

Public Accounts 2022-23

Volume 1

Summary Financial Statements



Government
— of —
Saskatchewan

2022-23 Public Accounts of Saskatchewan

Volume 1

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Regina, Saskatchewan
June 2023

*To His Honour
The Honourable Russell B. Mirasty
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, 2023.

Respectfully submitted,



DONNA HARPAUER
*Deputy Premier and
Minister of Finance*

Regina, Saskatchewan
June 2023

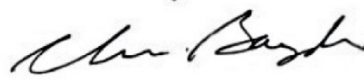
*The Honourable Donna Harpauer
Deputy Premier and
Minister of Finance*

We have the honour to present Volume 1 of the Public Accounts of the Government of Saskatchewan for the fiscal year ended March 31, 2023.

Respectfully submitted,



MAX HENDRICKS
Deputy Minister of Finance



CHRIS BAYDA
Provincial Comptroller

Introduction to the Public Accounts

The 2022-23 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 entities controlled by the Government. A listing of all entities controlled by the Government, collectively referred to as the government reporting entity, is provided in schedule 19 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 the Compendiums, are available on the Government of Saskatchewan's website.

The Compendium of Financial Statements 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.

The Compendium of Payee Details contains the payee details of all Summary Financial Statement entities, except Crown Investments Corporation of Saskatchewan and its subsidiaries.

In addition, the financial statements and payee details 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 entities, collectively referred to as the government reporting entity. A complete listing of the public sector entities included in the government reporting entity is provided in schedule 19 of the SFS.

Financial Results

In 2022-23, the Government reports an operating surplus of \$1.58 billion, a \$3.05 billion improvement from the operating deficit reported in the prior year and a \$2.04 billion improvement from the budgeted deficit. Significant increases in non-renewable resources revenue and continued post-COVID economic recovery combined with lower crop insurance payments when compared to the prior year help contribute to the Government's improved fiscal results for the year.

Overall revenue is greater than both the prior year and budget with a \$2.46 billion and \$3.44 billion increase over the prior year and budget respectively. The most notable increases are in non-renewable resources and taxation revenues resulting primarily from global increases in commodity prices and post-COVID economic recovery. These revenue increases are partially offset by a decrease in net income from Government Business Enterprises (GBEs) primarily due to significantly increased costs for power generation and a decline in investment returns.

Total expenses for the year are \$591 million lower than the prior year and \$1.39 billion higher than budget. Agriculture expense saw the most notable impact as drought conditions significantly improved in parts of the province resulting in crop insurance payouts lower than the prior year but greater than budget. Additionally, economic development expense increased as a result of the Saskatchewan Affordability Tax Credit payments made to residents in recognition of rising costs from inflation.

The Government continues to invest in the Province's infrastructure, with significant investment in electricity generation, transmission and distribution assets, communication networks and other investments through the Saskatchewan Capital Plan. The \$2.66 billion capital investment during 2023 will continue to be used to replace aging infrastructure and invest in capital projects to meet the demand for growth and improve safety.

The Government's overall financial position as at March 31, 2023 is an accumulated deficit of \$1.60 billion.

Highlights

At a Glance

Financial Results

(millions of dollars)

| | 2023 | | 2022 | Increase (Decrease) from | |
|--|-----------------|-----------------|-----------------|-----------------------------|----------------|
| | Budget | Actual | Actual | Budget | 2022 Actual |
| Revenue | 17,158 | 20,595 | 18,136 | 3,437 | 2,458 |
| Expense | 17,621 | 19,014 | 19,604 | 1,393 | (591) |
| Operating Surplus (Deficit) | (463) | 1,581 | (1,468) | 2,044 | 3,049 |
| Net Debt | (16,748) | (14,598) | (15,488) | (2,150) | (890) |
| Accumulated Deficit¹ | (3,453) | (1,604) | (2,832) | (1,849) | (1,228) |
| ¹ Comprised of: | | | | | |
| Accumulated operating deficit | (3,453) | (1,771) | (2,832) | (1,682) | (1,061) |
| Accumulated remeasurement gains | - | 167 | - | 167 | 167 |
| Accumulated Deficit | (3,453) | (1,604) | (2,832) | (1,849) | (1,228) |

Totals may not add due to rounding.

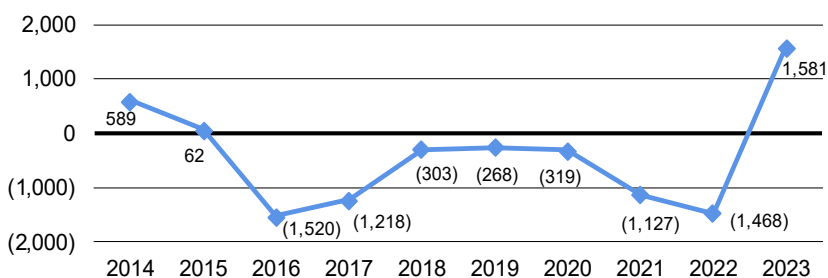
Highlights

Operating Surplus (Deficit)

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

Operating Surplus (Deficit)

(millions of dollars)



The 2023 SFS report an operating surplus of \$1.58 billion, a \$3.05 billion improvement over the \$1.47 billion deficit reported in the previous year. The year-over-year improvement in operating results is mainly attributable to a significant increase in overall revenue and a decrease in overall expenses. Notable increases in revenue include non-renewable resources and taxation, partially offset by decreases in net income from GBEs, other own-source and transfers from the federal government. The overall decrease in expenses is largely the result of a notable decrease in the agriculture theme, partially offset by increases in most other themes.

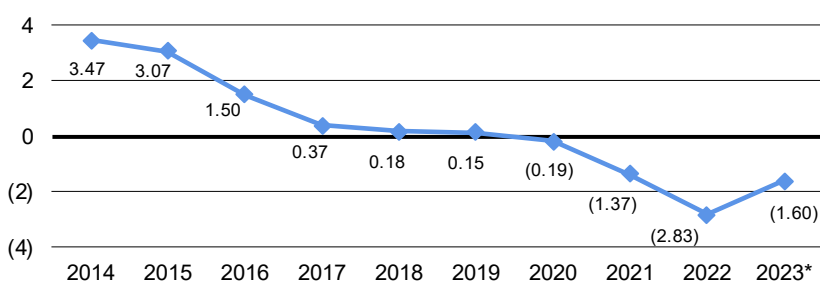
Compared to the budget, the operating surplus is \$2.04 billion greater than expected. The improvement over budget is mainly attributable to higher-than-budgeted revenue offset partially by higher-than-budgeted expenses. All revenue categories are greater-than-budget except for net income from GBEs. All expense themes exceed budget except for social services and assistance, general government, environment and natural resources and education.

Accumulated (Deficit) Surplus

An accumulated (deficit) surplus represents a government's reported net economic (shortfall) resources. An accumulated (deficit) surplus indicates that a government (requires) has additional resources to provide future services.

Accumulated (Deficit) Surplus

(billions of dollars)



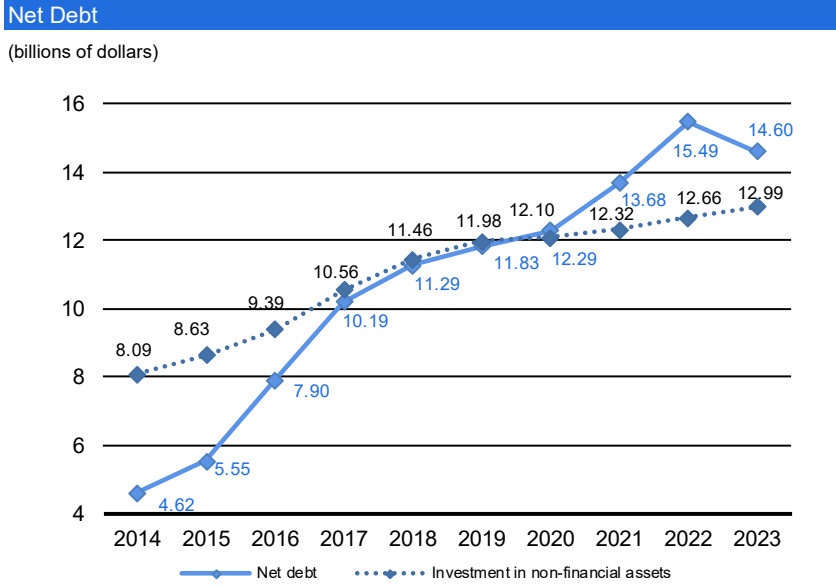
At March 31, 2023, the Government reported an accumulated deficit of \$1.60 billion, an improvement of \$1.23 billion over the previous year's accumulated deficit and a \$1.85 billion improvement over budget. These improvements are mainly due to the \$1.58 billion operating surplus.

*Beginning in 2023, accumulated (deficit) surplus includes accumulated remeasurement gains (losses).

Highlights

Net Debt

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



The net debt at March 31, 2023 is \$14.60 billion, an improvement of \$890 million over the prior year. The year-over-year improvement is primarily due to the operating surplus, partially offset by the net acquisition of tangible capital assets and the one-time impact of the adoption of new accounting standards.

Net debt is a \$2.15 billion improvement over budget, primarily due to the greater-than-expected operating surplus.

The net debt of the SFS is:

- the accumulated (deficit) surplus, representing the extent to which past (expenses) revenues have exceeded past (revenue) expenses; and
- the investment in non-financial assets, primarily representing the Government’s investment in highways and health care and educational facilities.

Net Debt Components

(millions of dollars)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accumulated (deficit) surplus | 3,469 | 3,074 | 1,495 | 372 | 176 | 155 | (191) | (1,368) | (2,832) | (1,604) |
| Investment in non-financial assets | (8,085) | (8,626) | (9,394) | (10,564) | (11,464) | (11,984) | (12,098) | (12,315) | (12,656) | (12,994) |
| Net Debt | (4,615) | (5,552) | (7,899) | (10,192) | (11,288) | (11,829) | (12,289) | (13,683) | (15,488) | (14,598) |

Totals may not add due to rounding

Highlights

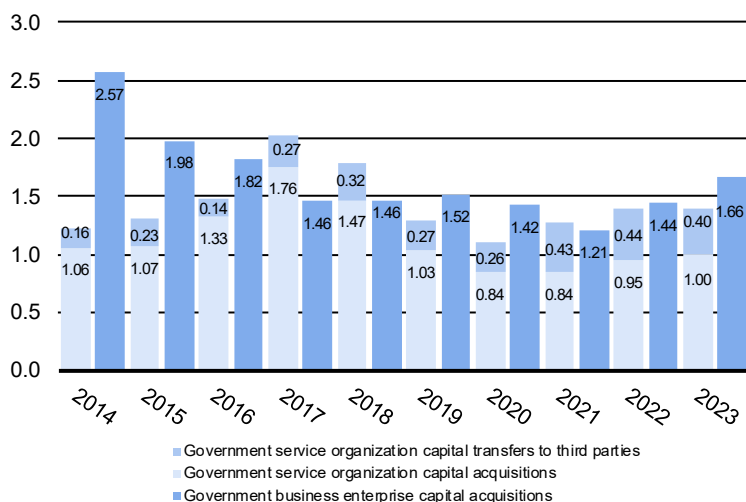
Investment in Infrastructure

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 2022-23, the Government invested \$2.66 billion in government-owned infrastructure: \$1.66 billion for GBEs to build new and maintain existing infrastructure; and \$999 million to meet the capital requirements of government service organizations (GSOs). In addition, \$398 million is provided to third parties to fund their capital needs.

Investment in government-owned infrastructure is down from the average of the previous nine years of \$2.80 billion and is \$345 million less than budget.

Credit Rating

Credit Ratings – March 2023

| Jurisdiction | Rating Agency ¹ | | |
|-------------------------|--------------------------------|-------------------|------------------|
| | Moody's Investors Service Inc. | Standard & Poor's | DBRS Morningstar |
| British Columbia | Aaa | AA+ | AA (high) |
| Alberta | Aa2 | A+ | AA (low) (pos) |
| Saskatchewan | Aa1 | AA | AA (low) |
| Manitoba | Aa2 | A+ | A (high) |
| Ontario | Aa3 | A+ | AA (low) |
| Quebec | Aa2 | AA- | AA (low) |
| New Brunswick | Aa2 (pos) | A+ | A (high) |
| Nova Scotia | Aa2 | AA- | A (high) |
| Prince Edward Island | Aa2 | A | A |
| Newfoundland & Labrador | A1 | A | A (low) (pos) |

Ratings reflect the latest credit ratings available at March 31, 2023.

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

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-.

Highlights

Accounting Changes

During 2022-23 the Government adopted new accounting standards, including the introduction of fair value measurement for certain financial instruments. The introduction of fair value measurement results in a new component of accumulated (deficit) surplus, called accumulated remeasurement gains and losses. Unrealized changes in fair value are recorded as remeasurement gains and losses.

Changes have been made to the presentation of public debt. Public debt is no longer reported net of sinking fund investments. In all years represented in the FSD&A, sinking fund investments are presented as financial assets, and public debt has been presented at its value gross of sinking fund investments.

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 (deficit) surplus to the Province's GDP
- Net debt to the Province's GDP
- Net debt to total revenue
- Net debt per capita

Flexibility

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

Vulnerability

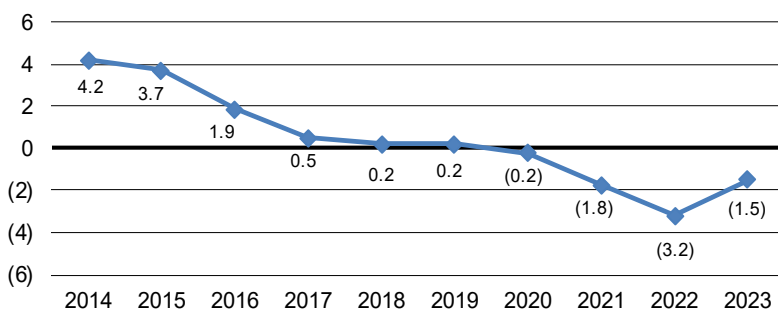
- Non-renewable resources revenue to total expense
- Transfers from the federal government to total revenue
- Foreign currency debt to net debt

Sustainability

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

Accumulated (Deficit) Surplus to the Province's GDP

(per cent)



The decrease in this ratio from 2014 to 2017 was mainly a result of market-driven variables, such as low oil prices. The return to relatively stable ratios from 2018 to 2020 reflects the revenue stability and cost control measures introduced in the 2017-18 budget. A decline in this ratio in 2021 and 2022 was primarily due to the adverse effect of the COVID-19 pandemic on government operations and the economy. In 2022, record drought-related crop insurance claim payouts further adversely impacted the accumulated deficit. An improvement in the ratio in 2023 is the combination of growth in the GDP due to a strengthening provincial economy and a significant decrease in the accumulated deficit. The decrease in the accumulated deficit is largely due to the operating surplus.

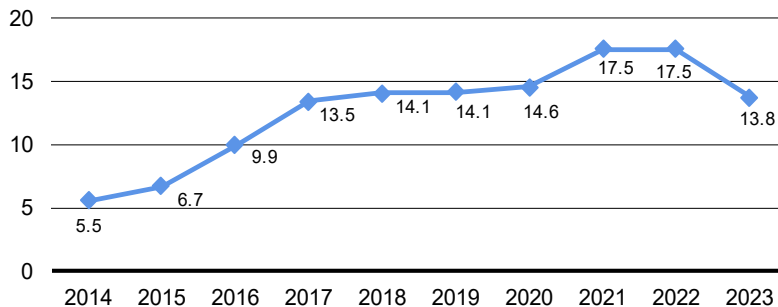
The accumulated (deficit) surplus measures the sum of all current and prior years' operating results. Gross domestic product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the provincial economy. GDP reflects the latest figures available for the current and prior years based on the data produced by Statistics Canada. The indicator takes a long-term view of government finances. The trend of accumulated (deficit) surplus as a percentage of GDP indicates whether the accumulated (deficit) 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.

Assessment of Fiscal Health

Sustainability (continued)

Net Debt to the Province's GDP

(per cent)

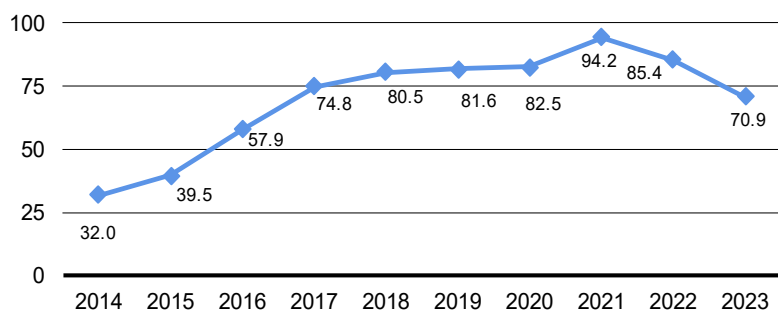


Net debt is the difference between a government's financial assets and liabilities and represents the future revenue that is required to pay for past transactions and events. Net debt as a percentage of the Province's GDP provides a measure of the level of financial demands placed on the economy by the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

The rise in this ratio from 2014 to 2017 is mainly a result of market-driven variables, such as low oil prices, together with the Government's continued investment in infrastructure. The return to relatively stable ratios from 2018 to 2020 reflects the revenue stability measures introduced in the 2017-18 budget and a strengthening provincial economy over this period of time. A rise in this ratio in 2021 was primarily due to the adverse effect of the COVID-19 pandemic on government operations and the economy. The ratio stabilized in 2022 as an overall improvement in the economy and a corresponding growth in GDP was offset by an increase in net debt. A decline in the ratio in 2023 is a result of a continued strengthening of the economy, corresponding GDP growth and a reduction in net debt. The reduction in net debt is primarily due to the current year operating surplus.

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.

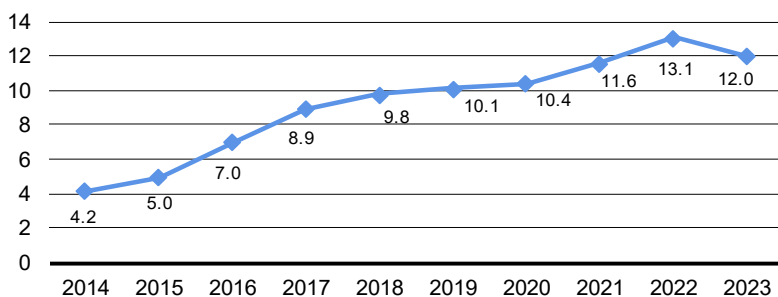
Over the last ten years, the Government's net debt as a percentage of total revenue has increased from 32.0 per cent in 2014 to 70.9 per cent in 2023. The fall in revenue, tied to low oil and potash prices in 2016 and 2017, increased this upward trend; however, responsible spending, efforts to reduce reliance on non-renewable resource revenues as well as more favourable non-renewable resource revenues slowed this upward trend from 2018 to 2020. A rise in this ratio in 2021 was primarily due to the adverse effect of the COVID-19 pandemic on government operations and the economy, negatively impacting both net debt and total revenues. A decrease in this ratio in 2022 and 2023 is primarily due to an overall improvement in the economy resulting in an increase in total revenue that exceeded the overall increase in net debt over the same period.

Assessment of Fiscal Health

Sustainability (continued)

Net Debt per Capita

(thousands of dollars)



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

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

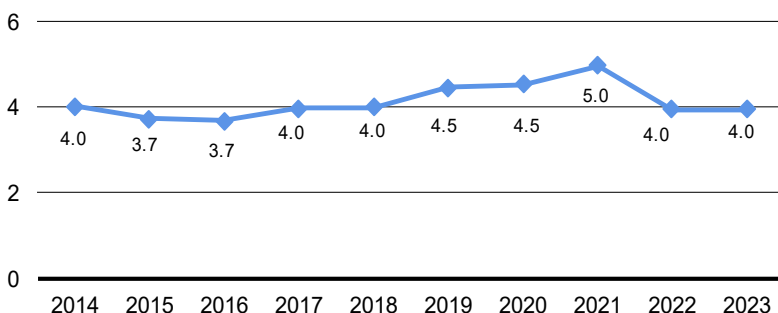
The overall increase in this ratio over the previous ten years is a result of an increase in net debt that exceeds the growth in the Province's population over the same period. The increase over the period between 2014 and 2017 was mainly a result of market-driven variables, such as low oil prices, together with the Government's investment in infrastructure. The return to relatively stable ratios from 2018 to 2020 reflects the revenue stability measures introduced in the 2017-18 budget and a strengthening provincial economy over much of this period. A rise in this ratio in 2021 was primarily due to the adverse effect of the COVID-19 pandemic on government operations and the economy. A further increase in this ratio in 2022 primarily reflects the record drought-related crop insurance claims. A decrease in the ratio in 2023 is due to a decrease in net debt resulting from a continued strengthening of the economy, with increases in non-renewable resources and taxation revenues and a decrease from the prior year record high crop insurance payouts.

Flexibility

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

Financing Charges to Total Revenue

(per cent)



Between 2014 and 2020 this ratio was relatively consistent. A rise in this ratio in 2021 was due to both an increase in interest costs tied to COVID-related borrowing and a decrease in total revenue tied to the adverse impact of the COVID-19 pandemic on the provincial economy. In 2022 and 2023, this ratio returned to pre-pandemic levels with an increase in total revenue relative to the increase in interest costs on general debt. In 2023, the Government spent approximately 4.0 cents of each dollar of revenue on financing charges on general debt.

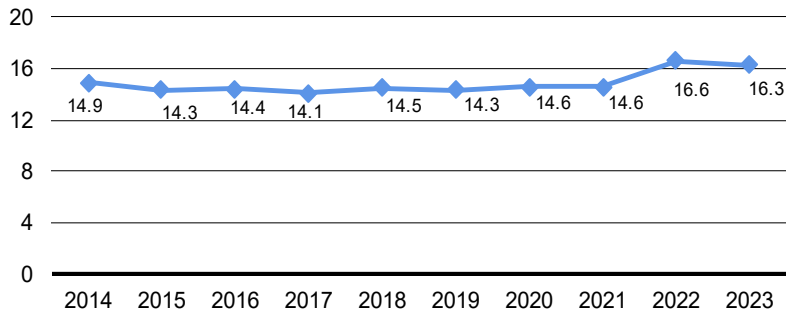
A financing charges to total revenue ratio, often referred to as the interest bite, indicates the proportion of provincial revenue that is required to pay interest charges on general debt and therefore is not available to pay for essential public services and programs. A lower ratio means that there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

Assessment of Fiscal Health

Flexibility (continued)

Own-Source Revenue to the Province's GDP

(per cent)



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.

