

Annual Report 2023-2024

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND

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Letters of Transmittal



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

I respectfully submit the Annual Report of the Public Employees Benefits Agency
Revolving Fund for the fiscal year ending March 31, 2024.

A handwritten signature in black ink that reads "Donna Harpauer". The signature is fluid and cursive.

Donna Harpauer
Deputy Premier and Minister of Finance

The Honourable Donna Harpauer
Deputy Premier and Minister of Finance

Madam:

On behalf of the Public Employees Benefits Agency, I have the honour of
submitting the Annual Report of the Public Employees Benefits Agency Revolving
Fund for the fiscal year ending March 31, 2024.

A handwritten signature in blue ink that reads "Karen Lautsch". The signature is cursive and includes a long horizontal flourish.

Karen Lautsch
Assistant Deputy Minister
Corporate Services Division
Ministry of Finance

Public Employees Benefits Agency Revolving Fund

Introduction

The Public Employees Benefits Agency Revolving Fund was established effective April 1, 1988. The authority for the Fund is contained in Section 65 of *The Financial Administration Act, 1993*.

The intent of the Fund is to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the pension plans and benefit programs as per Order in Council 446/2023 dated September 7, 2023.

Administration

The Fund is managed by the Public Employees Benefits Agency, Ministry of Finance.

The costs incurred in the administration of the various plans and programs by PEBA are billed on a monthly basis.

Costs relating to a particular plan or program are allocated to that plan. All other costs are allocated to the plans and programs using a methodology primarily based on time required to administer these plans and programs.

Financing

Subsection 65(12) of *The Financial Administration Act, 1993*, provides for the maximum accumulated net expenditure to be set by order of the Lieutenant Governor in Council. The maximum amount has been set at \$19,000,000 by Order in Council 559/2017.

Administration Costs

2024	\$23,870,893
2023	\$27,100,901
2022	\$25,123,166
2021	\$24,383,883

All costs are paid by the various plans and programs. Revenue and expenses will therefore equal, leaving the excess of revenues over expenditures a “nil” amount annually.

Delegation of Plan Administration to Plannera Pensions and Benefits

On January 1, 2024, administration of the pension plans and benefit programs was delegated to The Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits, a not-for-profit corporation at arm’s length from the Government of Saskatchewan as per Order in Council 627/2023 dated December 14, 2023.

The PEBA Revolving Fund will remain in existence with the Government of Saskatchewan and is expected to have minimal to no activity after March 31, 2024.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Public Employees Benefits Agency Revolving Fund, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards applicable for governments.

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

We believe the Public Employees Benefits Agency Revolving Fund has a system of internal control 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 applicable for governments.

We enclose the financial statements of the Public Employees Benefits Agency Revolving Fund for the year ended March 31, 2024, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan
July 22, 2024



Karen Lautsch
Assistant Deputy Minister
Corporate Services Division
Ministry of Finance

Public Employees Benefits Agency Revolving Fund

**Financial Statements
Year Ended March 31, 2024**

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Public Employees Benefits Agency Revolving Fund, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net debt, and changes in accumulated net expenditure 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 the Public Employees Benefits Agency Revolving Fund as at March 31, 2024, and the results of its operations, changes in its net debt and changes in its accumulated net expenditure 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 Public Employees Benefits Agency Revolving Fund 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 8 of the financial statements, which states that on January 1, 2024, administration of pension plans and benefits programs was delegated to The Public Pension and Benefits Administration Corporation (Corporation). This resulted in the sale of the Public Employees Benefits Agency Revolving Fund's assets to the Corporation and minimal to nil operations are expected for the Fund after March 31, 2024. These events indicate a material uncertainty exists that may cast a significant doubt on the Public Employees Benefits Agency Revolving Fund's ability to continue as a going concern. Our opinion is not modified in respect of this manner.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, 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 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 Public Employees Benefits Agency Revolving Fund'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 management either intends to liquidate the Public Employees Benefits Agency Revolving Fund or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Public Employees Benefits Agency Revolving Fund's 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 Public Employees Benefits Agency Revolving Fund'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 Public Employees Benefits Agency Revolving Fund'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 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 Public Employees Benefits Agency Revolving Fund 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
July 22, 2024

