Public Accounts 2017-18

Volume 1

Summary Financial Statements

Government of Saskatchewan

2017-18 Public Accounts

Volume 1 - Summary Financial Statements

Contents

Regina, Saskatchewan
July 2018

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, 2018.

Respectfully submitted,

Donna Harpauer

DONNA HARPAUER
Minister of Finance

Regina, Saskatchewan
July 2018

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, 2018.

Respectfully submitted,

RUPEN PANDYA
Deputy Minister of Finance

Terry Paton

TERRY PATON
Provincial Comptroller

Introduction to the Public Accounts

The 2017-18 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

After two years of low resource prices impacting the Provincial economy, stronger performance in the oil and potash sectors has resulted in the Saskatchewan economy showing its first positive growth in two years. The 2017-18 SFS report a deficit of $303 million, $916 million lower than the prior year's deficit and $393 million less than the budgeted deficit.

Improvements to the reported results were largely due to: lower than prior year and budgeted crop insurance claims resulting from a better growing season and timely harvest in 2017; an improvement over the prior year and budgeted net income reported by government business enterprises largely resulting from strong returns on investment and a workers' compensation surplus distribution made in the prior year; an increase over the prior year provincial sales tax (PST) collected as a result of the expansion of the PST base and rate change from 5 to 6 per cent; and an improvement over the prior year and budget in non-renewable resources revenues.

Utilization pressures in health care and social services partially offset these year-over-year and budget-to-actual improvements as did the decrease in funding from the federal government primarily due to one-time funding in the prior year for the transfer of federal dams to the province.

The Government continued to invest in the Province's infrastructure, focusing on transportation, education and health care. Its $3.27 billion capital investment during 2017-18 will help the Government meet the challenges of a growing province, continue to strengthen the economy and improve safety. This investment was the primary reason for the $1.10 billion increase in net debt during the year.

The Government's overall financial position as at March 31, 2018 is an accumulated surplus of $176 million.

Highlights

At a Glance

Financial Results

(millions of dollars)

	2018		2017	Change from	
	Adjusted Budget[1]	Actual	Actual	Adjusted Budget	2017 Actual
Revenue	14,165	14,019	13,626	(146)	393
Expense	(14,811)	(14,322)	(14,844)	(489)	(522)
Adjustments	(50)	-	-	(50)	-
Deficit	(696)	(303)	(1,218)	(393)	(916)
Net Debt	(11,793)	(11,288)	(10,192)	(504)	1,096
Accumulated Surplus (Deficit)	(324)	176	372	500	(196)

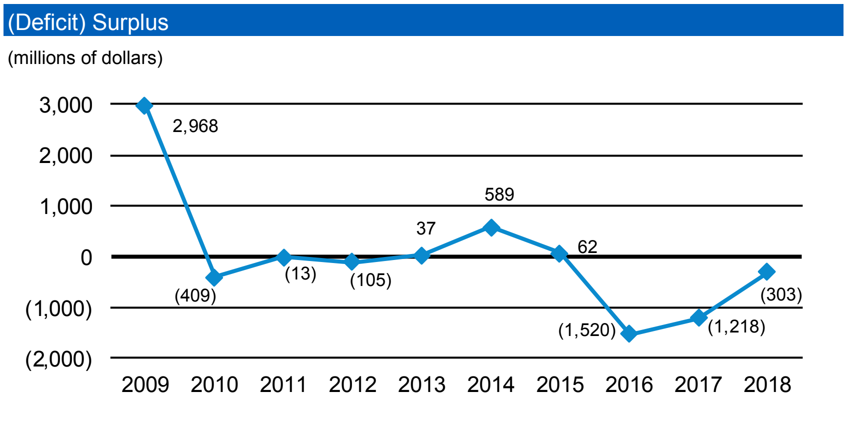
Totals may not add due to rounding.

[1] Budget figures have been adjusted to the same basis as the 2018 actual results to include an $11.3 million increase in the budgeted deficit to account for pension costs on the accrual basis.

Highlights

(Deficit) Surplus

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

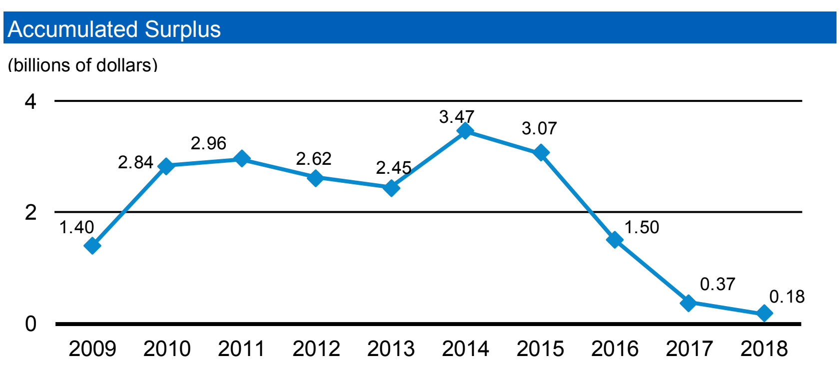


The 2017-18 SFS report a deficit of $303 million, a $916 million improvement over the $1.22 billion deficit reported in the previous year. The year-over-year improvement is mainly attributable to a decrease in agricultural insurance expense together with increases in own-source revenue, primarily net income from government business enterprises, taxation and non-renewable resources revenue.

Compared to the budget, the deficit is $393 million lower-than-expected due to lower-than-budgeted agricultural insurance claims and an overall reduction in pension costs when compared to the budget. On the revenue side, the shortfall in taxation revenue and transfers from the federal government over what was expected was almost entirely offset by higher-than-budgeted amounts across all other revenue streams.

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.



The Government has reported an accumulated surplus since 2008-09. At March 31, 2018, the accumulated surplus is $176 million, $196 million lower than the previous year but a $500 million improvement over the budget. The decrease from the prior year was mainly the result of the deficit reported in the current year while the improvement over budget is mainly due to a lower-than-expected deficit in the current year.

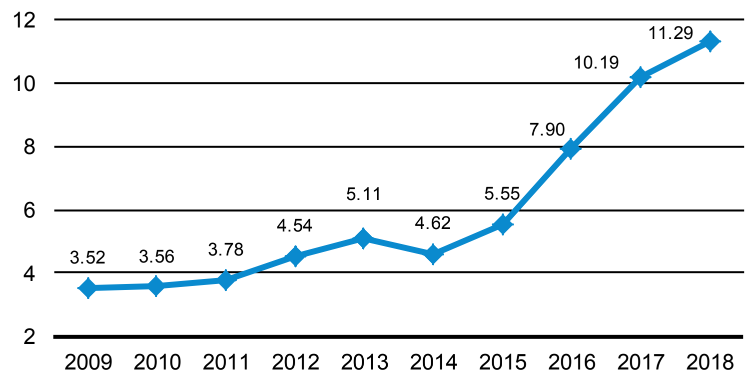
Highlights

Net Debt

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

Net Debt

(billions of dollars)



The net debt reported in the SFS at March 31, 2018 is $11.29 billion, an increase of $1.10 billion over the prior year. The year-over-year increase in net debt is primarily due to the net acquisition of capital assets tied to the Government's continued investment in infrastructure.

Compared to the budget, net debt is $504 million lower-than-expected primarily due to the lower-than-budgeted deficit.

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Accumulated surplus	1,397	2,836	2,961	2,617	2,449	3,469	3,074	1,495	372	176
Investment in non-financial assets	(4,921)	(6,395)	(6,744)	(7,161)	(7,558)	(8,085)	(8,626)	(9,394)	(10,564)	(11,464)
Net Debt	(3,524)	(3,560)	(3,783)	(4,543)	(5,109)	(4,615)	(5,552)	(7,899)	(10,192)	(11,288)

Totals may not add due to rounding.

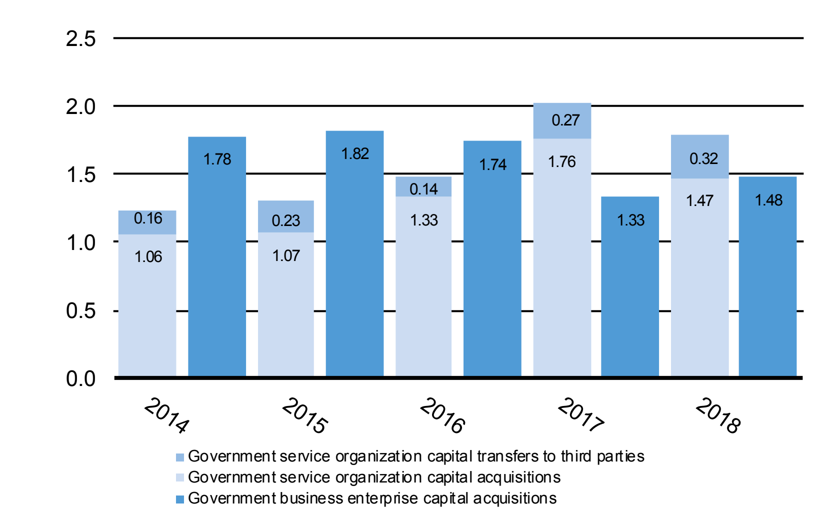
Highlights

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 2017-18, the Government invested $2.95 billion in government-owned infrastructure: $1.48 billion for government business enterprises (GBEs) to build new and maintain existing infrastructure; and $1.47 billion to meet the capital requirements of government service organizations (GSOs). In addition, $320 million was provided by GSOs to third parties to fund their capital needs.

Investment in infrastructure continued to be a priority with the current year investment almost matching the prior year investment of $3.09 billion in government-owned capital although it was $542 million less than budgeted. $700 million (2017 - $952 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 for citizens.

Credit Rating

The credit ratings for all provinces as at March 31, 2018, are shown below.

Credit Ratings – March 2018

	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	Aa2	A+	AA (low)
Quebec	Aa2	AA-	A (high)
New Brunswick	Aa2	A+	A (high) (neg)
Nova Scotia	Aa2	A+ (pos)	A (high)
Prince Edward Island	Aa2	A	A (low)
Newfoundland & Labrador	Aa3 (neg)	A	A (low)

Ratings reflect the latest credit ratings available at March 31, 2018.

[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
- Debt charges to total revenue
- Own-source revenue to the Province's GDP

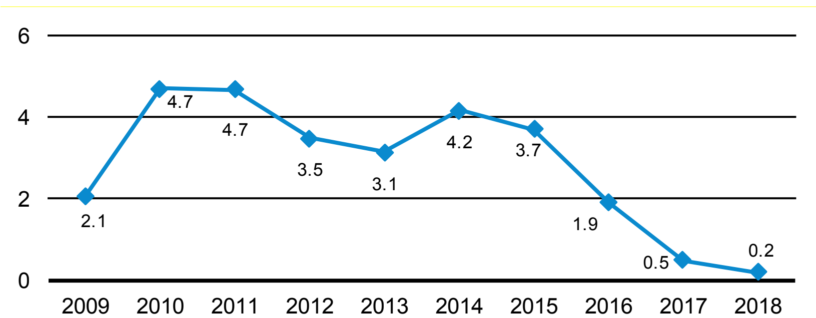
Vulnerability
- Non-renewable resources revenue to total expense
- Transfers from the federal government to total revenue
- Foreign currency debt to net debt

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.

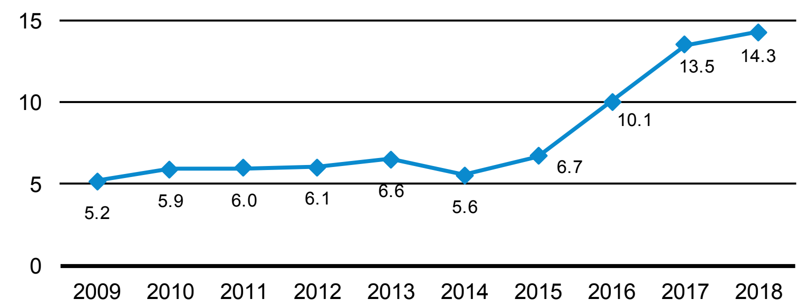
The accumulated surplus measures the sum of all current and prior years' operating results. Gross domestic product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the provincial economy. GDP reflects the latest figures available for the current and prior years. This is based on the February 2018 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)

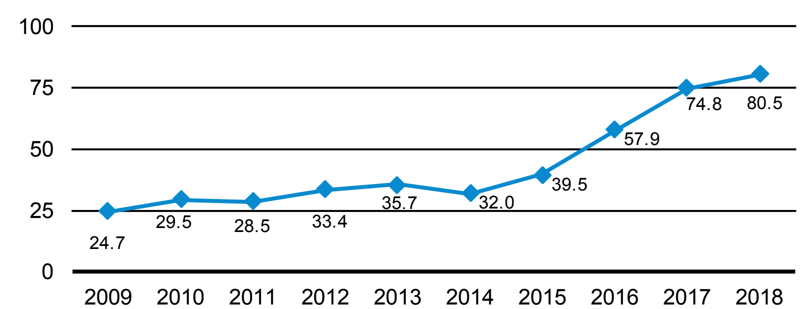


Net debt is the difference between a government's financial assets and liabilities and represents the future revenue that is required to pay for past transactions and events. Net debt as a percentage of the Province's GDP provides a measure of the level of financial demands placed on the economy by the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

The relatively stable ratio from 2008-09 to 2014-15 indicates the Government's overall fiscal policies over the same period of time were sustainable to the extent that the rate of economic growth in the Province matched the growth in net debt. The steep 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 a relatively stable ratio in 2017-18 reflects the strengthening in the oil and potash sector and a resulting rise in the Province's GDP, indicating a return to sustainability.

Net Debt to Total Revenue

(per cent)



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.

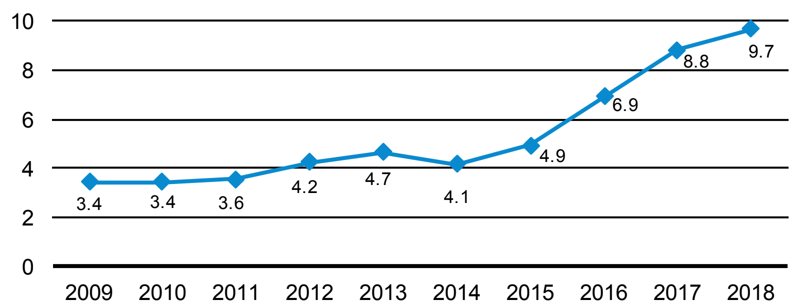
The Government's net debt as a percentage of total revenue has increased over the past nine years, from 24.7 per cent in 2008-09 to 80.5 per cent in 2017-18. The overall increase in this ratio during this period is primarily the result of the Government's significant investment in capital. The fall in revenue tied to low oil and potash prices in recent years increased this upward trend, however, responsible spending and efforts to reduce reliance on non-renewable resource revenues has slowed this upward trend for 2017-18.

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.

The overall increase in this ratio over the last eight years is a result of an increase in net debt that exceeds the growth in the Province's population over the same period. The steep rise in this ratio in 2015-16 and 2016-17 indicates that the annual increase in the Province's population in these 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 is mainly a result of market-driven variables, such as low oil prices, together with the Government's investment in infrastructure.

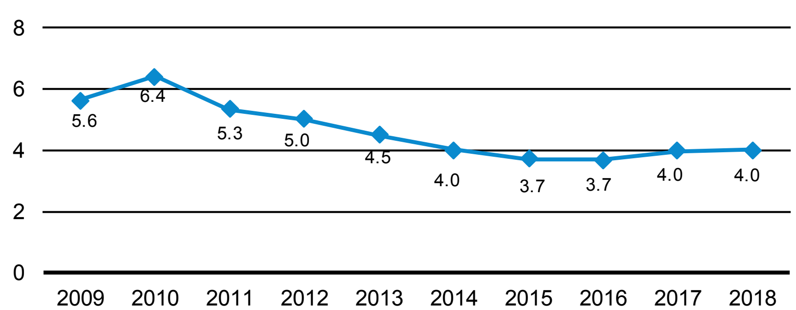
Net debt per capita represents the net debt attributable to each Saskatchewan resident. An increase in this ratio indicates the debt burden per resident has grown.

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.

Debt Charges to Total Revenue

(per cent)



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 2017-18, the Government spent approximately 4.0 cents of each dollar of revenue on debt charges on general debt, compared to 5.6 cents in 2008-09. This reduction leaves more resources available to the Government to provide services without increasing revenue.

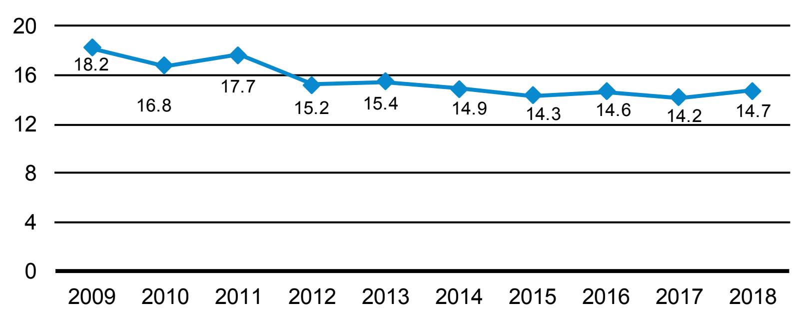
A debt charges to total revenue ratio, often referred to as the interest bite, indicates the proportion of provincial revenue that is required to pay interest charges on general debt and therefore is not available to pay for essential public services and programs. A lower ratio means that there is more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

Assessment of Fiscal Health

Flexibility (*continued*)

Own-Source Revenue to the Province's GDP

(per cent)



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

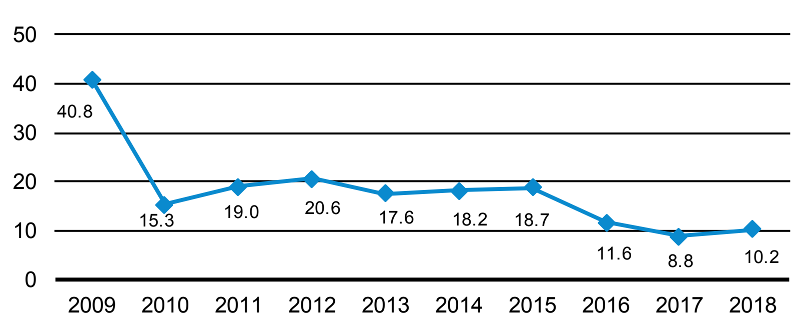
This ratio measures the extent to which the Government is taking income out of the provincial economy, through taxation, non-renewable resources revenue or user fees. An increase in this ratio indicates that the Government's own-source revenue is growing faster than the economy, reducing the Government's 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

(per cent)



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 to 10.2 per cent, is a result of a slight strengthening in non-renewable resource revenue and a focus on controlled spending.