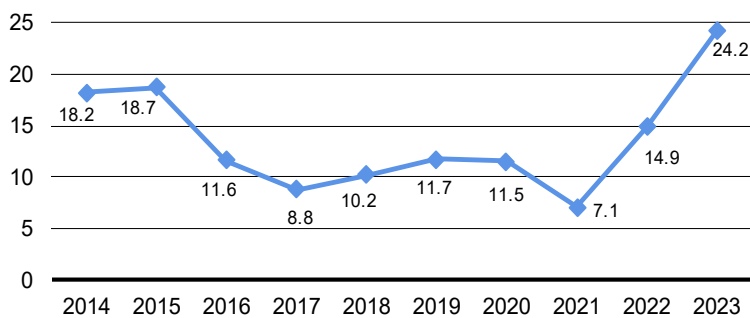
Own-source revenue as a percentage of GDP remained relatively constant between 2014 and 2021 indicating that the Government had not significantly changed its demands on the provincial economy over this time. This constant ratio indicated that the Government's flexibility was relatively unchanged over that period. In 2022, the significant increase in own-source revenue, largely from insurance, relative to the Province's GDP growth pushed this ratio up, decreasing the Government's flexibility to increase own-source revenue without impacting the economy. In 2023, the ratio remains constant as increases in own-source revenue, primarily from non-renewable resources and taxation sources are matched by the continued growth in the Province's GDP.

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)



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.

In Saskatchewan, non-renewable resources revenue is an important but volatile source of revenue.

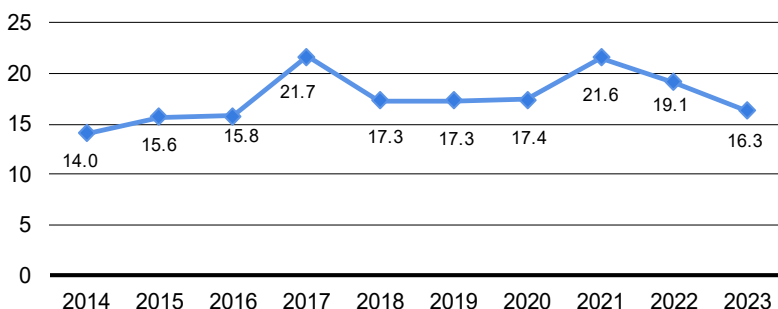
A decline in this ratio in 2021 was primarily due to the adverse effect of the COVID-19 pandemic on the economy and government operations. In 2022 and 2023, this ratio increased significantly due to an overall improvement in the economy and a corresponding increase in all categories of non-renewable resources revenue, with the largest increases in potash, oil and gas and resource surcharges. In 2023, this is an indicator of non-renewable resources available to fund expenses.

Assessment of Fiscal Health

Vulnerability (continued)

Transfers from the Federal Government to Total Revenue

(per cent)



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.

In 2023, 16.3 per cent of the Government's revenue came from transfers from the federal government with the remainder coming from Saskatchewan sources. Between 2014 and 2020, the Government's ability to fund essential programs and services from own-source revenue remained fairly stable with the exception of significant one-time infrastructure transfers from the federal government received during 2017. An increase in this ratio in 2021 was primarily due to the adverse impact of the COVID-19 pandemic on the economy and the resulting support received from the federal government. In 2022 and 2023, the decrease in this ratio is primarily due to increases in own-source revenue, mainly from non-renewable resources and taxation outpacing increases in transfers from the federal government. In 2023, the ratio returned to pre-pandemic levels.

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 uses cross-currency swaps, a hedging strategy, to effectively convert this debt to Canadian dollar debt. At March 31, 2023, this ratio is nil due to the Government's hedging strategies. Over the last ten years, exposure to currency rate fluctuations on foreign currency debt has been minimal. Decreasing this exposure through the use of hedging activities mitigates the risk of debt and financing charges changing due to changes in foreign currency rates.

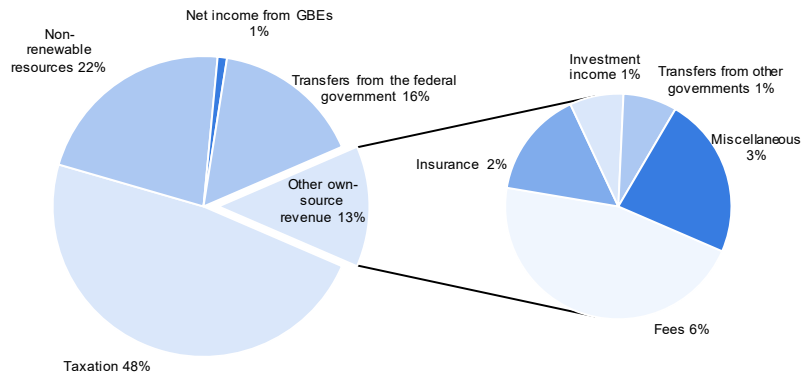
Details

Revenue

Total revenue is \$20.59 billion in 2023, 16.3 per cent of which represents transfers from the federal government and the remaining 83.7 per cent own-source revenue.

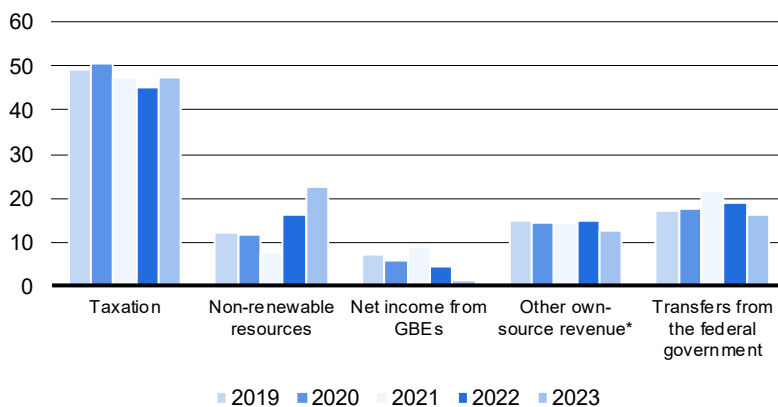
Revenue by Source – 2023 (\$20.59 billion)

(per cent)



Revenue by Source – Percentage of Total Revenue

(per cent)



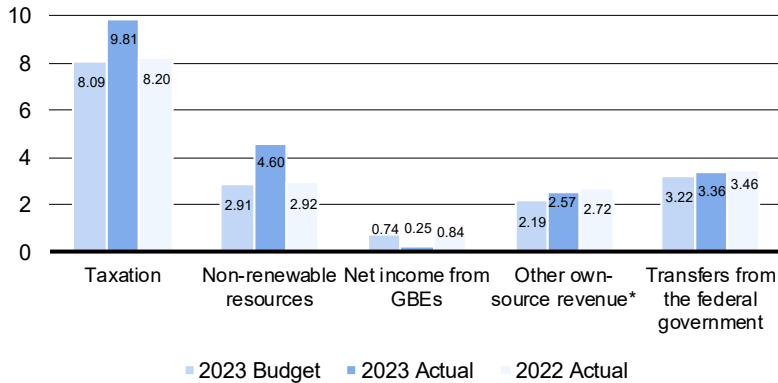
* In 2023, key components of "other own-source revenue" include fees (6%), insurance (2%), investment income (1%), and transfers from other governments (1%).

Details

Revenue (continued)

Revenue by Source – Comparison to Budget and Prior Year

(billions of dollars)



Total revenue of \$20.59 billion in 2023 represents a year-over-year and an actual-to-budget increase of \$2.46 billion, or 13.6 per cent, and \$3.44 billion, or 20.0 per cent, respectively. This increase over prior year and budget results from increases in non-renewable resources and taxation revenues, partially offset by decrease in net income from GBEs.

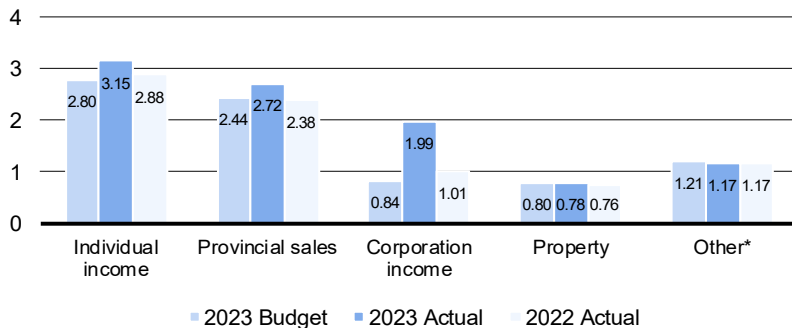
* In 2023 Actual, key components of "other own-source revenue" include fees (\$1.31 billion), insurance (\$487 million), investment income (\$165 million), and transfers from other governments (\$81 million).

Details

Revenue (continued)

Taxation Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Taxation revenue is \$9.81 billion in 2023, an increase of \$1.61 billion, or 19.6 per cent, over 2022 and \$1.72 billion, or 21.2 per cent, over budget. The increases over prior year and budget are largely due to year-over-year and higher-than-expected increases in corporation, individual income and provincial sales taxes.

* In 2023 Actual, key components of "other" include fuel (\$474 million) and tobacco (\$164 million).

Individual income tax

Actual to Prior Year
 \$271 million
 9.4%

Actual to Budget
 \$355 million
 12.7%

The year-over-year and actual-to-budget increases are primarily due to:

- an unbudgeted increase in taxable income due to high compensation growth; and
- an unbudgeted large positive prior-year adjustment due to favourable 2021 taxpayer assessments.

Provincial sales tax

Actual to Prior Year
 \$339 million
 14.2%

Actual to Budget
 \$278 million
 11.4%

The year-over-year and actual-to-budget increases are primarily due to:

- a continuation of growth in the Saskatchewan economy and corresponding improvement in the sales tax base, reflecting GDP and retail sales growth.

This increase is partially offset by:

- Saskatchewan Low Income Tax Credit payments that are higher than the previous year but lower than budget.

Corporation income tax

Actual to Prior Year
 \$981 million
 97.3%

Actual to Budget
 \$1.15 billion
 136.6%

The year-over-year and actual-to-budget increases are primarily due to:

- a continuation of the post-COVID economic recovery which resulted in a substantial improvement in the federal tax base forecast.

Actual-to-budget increases were also impacted by:

- greater-than-expected 2021 taxpayer assessments resulting in a positive prior year adjustment; partially offset by:
- a one-year extension of the small business rate reduction.

Property tax

Actual to Prior Year
 \$11 million
 1.5%

Actual to Budget
 \$29 million
 3.6%

The year-over-year increase is primarily due to:

- an increase in mill rates and normal base growth as new construction occurs.


The actual-to-budget decrease is primarily due to:


- lower-than-budget assessment growth for commercial, resource and residential property classes.

Details

Revenue (continued)

Other tax (including fuel, tobacco and other miscellaneous tax)

Actual to Prior Year
 \$7 million
0.6%

Actual to Budget
 \$33 million
2.7%

The year-over-year and actual-to-budget changes are primarily due to:

- an unbudgeted increase in Insurance Premiums Tax, primarily due to an increase in insurance product sales;
- an unbudgeted decrease in fuel tax, primarily due to a decrease in gasoline consumption and an increase in Gasoline Competition Assistance Program rebates, partially offset by an increase in diesel consumption; and
- an unbudgeted decrease in tobacco tax as a result of reduced consumption, partially offset by lower-than-budget First Nations rebates.

Additionally, the year-over-year increase was also due to:

- an increase in Corporation Capital Tax, primarily reflecting strong results from both financial institutions and Crown Corporations.

The decrease-over-budget was partially offset by:

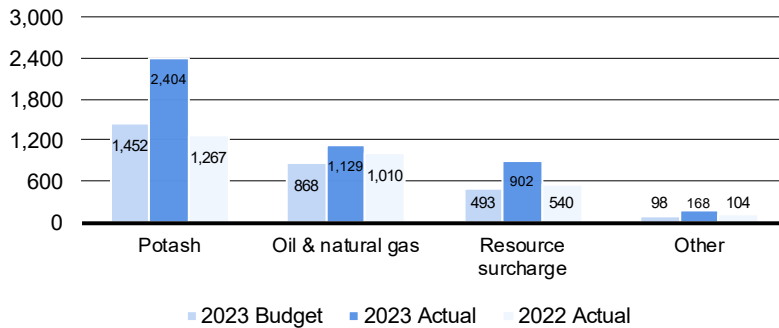
- an increase in vapor products and liquor consumption taxes due to greater-than-budget consumption.

Details

Revenue (continued)

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

(millions of dollars)



In 2023, non-renewable resources revenue is \$4.60 billion, an increase of \$1.68 billion, or 57.6 per cent, over 2022 and a \$1.69 billion, or 58.2 per cent, increase when compared to budget. There is a year-over-year and actual-to-budget increase in all non-renewable resources revenue categories with the most significant increases in potash, resource surcharge and oil and natural gas.

Potash

Actual to Prior Year
 \$1.14 billion
 89.8%

Actual to Budget
 \$952 million
 65.6%

The year-over-year and actual-to-budget increases are primarily due to:

- the average mine netback price increasing from \$683 per K₂O tonne in 2022 and \$833 per K₂O tonne at budget to \$1,205 per K₂O tonne in 2023;
- an increase in sales volume from 13.8 million K₂O tonnes in the prior year and 13.7 million K₂O tonnes at budget to 13.9 million K₂O tonnes in 2023; and
- an unbudgeted decline in the average exchange rate.

These increases are partially offset by:

- an unbudgeted increase in capital spending deductions and natural gas and operating costs.

In addition:

- the year-over-year increase is partially offset by a decrease in assessments.

- a higher average U.S. dollar West Texas Intermediate (WTI) oil price; and
- a lower average exchange rate; partially offset by
- a higher-than-budget light-heavy oil blend differential.
- an increase in oil production compared to the prior year and budget.

Oil & natural gas

Actual to Prior Year
 \$120 million
 11.9%

Actual to Budget
 \$262 million
 30.2%

The year-over-year and actual-to-budget increases are primarily due to:

- a higher average Canadian dollar well-head oil price in Saskatchewan of \$91.26 per barrel in 2023, compared to \$77.54 per barrel in the prior year and \$74.19 at budget. These increases in the average Canadian dollar well-head oil price are due to:

Resource surcharge

Actual to Prior Year
 \$362 million
 67.1%

Actual to Budget
 \$409 million
 83.0%

The year-over-year and actual-to-budget increases are primarily due to:

- an increase in the oil and gas, potash and uranium sectors, primarily due to higher average prices.

Other non-renewable resources

Actual to Prior Year
 \$64 million
 61.7%

Actual to Budget
 \$70 million
 71.5%

The year-over-year and actual-to-budget increases are primarily due to:

- an increase in uranium revenue primarily due to higher prices and increased sales; and
- an increase in crown land sales due to subsurface mineral rights sales; and
- an increase in crown land sales due to an increase in oil and gas land sales

In addition, there is:

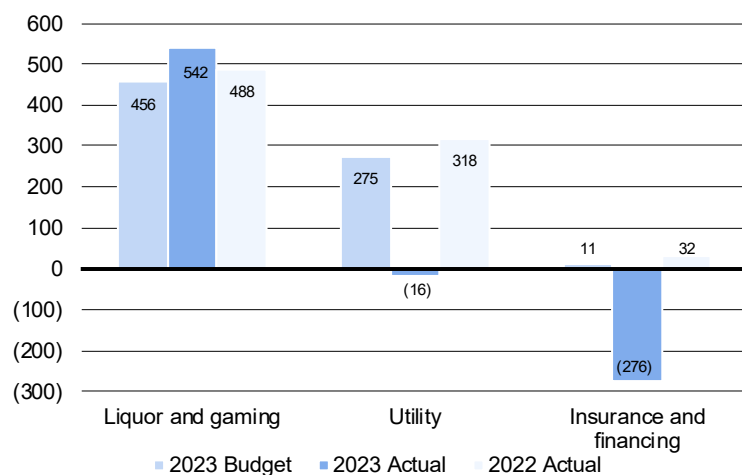
- a year-over-year increase in crown land sales due to an increase in oil and gas land sales.

Details

Revenue (continued)

Net Income from GBEs – Comparison to Budget and Prior Year

(millions of dollars)



Net income from GBEs is \$250 million in 2023, a decrease of \$587 million from 2022 and \$492 million from budget. The decreases from both prior year and budget are due to decreases in the insurance and financing and utility sectors, offset partially by an increase in the liquor and gaming sector.

Liquor and gaming

Actual to Prior Year
↑ \$54 million

Actual to Budget
↑ \$85 million

The year-over-year and actual-to-budget increases are primarily a result of:

- the first full year of casino and video lottery (VLT) operations since COVID-related public health measures were lifted part way through the prior year.

These increases are partially offset by:

- an unbudgeted loss related to discontinuing retail liquor operations.

Utility

Actual to Prior Year
↓ \$334 million

Actual to Budget
↓ \$291 million

The year-over-year decrease is primarily due to:

- a decreased margin on electricity sales resulting from:
 - an increase in fuel and purchased power costs due to a change in fuel mix moving to more expensive zero-emission supply sources, higher natural gas and coal prices and higher demand; partially offset by
 - an increase in electricity sales revenue due to increased commercial demand, a

September 2022 rate increase and export sales volume increases sold at higher prices to Alberta and Southwest Power Pool markets;

- a decreased margin on natural gas sales resulting from:
 - unfavourable year-over-year market value adjustments; partially offset by
 - an in-year rate increase to address increasing market prices;
 - additional asset optimization opportunities resulting from increased market volatility; and
 - increased demand due to both a colder winter and additional customers;
- greater operating and maintenance expenses primarily due to increased costs for power generation facility overhauls, storm-related emergency power grid infrastructure maintenance and increased spending on information technology initiatives;
- a decrease in funding for power grid renewal;
- litigation settlements where:
 - an unfavourable arbitration ruling resulting in an in-year cash settlement for SaskPower; and
 - litigation resolved in favour of SaskEnergy in the prior year;
- an increase in the estimated decommissioning cost to remediate SaskPower owned sites; and

Details

Revenue (continued)

Utility (continued)

- increased financing charges primarily due to higher interest rates as well as additional borrowing for capital investment.

These year-over-year decreases are partially offset by:

- an increase in natural gas transportation revenue, primarily due to increased demand coupled with an April 2022 rate increase; and
- an increase in natural gas delivery revenue, primarily due to a colder winter, a mid-year rate increase and additional customers.

The decrease over budget is primarily due to:

- a lower-than-budget margin on electricity sales, where the unexpected rise in fuel and purchased power costs far exceeded the expected increase in electricity sales revenue;
- unexpected operating and maintenance costs due to emergency maintenance and overhaul activity on the power grid;
- unbudgeted increases in the cost of decommissioning and legal settlements; and
- higher-than-expected financing charges where the cost of borrowing is higher-than-budget and sinking fund earnings lower-than-budget.

These decreases from budget are partially offset by:

- a small improvement over the budgeted margin on natural gas sales, where significant increases in both natural gas sales revenue and natural gas sales expenses, both due to significantly higher-than-budget market prices, mostly offset each other.

Insurance and financing

Actual to Prior Year
\$307 million



Actual to Budget
\$287 million



The decrease over prior year is primarily due to:

- a continued decline in investment returns as a result of market volatility primarily associated with rising interest rates;
- costs associated with corporate transformation at Saskatchewan Government Insurance and Saskatchewan Auto Fund; and

- a reduction in auto and property insurance underwriting results where an overall growth in premium revenue is more than offset by an increase in claim costs. There were many factors that contributed to the increase in claims costs, including:

- an increase in the number of catastrophic events for which, unlike the prior year, none were eligible for reinsurance;
- a continued increase in claim frequency associated with a post-COVID return to the roads;
- an increase in the average cost per claim related to high levels of inflation and supply chain issues; and
- an increase in an actuarially determined premium deficiency.

These year-over-year decreases are partially offset by:

- a large recovery related to an actuarially determined reduction in the workers' compensation benefit liability primarily resulting from an increase in the valuation discount rate; and
- a rebate paid to the motoring public of Saskatchewan in the prior year with no rebate in the current year.

The decrease over budget is primarily due to:

- lower-than-anticipated investment returns, primarily due to a higher-than-anticipated increase in interest rates; and
- poorer-than-expected auto and property underwriting results mainly due to higher than anticipated summer storm activity, an unbudgeted premium deficiency and unbudgeted inflationary and supply chain pressures on repair costs. These pressures on claims costs were partially offset by higher-than-budget growth in policies written.

These budget-to-actual decreases are partially offset by:

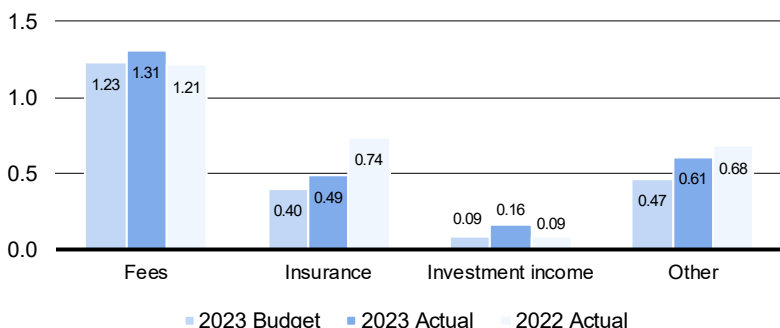
- a larger-than-budget decrease in the workers' compensation benefit liability resulting from a higher valuation discount rate than anticipated.

Details

Revenue (continued)

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

(billions of dollars)



Other own-source revenue is \$2.57 billion in 2023, a decrease of \$144 million, or 5.3 per cent, from 2022 and an increase of \$380 million, or 17.4 per cent, when compared to budget. A significant portion of the year-over-year decrease is due to reinsurance recoveries on drought-related crop insurance claims in the prior year. The actual-to-budget increase is primarily due to: greater-than-expected crop insurance premiums, mainly the result of increased insured acres and higher prices; and greater-than-expected donations of COVID-related inventory received in the current year.

Fees

Actual to Prior Year
 \$106 million
 8.8%

Actual to Budget
 \$86 million
 7.0%

The year-over-year and actual-to-budget increases are due to:

- an unbudgeted first-time charge of compliance fees for excess carbon emissions;
- an increase over budget and the prior year in tuition and other education-related fees as COVID-related restrictions ease and students utilize more services; and
- an increase over budget and the prior year in healthcare fees due to higher rates and service volumes.

These year-over-year increases are partially offset by:

- a decrease in fees from transportation partnership agreements where the magnitude of prior year projects exceeded that of the current year; and
- a decrease in forest-related license and permit revenue.

Additionally, the actual-to-budget increase is impacted by greater-than-budget fees for:

- Treaty Land Entitlement mineral rights;
- agricultural land lease revenues; and
- fire support services to other provincial jurisdictions.

Insurance

Actual to Prior Year
 \$257 million
 34.5%

Actual to Budget
 \$86 million
 21.4%

The year-over-year decrease is due to:

- a decrease in reinsurance recovery due to greater crop insurance losses related to drought-related claims in the prior year, partially offset by an increase in crop insurance premiums, mainly the result of increased insured acres and higher prices.

The actual-to-budget increase is due to:

- greater-than-budget crop insurance premiums, mainly the result of increased insured acres and higher prices.

Investment Income

Actual to Prior Year
 \$71 million
 76.7%

Actual to Budget
 \$75 million
 83.5%


The year-over-year and actual-to-budget increase are due to:


- an increase in returns on investments, student loans and other financial instruments primarily due to increasing interest rates, partially offset by lower sinking fund earnings.

Details

Revenue (continued)

Other (including transfers from other governments and miscellaneous)

Actual to Prior Year
 \$65 million
9.6%

Actual to Budget
 \$134 million
28.1%

The year-over-year decrease is mainly due to:

- a decrease in donations of COVID-19 test kits and personal protective equipment.

