal dams transferred to the Province. Partially offsetting these increases are: savings from the wind-down of the Clean Water and Wastewater Fund and Public Transit Infrastructure Fund programs; and the wind-up of the Saskatchewan Transportation Company. The increase over budget is primarily attributable to: the recognition of Treaty Land Entitlement claims; greater-than-expected spending on fighting wildfires and winter road maintenance; and actuarial adjustments to life insurance benefit obligations. These increases to budget were partially offset by lower-than-budgeted spending related to project delays in the New Building Canada Fund program and lower-than-budgeted pension costs due to a greater-than-expected increase in plan assets.

Details

Expense (*continued*)

Expense by Object – 2018-19 ($14.72 billion)

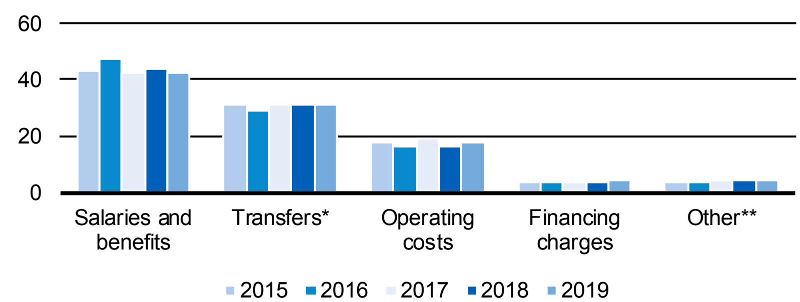
(per cent)



* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Expense by Object – Percentage of Total Expense

(per cent)



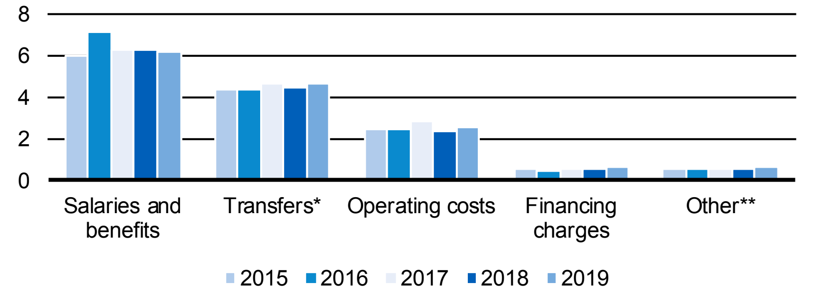
* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets
.

Details

Expense (*continued*)

Expense by Object

(billions of dollars)

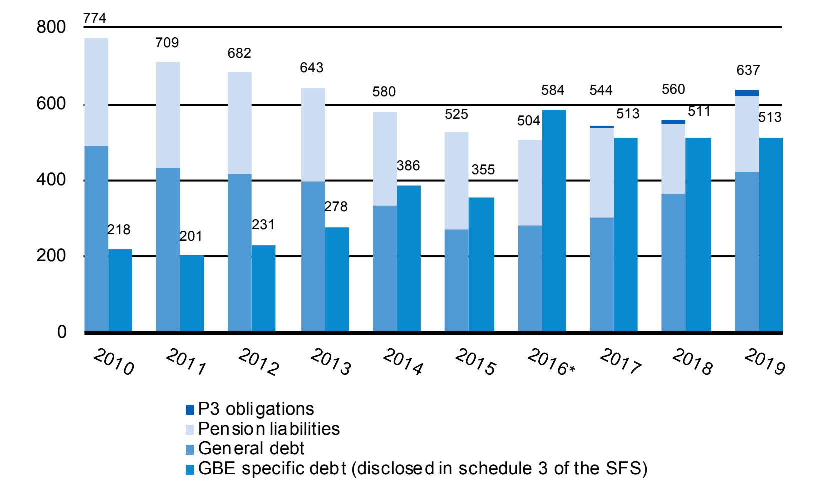


* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Most expense types showed little change over the prior year. The most significant change was a $214 million increase in operating costs which was primarily due to an increase in crop insurance indemnities resulting from a year-over-year deterioration of weather conditions that caused a delayed harvest.

Financing Charges

(millions of dollars)



* In 2015-16, the inclusion of an additional three months of operations of certain GBEs contributed approximately $120 million to GBE financing charges.

The Statement of Operations reports financing charges that the Government incurs related to its general debt, unfunded pension liability and obligations under long-term financing arrangements (P3 obligations) and does not include government business enterprise (GBE) financing charges. GBE financing charges are included in the net income from GBEs reported on the Statement of Operations and disclosed in schedule 3 of the SFS. For general debt, financing charges are determined by the amount of general debt and the interest rate attached to that debt. The average effective interest rate on gross debt during 2018-19 and 2017-18 was 3.9 per cent. Pension interest expense is a function of the unfunded pension liability and the interest rates that are based on the Government's borrowing rates. The average effective interest rate on the unfunded pension liability during 2018-19 was 2.6 per cent (2017-18 - 2.4 per cent). Interest on P3 obligations, ranging from 3.1 to 3.5 per cent, reflects the Government's cost of borrowing at the date the P3 contract was signed.

Financing charges reported in the SFS have declined from $774 million in 2009-10 to $637 million in 2018-19, due primarily to a significant reduction in interest rates during this period. Financing charges relate almost entirely to general debt and the pension liability, however $17 million (2017-18 -$11 million) was incurred for P3 financing.

GBE financing charges have increased in recent years mainly due to an increase in debt financing for the replacement of aging infrastructure as well as for the building of new capacity to meet the demands of the Province's growing population.

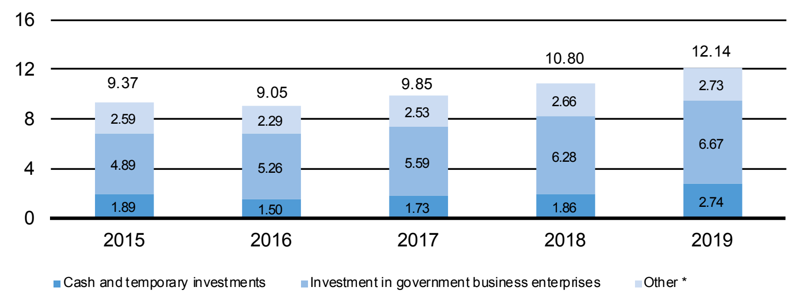
Details

Financial Assets

Financial assets represent the amount of resources available to the Government that can be converted to cash to meet obligations or fund operations.

Financial Assets

(billions of dollars)



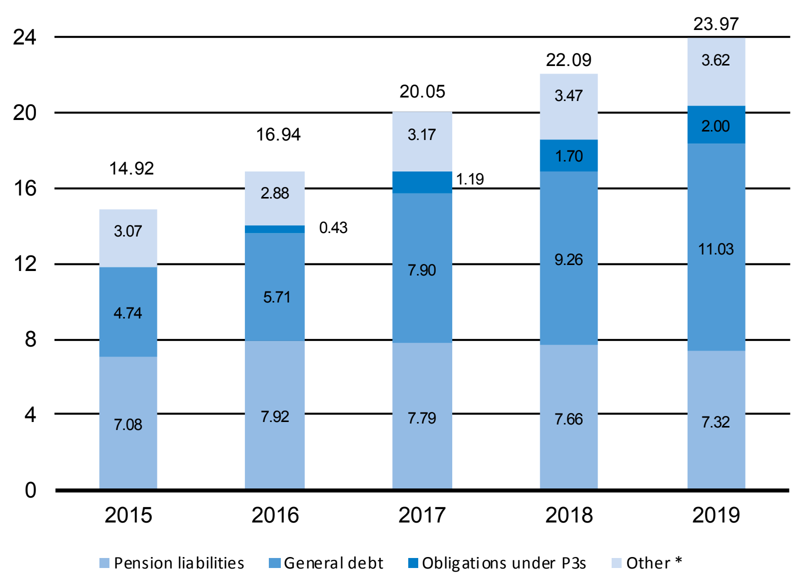
* At March 31, 2019, primarily accounts receivable ($1.84 billion), loans receivable ($443 million) and other investments ($440 million).

Liabilities

Liabilities represent the obligations the Government has to others arising from past transactions or events.

Liabilities

(billions of dollars)



* At March 31, 2019, primarily accounts payable and accrued liabilities ($2.80 billion).

From 2014-15 to 2018-19, liabilities increased by $9.05 billion. This was primarily a result of a $6.29 billion increase in general debt and a $2.00 billion increase for P3 obligations.

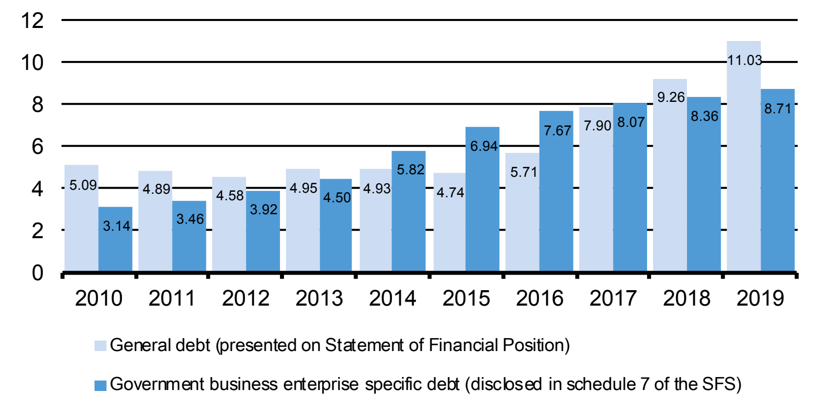
More detailed information on the significant liabilities can be found in the following pages.

Details

Liabilities (*continued*)

Public Debt

(billions of dollars)



At March 31, 2019, the SFS report general debt of $11.03 billion as well as GBE specific debt of $8.71 billion. GBE specific debt has steadily increased over the past ten years. General debt, after several years of little change, has increased over the past four years. These increases have helped to finance the replacement of aging infrastructure as well as building new capacity to meet the demands of a growing population in the Province.

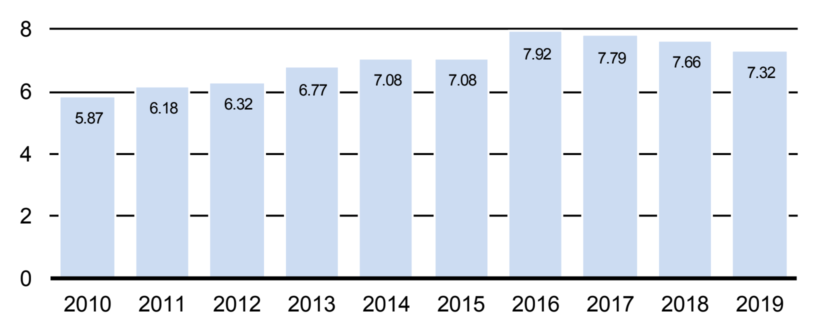
Public debt consists of gross debt net of sinking funds and includes:

- general debt, which is:
  - debt issued by the General Revenue Fund (GRF) and other government service organizations (GSOs); and
  - debt issued by the GRF and subsequently loaned to government business enterprises (GBEs); and
- GBE specific debt, which is debt issued by GBEs or debt issued by the GRF specifically on behalf of GBEs where the Government expects to realize the receivables from the GBEs and settle the external debt simultaneously.

The general debt on the Statement of Financial Position does not include GBE specific debt. GBE specific debt is included in the Investment in GBEs reported on the Statement of Financial Position and disclosed in schedule 7 of the SFS.

Pension Liabilities

(billions of dollars)



At March 31, 2019, the SFS report pension liabilities of $7.32 billion, an increase of $1.45 billion since 2009-10. This increase represents the amount by which pension costs, including interest on the pension liabilities and actuarial adjustments, exceed payments to the pension plans and retirees. It is primarily a result of a decline in interest rates over the same period of time, where small fluctuations in interest rates have a significant impact on the pension liability. Since 2015-16, the pension liability has decreased as payments have begun to exceed the pension costs.

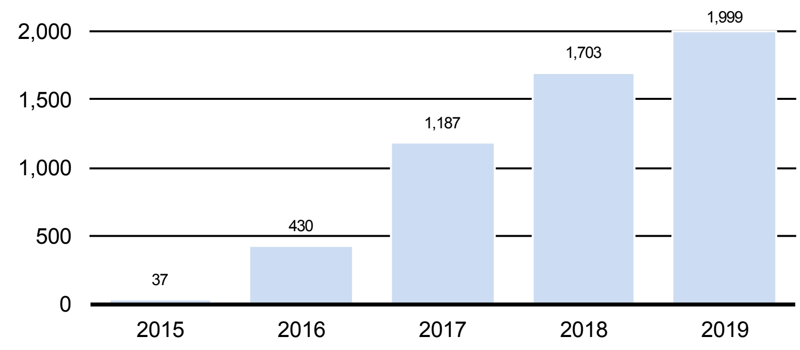
Pension liabilities represent the future obligations for the Government's defined benefit pension plans. The pension liability fluctuates with changes in actuarial assumptions such as interest rates and life expectancy. The Government limited its pension exposure over 40 years ago when it closed the main defined benefit plans to new members and introduced defined contribution plans. There is no liability exposure for the Government under defined contribution plans.

Details

Liabilities *(continued)*

Obligations under Long-Term Financing Arrangements

(millions of dollars)



Obligations under long-term financing arrangements represent the Government's liability for public private partnerships (P3s). P3 obligations increase as the related assets are built (percentage of completion basis), and are reduced as payments are made to the P3 partner. Under the P3 contracts, the Government is obligated to pay the P3 partner over the duration of the contract, varying between 32 and 34 years in length.

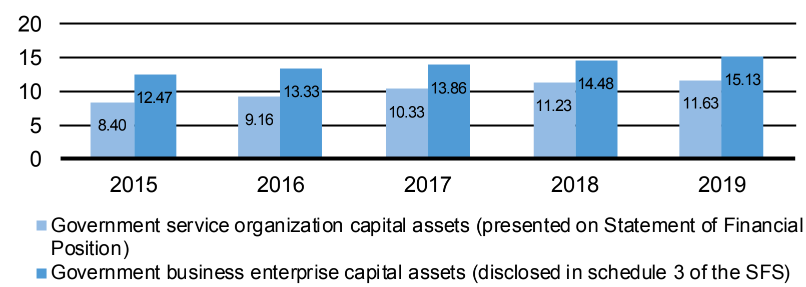
Since 2014-15, the Government has entered into four P3 arrangements (as disclosed in schedule 9 of the SFS). At March 31, 2019, three of the P3 projects are complete and operational with construction on the remaining one near completion.

Non-Financial Assets

Non-financial assets typically represent resources that the Government can use to provide services in the future. Non-financial assets primarily consist of capital assets but also include inventories held for consumption and prepaid expenses.

Net Book Value of Capital Assets

(billions of dollars)



The Statement of Financial Position reports a net book value of capital assets recognized by government service organizations (GSOs) of $11.63 billion and does not include the capital assets recognized by government business enterprises (GBEs). Capital assets recognized by GBEs total $15.13 billion at March 31, 2019 and are included in the investment in GBEs reported on the Statement of Financial Position and disclosed in schedule 3 of the SFS. The net book value represents the original cost of capital assets net of accumulated amortization, disposals and write-downs in value.