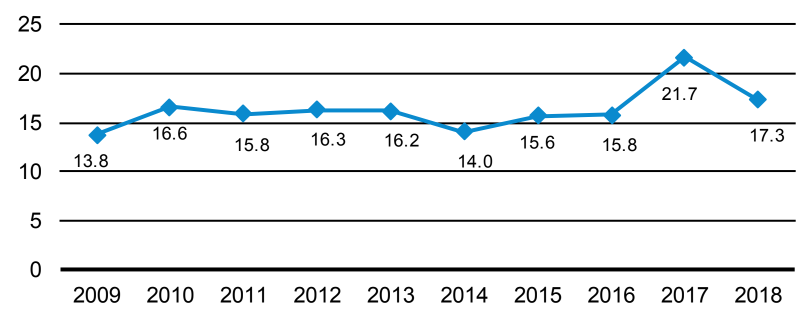
Non-renewable resources revenue is affected by price and sales factors which are beyond a government's direct control. Non-renewable resources revenue as a percentage of total expense is therefore an indicator of how vulnerable the Province is as a result of its dependence on non-renewable resources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

Assessment of Fiscal Health

Vulnerability (*continued*)

Transfers from the Federal Government to Total Revenue

(per cent)



In 2017-18, 17.3 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, 2018, 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 debt charges changing due to changes in foreign currency rates.

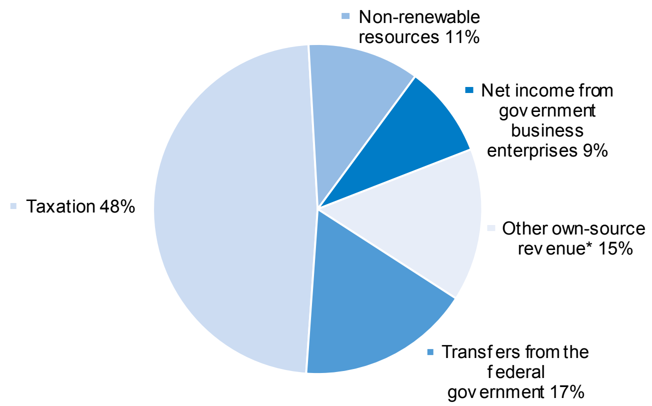
Details

Revenue

Total revenue was $14.02 billion in 2017-18, 17.3 per cent of which represents transfers from the federal government and the remaining 82.7 per cent own-source revenue.

Revenue by Source – 2017-18 ($14.02 billion)

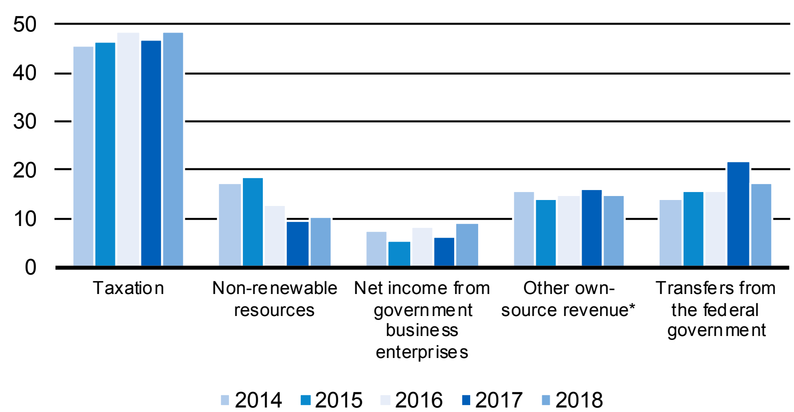
(per cent)



* 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)



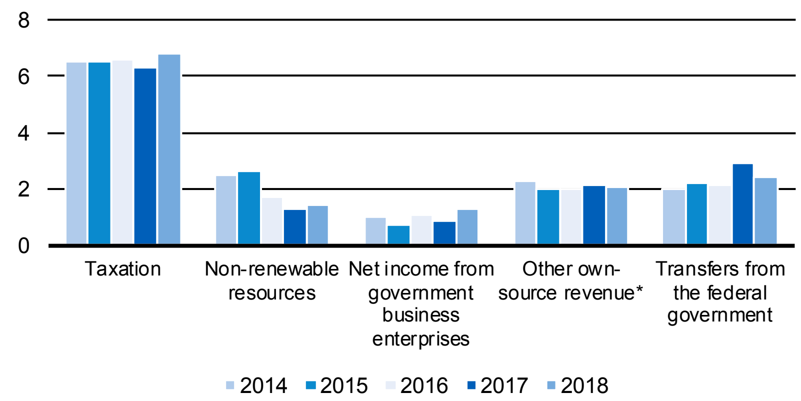
* Key components of “other own-source revenue” include fees (55%), insurance (14%), investment income (5%), and transfers from other governments (4%).

Details

Revenue (*continued*)

Revenue by Source

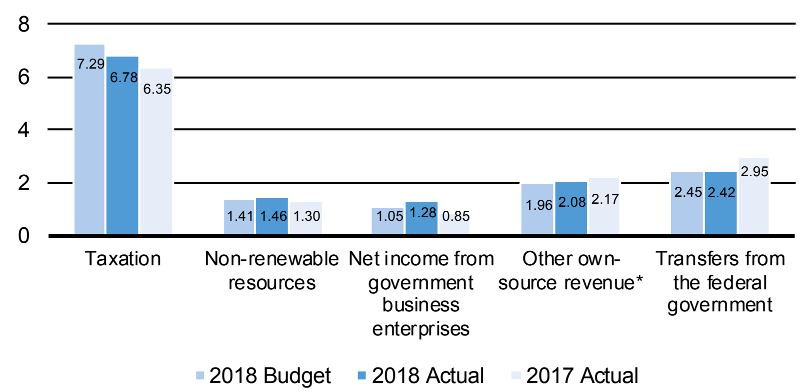
(billions of dollars)



* In 2017-18, key components of "other own-source revenue" include fees ($1.14 billion), insurance ($283 million), investment income ($114 million), and transfers from other governments ($75 million).

Revenue by Source – Comparison to Budget and Prior Year

(billions of dollars)



* In 2017-18, key components of "other own-source revenue" include fees ($1.14 billion), insurance ($283 million), investment income ($114 million), and transfers from other governments ($75 million).

Total revenue of $14.02 billion in 2017-18 represents a year-over-year increase of $393 million, or 2.9 per cent. This increase was primarily the result of increases in net income from government business enterprises, taxation and non-renewable resources revenue. These were partially offset by decreases in transfers from the federal government, and other own-source revenue.

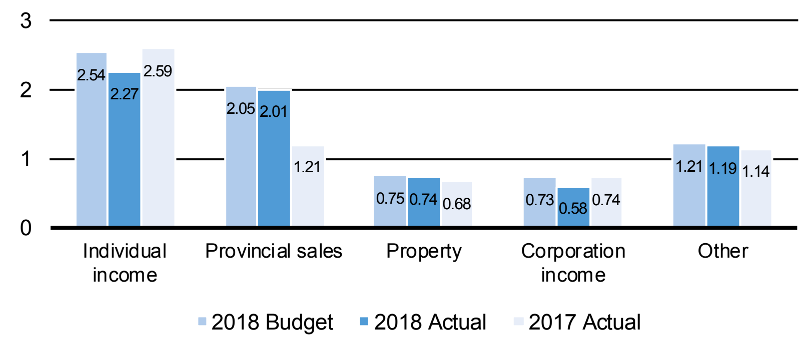
When compared to the budget, revenue was lower by $146 million, or 1.0 per cent. This decrease was a result of lower-than-expected taxation and transfers from the federal government, partially offset by higher-than-expected net income from GBEs, other own-source revenue and non-renewable resources revenue.

Details

Revenue (*continued*)

Taxation Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Taxation revenue was $6.78 billion in 2017-18, an increase of $431 million, or 6.8 per cent, over 2016-17 and a $505 million, or 6.9 per cent, decrease compared to budget. The $431 million increase over prior year was largely due to an increase in provincial sales tax, property tax and other tax revenue, partially offset by a decrease in individual income and corporation income tax revenue. When compared to budget, all sources of taxation revenue were lower, with the $505 million shortfall largely attributable to lower-than-expected individual income and corporation income taxes.

Individual income tax revenue was $2.27 billion in 2017-18, a decrease of $326 million, or 12.6 per cent, from 2016-17 and a decrease of $274 million, or 10.8 per cent, from budget. The year-over-year decrease was primarily due to income shifting by high-income earners as a result of the federal increase to the top tax bracket. The $274 million decrease from budget is primarily due to lower-than-expected tax assessments for the 2016 and 2017 tax years.

Provincial sales tax revenue was $2.01 billion in 2017-18, an increase of $808 million, or 67.0 per cent, over the prior year and a decrease of $36 million, or 1.8 per cent, from budget. The year-over-year increase was primarily related to the in-year provincial sales tax (PST) base expansion and one-point rate increase (from 5 to 6 per cent). This increase was partially offset by enhancements to the Saskatchewan Low Income Tax Credit to mitigate the impact of PST changes on lower income residents. The $36 million decrease from budget is primarily due to the post-budget change to the application of PST on insurance premiums. The lost revenues from this change were partially offset by higher-than-expected growth in the sales tax base, particularly in the oil and gas and motor vehicle sectors.

Property tax revenue, at $736 million, was $60 million, or 8.9 per cent, higher than prior year with a decrease of $18 million, or 2.4 per cent, from budget. The year-over-year increase is mainly due to an overall increase in the value of property assessments resulting from the province-wide reassessment.

Corporation income tax revenue was $581 million in 2017-18, a decrease of $154 million, or 20.9 per cent from 2016-17 and $148 million, or 20.3 per cent, from budget. The year-over-year decrease was due to the continuing impact of low resource prices on the profitability of corporations resulting in a large negative prior years' adjustment based on 2016 actual versus estimated assessments. The $148 million decrease from budget was also due to the impact of low resource prices on corporate profitability and the resulting weaker-than-expected 2016 actual assessments.

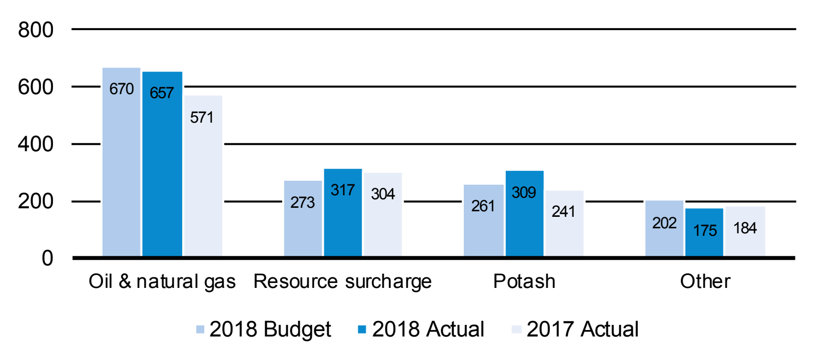
Other tax *(including fuel, tobacco and other miscellaneous tax)* revenue totaled $1.19 billion for the year, an increase of $42 million, or 3.7 per cent, over the previous year and a decrease of $28 million, or 2.3 per cent, from budget. The year-over-year growth is due to an increase in fuel tax, corporation capital tax, and insurance premiums tax, partially offset by a decrease in tobacco tax. The $28 million decrease from budget was due to lower-than-expected tobacco tax, liquor consumption tax, corporation capital tax and insurance premiums tax, partially offset by higher-than-expected fuel tax revenues.

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 2017-18, non-renewable resources revenue was $1.46 billion, an increase of $158 million, or 12.1 per cent, over 2016-17 and $51 million, or 3.7 per cent, over budget. Higher oil and natural gas and potash revenue were the largest contributors to the increase over 2016-17. When compared to budget, higher-than-expected potash and resource surcharge revenue together with lower-than-expected other non-renewable resources revenue had the largest impact.

Oil and natural gas revenue was $657 million in 2017-18, an increase of $85 million, or 14.9 per cent, over 2016-17 and a decrease of $14 million, or 2.1 per cent, from budget. These variances are primarily due to changes in West Texas Intermediate (WTI) oil prices, light-heavy oil blend differentials and the exchange rate.

WTI oil prices averaged 53.53 U.S. dollars per barrel in 2017-18. This is an increase of 5.59 U.S. dollars per barrel from the 2016-17 WTI average oil price of 47.94 U.S. dollars per barrel but a decrease of 2.72 U.S. dollars per barrel from the budgeted WTI average oil price of 56.25 U.S. dollars per barrel.

The light-heavy oil blend differential decreased from 21.3 per cent in 2016-17 to 20.0 per cent in 2017-18 positively impacting oil revenue, and increased from 19.5 per cent at budget resulting in lower-than-budgeted revenue.

The average exchange rate increased from 76.2 U.S. cents in 2016-17 (75.0 U.S cents at budget) to 78.0 U.S. cents in 2017-18. The increase in the average exchange rate results in lower prices in Canadian dollars and generally has a negative impact on oil revenue.

The above mentioned factors resulted in an average Canadian dollar well-head oil price in Saskatchewan of $50.87 per barrel in 2017-18, higher than the $45.09 per barrel in the prior year but lower than the $55.30 per barrel in the budget.

A production increase of 7.5 million barrels over the prior year and 13.0 million barrels over the budget also contributed to the variances from prior year and budget.

Resource surcharge revenue was $317 million in 2017-18, an increase of $14 million, or 4.5 per cent, over the prior year and $45 million, or 16.3 per cent, over budget. Increases over the prior year and budget in the potash and oil and gas sectors were partially offset by a decline in the uranium sector, all resulting from changes in sales volumes and prices.

Potash revenue was $309 million in 2017-18, a $68 million, or 28.1 per cent, increase over the previous year and $48 million, or 18.5 per cent, over budget. The increases were largely due to: higher sales volumes from 11.2 million K_2O tonnes in 2016-17 (11.8 million K_2O tonnes at budget) to 12.3 million K_2O tonnes in current year; and an increase in average mine netback (realized) prices from 173 U.S. dollars per KCl tonne in 2016-17 (176 U.S. dollars per KCl tonne at budget) to 187 U.S. dollars per KCl tonne in 2017-18 (from $377 in 2016-17 and $386 at budget to $396 per K_2O tonne). Capital spending deductions, lower operating costs and higher exchange rates also impacted current-year revenue when compared to budget and prior year.

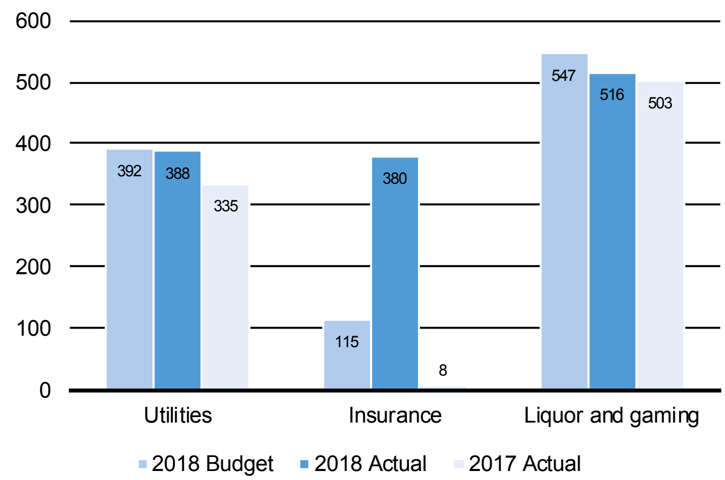
Other non-renewable resources *(including crown land sales and other miscellaneous non-renewable resources)* revenue was $175 million, a decrease of $9 million, or 4.6 per cent, from the prior year and $27 million, or 13.5 per cent, when compared to budget. These decreases are primarily due to lower uranium royalties mainly resulting from lower realized prices compared to prior year and budget (from $115 per kg in 2016-17 and $124 per kg at budget to $101 per kg in 2017-18). These decreases were partially offset by higher crown land sales reflecting a renewed optimism in the oil and gas industry.

Details

Revenue (*continued*)

Net Income from GBEs – Comparison to Budget and Prior Year

(millions of dollars)



Net income from Government Business Enterprises (GBEs) was $1.28 billion in 2017-18, representing a $438 million, or 51.7 per cent, increase when compared to prior year results. An increase over the prior year was experienced across all GBE sectors, with the largest improvement in insurance. The increase reported in the Insurance sector was largely a result of a workers' compensation surplus distribution made in 2016-17 but not in the current year.

When compared to the budget, the actual net income from GBEs was $230 million, or 21.8 per cent, higher. This increase represents an actual-over-budget increase in insurance that was partially offset by a decrease in liquor and gaming and utilities.

Utilities reported a combined net income of $388 million in 2017-18, a $53 million, or 15.7 per cent, increase over the previous year. This increase was primarily a result of: an increase in Saskatchewan natural gas and electricity revenue due to higher sales volumes and system-wide average rate increases; and an increase in electricity export sales. These improvements were partially offset by: an increase in the volume of natural gas purchases related to increased sales; a reduction in customer capital contributions with lower distribution and transmission customer connections year-over-year; an increase in capital related costs such as depreciation and finance charges; a loss recognized in the current year as a result of a decision to defer the development of the Tazi Twé Hydroelectric project; and a year-over-year decrease in telecommunication revenues resulting from the economic environment, changing consumer behavior and increasing competition.

When compared to budget, the results were $4 million, or 1.2 per cent, lower than planned. The decision made during the year to defer the development of the Tazi Twé Hydroelectric project resulted in an unbudgeted loss that was offset by extra income from natural gas where higher-than-budgeted gas sales resulted from colder-than-expected weather and distribution system growth.