This decrease is partially offset by:

- proceeds from a sale of land related to the new canola crush facility; and
- an increase in miscellaneous revenue at various Boards of Education.

The actual-to-budget increase is mainly due to:

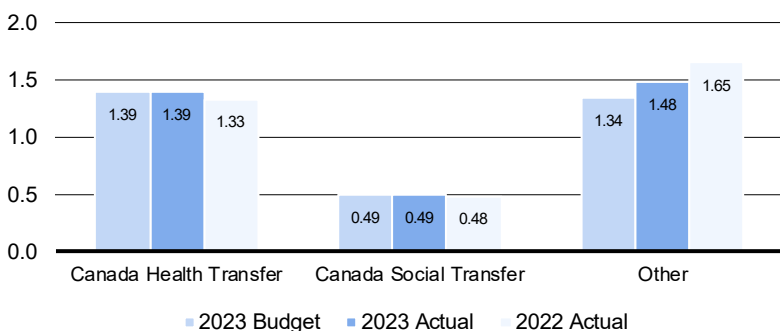
- greater-than-expected donations of COVID-19 test kits and personal protective equipment;
- an unbudgeted cash recovery of prior year expenses;
- greater-than-expected proceeds from a sale of land related to the new canola crush facility; and
- greater-than-expected lottery sales.

Details

Revenue (continued)

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

(billions of dollars)



Federal transfers are \$3.36 billion in 2023, a decrease of \$103 million, or 3.0 per cent, compared to 2022 and increases of \$137 million, or 4.3 per cent, when compared to budget. The year-over-year decrease is mainly due to a decrease in COVID-related funding and one-time Drought Response Initiative funding in the prior year, partially offset by an increase in crop insurance contributions. The actual-to-budget increase is primarily due to greater-than-expected federal contributions to crop insurance and one-time funding in the current year to address medical backlogs.

Canadian Health Transfer

Actual to Prior Year
 \$58 million
 4.4%

Actual to Budget
 \$1.0 million
 0.1%

The year-over-year increase is primarily due to:

- a legislated annual increase in the national allocation equal to the greater of 3 per cent and the three-year moving average of the Canadian nominal GDP growth rate with an adjustment for changes in Saskatchewan's share of the national population.

The decrease from budget is nominal.

Canadian Social Transfer

Actual to Prior Year
 \$12 million
 2.6%

Actual to Budget
 \$0.0 million
 0.0%

The year-over-year increase is primarily due to:

- a legislated 3 per cent annual increase in the national allocation with an adjustment made for changes in Saskatchewan's share of the national population.

The decrease from budget is nominal.

Other transfers from the federal government

Actual to Prior Year
 \$173 million
 10.5%

Actual to Budget
 \$138 million
 10.3%

The year-over-year and actual-to-budget changes are primarily due to:

- a budgeted decrease in funding for COVID-related health, safety and financial support measures;

- a budgeted decrease related to one-time funding received in the prior year for the Drought Response Initiative to compensate livestock producers;
- a budgeted decrease in funding for the Accelerated Site Closure Program related to a planned decrease in activity in the reclamation of inactive oil wells;
- federal funding for disaster assistance which is less than the prior year but greater than budgeted;
- an unbudgeted increase in federal contributions to crop insurance premiums, mainly the result of increased insured acres and higher prices;
- funding for Saskatchewan's share of the Early Learning and Child Care agreements for which increased funding, tied to increased spending over the prior year, is slightly less-than-budget;
- a one-time unbudgeted Canada Health Transfer top-up to reduce surgical and other medical procedures backlogs;
- federal reimbursements through the Investing in Canada Infrastructure Program which are greater than the prior year but less than budgeted; and
- an unbudgeted increase in claims for the Wildlife Damage Compensation Program due to higher crop prices and an activity related unbudgeted increase in the Farm and Ranch Water Infrastructure Program.

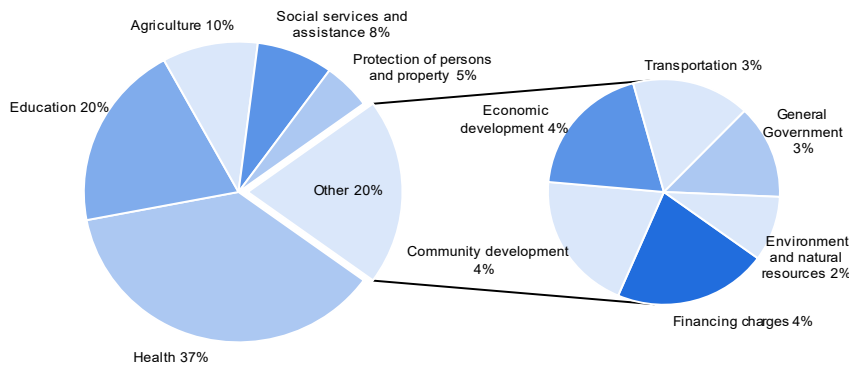
Details

Expense

Total expense was \$19.01 billion in 2023, 56.8 per cent 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.

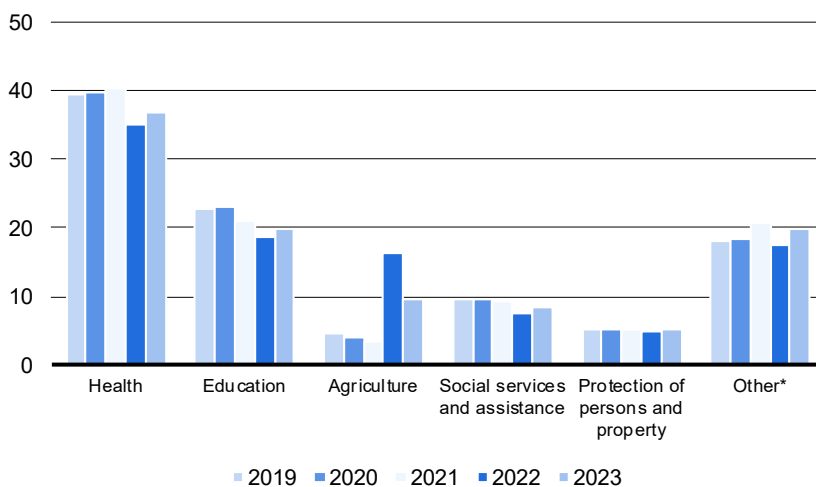
Expense by Theme – 2023 (\$19.01 billion)

(per cent)



Expense by Theme – Percentage of Total Expense

(per cent)



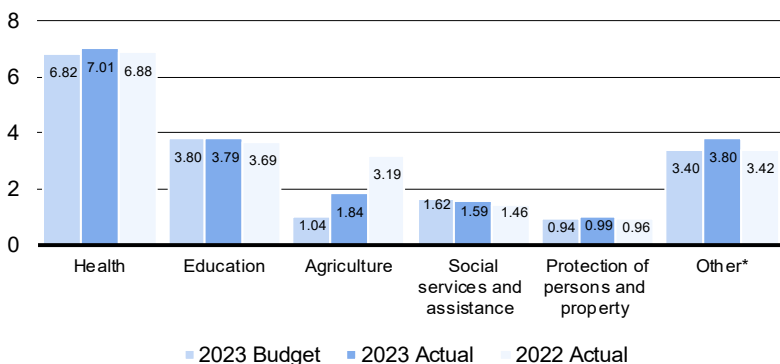
* In 2023, key components of "other" include financing charges (4%), community development (4%), economic development (4%), transportation (3%), general government (3%) and environment and natural resources (2%).

Details

Expense (continued)

Expense by Theme – Comparison to Budget and Prior Year

(billions of dollars)



Total expenses are \$19.01 billion in 2023. This represents a decrease of \$591 million, or 3.0 per cent, from the prior year and an increase of \$1.39 billion, or 7.9 per cent, over budget. The agriculture theme saw the most notable impact as drought conditions significantly improved in parts of the province resulting in crop insurance payouts lower than the prior year but greater than budget. Additionally, there is a significant increase in the economic development theme, both year-over-year and from budget, for Saskatchewan Affordability Tax Credit payments made to Saskatchewan residents.

* In 2023 Actual, key components of "other" include financing charges (\$816 million), community development (\$758 million), economic development (\$734 million), transportation (\$627 million), general government (\$512 million) and environment and natural resources (\$353 million).

Health

Actual to Prior Year
 \$127 million
 1.9%

Actual to Budget
 \$187 million
 2.7%

The year-over-year increase is primarily due to:

- a general increase in the cost of delivering healthcare primarily due to inflationary pressures and increased demand for services as evidenced by higher surgical volumes;
- increased investment in the health care information system and supporting infrastructure, modernization and security; and
- increases in utilization for medical services and medical education programs, including out-of-province medical services, as well as the Senior Citizens' Ambulance Assistance, Saskatchewan Aids to Independent Living and the Supplementary Health programs.

These increases are partially offset by:

- a reduction in COVID-related expenses including immunization clinics, contact tracing and the distribution of federally donated COVID test kits.

The increase from budget is mainly attributed to:


- higher-than-budget costs for delivering healthcare primarily due to inflationary pressures, greater-than-budgeted demand for services, increased overtime costs and contracted positions, partially offset by savings from an increase in the number of vacant positions;


- greater-than-expected utilization and inflationary pressures, leading to increased costs for medical supplies and drug usage;
- higher-than-budget utilization and distribution of federally donated COVID test kits;
- greater-than-budget building repairs and maintenance due to COVID-related delays in prior years; and
- higher-than-budget utilization in the Saskatchewan Prescription Drug, Supplementary Health, Senior Citizens' Ambulance Assistance and Air Ambulance programs.

Details

Expense (continued)

Education

Actual to Prior Year
 \$107 million
 2.9%

Actual to Budget
 \$8 million
 0.2%

The year-over-year increase is primarily due to:

- increased costs in boards of education related to a negotiated salary increase in 2022, inflationary pressures, increased enrollment and continuing COVID-related spending mainly for staff absenteeism; and
- increased spending related to the Canada-wide Early Learning and Child Care agreements.

These increases are partially offset by:

- a decrease in pension costs for the Teacher's Superannuation Plan (TSP) primarily due to fully amortized prior year losses, new gains arising from plan experience differences and changes in actuarial assumptions for inflation and salary; and
- reduced costs related to the wind-down of the Provincial Training Allowance program.


The decrease from budget is mainly attributed to:


- lower-than-expected pension costs for TSP primarily due to gains for the change in the interest rate assumption being higher-than-estimated; and
- lower-than-anticipated spending related to the Canada-wide Early Learning and Child Care agreements.

These decreases are partially offset by:

- higher-than-anticipated costs in boards of education due to increased spending on K-12 initiatives, preventative maintenance and renewal, staffing to address increased enrollment and inflationary pressures.

Agriculture

Actual to Prior Year
 \$1.36 billion
 42.6%

Actual to Budget
 \$795 million
 76.4%

The year-over-year decrease is primarily due to:


- drought conditions that were widespread in the prior year but limited to western areas of the province in 2022-23, resulting in a significant decrease in crop insurance indemnities paid to producers; and


- prior year relief payments to livestock producers under the federal-provincial Drought Response Initiative, a one-year program offered in 2022.

The increase over budget is mainly attributed to:

- drought conditions in the western part of the province during 2022-23, resulting in higher-than-budget crop insurance indemnities paid to producers;
- higher-than-budget payments under the Wildlife Damage Compensation program due to higher crop prices;
- greater-than-anticipated AgriStability indemnities; and
- an increase over the budgeted program activity under the Farm and Ranch Water Infrastructure program.

Social services and assistance

Actual to Prior Year
 \$129 million
 8.8%

Actual to Budget
 \$37 million
 2.3%

The year-over-year increase is primarily due to:

- increased utilization of the Saskatchewan Income Support and the Saskatchewan Assured Income for Disability programs;
- increased spending in various disability and child and family programs to address utilization pressures, to increase funding to community-based organizations and for expansion and enhancement of existing services; and
- increased social housing maintenance and renovation costs.


The decrease from budget is primarily due to:


- lower-than-anticipated utilization of the Saskatchewan Income Support program which was partially offset by higher-than-anticipated utilization of the Saskatchewan Assured Income for Disability and Saskatchewan Rental Housing Supplement programs.

Details

Expense (continued)

Protection of persons and property

Actual to Prior Year
 \$27 million
 2.8%

Actual to Budget
 \$52 million
 5.6%


The year-over-year and budget-to-actual changes are primarily due to:


- increased Provincial Disaster Assistance claims, resulting from extreme weather events; partially offset by
- the costs associated with fire and emergency response activities that were lower than the prior year but higher than budget.

In addition, there is:

- a year-over-year increase for the establishment of Provincial Protective Services, which integrates Saskatchewan's enforcement services under a single organizational structure; and
- an increase over budget in correctional facilities due to higher-than-anticipated inmate counts.

Other expense themes (including financing charges, community development, economic development, transportation, general government, and environment and natural resources)

Actual to Prior Year
 \$379 million
 11.1%

Actual to Budget
 \$404 million
 11.9%

The year-over-year increase is primarily due to:

- the \$500 Saskatchewan Affordability Tax Credit payments made to Saskatchewan residents during the year;
- an increase in financing charges primarily related to increased debt and interest rates;
- increased payments to First Nations and Métis organizations as gaming profits returned to normal post-COVID, partially offset by a fall off of pandemic support payments;
- increased costs related to information technology management, coordination and transformation initiatives;
- increased infrastructure funding to municipalities through the Investing in Canada Infrastructure program;
- increased grants provided for investment in film and television production;
- increased input costs for highways winter maintenance and surface preservation;
- increased payments to municipalities as a result of federal transit and housing supports; and

- increased pension related financing charges primarily due to higher interest rates and a lower return on TSP assets, offset by declining pension obligation balances.

These increases over prior year are partially offset by:

- the completion of the Saskatchewan Economic Recovery Rebate program which subsidized power bills in the prior year;
- decreased funding to communities through the federal Canada Community-Building Fund related to a one-time pandemic recovery top-up in the prior year;
- decreased capital funding for utilities related to power grid renewal in the prior year;
- decreased spending related to the completion of the Accelerated Site Closure Program;
- decreased expenses in the environment and transportation themes related to the transfer of conservation and highway patrol officers to the newly established Provincial Protective Services, which is reflected in the increased expenses in the protection of persons and property theme; and
- decreased payments under the Small Business Emergency Payment program.

The increase from budget is primarily due to:

- unbudgeted \$500 Saskatchewan Affordability Tax Credit payments made to Saskatchewan residents;
- higher-than-budget post-COVID gaming profits resulting in higher-than-expected payments to First Nations and Métis organizations;
- greater-than-expected weather-related highway winter maintenance costs;
- unbudgeted payments to municipalities as a result of federal transit and housing supports; and
- higher-than-expected pension-related financing charges primarily due to greater-than-budget interest rates.

These increases from budget are partially offset by:

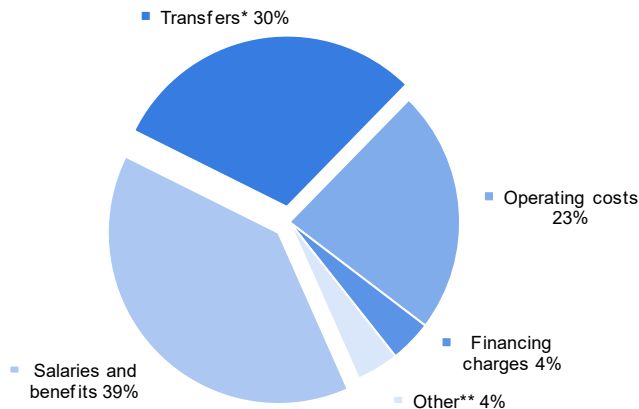
- lower-than-anticipated funding to municipalities through the Investing in Canada Infrastructure program;
- lower-than-anticipated activity for the Accelerated Site Closure program;
- unbudgeted changes in public employee benefit plans' insurance provisions;
- deferred costs for information technology project implementation;
- lower-than-anticipated spending on northern water and sewer projects due to unexpected delays; and
- lower-than-budget financing charges primarily due to lower-than-expected overall borrowing, partially offset by greater-than-budget interest rates.

Details

Expense (continued)

Expense by Object – 2023 (\$19.01 billion)

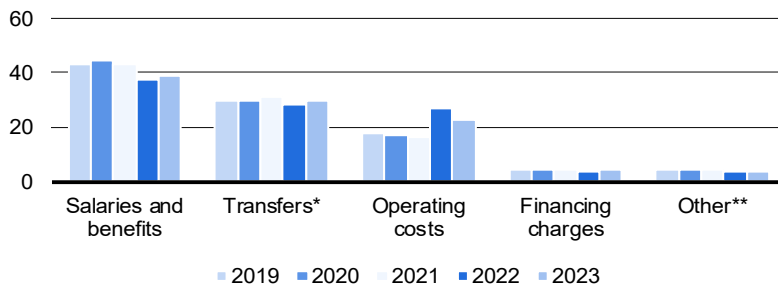
(per cent)



* 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

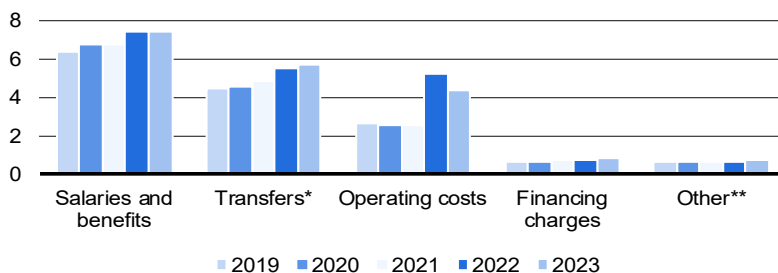
(per cent)



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

Expense by Object

(billions of dollars)



The most significant change is a \$929 million decrease in operating costs, primarily due to record crop insurance claims in the prior year resulting from drought conditions experienced across the province.

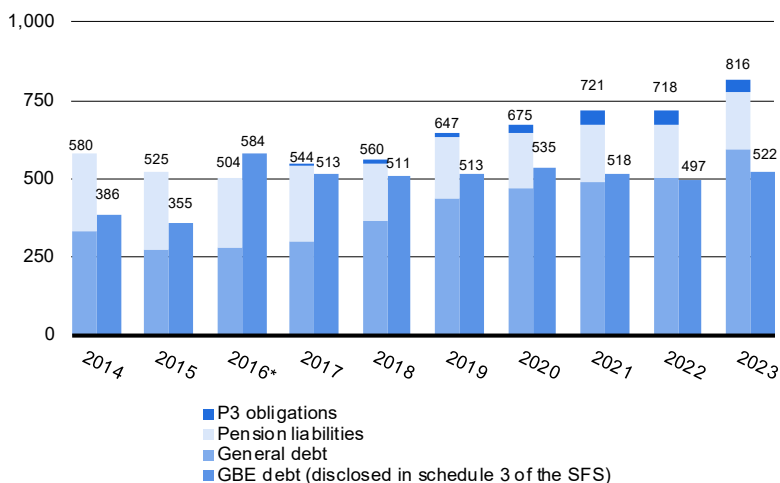
* Transfers are provided to third parties for salaries, capital and other costs.
 ** The key component of "other" is amortization of capital assets.

Details

Expense (continued)

Financing Charges

(millions of dollars)



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

The average effective interest rate on gross debt during 2023 was 3.2 per cent (2022 - 3.1 per cent). Pension interest expense is a function of the unfunded pension liability and the interest costs that are based on the Government's borrowing rates. The average effective interest rate on the unfunded pension liability during 2023 was 2.9 per cent (2022 - 2.6 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.

* In 2016, the inclusion of an additional three months of operations of certain GBEs contributed approximately \$120 million to GBE financing charges.

The Statement of Operations reports financing charges that the Government incurs related to its general debt, unfunded pension liability and obligations under long-term financing arrangements (P3 obligations) but does not include government business enterprise (GBE) financing charges. GBE financing charges are included in the net income from GBEs reported on the Statement of Operations and disclosed in schedule 3 of the SFS. For general debt, financing charges are determined by the amount of general debt and the interest rate attached to that debt.

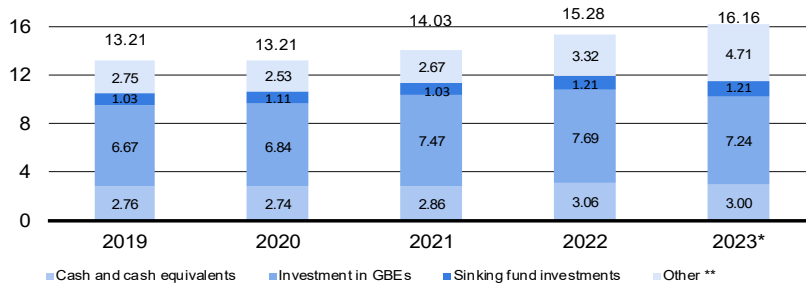
Details

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)



From 2019 to 2023, financial assets increased by \$2.95 billion. This was primarily a result of an \$998 million increase in portfolio investments and \$577 million increase in investment in GBEs.

* Beginning in 2023, sinking fund investments are reported as financial assets with prior year balances reclassified to conform with this presentation. In addition, beginning in 2023, portfolio investments include amounts reclassified from cash and cash equivalents and the fair value remeasurement of certain portfolio investments.

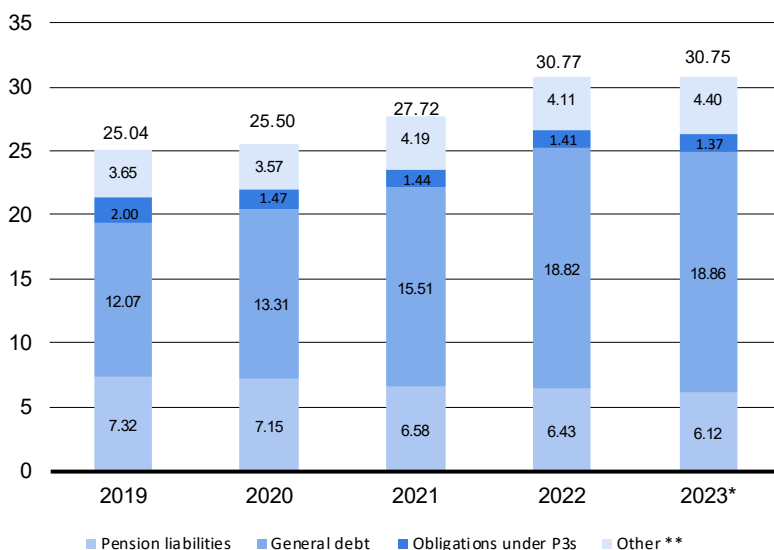
** At March 31, 2023, primarily accounts receivable (\$2.19 billion), portfolio investments (\$1.46 billion) and loans receivable (\$994 million).

Liabilities

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

Liabilities

(billions of dollars)



From 2019 to 2023, liabilities increased by \$5.71 billion. This was primarily a result of a \$6.79 billion increase in general debt.

* Beginning in 2023, general debt is no longer reported net of sinking fund investments. Prior year balances have been reclassified to conform with this presentation.