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

**Public Employees Benefits Agency Revolving Fund
Statement of Financial Position**

Statement 1

As At March 31

	<u>2024</u>	<u>2023</u>
Financial Assets		
Accounts Receivable	\$ -	\$ 2,798,025
Total Financial Assets	<u>-</u>	<u>2,798,025</u>
Liabilities		
Accounts Payable and Accrued Liabilities	-	2,523,018
Accumulated Net Expenditure (Statement 4; Note 2b, Note 3)	-	15,947,625
Total Liabilities	<u>-</u>	<u>18,470,643</u>
Net Debt (Statement 3)	<u>-</u>	<u>15,672,618</u>
Non-Financial Assets		
Prepaid Expenses	-	838,309
Tangible Capital Assets (Note 4)	-	14,834,309
Total Non-Financial Assets	<u>-</u>	<u>15,672,618</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes to the financial statements)

**Public Employees Benefits Agency Revolving Fund
Statement of Operations**

Statement 2

For The Year Ended March 31

	2024		2023
	Budget (Note 7)	Actual	Actual
Revenue			
Administration Fees	\$ 32,184,464	\$ 23,870,893	\$ 27,100,901
Expenses			
Salaries and Benefits	13,186,046	10,231,508	12,338,744
Contractual Services	11,938,150	7,743,100	7,878,692
Amortization	2,531,192	1,863,523	2,356,200
Loss on Disposal of Tangible Capital Assets	-	50,159	36,012
Rent	2,085,000	1,637,862	2,041,679
Pension and Benefit Board Governance (Note 2f)	846,155	1,413,922	1,175,103
Postage and Communications	681,760	423,485	611,986
Supplies	257,400	135,681	235,681
Travel	227,400	98,730	85,352
Advertising and Printing	353,470	212,223	276,998
Business Expenses	57,891	44,699	42,287
Repairs and Maintenance	20,000	16,001	22,167
Total Expenses	32,184,464	23,870,893	27,100,901
Surplus	\$ -	\$ -	\$ -

(See accompanying notes to the financial statements)

**Public Employees Benefits Agency Revolving Fund
Statement of Changes in Net Debt**

Statement 3

For The Year Ended March 31

	2024		2023
	Budget	Actual	Actual
	(Note 7)		
Net Debt, Beginning of Year	\$ 15,672,618	\$ 15,672,618	\$ 16,493,228
Acquisition of Tangible Capital Assets (Note 4)	1,556,500	1,312,723	1,552,459
Amortization of Tangible Capital Assets (Note 4)	(2,531,192)	(1,863,523)	(2,356,200)
Proceeds from Sale of Tangible Capital Assets (Note 4 and 8)	-	(14,233,350)	-
Loss on Disposal of Tangible Capital Assets (Note 4)	-	(50,159)	(36,012)
Net (Decrease) Increase in Prepaid Expenses	-	(838,309)	19,143
	(974,692)	(15,672,618)	(820,610)
Net Debt, End of Year (Statement 1)	\$ 14,697,926	\$ -	\$ 15,672,618

(See accompanying notes to the financial statements)

**Public Employees Benefits Agency Revolving Fund
Statement of Changes in Accumulated Net Expenditure**

Statement 4

For The Year Ended March 31

	<u>2024</u>	<u>2023</u>
Financing provided by operating activities:		
Amortization of Tangible Capital Assets (Note 4)	\$ 1,863,523	\$ 2,356,200
Loss on Disposal of Tangible Capital Assets (Note 4)	50,159	36,012
Decrease /(Increase) in Accounts Receivable	2,798,025	(98,441)
(Decrease)/Increase in Accounts Payable	(2,523,018)	40,293
Decrease/(Increase) in Prepaid Expenses	838,309	(19,143)
	<hr/>	<hr/>
Net financing provided by operating activities	3,026,998	2,314,921
Financing provided by (used in) investing activities:		
Purchase of Tangible Capital Assets (Note 4)	(1,312,723)	(1,552,459)
Proceeds from Sale of Tangible Capital Assets (Note 4 and 8)	14,233,350	-
	<hr/>	<hr/>
Net financing provided by (used in) investing activities	12,920,627	(1,552,459)
Net Decrease in Financing Requirements	15,947,625	762,462
Accumulated Net Expenditure, Beginning of Year	<hr/> (15,947,625)	<hr/> (16,710,087)
Accumulated Net Expenditure, End of Year (Statement 1)	\$ -	\$ (15,947,625)