Insurance reported $380 million in net income for the year, a $372 million increase over the previous year mainly due to a $282 million workers' compensation surplus distribution made in the previous year. When compared to the prior year results before the surplus distribution, this sector reported a $90 million, or 31.1 per cent year-over-year improvement. There was an overall increase in investment income and premium revenue with investment income driven by strong equity returns and positive fixed income results. The increase in premium revenue was due to: growth in the number of policies written especially outside of Saskatchewan; higher premium assets being insured; and the offering of new insurance products during the year. The rise in premium revenue was partially offset by moderate increases in related expenses including higher commissions and taxes for premium growth and an increase in claims cost. The increase in claims cost was mainly attributable to catastrophic storm losses however, these losses were mostly offset by lower auto injury claims and a decrease in workers' compensation claim costs stemming from a lower average payout duration.

Compared to budget, net income was $265 million, or 231.6 per cent, higher. The main contributing factor to better-than-anticipated results was higher-than-expected returns on investment portfolios, particularly in foreign equities and real estate. With the exception of unfavorable out-of-province claims, lower-than-expected insurance claims also added to the better-than-expected results.

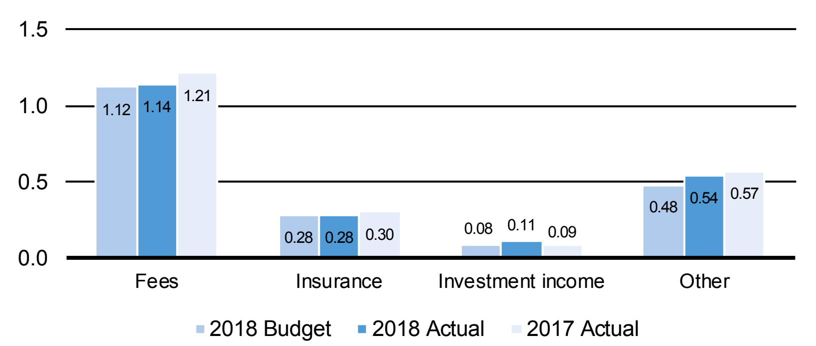
Liquor and gaming contributed $516 million towards the Government's bottom line, representing a $14 million, or 2.7 per cent, increase over 2016-17 and a $31 million, or 5.6 per cent, shortfall from budget. The year-over-year increase was mainly achieved through operational savings, somewhat offset by a decline in gross profits from liquor and VLT sales. When compared to budget, the operational savings was more than offset by liquor, VLT and slot sales not meeting targets.

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 2017-18. A year-over-year decrease of $98 million, or 4.5 per cent, was mainly due to the impact of reduced fees, insurance and other own-source revenues.

When compared to budget, revenue increased by $111 million, or 5.7 per cent, representing higher-than-expected, investment income, fees and other own-source revenues.

Other own-source revenue at $2.08 billion was $98 million, or 4.5 per cent, lower than reported in 2016-17 and $111 million, or 5.7 per cent, higher than the budget.

The year-over-year decrease in other own-source revenue is mainly due to a reduction in revenue from agricultural land sales and a prior year workers' compensation surplus distribution to government organizations. Offsetting increases that were notable include a rise in investment income as a result of realized gains on merging the Province's U.S. dollar sinking funds into Canadian dollar sinking funds and higher forestry revenue related to higher lumber prices and demand.

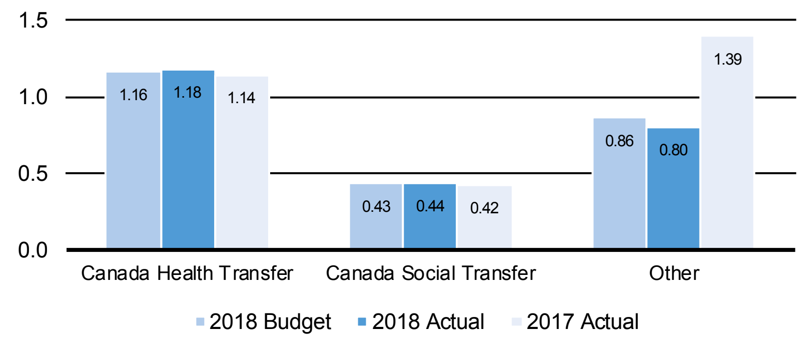
The higher-than-budgeted own-source revenue primarily resulted from: higher-than-expected investment income for realized gains on merging the Province's U.S. dollar sinking funds into Canadian dollar sinking funds; higher-than-budgeted forestry revenue related to higher-than-expected lumber prices and demand; and unbudgeted prior-year expense refunds and changes in prior-year estimates.

Details

Revenue *(continued)*

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

(billions of dollars)



Federal transfers were $2.42 billion in 2017-18, a decrease of $535 million, or 18.1 per cent, from 2016-17 and $33 million, or 1.4 per cent, compared to budget. The year-over-year decrease in other federal transfers was largely due to the one-time transfer of federal dams to the Province in 2016-17. When compared to budget, the $33 million decrease resulted from lower-than-expected spending on various federal cost-shared programs.

Canada Health Transfer was $1.18 billion in 2017-18, an increase of $37 million, or 3.3 per cent, over the previous year and $14 million, or 1.3 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. The increase over budget resulted from revised population data in which Saskatchewan's share of the national population for 2017 was higher-than-budgeted.

Canada Social Transfer was $435 million in 2017-18, an increase of $13 million, or 3.0 per cent, over the previous year and $5 million, or 1.3 per cent, over budget. The year-over-year increase was primarily due to a legislated 3 per cent annual increase in the national allocation. The increase over budget resulted from revised population data in which Saskatchewan's share of the national population for 2017 was higher-than-budgeted.

Other transfers from the federal government were $809 million in 2017-18, a decrease of $584 million, or 41.9 per cent, from the previous year and $54 million, or 6.2 per cent, from budget. The year-over-year decrease was primarily due to: one-time funding in 2016-17 for federal dams transferred to the Province; lower crop insurance and AgriStability funding reflecting a better crop year; reduced federal disaster assistance funding after receiving assistance in 2016-17 for 2015 wildfires; and reduced social housing funding under the Social Infrastructure Fund Agreement. In addition, there was a net reduction in infrastructure funding primarily related to prior year one-time funding for the Post-Secondary Institutions Strategic Investment Fund and reduced P3 funding for the Regina Bypass project with an end to eligible funding, partially offset by new funding for the Clean Water and Wastewater Fund and the Public Transit Infrastructure Fund. These year-over-year decreases were partially offset by funding for the new Early Years Learning and Child Care program. The decrease of $54 million from budget was primarily due to: lower-than-budgeted AgriStability claims; earlier-than-anticipated recognition of federal housing contributions; and lower-than-expected funding for the new, but delayed, Clean Water and Wastewater Fund program. Partially offsetting increases include: higher-than-anticipated crop insurance premium funding for higher-than-budgeted insured acres and a different crop mix than anticipated; higher-than-budgeted new program funding for Early Years Learning and Child Care; and higher-than-expected prior year claims for disaster assistance funding.

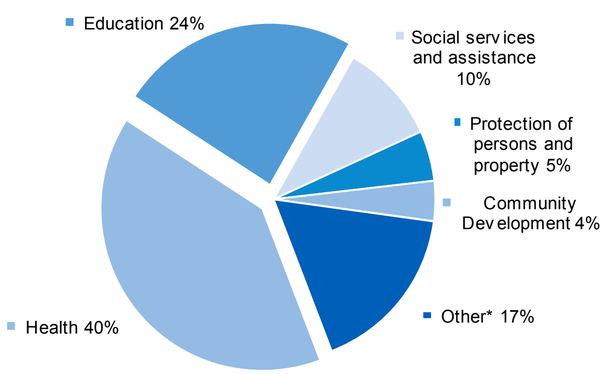
Details

Expense

Total expense was $14.32 billion in 2017-18, 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 – 2017-18 ($14.32 billion)

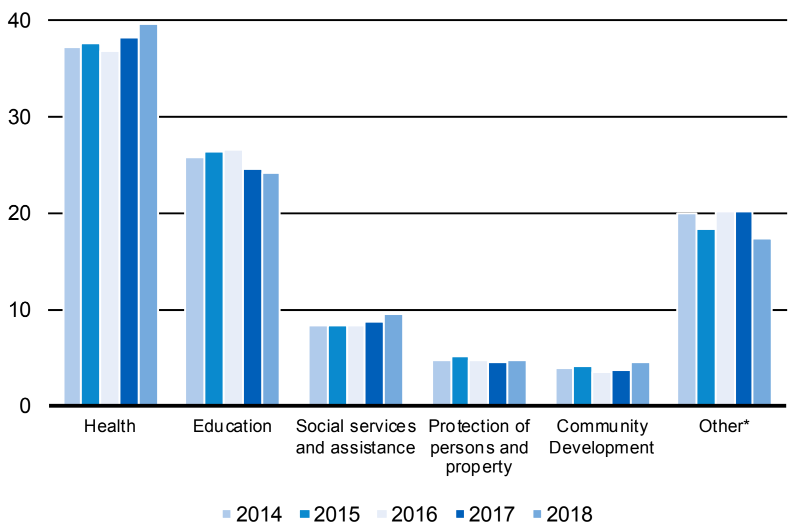
(per cent)



* Key components of "other" include debt charges (4%), transportation (4%), agriculture (3%), environment and natural resources (2%) and economic development (2%).

Expense by Theme – Percentage of Total Expense

(per cent)



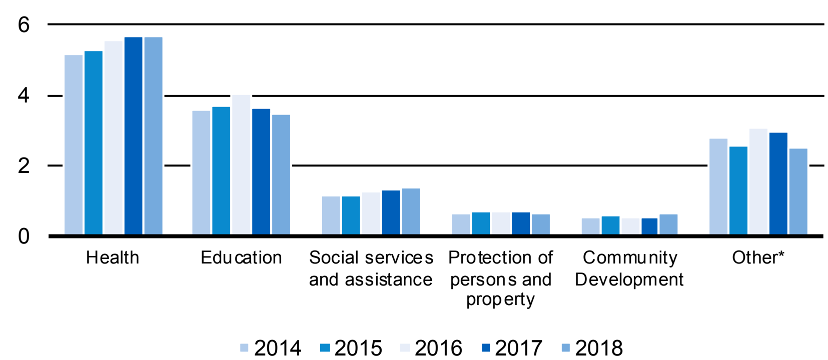
* In 2017-18, key components of "other" include debt charges (4%), transportation (4%), agriculture (3%), environment and natural resources (2%) and economic development (2%).

Details

Expense (*continued*)

Expense by Theme

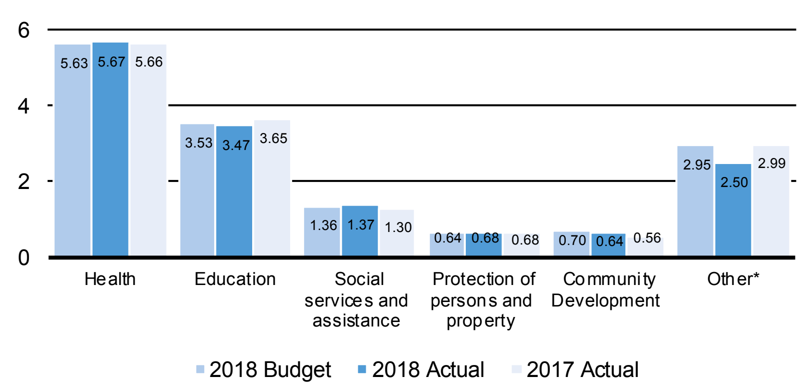
(billions of dollars)



* In 2017-18, key components of "other" include debt charges ($560 million), transportation ($532 million), agriculture ($485 million), environment and natural resources ($257 million) and economic development ($236 million).

Expense by Theme – Comparison to Budget and Prior Year

(billions of dollars)



* In 2017-18, key components of "other" reported in the Summary Statement of Operations include debt charges ($560 million), transportation ($532 million), agriculture ($485 million), environment and natural resources ($257 million) and economic development ($236 million).

Total expense was $14.32 billion in 2017-18. This represents a decrease of $522 million, or 3.5 per cent, from the prior year. This decrease is primarily in other where there was a significant year-over-year decline in expenses for agricultural insurance claims.

The total expense reported in 2017-18 was $489 million, or 3.3 per cent, lower than the budget. Spending was lower-than-anticipated in education, community development and other, but higher-than-budgeted in health, social services and assistance and protection of persons and property. Similar to the year-over-year change, the largest contributor to the overall reduction from budget was lower-than-anticipated expenses for agricultural insurance claims resulting from a better-than-expected crop year.

Health expense was $5.67 billion in 2017-18, an increase of $5 million, or 0.1 per cent, over 2016-17 and $40 million, or 0.7 per cent, over the budget. These increases were primarily due to volume based pressures in the Saskatchewan Health Authority together with utilization pressures in physician and out-of-province services. In comparison to the prior year, there was also increased spending in the Saskatchewan Prescription Drug Plan and the Saskatchewan Cancer Agency for utilization pressures and a rise in drug costs. When compared to the budget, savings achieved in eHealth for projects budgeted, but not yet approved, were partially offset by higher-than-anticipated utilization and exchange rate pressures experienced for blood products.

Details

Expense (*continued*)

Education expense was $3.47 billion in the current year, representing a $183 million, or 5.0 per cent, decrease from the prior year and a $60 million, or 1.7 per cent, decrease when compared to the budget. The decrease from prior year was primarily due to a reduction in pension costs for the Teachers' Superannuation Plan largely stemming from interest rate fluctuations and changes to mortality rates. Also contributing to the year-over-year decrease was a reduction in capital funding to universities as a result of one-time federal funding in 2016-17 for the Post-Secondary Institutions Strategic Investment Fund agreement and a decrease in labour market development program spending. These savings were partially offset by an increase in child care funding resulting from a new Canada-Saskatchewan Early Learning and Child Care agreement signed in 2017-18. Spending in school divisions remained relatively constant year-over-year with an increase in instructional costs associated with enrollment pressures that were almost entirely offset by operational savings in the divisions. The decrease from the budget was mainly attributed to savings in the cost of teachers' pensions and lower-than-expected spending in regional colleges and labour market development programs. This was partially offset by higher-than-budgeted funding to the College of Medicine to support operating, medical training seats and accreditation efforts.

Social services and assistance expense, at $1.37 billion, saw an increase of $70 million, or 5.4 per cent, over the prior year and $14 million, or 1.0 per cent, over budget. An increase was experienced, in both year-over-year and budget-to-actual, for child and family services primarily due to higher caseloads, cost pressures in emergency receiving spaces and elevated spending for group home contracts to accommodate more children coming into care. There was also increased spending over the prior year and budget for emergency social services costs associated with northern Saskatchewan wildfires in 2017. When compared to the prior year, the cost of social housing rose primarily due to increased spending on maintenance and rejuvenation of housing units. Higher caseloads and cost-per-case resulted in a year-over-year increase in income assistance and disability services, particularly in funding for disability services provided by community-based organizations, the Saskatchewan Assistance Program and Transitional Employment Allowance (TEA). When compared to budget, spending for income assistance and disability services was down largely due to lower-than-expected caseload and cost-per-case for Saskatchewan Assured Income for Disability, TEA and Saskatchewan Employment Supplement programs.

Protection of persons and property expense, at $675 million, was $6 million, or 0.8 per cent, less than the prior year but $32 million, or 4.9 per cent, higher than the budget. While there was a year-over-year decline in Provincial Disaster Assistance Program (PDAP) claims, PDAP spending was higher-than-budgeted for outstanding prior year claims. There were year-over-year and budget-to-actual increases for custody services tied primarily to continued pressures on custody counts as well as higher-than-budgeted activity in the court system. In addition, the costs associated with legal proceedings with the Office of the Chief Coroner resulted in an increase in expense over the previous year and budget.

Community development expense, at $640 million, was $79 million, or 14.2 per cent, greater than the prior year but $61 million, or 8.7 per cent, lower than the budget. While there was increased spending over the prior year related to municipal infrastructure funding under several federal-provincial agreements including the new Clean Water and Wastewater Fund and the ongoing New Building Canada Fund, slower-than-expected progress on these projects resulted in savings when compared to budget. Funding for the Saskatoon North Commuter Parkway Bridge resulted in increased spending over the prior year and budget. When compared to 2016-17, there were additional expenses for the newly established Provincial Capital Commission that were more than offset by spending reductions linked to the completion of the Regina Stadium project as well as urban revenue sharing.

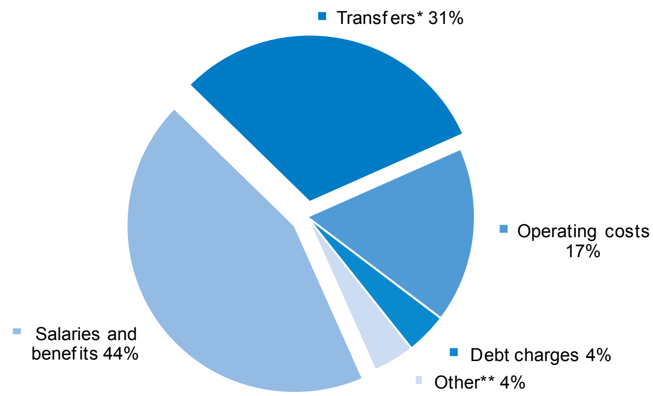
Other (*including debt charges, transportation, agriculture, environment and natural resources, economic development and other miscellaneous*) expense was $2.50 billion in 2017-18. This represents a $489 million, or 16.4 per cent, decrease from the prior year and $454 million, or 15.4 per cent, decrease from budget. The year-over-year decrease resulted from a number of factors including: a reduction in crop insurance claims as the 2017 crop year experienced better weather and a timely harvest when compared to 2016; lower AgriStability payments reflecting favourable crop yields and stable market conditions; savings realized for the wind-up of the Saskatchewan Transportation Company; reductions in road preservation, paving and maintenance programs; and the wind-down of the Crown Land Sale Incentive program. These reductions over the prior year were partially offset by increases in: pension costs for the Public Service Superannuation Plan (PSSP) as a gain related to fluctuating interest rates and inflation adjustments was fully realized in the prior year; debt charges corresponding to an increase in borrowing; funding for the federal-provincial Public Transit Infrastructure Fund introduced in 2017-18; and the cost of fighting wildfires. The decrease from budget is primarily attributable to: better-than-anticipated crop yields that led to lower-than-budgeted crop insurance claims and decreased AgriStability payments; and lower-than-expected PSSP pension costs as actual experience differed from actuarial estimates. Higher-than-budgeted spending for 2017 wildfire costs and winter road maintenance partially offset the savings from budget.