The net book value of capital assets recognized by the Government has steadily increased over the last five years indicating that the Government has been acquiring new or replacing existing capital assets.

Acquisition of capital assets in 2018-19 was $2.40 billion, $1.38 billion acquired by GBEs and $1.02 billion by GSOs. The investment in capital assets made by GSOs was primarily in the transportation, health and education sectors mainly for road, bridge and water management assets ($630 million) and land, buildings and improvements ($256 million) and included $314 million in assets acquired using public private partnerships. The GBEs continued to replace aging infrastructure and invest in capital projects to meet the demand for growth, and improve safety.

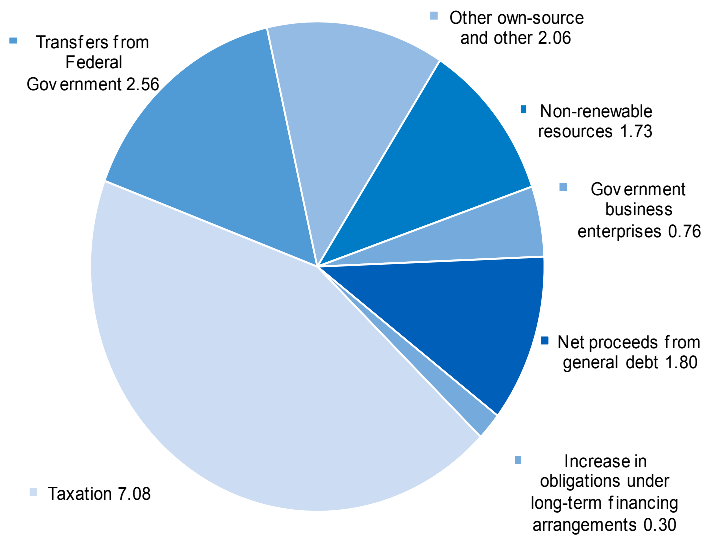
Details

Cash Flow

The Statement of Cash Flow reports on the sources and uses of cash and temporary investments during the year. During the year, the Government's overall cash position increased by $878 million, from $1.86 billion in 2017-18 to $2.74 billion in 2018-19.

Sources of Cash

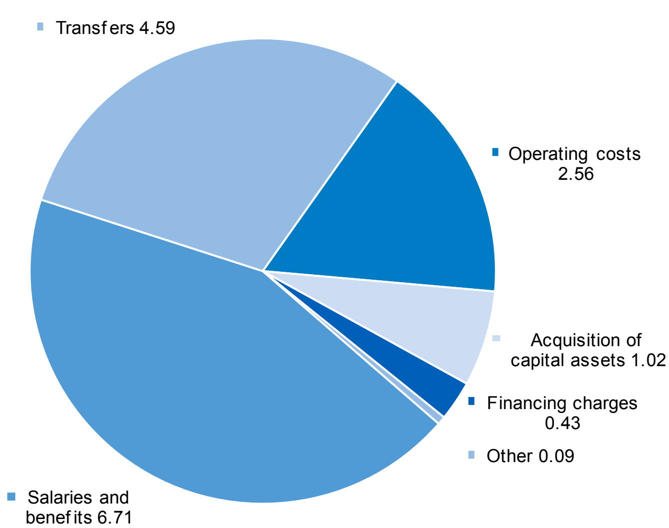
(billions of dollars)



The primary source of cash was $7.08 billion for taxation. Another significant source of cash was $2.56 billion for transfers from the Federal Government.

Uses of Cash

(billions of dollars)



The most significant use of cash was $6.71 billion for salaries and benefits largely for frontline service providers in the health and education sectors. Another significant use of cash was $4.59 billion for transfers.

Risks and Uncertainties

The Government is subject to risks and uncertainties that arise from variables which the Government cannot directly control. These risks and uncertainties include:

- changes in economic factors such as economic growth or decline, commodity and non-renewable resource prices, inflation, interest rates, marketplace competition, population change, personal income and retail sales;
- exposure to interest rate risk, foreign exchange rate risk, price risk, credit risk and liquidity risk;
- changes in transfers from the federal government;
- utilization of government services, such as insurance, health care and social services;
- volatility in the pension liability due to external factors such as interest rates and actuarially determined assumptions of future events;
- other unforeseen developments including unusual weather patterns and natural and other disasters;
- criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities and equipment;
- identification and quantification of environmental liabilities;
- factors that could hinder the safe delivery of products and services;
- outcomes from litigation, arbitration and negotiations with third parties;
- changes in reported results where actual experience may differ from initial estimates as discussed in note 2 of the SFS; and
- changes in accounting standards.

Recognizing that Saskatchewan is reliant on the revenue from non-renewable resources and that the Province's financial results can be influenced by other external factors, the Government takes a prudent approach in developing its budget assumptions for macroeconomic variables and non-renewable resources prices. The Government uses a number of forecasts from national forecasting agencies and banks, private industry and private sector analysts when developing the underlying assumptions for fiscal forecasts both on budget day and throughout the fiscal year.

The fiscal impact of changes in the underlying economic assumptions, including non-renewable resources prices, are estimated on a regular basis to quantify the risk associated with each forecast assumption. By understanding the size of the risk inherent in the fiscal projections, the Government is better able to make sound financial decisions.

Finally, for the Government to meet its challenges of growth and remain competitive where it operates in a competitive environment, attention is directed towards maintaining and investing in the Province's infrastructure to support the steady growth the Province has been experiencing and to allow for continued growth in the future.

Risk management specific to investments and public debt is discussed in note 3 of the SFS.

Summary Financial Statements

Responsibility for the Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements in accordance with generally accepted accounting principles for the public sector, using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations and other government organizations to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. Her report, which appears on the following page, provides the scope of her audit and states her opinion.

Treasury Board approves the Summary Financial Statements. The statements are tabled in the Legislative Assembly as part of the Public Accounts and referred to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.

Donna Harpauer

DONNA HARPAUER
Minister of Finance

RUPEN PANDYA
Deputy Minister of Finance

Terry Paton

TERRY PATON
Provincial Comptroller

Regina, Saskatchewan
June 2019

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the consolidated financial statements of the Government of Saskatchewan, which comprise the Statement of Financial Position as at March 31, 2019, and the Statements of Operations, Accumulated Surplus, Change in Net Debt, and Cash Flow 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 Government of Saskatchewan as at March 31, 2019, and the consolidated results of its operations, the consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our 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 Financial Statements section of our report. We are independent of the Government of Saskatchewan 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in *Public Accounts 2018-19 Volume 1 Summary Financial Statements*, but does not include the consolidated financial statements 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 any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, 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 for Treasury Board's approval, and for such internal control as 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 Government of Saskatchewan'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 the Government of Saskatchewan either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Government of Saskatchewan'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.

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 Government of Saskatchewan'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 Government of Saskatchewan'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 Government of Saskatchewan 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 Government of Saskatchewan to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the consolidated financial statement audit. We are solely responsible for the auditor's 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 identified during the audit.

Judy Ferguson

Regina, Saskatchewan
June 19, 2019

JUDY FERGUSON, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

Statement of Financial Position

As at March 31, 2019

(thousands of dollars)

	2019	2018
Financial Assets		
Cash and temporary investments (*note 4*)	2,736,630	1,858,882
Accounts receivable (*schedule 1*)	1,842,402	1,818,188
Loans receivable (*schedule 2*)	442,540	427,783
Investment in government business enterprises (*schedule 3*)	6,667,595	6,277,780
Other investments (*schedule 4*)	439,862	412,034
Other financial assets	7,077	7,317
Total Financial Assets	12,136,106	10,801,984
Liabilities		
Accounts payable and accrued liabilities (*schedule 5*)	2,804,927	2,730,619
Unearned revenue (*schedule 6*)	148,752	158,213
General debt (*schedule 7*)	11,028,650	9,255,590
Obligations under long-term financing arrangements (*schedule 9*)	1,998,881	1,703,353
Pension liabilities (*note 5*)(*schedule 10*)	7,322,547	7,658,902
Other liabilities (*schedule 11*)	666,254	583,679
Total Liabilities	23,970,011	22,090,356
Net Debt	(11,833,905)	(11,288,372)
Non-Financial Assets		
Prepaid expenses	50,984	51,547
Inventories held for consumption	174,378	182,325
Tangible capital assets (*schedule 12*)	11,627,906	11,230,073
Total Non-Financial Assets	11,853,268	11,463,945
Accumulated Surplus	19,363	175,573

Contractual rights (*note 7*)
Contingent assets (*note 8*)
Contractual obligations (*note 9*)
Contingent liabilities (*note 10*)

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

Statement of Operations
For the Year Ended March 31, 2019
(thousands of dollars)

	2019 Budget	2019 Actual	2018 Actual
Revenue			
Taxation	7,214,900	7,116,672	6,781,834
Non-renewable resources	1,482,100	1,735,123	1,457,694
Net income from government business enterprises (*schedule 3*)	1,078,000	1,011,229	1,283,497
Other own-source	2,006,500	2,076,988	2,075,989
Transfers from the federal government	2,462,000	2,509,167	2,420,254
Total Revenue (*schedule 13*)	14,243,500	14,449,179	14,019,268
Expense			
Health	5,765,300	5,795,890	5,667,896
Education	3,263,300	3,382,721	3,471,002
Social services and assistance	1,381,300	1,398,785	1,370,600
Protection of persons and property	689,900	703,065	675,386
Agriculture	770,900	666,645	485,078
Financing charges (*schedule 15*)	654,600	637,355	560,344
Community development	642,600	590,000	639,585
Transportation	519,300	538,483	532,295
Environment and natural resources	251,700	278,944	257,204
Economic development	230,200	224,913	236,344
Other	439,700	500,287	426,069
Total Expense (*schedule 14*)	14,608,800	14,717,088	14,321,803
Deficit	(365,300)	(267,909)	(302,535)

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

Statement of Accumulated Surplus

For the Year Ended March 31, 2019

(thousands of dollars)

	2019		2018
	Budget	**Actual**	**Actual**
Accumulated surplus, beginning of year	175,573	175,573	371,912
Adjustment to accumulated surplus, beginning of year *(note 11)*	-	88,390	-
Deficit	(365,300)	(267,909)	(302,535)
Other comprehensive income (*schedule 3*)	-	23,309	106,196
Accumulated Surplus (Deficit), End of Year	(189,727)	19,363	175,573

Statement of Change in Net Debt

For the Year Ended March 31, 2019

(thousands of dollars)

	2019		2018
	Budget	**Actual**	**Actual**
Deficit	(365,300)	(267,909)	(302,535)
Tangible Capital Assets			
Acquisitions (*schedule 12*)	(1,118,000)	(1,023,866)	(1,474,827)
Amortization (*schedule 12*)	610,100	597,092	547,926
Proceeds on disposal	-	29,894	53,284
Write-downs (*schedule 12*)	-	9,437	8,835
Adjustment *(schedule 12)*	-	7,077	(889)
Net gain on disposal	-	(17,467)	(33,157)
Net Acquisition of Tangible Capital Assets	(507,900)	(397,833)	(898,828)
Other Non-Financial Assets			
Net use of prepaid expenses	-	563	925
Net use (acquisition) of inventories held for consumption	-	7,947	(2,189)
Net Use (Acquisition) of Other Non-Financial Assets	-	8,510	(1,264)
Change in net debt from operations	(873,200)	(657,232)	(1,202,627)
Adjustment to accumulated surplus, beginning of year *(note 11)*	-	88,390	-
Other comprehensive income (*schedule 3*)	-	23,309	106,196
Increase in net debt	(873,200)	(545,533)	(1,096,431)
Net debt, beginning of year	(11,288,372)	(11,288,372)	(10,191,941)
Net Debt, End of Year	(12,161,572)	(11,833,905)	(11,288,372)

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

Statement of Cash Flow

For the Year Ended March 31, 2019

(thousands of dollars)

	2019	2018
Operating Activities		
Deficit	(267,909)	(302,535)
Non-cash items included in the deficit		
Net income from government business enterprises (*schedule 3*)	(1,011,229)	(1,283,497)
Other non-cash items included in the deficit (*schedule 17*)	579,011	468,881
Net change in non-cash operating activities (*schedule 17*)	(231,417)	115,228
Dividends received from government business enterprises (*schedule 3*)	708,977	700,082
Cash Used for Operating Activities	(222,567)	(301,841)
Capital Activities		
Acquisition of tangible capital assets (*schedule 12*)	(1,023,866)	(1,474,827)
Proceeds on disposal of tangible capital assets	29,894	53,284
Cash Used for Capital Activities	(993,972)	(1,421,543)
Investing Activities		
Net (increase) decrease in loans receivable	(27,558)	18,903
Repayment of equity advances to government business enterprises	46,993	7
Acquisition of other investments	(126,752)	(106,552)
Disposition of other investments	109,387	53,319
Sinking fund contributions for general debt (*schedule 8*)	(110,829)	(82,979)
Sinking fund redemptions for general debt (*schedule 8*)	-	19,425
Cash Used for Investing Activities	(108,759)	(97,877)
Financing Activities		
Proceeds from general debt	2,511,336	1,679,825
Repayment of general debt	(600,086)	(238,831)
Increase in obligations under long-term financing arrangements *(schedule 9)*	295,528	516,485
Decrease in other liabilities[1]	(3,732)	(6,011)
Cash Provided by Financing Activities	2,203,046	1,951,468
Increase in cash and temporary investments	877,748	130,207
Cash and temporary investments, beginning of year	1,858,882	1,728,675
Cash and Temporary Investments, End of Year	2,736,630	1,858,882

[1] Excludes the changes in contaminated sites, treaty land entitlements and unamortized debt related costs which are classified as operating activities.

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

Notes to the Financial Statements
As at March 31, 2019

1. Significant Accounting Policies

Basis of accounting

These Summary financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board.

Government reporting entity

The government reporting entity consists of government service organizations, government business enterprises and government partnerships.

Government service organizations and government business enterprises are organizations controlled by the Government. Controlled organizations that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and other organizations outside the government reporting entity as their principal activity are classified as government business enterprises. All other controlled organizations are government service organizations.

A government partnership exists when the Government has entered into a contractual arrangement with one or more partners outside the government reporting entity where these partners share control of governance decisions and, on an equitable basis, share the significant risks and benefits associated with operating the partnership.

A listing of the organizations included in the government reporting entity is provided in schedule 18. Unless otherwise noted, the financial activities of all subsidiaries of these organizations have also been included.

Trust funds

Trust funds are administered but not controlled by the Government and are therefore excluded from the government reporting entity and disclosed in note 6.

Method of consolidation

Government service organizations are consolidated after adjustment to a basis consistent with the accounting policies described in this note. Inter-organizational balances and transactions are eliminated. Government service organizations in which a non-controlling interest exists are proportionately consolidated.

