

Annual Report 2023

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES

Table of Contents

Letters of Transmittal	2
Introduction	3
Advisory Committee Members	3
Participating Employers	3
Administration	4
Funding	4
Benefits	4
Management’s Report	5
Financial Statements	
Independent Auditor’s Report	8
Statement of Financial Position	10
Statement of Operations and Change in Net Financial Assets and Accumulated Surplus	11
Statement of Cash Flow	12
Notes to the Financial Statements.....	13
Appendix I Payee Details.....	16

Letters of Transmittal



His Honour the Honourable Russ Mirasty, S.O.M., M.S.M.,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the twenty-second Annual Report of the Extended Health Care Plan for Certain Other Retired Employees for the year ending December 31, 2023.

A handwritten signature in cursive script that reads "Donna Harpauer".

Donna Harpauer
Deputy Premier and Minister of Finance

The Honourable Donna Harpauer
Deputy Premier and Minister of Finance

Madam:

On behalf of the Advisory Committee, I have the honour to transmit herewith the twenty-second Annual Report of the Extended Health Care Plan for Certain Other Retired Employees for the year ending December 31, 2023.

A handwritten signature in cursive script that reads "Peggy Atkinson".

Peggy Atkinson, Chair
Advisory Committee

Extended Health Care Plan for Certain Other Retired Employees

Introduction

The Extended Health Care Plan for Certain Other Retired Employees was established on January 15, 2002.

The Fund is used to account for the transactions of the Extended Health Care Plan for Certain Other Retired Employees which provides health care benefits to certain out-of-scope retired employees.

As at December 31, 2023, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope retired employees of the Government of Saskatchewan as defined under *The Public Service Act, 1998*.

Advisory Committee Members

Raelynn Douglas
Ministry of Health

Peggy Atkinson, Chair
Public Service Commission

Dave Morhart
Ministry of Health

Andrea Lamont, Vice-Chair
Public Service Commission

Kelly Hardy
Public Service Commission

Joella Moore
Public Service Commission

Participating Employers

The following employers participate in the Extended Health Care Plan for Certain Other Retired Employees:

With respect to individuals who are, or who immediately prior to the termination of their employment were, employees who do not participate in the Extended Health Care Plan for Retired Employees established pursuant to Schedule M, the following employers participate in The Extended Health Care Plan for Certain Other Retired Employees:

Advocate for Children and Youth (Office of the Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The) Chief Electoral Officer (Office of the) Enterprise Saskatchewan
Farm Land Security Board
Financial and Consumer Affairs Authority of Saskatchewan
Global Transportation Hub Authority (The) Horned Cattle Fund
Information and Privacy Commissioner (Office of the)
Innovation Saskatchewan
Ombudsman (Office of the)
Provincial Archives of Saskatchewan
Public Interest Disclosure Commissioner (Office of the)
Saskatchewan Distance Learning Centre
Saskatchewan Milk Marketing Board
Saskatchewan Municipal Board
Saskatchewan Public Safety Agency
SaskBuilds Corporation
The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*

Administration

The Plan was administered by the Public Employees Benefits Agency (PEBA) until December 31, 2023. Effective January 1, 2024, Plannera Pensions and Benefits (Plannera) began managing the Plan. As per Order in Council #627-2023, the Province of Saskatchewan authorized PEBA to delegate the administration of the Plan to Plannera.

The Government of Saskatchewan has established a fund pursuant to *The Financial Administration Act, 1993*, for the purpose of providing benefits under the Plan. An Advisory Committee is responsible for the management and investment of the Fund. The Advisory Committee consists of six representatives as nominated by the Saskatchewan Public Service Commission and appointed by Minister's Order.

The Plan pays a premium subsidy to The Canada Life Assurance Company who provide insured extended health coverage to eligible retirees. The Plan's risk is limited to the payment of monthly premium subsidy as follows under the one-year contract effective January 1, 2023:

Single	\$14.70	per month
Couple	\$29.40	per month
Family	\$36.75	per month

Funding

For the period January 1, 2002, to December 31, 2002, the General Revenue Fund (GRF), on behalf of the Plan, paid premium subsidies to Group Medical Services. The amount paid from the GRF was recorded as due to GRF and was repayable with interest.