Details

Expense (*continued*)

Expense by Object – 2017-18 ($14.32 billion)

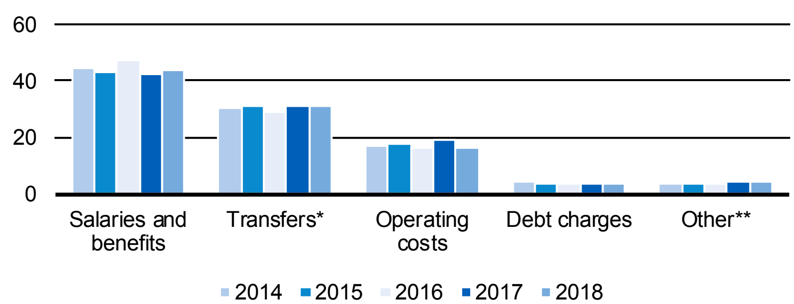
(per cent)



* 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
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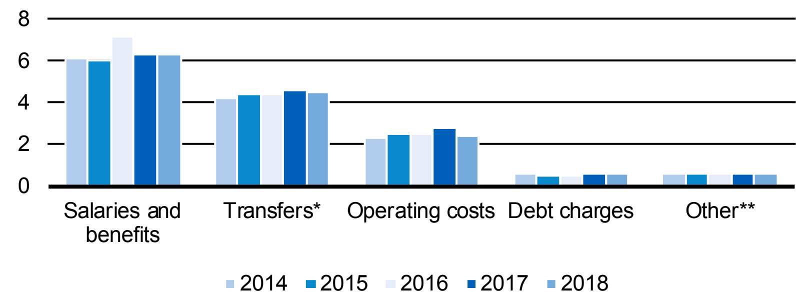
Details

Expense (*continued*)

Expense by Object

(billions of dollars)

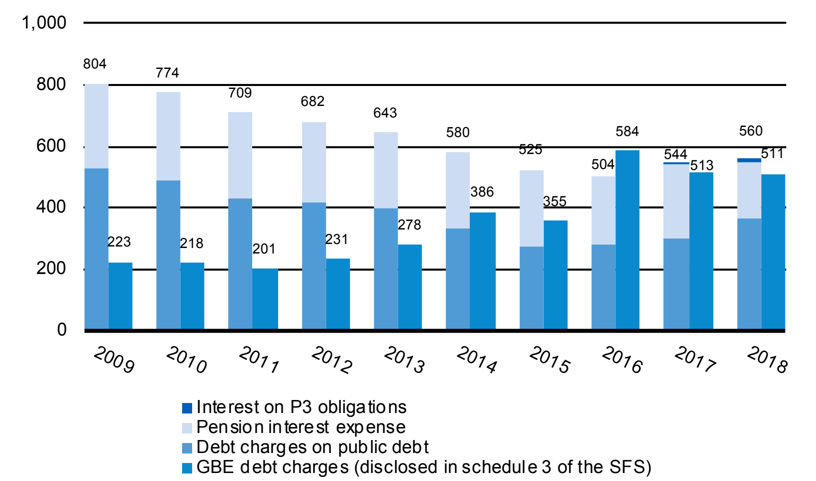


* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Most expense types showed little change over the prior year. The most significant change was a $429 million decrease in operating costs which was primarily due to a year-over-year reduction in crop insurance indemnities resulting from better weather conditions and a timely harvest for the 2017 crop year.

Debt 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 debt charges.

The Summary Statement of Operations reports debt charges that the Government incurs related to its general debt, unfunded pension liability and long-term financing obligations (P3 obligations) and does not include government business enterprise (GBE) debt charges. GBE debt charges are included in the net income from GBEs reported on the Summary Statement of Operations and disclosed in schedule 3 of the SFS. For public debt, debt 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 2017-18 was 3.9 per cent (2016-17 - 4.0 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 2017-18 was 2.4 per cent (2016-17 – 3.0 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.

Debt charges reported in the SFS have declined from $804 million in 2008-09 to $560 million in 2017-18, due primarily to a significant reduction in interest rates during this period. Debt charges relate almost entirely to public debt and the pension liability, however $11 million was incurred in 2017-18 for P3 financing.

GBE debt 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.

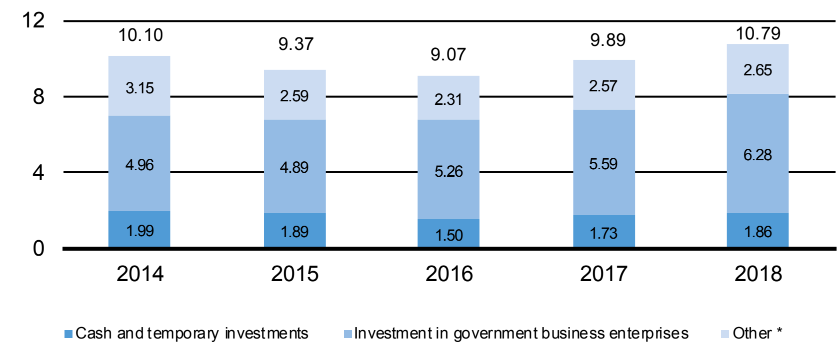
Details

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)



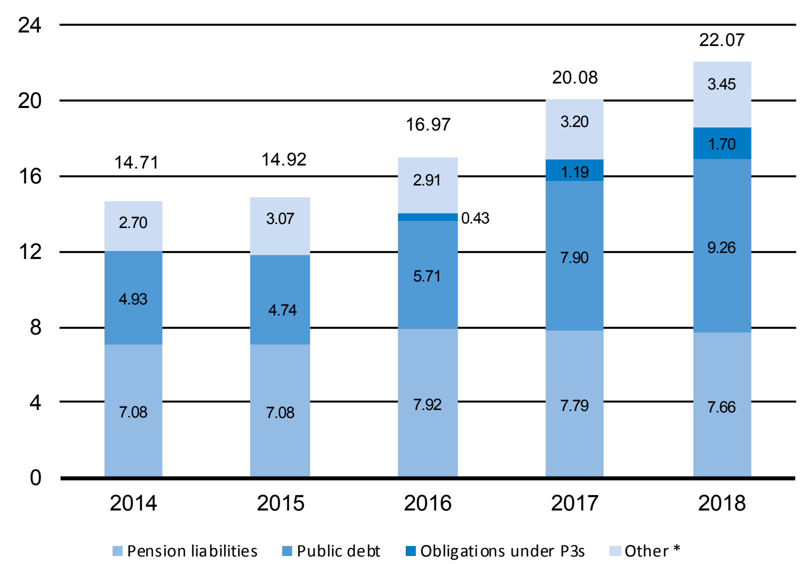
* In 2017-18, primarily accounts receivable ($1.82 billion), loans receivable ($428 million) and other investments ($412 million).

Liabilities

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

Liabilities

(billions of dollars)



* In 2017-18, primarily accounts payable and accrued liabilities ($2.73 billion) and unearned revenue ($158 million).

From 2013-14 to 2017-18, liabilities increased by $7.36 billion. This was primarily a result of a $4.33 billion increase in public debt and a $574 million increase in pension liabilities. In addition, at March 31, 2018, the Government has a liability of $1.70 billion relating to its assets acquired using P3s.

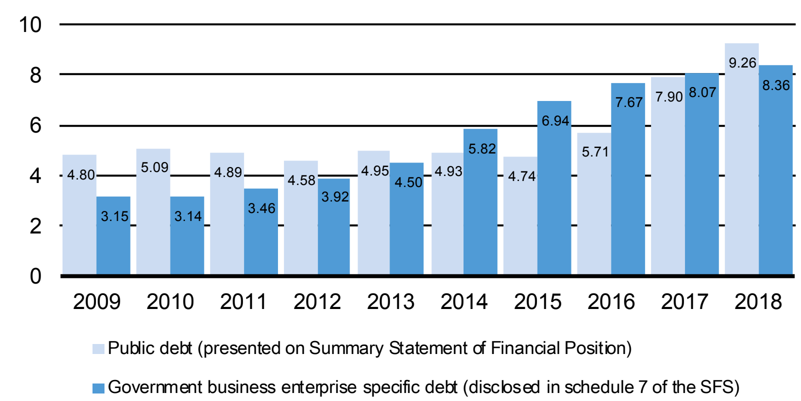
More detailed information on the significant liabilities can be found in the following pages.

Details

Liabilities (*continued*)

Public Debt

(billions of dollars)



At March 31, 2018, the SFS report public debt (or general debt) of $9.26 billion as well as GBE specific debt of $8.36 billion. GBE specific debt has steadily increased over the past ten years while general debt, after several years at a constant level, has increased over the past three 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.

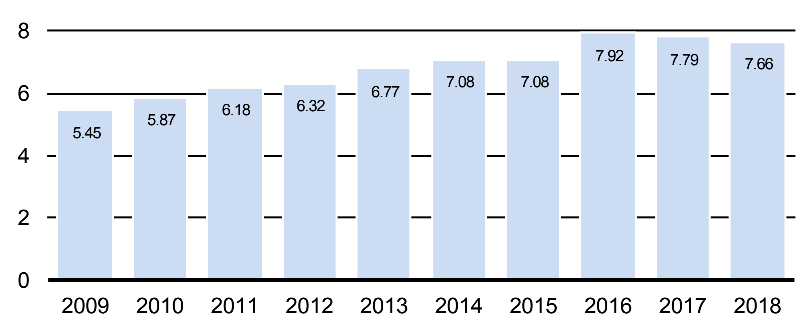
Public debt consists of gross debt net of sinking funds and includes:

- 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.

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

Pension Liabilities

(billions of dollars)



At March 31, 2018, the SFS report pension liabilities of $7.66 billion, an increase of $2.21 billion since 2008-09. 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.

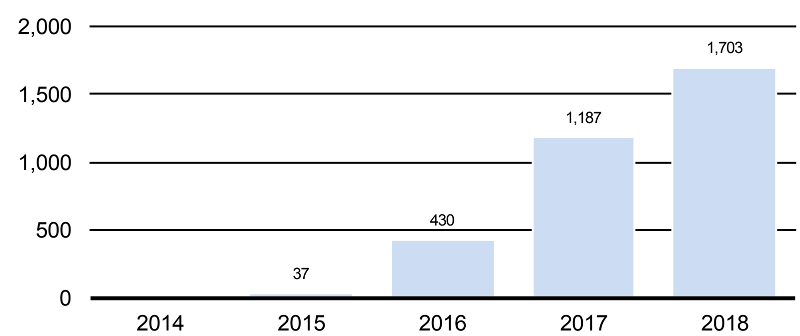
Pension liabilities represent the future obligations for the Government's defined benefit pension plans. The pension liability fluctuates with changes in actuarial assumptions such as interest rates and life expectancy. The Government limited its pension exposure over 30 years ago when it closed the 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.

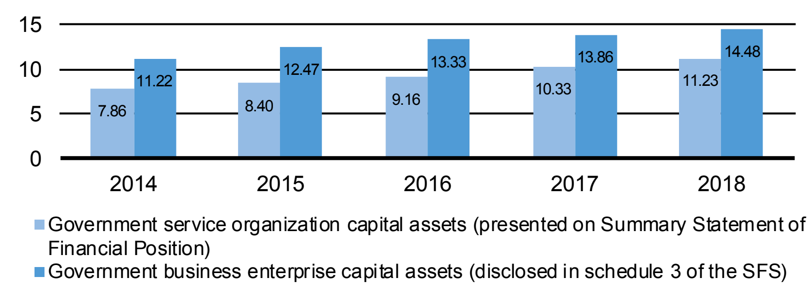
Since 2014-15, the Government has entered into four P3 arrangements (as disclosed in schedule 9 of the SFS). At March 31, 2018, two of the P3 projects are complete and operational with construction on the remaining two in progress.

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 Summary Statement of Financial Position reports a net book value of capital assets recognized by government service organizations (GSOs) of $11.23 billion and does not include the capital assets recognized by government business enterprises (GBEs). Capital assets recognized by GBEs total $14.48 billion at March 31, 2018 and are included in the investment in GBEs reported on the Summary 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 2017-18 was $2.95 billion, $1.48 billion acquired by GBEs and $1.47 billion by GSOs. The investment in capital assets made by GSOs was primarily in the transportation, education and health sectors mainly for infrastructure ($900 million) and land, buildings and improvements ($405 million) and included $700 million in assets acquired using public private partnerships. The GBEs continued to invest in aging infrastructure and capital projects to meet the demand for growth.

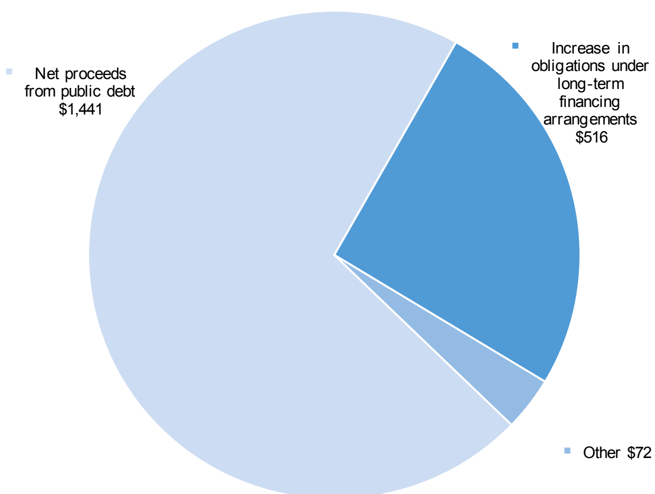
Details

Cash Flow

The Summary 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 $130 million, from $1.73 billion in 2016-17 to $1.86 billion in 2017-18.

Sources of Cash

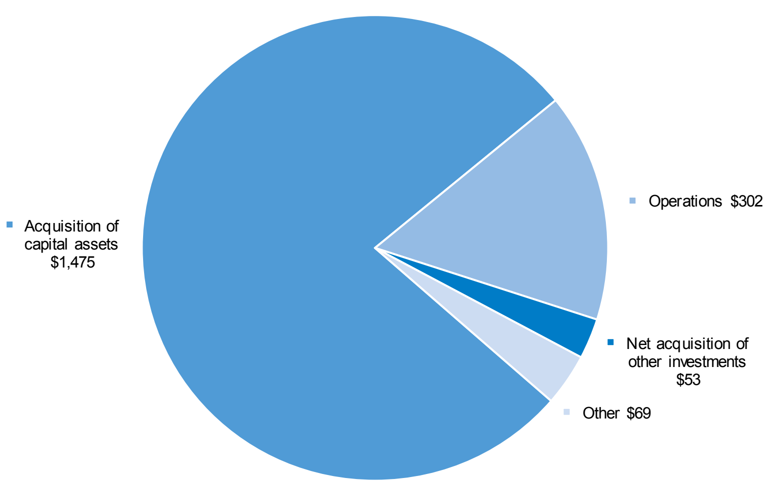
(millions of dollars)



The primary source of cash was net proceeds from public debt generating $1.44 billion. Another significant source of cash was the $516 million increase in obligations under long-term financing arrangements.

Uses of Cash

(millions of dollars)



Cash was mainly used for the acquisition of capital assets, using $1.48 billion. This represents the Government's continued commitment to invest in the Province's infrastructure as well as in education and health care facilities. In addition, cash in the amount of $302 million was used for operations.

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, 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 public debt is discussed in note 4 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
Minister of Finance

RUPEN PAYDYA
Deputy Minister of Finance

TERRY PATON
Provincial Comptroller

Regina, Saskatchewan
July 2018

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Government of Saskatchewan, which comprise the Summary Statement of Financial Position as at March 31, 2018 and the Summary Statements of Operations, Accumulated Surplus, Change in Net Debt, and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 2018, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

JUDY FERGUSON, FCPA, FCA
Provincial Auditor

Regina, Saskatchewan
June 29, 2018

Summary Statement of Financial Position

As at March 31, 2018

(thousands of dollars)

	2018	2017
Financial Assets		
Cash and temporary investments (*note 3*)	1,858,882	1,728,675
Accounts receivable (*schedule 1*)	1,818,188	1,723,782
Loans receivable (*schedule 2*)	427,783	432,110
Investment in government business enterprises (*schedule 3*)	6,277,780	5,588,176
Other investments (*schedule 4*)	412,034	350,031
Deferred charges	(16,413)	35,309
Other financial assets	7,317	30,659
Total Financial Assets	10,785,571	9,888,742
Liabilities		
Accounts payable and accrued liabilities (*schedule 5*)	2,730,619	2,397,397
Unearned revenue (*schedule 6*)	158,213	191,306
Public debt (*note 4*)(*schedule 7*)	9,255,590	7,904,984
Unamortized foreign exchange (loss) gain	(10,703)	5,232
Obligations under long-term financing arrangements (*schedule 9*)	1,703,353	1,186,868
Pension liabilities (*note 5*)(*schedule 10*)	7,658,902	7,786,130
Other liabilities (*schedule 11*)	577,969	608,766
Total Liabilities	22,073,943	20,080,683
Net Debt	(11,288,372)	(10,191,941)
Non-Financial Assets		
Prepaid expenses	51,547	52,472
Inventories held for consumption	182,325	180,136
Tangible capital assets (*schedule 12*)	11,230,073	10,331,245
Total Non-Financial Assets	11,463,945	10,563,853
Accumulated Surplus	175,573	371,912

Contractual obligations (*note 7*)
Contractual rights (*note 8*)
Contingencies (*note 9*)

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

Summary Statement of Operations

For the Year Ended March 31, 2018

(thousands of dollars)

	2018 Adjusted Budget[1 2]	2018 Actual	2017 Actual
Revenue			
Taxation	7,286,600	6,781,834	6,351,253
Non-renewable resources	1,406,400	1,457,694	1,299,979
Net income from government business enterprises (*schedule 3*)	1,053,700	1,283,497	845,899
Other own-source revenue	1,964,900	2,075,989	2,174,184
Transfers from the federal government[3]	2,453,500	2,420,254	2,954,834
Total Revenue (*schedule 13*)	14,165,100	14,019,268	13,626,149
Expense			
Health	5,627,400	5,667,896	5,663,095
Education[1]	3,531,000	3,471,002	3,653,851
Social services and assistance	1,356,700	1,370,600	1,300,310
Protection of persons and property	643,700	675,386	680,968
Community development	700,600	639,585	560,208
Debt charges (*schedule 15*)[1]	605,700	560,344	543,581
Transportation	567,400	532,295	576,938
Agriculture	800,500	485,078	1,100,624
Environment and natural resources	247,900	257,204	240,531
Economic development	246,000	236,344	251,419
Other[1]	484,200	426,069	272,747
Total Expense (*schedule 14*)	14,811,100	14,321,803	14,844,272
Adjustments			
Human resources compensation measures[2]	250,000	-	-
Contingency[2]	(300,000)	-	-
Deficit	(696,000)	(302,535)	(1,218,123)

[1] Budget figures, as presented in the 2017-18 Saskatchewan Provincial Budget, have been adjusted to the same basis as the 2018 actual results to include an $11.3 million increase in the budgeted deficit to account for pension costs on the accrual basis (*note 10*).