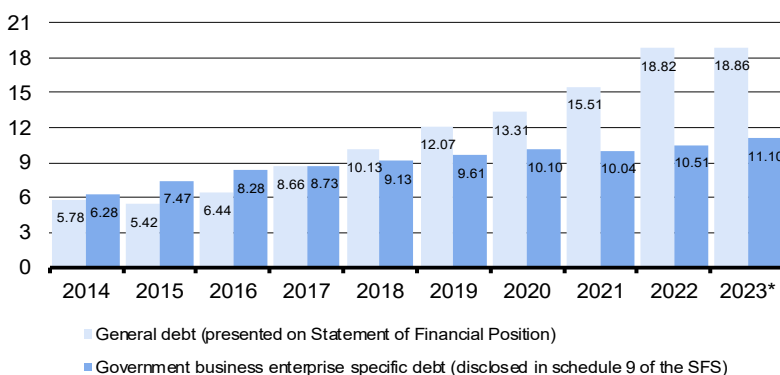
** At March 31, 2023, primarily accounts payable and accrued liabilities (\$3.47 billion).

Details

Liabilities (continued)

Public Debt

(billions of dollars)



At March 31, 2023, the SFS report general debt of \$18.86 billion and GBE specific debt of \$11.10 billion. General debt, after several years of little change, has increased over the past eight years. Until 2021, these increases helped to finance the replacement of aging infrastructure as well as build new capacity to meet the demands of a growing population in the Province. The increase since 2021 is primarily a combination of COVID-related economic stimulus spending on infrastructure and borrowing to cover COVID-related revenue shortfalls and incremental expenses.

*Beginning in 2023, public debt is no longer reported net of sinking fund investments. Prior year balances have been reclassified to conform with this presentation.

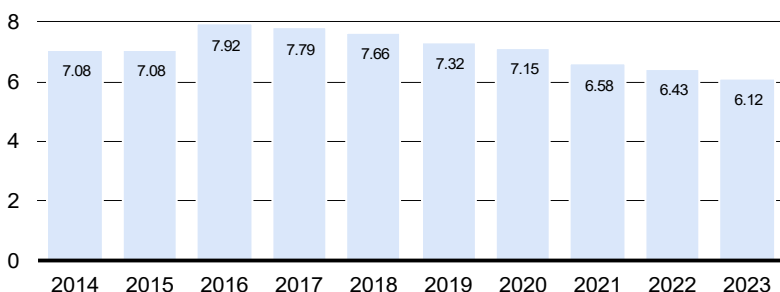
Public debt consists of:

- 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 GBEs; and
- GBE specific debt, which is debt issued by GBEs or debt issued by the GRF specifically on behalf of GBEs where the Government expects to realize the receivables from the GBEs and settle the external debt simultaneously.

The general debt on the Statement of Financial Position does not include GBE specific debt. GBE specific debt is included in the Investment in GBEs reported on the Statement of Financial Position and disclosed in schedule 9 of the SFS.

Pension Liabilities

(billions of dollars)



At March 31, 2023, the SFS report pension liabilities of \$6.12 billion, a decrease of \$96 million since 2014. Pension liability increases up to 2016 represent the amount by which pension costs, including interest on the pension liabilities and actuarial adjustments, exceeded payments to the pension plans and retirees. This was primarily a result of a decline in interest rates over the same period of time, where small fluctuations in interest rates had a significant impact on the pension liability. Since 2016, the pension liability has decreased by \$1.80 billion as payments have begun to exceed the pension costs.

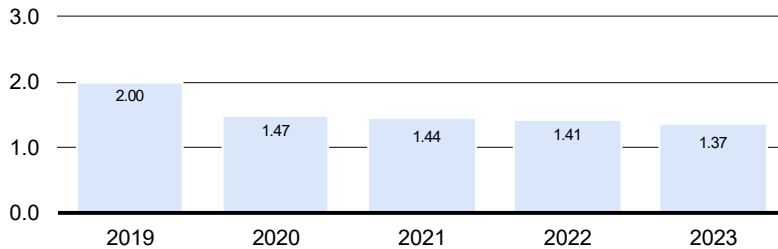
Pension liabilities represent the future obligations for the Government's defined benefit pension plans. The pension liability fluctuates with changes in actuarial assumptions such as interest rates and life expectancy. The Government limited its pension exposure over 40 years ago when it closed the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

Details

Liabilities (continued)

Obligations under Long-Term Financing Arrangements

(billions of dollars)



The Government is party to four P3 arrangements (as disclosed in schedule 10 of the SFS). All four P3 projects have been operational since 2020..

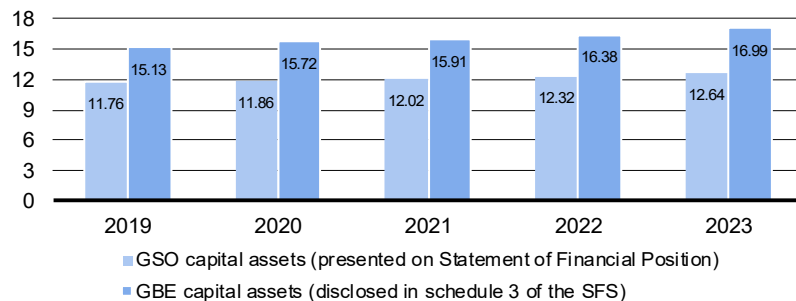
Obligations under long-term financing arrangements represent the Government’s liability for public private partnerships (P3s). P3 obligations increase as the related assets are built (percentage of completion basis), and are reduced as payments are made to the P3 partner.

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 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 2023 was \$2.66 billion, \$1.66 billion acquired by GBEs and \$999 million by GSOs. The investment in capital assets made by GSOs is primarily in the transportation, health and education sectors mainly for road, bridge and water management assets (\$434 million) and land, buildings and improvements (\$345 million). The GBEs continued to replace aging infrastructure and invest in capital projects to meet the demand for growth and improve safety.

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

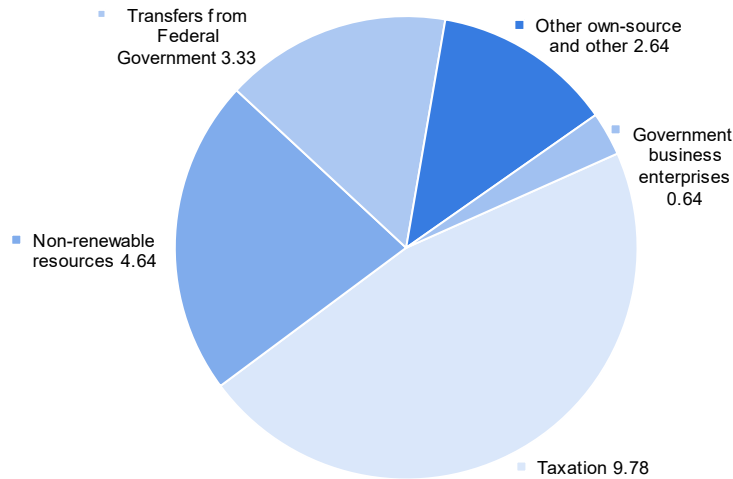
Details

Cash Flow

The Statement of Cash Flow reports on the sources and uses of cash and cash equivalents during the year. During the year, the Government's overall cash position decreased by \$55 million, from \$3.05 billion in 2022 to \$3.00 billion in 2023.

Sources of Cash

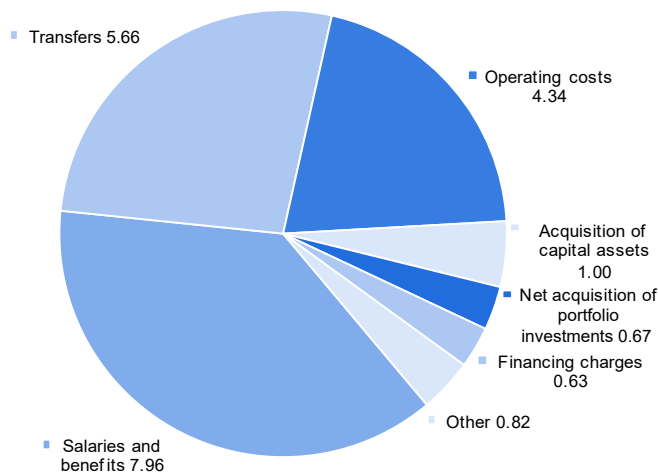
(billions of dollars)



The primary source of cash is \$9.78 billion from taxation. Other significant sources of cash are \$4.64 billion from non-renewable resources and \$3.33 billion from transfers from Federal Government.

Uses of Cash

(billions of dollars)



The most significant use of cash is \$7.96 billion for salaries and benefits largely for frontline service providers in the health and education sectors. Another significant use of cash is \$5.66 billion for transfers mainly in the health, social services and assistance, and education themes.

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, trade barriers, population change, personal income and retail sales;
- exposure to interest rate risk, foreign exchange rate risk, price risk, credit risk and liquidity risk (see note 4 of the SFS);
- 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;
- supply chain disruptions and other 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 3 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.

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.

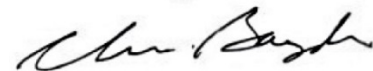
On behalf of the Government of the Province of Saskatchewan.



DONNA HARPAUER
*Deputy Premier and
Minister of Finance*



MAX HENDRICKS
Deputy Minister of Finance



CHRIS BAYDA
Provincial Comptroller

Regina, Saskatchewan
June 2023

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the consolidated financial statements of the Government of Saskatchewan, which comprise the consolidated Statement of Financial Position as at March 31, 2023, and the consolidated Statements of Operations, Accumulated Operating Deficit, Accumulated Remeasurement Gains and Losses, Change in Net Debt, and Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Government of Saskatchewan as at March 31, 2023, and the consolidated results of its operations, accumulated remeasurement gains and losses, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Government of Saskatchewan in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Asset Retirement Obligations

During 2022–23, the Government of Saskatchewan adopted the new public sector accounting standard PS 3280 Asset Retirement Obligations retroactively as disclosed in *Note 9—Adjustment to Accumulated Deficit*. We note that the Government adopted the standard without restatement of prior periods. As a result, the Government recorded asset retirement obligations on the Statement of Financial Position totalling \$321.0 million at March 31, 2023 (2022: \$0 million). Asset retirement obligations included \$312.5 million related to asbestos in certain buildings and \$8.5 million related primarily to fuel tanks, as disclosed in *Schedule 6—Accounts Payable and Accrued Liabilities*. The Government recorded the asset retirement obligations using its best estimate of the amount required to retire controlled tangible capital assets. The Government contracted experts to help it determine its best estimate.

We identified asset retirement obligations as a key audit matter because processes to initially identify and estimate the amount required to retire all controlled tangible capital assets can be complex in the year the standard is first applied, requiring significant judgment and assumptions.

Our audit work to address this key audit matter included evaluating completeness and accuracy of tangible capital assets with retirement obligations, appropriateness of valuation methods used to estimate the obligation, and reasonableness of assumptions used to estimate cost of the obligation including any discount periods and rates applied. We also evaluated disclosures in the consolidated financial statements and reviewed the estimate for management bias.

Pension Liabilities

The Government of Saskatchewan had pension liabilities on the Statement of Financial Position totalling \$6.1 billion at March 31, 2023 (2022: \$6.4 billion) related to several defined benefit pension plans and one joint defined benefit plan as described in *Note 5—Retirement Benefits* and *Schedule 8—Pension Liabilities*. The Government contracts actuaries to estimate the accrued pension benefit obligation and other information required for disclosures in the consolidated financial statements. *Note 3—Measurement Uncertainty* describes measurement uncertainty exists because actual experience may differ from actuarial or historical estimations.

We identified pension liabilities as a key audit matter as this is a complex estimate requiring significant judgment based on long-term assumptions about future events, employee pensionable service, and economic conditions. Small changes in long-term assumptions, such as discount and inflation rates, can have a material impact on the liabilities, assets, and expenses. *Schedule 8—Pension Liabilities* outlines the impact a change in the discount rate would have on certain pension plans.

Our audit work to address this key audit matter included assessing the appropriateness of the actuarial methodology, reasonableness of assumptions, and completeness and accuracy of data provided to the actuary for estimating the pension liabilities. We also evaluated processes to adjust for actuarial gains and losses in accordance with Canadian public sector accounting standards, completed a retrospective review to determine the accuracy of previous estimates made, evaluated disclosures in the consolidated financial statements, and reviewed the estimates for management bias.

Individual and Corporate Income Taxation Revenue

Taxation revenue is significant to the Government of Saskatchewan's Statement of Operations. Individual and corporate income tax provided \$5.1 billion in revenue in 2022–23 (2021–22: \$3.9 billion), as included in *Schedule 14—Revenue*. The Government of Saskatchewan recognizes this tax revenue when taxpayers earn income. As the Government assesses taxes for a calendar year, and it finalizes assessments in the following calendar year, the Government estimates these tax revenues based on cash received from the Federal Government adjusted for assessment data from the Federal Government when it provides a more reliable estimate. *Note 3—Measurement Uncertainty* describes measurement uncertainty exists due to differences that may arise in final tax assessments and initial economic estimates.

We identified the estimates of individual and corporate taxation revenues as a key audit matter as they are complex and involve several inputs and assumptions.

Our audit work to address this key audit matter included assessing the appropriateness of the methods used to make these estimates, testing the accuracy and completeness of the underlying data supporting these estimates, testing the accuracy of the calculations to support these estimates, and performing a retrospective review to determine the accuracy of previous estimates made. Audit procedures also included evaluating disclosures in the consolidated financial statements and reviewing the estimates for management bias.

Non-Renewable Resources Revenue

Non-renewable resources provided \$4.6 billion in revenue in 2022–23 (2021–22: \$2.9 billion), including \$2.4 billion (2021–22: \$1.3 billion) from potash, \$1.1 billion (2021–22: \$1.0 billion) from oil and natural gas, and \$0.9 billion (2021–22: \$0.5 billion) from resource surcharge as included in *Schedule 14—Revenue*. The Government of Saskatchewan recognizes potash revenue primarily based on operating profits generated, oil and natural gas revenue primarily based on price and production, and resource surcharge revenue based on sales volumes and prices. *Note 3—Measurement Uncertainty* describes measurement uncertainty exists due to differences in actual potash operating profits from initial estimates, price and production sensitivities in oil and natural gas royalty structures, and differences in final valuation of resource sales from initial estimates.

We identified the estimates of non-renewable resources revenues as a key audit matter as they are complex and involve several inputs and assumptions.

Our audit work to address this key audit matter included assessing the appropriateness of the methods used to make these estimates, testing the accuracy and completeness of the underlying data supporting these estimates, testing the accuracy of the calculations to support these estimates, and performing a retrospective review to determine the accuracy of previous estimates made. Audit procedures also included evaluating disclosures in the consolidated financial statements and reviewing the estimates for management bias.

Other Information

Management is responsible for the other information. The other information comprises the information included in *Public Accounts 2022-23 Volume 1 Summary Financial Statements*, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Government of Saskatchewan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government of Saskatchewan either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Government of Saskatchewan's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government of Saskatchewan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Government of Saskatchewan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Government of Saskatchewan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Government of Saskatchewan to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the consolidated financial statement audit. We are solely responsible for the auditor's opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. The engagement partner on the audit resulting in this independent auditor's report is Trevor St. John, CPA, CA, CISA.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



TARA CLEMETT, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Regina, Saskatchewan
June 15, 2023

Statement of Financial Position

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Financial Assets | | |
| Cash and cash equivalents | 3,000,639 | 3,055,314 |
| Accounts receivable (<i>schedule 1</i>) | 2,192,978 | 2,298,513 |
| Loans receivable (<i>schedule 2</i>) | 994,423 | 553,467 |
| Investment in government business enterprises (<i>schedule 3</i>) | 7,244,454 | 7,692,148 |
| Sinking fund investments (<i>schedule 4</i>) | 1,205,314 | 1,207,011 |
| Portfolio investments (<i>schedule 5</i>) | 1,456,030 | 467,085 |
| Derivative assets | 57,482 | - |
| Other financial assets | 3,895 | 3,869 |
| Total Financial Assets | 16,155,215 | 15,277,407 |
| Liabilities | | |
| Accounts payable and accrued liabilities (<i>schedule 6</i>) | 3,467,884 | 3,156,408 |
| Unearned revenue (<i>schedule 7</i>) | 292,172 | 437,403 |
| Pension liabilities (<i>note 5</i>)(<i>schedule 8</i>) | 6,118,997 | 6,433,849 |
| General debt (<i>schedule 9</i>) | 18,857,949 | 18,815,231 |
| Obligations under long-term financing arrangements (<i>schedule 10</i>) | 1,373,123 | 1,407,407 |
| Derivative liabilities | 90,114 | - |
| Other liabilities (<i>schedule 11</i>) | 552,783 | 515,288 |
| Total Liabilities | 30,753,022 | 30,765,586 |
| Net Debt | (14,597,807) | (15,488,179) |
| Non-Financial Assets | | |
| Tangible capital assets (<i>schedule 12</i>) | 12,635,018 | 12,318,579 |
| Inventories held for consumption (<i>schedule 13</i>) | 278,158 | 268,619 |
| Prepaid expenses | 80,640 | 68,724 |
| Total Non-Financial Assets | 12,993,816 | 12,655,922 |
| Accumulated Deficit¹ | (1,603,991) | (2,832,257) |

¹ Comprised of:

| | 2023 | 2022 |
|---------------------------------|-------------|-------------|
| Accumulated operating deficit | (1,771,000) | (2,832,257) |
| Accumulated remeasurement gains | 167,009 | - |
| Accumulated Deficit | (1,603,991) | (2,832,257) |

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

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

Statement of Operations

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | | 2022 |
|--|-------------------|-------------------|--------------------|
| | Budget | Actual | Actual |
| Revenue | | | |
| Taxation | 8,092,800 | 9,811,795 | 8,202,263 |
| Non-renewable resources | 2,910,100 | 4,603,133 | 2,919,999 |
| Net income from government business enterprises (schedule 3) | 742,500 | 250,246 | 837,651 |
| Other own-source | 2,192,500 | 2,572,862 | 2,717,124 |
| Transfers from the federal government | 3,219,700 | 3,356,565 | 3,459,134 |
| Total Revenue (schedule 14) | 17,157,600 | 20,594,601 | 18,136,171 |
| Expense | | | |
| Health | 6,823,500 | 7,010,107 | 6,882,972 |
| Education | 3,800,400 | 3,792,179 | 3,685,349 |
| Agriculture | 1,040,100 | 1,835,020 | 3,194,351 |
| Social services and assistance | 1,623,900 | 1,587,321 | 1,458,370 |
| Protection of persons and property | 936,200 | 988,625 | 961,343 |
| Financing charges (schedule 16) | 812,000 | 816,252 | 718,206 |
| Community development | 729,900 | 758,161 | 682,889 |
| Economic development | 327,700 | 733,943 | 520,774 |
| Transportation | 610,300 | 627,256 | 633,494 |
| General government | 544,600 | 512,045 | 463,599 |
| Environment and natural resources | 371,900 | 352,956 | 403,120 |
| Total Expense (schedule 15) | 17,620,500 | 19,013,865 | 19,604,467 |
| Operating Surplus (Deficit) | (462,900) | 1,580,736 | (1,468,296) |

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

Statement of Accumulated Operating Deficit

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | | 2022 |
|--|-------------|-------------|-------------|
| | Budget | Actual | Actual |
| Accumulated operating deficit, beginning of year | (2,832,257) | (2,832,257) | (1,367,641) |
| Adjustment to accumulated operating deficit (note 9) | (157,600) | (519,479) | (87,770) |
| Operating surplus (deficit) | (462,900) | 1,580,736 | (1,468,296) |
| Other comprehensive income (schedule 3) ¹ | - | - | 91,450 |
| Accumulated Operating Deficit, End of Year | (3,452,757) | (1,771,000) | (2,832,257) |

¹ Beginning in 2022-23, other comprehensive income is reported on the Statement of Accumulated Remeasurement Gains and Losses (note 9).

Statement of Accumulated Remeasurement Gains and Losses

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 |
|--|-----------|
| | Actual |
| Unrealized gains (losses) attributable to: | |
| Foreign exchange | (124,992) |
| Derivatives | 12,629 |
| Portfolio investments | (14,938) |
| Total unrealized losses | (127,301) |
| Realized net gains on portfolio investments, reclassified to statement of operations | (11,290) |
| Other comprehensive loss (schedule 3) ¹ | (56,478) |
| Net remeasurement loss | (195,069) |
| Adjustment to accumulated remeasurement gains and losses (note 9) | 362,078 |
| Accumulated Remeasurement Gains, End of Year | 167,009 |

¹ Beginning in 2022-23, other comprehensive loss is no longer reported on the Statement of Accumulated Operating Deficit (note 9).

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

Statement of Change in Net Debt

For the Year Ended March 31, 2023

(thousands of dollars)

| | | 2023 | 2022 |
|---|---------------|---------------|---------------|
| | Budget | Actual | Actual |
| Operating Surplus (Deficit) | (462,900) | 1,580,736 | (1,468,296) |
| Tangible Capital Assets (schedule 12) | | | |
| Acquisitions | (1,231,800) | (999,469) | (948,554) |
| Amortization | 592,600 | 684,401 | 641,530 |
| Disposals | - | 18,968 | 7,148 |
| Write-downs | - | 870 | 2,505 |
| Adjustments | - | (21,209) | (3,935) |
| Net Acquisition of Tangible Capital Assets | (639,200) | (316,439) | (301,306) |
| Net Acquisition of Other Non-Financial assets | - | (21,455) | (39,565) |
| Increase in Net Debt from Operations | (1,102,100) | 1,242,842 | (1,809,167) |
| Adjustment to accumulated operating deficit (note 9) | (157,600) | (519,479) | (87,770) |
| Adjustment to accumulated remeasurement gains and losses (note 9) | - | 362,078 | - |
| Net remeasurement loss ¹ | - | (195,069) | - |
| Other comprehensive income (schedule 3) ¹ | - | - | 91,450 |
| Decrease (increase) in net debt | (1,259,700) | 890,372 | (1,805,487) |
| Net debt, beginning of year | (15,488,179) | (15,488,179) | (13,682,692) |
| Net Debt, End of Year | (16,747,879) | (14,597,807) | (15,488,179) |

¹ Beginning in 2022-23, other comprehensive income is included in net remeasurement loss (note 9).