Government business enterprises are accounted for by the modified equity method. Using this method, the Government's investment in government business enterprises, which is initially recorded at cost, is adjusted annually to include the Government's proportionate share of net earnings or losses and certain other net equity changes of government business enterprises without adjustment to the accounting policies described in this note. With the exception of dividends declared by March 31 and unrealized inter-organizational gains and losses, inter-organizational balances and transactions are not eliminated.

Government partnerships are proportionately consolidated, at the ownership share disclosed in schedule 18, after adjustment to a basis consistent with the accounting policies described in this note. Inter-organizational balances and transactions are eliminated.

Financial results of government organizations with fiscal year ends other than March 31 are adjusted for transactions occurring on or before March 31 that have a significant impact on these financial statements.

Specific accounting policies

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Temporary investments are recorded at the lower of cost or market.

Loans receivable are initially recorded at cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

Other investments are recorded at cost, with the exception of pooled investment funds, which are recorded at market value. Investments recorded at cost are written down to market value when there is evidence of a permanent decline in value.

Other financial assets include inventories and other assets held for sale, which are valued at the lower of cost and net realizable value.

Liabilities

Liabilities are present obligations resulting from transactions and events occurring prior to year end, which will be satisfied in the future through the transfer or use of assets or another form of economic settlement. Contingencies, including loss provisions on guaranteed debt, are recorded when it is likely that a liability exists and the amount can be reasonably estimated.

Accounts payable and accrued liabilities primarily include obligations to pay for goods and services acquired prior to year end and to provide authorized transfers where eligibility criteria are met. Included in accrued salaries and benefits are other employee future benefits which are recognized in the period the employees provide service.

General debt, recorded at par, is debt issued by government service organizations and includes issued amounts subsequently transferred to government business enterprises. Government business enterprise specific debt, which is disclosed separately on schedule 7, is debt issued by, or specifically on behalf of, government business enterprises.

Debenture issues that require contributions to a sinking fund are recorded at principal less sinking fund balances. Premiums and discounts on long-term investments within these sinking funds are amortized on a constant yield basis.

Obligations under long-term financing arrangements, representing the Government's liability for public private partnerships (P3s), are recorded on the percentage-of-completion basis over the period of construction of the P3 asset and reduced by progress and capital payments made to the P3 partner. The percentage of completion is applied to the nominal value of progress payments and the present value of future capital payments, discounted to the date the asset is available for use, using the Government's borrowing rate for long-term debt at the time the agreement is signed.

Pension liabilities are calculated using the projected benefit method prorated on services, except as otherwise disclosed in note 5. Pension plan assets are valued at market-related values. Changes in pension liabilities resulting from estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Amortization commences in the year following the determination of the adjustment. Gains or losses resulting from plan amendments are recognized in the period of the plan amendment.

Other liabilities include obligations for contaminated sites recorded, net of any expected recoveries, using the Government's best estimate of the amount required to remediate sites for which the Government is either directly responsible or has accepted responsibility. Other liabilities also include unamortized debt related costs, which is comprised of premiums and discounts, debt issue costs and foreign exchange gains and losses. These costs are deferred and amortized on a straight-line basis over the remaining life of the debt issue.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead are normally employed to deliver government services, may be consumed and are not for sale in the normal course of operations.

Inventories held for consumption are recorded at cost and are expensed as they are consumed.

Tangible capital assets are recorded at cost and include all amounts directly attributable to the acquisition, construction, development or betterment of the asset. During construction, these assets are recorded based on their percentage of completion and are disclosed as work in progress. Amortization is generally on a straight-line basis over the estimated useful life and commences when the asset is in service.

Tangible capital assets procured through P3s are valued at the total of the nominal value of progress payments made during or on completion of construction and the present value of the future capital payments, discounted to the date the asset is available for use, using the Government's borrowing rate for general debt at the time the agreement is signed.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

Revenue

Revenue is recorded on the accrual basis as follows.

Taxation revenue is recognized when the tax has been authorized by the legislature and the taxable event occurs. The taxable event differs for each type of tax; for example, taxation revenue is recognized when taxpayers earn income, purchase products and services, or are in possession of real property. Tax concessions are recorded as a reduction in taxation revenue.

For individual and corporation income taxes, cash received from the federal government, adjusted for assessment data from the federal government when it provides a more reliable estimate, is used as the basis for recording the tax revenue.

Non-renewable resources revenue is recognized based on the production, sales or profits generated from the specific non-renewable resource. Recognition of oil and natural gas revenue is based primarily on production; resource surcharge revenue is based on sales; and potash revenue is based primarily on profits generated.

Transfers from the federal government are recognized as revenue in the period the transfer is authorized and 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 as the liability is settled.

Expense

Expenses, recorded on the accrual basis, represent the Government's cost to deliver public services. Transfers are recognized as expenses in the period the transfer is authorized and eligibility criteria are met.

New accounting standards

A number of new Canadian public sector accounting standards and amendments to standards have been issued but not applied in preparing these financial statements. These standards will come into effect as follows:

PS 3450 Financial Instruments (effective April 1, 2021), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

PS 2601 Foreign Currency Translation (effective April 1, 2021), replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.

PS 1201 Financial Statement Presentation (effective in the period PS 3450 and PS 2601 are adopted), replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements.

PS 3041 Portfolio Investments (effective in the period PS 3450, PS 2601 and PS 1201 are adopted), replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments.

PS 3280 Asset Retirement Obligations (effective April 1, 2021), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset.

PS 3400 Revenue (effective April 1, 2022), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of revenue.

The Government plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

Notes to the Financial Statements

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Measurement uncertainty, disclosed in aggregate for government service organizations and government business enterprises, that may be material to these financial statements exists:

- in pension liabilities of $7,535.6 million (2018 - $7,861.7 million), insurance claim obligations of $3,763.2 million (2018 - $3,535.4 million), environmental obligations including the remediation of contaminated sites of $733.0 million (2018 - $625.3 million) and agricultural income stability program obligations of $162.8 million (2018 - $121.7 million) because actual experience may differ from actuarial or historical estimations and assumptions;
- in individual and corporation income taxation revenue of $2,925.5 million (2018 - $2,847.8 million) because final tax assessments may differ from initial estimates;
- in oil and natural gas non-renewable resources revenue of $681.6 million (2018 - $656.5 million) because of price and production sensitivities in the royalty revenue structures;
- in potash non-renewable resources revenue of $536.0 million (2018 - $308.7 million) because actual operating profits may differ from initial estimates;
- in resource surcharge non-renewable resources revenue of $393.8 million (2018 - $317.0 million) because the final valuation of resource sales may differ from initial estimates;
- in the Canada Health Transfer and Canada Social Transfer revenue of $1,645.0 million (2018 - $1,611.4 million) because of changes in economic and demographic conditions in the Province and the country;
- in the value of certain investments of $980.8 million (2018 - $872.3 million) because these investments have no active market;
- in the Provincial Disaster Assistance Program receivable of $187.1 million (2018 - $198.3 million) because actual settlement payments may differ from initial estimates; and
- in unbilled utility revenue receivable of $108.2 million (2018 - $107.1 million) because actual usage may differ from estimated usage.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

Notes to the Financial Statements

3. Risk Management of Investments and Public Debt

The Government, collectively through its government service organizations and government business enterprises, invests and borrows in both domestic and foreign capital markets. In doing so, the Government is exposed to five types of risk: interest rate risk, foreign exchange rate risk, price risk, credit risk and liquidity risk.

Interest rate risk is the risk of an unfavorable fluctuation in the Government's investment income and financing charges due to changes in interest rates.

Foreign exchange rate risk is the risk that the Government's investment income and financing charges will fluctuate unfavorably with a change in the value of the Canadian dollar relative to other currencies.

Price risk is the risk that there is a decline in equity prices in Canadian and global markets.

Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations.

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term.

Investment Management

Interest rate risk, foreign exchange rate risk and price risk all contribute to market risk, or the risk that the fair value of the Government's investments will decline because of changes in market prices. These risks are managed by establishing policies regarding quality and quantity for the asset mix of the Government's investment portfolios. The asset mix helps reduce the impact of market fluctuations by requiring investment in different asset classes and in both domestic and foreign markets.

Interest rate risk exists for the Government in its exposure to changes in interest rates in its fixed income investments such as bonds and debentures. It is estimated that a one per cent increase in interest rates would increase the Government's deficit by $128.1 million (2018 - $116.4 million).

Foreign exchange rate risk is managed by defining maximum limits to exchange rate sensitive assets, such as foreign equities, in investment portfolios. It is estimated that a ten per cent appreciation in the Canadian dollar relative to other currencies would result in a $142.5 million (2018 - $134.0 million) increase in the Government's deficit.

Price risk, resulting from exposure to changes in equity prices, is managed by having geographically and industry diverse investment portfolios. In addition, the Government limits its investment concentration in any one investee or related group of investees to ten per cent of the investee's share capital and ten per cent of the Government's investment portfolio.

Credit risk is managed through an investment policy that limits investments to high credit quality (minimum rating is BBB for bonds and debentures and R-1 for short-term investments) as well as limits the maximum exposure with respect to any one issuer.

Debt Management

The Government manages its risks by maintaining a preference for fixed rate Canadian dollar denominated debt. Where market conditions dictate that other forms of debt are more attractive, the Government seeks opportunities to use derivative financial instruments to reduce these risks.

Interest rate risk is managed by issuing debt securities at predominantly fixed rates of interest rather than at floating rates of interest.

Floating-rate debt is defined as the sum of floating-rate debentures, short-term promissory notes and fixed-rate debt maturing within one year. The Government seeks opportunities to effectively convert floating-rate debt into fixed-rate debt through the use of interest rate swaps. The Government has interest rate swaps on a notional value of debt of $84.6 million (2018 - $85.0 million). At March 31, 2019, 85.8 per cent (2018 - 83.2 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period.

Public debt includes floating-rate debt of $3,118.6 million (2018 - $3,288.9 million). A one percentage point increase in interest rates would have increased the deficit by $31.2 million.

Notes to the Financial Statements

3. Risk Management of Investments and Public Debt *(continued)*

Foreign exchange rate risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, the Government seeks opportunities to effectively convert it into Canadian dollar debt through the use of cross-currency swaps. At March 31, 2019, 100.0 per cent (2018 - 100.0 per cent) of the Government's gross debt is effectively denominated in Canadian dollars.

The following foreign denominated items have been hedged to Canadian dollars using cross-currency swaps:

- debentures of 800.0 million U.S. dollars (2018 - 800.0 million U.S. dollars) fully hedged to $1,017.8 million Canadian (2018 - $1,017.8 million Canadian); and
- interest payments on debentures of 225.0 million U.S. dollars (2018 - 225.0 million U.S. dollars) hedged to Canadian dollars at an exchange rate of 1.2172 (2018 - 1.2172).

In total, the Government has cross-currency swaps on a notional value of debt of $1,291.7 million (2018 - $1,291.7 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Credit risk for derivative financial instrument contracts is managed by dealing only with counterparties that have good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2019, 95.2 per cent (2018 - 95.2 per cent) of the notional value of the Government's derivative financial instrument contracts is held by counterparties with a Standard and Poor's credit rating of A or better. The remaining counterparties held a Standard and Poor's credit rating of BBB+ or better.

Liquidity risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

4. Cash and Temporary Investments

Temporary investments are $1,626.5 million (2018 - $810.4 million) and mature in less than one year. Due to the short-term nature of these investments, cost approximates market value. Cash and temporary investments includes $20.1 million (2018 - $73.0 million - restated) restricted as a result of agreements with external parties.

Notes to the Financial Statements

5. Retirement Benefits

The Government sponsors several defined benefit pension plans and a defined contribution pension plan. The Government also participates in a joint defined benefit pension plan.

Defined benefit plans provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2.0 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Employees contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. When a valuation is not done in the current fiscal year an actuary extrapolates the most recent valuation. Valuations and extrapolations 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. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension plan assets are valued at market-related values based on the actual market values averaged over a four-year period.

Joint defined benefit plans are governed by formal agreements between the joint sponsors (i.e., participating employers and plan members) establishing that the joint sponsors have shared control over the plan. Funding contributions and significant risks of the plan are shared on an equitable basis between the joint sponsors. Accordingly, the Government accounts for only its portion of the plan. Plan assets and surpluses are restricted for member benefits or certain other purposes set out in the agreements. Plan benefits are determined on the same basis as defined benefit plans.

The accrued benefit obligation is determined using the projected accrued benefit actuarial cost method. Pension plan assets are valued at market-related values by averaging the difference between the net investment income on a market-value basis and the expected investment income, based on expected rate of return on plan assets, over a five-year period.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government provides contributions at specified rates for employee current service.

Pension plan assets of government sponsored defined benefit and defined contribution plans are invested in fixed income securities, equities, real estate, pooled investment funds and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Government service organizations

Defined benefit plans and joint defined benefit plan

The two main defined benefit plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan, and the Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No.13 (PPNTE). Defined benefits are also payable to members of the former Members of the Legislative Assembly Superannuation Fund (MLA).

The Government is required to match employee current service contributions for all plans except the PSSP, Judges and PPNTE. Funding contributions are required for the PPNTE. Separate pension plan assets are maintained for all plans except the PSSP and the MLA, for which employee contributions are received and pension obligations are paid directly by the Government.

The Government also participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of the Saskatchewan Health Authority and certain other Government health entities. The Government participating employers contribute to the plan at the ratio of 1.12 to 1 of employee contributions and any actuarially determined deficiency is the responsibility of participating employers and employees at the same ratio. The Government portion of employer contributions represents approximately 90 per cent of total participating employer contributions to the plan.

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Information on the defined benefit plans and the joint defined benefit plan of government service organizations is as follows:

	TSP	PSSP	Others	SHEPP	2019 Total	2018 Total
Plan status	closed	closed	closed [1]	open	n/a	n/a
Employee contribution rate *(percentage of salary)*	7.85	7.00-9.00 [2]	5.00-9.00 [2]	8.10-10.70	n/a	n/a
Number of active employees	142	40	1,019	37,388	38,589	38,289
Average age of active employees *(years)*	64.6	63.9	48.1	44.1	44.3	44.5
Number of former employees entitled to deferred pension benefits	4,957	4	183	2,057	7,201	7,282
Number of superannuates and surviving spouses	11,123	4,870	573	18,317	34,883	34,352
Actuarial valuation date	June 30/18	Dec. 31/17	Various	Dec. 31/17	n/a	n/a
Long-term assumptions used						
Rate of compensation increase *(percentage)*	-	n/a	3.25	3.00	n/a	n/a
Expected rate of return on plan assets *(percentage)*	4.00	n/a	5.30-6.15	6.60	n/a	n/a
Discount rate *(percentage)*	2.70	2.70	2.50-6.15	6.60	n/a	n/a
Inflation rate *(percentage)*	2.25	2.25	2.25	2.25	n/a	n/a
Expected average remaining service life *(years)*	1.10	-	7.00-12.00	12.70	n/a	n/a
Post-retirement index *(percentage of annual increase in Consumer Price Index)*	80	70	Various	Ad hoc	n/a	n/a

1 Judges and PPNTE are open to new membership; all other plans are closed.
2 Contribution rate varies based on age upon joining the plan.