[2] Budget figures, as presented in the 2017-18 Saskatchewan Provincial Budget, include adjustments for human resources compensation measures and contingency. Actual results are presented within the revenue sources and expense themes listed above.

[3] 2017 actual includes $378.7 million received in a restructuring transaction (*note 11*).

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

Summary Statement of Accumulated Surplus

For the Year Ended March 31, 2018
(thousands of dollars)

		2018	2017
	Adjusted Budget[1]	Actual	Actual
Accumulated surplus, beginning of year	371,912	371,912	1,494,670
Deficit	(696,000)	(302,535)	(1,218,123)
Other comprehensive income (*schedule 3*)	-	106,196	95,365
Accumulated Surplus (Deficit), End of Year	(324,088)	175,573	371,912

[1] Budget figures have been adjusted to the same basis as the 2018 actual results (*note 10*).

Summary Statement of Change in Net Debt

For the Year Ended March 31, 2018
(thousands of dollars)

		2018	2017
	Adjusted Budget[1]	Actual	Actual
Deficit	(696,000)	(302,535)	(1,218,123)
Tangible Capital Assets			
Acquisitions (*schedule 12*)	(1,487,500)	(1,474,827)	(1,761,743)
Amortization (*schedule 12*)	582,900	547,926	543,576
Proceeds on disposal	-	53,284	115,514
Write-downs (*schedule 12*)	-	8,835	15,171
Adjustment *(schedule 12)*	-	(889)	(5,336)
Net gain on disposal	-	(33,157)	(81,934)
Net Acquisition of Tangible Capital Assets	(904,600)	(898,828)	(1,174,752)
Other Non-Financial Assets			
Net use (acquisition) of prepaid expenses	-	925	(768)
Net (acquisition) use of inventories held for consumption	-	(2,189)	5,656
Net (Acquisition) Use of Other Non-Financial Assets	-	(1,264)	4,888
Change in net debt from operations	(1,600,600)	(1,202,627)	(2,387,987)
Other comprehensive income (*schedule 3*)	-	106,196	95,365
Increase in net debt	(1,600,600)	(1,096,431)	(2,292,622)
Net debt, beginning of year	(10,191,941)	(10,191,941)	(7,899,319)
Net Debt, End of Year	(11,792,541)	(11,288,372)	(10,191,941)

[1] Budget figures have been adjusted to the same basis as the 2018 actual results (*note 10*).

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

Summary Statement of Cash Flow

For the Year Ended March 31, 2018

(thousands of dollars)

	2018	2017
Operating Activities		
Deficit	(302,535)	(1,218,123)
Non-cash items included in the deficit		
Net income from government business enterprises (*schedule 3*)	(1,283,497)	(845,899)
Other non-cash items included in the deficit (*schedule 17*)	456,607	414,601
Net change in non-cash operating activities (*schedule 17*)	127,509	(215,659)
Dividends received from government business enterprises (*schedule 3*)	700,082	611,153
Cash Used for Operating Activities	(301,834)	(1,253,927)
Capital Activities		
Acquisition of tangible capital assets (*schedule 12*)	(1,474,827)	(1,761,743)
Proceeds on disposal of tangible capital assets	53,284	115,514
Cash Used for Capital Activities	(1,421,543)	(1,646,229)
Investing Activities		
Net decrease in loans receivable	18,903	60,317
Acquisition of other investments	(106,552)	(47,240)
Disposition of other investments	53,319	119,361
Sinking fund contributions for general debt (*schedule 8*)	(82,979)	(55,679)
Sinking fund redemptions for general debt (*schedule 8*)	19,425	42,553
Cash (Used) Provided by Investing Activities	(97,884)	119,312
Financing Activities		
Proceeds from public debt	1,679,825	2,637,827
Repayment of public debt	(238,831)	(408,156)
Increase in obligations under long-term financing arrangements *(schedule 9)*	516,485	757,043
(Decrease) increase in other liabilities[1]	(6,011)	21,057
Cash Provided by Financing Activities	1,951,468	3,007,771
Increase in cash and temporary investments	130,207	226,927
Cash and temporary investments, beginning of year	1,728,675	1,501,748
Cash and Temporary Investments, End of Year	1,858,882	1,728,675

[1] Excludes the change in contaminated sites liabilities which is classified as an operating activity.

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

Notes to the Summary Financial Statements

As at March 31, 2018

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. Significant 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 conform with the accounting policies described in this note. With the exception of dividends declared by March 31 and significant unrealized inter-organizational gains and losses, inter-organizational balances and transactions are not eliminated.

Government partnerships are proportionately consolidated (ownership share disclosed in schedule 18) after adjustment to a basis consistent with the accounting policies described in this note. Significant 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 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. Interest is recognized on the accrual basis; when collection is uncertain, it is recorded on the cash basis.

Notes to the Summary 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.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of debt and related derivative instruments, which are recorded at cost and amortized on a straight-line basis over the remaining life of the debt issue.

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.

Public debt is recorded at par, and is comprised of:

- *general debt*, which is presented on the Statement of Financial Position, is debt issued by government service organizations and includes issued amounts subsequently transferred to government business enterprises; and
- *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.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Premiums, discounts and issue costs are recorded as deferred charges.

Unamortized foreign exchange (loss) gain represents the unrealized gains and losses resulting from the conversion of general debt due, and at March 31, 2017 sinking funds held, in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. These unrealized gains and losses are amortized on a straight-line basis over the remaining life of the debt issue. Realized foreign exchange gains and losses are included in the surplus or deficit.

Obligations under long-term financing arrangements represent the Government's liability for public private partnerships (P3s). These liabilities 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 fund assets are valued at market-related values. Changes in the pension liabilities that result 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 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. The contaminated sites liability represents the cost of activities to bring the site to the current minimum environmental standard based on the nature of its use prior to contamination. These liabilities are reported net of any expected recoveries.

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.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

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 long-term debt at the time the agreement is signed.

Revenue

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 of the non-renewable resource; and potash revenue is based primarily on potash profits generated.

Transfers from the federal government are recognized as revenue in the period during which 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

In effect

On April 1, 2017, the Government adopted the following new Canadian public sector accounting standards on a prospective basis. Unless otherwise noted, the adoption of the new standard has not had a material impact on these financial statements.

PS 2200 Related Party Disclosures, a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.

PS 3210 Assets, a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.

PS 3320 Contingent Assets, a new standard defining and establishing guidance on disclosure requirements for contingent assets.

PS 3380 Contractual Rights, a new standard defining and establishing guidance on disclosure requirements for contractual rights (*see note 8*).

Not yet in effect

A number of new standards and amendments to standards have not been applied in preparing these financial statements. The following standards will become effective 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.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

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.

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.

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 obligations of $7,861.7 million (2017 - $8,121.4 million), insurance claim obligations of $3,535.4 million (2017 - $3,566.8 million), environmental obligations including the remediation of contaminated sites of $625.3 million (2017 - $634.4 million) and agricultural income stability program obligations of $121.7 million (2017 - $157.0 million) because actual experience may differ significantly from actuarial or historical estimations and assumptions;
- in individual and corporation income taxation revenue of $2,847.8 million (2017 - $3,327.2 million) because final tax assessments may differ from initial estimates;
- in oil and natural gas non-renewable resources revenue of $656.5 million (2017 - $571.4 million - restated) because of price and production sensitivities in the royalty revenue structures;
- in potash non-renewable resources revenue of $308.7 million (2017 - $241.0 million) because actual operating profits may differ from initial estimates;
- in resource surcharge non-renewable resources revenue of $317.0 million (2017 - $303.5 million) because the final valuation of resource sales may differ from initial estimates;
- in the Canada Health Transfer and Canada Social Transfer revenue of $1,611.4 million (2017 - $1,561.5 million) because of changes in economic and demographic conditions in the Province and the country;
- in certain investments of $872.3 million (2017 - $773.4 million) because these investments have no active market;
- in the Provincial Disaster Assistance Program receivable of $198.3 million (2017 - $238.8 million) because actual settlement payments may differ from initial estimates; and
- in unbilled utility revenue receivable of $107.1 million (2017 - $93.9 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.

3. Cash and Temporary Investments

Temporary investments are $810.4 million (2017 - $748.6 million) and mature in less than one year. Due to the short-term nature of these investments, market value approximates cost. Cash and temporary investments includes $79.2 million (2017 - $92.6 million) restricted as a result of agreements with external parties.

Notes to the Summary Financial Statements

4. Risk Management of Public Debt

The Government borrows funds in both domestic and foreign capital markets by issuing Government of Saskatchewan securities. As a result, the Government is exposed to four types of risk: interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, the Government maintains 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 the risk that the Government's debt charges will increase due to changes in interest rates. This 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 $85.0 million (2017 - $88.5 million). At March 31, 2018, 83.2 per cent (2017 - 84.7 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 $3,288.9 million (2017 - $2,731.8 million). A one percentage point increase in interest rates would have increased the deficit by $32.9 million.

Interest rate risk is also managed through use of bond forward contracts. The Government held no bond forward contracts at March 31, 2018. At March 31, 2017, there were obligations to sell $72.0 million of 3.5 per cent December 1, 2045 Government of Canada debentures for $99.7 million by September 18, 2017.

Foreign exchange rate risk is the risk that the Government's debt charges will increase due to a decline in the value of the Canadian dollar relative to other currencies. This 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, 2018, 100.0 per cent (2017 - 98.4 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 (2017 - 575.0 million) fully hedged to $1,017.8 million Canadian (2017 - $725.3 million); and
- interest payments on debentures of 225.0 million U.S. dollars (2017 - 225.0 million) hedged to Canadian dollars at an exchange rate of 1.2172 (2017 - 1.2172).

In total, the Government has cross-currency swaps on a notional value of debt of $1,291.7 million (2017 - $999.2 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 is the risk that a loss may occur from the failure of another party to meet its obligations. For derivative financial instrument contracts this risk 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, 2018, 95.2 per cent (2017 - 94.0 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 the risk that the Government will not be able to meet its financial commitments over the short term. This 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.

Notes to the Summary 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. Members 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 fund 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 a formal agreement between the joint sponsors (i.e., employer and plan members), which establishes that the joint sponsors have shared control over the plan. Funding contributions are shared mutually between the employer and plan members. The sponsors share, on an equitable basis, the significant risks of each plan. 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 agreement. 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 fund 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 fund 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 member current service contributions for all plans except the PSSP, Judges and PPNTE. Funding contributions are required for the PPNTE. Separate pension funds are maintained for all plans except the PSSP and the MLA, for which member 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. The Government contributes to the plan at the ratio of 1.12 to 1 of employee contributions. Any actuarially determined deficiency is the responsibility of participating employers and employees in the ratio of 1.12 to 1. The Government's participating employer contributions for the SHEPP represents approximately 90 per cent of the total employer contributions to the plan.

Notes to the Summary 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	2018 Total	2017 Total
Plan status	closed	closed	closed [1]	open	n/a	n/a
Member 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 members	214	57	1,010	37,008	38,289	38,230
Average age of active members *(years)*	61.6	62.6	48.0	44.2	44.5	44.6
Number of former members entitled to deferred pension benefits	5,130	3	175	1,974	7,282	7,536
Number of superannuates and surviving spouses	11,261	5,084	557	17,450	34,352	33,645
Actuarial valuation date	June 30/15	Dec. 31/17	Various	Dec. 31/15	n/a	n/a
Long-term assumptions used						
Rate of compensation increase *(percentage)*	3.00	3.25	3.25	3.00	n/a	n/a
Expected rate of return on plan assets *(percentage)*	3.65	n/a	5.00-6.15	6.20	n/a	n/a
Discount rate *(percentage)*	3.00	3.00	2.80-6.15	6.20	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)*	2.30	-	7.00-11.60	11.80	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]	2018 Total	2017 Total
Plan status	open	open	open	open	n/a	n/a
Member contribution rate *(percentage of salary)*	5.00-9.00 [4]	11.30-13.50	8.15	7.80-13.10	n/a	n/a
Government contribution rate *(percentage of salary)*	5.00-11.50 [4]	7.25-9.25	8.15	8.80-14.60	n/a	n/a
Government service organization participation						
Number of active members	16,565	15,640	9,402	2,107	43,714	44,440
Member contributions *(thousands of dollars)*	83,959	132,083	22,908	10,081	249,031	234,654
Government contributions *(thousands of dollars)*	90,377	85,985	22,908	11,228	210,498	211,263

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 employees and employers. At December 31, 2017, audited financial statements for the MEPP reported an accrued benefit obligation of $1,997.8 million (2016 - $1,932.1 million) and pension fund assets at market value of $2,452.0 million (2016 - $2,276.5 million).
3 Certain employees of the Saskatchewan Health Authority and a Board of Education participate in the RCESP, a multi-employer defined benefit plan. The RCESP was amended effective January 1, 2016. Under the amended provisions the deficiency determined by the actuarial valuation as at December 31, 2014 will be amortized over a period of no more than 20 years commencing January 1, 2016. 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, 2017, audited financial statements for the RCESP reported an accrued benefit obligation of $1,443.7 million (2016 - $1,420.7 million) and pension fund assets at market value of $1,487.4 million (2016 - $1,373.3 million).
4 Contribution rate varies based on employee group.

Notes to the Summary Financial Statements

5. Retirement Benefits *(continued)*

Pension expense

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

(thousands of dollars)	2018	2017
Defined benefit plans		
Current period benefit cost	19,422	21,326
Amortization of estimation adjustments	90,142	27,056
Employee contributions	(4,734)	(4,949)
Valuation allowance	1,025	-
Pension interest cost (*schedule 15*)	181,964	237,791
Pension expense, defined benefit plans	287,819	281,224
Other plans		
Pension expense, joint defined benefit plan	156,442	153,377
Pension expense, defined contribution plans	210,498	211,263
Total Pension Expense (*schedule 16*)	654,759	645,864

Government business enterprises

Defined benefit plans

There are additional employee pension plans of government business enterprises 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:

				2018	2017
	SaskPower	SaskTel	Others	Total	Total
Plan status	closed	closed	closed	n/a	n/a
Number of active members	30	29	3	62	79
Number of former members, superannuates and surviving spouses	1,717	1,932	363	4,012	4,092
Member contributions *(thousands of dollars)*	-	-	2	2	2
Government contributions *(thousands of dollars)*	-	-	3,788	3,788	3,712
Benefits paid *(thousands of dollars)*	62,088	66,898	9,024	138,010	139,455
Actuarial valuation date	Sept. 30/17	Mar. 31/17	Various	n/a	n/a
Long-term assumptions used					
Rate of compensation increase *(percentage)*	n/a	n/a	n/a	n/a	n/a
Discount rate *(percentage)*	3.40	3.40	3.34-3.40	n/a	n/a
Inflation rate *(percentage)*	2.00	2.25	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 Summary Financial Statements

5. Retirement Benefits *(continued)*

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

(thousands of dollars)				2018	2017
	SaskPower	SaskTel	Others	Total	Total
Accrued benefit obligation	901,814	1,038,737	122,948	2,063,499	2,199,526
Fair value of plan assets	739,999	1,045,782	81,916	1,867,697	1,864,235
Plan Deficit (Surplus)	161,815	(7,045)	41,032	195,802	335,291
Valuation allowance	-	7,045	-	7,045	-
Pension Liabilities	161,815	-	41,032	202,847	335,291

Defined contribution plan

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

	2018	2017
Plan status	open	open
Member 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 members	11,930	12,162
Government contributions *(thousands of dollars)*	65,688	65,649

[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)	2018	2017
Defined benefit plans	12,149	15,141
Defined contribution plan	65,688	65,649
Total Pension Expense	77,837	80,790
Net Pension Gain Included in Other Comprehensive Income	(140,803)	(89,117)

6. Trust Funds

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

(thousands of dollars)	2018	2017
Pension plans	15,113,827	14,530,294
Employee benefit plans	585,979	553,636
Public Guardian and Trustee of Saskatchewan	246,520	232,558
Pension annuity funds	224,820	229,995
Other	133,505	129,852
Total Trust Fund Assets[1]	16,304,651	15,676,335

[1] Amounts are based on the latest financial statements of the funds closest to March 31, 2018, where available.