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

Statement of Cash Flow

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Operating Activities | | |
| Operating surplus (deficit) | 1,580,736 | (1,468,296) |
| Non-cash items included in the operating surplus (deficit) | | |
| Net income from government business enterprises (<i>schedule 3</i>) | (250,246) | (837,651) |
| Other non-cash items included in the operating surplus (deficit) (<i>schedule 18</i>) | 665,572 | 632,733 |
| Net change in non-cash operating activities (<i>schedule 18</i>) | (402,809) | (942,951) |
| Dividends received from government business enterprises (<i>schedule 3</i>) | 629,462 | 665,369 |
| Cash Provided by (Used for) Operating Activities | 2,222,715 | (1,950,796) |
| Capital Activities | | |
| Acquisition of tangible capital assets (<i>schedule 12</i>) | (999,469) | (948,554) |
| Proceeds on disposal of tangible capital assets | 47,263 | 8,057 |
| Cash Used for Capital Activities | (952,206) | (940,497) |
| Investing Activities | | |
| Net increase in loans receivable | (439,690) | (55,036) |
| Repayment of equity advances to government business enterprises | 12,000 | 38,300 |
| Acquisition of portfolio investments | (1,178,664) | (188,481) |
| Disposition of portfolio investments | 512,402 | 146,543 |
| Sinking fund contributions for general debt (<i>schedule 4</i>) | (241,109) | (196,701) |
| Sinking fund redemptions for general debt (<i>schedule 4</i>) | 157,671 | 10,717 |
| Cash Used for Investing Activities | (1,177,390) | (244,658) |
| Financing Activities | | |
| Proceeds from general debt | 1,675,064 | 3,389,299 |
| Repayment of general debt | (1,512,683) | (54,680) |
| Repurchase of general debt | (56,086) | - |
| Decrease in obligations under long-term financing arrangements | (34,284) | (33,270) |
| Increase in other liabilities ¹ | 52,472 | 27,295 |
| Cash Provided by Financing Activities | 124,483 | 3,328,644 |
| Increase in cash and cash equivalents | 217,602 | 192,693 |
| Cash and cash equivalents, beginning of year | 3,055,314 | 2,862,621 |
| Adjustment to cash and cash equivalents (<i>note 9</i>) | (272,277) | - |
| Cash and Cash Equivalents, End of Year | 3,000,639 | 3,055,314 |

¹ Excludes the changes in unamortized debt related costs, which are classified as operating activities.

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

Notes to the Financial Statements

As at March 31, 2023

1. Significant Accounting Policies

Basis of accounting

These 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 public sector entities (entities), which include government service organizations, government business enterprises and partnerships.

Government service organizations and government business enterprises are entities controlled by the Government. Controlled entities 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 entities are government service organizations.

A 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 entities included in the government reporting entity is provided in schedule 19. Unless otherwise noted, the financial activities of all subsidiaries of these entities have also been included.

Trust funds

Trust funds consist of property conveyed or assigned to the Government, as trustee, by agreement or statute to administer on behalf of beneficiaries. Because trust funds are administered but not controlled by the Government, the funds are excluded from the government reporting entity and disclosed in note 6.

Method of consolidation

Government service organizations are consolidated after adjustment to a basis consistent with the accounting policies described in this note. Inter-entity balances and transactions, other than expensed provincial sales tax, are eliminated. Government service organizations in which a non-controlling interest exists are proportionately consolidated.

Government business enterprises are recorded using the modified equity method based on their results prepared in accordance with International Financial Reporting Standards. Using this method, the Government's investment in government business enterprises, which is initially recorded at cost, is adjusted annually to include the Government's proportionate share of net earnings or losses and certain other net equity changes of government business enterprises without adjustment to the accounting policies described in this note. With the exception of dividends and unrealized inter-entity gains and losses, inter-entity balances and transactions are not eliminated.

Partnerships are proportionately consolidated, at the ownership share disclosed in schedule 19, after adjustment to a basis consistent with the accounting policies described in this note. Inter-entity balances and transactions, other than expensed provincial sales tax, are eliminated.

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

Specific accounting policies

Financial assets

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

Cash and cash equivalents consist of cash, bank deposits and highly liquid investments that are acquired with maturity terms no longer than three months.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

Accounts receivable are initially recorded at cost. A valuation allowance is recognized when collection is uncertain.

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.

Sinking fund investments are held for the repayment of debt and consist primarily of bonds and debentures. These investments, recorded at amortized cost, are net of the Government's own securities held as sinking fund investments. Premiums and discounts on long-term investments within these sinking funds are amortized using the effective interest rate method.

Portfolio investments are recorded at market value, with the exception of bonds, debentures and other fixed income securities, which are recorded at cost. Investments recorded at cost are written down to market value when there is evidence of a permanent decline in value. For investments recorded at market value, unrealized changes in fair value are recorded in the Statement of Remeasurement Gains and Losses until realized, at which time the gains or losses are recognized in the Statement of Operations.

Derivative assets include currency and interest rate swaps measured at fair value. Unrealized changes in fair value are recorded in the Statement of Remeasurement Gains and Losses. A derivative that has negative fair market value is presented as a liability on the Statement of Financial Position.

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. Obligations for most contaminated sites and asset retirements are recorded on an undiscounted basis as the settlement date is not determinable. These same obligations are recorded using the Government's best estimate of the amount required: to remediate contaminated sites for which the Government is either directly responsible or has accepted responsibility; and to retire controlled tangible capital assets. Accrued salaries and benefits include other employee future benefits which are recognized in the period the employees provide service.

Unearned revenue includes: government transfers with stipulations that meet the definition of a liability; amounts received in advance of taxes earned and goods or services provided; and contributions restricted for a stipulated purpose pursuant to an agreement with an external party. Amounts are recognized as: stipulations are met; taxes are earned or goods or services are provided; and contributions are used for the stipulated purposes.

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

General debt is debt issued by government service organizations including issued amounts subsequently transferred to government business enterprises. This debt, recorded at par, is net of the Government's own securities held as investments and adjusted for the accumulated impact of translating debt issued in foreign currencies to Canadian dollars at the exchange rate in effect at March 31.

Government business enterprise specific debt, which is disclosed separately on schedule 9, is debt issued by, or specifically on behalf of, government business enterprises.

Obligations under long-term financing arrangements, represent the Government's liability for public private partnership agreements (P3s) through which private sector proponents design, build, finance, operate and maintain certain of the Government's tangible capital assets. The obligations are recorded on the percentage-of-completion basis over the period of construction of the P3 asset and are 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 general debt at the time the agreement is signed.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

Derivative liabilities include currency and interest rate swaps measured at fair value. Unrealized changes in fair value are recorded in the Statement of Remeasurement Gains and Losses. A derivative that has positive fair market value is presented as a financial asset on the Statement of Financial Position.

Other liabilities include unamortized debt-related costs, which is comprised of premiums, discounts and debt issue costs. These costs are deferred and amortized using the effective interest rate method.

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. Non-financial assets are recorded at cost and expensed as they are consumed.

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

Tangible capital assets include all amounts directly attributable to the acquisition, construction, development, betterment or retirement 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 of the asset and commences when the asset is put in service. Intangible assets, items inherited by right of the Crown such as Crown lands, forests, water and mineral resources, works of art and historical treasures are not recognized as assets in these financial statements as an estimate of their future economic benefits cannot be reasonably and verifiably quantified.

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

Revenue

Revenue, recorded on the accrual basis, represents economic resources earned by the Government from taxes and other sources that are used to deliver public services.

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. Oil and natural gas revenue is based primarily on price and production; resource surcharge revenue is based on sales volumes and prices; and potash revenue is based primarily on profits generated.

Transfers from the federal government are recognized as revenue in the period the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as unearned revenue and recognized as the stipulations are met.

Expense

Expenses, recorded on the accrual basis, represent the Government's cost to deliver public services and are classified by theme in the Statement of Operations and by object in Schedule 15, while Schedule 17 discloses expense themes by object. Transfers are recognized as expenses in the period the transfer is authorized and eligibility criteria are met.

Expenses classified by theme, which are based on the major functional groupings of activities, are as follows:

The *agriculture theme* includes expenses to assist and improve the agriculture and food industry through development activities including research, education, regulation and investment in the sector as well as providing direct support to farmers through loans, income stabilization and insurance programs.

The *community development theme* includes expenses to maintain and develop engaged and vibrant communities, including financial assistance and infrastructure funding to local governments and other authorities, which in turn provide community services. Community development also includes funding directed to specific community services such as sport, culture, arts, and heritage that improve quality of life.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

The *economic development theme* includes expenses to strengthen, expand and diversify Saskatchewan's economy as well as to promote trade and growth in export markets. The expenses arise from activities such as research, marketing, product development, financing, financial assistance, technology and infrastructure. Economic development also includes the strategic management of Saskatchewan's non-renewable resources to support future economic activity.

The *education theme* includes expenses to develop and maintain a quality prekindergarten through post-secondary education system which is designed to impart knowledge and information, including activities that support and encourage ongoing learning and the acquisition of specialized skills as well as providing supports to help students be successful.

The *environment and natural resources theme* includes expenses to protect and improve the quality of the environment through: the management of fish, wildlife, forests and land; recycling; and the prevention and clean-up of environmental hazards.

The *financing charges theme* includes expenses associated with general debt including interest, foreign exchange gains and losses, discounts and premiums, fees and commissions. It also includes financing costs related to pension and other employee future benefits liabilities, obligations under long-term financing arrangements such as public private partnerships and capital lease obligations.

The *general government theme* includes expenses for centralized government services including: government contributions to, and management of, employee benefit plans; property, vehicle and information technology management; the collection of government revenues; the formation of budgetary policy; the preparation and audit of the Government's public accounts; and the constitutional, political and law enactment aspect of the Government.

The *health theme* includes expenses to support, maintain and restore the physical and mental health of Saskatchewan residents. Health expense primarily includes: the delivery of health services through acute, emergency, rehabilitative, long-term, community-based, and home-based care; cancer prevention, diagnosis and treatment programs; the prevention and control of infectious diseases; the subsidization of prescription drugs; and the education and promotion of healthy lifestyles.

The *protection of persons and property theme* includes expenses to promote and ensure the security, safety and protection of residents and property which is mainly achieved through a fair justice system, policing programs and supervision and rehabilitation services for offenders. Protection of persons and property also includes: services that promote, support and enforce safe work practices and employment standards; provincial emergency management through 911 services, public safety, disaster assistance and wildfire management; and victims' services.

The *social services and assistance theme* includes expenses to provide financial assistance and services to individuals and families in need because of poverty, abuse, neglect and disability. This includes income support programs, accessible and safe housing, child protection services, adoption services and providing life's needs to persons with intellectual disabilities.

The *transportation theme* includes expenses for the development, construction and maintenance of an integrated provincial transportation system using highways, rural roads, bridges, ferry crossings, airstrips and communication networks.

Schedule 19 identifies the entities included in each theme.

New accounting standards

Two new Canadian public sector accounting standards have been issued but not applied in preparing these financial statements. The Government plans to adopt these new standards on April 1, 2023, their effective date, and is currently analyzing the impact this will have on these financial statements.

PS 3160 Public Private Partnerships, establishing guidance on the recognition, measurement and disclosure of public private partnerships arrangements.

PS 3400 Revenue, establishing guidance on the recognition, measurement, presentation and disclosure of revenue.

Notes to the Financial Statements

2. Fair Value of Financial Instruments

Financial instruments are contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity and are measured at fair value or cost/amortized cost.

The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized, based on the nature of the inputs used, into one of three levels within a fair value hierarchy as follows:

Level 1 - determined using unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - determined using quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - determined using inputs for the asset or liability that are supported by little or no observable market data.

For financial instruments measured at cost or amortized cost, transaction costs are a component of the cost of the financial instruments and gains and losses are recognized in the Statement of Operations. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenues or expenses.

Foreign currency transactions are translated at the exchange rate in effect at the transaction date. Financial assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at March 31.

The fair value hierarchy for financial instruments is as follows:

| <i>(thousands of dollars)</i> | 2023 | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Portfolio investments | | | | |
| Equities | 141,950 | - | - | 141,950 |
| Pooled investment funds | 15,856 | 185,861 | - | 201,717 |
| Derivative assets | - | 57,482 | - | 57,482 |
| Derivative liabilities | - | (90,114) | - | (90,114) |
| Total | 157,806 | 153,229 | - | 311,035 |

Notes to the Financial Statements

3. Measurement Uncertainty

The use of estimates and assumptions is integral in determining amounts to be recognized and disclosed in financial statements. Uncertainty that exists when there is another reasonably possible amount is known as measurement uncertainty. 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.

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

| <i>(thousands of dollars)</i> | 2023 | 2022 (Restated) |
|--|-------------|---------------------------|
| Pension liabilities ^{1a} | 6,230,381 | 6,549,867 |
| Individual and corporation income taxation revenue ^{1b} | 5,140,057 | 3,888,289 |
| Insurance claim obligations ^{1a} | 4,750,831 | 4,458,622 |
| Potash non-renewable resource revenue ^{1c} | 2,403,921 | 1,266,848 |
| Canada Health and Social transfers revenue ^{1d} | 1,879,158 | 1,808,969 |
| Investments ^{1e} | 1,490,063 | 1,408,748 |
| Oil and natural gas non-renewable resource revenue ^{1f} | 1,129,378 | 1,009,656 |
| Environmental obligations ^{1g} | 1,062,245 | 737,116 |
| Resource surcharge revenue ^{1h} | 902,145 | 539,770 |
| Unbilled utility receivable ¹ⁱ | 154,800 | 134,529 |
| Provincial Disaster Assistance program receivable ^{1j} | 150,550 | 290,005 |
| Agricultural income stability program obligations ^{1a} | 83,125 | 96,030 |

¹ Uncertainty exists in the valuation of these amounts because:

^a actual experience may differ from actuarial or historical estimations;

^b final tax assessments may differ from initial economic estimates;

^c actual operating profits may differ from initial estimates;

^d changes may occur in economic and demographic conditions in the Province and the country;

^e certain investments held by government business enterprises have no active market (level 3 of the fair value hierarchy);

^f price and production sensitivities in the royalty revenue structures may exist;

^g the existence and extent of contamination and the timing and cost of remediation cannot be reliably estimated in all cases (pursuant to PS 3280, asset retirement obligations are included beginning in 2023);

^h final valuation of resource sales may differ from initial estimates;

ⁱ actual usage may differ from estimated usage; and

^j actual settlement payments may differ from initial estimates.

4. Risk Management of Financial Instruments

The Government, collectively through its government service organizations and government business enterprises, has exposure to the following risks related to its financial instruments: interest rate risk, foreign exchange rate risk, price risk, credit risk and liquidity risk. The Government has risk management strategies in place to mitigate these risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with changes in market interest rates.

The Government manages this risk on its investments by setting asset mix guidelines that limit the extent to which interest rates impact the market value of the Government's fixed income investments, such as bonds and debentures. It is estimated that a one per cent change in interest rates would impact the Government's operating results by \$144.6 million (2022 - \$140.9 million).

Notes to the Financial Statements

4. Risk Management of Financial Instruments (continued)

The Government manages this risk on its debt by issuing securities at predominantly fixed rates of interest rather than at floating rates of interest. Floating-rate debt primarily refers to 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 \$191.9 million (2022 - \$195.4 million). At March 31, 2023, 92.3 per cent (2022 - 88.6 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 \$2,354.0 million (2022 - \$3,372.8 million). A one percentage point change to interest rates would have impacted the operating results by \$23.5 million (2022 - \$33.7 million).

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with a change in the value of the Canadian dollar relative to other currencies. The Government is primarily exposed to foreign exchange risk on its investments and general debt.

The Government manages this risk on its investments by defining maximum limits on exchange rate sensitive assets, such as foreign equities, in investment portfolios. It is estimated that a ten per cent change in the Canadian dollar relative to other currencies would impact the Government's operating results by \$202.7 million (2022 - \$233.9 million).

The Government manages this risk on its debt 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, 2023, 100.0 per cent (2022 - 100.0 per cent) of the Government's gross debt is effectively denominated in Canadian dollars.

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

- debentures of 1,000.0 million (2022 - 300.0 million) U.S. dollars fully hedged to \$1,266.8 million (2022 - \$384.0 million) Canadian;
- debentures of 235.0 million (2022 - 235.0 million) Euros fully hedged to \$354.3 million (2022 - \$354.3 million) Canadian; and
- debentures totaling 100.0 million (2022 - 100.0 million) Swiss francs fully hedged to \$137.9 million (2022 - \$137.9 million) Canadian.

In total, the Government has cross-currency swaps on a notional value of debt of \$1,759.0 million (2022 - \$997.7 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with changes in market prices.

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Government is primarily exposed to credit risk on its cash, receivables, investments and derivative financial instruments. The Government's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For cash and investments, the Government manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality (minimum rating is BBB for bonds and debentures and R-1 for short-term investments) as well as limits the maximum exposure with respect to any one issuer.

For receivables, the Government reviews balances and aging information to determine if a valuation allowance is necessary. The Government's exposure to credit risk on accounts receivables is disclosed in schedule 1.

Notes to the Financial Statements

4. Risk Management of Financial Instruments (continued)

For derivative financial instrument contracts, the Government manages this risk by dealing solely 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, 2023, 100.0 per cent (2022 - 94.5 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.

Liquidity risk is the risk that the Government will encounter difficulty in meeting obligations associated with financial liabilities. The Government is exposed to liquidity risk on its accounts payable and accrued liabilities, pension liabilities, general debt, obligations under long-term financing arrangements and other liabilities. The Government manages its overall liquidity risk by managing cash resources which is achieved by monitoring actual and forecasted cash flows from operating, investing and financing activities.

The Government manages this risk on its debt by distributing debt maturities over many years, maintaining sinking funds in which the investment maturities approximate that of the underlying long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity. Schedule 9 provides a summary of contractual maturities for general debt.

Expected contractual maturities related to other financial liabilities are disclosed elsewhere in the statements (*schedules 6, 10 and 11*).

Notes to the Financial Statements

5. Retirement Benefits

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

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

Actuarial valuations are performed at least triennially. When a valuation is not done in the current fiscal year an actuary extrapolates the most recent valuation. Valuations and extrapolations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

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

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

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

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

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

Government service organizations

Defined benefit plans and joint defined benefit plan

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

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

The Government also participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of the Saskatchewan Health Authority and certain other Government health entities. The Government participating employers contribute to the plan at the ratio of 1.12 to 1 of employee contributions and any actuarially determined deficiency is the responsibility of participating employers and employees at the same ratio. The Government portion of employer contributions represents approximately 97 per cent of total participating employer contributions to the plan.

Notes to the Financial Statements

5. Retirement Benefits (continued)

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

| | | | | | 2023 | 2022 |
|---|------------|------------------------|------------------------|------------|--------|--------|
| | TSP | PSSP | Others | SHEPP | Total | Total |
| Plan status | closed | closed | closed ¹ | open | n/a | n/a |
| Employee contribution rate (percentage of salary) | 7.85 | 7.00-9.00 ² | 5.00-8.10 ² | 8.10-10.70 | n/a | n/a |
| Number of active employees | 31 | 10 | 1,128 | 38,977 | 40,146 | 40,063 |
| Average age of active employees (years) | 67.1 | 66.2 | 47.9 | 43.5 | 43.6 | 43.3 |
| Number of former employees entitled to deferred pension benefits | 4,453 | - | 180 | 2,328 | 6,961 | 6,825 |
| Number of superannuates and surviving spouses | 10,383 | 4,239 | 633 | 21,406 | 36,661 | 36,307 |
| Actuarial valuation date | June 30/21 | Dec. 31/20 | Various | Dec. 31/21 | n/a | n/a |
| Long-term assumptions used | | | | | | |
| Rate of compensation increase (percentage) | 2.00 | n/a | 3.00-3.25 | 2.75 | n/a | n/a |
| Expected rate of return on plan assets (percentage) | 4.10 | n/a | 5.40-5.85 | 6.60 | n/a | n/a |
| Discount rate (percentage) | 3.00 | 3.00 | 2.70-5.75 | 6.60 | n/a | n/a |
| Inflation rate (percentage) | 2.00 | 2.00 | 2.00-2.25 | 2.00 | n/a | n/a |
| Expected average remaining service life (years) | 0.20 | - | 9.00-12.00 | 13.00 | 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:

| | | | | | 2023 | 2022 |
|---|-----------------------------|-------------------|-------------------|--------------------|---------|---------|
| | PEPP | STRP ¹ | MEPP ² | RCESP ³ | Total | Total |
| | <i>Government Sponsored</i> | | | | | |
| Plan status | open | open | open | open | n/a | n/a |
| Employee contribution rate (percentage of salary) | 5.00-9.00 ⁴ | 9.50-11.70 | 9.00 | 8.80-13.10 | n/a | n/a |
| Government contribution rate (percentage of salary) | 5.00-11.50 ⁴ | 7.25-9.25 | 9.00 | 9.80-14.60 | n/a | n/a |
| Government service organization participation | | | | | | |
| Number of active employees | 19,789 | 15,647 | 10,347 | 2,326 | 48,109 | 47,085 |
| Employee contributions (thousands of dollars) | 98,024 | 119,595 | 27,373 | 10,683 | 255,675 | 250,908 |
| Government contributions (thousands of dollars) | 115,850 | 91,684 | 27,342 | 11,894 | 246,770 | 242,419 |

¹ Teachers employed by Boards of Education after July 1, 1980 participate in the STRP, a contributory defined benefit pension plan. The Government contributes an amount which is set through provincial negotiations.

² Certain employees of Boards of Education and Regional Colleges participate in the MEPP, a multi-employer defined benefit plan. All costs, including costs of any actuarially determined deficiency, are equally shared by the employers and employees. At December 31, 2022, audited financial statements for the MEPP reported an accrued benefit obligation of \$2,222.3 million (2021 - \$2,399.5 million) and plan assets at market value of \$3,243.6 million (2021 - \$3,543.9 million). The market value of plan assets was \$3,382.5 million at March 31, 2023.

³ Certain employees of the Saskatchewan Health Authority and a Board of Education participate in the RCESP, a multi-employer defined benefit plan. Amended provisions effective January 1, 2016 require the actuarially determined deficiency as at December 31, 2014 to be amortized over a period of no more than 20 years. The pre-amendment deficiency will be funded through participating employer and employee contributions at a rate of 60 per cent and 40 per cent respectively and any future deficits funded on a 50:50 basis. At December 31, 2022, audited financial statements for the RCESP reported an accrued benefit obligation of \$1,669.1 million (2021 - \$1,633.8 million) and plan assets at market value of \$1,734.6 million (2021 - \$1,835.8 million). The market value of plan assets was \$1,767.0 million at March 31, 2023.

⁴ Contribution rate varies based on employee group.