(See accompanying notes to the financial statements)

**Public Employees Benefits Agency Revolving Fund
Notes to the Financial Statements**

March 31, 2024

1. Authority and Definition of Accounting Entity

The Public Employees Benefits Agency Revolving Fund (Revolving Fund) was established under Section 65 of *The Financial Administration Act, 1993* to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the various pension plans and benefit programs administered by PEBA in accordance with the policy described in Note 2(c).

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as a government component. These financial statements are prepared in accordance with Canadian public sector accounting standards. These financial statements do not present a Statement of Cash Flows because this information is readily apparent from the Statement of Changes in Accumulated Net Expenditure. A statement of Remeasurement Gains and Losses has not been presented as the Fund does not have any remeasurement gains and losses.

The following policies are considered significant:

a) **Net Financing Requirements**

The net financing requirement is the cash flow from (to) the General Revenue Fund (GRF). It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flow from operations.

b) **Accumulated Net Expenditure**

Expenditures of the Revolving Fund are made directly out of the GRF and receipts are deposited directly into the GRF. The excess of the accumulated net expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net expenditure of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's net capital acquisitions, changes in working capital and net cash flow from operations.

c) **Revenue – Administration Fees**

The costs incurred by PEBA in the administration of the various pension plans and benefit programs are billed on a monthly basis to these plans and programs, as follows:

- i) Costs directly relating to a particular pension plan or benefit program are charged to that plan or program.
- ii) All other costs are charged to the various pension plans and benefit programs using a methodology primarily based on employees' time required to administer these plans and programs.

d) **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is recorded commencing the year in which the assets are placed in service, on a straight-line basis, over their estimated useful lives as follows:

Computer hardware and software	5 years
System development and furniture	10 years
Leasehold improvements	over the term of the lease

e) **Use of Estimates**

These statements are prepared in accordance with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the period. The amortization of tangible capital assets is subject to such estimates and assumptions. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

f) **Pension and Benefit Board Governance**

The pension plans and benefit programs administered by PEBA are governed by various Boards and Commissions. Expenses incurred by PEBA on behalf of these governing bodies include honorariums, travel, training and consulting for initiatives related to the governance of the plans and programs. These expenses are recovered in accordance with Note 2(c)(i).

g) **Accounting Policy Changes**

Effective April 1, 2023, the following new accounting standard was adopted:

- i) PS 3400 Revenue

The adoption of the standards had no impact on the financial statements.

3. Authorized Financing

Subsection 65(12) of *The Financial Administration Act, 1993* provides for the maximum accumulated net expenditure to be set by order of the Lieutenant Governor in Council. The maximum amount has been set at \$19,000,000 by Order in Council 559/2017.