Defined contribution plans

The Government sponsors the Public Employees Pension Plan (PEPP). The Government provides contributions to the plan at specified rates for employee current service. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP) which is sponsored by the Saskatchewan Teachers' Federation, as well as the Municipal Employees' Pension Plan (MEPP) and the Regina Civic Employees' Superannuation and Benefit Plan (RCESP). The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution plans of government service organizations is as follows:

	PEPP *Government Sponsored*	STRP [1]	MEPP [2]	RCESP [3]	2019 Total	2018 Total
Plan status	open	open	open	open	n/a	n/a
Employee contribution rate *(percentage of salary)*	5.00-9.00 [4]	9.50-11.70	9.00	7.80-13.10	n/a	n/a
Government contribution rate *(percentage of salary)*	5.00-11.50 [4]	7.25-9.25	9.00	8.80-14.60	n/a	n/a
Government service organization participation						
Number of active employees	16,672	15,488	9,291	2,182	43,633	43,714
Employee contributions *(thousands of dollars)*	81,860	131,658	23,376	9,795	246,689	249,031
Government contributions *(thousands of dollars)*	90,689	86,697	23,376	10,907	211,669	210,498

1 Teachers employed by Boards of Education after July 1, 1980 participate in the STRP, a contributory defined benefit pension plan. The Government contributes an amount which is set through provincial negotiations.
2 Certain employees of Boards of Education and Regional Colleges participate in the MEPP, a multi-employer defined benefit plan. All costs, including costs of any actuarially determined deficiency, are equally shared by the employers and employees. At December 31, 2018, audited financial statements for the MEPP reported an accrued benefit obligation of $1,994.3 million (2017 - $1,997.8 million) and plan assets at market value of $2,457.5 million (2017 - $2,452.0 million).
3 Certain employees of the Saskatchewan Health Authority and a Board of Education participate in the RCESP, a multi-employer defined benefit plan. Amended provisions effective January 1, 2016 require the actuarially determined deficiency as at December 31, 2014 to be amortized over a period of no more than 20 years. The pre-amendment deficiency will be funded through participating employer and employee contributions at a rate of 60 per cent and 40 per cent respectively and any future deficits funded on a 50:50 basis. At December 31, 2018, audited financial statements for the RCESP reported an accrued benefit obligation of $1,503.7 million (2017 - $1,443.7 million) and plan assets at market value of $1,464.7 million (2017 - $1,487.4 million).
4 Contribution rate varies based on employee group.

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Pension expense

The total pension expense of government service organizations includes the following:

(thousands of dollars)	**2019**	**2018**
Defined benefit plans		
Current period benefit cost	17,934	19,422
Amortization of estimation adjustments	(129,692)	90,142
Employee contributions	(4,104)	(4,734)
Change in valuation allowance	2,387	1,025
Pension interest cost (*schedule 15*)	196,065	181,964
Pension expense, defined benefit plans	82,590	287,819
Other plans		
Pension expense, joint defined benefit plan	159,440	156,442
Pension expense, defined contribution plans	211,669	210,498
Total Pension Expense (*schedule 16*)	453,699	654,759

Government business enterprises

Defined benefit plans

There are additional pension plans which are accounted for in the investment in government business enterprises. The two main defined benefit plans of government business enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Pension Plan (SaskTel). Other plans include the Saskatchewan Government Insurance Superannuation Plan, the Liquor Board Superannuation Plan, and the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board.

The Government contributes the amount necessary to fund the payment of pension benefits.

Information on the defined benefit plans of government business enterprises is as follows:

				2019	**2018**
	SaskPower	**SaskTel**	**Others**	**Total**	**Total**
Plan status	closed	closed	closed	n/a	n/a
Number of active employees	20	23	3	46	62
Number of former employees, superannuates and surviving spouses	1,685	1,905	341	3,931	4,012
Employee contributions *(thousands of dollars)*	-	-	1	1	2
Government contributions *(thousands of dollars)*	-	-	3,303	3,303	3,788
Benefits paid *(thousands of dollars)*	61,722	66,522	8,775	137,019	138,010
Actuarial valuation date	Sept. 30/17	Mar. 31/17	Various	n/a	n/a
Long-term assumptions used					
Discount rate *(percentage)*	3.20	3.20	3.10-3.82	n/a	n/a
Inflation rate *(percentage)*	2.00	2.25	2.00-2.25	n/a	n/a
Post-retirement index *(percentage of annual increase in Consumer Price Index)*	70	100	Various	n/a	n/a

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Based on the latest actuarial valuation with extrapolations to the government business enterprises' year ends, the present value of the accrued benefit obligation and the fair value of plan assets are shown in the table below:

(thousands of dollars)				2019	2018
	SaskPower	**SaskTel**	**Others**	**Total**	**Total**
Accrued benefit obligation	890,294	1,028,899	119,137	2,038,330	2,063,499
Fair value of plan assets	720,159	1,033,524	77,483	1,831,166	1,867,697
Plan Deficit (Surplus)	170,135	(4,625)	41,654	207,164	195,802
Valuation allowance	-	4,625	1,228	5,853	7,045
Pension Liabilities	170,135	-	42,882	213,017	202,847

Defined contribution plan

Information on government business enterprises' participation in PEPP is as follows:

	2019	2018
Plan status	open	open
Employee contribution rate *(percentage of salary)* [1]	4.45-7.50	4.45-7.50
Government contribution rate *(percentage of salary)* [1]	5.50-11.00	5.50-11.00
Government business enterprise participation		
Number of active employees	11,887	11,930
Government contributions *(thousands of dollars)*	65,725	65,688

[1] Contribution rate varies based on employee group.

Pension expense

Pension expense for government business enterprises is included in net income from government business enterprises. The total pension expense of government business enterprises includes the following:

(thousands of dollars)	2019	2018
Defined benefit plans	7,205	12,149
Defined contribution plan	65,725	65,688
Total Pension Expense	72,930	77,837
Net Pension Loss (Gain) Included in Other Comprehensive Income	6,269	(140,803)

6. Trust Funds

Trust fund assets held and administered by the Government are as follows:

(thousands of dollars)	2019	2018
Pension plans and annuity funds	15,519,112	15,338,647
Employee benefit plans	590,406	585,979
Public Guardian and Trustee of Saskatchewan	254,259	246,520
Other	123,353	133,505
Total Trust Fund Assets[1]	16,487,130	16,304,651

[1] Amounts are based on the latest financial statements of the funds closest to March 31, 2019, where available.

Notes to the Financial Statements

7. Contractual Rights

The Government has the following contractual rights:

(*thousands of dollars*)							2019	2018
	2020	2021	2022	2023	2024	Thereafter	Total	Total (Restated)
Government Service Organizations								
Federal transfer agreements								
Operating[1]	265,966	250,435	256,676	197,648	57,075	134,200	1,162,000	1,138,370
Capital	101,177	156,898	147,649	124,898	112,619	401,060	1,044,301	164,844
Lease and rental agreements	76,198	18,998	16,577	14,006	11,241	73,275	210,295	210,458
Service agreements	4,112	475	58	-	-	-	4,645	45,041
Other	11,440	2,572	343	-	-	-	14,355	9,667
	458,893	429,378	421,303	336,552	180,935	608,535	2,435,596	1,568,380
Government Business Enterprises								
Gaming agreement[2]	79,300	81,800	82,500	84,000	85,700	-	413,300	395,000
Service agreements	144,832	29,204	26,704	6	-	-	200,746	209,939
	224,132	111,004	109,204	84,006	85,700	-	614,046	604,939
Total Contractual Rights[3]	683,025	540,382	530,507	420,558	266,635	608,535	3,049,642	2,173,319

1 The contractual rights for federal operating transfer agreements with no expiration date include estimated revenue for up to 13 years. Contractual rights beyond this could be significant.

2 The gaming agreement has an expiration date that extends to 2037; however, amounts for contractual rights beyond 2024 are not included. The contractual rights beyond 2024 for this agreement could be significant.

3 The Government has contractual rights that could be significant, but are not included in the table above, as the expected revenues cannot be reasonably estimated. These rights include: the Canadian Agricultural Partnership, for which funding is tied to crop yields each year; and private reinsurance agreements, for which insurance recovery revenue arises from catastrophic events (e.g., severe weather).

8. Contingent Assets

The Government has instituted a claim against tobacco manufacturers for the recovery of health care benefits paid as a result of tobacco consumption. The amount of the potential recovery cannot be estimated.

Notes to the Financial Statements

9. Contractual Obligations

The Government has the following contractual obligations:

(thousands of dollars)	2020	2021	2022	2023	2024	Thereafter	2019 Total	2018 Total (Restated)
Government Service Organizations								
Policing transfer agreement	194,985	199,391	193,036	197,862	202,809	1,816,053	2,804,136	3,087,919
Operation, maintenance and life cycle rehabilitation payments under P3s	17,800	22,964	23,943	24,486	24,904	1,082,810	1,196,907	1,191,063
Construction and acquisition of tangible capital assets[1]	446,270	31,521	9,446	6,316	2,589	-	496,142	730,342
Service agreements								
Computer	98,483	67,599	31,761	18,956	13,639	14,106	244,544	246,738
Transportation	28,719	28,059	24,664	19,920	8,140	4,575	114,077	120,655
Other	24,520	15,344	10,500	9,320	9,510	45,885	115,079	50,282
Operating lease agreements	70,205	56,450	44,639	32,529	30,594	58,944	293,361	280,497
Research and development	27,490	21,272	15,333	12,138	777	-	77,010	61,086
Housing subsidies, transfers and loans	20,085	8,796	8,496	7,926	7,758	-	53,061	61,185
Beverage container collection and recycling programs	27,013	-	-	-	-	-	27,013	51,778
Economic growth projects	6,382	3,876	1,515	1,515	1,515	9,545	24,348	30,626
Other transfers								
Operating	541,910	337,351	188,892	115,590	113,436	750	1,297,929	1,229,647
Capital	93,957	25,789	10,374	3,463	168	-	133,751	147,839
Other	10,402	4,776	4,775	4,775	4,525	5,368	34,621	46,623
	1,608,221	823,188	567,374	454,796	420,364	3,038,036	6,911,979	7,336,280
Government Business Enterprises								
Forward purchase contracts								
Power	207,512	285,662	312,743	320,736	322,646	3,942,773	5,392,072	5,535,293
Coal	178,426	225,001	230,637	236,333	237,329	420,357	1,528,083	1,656,226
Natural gas	197,814	198,252	175,726	145,087	128,553	103,734	949,166	879,978
Other	5,815	5,057	2,089	-	-	-	12,961	36,219
Construction, acquisition and maintenance of capital assets	1,349,112	209,217	105,370	28,841	19,814	129,733	1,842,087	2,001,973
Operating lease agreements	18,925	15,571	12,034	7,372	5,742	23,071	82,715	81,111
Service agreements	72,225	4,964	1,358	1,066	977	1,954	82,544	96,813
Other	6,315	3,015	3,015	3,015	3,015	11,032	29,407	32,422
	2,036,144	946,739	842,972	742,450	718,076	4,632,654	9,919,035	10,320,035
Total Contractual Obligations	3,644,365	1,769,927	1,410,346	1,197,246	1,138,440	7,670,690	16,831,014	17,656,315

[1] Includes $84.3 million (2018 - $396.6 million - restated) for the portion of P3 capital construction projects that are not yet completed. Cash payments related to these projects are disclosed in schedule 9.

10. Contingent Liabilities

Guaranteed debt

The Government has guaranteed $18.8 million (2018 - $19.5 million) debt of lenders for loans to breeder and feeder production associations under *The Farm Financial Stability Act*.

Lawsuits

The Government is involved in various legal actions, the outcome of which is not determinable. Up to $71.9 million may be paid depending on the outcome of lawsuits in progress which include aboriginal land claims, claims for damages to persons and property and disputes of taxes and funding.

Notes to the Financial Statements

11. Adjustment to Accumulated Surplus

During 2018-19, there was a net increase to the accumulated surplus, beginning of year of $88.4 million.

Government business enterprises, as required by International Financial Reporting Standards (IFRS), adopted IFRS 15, Revenue from Contracts with Customers, resulting in a $111.2 million increase to the accumulated surplus, beginning of year and a corresponding increase to the investment in government business enterprises. The adoption of IFRS 15 has resulted in a $9.4 million increase in the current year deficit. The comparative figures have not been restated.

In addition, it was determined that criteria were met for the recognition of an obligation for Treaty Land Entitlement claims. As a result, an obligation of $100.2 million is reported for these claims, part of which relates to settlement negotiations in prior years. Accordingly, a $22.8 million reduction to the opening accumulated surplus was made and $77.4 million reported as an expense in the current year. The comparative figures have not been restated.

12. Restructuring Transactions

During 2018-19, the Government received water management infrastructure (dams) from the federal government. The dams were recognized as tangible capital assets in the amount of $0.4 million, which was the federal government's carrying value at the time of the transfer. Additionally, $34.6 million was provided as consideration related to the ongoing maintenance and operation of the dams. Both amounts were recorded as revenue during the year.

During 2017-18, the Government established the Provincial Capital Commission, assigning it the primary responsibility to prepare plans for and assist in the development, conservation and improvement of the capital region, including the Wascana Centre. As a result, net assets of $8.8 million of the Wascana Centre Authority were transferred to the Government and recorded as revenue.

13. Comparative Figures

Certain 2018 comparative figures have been reclassified to conform with the current year's presentation.

Accounts Receivable

Schedule 1

As at March 31, 2019

(thousands of dollars)

	2019	2018
Taxation	542,821	504,754
Non-renewable resources	168,699	163,579
Other own-source	701,322	701,903
Transfers from the federal government	577,448	592,163
	1,990,290	1,962,399
Provision for loss	(147,888)	(144,211)
Total Accounts Receivable	1,842,402	1,818,188

Loans Receivable

Schedule 2

As at March 31, 2019

(thousands of dollars)

	2019	2018
Loans to government business enterprises[1]	247,968	251,355
Student loans[2]	230,134	181,868
Affordable housing loans[3]	29,810	44,686
Other[4]	5,107	7,552
	513,019	485,461
Provision for loss	(70,479)	(57,678)
Total Loans Receivable	442,540	427,783

1 The Government has $275.0 million (2018 - $275.0 million) in loans receivable from government business enterprises repayable over 21 to 26 years and bearing interest between 3.9 and 4.8 per cent (2018 - 3.9 and 4.8 per cent). The loans are recorded net of $27.0 million (2018 - $23.6 million) for the government business enterprises' equity in sinking funds administered by the Government.

2 The Government holds $230.1 million (2018 - $181.9 million) in loans under the student loan program which operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest free until the discontinuance of full-time studies or graduation. Interest rates are prescribed by the Government and range between 3.9 and 6.5 per cent (2018 - 3.5 and 6.5 per cent). Student bursaries, study grants and other varieties of loan forgiveness are available to students who meet specific criteria.