Notes to the Summary Financial Statements

7. Contractual Obligations

The Government has the following contractual obligations:

(thousands of dollars)	2019	2020	2021	2022	2023	Thereafter	2018 Total	2017 Total (Restated)
Government Service Organizations								
Policing transfer agreement	196,786	201,424	195,491	199,802	204,797	2,089,619	3,087,919	3,095,609
Operation, maintenance and life cycle rehabilitation payments under P3s	11,935	16,931	24,910	29,634	23,710	1,083,943	1,191,063	1,187,450
Construction and acquisition of tangible capital assets[1]	668,083	50,257	4,893	4,666	-	-	727,899	1,577,816
Service agreements								
Computer	97,801	70,098	52,282	21,255	9,181	4,845	255,462	291,225
Transportation	26,792	25,742	24,899	21,203	19,176	2,843	120,655	153,819
Food	8,628	8,887	3,814	-	-	-	21,329	28,581
Operating leases	68,659	54,673	41,791	31,231	20,135	61,960	278,449	272,386
Research and development	32,048	29,323	20,983	9,052	1,851	-	93,257	47,514
Housing subsidies, transfers and loans	26,917	9,244	8,704	8,418	7,902	-	61,185	105,108
Beverage container collection and recycling programs	24,766	27,012	-	-	-	-	51,778	76,454
Economic growth projects	6,163	6,163	4,210	1,515	1,515	11,060	30,626	36,789
Reinsurance contracts	27,500	-	-	-	-	-	27,500	50,000
Other transfers								
Operating	439,647	269,995	165,548	62,668	62,191	2,841	1,002,890	691,737
Capital	136,869	10,970	-	-	-	-	147,839	142,777
Other	16,592	6,723	2,600	1,488	1,507	17,133	46,043	37,609
	1,789,186	787,442	550,125	390,932	351,965	3,274,244	7,143,894	7,794,874
Government Business Enterprises								
Forward purchase contracts								
Power	212,041	207,926	276,222	304,086	311,277	4,223,741	5,535,293	6,195,543
Coal	151,918	210,524	218,772	222,750	225,853	626,409	1,656,226	1,736,265
Natural gas	152,078	161,532	155,057	141,144	119,770	150,397	879,978	690,054
Other	23,259	5,814	5,057	2,089	-	-	36,219	62,487
Construction, acquisition and maintenance of capital assets	1,818,049	128,310	25,831	9,840	3,446	16,497	2,001,973	1,820,621
Service agreements	92,059	2,742	2,012	-	-	-	96,813	76,649
Operating leases	19,849	17,705	14,253	9,173	3,914	16,217	81,111	65,335
Other	6,315	3,015	3,015	3,015	3,015	14,047	32,422	37,437
	2,475,568	737,568	700,219	692,097	667,275	5,047,308	10,320,035	10,684,391
Total Contractual Obligations	4,264,754	1,525,010	1,250,344	1,083,029	1,019,240	8,321,552	17,463,929	18,479,265

[1] Includes $395.9 million (2017 - $1,094.7 million) for the portion of P3 capital construction projects that are not yet completed. Cash payments related to these projects are disclosed in schedule 9.

Notes to the Summary Financial Statements

8. Contractual Rights

The Government has the following contractual rights:

(*thousands of dollars*)	2019	2020	2021	2022	2023	Thereafter	2018 Total
Government Service Organizations							
Federal transfers							
Operating[1]	220,483	216,458	195,266	193,607	182,694	113,171	1,121,679
Capital	100,447	26,036	13,493	11,364	6,773	6,732	164,845
Lease agreements	59,192	18,883	16,461	14,525	12,365	159,288	280,714
Service agreements	41,307	1,006	-	-	-	-	42,313
Other	7,290	2,233	1,657	111	-	-	11,291
	428,719	264,616	226,877	219,607	201,832	279,191	1,620,842
Government Business Enterprises							
Gaming profits[2]	79,000	79,000	79,000	79,000	79,000	-	395,000
Service agreements	12,024	1,026	3,525	1,026	1,025	684	19,310
	91,024	80,026	82,525	80,026	80,025	684	414,310
Total Contractual Rights[3]	519,743	344,642	309,402	299,633	281,857	279,875	2,035,152

1 The contractual rights for agreements with no expiration date are not included beyond 2022-23. The contractual rights for these agreements could be significant.

2 The gaming agreement has an expiration date that extends to 2027-28; however amounts for contractual rights beyond 2022-23 are not included. These contractual rights could be significant.

3 The Government has contractual rights that are not included in the table above. These contractual rights are largely a result of the Canadian Agricultural Partnership, which has no expiration date. Expected revenue cannot be reasonably estimated, as funding is tied to crop yields.

9. Contingencies

Guaranteed debt

The Government has guaranteed $19.5 million (2017 - $18.9 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 $129.6 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.

In addition, 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 Summary Financial Statements

10. Budget Presentation

Public sector accounting standards require that financial statements contain a comparison of actual and budgeted results and that budgeted results are reported on the same basis as actual results. Accordingly, the 2017-18 Saskatchewan Provincial Budget, which was presented before an adjustment to account for pension costs on an accrual basis, has been adjusted to include this budgeted pension adjustment in total expense. The following table reconciles the 2017-18 Saskatchewan Provincial Budget to the budget figures presented in these financial statements:

(thousands of dollars)	Budget	Pension Accrual[1]	Adjusted Budget[2]
Summary Statement of Operations			
Revenue			
Taxation	7,286,600	-	7,286,600
Non-renewable resources	1,406,400	-	1,406,400
Net income from government business enterprises	1,053,700	-	1,053,700
Other own-source revenue	1,964,900	-	1,964,900
Transfers from the federal government	2,453,500	-	2,453,500
Total Revenue	14,165,100	-	14,165,100
Expense			
Health	5,627,400	-	5,627,400
Education	3,643,300	(112,300)	3,531,000
Social services and assistance	1,356,700	-	1,356,700
Protection of persons and property	643,700	-	643,700
Community development	700,600	-	700,600
Debt charges	380,900	224,800	605,700
Transportation	567,400	-	567,400
Agriculture	800,500	-	800,500
Environment and natural resources	247,900	-	247,900
Economic development	246,000	-	246,000
Other	585,400	(101,200)	484,200
Total Expense	14,799,800	11,300	14,811,100
Adjustments			
Human resources compensation measures	250,000	-	250,000
Contingency	(300,000)	-	(300,000)
Deficit	(684,700)	(11,300)	(696,000)
Summary Statement of Accumulated Surplus			
Accumulated surplus, beginning of year	371,912		371,912
Deficit	(684,700)	(11,300)	(696,000)
Adjustment to account for pension costs on an accrual basis	(11,300)	11,300	-
Accumulated Surplus (Deficit), End of Year	(324,088)	-	(324,088)
Summary Statement of Change in Net Debt			
Deficit	(684,700)	(11,300)	(696,000)
Adjustment to account for pension costs on an accrual basis	(11,300)	11,300	-
Acquisition of tangible capital assets	(1,487,500)	-	(1,487,500)
Amortization, disposition and adjustments of tangible capital assets	582,900	-	582,900
Increase in net debt	(1,600,600)	-	(1,600,600)
Net debt, beginning of year	(10,191,941)		(10,191,941)
Net Debt, End of Year	(11,792,541)	-	(11,792,541)

[1] Represents the reallocation of the adjustment to account for pension costs on an accrual basis to conform with the presentation of actual results in these financial statements.

[2] As presented on the Summary Statements of Operations, Accumulated Surplus and Change in Net Debt in these financial statements.

Notes to the Summary Financial Statements

11. Restructuring Transactions

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 Provincial Capital Commission and recorded as revenue.

During 2016-17, the Government received water management infrastructure (dams) from the federal government. The dams were recognized as tangible capital assets in the amount of $28.7 million, which was the federal government's carrying value at the time of the transfer. Additionally, $350.0 million was provided as one-time funding related to the ongoing maintenance and operation of the dams. Both amounts were recorded as revenue in 2016-17.

12. Comparative Figures

Certain 2017 comparative figures have been reclassified to conform with the current year's presentation.

Accounts Receivable

Schedule 1

As at March 31, 2018
(thousands of dollars)

	2018	2017
Taxation	504,754	423,280
Non-renewable resources	163,579	153,250
Other own-source revenue	701,903	627,669
Transfers from the federal government	592,163	651,513
	1,962,399	1,855,712
Provision for loss	(144,211)	(131,930)
Total Accounts Receivable	1,818,188	1,723,782

Loans Receivable

Schedule 2

As at March 31, 2018
(thousands of dollars)

	2018	2017
Government business enterprises	251,355	254,585
Student loans	181,868	169,021
Affordable housing loans	44,686	69,494
Other	7,552	11,264
	485,461	504,364
Provision for loss	(57,678)	(72,254)
Total Loans Receivable	427,783	432,110

Government Business Enterprises

Loans to government business enterprises are presented net of government business enterprise specific debt of $8.3 billion (2017 - $8.0 billion).

Municipal Financing Corporation of Saskatchewan (MFC)

The Government has $100.0 million (2017 - $100.0 million) in loans receivable from MFC repayable over 27 years and bearing interest at 3.9 per cent (2017 - 3.9 per cent). The loans are recorded net of $4.2 million (2017 - $3.1 million) for MFC's equity in sinking funds administered by the Government.

Saskatchewan Power Corporation (SaskPower)

The Government has $100.0 million (2017 - $100.0 million) in loans receivable from SaskPower repayable over 22 years and bearing interest at 4.8 per cent (2017 - 4.8 per cent). The loans are recorded net of $11.1 million (2017 - $9.9 million) for SaskPower's equity in sinking funds administered by the Government.

SaskEnergy Incorporated (SaskEnergy)

The Government has $75.0 million (2017 - $75.0 million) in loans receivable from SaskEnergy repayable over 22 years and bearing interest at 4.8 per cent (2017 - 4.8 per cent). The loans are recorded net of $8.3 million (2017 - $7.4 million) for SaskEnergy's equity in sinking funds administered by the Government.

Loans Receivable *(continued)* Schedule 2

Student Loans

The Government holds $181.9 million (2017 - $169.0 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 3.5 and 6.5 per cent (2017 - 2.7 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 $47.4 million (2017 - $63.3 million) has been recorded on these loans.

Affordable Housing Loans

Headstart on a home loan program

The Government holds $40.6 million (2017 - $64.9 million) in loans receivable from various builders and developers constructing entry-level housing units. The loans are repayable at terms not exceeding 24 months and bear interest at 4.0 per cent (2017 - 4.0 per cent). A loss provision of $7.9 million (2017 - $6.5 million) has been recorded on these loans.

Other housing loans

The Government holds $4.1 million (2017 - $4.6 million) in loans receivable under various other housing programs. These loans are repayable at terms not exceeding 8 years and bear interest at rates between 2.2 and 3.1 per cent (2017 - 2.2 and 3.2 per cent). A loss provision of $0.6 million (2017 - $0.7 million) has been recorded on these loans.

Other

The Government's loan portfolio also consists of $7.6 million (2017 - $11.3 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 $1.8 million (2017 - $1.8 million) has been recorded on these loans.

Investment in Government Business Enterprises

As at March 31, 2018

(thousands of dollars)

	SaskEnergy	SaskPower	SaskTel	SaskWater	SGI
Assets					
Cash and cash equivalents	(2,646)	7,087	17,292	6,758	23,241
Accounts receivable	141,493	542,030	118,232	9,761	270,021
Inventories	48,146	213,977	23,964	662	-
Prepaid expenses	-	26,946	53,744	390	129,393
Investments[3]	-	39,967	5,769	-	990,998
Capital assets	2,260,351	9,895,177	1,779,527	321,784	18,253
Intangible assets	63,430	63,087	331,014	-	-
Sinking funds	105,850	658,146	155,564	12,387	-
Other assets	68,377	9,751	4,805	41	6,520
Total Assets[4]	2,685,001	11,456,168	2,489,911	351,783	1,438,426
Liabilities					
Accounts payable and accrued liabilities	127,063	561,141	170,478	7,632	81,473
Dividends payable to government organizations	22,895	-	26,506	664	17,000
Gross debt	1,335,151	6,761,630	1,096,563	71,393	-
Unearned revenue	40,412	32,073	106,508	203,167	390,219
Provision for insurance claims	-	-	-	-	543,421
Other liabilities[7]	195,921	1,723,303	16,165	1,332	16,894
Total Liabilities[4]	1,721,442	9,078,147	1,416,220	284,188	1,049,007
Net Assets (Debt)	963,559	2,378,021	1,073,691	67,595	389,419
Revenue					
Operating	912,093	2,590,552	1,254,557	56,861	797,312
Investment income	-	2,132	6,479	18	43,503
Total Revenue[4]	912,093	2,592,684	1,261,036	56,879	840,815
Expense					
Operating	723,240	2,035,474	1,098,991	46,822	311,554
Insurance claims	-	-	-	-	469,126
Debt charges[5]	45,305	411,675	41,010	2,048	700
Total Expense[4]	768,545	2,447,149	1,140,001	48,870	781,380
Income from operations	143,548	145,535	121,035	8,009	59,435
Unusual items[4]	-	-	-	-	-
Net Income	143,548	145,535	121,035	8,009	59,435
Retained earnings, beginning of year	786,172	1,602,757	706,218	52,770	289,181
Adjustment to retained earnings, beginning of year[6]	3,568	12,258	5,198	311	-
Dividends to government organizations	(38,835)	-	(108,931)	(2,019)	(35,750)
Retained earnings, end of year	894,453	1,760,550	723,520	59,071	312,866
Accumulated other comprehensive income (loss), beginning of year	(1,102)	(21,624)	(1,546)	1	(6,133)
Adjustment to accumulated other comprehensive income (loss), beginning of year[6]	(1,895)	(12,835)	(5,198)	(305)	-
Other comprehensive income (loss)	572	(8,063)	106,915	128	2,686
Accumulated other comprehensive income (loss), end of year	(2,425)	(42,522)	100,171	(176)	(3,447)
Equity advances from government organizations	71,531	659,993	250,000	8,700	80,000
Net Assets (Debt)	963,559	2,378,021	1,073,691	67,595	389,419

1 Net assets are restricted as disclosed on page 62.

2 Adjustments primarily include the elimination of unrealized inter-organizational gains and losses and events occurring after the reporting period.

3 Includes bonds and debentures of $1,981.0 million (2017 - $1,933.9 million) that bear interest at rates between 1.45 and 4.99 per cent (2017 - 0.74 and 5.04 per cent) and have maturity dates up to 59 years (2017 - 50 years).

4 Total assets include $1,069.3 million (2017 - $983.8 million) due from or invested in government organizations; total liabilities include $9,544.0 million (2017 - $9,144.0 million) in gross debt owing to government organizations and $387.0 million (2017 - $318.1 million) in accounts payable or services due from government organizations; total revenue includes $328.8 million (2017 - $306.5 million) from government organizations; total expense includes $750.9 million (2017 - $706.2 million) paid and owing to government organizations; and unusual items includes nil (2017 - $51.6 million) paid to government organizations.

5 Debt charges is reported net of sinking fund earnings. Interest in the amount of $331.4 million (2017 - $323.4 million) was paid and owing to government organizations.

6 Adjustment is a result of the adoption, by certain government business enterprises, of the International Financial Reporting Standard 9 which requires certain financial assets to be measured at fair value through other comprehensive income.

Schedule 3

Auto Fund[1]	WCB[1]	SLGA	SGC	MFC	Adjustments[2]	2018 Total	2017 Total
23,389	50,911	48,135	17,204	16,259	-	207,630	267,805
249,466	22,890	76,802	219	3,096	-	1,434,010	1,283,814
4,791	-	23,053	243	-	-	314,836	369,443
38,201	3,916	1,452	446	-	-	254,488	222,179
2,507,850	1,964,408	-	-	209,384	-	5,718,376	5,260,076
41,281	9,817	98,074	56,729	-	(13,257)	14,467,736	13,859,469
-	16,473	27,438	-	-	-	501,442	477,206
-	-	-	-	9,435	-	941,382	855,760
-	1,708	1,871	-	-	-	93,073	27,739
2,864,978	2,070,123	276,825	74,841	238,174	(13,257)	23,932,973	22,623,491
71,357	23,649	30,240	15,409	1,153	-	1,089,595	947,158
-	-	102,081	5,165	-	-	174,311	154,441
-	-	104,368	-	222,417	-	9,591,522	9,196,459
386,884	-	-	-	-	(29,571)	1,129,692	1,100,446
1,630,742	1,228,420	-	-	-	-	3,402,583	3,324,003
-	227,948	45,060	5,785	-	35,082	2,267,490	2,312,808
2,088,983	1,480,017	281,749	26,359	223,570	5,511	17,655,193	17,035,315
775,995	590,106	(4,924)	48,482	14,604	(18,768)	6,277,780	5,588,176
1,024,261	255,172	1,087,048	119,464	-	3,991	8,101,311	7,777,517
162,762	175,778	-	-	8,511	-	399,183	372,578
1,187,023	430,950	1,087,048	119,464	8,511	3,991	8,500,494	8,150,095
182,989	71,447	591,999	95,614	49	34,277	5,192,456	4,978,803
793,939	250,081	-	-	-	-	1,513,146	1,530,537
-	51	2,298	609	7,699	-	511,395	513,356
976,928	321,579	594,297	96,223	7,748	34,277	7,216,997	7,022,696
210,095	109,371	492,751	23,241	763	(30,286)	1,283,497	1,127,399
-	-	-	-	-	-	-	(281,500)
210,095	109,371	492,751	23,241	763	(30,286)	1,283,497	845,899
565,900	482,466	2,592	43,834	13,841	11,518	4,557,249	4,322,503
-	-	-	-	-	-	21,335	-
-	-	(495,954)	(18,593)	-	-	(700,082)	(611,153)
775,995	591,837	(611)	48,482	14,604	(18,768)	5,161,999	4,557,249
-	(2,619)	(6,281)	-	-	-	(39,304)	(134,669)
-	-	-	-	-	(1,102)	(21,335)	-
-	888	1,968	-	-	1,102	106,196	95,365
-	(1,731)	(4,313)	-	-	-	45,557	(39,304)
-	-	-	-	-	-	1,070,224	1,070,231
775,995	590,106	(4,924)	48,482	14,604	(18,768)	6,277,780	5,588,176

[7] Includes capital lease obligations of $1,130.3 million (2017 - $1,136.6 million) with the following payment schedule:

(thousands of dollars)	2018	2017
2017-18	-	177,119
2018-19	182,865	180,776
2019-20	190,578	188,643
2020-21	189,031	187,650
2021-22	192,338	191,536
2022-23	195,905	-
Thereafter	1,877,577	2,073,086
	2,828,294	2,998,810
Less interest and executory costs	(1,698,032)	(1,862,173)
Capital Leases[a]	1,130,262	1,136,637

[a] Capital leases bear interest at rates between 0.9 and 15.8 per cent (2017 - 0.9 and 15.8 per cent) and have expiry dates up to 18.6 years (2017 - 19.6 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 distributes, transports and stores natural gas in Saskatchewan while promoting its safe use as well as energy conservation.