This amount was repaid in 2003. Effective July 1, 2003, funding for the Plan became employer paid at a rate of 0.25 per cent of straight time annual payroll.

Benefits

A retiree is eligible for benefits immediately following retirement. Claims are paid on behalf of eligible family members and covers certain health and vision care benefits.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Extended Health Care Plan for Certain Other Retired Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards.

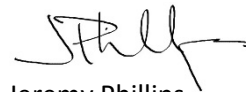
The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

The Extended Health Care Plan for Certain Other Retired Employees has a system of internal controls adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian public sector accounting standards.

An Advisory Committee, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

Enclosed are the financial statements of the Extended Health Care Plan for Certain Other Retired Employees for the year ended December 31, 2023, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan
March 26, 2024



Jeremy Phillips
President and Chief Executive Officer
Plannera Pensions and Benefits

Extended Health Care Plan For Certain Other Retired Employees

**Financial Statements
Year Ended December 31, 2023**

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Extended Health Care Plan for Certain Other Retired Employees, which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in net financial assets and accumulated surplus, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Extended Health Care Plan for Certain Other Retired Employees as at December 31, 2023, and the results of its operations, its changes in net financial assets, and its 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 Extended Health Care Plan for Certain Other Retired Employees in accordance with the ethical requirements that are relevant to our audit of the 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 *The Extended Health Care Plan for Certain Other Retired Employees Annual Report for 2023*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Extended Health Care Plan for Certain Other Retired Employees' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Extended Health Care Plan for Certain Other Retired Employees or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Extended Health Care Plan for Certain Other Retired Employees' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Extended Health Care Plan for Certain Other Retired Employees' 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 Extended Health Care Plan for Certain Other Retired Employees' 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 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 Extended Health Care Plan for Certain Other Retired Employees to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Regina, Saskatchewan
March 26, 2024



Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

**Extended Health Care Plan For Certain Other Retired Employees
Statement of Financial Position**

Statement 1

As At December 31

	<u>2023</u>	<u>2022</u>
Financial Assets		
Due from General Revenue Fund (Note 3)	\$9,032,959	\$8,141,374
Employer Contributions Receivable	75,796	67,565
Other Receivables	<u>113,592</u>	<u>75,435</u>
	<u>9,222,347</u>	<u>8,284,374</u>
Liabilities		
Accounts Payable and Accrued Liabilities	<u>5,086</u>	<u>5,139</u>
Net Financial Assets and Accumulated Surplus (Statement 2)	<u>\$9,217,261</u>	<u>\$8,279,235</u>

(See accompanying notes to the financial statements)

Extended Health Care Plan For Certain Other Retired Employees
Statement of Operations and Change in Net Financial Assets and Accumulated Surplus

Statement 2

For The Year Ended December 31

	2023		2022
	Budget	Actual	Actual
	(Note 6)		
Revenues			
Employer Contributions (Note 1)	\$ 786,964	\$ 850,765	\$ 792,302
Interest Income (Note 3)	334,985	410,050	146,532
	<u>1,121,949</u>	<u>1,260,815</u>	<u>938,834</u>
Expenses			
Insurance Premium Subsidy (Note 1)	256,397	276,985	254,575
Administration	43,000	45,804	41,490
	<u>299,397</u>	<u>322,789</u>	<u>296,065</u>
Operating Surplus	822,552	938,026	642,769
Net Financial Assets and Accumulated Surplus, Beginning of Year	<u>8,279,235</u>	<u>8,279,235</u>	<u>7,636,466</u>
Net Financial Assets and Accumulated Surplus, End of Year (Statement 1)	<u>\$9,101,787</u>	<u>\$9,217,261</u>	<u>\$8,279,235</u>

(See accompanying notes to the financial statements)

**Extended Health Care Plan For Certain Other Retired Employees
Statement of Cash Flow**

Statement 3

For The Year Ended December 31

	<u>2023</u>	<u>2022</u>
Cash Flow From (Used In) Operating Activities:		
Employer Contributions Received	\$ 842,534	\$ 788,877
Interest Income Received	371,893	74,319
Insurance Premium Subsidies Paid	(276,985)	(254,575)
Administration Expenses Paid	(45,857)	(43,701)
Cash Flow From Operating Activities	<u>891,585</u>	<u>564,920</u>
Net Increase in Due from General Revenue Fund	891,585	564,920
Due from General Revenue Fund, Beginning of Year	<u>8,141,374</u>	<u>7,576,454</u>
Due from General Revenue Fund, End of Year	<u><u>\$9,032,959</u></u>	<u><u>\$8,141,374</u></u>