The administration and delivery of the federal and provincial student loans programs is integrated. The Government approves applications for both provincial and federal loans. External agencies are contracted to disburse, administer and collect loans, and the federal government is responsible for collection of loans in default.

A loss provision of $57.4 million (2018 - $47.4 million) has been recorded on these loans.

3 The Government holds $29.8 million (2018 - $44.7 million) in affordable housing loans. The loans are primarily under the Headstart on a Home loan program and are repayable at terms not exceeding 24 months and bearing interest at 4.0 per cent (2018 - 4.0 per cent). A loss provision of $11.7 million (2018 - $8.5 million) has been recorded on these loans

4 The Government's loan portfolio also consists of $5.1 million (2018 - $7.6 million) in numerous other loans at various interest rates and maturities. Security on the loans varies and may include promissory notes, mortgages on real property, security agreements or guarantees. A loss provision of $1.4 million (2018 - $1.8 million) has been recorded on these loans.

Investment in Government Business Enterprises

As at March 31, 2019

(thousands of dollars)

	SaskEnergy	SaskPower	SaskTel	SaskWater	SGI
Assets					
Cash and cash equivalents	6,091	9,639	5,121	2,046	69,695
Accounts receivable	156,073	506,777	139,057	7,603	299,449
Inventories	38,692	230,658	20,089	493	-
Prepaid expenses	-	25,011	101,608	398	143,180
Investments[3]	-	39,304	6,275	-	1,035,683
Capital assets	2,524,164	10,190,013	1,854,690	333,447	18,536
Intangible assets	69,408	57,770	281,020	-	-
Sinking funds	121,683	747,869	176,021	15,057	-
Other assets	40,796	4,650	78,222	609	13,920
Total Assets[4]	2,956,907	11,811,691	2,662,103	359,653	1,580,463
Liabilities					
Accounts payable and accrued liabilities	117,649	483,898	161,883	10,290	88,543
Dividends payable to government organizations	43,357	19,696	24,880	2,509	-
Gross debt	1,440,154	7,000,403	1,196,575	76,393	-
Unearned revenue	29,552	28,352	92,401	197,492	448,397
Provision for insurance claims	-	-	-	-	603,366
Other liabilities[7]	230,315	1,739,032	21,196	1,199	16,240
Total Liabilities[4]	1,861,027	9,271,381	1,496,935	287,883	1,156,546
Net Assets (Debt)	1,095,880	2,540,310	1,165,168	71,770	423,917
Revenue					
Operating	932,823	2,734,089	1,283,015	57,290	875,830
Investment income	-	2,937	8,755	42	53,412
Total Revenue[4]	932,823	2,737,026	1,291,770	57,332	929,242
Expense					
Operating	718,849	2,130,036	1,124,666	47,801	343,353
Insurance claims	-	-	-	-	537,263
Financing charges[5]	48,310	410,029	39,673	1,974	588
Total Expense[4]	767,159	2,540,065	1,164,339	49,775	881,204
Net Income	165,664	196,961	127,431	7,557	48,038
Retained earnings, beginning of year	894,453	1,760,550	723,520	59,071	312,866
Adjustment to retained earnings, beginning of year[6]	23,704	-	87,543	-	-
Dividends to government organizations	(59,984)	(19,696)	(114,688)	(3,745)	(12,500)
Retained earnings, end of year	1,023,837	1,937,815	823,806	62,883	348,404
Accumulated other comprehensive income (loss), beginning of year	(2,425)	(42,522)	100,171	(176)	(3,447)
Adjustment to accumulated other comprehensive income (loss), beginning of year[6]	-	-	-	-	-
Other comprehensive income (loss)	2,937	19,017	4,191	363	(1,040)
Accumulated other comprehensive income (loss), end of year	512	(23,505)	104,362	187	(4,487)
Equity advances from government organizations	71,531	626,000	237,000	8,700	80,000
Net Assets (Debt)	1,095,880	2,540,310	1,165,168	71,770	423,917

1 Net assets are restricted as disclosed on page 62.

2 Adjustments primarily include the elimination of unrealized inter-organizational gains and losses.

3 Includes bonds and debentures of $2,088.4 million (2018 - $1,981.0 million) that bear interest at rates up to 6.8 per cent (2018 - 6.5 per cent - restated) and have maturity dates up to 59.0 years (2018 - 59.5 years).

4 Total assets include $1,188.2 million (2018 - $1,069.3 million) due from or invested in government organizations; total liabilities include $9,988.4 million (2018 - $9,544.0 million) in gross debt owing to government organizations and $407.6 million (2018 - $387.0 million) in accounts payable or services due from government organizations; total revenue includes $346.0 million (2018 - $318.5 million - restated) from government organizations; and total expense includes $804.4million (2018 - $750.9 million) paid and owing to government organizations.

5 Financing charges is reported net of sinking fund earnings. Interest in the amount of $336.5 million (2018 - $331.4 million) was paid and owing to government organizations.

6 Adjustment for the current year is mainly a result of the adoption of the International Financial Reporting Standard (IFRS) 15 which had a $111.2 million impact for the recognition of certain revenue from contracts with customers (*note 11*) (2018 - the adoption of IFRS 9).

Schedule 3

Auto Fund[1]	WCB[1]	SLGA	SGC	MFC	Adjustments[2]	2019 Total	2018 Total
19,680	30,324	33,047	18,195	12,579	-	206,417	207,630
257,869	18,595	81,175	140	2,438	-	1,469,176	1,434,010
5,160	-	24,113	257	-	-	319,462	314,836
40,563	4,057	1,274	793	-	-	316,884	254,488
2,665,024	1,892,093	-	-	208,569	-	5,846,948	5,718,376
52,300	9,400	100,765	59,278	-	(14,425)	15,128,168	14,467,736
-	13,946	22,387	-	-	-	444,531	501,442
-	-	-	-	10,666	-	1,071,296	941,382
-	991	1,356	-	-	-	140,544	93,073
3,040,596	1,969,406	264,117	78,663	234,252	(14,425)	24,943,426	23,932,973
80,054	21,897	28,153	15,712	1,073	-	1,009,152	1,089,595
-	-	92,831	4,576	-	-	187,849	174,311
-	-	99,680	-	217,835	-	10,031,040	9,591,522
394,880	-	-	-	-	(28,932)	1,162,142	1,129,692
1,712,209	1,505,304	-	-	-	-	3,820,879	3,624,044
-	6,363	45,023	5,401	-	-	2,064,769	2,046,029
2,187,143	1,533,564	265,687	25,689	218,908	(28,932)	18,275,831	17,655,193
853,453	435,842	(1,570)	52,974	15,344	14,507	6,667,595	6,277,780
1,040,151	256,470	1,095,098	118,637	-	(971)	8,392,432	8,101,311
135,849	(41,626)	-	-	8,429	-	167,798	399,183
1,176,000	214,844	1,095,098	118,637	8,429	(971)	8,560,230	8,500,494
195,414	76,796	606,052	95,605	50	(34,246)	5,304,376	5,192,456
903,128	291,595	-	-	-	-	1,731,986	1,513,146
-	82	3,907	572	7,504	-	512,639	511,395
1,098,542	368,473	609,959	96,177	7,554	(34,246)	7,549,001	7,216,997
77,458	(153,629)	485,139	22,460	875	33,275	1,011,229	1,283,497
775,995	591,837	(611)	48,482	14,604	(18,768)	5,161,999	4,557,249
-	-	-	-	(152)	-	111,095	21,335
-	-	(480,396)	(17,968)	-	-	(708,977)	(700,082)
853,453	438,208	4,132	52,974	15,327	14,507	5,575,346	5,161,999
-	(1,731)	(4,313)	-	-	-	45,557	(39,304)
-	-	-	-	152	-	152	(21,335)
-	(635)	(1,389)	-	(135)	-	23,309	106,196
-	(2,366)	(5,702)	-	17	-	69,018	45,557
-	-	-	-	-	-	1,023,231	1,070,224
853,453	435,842	(1,570)	52,974	15,344	14,507	6,667,595	6,277,780

[7] Includes capital lease obligations of $1,118.7 million (2018 - $1,130.3 million) with the following payment schedule:

(thousands of dollars)	2019	2018
2018-19	-	182,865
2019-20	188,303	190,578
2020-21	191,458	189,031
2021-22	195,011	192,338
2022-23	198,263	195,905
2023-24	201,824	-
Thereafter	1,695,490	1,877,577
	2,670,349	2,828,294
Less interest and executory costs	(1,551,611)	(1,698,032)
Capital Leases[a]	1,118,738	1,130,262

[a] Capital leases bear interest at rates between 0.9 and 15.8 per cent (2018 - 0.9 and 15.8 per cent) and have expiry dates up to 17.6 years (2018 - 18.6 years).

Investment in Government Business Enterprises *(continued)* Schedule 3

The investment in government business enterprises is comprised of the Government's equity in the entities listed below. The financial statements of these entities are prepared in accordance with International Financial Reporting Standards.

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy develops and delivers safe, reliable natural gas solutions in Saskatchewan.

Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of wireless, voice, entertainment, internet, data, equipment, marketing, security, software and consulting products and services.

Saskatchewan Water Corporation (SaskWater)

SaskWater provides safe, reliable and sustainable water and wastewater services to Saskatchewan communities as well as to industrial and commercial customers.

Saskatchewan Government Insurance (SGI) and Saskatchewan Auto Fund (Auto Fund)

SGI's fully competitive general insurance business, SGI CANADA, offers a comprehensive line of property and casualty insurance products including policies for automobile, farm and commercial enterprise in Saskatchewan and four other Canadian provinces.

The Auto Fund, administered by SGI, provides driver's licenses, vehicle registrations and compulsory insurance on all vehicles registered in Saskatchewan. Any net assets of the Auto Fund are held on behalf of Saskatchewan's motoring public and cannot be used for any other purpose.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers who are injured in the course of their employment. Any net assets of the WCB cannot be used for any other purpose.

Liquor and Gaming Authority (SLGA)

SLGA is responsible for the distribution and regulation of liquor and gaming products in Saskatchewan. SLGA's regulatory operations recently expanded in response to the federal legalization of cannabis in 2018-19. It also directly manages the majority of the Province's electronic gaming machines, including video lottery terminals and slot machines at First Nations casinos.

Saskatchewan Gaming Corporation (SGC)

SGC owns and operates Casino Regina and Casino Moose Jaw.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Other Investments

Schedule 4

As at March 31, 2019
(thousands of dollars)

	2019	2018
Pooled investment funds	167,758	156,713
Bonds and debentures[1]	164,692	159,090
Other[2]	107,412	96,231
Total Other Investments[3]	439,862	412,034

1 Bonds and debentures held by the Government have a market value of $163.9 million (2018 - $159.6 million) and include securities of:

	2019	2018
Corporations (coupon interest range 1.7 to 6.8 per cent; maturing in 1.1 to 29.9 years)	82,866	81,246
Governments of other provinces (coupon interest range 1.3 to 5.8 per cent; maturing in 1.4 to 29.9 years)	47,381	44,012
Government of Canada (coupon interest range 1.2 to 5.0 per cent; maturing in 1.2 to 29.9 years)	30,311	29,698
Other (coupon interest range 2.8 to 5.0 per cent; maturing in 7.7 to 8.9 years)	4,134	4,134
Total Bonds and Debentures	164,692	159,090

2 Other includes $95.7 million (2018 - $84.9 million) in fixed-rate securities with a market value of $96.6 million (2018 - $85.3 million) and $11.7 million (2018 - $11.3 million) in Canadian and international equity market investments with a market value of $96.2 million (2018 - $101.6 million).

3 Includes $11.5 million (2018 - $11.7 million) restricted as a result of agreements with external parties.

Accounts Payable and Accrued Liabilities — Schedule 5

As at March 31, 2019
(thousands of dollars)

	2019	2018
Accrued salaries and benefits[1]	818,247	790,253
Federal government repayments[2]	647,429	607,342
Transfers[3]	644,183	599,660
Supplier payments	397,872	399,091
Accrued interest	97,433	80,034
Other	199,763	254,239
Total Accounts Payable and Accrued Liabilities	2,804,927	2,730,619

1 Includes accruals for other employee future benefits of $374.8 million (2018 - $362.3 million).

2 Includes amounts repayable for income taxes, Equalization and Canada Health and Social transfers.

3 Includes transfers to the federal government of $104.2 million (2018 - $97.3 million) and capital transfers of $67.0 million (2018 - $78.1 million).

Unearned Revenue — Schedule 6

As at March 31, 2019
(thousands of dollars)

	2019	2018
Motor vehicle licensing fees	66,737	65,311
Education	31,270	27,670
Health care	14,732	25,240
Other	36,013	39,992
Total Unearned Revenue	148,752	158,213

Public Debt

Schedule 7

As at March 31, 2019

(thousands of dollars)

	2019			2018		
	General Debt[1 2]	Government Business Enterprise Specific Debt[1]	Public Debt	General Debt[1 2]	Government Business Enterprise Specific Debt[1]	Public Debt
General Revenue Fund						
Operating	6,149,998	-	6,149,998	5,750,092	-	5,750,092
Saskatchewan Builds Capital Plan[3]	4,193,755	-	4,193,755	2,751,742	-	2,751,742
Saskatchewan Power Corporation[4]	87,581	6,155,984	6,243,565	88,873	5,976,225	6,065,098
SaskEnergy Incorporated[4]	65,686	1,254,076	1,319,762	66,655	1,160,273	1,226,928
Saskatchewan Telecommunications Holding Corporation[4]	-	1,030,040	1,030,040	-	946,244	946,244
Municipal Financing Corporation of Saskatchewan[4]	94,701	113,046	207,747	95,827	113,300	209,127
Boards of Education	163,559	-	163,559	174,247	-	174,247
Saskatchewan Health Authority	103,345	-	103,345	85,062	-	85,062
Liquor and Gaming Authority[4]	-	99,046	99,046	-	104,368	104,368
Saskatchewan Water Corporation[4]	-	61,563	61,563	-	58,880	58,880
Saskatchewan Opportunities Corporation	53,232	-	53,232	53,995	-	53,995
Global Transportation Hub Authority	41,776	-	41,776	35,105	-	35,105
Water Security Agency	31,589	-	31,589	37,114	-	37,114
Saskatchewan Immigrant Investor Fund Inc.	24,421	-	24,421	94,765	-	94,765
Saskatchewan Housing Corporation	15,801	-	15,801	17,626	-	17,626
Other	3,206	-	3,206	4,487	-	4,487
Total[5]	11,028,650	8,713,755	19,742,405	9,255,590	8,359,290	17,614,880

1 General debt and government business enterprise specific debt are presented net of sinking funds (*see footnote 5*).

2 General debt includes $27.6 million (2018 - $31.7 million - restated) secured primarily by assets with a carrying value of $111.7 million (2018 - $105.3 million - restated).

3 General Revenue Fund - Saskatchewan Builds Capital Plan consists of amounts borrowed by the General Revenue Fund to finance investment in infrastructure assets as presented in the Saskatchewan Provincial Budget.