Saskatchewan Power Corporation (SaskPower)

SaskPower supplies, 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, print and online advertising, security and consulting products and services.

Saskatchewan Water Corporation (SaskWater)

SaskWater provides reliable and professional 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 such as home, farm, business and automobile extension in five Canadian provinces.

The Auto Fund, administered by SGI on behalf of the Government, is the Province's compulsory vehicle insurance program which operates the driver's licensing and vehicle registration system. 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 programs and services to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for any other purpose.

Liquor and Gaming Authority (SLGA)

SLGA's mandate is to promote economic growth through the socially responsible distribution, management, operation and regulation of liquor and gaming across the Province.

To fulfill its mandate, SLGA operates retail liquor stores and regulates all liquor-permitted premises in the Province. It also directly manages the majority of the Provinces's electronic gaming machines, including video lottery terminals and slot machines at Saskatchewan Indian Gaming Authority 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, 2018
(thousands of dollars)

	2018	2017
Bonds and debentures	159,090	104,091
Pooled investment funds	156,713	150,892
Other	96,231	95,048
Total Other Investments[1]	412,034	350,031

[1] Includes $11.7 million (2017 - $10.9 million) restricted as a result of agreements with external parties.

Bonds and Debentures

Bonds and debentures held by the Government have a market value of $159.6 million (2017 - $105.2 million) and include securities of:

	2018	2017
Corporations (coupon interest range 1.5 to 8.9 per cent; maturing in 1.4 to 30.9 years)	81,246	42,451
Governments of other provinces (coupon interest range 1.3 to 5.8 per cent; maturing in 1.7 to 27.4 years)	44,012	29,503
Government of Canada (coupon interest range 1.3 to 5.8 per cent; maturing in 1.5 to 30.9 years)	29,698	29,871
Other (coupon interest range 2.8 to 5.0 per cent; maturing in 8.7 to 9.9 years)	4,134	2,266
Total Bonds and Debentures	159,090	104,091

Pooled Investment Funds

Pooled investment funds represent the Government's investment in units of various funds consisting primarily of debt and equities.

Other

Other includes $84.9 million (2017 - $82.7 million) in fixed-rate securities with a market value of $85.3 million (2017 - $83.4 million) and $11.3 million (2017 - $10.8 million) in Canadian and international equity market investments with a quoted market value of $101.6 million (2017 - $112.9 million).

Accounts Payable and Accrued Liabilities — Schedule 5

As at March 31, 2018
(thousands of dollars)

	2018	2017
Accrued salaries and benefits[1]	790,253	811,450
Federal government repayments[2]	607,342	247,893
Transfers[3]	599,660	644,858
Supplier payments	399,091	359,157
Accrued interest	80,034	71,665
Other	254,239	262,374
Total Accounts Payable and Accrued Liabilities	2,730,619	2,397,397

1 Includes other employee future benefits of $362.3 million (2017 - $377.3 million - restated).

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

3 Includes transfers payable to the federal government of $97.3 million (2017 - $98.0 million) and capital transfers payable of $78.1 million (2017 - $48.9 million).

Unearned Revenue — Schedule 6

As at March 31, 2018
(thousands of dollars)

	2018	2017
Motor vehicle licensing fees	65,311	57,108
Education	27,670	56,842
Health	25,240	26,671
Crown mineral leases	6,183	12,576
Other	33,809	38,109
Total Unearned Revenue	158,213	191,306

Public Debt

Schedule 7

As at March 31, 2018
(thousands of dollars)

	2018			2017		
	General Debt[1 2 3]	Government Business Enterprise Specific Debt [2]	Public Debt	General Debt[1 2 3]	Government Business Enterprise Specific Debt [2]	Public Debt
General Revenue Fund						
Operating	5,750,092	-	5,750,092	5,409,511	-	5,409,511
Saskatchewan Builds Capital Plan[4]	2,751,742	-	2,751,742	1,685,893	-	1,685,893
Saskatchewan Power Corporation[5]	88,873	5,976,225	6,065,098	90,099	5,754,608	5,844,707
SaskEnergy Incorporated[5]	66,655	1,160,273	1,226,928	67,574	1,142,330	1,209,904
Saskatchewan Telecommunications Holding Corporation[5]	-	946,244	946,244	-	894,085	894,085
Municipal Financing Corporation of Saskatchewan[5]	95,827	113,300	209,127	96,912	121,422	218,334
Boards of Education	174,247	-	174,247	184,455	-	184,455
Liquor and Gaming Authority[5]	-	104,368	104,368	-	104,681	104,681
Saskatchewan Immigrant Investor Fund Inc.	94,765	-	94,765	129,597	-	129,597
Saskatchewan Health Authority[6]	85,062	-	85,062	102,607	-	102,607
Saskatchewan Water Corporation[5]	-	58,880	58,880	-	49,386	49,386
Saskatchewan Opportunities Corporation	53,995	-	53,995	39,440	-	39,440
Water Security Agency	37,114	-	37,114	42,476	-	42,476
Global Transportation Hub Authority	35,105	-	35,105	31,086	-	31,086
Saskatchewan Housing Corporation	17,626	-	17,626	19,559	-	19,559
Other	4,487	-	4,487	5,775	-	5,775
Public Debt[1 7]	9,255,590	8,359,290	17,614,880	7,904,984	8,066,512	15,971,496

1 Public debt on the Statement of Financial Position includes only general debt.

2 General debt and government business enterprise specific debt are presented net of sinking funds (*see footnote 7*).

3 General debt includes $95.4 million (2017 - $102.2 million - restated) secured primarily by assets with a carrying value of $106.7 million (2017 - $113.0 million - restated).

4 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.

5 Public debt of government business enterprises includes both general debt and government business enterprise specific debt. General debt of government business enterprises represents amounts transferred from the General Revenue Fund to government business enterprises and recorded as loans receivable (*schedule 2*). Government business enterprise 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, 2018. For government business enterprise general debt and debt borrowed by the General Revenue Fund specifically on behalf of government business enterprises the amounts shown above have been decreased by $39.5 million mainly to conform to Canadian public sector accounting standards.

6 2017 represents public debt of 12 regional health authorities.

Public Debt *(continued)* Schedule 7

[7] At March 31, 2018, all U.S. dollar debt has been hedged to Canadian dollars (*see note 4*). At March 31, 2017, public debt included unhedged U.S. dollar debt converted to $299.7 million Canadian net of U.S. dollar sinking funds converted to $312.7 million Canadian at the exchange rate in effect at March 31, 2017 of 1.3322.

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

			2018
	Gross Debt [a]	Sinking Funds (*schedule 8*)	Public Debt
General Revenue Fund			
Operating	6,692,601	(942,510)	5,750,091
Saskatchewan Builds Capital Plan	2,800,000	(48,258)	2,751,742
Saskatchewan Power Corporation	6,733,141	(668,043)	6,065,098
SaskEnergy Incorporated	1,334,044	(107,116)	1,226,928
Saskatchewan Telecommunications Holding Corporation	1,104,670	(158,425)	946,245
Municipal Financing Corporation of Saskatchewan	218,600	(9,473)	209,127
Boards of Education	174,247	-	174,247
Liquor and Gaming Authority	104,368	-	104,368
Saskatchewan Immigrant Investor Fund Inc.	94,765	-	94,765
Saskatchewan Health Authority	85,062	-	85,062
Saskatchewan Water Corporation	71,392	(12,512)	58,880
Saskatchewan Opportunities Corporation	57,681	(3,686)	53,995
Water Security Agency	37,114	-	37,114
Global Transportation Hub Authority	35,105	-	35,105
Saskatchewan Housing Corporation	52,590	(34,964)	17,626
Other	4,487	-	4,487
Public Debt	19,599,867	(1,984,987)	17,614,880

[a] The average effective interest rate on gross debt during 2017-18 was 3.9 per cent (2016-17 - 4.0 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 15.2 years (2017 - 15.1 years).

Debt principal payment requirements in each of the next five years and thereafter are as follows:

Year of Maturity	2018	2017
Short-term promissory notes	2,099,630	1,867,211
2017-18	-	497,315
2018-19	753,706	672,552
2019-20	214,548	219,658
2020-21	1,542,628	1,450,072
2021-22	293,241	299,208
2022-23	523,813	-
6-10 years	3,471,674	2,980,732
Thereafter	10,700,627	9,808,736
Gross debt [a]	19,599,867	17,795,484
Sinking funds	(1,984,987)	(1,823,988)
Public Debt	17,614,880	15,971,496

[a] Gross debt includes Canada Pension Plan debentures of $745.1 million (2017 - $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, 2018

(thousands of dollars)

	2017 Sinking Funds	Contributions[1]	Earnings[2]	Redemptions[3]	Currency Adjustment	2018 Sinking Funds
General Revenue Fund						
Operating	898,430	45,842	19,402	(19,425)	(1,739)	942,510
Saskatchewan Builds Capital Plan	14,107	33,500	651	-	-	48,258
Saskatchewan Power Corporation	602,740	52,001	13,302	-	-	668,043
Saskatchewan Telecommunications Holding Corporation	144,620	10,641	3,164	-	-	158,425
SaskEnergy Incorporated	102,638	9,651	2,067	(7,240)	-	107,116
Saskatchewan Housing Corporation	33,736	520	708	-	-	34,964
Saskatchewan Water Corporation	16,807	1,620	225	(6,140)	-	12,512
Municipal Financing Corporation of Saskatchewan	7,666	1,954	190	(337)	-	9,473
Saskatchewan Opportunities Corporation	3,244	367	75	-	-	3,686
Total Sinking Funds[4]	1,823,988	156,096	39,784	(33,142)	(1,739)	1,984,987

[1] Annual contributions, established by Order in Council, are typically set at not less than one per cent of debentures outstanding, however minimum contribution levels of two per cent have been established for certain debenture issues. 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:

	2019	2020	2021	2022	2023	Thereafter	Total
General debt	110,829	109,473	108,434	103,155	102,839	1,663,834	2,198,564
Government business enterprise specific debt	75,138	74,712	74,372	70,279	67,879	1,195,722	1,558,102
Total Sinking Fund Contributions	185,967	184,185	182,806	173,434	170,718	2,859,556	3,756,666

[2] Sinking fund earnings include losses on investment sales of $0.8 million (2017 - gains of $1.1 million).

[3] The redemption value is based on the market value of the sinking fund units at the date of redemption.

[4] During 2017-18, all U.S. dollar sinking funds were converted to Canadian dollars, which resulted in the recognition of $25.7 million in unamortized foreign exchange gains.

The market value of total sinking funds is $1,953.9 million (2017 - $1,787.3 million). Total sinking funds by debt classification are as follows:

	2017 Sinking Funds	Contributions	Earnings	Redemptions	Currency Adjustment	2018 Sinking Funds
General debt	969,932	82,979	21,316	(19,425)	(1,739)	1,053,063
Government business enterprise specific debt	854,056	73,117	18,468	(13,717)	-	931,924
Total Sinking Funds	1,823,988	156,096	39,784	(33,142)	(1,739)	1,984,987

Sinking fund assets have been invested as follows:

	2018	2017
Long-term investments[a] in securities of:		
Governments of other provinces (coupon interest range 1.4 to 4.1 per cent; maturing in 2.7 to 31.2 years)	866,784	593,699
Government of Saskatchewan (coupon interest range 2.7 to 6.4 per cent; maturing in 6.2 to 30.2 years)	343,042	398,988
Government of Canada (coupon interest range 0.8 to 4.0 per cent; maturing in 1.7 to 23.2 years)	219,292	-
Cash, short-term investments and accrued interest	555,869	831,301
Total Sinking Funds [b]	1,984,987	1,823,988

[a] The average yield to maturity on long-term investments at March 31, 2018 was 2.4 per cent (2017 - 2.7 per cent).

[b] 2017 includes U.S. dollar cash, investments and accrued interest converted to $312.7 million Canadian at the exchange rate in effect at March 31, 2017 of 1.3322.

Obligations Under Long-Term Financing Arrangements — Schedule 9

As at March 31, 2018
(thousands of dollars)

	2017 Obligation	Additions	Payments	2018 Obligation
Regina Bypass	642,570	551,930	(110,873)	1,083,627
18 Elementary Schools	294,878	21,089	(30,194)	285,773
Saskatchewan Hospital North Battleford	127,677	124,140	(37,121)	214,696
Swift Current Long-Term Care Facility	121,743	-	(2,486)	119,257
Total Obligations Under Long-Term Financing Arrangements	1,186,868	697,159	(180,674)	1,703,353

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	77.00%	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	August 2018	33 years	91.73%	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 Government has the following payment schedule related to its P3 financing arrangements:

		Contractual Obligation[2]		2018	2017
	Obligation[1]	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total
2017-18	-	-	-	-	203,998
2018-19	34,354	-	11,935	46,289	44,668
2019-20	630,886	-	16,931	647,817	647,120
2020-21	82,250	-	24,910	107,160	111,858
2021-22	82,507	-	29,634	112,141	117,694
2022-23	77,841	-	23,710	101,551	-
Thereafter	1,482,907	512,903	1,083,943	3,079,753	3,158,820
	2,390,745	512,903	1,191,063	4,094,711	4,284,158
Less interest costs	(687,392)	(116,976)	-	(804,368)	(815,101)
Total	1,703,353	395,927	1,191,063	3,290,343	3,469,057

[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 7*) 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:

	Contractual Obligation		2018	2017
	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total
Regina Bypass	357,568	726,467	1,084,035	1,627,722
18 Elementary Schools[a]	10,748	246,690	257,438	284,011
Saskatchewan Hospital North Battleford	27,611	139,783	167,394	290,833
Swift Current Long-Term Care Facility	-	78,123	78,123	79,623
Total	395,927	1,191,063	1,586,990	2,282,189

[a] Future construction & acquisition of tangible capital assets consists of relocatable classrooms.

Pension Liabilities

Schedule 10

As at March 31, 2018
(thousands of dollars)

	TSP[1]	PSSP	Others[2]	2018 Total	2017 Total
Accrued benefit obligation, beginning of year	5,995,885	1,879,501	370,338	8,245,724	8,470,933
Current period benefit cost	4,620	232	14,570	19,422	21,326
Interest cost	180,678	54,522	16,495	251,695	258,251
Actuarial (gains) losses	(93,096)	(20,474)	4,344	(109,226)	(19,195)
Benefit payments	(339,766)	(124,658)	(16,726)	(481,150)	(485,591)
Accrued Benefit Obligation, End of Year	5,748,321	1,789,123	389,021	7,926,465	8,245,724
Plan assets, beginning of year	300,670	-	148,705	449,375	488,201
Employer contributions	276,621	124,617	13,809	415,047	417,171
Employee contributions	893	41	3,800	4,734	4,949
Return on plan assets	60,124	-	9,607	69,731	20,460
Actuarial (losses) gains	(18,944)	-	425	(18,519)	4,185
Benefit payments	(339,766)	(124,658)	(16,726)	(481,150)	(485,591)
Plan Assets, End of Year[3]	279,598	-	159,620	439,218	449,375
	5,468,723	1,789,123	229,401	7,487,247	7,796,349
Unamortized estimation adjustments[4]	162,688	20,474	(12,532)	170,630	(10,219)
Valuation allowance	-	-	1,025	1,025	-
Total Pension Liabilities[5]	5,631,411	1,809,597	217,894	7,658,902	7,786,130

1 The TSP had an actual rate of return on plan assets of 7.0 per cent (2017 - 3.1 per cent).

2 Includes the Government's employer portion of the SHEPP pension liability of nil (2016 - nil). At December 31, 2017, the SHEPP is in a net asset position and had a total accrued benefit obligation of $6,683.2 million (2016 - $6,367.0 million), pension fund assets at market related values of $6,779.5 million (2016 - $6,158.9 million) and unamortized estimation adjustment losses of $581.6 million (2016 - $641.9 million). The pension liability would increase by $942.3 million or would decrease by $761.9 million if the discount rate was decreased or increased by one percentage point respectively. The market value of the pension fund investments was $7,226.0 million (2016 - $6,363.0 million). The plan assets had an actual rate of return of 13.3 per cent (2016 - 6.8 per cent). The Government and member contributions to the plan totaled $156.4 million (2016 - $153.4 million) and $155.2 million (2016 - $152.2 million) respectively. Benefit payments from the plan totaled $325.2 million (2016 - $294.3 million).

3 At March 31, 2018, the market value of defined benefit plan investments was $455.3 million (2017 - $487.5 million).

4 Unamortized estimation adjustments are amortized to pension expense commencing in the year following the adjustment: 2.3 years for the TSP; in the year following for the PSSP; and up to 13.0 years for the other plans. These represent the expected average remaining service life of active plan members at the time the estimation adjustments arose.

5 The total pension liabilities are based on the latest actuarial valuations extrapolated to March 31, 2018 for the defined benefit plans and December 31, 2017 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 $764.5 million and $207.5 million increase in the pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a $626.6 million and $173.5 million decrease in the pension liabilities for the TSP and the PSSP respectively.

Other Liabilities

Schedule 11

As at March 31, 2018
(thousands of dollars)

	2018	2017
Contaminated sites	257,206	281,992
Funds held on behalf of government business enterprises and others[1]	171,127	188,203
Capital leases	64,346	73,794
Other	85,290	64,777
Total Other Liabilities	577,969	608,766

[1] Includes $46.2 million (2017 - $65.3 million) for government business enterprises.

Contaminated Sites

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 $165.3 million (2017 - $190.3 million) for the remediation of uranium mines, primarily the Gunnar and Lorado sites, and is net of expected recoveries of $11.2 million (2017 - $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 $29.5 million (2017 - $28.9 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 $52.7 million (2017 - $51.8 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 $9.7 million (2017 - $11.0 million) of other contaminated sites liabilities, mainly related to the storage of road salt and fuel.