4. Tangible Capital Assets

	2024						2023	
	Computer Hardware	Computer Software	Furniture	System Development	Leaseholds	Work in Progress	Total	Total
Opening Net Book Value of Tangible Capital Assets	\$ 243,361	\$ 144,355	\$ 848,659	\$ 11,591,423	\$ 1,190,959	\$ 815,552	\$ 14,834,309	\$ 15,674,062
Opening Cost of Tangible Capital Assets	1,498,884	961,733	1,163,882	16,994,910	4,375,974	815,552	25,810,935	24,660,831
Additions During Year	273,739	-	103,134	1,102,914	31,331	(198,395)	1,312,723	1,552,459
Disposals During Year	(206,772)	(37,761)	-	(275,402)	-	-	(519,935)	(402,355)
Closing Cost of Tangible Capital Assets December 31, 2023	1,565,851	923,972	1,267,016	17,822,422	4,407,305	617,157	26,603,723	25,810,935
Opening Accumulated Amortization	1,255,523	817,378	315,223	5,403,487	3,185,015	-	10,976,626	8,986,769
Annual Amortization	111,683	50,779	90,533	1,304,671	305,857	-	1,863,523	2,356,200
Disposals During Year	(195,679)	(37,761)	-	(236,336)	-	-	(469,776)	(366,343)
Closing Accumulated Amortization December 31, 2023	1,171,527	830,396	405,756	6,471,822	3,490,872	-	12,370,373	10,976,626
Net Book Value of Tangible Capital Assets December 31, 2023	\$ 394,324	\$ 93,576	\$ 861,260	\$ 11,350,600	\$ 916,433	\$ 617,157	\$ 14,233,350	\$ 14,834,309
Sale of Tangible Capital Assets to Plannera Pensions and Benefits on January 5, 2024 (Note 8)	(394,324)	(93,576)	(861,260)	(11,350,600)	(916,433)	(617,157)	(14,233,350)	-
Net Book Value of Tangible Capital Assets March 31, 2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the Revolving Fund by virtue of common control by the Government of Saskatchewan, as well as key management personnel and their close family members. Additionally, the Revolving Fund is related to organizations where they have key management personnel and/or their close family members in common.

The Revolving Fund bills the pension plans and benefit programs administered by PEBA in accordance with subsection 64(7) of *The Financial Administration Act, 1993*, to recover those expenses. Amounts received by the Revolving Fund relating to these costs are paid to the General Revenue Fund in accordance with subsection 65(11) of *The Financial Administration Act, 1993*.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on agreed upon terms.

Expenses include \$1,550,440 (2023 - \$2,034,603) that the Ministry of SaskBuilds and Procurement incurred on PEBA's behalf for rent and certain administrative services provided to the Revolving Fund.

The Government of Saskatchewan held the building lease for the Public Employees Benefits Agency. The Revolving Fund reimbursed the Government of Saskatchewan for the cost of the lease. Plannera Pensions and Benefits (Plannera) assumed the building lease in January 2024 (Note 8); as such, no lease payments are expected subsequent to year end.

The following table summarizes the Revolving Fund's related party transactions.

	<u>2024</u>	<u>2023</u>
Administration Fees (Statement 2)	\$ 23,870,893	\$ 27,100,901
Expenses:		
Salaries and Benefits	1,644,020	2,054,936
Contractual Services	591,745	774,029
Rent	1,556,582	2,023,012
Pension and Benefit Board Governance	61,650	63,500
Postage and Communications	179,676	237,090
Supplies	-	3,784
Repairs and Maintenance	15,509	17,993
Total Related Parties Expenses	<u>\$ 4,049,182</u>	<u>\$ 5,174,344</u>

At year end, the following amounts were due to/from related parties as a result of the transactions referred to above:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	\$ -	\$ 2,798,025
Accounts Payable and Accrued Liabilities	-	854,929

6. Financial Instruments

The fair value of financial assets and financial liabilities approximates their carrying value due to their immediate or short-term nature. The Revolving Fund has no significant credit, liquidity or interest rate risk.

7. Budget

The various pension plan and benefit program boards approved their component of the annual budget. A copy of PEBA's annual budget was also submitted to Treasury Board.

8. Delegation of Plan Administration to Planner Pensions and Benefits

On January 1, 2024, administration of the pension plans and benefits programs was delegated to The Public Pension and Benefits Administration Corporation, operating as Planner Pensions and Benefits (Planner), a not-for-profit corporation at arm's length from the Government of Saskatchewan.

All PEBA contracts, including the building lease, were transferred from PEBA to Planner on January 1, 2024.

On January 5, 2024 Planner purchased all capital assets from the PEBA Revolving Fund at net book value at the time of purchase (Note 4).

Outstanding payables and receivables were settled and transferred to Planner on March 27, 2024.

The PEBA Revolving Fund will remain in existence with the Government of Saskatchewan and is expected to have minimal to no activity after March 31, 2024.