4 Government business enterprise public debt includes both general debt and government business enterprise (GBE) specific debt. General debt of government business enterprises represents amounts transferred from the General Revenue Fund and recorded as loans receivable (*schedule 2*). GBE specific debt represents debt issued by, or specifically on behalf of, government business enterprises.

Schedule 3 provides information on government business enterprises as presented in their audited financial statements closest to March 31, 2019. The public debt reported above has been increased from the gross debt, net of sinking funds, reported on schedule 3 by $2.0 million (2018 - decrease of $39.5 million) mainly to conform to Canadian public sector accounting standards.

Public Debt *(continued)* Schedule 7

5 Public debt is comprised of gross debt net of sinking funds as follows:

			2019
	Gross Debt [a]	Sinking Funds (*schedule 8*)	Public Debt
General Revenue Fund			
Operating	7,167,490	(1,017,492)	6,149,998
Saskatchewan Builds Capital Plan	4,300,000	(106,245)	4,193,755
Saskatchewan Power Corporation	6,984,131	(740,566)	6,243,565
SaskEnergy Incorporated	1,439,904	(120,142)	1,319,762
Saskatchewan Telecommunications Holding Corporation	1,204,895	(174,855)	1,030,040
Municipal Financing Corporation of Saskatchewan	218,600	(10,853)	207,747
Boards of Education	163,559	-	163,559
Saskatchewan Health Authority	103,345	-	103,345
Liquor and Gaming Authority	99,046	-	99,046
Saskatchewan Water Corporation	76,393	(14,830)	61,563
Saskatchewan Opportunities Corporation	57,381	(4,149)	53,232
Global Transportation Hub Authority	41,776	-	41,776
Water Security Agency	31,589	-	31,589
Saskatchewan Immigrant Investor Fund Inc.	24,421	-	24,421
Saskatchewan Housing Corporation	52,135	(36,334)	15,801
Other	3,206	-	3,206
Public Debt	21,967,871	(2,225,466)	19,742,405

[a] The average effective interest rate on gross debt was 3.9 per cent (2018 - 3.9 per cent) and includes the impact of foreign exchange and the amortization of any premiums or discounts associated with the debentures. The average term to maturity of gross debt is 15.9 years (2018 - 15.2 years).

Principal payment requirements on public debt in each of the next five years and thereafter are as follows:

Year of Maturity	2019	2018
Short-term promissory notes	2,335,888	2,099,630
2018-19	-	753,706
2019-20	326,763	214,548
2020-21	1,540,477	1,542,628
2021-22	288,843	293,241
2022-23	519,605	523,813
2023-24	82,155	-
6-10 years	4,807,575	3,471,674
Thereafter	12,066,565	10,700,627
Gross debt [a]	21,967,871	19,599,867
Sinking funds	(2,225,466)	(1,984,987)
Public Debt	19,742,405	17,614,880

[a] Gross debt includes Canada Pension Plan debentures of $745.1 million (2018 - $745.1 million). These debentures are callable in whole or in part before maturity, at the option of the Minister of Finance of Saskatchewan.

Sinking Funds

Schedule 8

As at March 31, 2019

(thousands of dollars)

	2018 Sinking Funds	Contributions[1]	Earnings[2]	Redemptions[3]	2019 Sinking Funds
General Revenue Fund					
Operating	942,510	51,192	23,790	-	1,017,492
Saskatchewan Builds Capital Plan	48,258	56,000	1,987	-	106,245
Saskatchewan Power Corporation	668,043	55,501	17,022	-	740,566
Saskatchewan Telecommunications Holding Corporation	158,425	12,391	4,039	-	174,855
SaskEnergy Incorporated	107,116	10,251	2,775	-	120,142
Saskatchewan Housing Corporation	34,964	520	850	-	36,334
Saskatchewan Water Corporation	12,512	1,992	326	-	14,830
Municipal Financing Corporation of Saskatchewan	9,473	1,856	257	(733)	10,853
Saskatchewan Opportunities Corporation	3,686	367	96	-	4,149
Total Sinking Funds[4]	1,984,987	190,070	51,142	(733)	2,225,466

1 Annual contributions, established by Order in Council, are typically set at a minimum of either one per cent or two per cent of debentures outstanding. The aggregate amount of contributions estimated to be required in each of the next five years and thereafter to meet sinking fund requirements by debt classification (*see footnote 4*) are as follows:

	2020	2021	2022	2023	2024	Thereafter	Total
General debt	145,873	144,834	139,555	139,239	138,230	2,260,854	2,968,585
Government business enterprise specific debt	80,812	80,472	76,389	73,989	71,266	1,313,991	1,696,919
Total Sinking Fund Contributions	226,685	225,306	215,944	213,228	209,496	3,574,845	4,665,504

2 Sinking fund earnings include gains on investment sales of \$0.9 million (2018 - losses of \$0.8 million).

3 Redemptions are based on the market value of the sinking fund units at the date of redemption.

4 Total sinking funds, with a market value of \$2,246.3 million (2018 - \$1,953.9 million), are segregated by debt classification as follows:

	2018 Sinking Funds	Contributions	Earnings	Redemptions	2019 Sinking Funds
General debt	1,053,063	110,829	27,360	-	1,191,252
Government business enterprise specific debt	931,924	79,241	23,782	(733)	1,034,214
Total Sinking Funds	1,984,987	190,070	51,142	(733)	2,225,466

Sinking fund assets have been invested as follows:

	2019	2018
Long-term investments[a] in securities of:		
Governments of other provinces (coupon interest range 1.4 to 9.6 per cent; maturing in 1.2 to 30.2 years)	1,230,016	866,784
Government of Canada (coupon interest range 0.8 to 4.0 per cent; maturing in 1.2 to 29.7 years)	304,849	219,292
Government of Saskatchewan (coupon interest range 2.7 to 6.4 per cent; maturing in 5.2 to 31.2 years)	298,913	343,042
Cash, short-term investments and accrued interest	391,688	555,869
Total Sinking Funds	2,225,466	1,984,987

a The average yield to maturity on long-term investments at March 31, 2019 was 2.4 per cent (2018 - 2.4 per cent).

Obligations Under Long-Term Financing Arrangements — Schedule 9

As at March 31, 2019

(thousands of dollars)

	2018 Obligation	Additions	Payments	2019 Obligation
Regina Bypass	1,083,627	284,600	-	1,368,227
18 Elementary Schools	285,773	-	(5,549)	280,224
Saskatchewan Hospital North Battleford	214,696	27,646	(8,597)	233,745
Swift Current Long-Term Care Facility	119,257	-	(2,572)	116,685
Total Obligations Under Long-Term Financing Arrangements	1,703,353	312,246	(16,718)	1,998,881

The Government has entered into public private partnerships (P3s) to design, build, finance and maintain certain tangible capital assets. The details of the contracts for these projects are as follows:

Project	Partner	Date Contract Entered	Date of Actual/ Expected Completion	Length of Contract	Percentage of Completion	Discount Rate
Regina Bypass	Regina Bypass Partners	July 2015	November 2019	34 years	95.30%	3.10%
18 Elementary Schools	Joint-Use Mutual Partnership	August 2015	June 2017	32 years	100.00%	3.05%
Saskatchewan Hospital North Battleford	Access Prairies Partnership	August 2015	September 2018	33 years	100.00%	3.25%
Swift Current Long-Term Care Facility	Plenary Health Swift Current Limited Partnership	September 2014	April 2016	32 years	100.00%	3.50%

The payment schedule for P3 financing is as follows:

	2019				2018
		Contractual Obligation[2]			
	Obligation[1]	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total (Restated)
2018-19	-	-	-	-	46,610
2019-20	631,888	-	17,800	649,688	648,172
2020-21	82,404	-	22,964	105,368	107,726
2021-22	82,772	-	23,944	106,716	112,742
2022-23	77,841	-	24,486	102,327	101,904
2023-24	77,841	-	24,967	102,808	-
Thereafter	1,810,431	105,965	1,082,746	2,999,142	3,095,151
	2,763,177	105,965	1,196,907	4,066,049	4,112,305
Less interest costs	(764,296)	(21,638)	-	(785,934)	(804,368)
Total	1,998,881	84,327	1,196,907	3,280,115	3,307,937

1 Represents the liability recorded for the capital portion of the project completed (*as reported above*).

2 Represents the contractual obligation (*as reported in note 9*) for the capital portion of the project that is not yet completed and operation, maintenance and life cycle rehabilitation payments for the duration of the contract. Total future payments for these contractual obligations, by project, are as follows:

	2019			2018
	Contractual Obligation			
	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total (Restated)
Regina Bypass	72,968	717,916	790,884	1,084,035
18 Elementary Schools[a]	11,359	254,526	265,885	270,482
Saskatchewan Hospital North Battleford	-	147,896	147,896	171,944
Swift Current Long-Term Care Facility	-	76,569	76,569	78,123
Total	84,327	1,196,907	1,281,234	1,604,584

a Future construction & acquisition of tangible capital assets represents relocatable classrooms.

Pension Liabilities

Schedule 10

As at March 31, 2019

(thousands of dollars)

	TSP	PSSP	Others	2019 Total	2018 Total
Accrued benefit obligation, beginning of year	5,748,321	1,789,123	389,021	7,926,465	8,245,724
Current period benefit cost	2,460	95	15,379	17,934	19,422
Interest cost	165,269	51,842	16,426	233,537	251,695
Actuarial losses (gains)	44,132	55,255	4,290	103,677	(109,226)
Benefit payments	(337,752)	(122,308)	(17,524)	(477,584)	(481,150)
Accrued Benefit Obligation, End of Year	5,622,430	1,774,007	407,592	7,804,029	7,926,465
Plan assets, beginning of year	279,598	-	159,620	439,218	449,375
Employer contributions	282,561	122,289	14,095	418,945	415,047
Employee contributions	331	19	3,754	4,104	4,734
Return on plan assets[1]	27,102	-	10,370	37,472	69,731
Actuarial (losses) gains	(4,598)	-	327	(4,271)	(18,519)
Benefit payments	(337,752)	(122,308)	(17,524)	(477,584)	(481,150)
Plan Assets, End of Year[2]	247,242	-	170,642	417,884	439,218
	5,375,188	1,774,007	236,950	7,386,145	7,487,247
Unamortized estimation adjustments[3]	(1,534)	(55,255)	(10,221)	(67,010)	170,630
Joint defined benefit plan (SHEPP) asset[1 2 4]	n/a	n/a	(774,200)	(774,200)	(677,860)
Valuation allowance[5]	-	-	777,612	777,612	678,885
Total Pension Liabilities[6]	5,373,654	1,718,752	230,141	7,322,547	7,658,902

1 The actual rate of return on plan assets was 19.0 per cent (2018 - 7.0 percent) for the TSP and negative 0.1 per cent (2017 - 13.3 per cent) for the SHEPP.

2 The market value of plan investments was $457.6 million at March 31, 2019 (2018 - $455.3 million) for the defined benefit plans and $7,222.5 million at December 31, 2018 (2017 - $7,226.0 million) for the SHEPP.

3 Unamortized estimation adjustments are amortized to pension expense over the expected average remaining service life of the related employee group at the time the estimation adjustments arose and commence in the year following the adjustment as follows: 1.1 to 2.3 years for the TSP; in the year following for the PSSP; up to 12.7 years for the SHEPP; and up to 13.0 years for the other plans.

4 At December 31, 2018, the SHEPP had a total accrued benefit obligation of $6,843.7 million (2017 - $6,683.2 million), plan assets at market-related values of $7,287.2 million (2017 - $6,779.5 million) and unamortized estimation adjustment losses of $330.7 million (2017 - $581.6 million). The Government portion of employer contributions to the plan totaled $159.4 million (2017 - $156.4 million). Total member contributions were $158.2 million (2017 - $155.2 million) and total benefit payments were $339.7 million (2017 - $325.2 million).

5 The valuation allowance includes $774.2 million (2017 - $677.9 million) for the SHEPP which reduces the Government portion of the SHEPP pension asset to nil as plan assets and surpluses are restricted for member benefits.

6 The total pension liabilities are based on the latest actuarial valuations extrapolated to March 31, 2019 for the defined benefit plans and December 31, 2018 for the joint defined benefit plan. Changes in assumptions can result in significantly higher or lower estimates of pension liabilities. A one percentage point decrease in the discount rate would result in a $743.3 million and $211.1 million increase in pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a $611.1 million and $175.6 million decrease in pension liabilities for the TSP and the PSSP respectively. A one percentage point decrease in the discount rate would result in a $937.6 million decrease in the SHEPP pension asset, and a one percentage point increase would result in a $759.7 million increase in the SHEPP pension asset.

Other Liabilities

Schedule 11

As at March 31, 2019
(thousands of dollars)

	2019	2018 (Restated)
Contaminated sites[1]	246,642	257,206
Funds held on behalf of others[2]	171,922	171,127
Treaty land entitlements (*note 11*)	100,236	-
Capital leases[3]	57,966	64,346
Unamortized debt related costs[4]	2,345	5,710
Other	87,143	85,290
Total Other Liabilities	666,254	583,679

1 Contaminated sites include:

Abandoned mines

The Government is responsible for remediation of certain abandoned uranium and precious and base metal mines on Crown land. For most of these abandoned mines, the companies that caused the contamination no longer exist. The contaminated sites liabilities include $146.5 million (2018 - $165.3 million) for the remediation of uranium mines, primarily the Gunnar and Lorado sites, and is net of expected recoveries of $11.2 million (2018 - $11.2 million). The Gunnar site has building debris, tailings and waste rock that contain radiation, and surface and ground water with elevated concentrations of uranium and several other elements. Lorado has radioactive tailings and 35 satellite uranium mine sites have issues including acidic water conditions and elevated radiation in exposed waste rock. The contaminated sites liabilities also include $29.8 million (2018 - $29.5 million) related to precious and base metal mines, which have several contaminants in soil, sediment and surface water from waste rock, tailings and concentrates.

Industrial operations

The Government has provided a $59.6 million (2018 - $52.7 million) indemnity for environmental liabilities predating 1986 related to the industrial operations of the ERCO Worldwide chemical plant and the Prince Albert pulp mill site. The chemical plant has excessive mercury levels in the soil throughout the site. The pulp mill site has excessive contaminants in a landfill waste area.

Other contaminated sites

The Government also has $10.8 million (2018 - $9.7 million) of other contaminated sites liabilities, mainly related to the storage of road salt and fuel.

2 Includes $42.7 million (2018 - $46.2 million) for government business enterprises.

3 The payment schedule for capital leases is as follows:

	2019	2018
2018-19	-	19,379
2019-20	20,423	17,047
2020-21	15,695	12,338
2021-22	10,006	7,710
2022-23	7,786	6,639
2023-24	6,465	-
Thereafter	44,866	50,760
	105,241	113,873
Less interest and executory costs	(47,275)	(49,527)
Capital Leases[a]	57,966	64,346

a Capital leases bear interest at rates up to 13.9 per cent (2018 - 7.8 per cent) and have expiry dates up to 13.6 years (2018 - 15.6 years).