Capital Leases

The Government has the following payment schedule related to its capital leases:

	2018	2017
2017-18	-	18,991
2018-19	19,379	18,055
2019-20	17,047	15,692
2020-21	12,338	11,331
2021-22	7,710	7,065
2022-23	6,639	-
Thereafter	50,760	55,241
	113,873	126,375
Less interest and executory costs	(49,527)	(52,581)
Capital Leases[a]	64,346	73,794

[a] Capital leases bear interest at rates between nil and 7.8 per cent (2017 - nil and 7.8 per cent) and have expiry dates up to 15.6 years (2017 - 15.6 years).

Tangible Capital Assets

Schedule 12

As at March 31, 2018

(thousands of dollars)

	Land & Improve- ments	Infra- structure	Buildings & Improve- ments	Machinery & Equipment	Trans- portation Equipment	Office & Information Technology	2018 Total	2017 Total
Estimated useful life (in years)	*3 - indefinite*	*5-100*	*2-100*	*2-33*	*3-40*	*2-25*		
Opening Net Book Value of Tangible Capital Assets	586,907	4,206,715	4,635,563	317,371	237,426	347,263	10,331,245	9,156,493
Opening cost	666,555	6,786,658	8,103,155	1,311,893	550,964	994,134	18,413,359	16,860,740
Adjustment for:								
Saskatchewan Health Authority[1]	(221)	-	(1,128)	(31,059)	5,918	10,500	(15,990)	-
Other[2]	4,762	146	5,863	2,992	1,408	45	15,216	(32,916)
Acquisitions	23,812	900,225	380,711	55,053	30,312	84,714	1,474,827	1,761,743
Write-downs	(1,415)	(3,816)	(4,252)	(340)	(540)	(6,118)	(16,481)	(16,250)
Disposals	(5,936)	(53,637)	(16,134)	(27,230)	(78,857)	(33,291)	(215,085)	(159,958)
Closing Cost[3 4]	687,557	7,629,576	8,468,215	1,311,309	509,205	1,049,984	19,655,846	18,413,359
Opening accumulated amortization	79,648	2,579,943	3,467,592	994,522	313,538	646,871	8,082,114	7,704,247
Adjustment for:								
Saskatchewan Health Authority[1]	(66)	-	(3,923)	(18,873)	5,043	8,521	(9,298)	-
Other[2]	-	96	4,278	2,085	1,133	43	7,635	(38,252)
Annual amortization	8,114	173,274	191,463	63,367	32,946	78,762	547,926	543,576
Write-downs	-	-	(1,991)	(242)	(442)	(4,971)	(7,646)	(1,079)
Disposals	(880)	(53,593)	(13,883)	(24,051)	(69,274)	(33,277)	(194,958)	(126,378)
Closing Accumulated Amortization	86,816	2,699,720	3,643,536	1,016,808	282,944	695,949	8,425,773	8,082,114
Closing Net Book Value of Tangible Capital Assets[5]	600,741	4,929,856	4,824,679	294,501	226,261	354,035	11,230,073	10,331,245

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 required for the amalgamation of 12 regional health authorities.

2 Other adjustments consist of: the receipt of pasture land from the federal government and the increase in capital assets upon the establishment of the Provincial Capital Commission in 2017-18 (*note 11*); and the reclassification of assets held for sale to other financial assets in 2016-17.

3 Closing cost includes work in progress of $1,621.4 million (2017 - $1,838.1 million).

4 Closing cost includes the Government's $28.2 million (2017 - $25.8 million) share in the North Central Shared Facility partnership.

5 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 & Improve- ments	Infra- structure	Buildings & Improve- ments	Machinery & Equipment	Trans- portation Equipment	Office & Information Technology	2018 Total	2017 Total
P3 Assets								
Opening cost	-	645,359	766,661	-	-	-	1,412,020	459,941
Acquisitions	-	551,931	147,853	-	-	-	699,784	952,079
Closing cost	-	1,197,290	914,514	-	-	-	2,111,804	1,412,020
Closing accumulated amortization	-	-	12,054	-	-	-	12,054	3,512
Closing Net Book Value	-	1,197,290	902,460	-	-	-	2,099,750	1,408,508
Leased TCAs								
Closing cost	-	-	48,922	8,424	9,390	26,806	93,542	104,790
Closing accumulated amortization	-	-	14,976	4,141	3,451	8,290	30,858	30,998
Closing Net Book Value	-	-	33,946	4,283	5,939	18,516	62,684	73,792

Revenue

Schedule 13

For the Year Ended March 31, 2018
(thousands of dollars)

	2018		2017
	Adjusted Budget[1]	Actual	Actual
Taxation			
Individual income	2,540,600	2,266,347	2,592,155
Provincial sales	2,049,500	2,013,060	1,205,460
Property	753,900	735,676	675,436
Corporation income	729,400	581,457	735,000
Fuel	515,400	525,131	488,649
Tobacco	280,300	254,341	259,706
Other	417,500	405,822	394,847
Total Taxation	7,286,600	6,781,834	6,351,253
Non-Renewable Resources			
Oil and natural gas	670,400	656,543	571,442
Resource surcharge	272,500	317,037	303,527
Potash	260,600	308,675	241,033
Crown land sales	52,000	64,684	50,133
Other	150,900	110,755	133,844
Total Non-Renewable Resources[2]	1,406,400	1,457,694	1,299,979
Net Income from Government Business Enterprises *(schedule 3)*	1,053,700	1,283,497	845,899
Other Own-Source Revenue			
Fees[3]	1,124,400	1,141,109	1,212,972
Insurance	282,300	282,666	303,554
Investment income	80,700	113,890	91,758
Transfers from other governments	89,700	74,792	73,580
Miscellaneous[4]	387,800	463,532	492,320
Total Other Own-Source Revenue	1,964,900	2,075,989	2,174,184
Transfers from the Federal Government			
Canada Health Transfer	1,161,200	1,176,144	1,138,836
Canada Social Transfer	429,800	435,268	422,709
Other[5]	862,500	808,842	1,393,289
Total Transfers from the Federal Government	2,453,500	2,420,254	2,954,834
Total Revenue	14,165,100	14,019,268	13,626,149

[1] Budget figures have been adjusted to the same basis as the 2018 actual results. These adjustments do not impact the revenue budget (*note 10*).

[2] Includes taxes of $292.1 million (2017 - $226.9 million).

[3] Includes $240.4 million (2017 - $288.9 million) for health care; $189.9 million (2017 - $195.7 million) for motor vehicle licensing; $160.5 million (2017 - $160.0 million) for education; $111.0 million (2017 - $147.0 million - restated) for real property sales and leases; and $108.4 million (2017 - $110.9 million) for subsidized housing rental.

[4] Includes $62.4 million (2017 - $66.5 million) for lottery profits; $59.5 million (2017 - $45.7 million) for donations; and $23.9 million (2017 - $21.2 million) for reversals of prior year expenses.

[5] Includes $242.5 million (2017 - $299.4 million) for infrastructure; $228.4 million (2017 - $243.1 million) for crop insurance; $73.0 million (2017 - $72.3 million) for labour market initiatives; $64.7 million (2017 - $94.0 million) for housing; $18.7 million (2017 - $106.9 million) for agricultural income stability; $12.9 million (2017 - $96.0 million) for disaster assistance; and nil (2017 - $350.0 million) for water infrastructure maintenance.

Expense by Object

Schedule 14

For the Year Ended March 31, 2018
(thousands of dollars)

	2018	2017
Salaries and benefits	6,295,196	6,285,037
Transfers[1]	4,486,472	4,619,175
Operating costs	2,376,425	2,805,669
Debt charges (*schedule15*)	560,344	543,581
Amortization of tangible capital assets (*schedule 12*)	547,926	543,576
Other	55,440	47,234
Total Expense	14,321,803	14,844,272

[1] Includes capital transfers of $320.0 million (2017 - $267.2 million).

Debt Charges

Schedule 15

For the Year Ended March 31, 2018
(thousands of dollars)

	2018	2017
Interest costs		
Public debt[1]	357,583	295,956
Pension liabilities (*note 5*)	181,964	237,791
Obligations under long-term financing arrangements	10,736	3,859
Other costs	10,061	5,975
Total Debt Charges	560,344	543,581

[1] Interest on public debt is presented net of $365.7 million (2017 - $341.5 million) in interest reimbursed for debt borrowed by government organizations specifically on behalf of government business enterprises.

Segmented Reporting

For the Year Ended March 31, 2018

(thousands of dollars)

	Health		Education		Social Services and Assistance		Protection of Persons and Property	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue								
Taxation	-	-	554,718	668,240	-	-	-	-
Non-renewable resources	-	-	-	-	-	-	-	-
Net income from government business enterprises (*schedule 3*)	-	-	-	-	-	-	-	-
Revenue from government organizations	16,815	8,645	4,937	6,148	-	-	-	-
Other own-source revenue	358,076	430,444	283,619	270,447	118,481	121,481	55,166	50,971
Transfers from the federal government	6,095	7,167	22,848	22,878	64,711	94,048	444	543
Total Revenue (*schedule 13*)	380,986	446,256	866,122	967,713	183,192	215,529	55,610	51,514
Expense								
Salaries and benefits[3]	3,019,808	3,023,471	2,101,368	2,208,458	164,323	164,858	287,267	289,079
Transfers	1,615,102	1,627,196	719,213	786,090	1,001,963	967,592	240,495	248,935
Operating costs	888,169	868,829	520,200	529,595	186,815	151,148	131,242	129,231
Debt charges[3] (*schedule15*)	-	-	-	-	-	-	-	-
Amortization of tangible capital assets (*schedule 12*)	138,407	142,506	129,979	133,755	20,513	19,625	9,538	8,655
Other	6,410	1,093	41,547	4,598	1,696	1,797	9,925	5,068
Total expense by segment	5,667,896	5,663,095	3,512,307	3,662,496	1,375,310	1,305,020	678,467	680,968
Eliminations[2]	-	-	(41,305)	(8,645)	(4,710)	(4,710)	(3,081)	-
Total Expense[3] (*schedule 14*)	5,667,896	5,663,095	3,471,002	3,653,851	1,370,600	1,300,310	675,386	680,968

Beginning in 2017-18, the segments are based on the major functional groupings of activities, or themes, used in the Summary Statement of Operations. The basis for identifying segments was changed to themes from accountability and control relationships within the Government to better reflect the accountability and reporting framework set out by the Government in the Budget. Comparative figures have been restated to reflect this new basis of segmented reporting. Schedule 18 identifies the organizations included in each theme.

1 *General government & other* revenue includes 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 $654.8 million (2017 - $645.9 million) for pension expense as follows:

	Health		Education		General Government & Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Salaries and benefits	172,365	169,306	229,246	343,378	71,184	(104,611)	472,795	408,073
Debt charges (*schedule 15*)	-	-	-	-	181,964	237,791	181,964	237,791
Total pension expense (*note 5*)	172,365	169,306	229,246	343,378	253,148	133,180	654,759	645,864

Schedule 16

Community Development		Transportation		Agriculture		General Government & Other[1]		Eliminations[2]		Total	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
6,185	5,304	-	-	-	-	6,220,931	5,677,709	-	-	6,781,834	6,351,253
-	-	-	-	-	-	1,457,694	1,299,979	-	-	1,457,694	1,299,979
-	-	-	-	-	-	1,283,497	845,899	-	-	1,283,497	845,899
-	-	10,905	13,578	12,625	7,315	126,204	32,642	(171,486)	(68,328)	-	-
96,853	87,537	17,114	18,679	258,028	298,695	867,823	895,930	20,829	-	2,075,989	2,174,184
50	102	-	-	218,858	328,963	2,107,248	2,501,133	-	-	2,420,254	2,954,834
103,088	92,943	28,019	32,257	489,511	634,973	12,063,397	11,253,292	(150,657)	(68,328)	14,019,268	13,626,149
32,741	28,310	81,522	101,801	66,277	70,446	541,890	398,614	-	-	6,295,196	6,285,037
577,605	507,991	122,320	104,122	156,615	299,234	101,570	109,460	(48,411)	(31,445)	4,486,472	4,619,175
31,788	31,325	163,369	199,492	272,020	723,730	191,889	184,787	(9,067)	(12,468)	2,376,425	2,805,669
-	-	-	-	-	-	577,099	550,896	(16,755)	(7,315)	560,344	543,581
6,577	5,984	167,818	159,591	4,714	5,118	70,380	68,342	-	-	547,926	543,576
671	200	1,363	15,006	736	2,096	24,793	17,376	(31,701)	-	55,440	47,234
649,382	573,810	536,392	580,012	500,362	1,100,624	1,507,621	1,329,475	(105,934)	(51,228)	14,321,803	14,844,272
(9,797)	(13,602)	(4,097)	(3,074)	(15,284)	-	(27,660)	(21,197)	105,934	51,228	-	-
639,585	560,208	532,295	576,938	485,078	1,100,624	1,479,961	1,308,278	-	-	14,321,803	14,844,272

Supplemental Cash Flow Information

Schedule 17

For the Year Ended March 31, 2018
(thousands of dollars)

	2018	2017
Other Non-Cash Items Included in the Deficit		
Amortization of tangible capital assets (*schedule 12*)	547,926	543,576
Write-downs of tangible capital assets (*schedule 12*)	8,835	15,171
Net gain on disposal of tangible capital assets	(33,157)	(81,934)
Net gain on adjustments to tangible capital assets *(schedule 12)*	(889)	(30,953)
Net (decrease) increase to provision for loss on loans receivable	(14,576)	3,300
Change in equity advances to government business enterprises	7	-
Net gain on other investments[1]	(8,770)	(14,195)
Earnings retained in sinking funds (*schedule 8*)	(21,316)	(18,906)
Net foreign exchange gain	(21,453)	(1,458)
Total Other Non-Cash Items Included in the Deficit	456,607	414,601
Net Change in Non-Cash Operating Activities		
Increase in accounts receivable	(94,406)	(346,586)
Decrease (increase) in deferred charges	51,722	(14,393)
Decrease (increase) in other financial assets	23,342	(477)
Increase in accounts payable and accrued liabilities	333,222	297,597
Decrease in unearned revenue	(33,093)	(9,917)
Decrease in pension liabilities	(127,228)	(135,947)
Decrease in contaminated sites liability	(24,786)	(10,824)
Decrease (increase) in prepaid expenses	925	(768)
(Increase) decrease in inventories held for consumption	(2,189)	5,656
Net Change in Non-Cash Operating Activities	127,509	(215,659)
Other Supplemental Information		
Cash interest paid during the year	293,867	292,810
Cash interest received during the year	44,514	32,029

[1] Net gain on other investments consists of:

	2018	2017
Income from equities and pooled funds	(8,796)	(11,308)
Provision for loss	3,610	2,241
Gain on sale of bonds and equities	(3,503)	(4,991)
Amortization of bond premiums and discounts	(81)	(137)
Net gain on other investments	(8,770)	(14,195)

Government Reporting Entity

Schedule 18

For the Year Ended March 31, 2018

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)

Health

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

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
- 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

Education Scholarship Fund [8]
Gradworks Inc. [8]
Ministry of Advanced Education
Ministry of Education [3]
Ministry of Immigration and Career Training [3 6]
Ministry of the Economy [3 7]
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
- 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

Social Services and Assistance

Ministry of Government Relations [3]
Ministry of Justice [3 7]
Ministry of Social Services
Saskatchewan Housing Corporation [1d]
Saskatchewan Legal Aid Commission

Protection of Persons and Property

Correctional Facilities Industries Revolving Fund
Criminal Property Forfeiture Fund
Financial and Consumer Affairs Authority of Saskatchewan
Law Reform Commission of Saskatchewan
Legislative Assembly and its Officers [3]
Ministry of Corrections and Policing [6]
Ministry of Government Relations [3]
Ministry of Justice [3 7]
Ministry of Justice and Attorney General [6]
Ministry of Labour Relations and Workplace Safety
Saskatchewan Public Safety Agency [5]
Sask911 Account
Victims' Fund

Community Development

Community Initiatives Fund
Government House Foundation
Ministry of Central Services [3]
Ministry of Education [3]

Government Reporting Entity *(continued)* Schedule 18

Community Development (*continued*)

Ministry of Government Relations [3]
Ministry of Parks, Culture and Sport [3]
Northern Municipal Trust Account [1d]
Provincial Archives of Saskatchewan
Provincial Capital Commission [5]
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

Transportation

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

Agriculture

Agricultural Credit Corporation of Saskatchewan
Agricultural Implements Compensation Fund
Crop Reinsurance Fund of Saskatchewan
Horned Cattle Fund
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
Saskatchewan Grain Car Corporation [8 1b]

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
- Crown Agricultural Land Forest Fund
- Edgewood Forest Renewal Trust Fund
- Island Forests Management Fund
- L&M Forest Renewal Trust Fund
- 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 Energy and Resources [3 6]
Ministry of Environment [3]
Ministry of Parks, Culture and Sport [3]
Oil and Gas Orphan Fund
Operator Certification Board
Water Appeal Board
Water Security Agency

Economic Development [2]

Creative Saskatchewan
CIC Asset Management Inc. [3]
CIC Economic Holdco Ltd.
Enterprise Saskatchewan
First Nations and Métis Fund Inc.
Global Transportation Hub Authority
Innovation Saskatchewan
Ministry of Energy and Resources [3 6]
Ministry of Environment [3]
Ministry of Trade and Export Development [3 6]
Ministry of Immigration and Career Training [3 6]
Ministry of Finance [3]
Ministry of the Economy [3 7]
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

Other [2]

Century Plaza Condominium Corporation
Crown Investments Corporation of Saskatchewan (separate)
Executive Council
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 Trade and Export Development [3 6]
Ministry of Finance [3]
Ministry of Government Relations [3]
Ministry of Highways and Infrastructure [3]
Ministry of Justice [3 7]
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

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1 The year-ends of certain organizations differ from March 31, 2018: [a] April 30, 2017; [b] June 30, 2017; [c] August 31, 2017; [d] December 31, 2017.
2 For segment disclosure (*schedule* 16) these themes are included in the General Government and Other segment.
3 Activities are allocated across more than one theme.
4 Organization established during 2017-18 as a result of amalgamating 12 regional health authorities.
5 Organization established during 2017-18.
6 Ministry established during 2017-18 as a result of a government reorganization.
7 Ministry subject to reorganization during 2017-18.
8 Organization wound-up during 2017-18.

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.

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

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.

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.

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.

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.