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Pension expense

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

| <i>(thousands of dollars)</i> | 2023 | 2022 |
|---|-------------|-------------|
| Defined benefit plans | | |
| Current period benefit cost | 20,618 | 19,894 |
| Amortization of estimation adjustments | (98,287) | 78,501 |
| Employee contributions | (4,485) | (4,966) |
| Change in valuation allowance | (577) | 4,515 |
| Pension interest cost <i>(schedule 16)</i> | 179,976 | 169,379 |
| Pension expense, defined benefit plans | 97,245 | 267,323 |
| Other plans | | |
| Pension expense, joint defined benefit plan | 190,832 | 190,182 |
| Pension expense, defined contribution plans | 246,770 | 242,419 |
| Total Pension Expense <i>(schedule 17)</i> | 534,847 | 699,924 |

Government business enterprises

Defined benefit plans

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

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:

| | | | | 2023 | 2022 |
|--|------------------|----------------|---------------|--------------|--------------|
| | SaskPower | SaskTel | Others | Total | Total |
| Plan status | closed | closed | closed | n/a | n/a |
| Number of active employees | 2 | 7 | 1 | 10 | 16 |
| Number of former employees, superannuates and surviving spouses | 1,503 | 1,734 | 210 | 3,447 | 3,572 |
| Employee contributions <i>(thousands of dollars)</i> | - | - | - | - | 2 |
| Government contributions <i>(thousands of dollars)</i> | - | - | 2,314 | 2,314 | 2,522 |
| Benefits paid <i>(thousands of dollars)</i> | 57,671 | 61,934 | 5,555 | 125,160 | 127,402 |
| Actuarial valuation date | Sept. 30/22 | Mar. 31/20 | Various | n/a | n/a |
| Long-term assumptions used | | | | | |
| Discount rate <i>(percentage)</i> | 4.80 | 4.80 | 4.80-4.90 | n/a | n/a |
| Inflation rate <i>(percentage)</i> | 2.00 | 2.00 | 2.00 | n/a | n/a |
| Post-retirement index <i>(percentage of annual increase in Consumer Price Index)</i> | 70 | 100 | Various | n/a | n/a |

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

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

| <i>(thousands of dollars)</i> | | | | 2023 | 2022 |
|-------------------------------|-----------|-----------|--------|-----------|-----------|
| | SaskPower | SaskTel | Others | Total | Total |
| Accrued benefit obligation | 690,623 | 789,750 | 58,975 | 1,539,348 | 1,676,512 |
| Fair value of plan assets | 609,357 | 904,073 | 31,830 | 1,545,260 | 1,661,161 |
| Plan (Surplus) Deficit | 81,266 | (114,323) | 27,145 | (5,912) | 15,351 |
| Valuation allowance | - | 114,323 | 2,973 | 117,296 | 100,667 |
| Pension Liabilities | 81,266 | - | 30,118 | 111,384 | 116,018 |

Defined contribution plan

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

| | 2023 | 2022 |
|---|------------|------------|
| Plan status | open | open |
| Employee contribution rate <i>(percentage of salary)</i> ¹ | 4.45-8.60 | 4.45-8.60 |
| Government contribution rate <i>(percentage of salary)</i> ¹ | 5.50-11.00 | 5.50-11.00 |
| Government business enterprise participation | | |
| Number of active employees | 12,460 | 12,597 |
| Government contributions <i>(thousands of dollars)</i> | 78,139 | 72,454 |

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:

| <i>(thousands of dollars)</i> | 2023 | 2022 |
|---|---------|----------|
| Defined benefit plans | 2,164 | 5,147 |
| Defined contribution plan | 78,139 | 72,454 |
| Total Pension Expense | 80,303 | 77,601 |
| Net Pension Gain Included in Other Comprehensive Income | (4,484) | (84,268) |

Notes to the Financial Statements

6. Trust Funds

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

| <i>(thousands of dollars)</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Pension plans and annuity funds | 17,881,600 | 18,664,455 |
| Employee benefit plans | 672,929 | 713,473 |
| Public Guardian and Trustee of Saskatchewan | 291,885 | 297,770 |
| Other | 46,098 | 50,056 |
| Total Trust Fund Assets¹ | 18,892,512 | 19,725,754 |

¹ Amounts are based on the latest available financial statements of the funds closest to March 31, 2023.

7. Contractual Rights and Obligations

Contractual Rights

The Government has the following contractual rights reported by the year the amounts are expected to be recognized:

| <i>(thousands of dollars)</i> | | | | | | | 2023 | 2022 |
|---|------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total | Total |
| Government Service Organizations | | | | | | | | |
| Transfers from the federal government | | | | | | | | |
| Operating ¹ | 500,303 | 436,671 | 458,809 | 138,090 | 117,148 | 75,114 | 1,726,135 | 1,734,154 |
| Capital | 243,989 | 196,044 | 192,754 | 92,291 | 49,015 | - | 774,093 | 968,287 |
| Other own-source revenue | | | | | | | | |
| Fees | | | | | | | | |
| Real property sales and leases | 61,761 | 22,891 | 16,502 | 12,975 | 10,568 | 101,870 | 226,567 | 249,962 |
| Other fees | 9,139 | 2,865 | 2,341 | 1,656 | 1,272 | 2,500 | 19,773 | 31,889 |
| Other | - | - | - | - | - | - | - | 2,000 |
| Total Government Service Organizations | 815,192 | 658,471 | 670,406 | 245,012 | 178,003 | 179,484 | 2,746,568 | 2,986,292 |
| Government Business Enterprises | | | | | | | | |
| Liquor and gaming sector ² | 125,700 | 127,430 | 129,180 | 130,960 | 132,770 | - | 646,040 | 416,600 |
| Utility sector | 202,328 | 48,902 | 46,214 | 6,383 | 4,650 | - | 308,477 | 278,459 |
| Total Government Business Enterprises | 328,028 | 176,332 | 175,394 | 137,343 | 137,420 | - | 954,517 | 695,059 |
| Total Contractual Rights³ | 1,143,220 | 834,803 | 845,800 | 382,355 | 315,423 | 179,484 | 3,701,085 | 3,681,351 |

¹ The contractual rights for federal operating transfer agreements with no expiration date include estimated revenue for up to 10 contract years. Contractual rights beyond this could be significant.

² A gaming agreement has an expiration date that extends to 2037; however, amounts for contractual rights beyond 2028 are not included. The contractual rights beyond 2028 for this agreement could be significant.

³ The Government has contractual rights that could be significant, but are not included in the table above, as the expected revenues cannot be reasonably estimated. These rights include: Sustainable Canadian Agricultural Partnership, for which transfers from the federal government are based on crop yields each year; private reinsurance agreements, for which insurance recovery revenue arises from catastrophic events (e.g., severe weather); and forest management agreements, for which licensees pay fees based on the cubic meter harvested.

Notes to the Financial Statements

7. Contractual Rights and Obligations (continued)

Contractual Obligations

The Government has the following contractual obligations reported by the year the amounts are expected to be recognized:

| (thousands of dollars) | | | | | | | 2023 | 2022 |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total | Total |
| Government Service Organizations | | | | | | | | (Restated) |
| Transfers | | | | | | | | |
| Policing | 243,339 | 230,884 | 236,454 | 241,792 | 247,841 | 1,047,960 | 2,248,270 | 2,389,618 |
| Post secondary education | 411,389 | 410,737 | - | - | - | - | 822,126 | 1,256,061 |
| Social supports and services | 374,733 | 218,709 | 127,660 | - | - | - | 721,102 | 662,628 |
| Gaming | 82,861 | 102,093 | 104,218 | 106,460 | 108,830 | - | 504,462 | 350,788 |
| Health and medical services and supports | 183,275 | 95,859 | 83,795 | 60,704 | 60,663 | - | 484,296 | 353,018 |
| Capital | 252,256 | 118,406 | 53,193 | 32,644 | 2,754 | - | 459,253 | 485,635 |
| Research and development | 27,456 | 16,611 | 11,275 | 5,787 | 1,129 | - | 62,258 | 175,152 |
| Beverage container collection and recycling | 37,584 | - | - | - | - | - | 37,584 | 72,090 |
| Other | 77,979 | 25,110 | 18,265 | 4,406 | 2,618 | 4,549 | 132,927 | 134,998 |
| Operation, maintenance and life cycle rehabilitation payments under P3s | 25,724 | 26,383 | 26,924 | 29,867 | 34,003 | 979,293 | 1,122,194 | 1,116,470 |
| Service agreements | | | | | | | | |
| Computer | 196,047 | 100,160 | 82,130 | 53,416 | 26,048 | 13,342 | 471,143 | 372,592 |
| Transportation | 32,363 | 24,810 | 21,546 | 16,509 | 12,689 | 8,370 | 116,287 | 106,500 |
| Emergency communications | 14,009 | 12,625 | 12,496 | 12,603 | 13,055 | - | 64,788 | 79,242 |
| Other | 43,923 | 27,500 | 20,162 | 9,273 | 3,611 | 16,206 | 120,675 | 126,300 |
| Construction and acquisition of tangible capital assets | 578,695 | 103,484 | 34,129 | 372 | 71 | 16 | 716,767 | 583,950 |
| Operating lease agreements | 91,119 | 72,972 | 54,370 | 35,882 | 75,521 | 86,507 | 416,371 | 370,858 |
| Other | 74,023 | - | - | - | - | 6,810 | 80,833 | 81,516 |
| Total Government Service Organizations¹ | 2,746,775 | 1,586,343 | 886,617 | 609,715 | 588,833 | 2,163,053 | 8,581,336 | 8,717,416 |
| Government Business Enterprises | | | | | | | | |
| Forward purchase contracts | | | | | | | | |
| Power | 421,031 | 482,490 | 469,551 | 479,815 | 484,605 | 8,940,416 | 11,277,908 | 10,117,970 |
| Natural gas | 195,908 | 152,941 | 126,059 | 112,264 | 88,608 | 185,282 | 861,062 | 846,602 |
| Coal | 209,615 | 214,971 | 77,274 | 78,886 | 80,302 | 62,213 | 723,261 | 989,722 |
| Construction, acquisition and maintenance of capital assets | 2,204,442 | 373,227 | 204,611 | 133,673 | 109,467 | 408,936 | 3,434,356 | 2,915,454 |
| Service agreements | 144,622 | 24,751 | 18,692 | 14,758 | 7,015 | - | 209,838 | 159,782 |
| Other | 6,345 | 3,239 | 3,230 | 3,220 | 2,145 | 2,533 | 20,712 | 26,443 |
| Total Government Business Enterprises | 3,181,963 | 1,251,619 | 899,417 | 822,616 | 772,142 | 9,599,380 | 16,527,137 | 15,055,973 |
| Total Contractual Obligations | 5,928,738 | 2,837,962 | 1,786,034 | 1,432,331 | 1,360,975 | 11,762,433 | 25,108,473 | 23,773,389 |

¹ Contractual obligations for government service organizations by theme are as follows:

| | 2023 | 2022 |
|------------------------------------|------------------|------------------|
| Protection of persons and property | 2,413,450 | 2,579,784 |
| Education | 1,305,435 | 1,680,647 |
| Health | 1,040,396 | 913,027 |
| Community development | 969,323 | 845,727 |
| Transportation | 904,622 | 990,339 |
| General government | 902,039 | 596,764 |
| Social services and assistance | 787,189 | 728,414 |
| Agriculture | 100,673 | 95,760 |
| Economic development | 85,288 | 54,090 |
| Environment and natural resources | 72,921 | 232,864 |
| | 8,581,336 | 8,717,416 |

Notes to the Financial Statements

8. Contingencies

Contingent Assets

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

Contingent Liabilities

The Government is involved in various legal actions, the outcome of which is not determinable. Up to \$214.0 million (2022 - \$107.9 million) may be paid depending on the outcome of lawsuits in progress which include aboriginal land claims, claims for damages to persons and property and disputes over taxes and funding.

The Government also has up to \$4.7 million (2022 - \$4.8 million) in other contingent liabilities that are dependent on environmental remediation and guaranteed debt repayments.

9. Adjustment to Accumulated Deficit

Changes in accounting policies

During 2022-23, the Government adopted the following new and amended public sector accounting standards that came into effect April 1, 2022:

- *PS 3450 Financial Instruments*, establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives;
- *PS 2601 Foreign Currency Translation*, amending guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency;
- *PS 1201 Financial Statement Presentation*, amending general reporting principles and standards of presentation and disclosure in government financial statements;
- *PS 3041 Portfolio Investments*, amending guidance on accounting for, and presentation and disclosure of, portfolio investments; and
- *PS 3280 Asset Retirement Obligations*, establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible asset.

The impact of adopting these new and amended standards was accounted for retroactively without restatement of prior periods and resulted in: an increase in financial assets of \$1.3 billion; an increase in liabilities of \$1.5 billion; an increase in non-financial assets of \$21.2 million; an increase in the accumulated operating deficit of \$519.5 million; and the initial reporting of accumulated remeasurement gains of \$362.1 million.

Notes to the Financial Statements

9. Adjustment to Accumulated Deficit (continued)

At April 1, 2022, the date of transition to the new standards, these financial statements were adjusted as follows:

| <i>(thousands of dollars)</i> | Financial Instruments PS 3450¹ | Asset Retirement Obligations PS 3280 | Total |
|---|--|---|------------------|
| Financial assets | | | |
| Cash and cash equivalents ² | (272,277) | - | (272,277) |
| Sinking fund investments ³ | 1,207,011 | - | 1,207,011 |
| Portfolio investments ^{2 4 5} | 406,709 | - | 406,709 |
| Derivative assets ⁵ | 5,235 | - | 5,235 |
| Liabilities | | | |
| Accounts payable and accrued liabilities ⁴ | - | 308,122 | 308,122 |
| General debt ^{3 5} | 1,166,671 | - | 1,166,671 |
| Derivative liabilities ⁵ | 50,495 | - | 50,495 |
| Net debt | 129,512 | (308,122) | (178,610) |
| Non-financial assets | | | |
| Tangible capital assets ⁴ | - | 21,209 | 21,209 |
| Accumulated deficit | 129,512 | (286,913) | (157,401) |
| Accumulated deficit is comprised of: | | | |
| Accumulated operating deficit ⁴ | (232,566) | (286,913) | (519,479) |
| Accumulated remeasurement gains ⁵ | 362,078 | - | 362,078 |
| Accumulated deficit | 129,512 | (286,913) | (157,401) |

¹ Includes amendments to public sector accounting standards resulting in the replacement of PS 1200, PS 2600 and PS 3040 with PS 1201, PS 2601 and PS 3041.

² Pursuant to PS 1201, certain previously reported temporary investments are no longer reported as cash equivalents. As a result, short-term investments with maturities beyond three months at acquisition are now classified as portfolio investments. 2022 comparatives have not been reclassified.

³ Pursuant to PS 3450, general debt is no longer presented net of sinking funds. 2022 comparative general debt and sinking fund figures have been reclassified to conform with current year presentation.

⁴ Changes to accumulated operating deficit include:

- an adjustment, pursuant to PS 3280, to report asset retirement obligations (\$286.9 million increase);
- a reclassification of unrealized gains on pooled fund investments to accumulated remeasurement gains and losses (\$20.3 million increase); and
- a reclassification of accumulated other comprehensive income to accumulated remeasurement gains and losses (\$212.3 million increase).

⁵ Pursuant to PS 3450, these statements now report accumulated remeasurement gains and losses. The following is included in accumulated remeasurement gains at April 1, 2022:

- an accumulated unrealized gain on equity investments (\$134.5 million increase);
- an accumulated unrealized gain on pooled investment funds (\$20.3 million increase);
- an accumulated unrealized gain on general debt related foreign exchange (\$40.3 million increase);
- an accumulated unrealized loss on derivatives (\$45.3 million decrease); and
- accumulated other comprehensive income (\$212.3 million increase).

The impact of adopting these standards on current year's operating surplus is not significant.

Contaminated sites liability

During 2021-22, a liability was recorded for certain salt and fuel storage sites that met the criteria for a liability for remediation of contaminated sites in prior years. The liability was accounted for retroactively without restatement of prior periods and resulted in an increase to accounts payable and accrued liabilities and opening accumulated operating deficit of \$87.8 million.

10. Comparative Figures

Certain 2022 comparative figures have been reclassified to conform with the current year's presentation.

Accounts Receivable**Schedule 1**

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 (Restated) |
|---|------------------|---------------------------|
| Taxation ^{1a} | 637,753 | 605,312 |
| Non-renewable resources ^{1b} | 407,905 | 445,401 |
| Other own-source ^{1b} | 962,067 | 895,055 |
| Transfers from the federal government ^{1c} | 405,529 | 557,864 |
| Total Accounts Receivable | 2,413,254 | 2,503,632 |
| Provision for loss | (220,276) | (205,119) |
| Accounts Receivable | 2,192,978 | 2,298,513 |

¹ The Government's exposure to credit risk related to accounts receivable is as follows:

^a Taxation receivables are largely based on estimates and collectability is assessed based on several factors including historical experience.

^b The age of a receivable is an indicator of its collectability. The aging of these receivables is as follows:

| | 0-30 days | 30-60 days | 60-90 days | over 90 days | Total |
|------------------------|------------------|-------------------|-------------------|---------------------|--------------|
| Non-renewable resource | 298,604 | 85,242 | 848 | 23,211 | 407,905 |
| Other own-source | 576,290 | 32,458 | 21,332 | 331,987 | 962,067 |

^c The Government does not believe that it is exposed to significant risk on its transfers receivable from the federal government.

Loans Receivable**Schedule 2**

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|---|------------------|-----------------|
| Loans to government business enterprises ¹ | 634,181 | 237,431 |
| Student loans ² | 446,960 | 390,691 |
| Other ³ | 2,908 | 16,237 |
| Total Loans Receivable | 1,084,049 | 644,359 |
| Provision for loss | (89,626) | (90,892) |
| Loans Receivable | 994,423 | 553,467 |

¹ The Government has \$675.0 million (2022 - \$275.0 million) in loans receivable from government business enterprises repayable over 8 to 20 years and bearing interest between 3.9 and 5.2 per cent (2022 - 3.9 and 5.2 per cent - restated). The loans are recorded net of \$40.8 million (2022 - \$37.6 million) for the government business enterprises' equity in sinking funds administered by the Government.

² Student loans are interest free until the discontinuance of full-time studies or graduation. Interest rates are prescribed by the Government and range between 6.0 and 6.9 per cent (2022 - 2.0 and 2.9 per cent - restated). Student 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 \$88.6 million (2022 - \$78.7 million) has been recorded on these loans.

³ Other consists of numerous loans at various interest rates and maturities. Security on other loans varies and may include promissory notes, mortgages on real property, security agreements or guarantees. A loss provision of \$1.0 million (2022 - \$12.2 million) has been recorded on these loans.

Investment in Government Business Enterprises

As at March 31, 2023

(thousands of dollars)

| | Utility | | | | Sask Gov't Insurance |
|--|------------------|-------------------|------------------|----------------|----------------------|
| | SaskEnergy | SaskPower | SaskTel | SaskWater | |
| Assets | | | | | |
| Cash and cash equivalents | 5,748 | 191,740 | 18,347 | 2,535 | 43,066 |
| Accounts receivable | 247,695 | 415,552 | 151,523 | 9,340 | 376,419 |
| Inventories and prepaid expenses | 26,497 | 376,755 | 158,279 | 1,547 | 206,210 |
| Sinking fund investments | 159,921 | 717,526 | 113,667 | 15,612 | - |
| Other investments ³ | - | - | - | - | 1,461,881 |
| Capital assets | 3,032,122 | 11,084,582 | 2,246,889 | 352,821 | 26,199 |
| Intangible assets | 50,766 | 71,844 | 394,243 | - | 2,679 |
| Other assets | 56,028 | 20,048 | 101,698 | 308 | 5,924 |
| Total Assets⁴ | 3,578,777 | 12,878,047 | 3,184,646 | 382,163 | 2,122,378 |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | 144,171 | 841,885 | 157,788 | 6,280 | 145,380 |
| Dividends payable to government entities | 6,290 | - | 9,663 | 2,168 | - |
| Gross debt | 1,957,869 | 7,858,452 | 1,632,620 | 96,168 | - |
| Unearned revenue | 17,075 | 43,968 | 76,014 | 194,789 | 611,515 |
| Provision for insurance claims | - | - | - | - | 791,736 |
| Other liabilities ⁶ | 207,170 | 1,392,162 | 57,396 | 3,884 | 19,720 |
| Total Liabilities⁴ | 2,332,575 | 10,136,467 | 1,933,481 | 303,289 | 1,568,351 |
| Net Assets | 1,246,202 | 2,741,580 | 1,251,165 | 78,874 | 554,027 |
| Revenue | | | | | |
| Operating | 1,282,769 | 3,066,566 | 1,335,396 | 66,413 | 1,231,895 |
| Investment income ⁵ | - | 3,885 | 6,969 | 145 | 42,476 |
| Total Revenue⁴ | 1,282,769 | 3,070,451 | 1,342,365 | 66,558 | 1,274,371 |
| Expense | | | | | |
| Operating | 1,155,813 | 2,841,006 | 1,202,044 | 55,269 | 527,295 |
| Insurance claims | - | - | - | - | 721,934 |
| Financing charges ⁵ | 67,525 | 401,507 | 36,268 | 2,650 | 695 |
| Total Expense⁴ | 1,223,338 | 3,242,513 | 1,238,312 | 57,919 | 1,249,924 |
| Income (loss) from operations | 59,431 | (172,062) | 104,053 | 8,639 | 24,447 |
| Unusual items | - | - | - | - | - |
| Net Income from Government Business Enterprises | 59,431 | (172,062) | 104,053 | 8,639 | 24,447 |
| Retained earnings (loss), beginning of year | 1,221,956 | 2,242,754 | 859,310 | 70,336 | 453,432 |
| Adjustment to retained earnings (loss) | - | - | - | - | - |
| Dividends to government entities | (44,750) | - | (41,621) | (7,775) | - |
| Retained earnings, end of year | 1,236,637 | 2,070,692 | 921,742 | 71,200 | 477,879 |
| Accumulated other comprehensive income (loss), beginning of year | (8,893) | 123,509 | 97,414 | (847) | (4,109) |
| Adjustment to accumulated other comprehensive income (loss) | - | - | - | - | - |
| Other comprehensive income (loss) | (3,073) | (45,621) | (4,991) | (179) | 257 |
| Accumulated other comprehensive income (loss), end of year | (11,966) | 77,888 | 92,423 | (1,026) | (3,852) |
| Equity advances from government entities | 21,531 | 593,000 | 237,000 | 8,700 | 80,000 |
| Investment in Government Business Enterprises | 1,246,202 | 2,741,580 | 1,251,165 | 78,874 | 554,027 |

¹ Net assets are: ^a held on behalf of Saskatchewan's motoring public and cannot be used for any other purpose; ^b maintained in an injury fund and cannot be used for any other purpose.

² Adjustments primarily include:
 • the reversal of an adjustment made in the prior year to reflect the impact that market volatility in the first quarter of 2022 had on the value of Workers' Compensation Board (Saskatchewan) investment portfolio; and
 • the elimination of unrealized inter-entity gains and losses.

³ Includes bonds and debentures of \$2,720.4 million (2022 - \$2,471.6 million) that bear interest at rates up to 6.5 per cent (2022 - up to 7.2 per cent) and have maturity dates up to 54.5 years (2022 - up to 60.2 years).

⁴ Total assets include \$1,164.9 million (2022 - \$1,149.0 million) due from or invested in public sector entities (entities); total liabilities include \$11,913.9 million (2022 - \$10,967.7 million) in gross debt owing to entities and \$409.5 million (2022 - \$398.9 million) in accounts payable or services due to entities; total revenue includes \$499.6 million (2022 - \$445.0 million) from entities; and total expense includes \$944.2 million (2022 - \$833.3 million) paid and owing to entities.