4 Unamortized debt related costs include:

	2019	2018
Net premium[a]	53,740	52,390
Debt issue costs[a]	(44,910)	(35,977)
Foreign exchange loss[b]	(6,485)	(10,703)
Unamortized Debt Related Costs	2,345	5,710

a Combined net change in net premium and debt issue costs is reported in operating activities on the Statement of Cash Flow as (decrease) increase in unamortized debt related costs in net change in non-cash operating activities (*schedule 17*).
b Net change in foreign exchange loss (gain) is reported in operating activities on the Statement of Cash Flow as an other non-cash item included in deficit (*schedule 17*).

Tangible Capital Assets

Schedule 12

As at March 31, 2019

(thousands of dollars)

	Land, Buildings & Improve-ments	Roads, Bridges & Water Management	Machinery & Equipment	Trans-portation Equipment	Office & Information Technology	2019 Total	2018 Total
Estimated useful life (in years)	*2 - indefinite*	*5-100*	*2-33*	*3-40*	*2-25*		
Opening Net Book Value of Tangible Capital Assets	5,425,420	4,929,856	294,501	226,261	354,035	11,230,073	10,331,245
Opening cost	9,155,772	7,629,576	1,311,309	509,205	1,049,984	19,655,846	18,413,359
Adjustments[1]	-	(59,511)	-	-	-	(59,511)	(774)
Acquisitions	256,278	630,162	52,071	27,331	58,024	1,023,866	1,474,827
Write-downs	(4,936)	(4,469)	(77,308)	(673)	(4,861)	(92,247)	(16,481)
Disposals	(21,872)	(55,524)	(21,791)	(23,269)	(71,446)	(193,902)	(215,085)
Closing Cost[2 3]	9,385,242	8,140,234	1,264,281	512,594	1,031,701	20,334,052	19,655,846
Opening accumulated amortization	3,730,352	2,699,720	1,016,808	282,944	695,949	8,425,773	8,082,114
Adjustments[1]	-	(52,434)	-	-	-	(52,434)	(1,663)
Annual amortization	221,407	198,871	69,370	30,482	76,962	597,092	547,926
Write-downs	(4,136)	-	(74,455)	(681)	(3,538)	(82,810)	(7,646)
Disposals	(15,492)	(55,509)	(18,513)	(20,746)	(71,215)	(181,475)	(194,958)
Closing Accumulated Amortization	3,932,131	2,790,648	993,210	291,999	698,158	8,706,146	8,425,773
Closing Net Book Value of Tangible Capital Assets[4]	5,453,111	5,349,586	271,071	220,595	333,543	11,627,906	11,230,073

Tangible capital assets does not include capital assets recognized by government business enterprises (*schedule 3*) and intangible assets. In addition, works of art and historical treasures, such as the Legislative Building, and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not included as an estimate of the future economic benefits of these cannot be reasonably and verifiably quantified.

1 Adjustments for 2019 consist of the transfer of irrigation infrastructure assets to provincial irrigation districts; and for 2018 the amalgamation of 12 regional health authorities, the receipt of pasture land from the federal government and the increase in capital assets upon the establishment of the Provincial Capital Commission.

2 Closing cost includes work in progress of $391.7 million (2018 - $1,621.4 million).

3 Closing cost includes the Government's $29.5 million (2018 - $28.2 million) share in the North Central Shared Facility partnership.

4 Closing net book value includes tangible capital assets acquired under public private partnerships (P3 assets) and leased tangible capital assets (leased TCAs) as follows:

	Land, Buildings & Improve-ments	Roads, Bridges & Water Management	Machinery & Equipment	Trans-portation Equipment	Office & Information Technology	2019 Total	2018 Total (Restated)
P3 Assets							
Opening cost	914,514	1,197,290	-	-	-	2,111,804	1,412,020
Acquisitions	29,089	284,631	-	-	-	313,720	699,784
Closing cost	943,603	1,481,921	-	-	-	2,425,524	2,111,804
Closing accumulated amortization	25,253	8,208	-	-	-	33,461	8,645
Closing Net Book Value	918,350	1,473,713	-	-	-	2,392,063	2,103,159
Leased TCAs							
Closing cost	48,922	-	12,686	7,478	39,170	108,256	102,606
Closing accumulated amortization	17,222	-	5,973	2,697	24,818	50,710	39,922
Closing Net Book Value	31,700	-	6,713	4,781	14,352	57,546	62,684

Revenue

Schedule 13

For the Year Ended March 31, 2019
(thousands of dollars)

	2019		2018
	Budget	**Actual**	**Actual**
Own-Source			
Taxation			
Individual income	2,441,200	2,340,007	2,266,347
Provincial sales	2,155,000	2,224,769	2,013,060
Property	759,300	763,308	735,676
Corporation income	621,100	585,527	581,457
Fuel	546,100	555,593	525,131
Tobacco	260,300	236,447	254,341
Other	431,900	411,021	405,822
Total Taxation	7,214,900	7,116,672	6,781,834
Non-Renewable Resources			
Oil and natural gas	700,100	681,565	656,543
Potash	308,000	536,008	308,675
Resource surcharge	317,300	393,848	317,037
Crown land sales	63,900	58,088	64,684
Other	92,800	65,614	110,755
Total Non-Renewable Resources[1]	1,482,100	1,735,123	1,457,694
Net Income from Government Business Enterprises *(schedule 3)*	1,078,000	1,011,229	1,283,497
Other Own-Source			
Fees[2]	1,157,300	1,146,045	1,141,109
Insurance	288,200	290,322	282,666
Investment	95,600	113,371	113,890
Transfers from other governments	88,800	76,409	74,792
Miscellaneous[3]	376,600	450,841	463,532
Total Other Own-Source	2,006,500	2,076,988	2,075,989
Total Own-Source	11,781,500	11,940,012	11,599,014
Transfers from the Federal Government			
Canada Health Transfer	1,202,400	1,203,346	1,176,144
Canada Social Transfer	441,300	441,623	435,268
Other[4]	818,300	864,198	808,842
Total Transfers from the Federal Government	2,462,000	2,509,167	2,420,254
Total Revenue	14,243,500	14,449,179	14,019,268

1 Includes taxes of $470.6 million (2018 - $292.1 million).

2 Includes $237.6 million (2018 - $240.4 million) for health care; $204.9 million (2018 - $189.9 million) for motor vehicle licensing; $161.4 million (2018 - $160.5 million) for education; $108.2 million (2018 - $108.4 million) for subsidized housing rental; and $109.9 million (2018 - $115.1 million - restated) for real property sales and leases.

3 Includes $72.2 million (2018 - $62.4 million) for lottery profits; $56.3 million (2018 - $59.5 million) for donations; and $17.3 million (2018 - $23.9 million) for reversals of prior year expenses.

4 Includes $238.1 million (2018 - $228.4 million) for crop insurance; $145.5 million (2018 - $242.5 million) for infrastructure; $92.0 million (2018 - $18.7 million) for agricultural income stability; $78.0 million (2018 - $73.0 million) for labour market initiatives; $48.5 million (2018 - $64.7 million) for housing; and $35.0 million (2018 - nil) for a restructuring transaction (*note 12*).

Expense by Object

Schedule 14

For the Year Ended March 31, 2019
(thousands of dollars)

	2019	2018
Salaries and benefits	6,210,206	6,295,196
Transfers[1]	4,636,848	4,486,472
Operating costs	2,590,823	2,376,425
Financing charges (*schedule 15*)	637,355	560,344
Amortization of tangible capital assets (*schedule 12*)	597,092	547,926
Other	44,764	55,440
Total Expense	14,717,088	14,321,803

[1] Includes capital transfers of $268.6 million (2018 - $320.0 million).

Financing Charges

Schedule 15

For the Year Ended March 31, 2019
(thousands of dollars)

	2019	2018
Interest costs		
Public debt[1]	414,091	357,583
Pension liabilities (*note 5*)	196,065	181,964
Obligations under long-term financing arrangements	16,509	10,736
Other costs	10,690	10,061
Total Financing Charges	637,355	560,344

[1] Interest on public debt is presented net of $388.0 million (2018 - $365.7 million) in interest reimbursed for debt borrowed by the General Revenue Fund specifically on behalf of government business enterprises.

Segmented Reporting

For the Year Ended March 31, 2019

(thousands of dollars)

	Health		Education		Social Services and Assistance		Protection of Persons and Property	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue								
Taxation	-	-	83,616	554,718	-	-	-	-
Non-renewable resources	-	-	-	-	-	-	-	-
Net income from government business enterprises (*schedule 3*)	-	-	-	-	-	-	-	-
Revenue from government organizations	15,693	16,815	-	4,937	-	-	-	-
Other own-source	372,652	358,076	277,501	283,619	119,506	118,481	51,746	55,166
Transfers from the federal government	4,506	6,095	18,433	22,848	48,497	64,711	1,227	444
Total Revenue (*schedule 13*)	392,851	380,986	379,550	866,122	168,003	183,192	52,973	55,610
Expense								
Salaries and benefits[3]	3,071,777	3,019,808	1,936,209	2,101,368	165,975	164,323	294,976	287,267
Transfers	1,628,109	1,615,102	732,416	719,213	1,052,496	1,001,963	259,438	240,495
Operating costs	936,106	888,169	578,189	520,200	163,707	186,815	136,679	131,242
Financing charges[3] (*schedule 15*)	-	-	-	-	-	-	-	-
Amortization of tangible capital assets (*schedule 12*)	147,895	138,407	142,088	129,979	18,529	20,513	10,247	9,538
Other	12,003	6,410	6,676	41,547	2,788	1,696	4,561	9,925
Total expense by segment	5,795,890	5,667,896	3,395,578	3,512,307	1,403,495	1,375,310	705,901	678,467
Eliminations[2]	-	-	(12,857)	(41,305)	(4,710)	(4,710)	(2,836)	(3,081)
Total Expense[3] (*schedule 14*)	5,795,890	5,667,896	3,382,721	3,471,002	1,398,785	1,370,600	703,065	675,386

The segments are based on the major functional groupings of activities, or themes, used in the Statement of Operations, which reflects the accountability and reporting framework set out by the Government in the Budget. Schedule 18 identifies the organizations included in each theme.

1 *General government & other* revenue includes net income from government business enterprises as well as all public monies paid into the General Revenue Fund.

2 Represents adjustments to eliminate transactions between segments. Adjustments to eliminate transactions within a segment and adjustments to conform to the Government's accounting policies are represented in each segment.

3 Includes a total of $453.7 million (2018 - $654.8 million) for pension expense as follows:

	Health		Education		General Government & Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Salaries and benefits	175,217	172,365	14,217	229,246	68,200	71,184	257,634	472,795
Financing charges (*schedule 15*)	-	-	-	-	196,065	181,964	196,065	181,964
Total pension expense (*note 5*)	175,217	172,365	14,217	229,246	264,265	253,148	453,699	654,759

Schedule 16

Agriculture		Community Development		Transportation		General Government & Other[1]		Eliminations[2]		Total	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
-	-	6,222	6,185	-	-	7,026,834	6,220,931	-	-	7,116,672	6,781,834
-	-	-	-	-	-	1,735,123	1,457,694	-	-	1,735,123	1,457,694
-	-	-	-	-	-	1,011,229	1,283,497	-	-	1,011,229	1,283,497
27,074	12,625	-	-	-	10,905	46,338	126,204	(89,105)	(171,486)	-	-
283,065	258,028	99,003	96,853	237	17,114	865,829	867,823	7,449	20,829	2,076,988	2,075,989
300,976	218,858	53	50	-	-	2,135,475	2,107,248	-	-	2,509,167	2,420,254
611,115	489,511	105,278	103,088	237	28,019	12,820,828	12,063,397	(81,656)	(150,657)	14,449,179	14,019,268
67,225	66,277	34,555	32,741	75,788	81,522	563,701	541,890	-	-	6,210,206	6,295,196
263,243	156,615	521,246	577,605	99,797	122,320	98,299	101,570	(18,196)	(48,411)	4,636,848	4,486,472
333,668	272,020	33,743	31,788	168,150	163,369	250,759	191,889	(10,178)	(9,067)	2,590,823	2,376,425
-	-	-	-	-	-	664,429	577,099	(27,074)	(16,755)	637,355	560,344
2,827	4,714	6,146	6,577	194,029	167,818	75,331	70,380	-	-	597,092	547,926
1,682	736	281	671	719	1,363	16,054	24,793	-	(31,701)	44,764	55,440
668,645	500,362	595,971	649,382	538,483	536,392	1,668,573	1,507,621	(55,448)	(105,934)	14,717,088	14,321,803
(2,000)	(15,284)	(5,971)	(9,797)	-	(4,097)	(27,074)	(27,660)	55,448	105,934	-	-
666,645	485,078	590,000	639,585	538,483	532,295	1,641,499	1,479,961	-	-	14,717,088	14,321,803

Supplemental Cash Flow Information

Schedule 17

For the Year Ended March 31, 2019
(thousands of dollars)

	2019	2018
Other Non-Cash Items Included in the Deficit		
Amortization of tangible capital assets (*schedule 12*)	597,092	547,926
Write-downs of tangible capital assets (*schedule 12*)	9,437	8,835
Net gain on disposal of tangible capital assets	(17,467)	(33,157)
Net loss (gain) on adjustments to tangible capital assets *(schedule 12)*	7,077	(889)
Net increase (decrease) to provision for loss on accounts receivable and loans receivable	16,478	(2,295)
Net gain on other investments[1]	(10,464)	(8,770)
Earnings retained in sinking funds (*schedule 8*)	(27,360)	(21,316)
Net foreign exchange loss (gain)	4,218	(21,453)
Total Other Non-Cash Items Included in the Deficit	579,011	468,881
Net Change in Non-Cash Operating Activities		
Increase in accounts receivable	(27,891)	(106,687)
Decrease in other financial assets	240	23,342
Increase in accounts payable and accrued liabilities	74,308	333,222
Decrease in unearned revenue	(9,461)	(33,093)
Decrease in pension liabilities	(336,355)	(127,228)
Decrease in contaminated sites liabilities	(10,564)	(24,786)
Increase in treaty land entitlement liabilities[2]	77,379	-
(Decrease) increase in unamortized debt related costs	(7,583)	51,722
Decrease in prepaid expenses	563	925
Decrease (increase) in inventories held for consumption	7,947	(2,189)
Net Change in Non-Cash Operating Activities	(231,417)	115,228

[1] Net gain on other investments consists of:

	2019	2018
Income from equities and pooled funds	(7,564)	(8,796)
Gain on sale of bonds and equities	(3,057)	(3,503)
Provision for loss	286	3,610
Amortization of bond premiums and discounts	(129)	(81)
Net gain on other investments	(10,464)	(8,770)

[2] Reported net of adjustment to the opening accumulated surplus (*note 11*)

Other Supplemental Information

	2019	2018 (Restated)
Cash interest paid during the year	399,968	293,867
Cash interest received during the year	48,254	32,085

Government Reporting Entity

Schedule 18

For the Year Ended March 31, 2019

The government reporting entity consists of organizations classified into government service organizations, government business enterprises and government partnerships. The listing below reports the organizations under these classifications segregated by sector based on functional groupings of activities, or themes.