(See accompanying notes to the financial statements)

Extended Health Care Plan For Certain Other Retired Employees

Notes to the Financial Statements

December 31, 2023

1. Description of the Plan

The Extended Health Care Plan for Certain Other Retired Employees (Plan) was established on January 15, 2002 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to eligible out-of-scope retired employees of the Government of Saskatchewan.

The Government, through the Minister of Finance, has entered into an agreement with an insurance company to provide eligible retirees with extended health coverage. The retirees are responsible to pay the insurance company the premiums set out in the agreement less a premium subsidy which is paid by the Plan. The Plan's risk is limited to the payment of a monthly premium subsidy to the insurance company for eligible retirees. The monthly premium subsidy for the year was \$14.70 for a single policy, \$29.40 for a couple policy, and \$36.75 for a family policy.

The Plan is funded by employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. Funding for the Plan commenced July 1, 2003. The Minister of Finance approved a contribution rate of 0.25 per cent of the regular pay of current out-of-scope employees.

As per Order in Council #627-2023, the Province of Saskatchewan authorized the Public Employees Benefits Agency (PEBA) to delegate the administration of the Plan to Plannera Pensions and Benefits (Plannera). Effective January 1, 2024, Plannera began managing the Plan under direction from the Advisory Committee. The Advisory Committee is made up of employers' representatives appointed by Minister's Order.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. These statements do not present a Statement of Remeasurement Gains and Losses as the Plan has no remeasurement gains or losses. The following accounting policies are considered significant:

a) Employer Contributions

Contribution billings are done at the end of each month. Contributions are recognized as revenue when due.

b) Interest Revenue

Interest is recognized as income when earned.

c) Financial Instruments

The Canadian Public Sector Accounting Handbook, Section 3450 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets or liabilities have been categorized in one of two measurement categories: fair value, or cost or amortized cost.

The Plan's financial assets include Due from the General Revenue Fund, employer contributions receivable and other receivables. The Plan's financial liabilities include accounts payable and accrued liabilities. The Plan has categorized and measured all its financial assets and financial liabilities at cost.

3. Due from General Revenue Fund

The Plan's bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan until December 15, 2023, and remained under the Government of Saskatchewan's Financial Services Agreement until December 31, 2023.

The General Revenue Fund calculates interest earned and owing on a quarterly basis using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2023 was 4.75 per cent (2022 – 1.86 per cent).

Effective January 1, 2024, the Plan's bank account was transitioned to the Plannera's Master Client Agreement.

4. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risk that arises from financial instruments is credit risk. The Plan is not exposed to market risk or liquidity risk as it does not hold any investments.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from the following distinct sources:

	<u>2023</u>	<u>2022</u>
Due from General Revenue Fund	\$9,032,959	\$8,141,374
Employer Contributions Receivable	75,796	67,565
Other Receivables	113,592	75,435

The maximum credit risk to which the Plan is exposed is limited to the carrying value of the financial assets summarized above.

The Plan is exposed to minimal credit risk from the potential non-payment of employer contributions and other receivables as these are receivables from government agencies and were collected shortly after year-end. The Due from General Revenue Fund account is minimal risk as the funds are held in the Plan's own bank account under the Consolidated Offset Bank arrangement for the Government of Saskatchewan. There has been no change in the risk exposure in 2023.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan, as well as key management personnel and their close family members (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at fair market value.

6. Budget

PEBA prepared the 2023 budget for approval by the Advisory Committee. The budget was approved on January 31, 2023.

Appendix I Payee Details

As per Section 2315 Reporting Payee Details, entities included in the Summary Financial Statements, except for Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries are required to table, in the Legislative Assembly, payee details for administrative expenses incurred in the year.

Payee Details – December 31

Vendor	2023	2022
Canada Life Assurance Company	\$276,985	\$254,575
Public Employees Benefits Agency Revolving Fund	45,804	41,490