⁵ Financing charges is reported net of sinking fund earnings. Financing charges in the amount of \$377.2 million (2022 - \$353.0 million) was paid and owing to entities.

| | | | | | | 2023 | 2022 |
|------------------------------|------------------------------|---------------------------|--------------------------------|-------------------|--------------------------|-------------------|-------------------|
| Insurance & Financing | | | Liquor & Gaming | | | | |
| Sask Auto Fund ^{1a} | Workers' Comp. ^{1b} | Municipal Financing Corp. | Sask Liquor & Gaming Authority | Sask Gaming Corp. | Adjustments ² | Total | Total |
| 40,015 | 60,038 | 889 | 49,633 | 17,398 | - | 429,409 | 240,066 |
| 280,076 | 12,976 | 4,077 | 129,508 | 148 | 4,882 | 1,632,196 | 1,533,353 |
| 26,474 | 919 | - | 19,375 | 894 | - | 816,950 | 763,526 |
| - | - | 16,328 | - | - | - | 1,023,054 | 1,010,630 |
| 3,105,535 | 2,105,368 | 287,561 | - | - | - | 6,960,345 | 7,053,865 |
| 44,916 | 9,433 | - | 119,570 | 70,351 | (1,727) | 16,985,156 | 16,375,516 |
| 12,554 | 3,482 | - | 15,258 | - | - | 550,826 | 582,201 |
| - | - | - | 4,342 | - | - | 188,348 | 269,241 |
| 3,509,570 | 2,192,216 | 308,855 | 337,686 | 88,791 | 3,155 | 28,586,284 | 27,828,398 |
| 101,366 | 17,197 | 1,321 | 27,473 | 17,668 | - | 1,460,529 | 1,433,942 |
| - | - | - | 144,689 | 3,832 | - | 166,642 | 174,450 |
| - | - | 289,472 | 84,142 | - | - | 11,918,723 | 10,972,527 |
| 427,156 | - | - | 33,872 | - | (25,710) | 1,378,679 | 1,250,459 |
| 2,175,809 | 1,687,702 | - | - | - | - | 4,655,247 | 4,522,630 |
| 24,739 | 7,493 | - | 46,042 | 3,404 | - | 1,762,010 | 1,782,242 |
| 2,729,070 | 1,712,392 | 290,793 | 336,218 | 24,904 | (25,710) | 21,341,830 | 20,136,250 |
| 780,500 | 479,824 | 18,062 | 1,468 | 63,887 | 28,865 | 7,244,454 | 7,692,148 |
| 1,132,028 | 304,006 | - | 1,122,033 | 116,281 | (13,541) | 9,643,846 | 8,968,859 |
| 75,391 | (132,087) | 9,811 | - | - | 84,915 | 91,505 | 326,742 |
| 1,207,419 | 171,919 | 9,811 | 1,122,033 | 116,281 | 71,374 | 9,735,351 | 9,295,601 |
| 353,495 | 86,145 | 50 | 576,423 | 94,621 | 2,481 | 6,894,642 | 5,884,725 |
| 1,124,358 | 200,756 | - | - | - | - | 2,047,048 | 1,987,016 |
| - | 86 | 8,960 | 3,733 | 376 | - | 521,800 | 496,954 |
| 1,477,853 | 286,987 | 9,010 | 580,156 | 94,997 | 2,481 | 9,463,490 | 8,368,695 |
| (270,434) | (115,068) | 801 | 541,877 | 21,284 | 68,893 | 271,861 | 926,906 |
| (325) | - | - | (21,290) | - | - | (21,615) | (89,255) |
| (270,759) | (115,068) | 801 | 520,587 | 21,284 | 68,893 | 250,246 | 837,651 |
| 1,051,259 | 594,892 | 18,654 | (4,270) | 55,905 | (40,331) | 6,523,897 | 6,351,615 |
| - | - | - | (303) | - | 303 | - | - |
| - | - | - | (518,314) | (17,002) | - | (629,462) | (665,369) |
| 780,500 | 479,824 | 19,455 | (2,300) | 60,187 | 28,865 | 6,144,681 | 6,523,897 |
| - | - | 317 | 4,929 | - | - | 212,320 | 120,870 |
| - | - | - | (1,319) | - | 1,319 | - | - |
| - | - | (1,710) | 158 | - | (1,319) | (56,478) | 91,450 |
| - | - | (1,393) | 3,768 | - | - | 155,842 | 212,320 |
| - | - | - | - | 3,700 | - | 943,931 | 955,931 |
| 780,500 | 479,824 | 18,062 | 1,468 | 63,887 | 28,865 | 7,244,454 | 7,692,148 |

⁶ Capital lease obligations, reported in other liabilities above, have the following payment schedule:

| (thousands of dollars) | 2023 | 2022 |
|-----------------------------------|-----------|-------------|
| 2022-23 | - | 202,400 |
| 2023-24 | 204,860 | 204,131 |
| 2024-25 | 193,238 | 193,108 |
| 2025-26 | 168,855 | 168,701 |
| 2026-27 | 169,746 | 169,481 |
| 2027-28 | 170,856 | - |
| Thereafter | 1,004,465 | 1,173,674 |
| | 1,912,020 | 2,111,495 |
| Less interest and executory costs | (926,432) | (1,058,171) |
| Leases ^a | 985,588 | 1,053,324 |

^a Leases bear interest up to 15.8 per cent (2022 - up to 15.8 per cent) and have expiry dates up to 66.3 years (2022 - up to 67.3 years).

Sinking Fund Investments

Schedule 4

As at March 31, 2023

(thousands of dollars)

| | 2023 | | | 2022 | | |
|---|-----------------------------------|-----------|-------------|-----------------------------------|-----------|-------------|
| | | | | (Restated) ¹ | | |
| | Sinking Fund Investments Held for | | | Sinking Fund Investments Held for | | |
| | Government | | | Government | | |
| | Business | | | Business | | |
| | Enterprise | Sinking | | Enterprise | Sinking | |
| | General | Specific | Fund | General | Specific | Fund |
| | Debt | Debt | Investments | Debt | Debt | Investments |
| Government Service Organization | | | | | | |
| Sinking Fund Investments | | | | | | |
| General Revenue Fund | | | | | | |
| Operating | 811,760 | - | 811,760 | 905,872 | - | 905,872 |
| Saskatchewan Capital Plan | 632,441 | - | 632,441 | 456,208 | - | 456,208 |
| Innovation Saskatchewan ² | 6,034 | - | 6,034 | 5,599 | - | 5,599 |
| Total Government Service Organization | | | | | | |
| Sinking Fund Investments | 1,450,235 | - | 1,450,235 | 1,367,679 | - | 1,367,679 |
| Government Business Enterprise | | | | | | |
| Sinking Fund investments³ | | | | | | |
| Saskatchewan Power Corporation | 17,650 | 751,761 | 769,411 | 16,418 | 763,716 | 780,134 |
| SaskEnergy Incorporated | 13,238 | 157,625 | 170,863 | 12,337 | 141,290 | 153,627 |
| Saskatchewan Telecommunications Holding Corporation | - | 120,951 | 120,951 | - | 100,665 | 100,665 |
| Municipal Financing Corporation of Saskatchewan | 9,931 | 8,000 | 17,931 | 8,814 | 8,828 | 17,642 |
| Saskatchewan Water Corporation | - | 16,610 | 16,610 | - | 14,020 | 14,020 |
| Total Government Business Enterprise | | | | | | |
| Sinking Fund Investments | 40,819 | 1,054,947 | 1,095,766 | 37,569 | 1,028,519 | 1,066,088 |
| Total sinking fund investments^{4 5} | 1,491,054 | 1,054,947 | 2,546,001 | 1,405,248 | 1,028,519 | 2,433,767 |
| Government of Saskatchewan securities held as sinking fund investments ¹ | (285,740) | (201,873) | (487,613) | (198,237) | (145,560) | (343,797) |
| Sinking Fund Investments | 1,205,314 | 853,074 | 2,058,388 | 1,207,011 | 882,959 | 2,089,970 |

¹ Beginning in 2022-23, sinking fund investments are reported net of Government of Saskatchewan securities held as sinking fund investments (note 9). Prior year is restated to reflect this change. Public debt reported on schedule 9 is also presented net of Government of Saskatchewan securities held as sinking fund investments.

² Beginning in 2022-23, the Saskatchewan Opportunities Corporation was wound up into Innovation Saskatchewan.

³ Schedule 3 provides information on Government Business Enterprises (GBEs) as presented in their audited financial statements closest to March 31, 2023. The sinking fund investments reported above are \$72.7 million (2022 - \$55.5 million) higher than the sinking fund investments reported on Schedule 3 mainly to conform to Canadian public sector accounting standards.

Sinking Fund Investments *(continued)*

Schedule 4

⁴ Sinking fund investment transactions during the year were as follows:

| | 2022 | | | | 2023 |
|---------------------------------------|--------------------------|----------------------------|-----------------------|--------------------------|--------------------------|
| | Sinking Fund Investments | Contributions ^a | Earnings ^b | Redemptions ^c | Sinking Fund Investments |
| Sinking fund investments held for: | | | | | |
| General debt | 1,405,248 | 241,109 | 2,368 | (157,671) | 1,491,054 |
| GBE specific debt | 1,028,519 | 96,120 | 4,065 | (73,757) | 1,054,947 |
| Total Sinking Fund Investments | 2,433,767 | 337,229 | 6,433 | (231,428) | 2,546,001 |

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

| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|--|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Sinking fund investments held for: | | | | | | | |
| General debt | 240,100 | 231,976 | 231,976 | 231,976 | 216,226 | 3,048,145 | 4,200,399 |
| GBE specific debt | 94,102 | 92,520 | 92,340 | 90,039 | 89,804 | 1,511,740 | 1,970,545 |
| Total Sinking Fund Investment Contributions | 334,202 | 324,496 | 324,316 | 322,015 | 306,030 | 4,559,885 | 6,170,944 |

^b Sinking fund investment earnings include losses on investment sales of \$30.7 million (2022 - \$4.4 million).

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

⁵ Sinking fund investments are as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| Long-term investments ^a in securities of: | | |
| Governments of other provinces (coupon interest range 1.1 to 5.9 per cent; maturing in 1.2 to 30.5 years) | 1,277,114 | 1,014,389 |
| Government of Canada securities (coupon interest range 0.3 to 4.0 per cent; maturing in 1.0 to 30.7 years) | 685,882 | 641,377 |
| Government of Saskatchewan (coupon interest range 2.2 to 6.4 per cent; maturing in 1.2 to 29.7 years) <i>(footnote 1)</i> | 487,613 | 343,797 |
| Cash, short-term investments and accrued interest | 95,392 | 434,204 |
| Total Sinking Fund Investments | 2,546,001 | 2,433,767 |

^a The average yield to maturity on long-term investments at March 31, 2023 was 2.7 per cent (2022 - 2.0 per cent).

Portfolio Investments

Schedule 5

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|--|------------------|----------------|
| Bonds and debentures ¹ | 717,254 | 126,782 |
| Pooled investment funds | 201,717 | 202,518 |
| Equities ² | 141,950 | 27,361 |
| Other ³ | 455,834 | 110,424 |
| Total portfolio investments | 1,516,755 | 467,085 |
| Government of Saskatchewan securities held as investments ⁴ | (60,725) | - |
| Portfolio Investments | 1,456,030 | 467,085 |

¹ Bonds and debentures held by the Government have a market value of \$706.7 million (2022 - \$126.8 million) and include securities of:

| | 2023 | 2022 |
|---|----------------|----------------|
| Government of Canada (coupon interest range 0.3 to 5.0 per cent; maturing in 0.1 to 31.9 years) | 313,647 | 22,302 |
| Governments of other provinces (coupon interest range 1.6 to 4.5 per cent; maturing in 0.1 to 30.9 years) | 265,579 | 28,688 |
| Corporations (coupon interest range 1.0 to 7.4 per cent; maturing in 0.8 to 59.9 years) | 71,979 | 70,856 |
| Government of Saskatchewan (coupon interest range 0.8 to 3.2 per cent; maturing in 0.0 to 2.4 years) | 60,725 | - |
| Other (coupon interest range 1.3 to 5.4 per cent; maturing in 3.2 to 29.9 years) | 5,324 | 4,936 |
| Total Bonds and Debentures | 717,254 | 126,782 |

² With the adoption of PS 3450 in the current year (*note 9*), equities are recorded at market value for the first time. In 2021-22, equities were recorded at cost and had a market value of \$160.2 million.

³ Other includes fixed-rate securities of \$449.8 million (2022 - \$107.4 million) with a market value of \$450.9 million (2022 - \$108.0 million - restated). Beginning in 2022-23, certain previously reported temporary investments are now reported as portfolio investments (*note 9*).

⁴ Public debt reported on schedule 9 is also presented net of Government of Saskatchewan securities held as investments.

Accounts Payable and Accrued Liabilities

Schedule 6

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 (Restated) |
|---|------------------|--------------------|
| Salaries and benefits ^{1 6a} | 971,150 | 1,013,248 |
| Transfers ^{2 6c} | 663,404 | 636,339 |
| Supplier payments ^{6b} | 378,649 | 421,787 |
| Asset retirement obligations ^{3 6c} | 321,035 | - |
| Federal government repayments ^{4 6c} | 305,070 | 321,882 |
| Contaminated sites ^{5 6c} | 236,869 | 248,171 |
| Financing charges ^{6b} | 165,571 | 147,089 |
| Treaty land entitlement claims ^{6c} | 84,900 | 91,285 |
| Other ^{6c} | 341,236 | 276,607 |
| Total Accounts Payable and Accrued Liabilities | 3,467,884 | 3,156,408 |

¹ Includes accruals for other employee future benefits of \$435.6 million (2022 - \$423.2 million) mainly for accumulated sick leave, long-term disability and life insurance benefits.

² Includes transfers to the federal government of \$166.1 million (2022 - \$171.7 million) and capital transfers of \$118.1 million (2022 - \$119.9 million).

³ Includes remediation for:

Asbestos removal

The Government has a legal obligation for the removal of asbestos from certain buildings, with an estimated cost of \$312.5 million.

Equipment disposal

The Government has a legal obligation for the disposal of certain equipment, primarily fuel tanks, with an estimated cost of \$8.5 million.

⁴ Includes amounts repayable for income taxes and Equalization transfers.

⁵ Includes remediation for:

Soil contamination

The Government is responsible for remediation of soil contamination of \$98.1 million (2022 - \$97.5 million), primarily related to the storage of road salt, asphalt and fuel inventories.

Abandoned mines

The Government is responsible for remediation of certain abandoned uranium and precious and base metal mines on Crown land, where the companies that caused the contamination no longer exist. The contaminated sites liabilities include \$42.4 million (2022 - \$64.6 million - restated) for the remediation of uranium mines. These sites have building debris, radioactive tailings, acidic water conditions and elevated radiation in exposed waste rock. The contaminated sites liabilities also include \$37.5 million (2022 - \$35.4 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 \$58.6 million (2022 - \$50.5 million) indemnity for environmental liabilities related to the industrial operations of a chemical plant and pulp mill site. These sites have excessive mercury levels in the soil and excessive contaminants in a landfill waste area, respectively.

⁶ The Government's exposure to liquidity risk related to accounts payable and accrued liabilities is as follows:

^a Except for employee future benefit accruals, the liabilities for salaries and benefits are generally payable within one year. The liabilities for employee future benefits are generally long-term in nature and the associated repayment terms are not reliably estimated.

^b The liabilities for supplier payments and financing charges are generally payable within one year.

^c Estimated payment terms for certain liabilities are as follows:

| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter ¹ | Total |
|--------------------------------|---------|---------|--------|-------|-------|-------------------------|---------|
| Transfers | 475,597 | 59,688 | 4,297 | 353 | - | 123,469 | 663,404 |
| Asset retirement obligations | 162 | 108 | 1,252 | 8 | 47 | 319,458 | 321,035 |
| Federal government repayments | 13,289 | 278,492 | 13,289 | - | - | - | 305,070 |
| Contaminated sites | 25,004 | 23,749 | 2,108 | 329 | 273 | 185,406 | 236,869 |
| Treaty land entitlement claims | 20,419 | - | - | - | - | 64,481 | 84,900 |
| Other | 269,701 | 1,049 | 1,108 | 1,049 | 1,966 | 66,363 | 341,236 |

¹ Amounts for which no specific repayment terms exist are classified as thereafter.

Unearned Revenue

Schedule 7

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|--|----------------|----------------|
| Own-source ¹ | 214,771 | 194,413 |
| Transfers from the federal government ² | 77,401 | 242,990 |
| Total Unearned Revenue | 292,172 | 437,403 |

¹ Includes \$70.8 million (2022 - \$69.3 million) for motor vehicle licensing fees.

² Includes \$72.2 million (2022 - \$76.1 million) for early learning and childcare and nil (2022 - \$156.8 million) for the reclamation of inactive wells.

Pension Liabilities

As at March 31, 2023

(thousands of dollars)

Schedule 8

| | | | | 2023 | 2022 |
|---|------------------|------------------|----------------|------------------|------------------|
| | TSP | PSSP | Others | Total | Total |
| Accrued benefit obligation, beginning of year | 4,799,602 | 1,473,111 | 443,094 | 6,715,807 | 7,052,249 |
| Current period benefit cost | 928 | - | 19,690 | 20,618 | 19,894 |
| Interest cost | 139,205 | 41,129 | 18,571 | 198,905 | 204,615 |
| Actuarial losses (gains) | 194,036 | 30,546 | 11,446 | 236,028 | (109,320) |
| Benefit payments | (319,823) | (109,727) | (22,122) | (451,672) | (451,631) |
| Accrued Benefit Obligation, End of Year | 4,813,948 | 1,435,059 | 470,679 | 6,719,686 | 6,715,807 |
| Plan assets, beginning of year | 191,701 | - | 203,528 | 395,229 | 402,361 |
| Employer contributions | 286,223 | 109,730 | 16,144 | 412,097 | 409,319 |
| Employee contributions | 64 | - | 4,421 | 4,485 | 4,966 |
| Return on plan assets ¹ | 9,263 | (3) | 9,669 | 18,929 | 35,236 |
| Actuarial losses | (3,079) | - | (2,490) | (5,569) | (5,022) |
| Benefit payments | (319,823) | (109,727) | (22,122) | (451,672) | (451,631) |
| Plan Assets, End of Year² | 164,349 | - | 209,150 | 373,499 | 395,229 |
| | 4,649,599 | 1,435,059 | 261,529 | 6,346,187 | 6,320,578 |
| Unamortized estimation adjustments ³ | (197,115) | (30,546) | (7,709) | (235,370) | 104,514 |
| Joint defined benefit plan (SHEPP) net asset ⁴ | n/a | n/a | (1,573,382) | (1,573,382) | (1,494,067) |
| Valuation allowance ⁵ | - | - | 1,581,562 | 1,581,562 | 1,502,824 |
| Total Pension Liabilities⁶ | 4,452,484 | 1,404,513 | 262,000 | 6,118,997 | 6,433,849 |

¹ The actual rate of return on plan assets was negative 0.4 per cent (2022 – positive 2.4 per cent) for the TSP and negative 3.7 per cent (2021 – positive 9.9 per cent) for the SHEPP.

² The market value of plan investments was \$367.1 million at March 31, 2023 (2022 - \$412.2 million) for the defined benefit plans.

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

⁴ At December 31, 2022, the SHEPP had a total accrued benefit obligation of \$7,885.6 million (2021 - \$8,162.7 million), plan assets at market-related values of \$9,582.9 million (2021 - \$9,141.2 million) and unamortized estimation adjustment gains of \$123.9 million (2021 - losses of \$515.5 million). The Government portion of employer contributions to the plan totalled \$190.8 million (2021 - \$190.2 million). Total member contributions were \$175.7 million (2021 - \$173.3 million) and total benefit payments were \$453.6 million (2021 - \$435.6 million). The market value of plan investments was \$9,277.6 million at December 31, 2022 (2021 - \$9,719.2 million). The market value of these investments was \$9,665.3 million at March 31, 2023.

⁵ The valuation allowance includes \$1,573.4 million (2021 - \$1,494.1 million) for the SHEPP which reduces the Government portion of the SHEPP pension asset to nil as plan assets and surpluses are restricted for member benefits.

⁶ The total pension liabilities are based on the latest actuarial valuations extrapolated to March 31, 2023 for the defined benefit plans and December 31, 2022 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 \$543.4 million and \$142.1 million increase in pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a \$457.6 million and \$122.0 million decrease in pension liabilities for the TSP and the PSSP respectively. A one percentage point decrease in the discount rate would result in a \$1,048.8 million decrease in the SHEPP pension asset, and a one percentage point increase would result in a \$851.6 million increase in the SHEPP pension asset.

Public Debt

As at March 31, 2023
(thousands of dollars)

Schedule 9

| | 2023 | | | 2022 (Restated) ¹ | | |
|---|--------------------------------------|-------------------|-------------------|--------------------------------------|-------------------|-------------------|
| | Government Business Enterprise | | Total | Government Business Enterprise | | Total |
| | General Debt ^{1 2} | Specific Debt | | General Debt ^{1 2} | Specific Debt | |
| Government Service Organization Debt | | | | | | |
| General Revenue Fund | | | | | | |
| Operating | 8,451,900 | - | 8,451,900 | 9,914,763 | - | 9,914,763 |
| Saskatchewan Capital Plan ³ | 9,771,080 | - | 9,771,080 | 8,504,280 | - | 8,504,280 |
| Boards of Education | 130,235 | - | 130,235 | 138,475 | - | 138,475 |
| Innovation Saskatchewan ⁴ | 52,890 | - | 52,890 | 53,901 | - | 53,901 |
| Saskatchewan Health Authority | 52,502 | - | 52,502 | 60,639 | - | 60,639 |
| Global Transportation Hub Authority | 22,000 | - | 22,000 | 43,860 | - | 43,860 |
| Water Security Agency | 9,165 | - | 9,165 | 14,309 | - | 14,309 |
| Health Sector Affiliates | 5,662 | - | 5,662 | 6,697 | - | 6,697 |
| Other | 5,415 | - | 5,415 | 1,544 | - | 1,544 |
| Government Service Organization Debt | 18,500,849 | - | 18,500,849 | 18,738,468 | - | 18,738,468 |
| Government Business Enterprise Debt⁵ | | | | | | |
| Saskatchewan Power Corporation | 450,000 | 7,490,328 | 7,940,328 | 100,000 | 6,955,519 | 7,055,519 |
| SaskEnergy Incorporated | 75,000 | 1,871,439 | 1,946,439 | 75,000 | 1,797,513 | 1,872,513 |
| Saskatchewan Telecommunications Holding Corporation | 50,000 | 1,576,672 | 1,626,672 | - | 1,532,468 | 1,532,468 |
| Municipal Financing Corporation of Saskatchewan | 100,000 | 188,149 | 288,149 | 100,000 | 193,574 | 293,574 |
| Saskatchewan Water Corporation | - | 95,891 | 95,891 | - | 88,418 | 88,418 |
| Liquor and Gaming Authority | - | 84,004 | 84,004 | - | 89,773 | 89,773 |
| Government Business Enterprise Debt | 675,000 | 11,306,483 | 11,981,483 | 275,000 | 10,657,265 | 10,932,265 |
| Gross debt^{6 8} | 19,175,849 | 11,306,483 | 30,482,332 | 19,013,468 | 10,657,265 | 29,670,733 |
| Government of Saskatchewan securities held as investments ¹ | (402,551) | (201,873) | (604,424) | (198,237) | (145,560) | (343,797) |
| Accumulated foreign exchange remeasurement ⁷ | 84,651 | - | 84,651 | - | - | - |
| Public Debt¹ | 18,857,949 | 11,104,610 | 29,962,559 | 18,815,231 | 10,511,705 | 29,326,936 |

¹ General debt, presented on the Statement of Financial Position, is net of Government of Saskatchewan securities held as investments. These investments consist of sinking fund investments (\$285.7 million), portfolio investments (\$60.7 million) and cash and cash equivalents (\$56.1 million). Government Business Enterprise (GBE) specific debt is presented on a gross basis in schedule 3.