Government Service Organizations (Consolidated) and Government Partnerships (Proportionately Consolidated)

Agriculture

Agricultural Credit Corporation of Saskatchewan
Agricultural Implements Compensation Fund [7]
Crop Reinsurance Fund of Saskatchewan
Horned Cattle Fund [7]
Livestock Services Revolving Fund
Ministry of Agriculture
Pastures Revolving Fund
Prairie Agricultural Machinery Institute
Prairie Diagnostic Services Inc. (*government partnership - organization under shared control*) [1a]
Saskatchewan Agricultural Stabilization Fund
Saskatchewan Crop Insurance Corporation

Community Development

Community Initiatives Fund
Government House Foundation
Ministry of Central Services [3]
Ministry of Education [3]
Ministry of Government Relations [3]
Ministry of Parks, Culture and Sport [3]
Northern Municipal Trust Account [1d]
Provincial Archives of Saskatchewan
Provincial Capital Commission
Saskatchewan Arts Board
Saskatchewan Centre of the Arts Fund
Saskatchewan Heritage Foundation
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation
Saskatchewan Snowmobile Fund
Western Development Museum Fund

Economic Development [2]

Creative Saskatchewan
CIC Asset Management Inc. [3]
CIC Economic Holdco Ltd.
Enterprise Saskatchewan [7]
First Nations and Métis Fund Inc.
Global Transportation Hub Authority
Innovation Saskatchewan
Ministry of Energy and Resources
Ministry of Environment [3]
Ministry of Finance [3]
Ministry of Immigration and Career Training [3]
Ministry of Trade and Export Development [3]
Saskatchewan Entrepreneurial Fund Joint Venture (*government partnership - 45.5 per cent interest in organization under shared control*)
Saskatchewan Health Research Foundation
Saskatchewan Immigrant Investor Fund Inc.
Saskatchewan Opportunities Corporation
Saskatchewan Research Council
SaskBuilds Corporation
Tourism Saskatchewan

Education

Battlefords First Nations Joint Board of Education (*government partnership - organization under shared control*) [1c]
Boards of Education [1c]
- Chinook School Division No. 211
- Christ the Teacher Roman Catholic Separate School Division No. 212
- Conseil des écoles fransaskoises no. 310
- Creighton School Division No. 111
- Englefeld Protestant Separate School Division No. 132 [4b]
- Good Spirit School Division No. 204
- Holy Family Roman Catholic Separate School Division No. 140
- Holy Trinity Roman Catholic Separate School Division No. 22
- Horizon School Division No. 205
- Ile-a-la Crosse School Division No. 112
- Light of Christ Roman Catholic Separate School Division No. 16
- Living Sky School Division No. 202
- Lloydminster Roman Catholic Separate School Division No. 89
- Lloydminster School Division No. 99
- North East School Division No. 200
- Northern Lights School Division No. 113
- Northwest School Division No. 203
- Prairie South School Division No. 210
- Prairie Spirit School Division No. 206
- Prairie Valley School Division No. 208
- Prince Albert Roman Catholic Separate School Division No. 6
- Regina Roman Catholic Separate School Division No. 81
- Regina School Division No. 4
- Saskatchewan Rivers School Division No. 119
- Saskatoon School Division No. 13
- South East Cornerstone School Division No. 209
- St. Paul's Roman Catholic Separate School Division No. 20
- Sun West School Division No. 207

Ministry of Advanced Education [3]
Ministry of Education [3]
Ministry of Immigration and Career Training [3]
North Central Shared Facility (*government partnership - 72.9 per cent interest in assets and 69.7 per cent interest in operations under shared control*) [1c]
Regional Colleges [1b]
- Carlton Trail College
- Cumberland College

Government Reporting Entity *(continued)* Schedule 18

Education (*continued*)

- Great Plains College
- Northlands College
- North West College
- Parkland College
- Southeast College

Saskatchewan Apprenticeship and Trade Certification Commission [1b]
Saskatchewan Polytechnic [1b]
Saskatchewan Professional Teachers Regulatory Board [1c]
Saskatchewan Student Aid Fund
Training Completions Fund

Environment and Natural Resources [2]

CIC Asset Management Inc. [3]
Commercial Revolving Fund
Fish and Wildlife Development Fund
Forest Management Funds

- Carrier Forest Management Trust Fund
- Crown Agricultural Land Forest Fund
- Edgewood Forest Renewal Trust Fund
- Island Forests Management Fund
- L&M Forest Management Trust
- Meadow Lake OSB Forest Management Trust Fund
- Mee-Toos Forest Management Fund Trust
- Mistik Forest Management Trust
- Park Land Forests Management Fund
- Sakaw Forest Renewable Trust Fund
- Weyerhaeuser Forest Renewal Trust Fund
- Zelensky Bros. Forest Management Fund Trust

Impacted Sites Fund
Institutional Control Monitoring and Maintenance Fund
Institutional Control Unforeseen Events Fund
Ministry of Environment [3]
Ministry of Parks, Culture and Sport [3]
Oil and Gas Orphan Fund
Operator Certification Board
Saskatchewan Technology Fund [6]
Water Appeal Board
Water Security Agency

Financing Charges [9]

Health

eHealth Saskatchewan
Health Quality Council
Ministry of Health
Physician Recruitment Agency of Saskatchewan [4a]
Saskatchewan Association of Health Organizations Inc.
Saskatchewan Cancer Agency
Saskatchewan Health Authority [5]
Saskatchewan Impaired Driver Treatment Centre Board of Governors

Protection of Persons and Property

Correctional Facilities Industries Revolving Fund
Criminal Property Forfeiture Fund
Financial and Consumer Affairs Authority of Saskatchewan
Integrated Justice Services [8]
Law Reform Commission of Saskatchewan
Legislative Assembly and its Officers [3]
Ministry of Corrections and Policing
Ministry of Government Relations [3]
Ministry of Justice and Attorney General [3]
Ministry of Labour Relations and Workplace Safety
Saskatchewan Public Safety Agency
Sask911 Account
Victims' Fund

Social Services and Assistance

Ministry of Advanced Education [3]
Ministry of Government Relations [3]
Ministry of Social Services
Saskatchewan Housing Corporation [1d]
Saskatchewan Legal Aid Commission

Transportation

Ministry of Government Relations [3]
Ministry of Highways and Infrastructure [3]
Saskatchewan Transportation Company [7]
Transportation Partnerships Fund

Other [2]

Century Plaza Condominium Corporation
Crown Investments Corporation of Saskatchewan (separate)
Extended Health Care Plan for Certain Other Employees [1d]
Extended Health Care Plan for Certain Other Retired Employees [1d]
Legislative Assembly and its Officers [3]
Ministry of Central Services [3]
Ministry of Finance [3]
Ministry of Government Relations [3]
Ministry of Highways and Infrastructure [3]
Ministry of Justice and Attorney General [3]
Ministry of Trade and Export Development [3]
Office of Executive Council
Public Employees Benefits Agency Revolving Fund
Public Employees Dental Fund [1d]
Public Employees Disability Income Fund [1d]
Public Employees Group Life Insurance Fund [1d]
Public Service Commission
Queen's Printer Revolving Fund
School Division Tax Loss Compensation Fund

Government Reporting Entity *(continued)* Schedule 18

Government Business Enterprises (Modified Equity)

Utilities Sector [2]

Saskatchewan Power Corporation
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Water Corporation
SaskEnergy Incorporated

Insurance Sector [2]

Municipal Financing Corporation of Saskatchewan [1d]
Saskatchewan Auto Fund
Saskatchewan Government Insurance
Workers' Compensation Board (Saskatchewan) [1d]

Liquor and Gaming Sector [2]

Liquor and Gaming Authority
Saskatchewan Gaming Corporation

---

1 The year-ends of certain organizations differ from March 31, 2019: [a] April 30, 2018; [b] June 30, 2018; [c] August 31, 2018; [d] December 31, 2018.

2 For segment disclosure (*schedule* 16) these themes and Government Business Enterprise sectors are included in the General Government and Other segment.

3 Activities are allocated across more than one theme.

4 During 2018-19, organization amalgamated with: [a] Saskatchewan Heath Authority; [b] Board of Education of the Horizon School Division No. 205.

5 Beginning in 2018-19, includes Health Shared Services Saskatchewan, previously reported separately on this schedule, and now a subsidiary of Saskatchewan Health Authority.

6 Organization established during 2018-19.

7 Organization wound-up during 2018-19.

8 Established in the prior year as a result of a government reorganization.

9 Includes financing charges of all organizations (*schedule 15*).

Glossary of Terms

Accumulated (Deficit): The amount by which expense has exceeded revenue from the beginning of incorporation (1905) plus any adjustments that were charged directly to the accumulated deficit. It is calculated as the difference between total assets and liabilities.

Accumulated Surplus: The amount by which revenue has exceeded expense from the beginning of incorporation (1905) plus any adjustments that were charged directly to the accumulated surplus. It is calculated as the difference between total assets and liabilities.

Amortization: A systematic process of allocating an amount to revenue or expense over a period of time. Capital assets are amortized to expense over their expected remaining economic life. Actuarial gains and losses, such as those experienced by pension plans, are also amortized.

Amortized Cost: The initial cost of a security adjusted for the cumulative amortization of any purchase premium or discount, less any principal repayments.

Canada Health Transfer: A federal transfer provided, on an equal per capita cash basis, to jurisdictions in support of health care.

Canada Social Transfer: A federal transfer provided, on an equal per capita cash basis, to jurisdictions in support of post-secondary education, social assistance and social services, and early childhood development, early learning and childcare.

Capital Asset: An asset with physical substance held by the Government that has an economic life extending beyond one year, to be used on a continuing basis and is not for sale in the ordinary course of operations.

Capital Transfer: A grant provided to a third party such as a university or municipality to acquire or develop capital assets.

Consolidation: The method used to account for government service organizations (GSOs) in the Summary Financial Statements (SFS) in which the accounts of GSOs are adjusted to the basis of accounting described in note 1 of the SFS and then combined. Inter-organization balances and transactions are eliminated.

Contingency: A possible right to economic resources, or obligation that results in future sacrifice of economic benefits, arising from existing conditions or situations involving uncertainty.

Contractual Obligation: An obligation to others that will become a liability in the future when the terms of contracts or agreements are met.

Contractual Right: A right to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Debenture: A certificate of indebtedness where the issuer promises to pay interest and repay principal by a maturity date. It is usually unsecured, meaning there are no liens or pledges on any specific assets.

Debt: An obligation incurred through the issuance of debt instruments. Terms used when describing debt include:

Government business enterprise (GBE) specific debt is debt issued by GBEs and debt issued by the General Revenue Fund (GRF) specifically on behalf of a GBE where the government expects to realize the receivable from the GBE and settle the external debt simultaneously.

Gross debt is borrowings through the issuance of debt instruments such as promissory notes and debentures.

Sinking funds are funds set aside for the repayment of debt.

Public debt is gross debt net of sinking funds.

General debt is public debt net of loans to Crown corporations for GBE specific debt.

Guaranteed debt is the debt of others that the Government has agreed to repay if others default.

Deficit: The amount by which expense exceeds revenue for a fiscal period.

Derivative: A contract in which the value is based on the performance of an underlying financial asset, index or other investment. It does not require an initial investment and is settled at a future date.

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.

Financial Instrument: Any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financing Charges: Costs associated with general debt, pension liabilities, obligations under long-term financing arrangements, such as public private partnerships, and capital lease obligations. Financing charges include interest, foreign exchange gains and losses, discounts, fees and commissions.

Fixed Rate: An interest rate that remains fixed either for an entire term or part of a term.

Floating Rate: An interest rate that changes on a periodic basis.

General Revenue Fund (GRF): The primary operational account for the Government through which all provincial monies under the direct authority of the Legislative Assembly are collected and disbursed.

Government Business Enterprise (GBE): An organization that is controlled by the Government, is self-sufficient and has the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as its principal activity. GBEs are recorded in the SFS using the modified equity method.

Government Partnership: A contractual arrangement between the Government and one or more partners outside the government reporting entity where the partners share, on an equitable basis, the risks and benefits of the partnership. Government partnerships are proportionately consolidated in the SFS.

Government Reporting Entity: A set of organizations that are either controlled by the Government (government service organizations and government business enterprises) or subject to shared control (government partnerships). Trusts administered by the Government are excluded from the government reporting entity.

Government Service Organization (GSO): An organization that is controlled by the Government, except those designated as GBEs or government partnerships. GSOs are consolidated in the SFS.

Gross Domestic Product (GDP): The standard measure of the overall size of an economy, the value of all goods and services produced during a given period.

Hedge: A strategy to minimize the risk of loss on an asset (or liability) from market fluctuations such as interest rate or foreign exchange rate changes. This is accomplished by entering into offsetting commitments with the expectation that a future change in the value of the hedging instrument will offset the change in the value of the asset (or liability).

Modified Equity: The method used to account for GBEs in the SFS. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings (losses) and other net equity changes of the GBE.

Net Debt: It is the difference between liabilities and financial assets and represents the future revenue required to pay for past transactions or events.

Net Realizable Value: The selling price of an asset less any costs incurred to make the sale.

Non-Financial Asset: An asset that is acquired, constructed or developed and does not normally provide resources to discharge existing liabilities.

Other Comprehensive Income (Loss) (OCI): OCI includes certain unrealized gains and losses of GBEs that are excluded from net income but recognized as a change in net debt and accumulated surplus during the period.

Pension Liability: An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

Premium/Discount: The amount by which the selling price of a security is greater or less than its par or face value.

Present Value: The current value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

Proportionate Consolidation: The method used to account for government partnerships in the SFS in which the accounts of government partnerships are adjusted to the basis of accounting described in note 1 of the SFS and then the Government's proportionate share are combined. Inter-organization balances and transactions are eliminated.

Public Private Partnership (P3): A method of procuring infrastructure assets under a contractual arrangement in which a private contractor: provides some or all of the financing for the project; designs and builds the project, often providing operations and maintenance for the project; and receives payments over an extended period of time.

Related Party: A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel, their close family members and entities controlled by, or under shared control of, any of these individuals.

Remediation: The improvement of a contaminated site to prevent, minimize or mitigate damage to human health or the environment.

Restructuring Transaction: A transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities without consideration based primarily on the fair value of the individual assets and liabilities transferred.

Segment: A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the SFS identify the resources allocated to support the major activities of a government.

Subsidiary: An organization that is wholly-owned or controlled by another organization.

Summary Financial Statements (SFS): The statements prepared to account for the full nature and extent of the financial activities of the Government.

Surplus: The amount by which revenue exceeds expense for a fiscal period.

Transfer: A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: receive any goods or services directly in return, as would occur in a purchase/sale transaction; expect to be repaid, as would be expected in a loan; or expect a financial return, as would be expected in an investment.

Unrealized Foreign Exchange Gain (Loss): Potential gains and losses arise on foreign currency denominated monetary items when the exchange rate fluctuates. The unrealized foreign exchange gain (loss) represents the portion of this potential gain (loss) that has not been included in the accumulated surplus to date, but rather will be recognized over the remaining life of the monetary item.