² General debt includes \$18.2 million (2022 - \$20.6 million) secured primarily by assets with a carrying value of \$79.4 million (2022 - \$102.2 million).

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

⁴ In 2022-23, the Saskatchewan Opportunities Corporation was wound up into Innovation Saskatchewan.

⁵ GBE debt includes both general debt and GBE specific debt. General debt of GBEs represents amounts transferred from the General Revenue Fund and recorded as loans receivable (schedule 2). GBE specific debt represents debt issued by, or specifically on behalf of, GBEs.

Schedule 3 provides information on GBEs as presented in their audited financial statements closest to March 31, 2023. The gross debt reported above is \$62.8 million higher (2022 - \$40.2 million lower) than the gross debt reported on schedule 3, mainly to conform to Canadian public sector accounting standards and for transactions occurring from the audited financial statements to March 31, 2023.

⁶ The average effective interest rate on gross debt was 3.2 per cent (2022 - 3.1 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 14.5 years (2022 - 14.8 years).

Public Debt *(continued)*

Schedule 9

⁷ Debt denominated in foreign currencies has been remeasured by \$84.7 million using the exchange rates in effect at March 31, 2023. The current year unrealized gain of \$125.0 million is presented on the Statement of Accumulated Remeasurement Gains and Losses.

⁸ The payment schedule for gross debt is as follows:

| Year of Maturity | 2023 | 2022 |
|--------------------------------|-------------------|-------------------|
| Short-term promissory notes | 1,419,634 | 2,134,088 |
| 2022-23 | - | 609,543 |
| 2023-24 | 950,378 | 878,288 |
| 2024-25 | 1,318,603 | 1,318,222 |
| 2025-26 | 1,447,180 | 1,445,546 |
| 2026-27 | 1,616,231 | 1,614,819 |
| 2027-28 | 2,282,974 | - |
| 6-10 years | 5,728,698 | 6,736,262 |
| Thereafter | 15,718,634 | 14,933,965 |
| Gross debt ^a | 30,482,332 | 29,670,733 |

^a Gross debt includes Canada Pension Plan debentures of \$594.4 million (2022 - \$635.6 million). These debentures are callable in whole or in part before maturity, at the option of the Minister of Finance of Saskatchewan.

Obligations Under Long-Term Financing Arrangements

Schedule 10

As at March 31, 2023
(thousands of dollars)

| | Contract End Date | Discount Rate | 2023 | 2022 |
|---|-------------------|---------------|------------------|------------------|
| Regina Bypass | October 2049 | 3.10% | 800,379 | 819,481 |
| Elementary Schools | June 2047 | 3.05% | 254,077 | 260,920 |
| Saskatchewan Hospital North Battleford | May 2048 | 3.25% | 213,197 | 218,587 |
| Swift Current Long-Term Care Facility | April 2046 | 3.50% | 105,470 | 108,419 |
| Total Obligations Under Long-Term Financing Arrangements | | | 1,373,123 | 1,407,407 |

The payment schedule for public private partnership (P3) financing is as follows:

| | | | 2023 | 2022 |
|---------------------|-------------------------|--|------------------|------------------|
| | Obligation ¹ | Future Operation, Maintenance & Life Cycle Rehabilitation ² | Total | Total |
| 2022-23 | - | - | - | 102,428 |
| 2023-24 | 77,841 | 25,724 | 103,565 | 102,820 |
| 2024-25 | 77,841 | 26,383 | 104,224 | 103,467 |
| 2025-26 | 77,841 | 26,925 | 104,766 | 103,991 |
| 2026-27 | 77,841 | 29,867 | 107,708 | 106,754 |
| 2027-28 | 77,841 | 34,002 | 111,843 | - |
| Thereafter | 1,605,032 | 979,293 | 2,584,325 | 2,669,087 |
| | 1,994,237 | 1,122,194 | 3,116,431 | 3,188,547 |
| Less interest costs | (621,114) | - | (621,114) | (664,670) |
| Total | 1,373,123 | 1,122,194 | 2,495,317 | 2,523,877 |

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

² Represents the contractual obligation (as reported in note 7) for 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:

| | 2023 | 2022 |
|--|------------------|------------------|
| Regina Bypass | 678,975 | 662,486 |
| Elementary Schools | 234,669 | 240,308 |
| Saskatchewan Hospital North Battleford | 139,009 | 142,256 |
| Swift Current Long-Term Care Facility | 69,541 | 71,420 |
| Total | 1,122,194 | 1,116,470 |

Other Liabilities**Schedule 11**

As at March 31, 2023
(thousands of dollars)

| | 2023 | 2022 |
|---|----------------|----------------|
| Funds held on behalf of others ¹ | 260,175 | 203,143 |
| Unamortized debt-related costs ² | 225,419 | 240,396 |
| Capital leases ³ | 35,238 | 42,782 |
| Other | 31,951 | 28,967 |
| Total Other Liabilities | 552,783 | 515,288 |

¹ Includes \$51.6 million (2022 - \$41.8 million) for government business enterprises.

² Net change is reported in operating activities on the Statement of Cash Flow in net change in non-cash operating activities (*schedule 18*).

³ The payment schedule for capital leases is as follows:

| | 2023 | 2022 |
|-----------------------------------|----------|----------|
| 2022-23 | - | 13,252 |
| 2023-24 | 11,587 | 10,429 |
| 2024-25 | 9,138 | 7,923 |
| 2025-26 | 7,613 | 6,502 |
| 2026-27 | 6,352 | 5,439 |
| 2027-28 | 5,694 | - |
| Thereafter | 23,965 | 27,403 |
| | 64,349 | 70,948 |
| Less interest and executory costs | (29,111) | (28,166) |
| Capital Leases ^a | 35,238 | 42,782 |

^a Capital leases bear interest at rates up to 13.9 per cent (2022 - up to 13.9 per cent) and have expiry dates up to 9.6 years (2022 - up to 10.6 years).

Tangible Capital Assets

As at March 31, 2023

(thousands of dollars)

Schedule 12

| | | | | | 2023 | 2022 |
|--|--------------------------------------|--|--|--|------------|------------|
| | Land, Buildings & Improvements | Roads, Bridges & Water Management | Transportation & Operating Equipment | Office Equipment & Information Technology | Total | Total |
| <i>Estimated useful life (in years)</i> | 2 - indefinite | 5-100 | 2-40 | 2-25 | | |
| Opening Net Book Value of Tangible Capital Assets | 5,531,464 | 5,902,991 | 558,067 | 326,057 | 12,318,579 | 12,017,273 |
| Opening cost | 10,263,253 | 9,232,391 | 1,960,728 | 1,113,264 | 22,569,636 | 21,806,212 |
| Adjustments ¹ | 275,319 | 262 | (1,785) | (4,807) | 268,989 | 6,813 |
| Acquisitions | 345,044 | 434,033 | 137,911 | 82,481 | 999,469 | 948,554 |
| Write-downs | (226) | (578) | (20) | (2,175) | (2,999) | (5,859) |
| Disposals | (40,553) | (67,644) | (219,253) | (32,020) | (359,470) | (186,084) |
| Closing Cost^{2 3} | 10,842,837 | 9,598,464 | 1,877,581 | 1,156,743 | 23,475,625 | 22,569,636 |
| Opening accumulated amortization | 4,731,789 | 3,329,400 | 1,402,661 | 787,207 | 10,251,057 | 9,788,939 |
| Adjustments ¹ | 247,223 | - | 2,696 | (2,139) | 247,780 | 2,878 |
| Annual amortization | 262,244 | 258,947 | 94,035 | 69,175 | 684,401 | 641,530 |
| Write-downs | - | - | (10) | (2,119) | (2,129) | (3,354) |
| Disposals | (28,503) | (64,495) | (215,353) | (32,151) | (340,502) | (178,936) |
| Closing Accumulated Amortization | 5,212,753 | 3,523,852 | 1,284,029 | 819,973 | 10,840,607 | 10,251,057 |
| Closing Net Book Value of Tangible Capital Assets⁴ | 5,630,084 | 6,074,612 | 593,552 | 336,770 | 12,635,018 | 12,318,579 |

Tangible capital assets (TCAs) exclude capital assets recognized by government business enterprises (*schedule 3*).

¹ Primarily includes an adjustment for the initial recognition of asset retirement costs (*note 9*) (2022 - primarily for restructuring transactions).

² Includes work in progress of \$628.4 million (2022 - \$451.5 million).

³ Includes the Government's \$29.5 million (2022 - \$29.5 million) share in the North Central Shared Facility partnership.

⁴ Includes TCAs acquired under public private partnerships (P3 TCAs); TCAs with asset retirement obligations (ARO TCAs) (*note 9*); and leased tangible capital assets (leased TCAs). These are as follows:

| | | | | | 2023 | 2022 |
|----------------------------------|--------------------------------------|--|--|--|-----------|-----------|
| | Land, Buildings & Improvements | Roads, Bridges & Water Management | Transportation & Operating Equipment | Office Equipment & Information Technology | Total | Total |
| P3 TCAs | | | | | | |
| Closing cost | 969,138 | 1,572,657 | - | - | 2,541,795 | 2,528,057 |
| Closing accumulated amortization | 103,668 | 81,287 | - | - | 184,955 | 143,301 |
| Closing Net Book Value | 865,470 | 1,491,370 | - | - | 2,356,840 | 2,384,756 |
| ARO TCAs | | | | | | |
| Closing cost | 2,269,754 | - | 1,043 | - | 2,270,797 | |
| Closing accumulated amortization | 1,853,499 | - | 1,024 | - | 1,854,523 | |
| Closing Net Book Value | 416,255 | - | 19 | - | 416,274 | |
| Leased TCAs | | | | | | |
| Closing cost | 49,642 | - | 21,201 | 45,464 | 116,307 | 116,046 |
| Closing accumulated amortization | 26,924 | - | 13,260 | 42,784 | 82,968 | 74,779 |
| Closing Net Book Value | 22,718 | - | 7,941 | 2,680 | 33,339 | 41,267 |

Inventories Held for Consumption**Schedule 13**

As at March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|---|----------------|----------------|
| Health supplies and vaccines ¹ | 118,636 | 123,070 |
| Highway and road maintenance | 105,499 | 95,055 |
| Other ² | 54,023 | 50,494 |
| Total Inventories Held for Consumption | 278,158 | 268,619 |

¹ The Government received 889 thousand (2022 - 2,999 thousand) COVID-19 vaccines at no cost from the federal government. Of that, 269 thousand (2022 - 347 thousand) remain in inventory at March 31. Due to confidentiality, the price-per-dose of vaccines was not shared. As a result, these vaccines have not been recorded in these financial statements as the fair value cannot be reasonably determined.

² Mainly includes parts and supplies related to the maintenance of buildings and equipment.

Revenue

Schedule 14

For the Year Ended March 31, 2023

(thousands of dollars)

| | Budget | 2023 Actual | 2022 Actual |
|--|-------------------|-------------------|-------------------|
| Own-Source | | | |
| Taxation | | | |
| Individual income | 2,796,900 | 3,151,505 | 2,880,468 |
| Provincial sales | 2,444,100 | 2,721,906 | 2,383,003 |
| Corporation income | 840,500 | 1,988,552 | 1,007,821 |
| Property | 804,100 | 775,267 | 763,791 |
| Fuel | 507,900 | 473,594 | 494,657 |
| Tobacco | 198,900 | 164,263 | 180,407 |
| Other ¹ | 500,400 | 536,708 | 492,116 |
| Total Taxation | 8,092,800 | 9,811,795 | 8,202,263 |
| Non-Renewable Resources | | | |
| Potash | 1,451,700 | 2,403,921 | 1,266,848 |
| Oil and natural gas | 867,500 | 1,129,378 | 1,009,656 |
| Resource surcharge | 493,100 | 902,145 | 539,770 |
| Other | 97,800 | 167,689 | 103,725 |
| Total Non-Renewable Resources² | 2,910,100 | 4,603,133 | 2,919,999 |
| Net Income from Government Business Enterprises | | | |
| (schedule 3) | 742,500 | 250,246 | 837,651 |
| Other Own-Source | | | |
| Fees ³ | 1,225,600 | 1,311,545 | 1,205,248 |
| Insurance | 400,900 | 486,775 | 743,645 |
| Investment | 89,700 | 164,587 | 93,168 |
| Transfers from other governments | 65,900 | 80,708 | 88,588 |
| Miscellaneous ⁴ | 410,400 | 529,247 | 586,475 |
| Total Other Own-Source | 2,192,500 | 2,572,862 | 2,717,124 |
| Total Own-Source | 13,937,900 | 17,238,036 | 14,677,037 |
| Transfers from the Federal Government | | | |
| Canada Health Transfer | 1,390,000 | 1,389,136 | 1,331,290 |
| Canada Social Transfer | 490,100 | 490,023 | 477,679 |
| Other ⁵ | 1,339,600 | 1,477,406 | 1,650,165 |
| Total Transfers from the Federal Government | 3,219,700 | 3,356,565 | 3,459,134 |
| Total Revenue⁶ | 17,157,600 | 20,594,601 | 18,136,171 |

¹ Includes \$205.0 million (2022 - \$190.9 million - restated) for insurance premiums taxation; \$185.3 million (2022 - \$168.2 million) for corporation capital taxation; and \$101.8 million (2022 - \$96.3 million) for liquor consumption taxation.

² Includes taxes of \$2,269.1 million (2022 - \$1,188.4 million).

³ Includes \$280.0 million (2022 - \$267.7 million) for health care; \$211.1 million (2022 - \$206.6 million) for motor vehicle licensing; \$170.8 million (2022 - \$142.3 million) for education; \$116.6 million (2022 - \$108.0 million) for subsidized housing rental; \$102.5 million (2022 - \$94.7 million) for real property sales and leases; and \$54.3 million (2022 - \$68.1 million) for management of fish, wildlife, forest and land.

⁴ Includes \$108.8 million (2022 - \$189.8 million) for donations, of which a portion represents COVID-related inventory received from the federal government at no cost; \$80.9 million (2022 - \$77.2 million) for lottery profits; and \$18.1 million (2022 - \$17.3 million) for reversals of prior year expenses.

⁵ Includes \$413.2 million (2022 - \$267.9 million) for crop insurance; \$193.8 million (2022 - \$68.5 million) for early learning and child care; \$178.4 million (2022 - \$248.8 million) for infrastructure; \$156.8 million (2022 - \$183.4 million) for accelerated reclamation of inactive oil and gas wells; \$89.2 million (2022 - \$104.0 million) for labour market initiatives; \$73.5 million (2022 - \$203.6 million) for COVID-related health, safety and financial support measures; \$70.6 million (2022 - \$242.9 million) for agricultural income stability; \$52.0 million (2022 - \$49.5 million) for housing; and \$42.2 million (2022 - \$66.6 million) for provincial disaster assistance.

⁶ Revenue has not been recorded for COVID-19 vaccines received from the federal government at no cost (see schedule 13).

Expense by Object**Schedule 15**

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Salaries and benefits | 7,422,332 | 7,415,610 |
| Transfers ¹ | 5,691,672 | 5,504,692 |
| Operating costs | 4,340,088 | 5,269,083 |
| Financing charges (<i>schedule 16</i>) | 816,252 | 718,206 |
| Amortization of tangible capital assets (<i>schedule 12</i>) | 684,401 | 641,530 |
| Other | 59,120 | 55,346 |
| Total Expense | 19,013,865 | 19,604,467 |

¹ Includes capital transfers of \$397.7 million (2022 - \$443.0 million).

Financing Charges**Schedule 16**

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|--|----------------|----------------|
| Interest costs | | |
| General debt ¹ | 586,095 | 503,551 |
| Pension liabilities (<i>note 5</i>) | 179,976 | 169,379 |
| Obligations under long-term financing arrangements | 43,558 | 44,620 |
| Other costs | 6,623 | 656 |
| Total Financing Charges | 816,252 | 718,206 |

¹ Interest on general debt is presented net of \$389.2 million (2022 - \$385.3 million) in interest reimbursed by government business enterprises for debt borrowed by the General Revenue Fund specifically on their behalf. Beginning in 2022-23, it includes \$10.3 million in earnings associated with Government of Saskatchewan securities held as investments.

Segmented Reporting

For the Year Ended March 31, 2023
(thousands of dollars)

| | Health | | Education | | Agriculture | | Social Services and Assistance | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue | | | | | | | | |
| Taxation | - | - | 123,761 | 124,487 | - | - | - | - |
| Non-renewable resources | - | - | - | - | - | - | - | - |
| Net income from government business enterprises (schedule 3) | - | - | - | - | - | - | - | - |
| Revenue from government entities | 15,406 | 14,107 | - | - | 33,076 | 3,868 | - | - |
| Other own-source | 410,338 | 399,874 | 296,893 | 244,131 | 468,678 | 731,313 | 122,718 | 113,831 |
| Transfers from the federal government | 3,251 | 3,541 | 23,717 | 17,990 | 452,844 | 476,894 | 52,037 | 49,478 |
| Total Revenue (schedule 14) | 428,995 | 417,522 | 444,371 | 386,608 | 954,598 | 1,212,075 | 174,755 | 163,309 |
| Expense | | | | | | | | |
| Salaries and benefits ³ | 3,894,496 | 3,863,602 | 2,160,498 | 2,234,897 | 65,729 | 64,856 | 179,391 | 174,145 |
| Transfers | 1,619,002 | 1,548,492 | 866,495 | 770,106 | 237,254 | 502,097 | 1,174,363 | 1,086,006 |
| Operating costs | 1,325,962 | 1,317,393 | 635,921 | 555,297 | 1,525,919 | 2,621,297 | 202,603 | 179,130 |
| Financing charges ³ (schedule 16) | - | - | - | - | - | - | - | - |
| Amortization of tangible capital assets (schedule 12) | 159,392 | 147,619 | 135,817 | 135,493 | 4,356 | 3,505 | 28,847 | 19,231 |
| Other | 11,255 | 5,866 | 8,854 | 3,663 | 1,762 | 2,596 | 6,539 | 4,280 |
| Total expense by segment | 7,010,107 | 6,882,972 | 3,807,585 | 3,699,456 | 1,835,020 | 3,194,351 | 1,591,743 | 1,462,792 |
| Eliminations ² | - | - | (15,406) | (14,107) | - | - | (4,422) | (4,422) |
| Total Expense³ (schedule 15) | 7,010,107 | 6,882,972 | 3,792,179 | 3,685,349 | 1,835,020 | 3,194,351 | 1,587,321 | 1,458,370 |

The segments are based on the major functional groupings of activities, or themes, used in the Statement of Operations, which reflects the accountability and reporting framework set out by the Government in the Saskatchewan Provincial Budget. Schedule 19 identifies the entities included in each theme.

¹ Other includes the transportation, general government and environment and natural resources segments. Revenue of the general government segment includes all public monies paid into the General Revenue Fund as well as net income from government business enterprises, which are used to support activities across all segments.

² Represents eliminations for inter-entity transactions that occur across segments.

³ Includes a total of \$534.8 million (2022 - \$699.9 million) for pension expense as follows:

| | Health | | Education | | Other | | Total | |
|---------------------------------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Salaries and benefits | 208,773 | 206,454 | 34,880 | 215,524 | 111,218 | 108,567 | 354,871 | 530,545 |
| Financing charges (schedule 16) | - | - | - | - | 179,976 | 169,379 | 179,976 | 169,379 |
| Total pension expense (note 5) | 208,773 | 206,454 | 34,880 | 215,524 | 291,194 | 277,946 | 534,847 | 699,924 |

| Protection of Persons and Property | | Community Development | | Economic Development | | Other ¹ | | Eliminations ² | | Total | |
|------------------------------------|---------|-----------------------|---------|----------------------|----------|--------------------|------------|---------------------------|-----------|------------|------------|
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| - | - | 3,483 | 3,507 | 3,468 | 3,160 | 9,681,083 | 8,071,109 | - | - | 9,811,795 | 8,202,263 |
| - | - | - | - | - | - | 4,603,133 | 2,919,999 | - | - | 4,603,133 | 2,919,999 |
| - | - | - | - | - | - | 250,246 | 837,651 | - | - | 250,246 | 837,651 |
| 2,722 | - | - | - | 126,907 | 157,162 | 123,581 | 112,136 | (301,692) | (287,273) | - | - |
| 93,675 | 82,713 | 107,234 | 96,927 | 91,891 | 59,013 | 981,435 | 989,322 | - | - | 2,572,862 | 2,717,124 |
| 5,240 | 15,395 | 4,994 | 5,202 | 108,238 | 90,196 | 2,706,244 | 2,800,438 | - | - | 3,356,565 | 3,459,134 |
| 101,637 | 98,108 | 115,711 | 105,636 | 330,504 | 309,531 | 18,345,722 | 15,730,655 | (301,692) | (287,273) | 20,594,601 | 18,136,171 |
| 405,149 | 374,938 | 33,905 | 31,841 | 103,529 | 91,812 | 579,635 | 579,519 | - | - | 7,422,332 | 7,415,610 |
| 316,473 | 300,781 | 685,214 | 616,099 | 602,422 | 417,446 | 421,391 | 516,715 | (230,942) | (253,050) | 5,691,672 | 5,504,692 |
| 233,907 | 256,053 | 37,851 | 33,256 | 85,629 | 60,661 | 307,956 | 256,366 | (15,660) | (10,370) | 4,340,088 | 5,269,083 |
| - | - | - | - | - | - | 852,050 | 722,074 | (35,798) | (3,868) | 816,252 | 718,206 |
| 25,398 | 21,414 | 7,995 | 7,787 | 18,915 | 17,659 | 303,681 | 288,822 | - | - | 684,401 | 641,530 |
| 7,698 | 8,157 | 415 | 682 | 16,096 | 4,577 | 6,501 | 25,525 | - | - | 59,120 | 55,346 |
| 988,625 | 961,343 | 765,380 | 689,665 | 826,591 | 592,155 | 2,471,214 | 2,389,021 | (282,400) | (267,288) | 19,013,865 | 19,604,467 |
| - | - | (7,219) | (6,776) | (92,648) | (71,381) | (162,705) | (170,602) | 282,400 | 267,288 | - | - |
| 988,625 | 961,343 | 758,161 | 682,889 | 733,943 | 520,774 | 2,308,509 | 2,218,419 | - | - | 19,013,865 | 19,604,467 |

Supplemental Cash Flow Information

Schedule 18

For the Year Ended March 31, 2023

(thousands of dollars)

| | 2023 | 2022 |
|--|------------------|------------------|
| Other Non-Cash Items Included in the Operating Surplus (Deficit) | | |
| Amortization of tangible capital assets (<i>schedule 12</i>) | 684,401 | 641,530 |
| Write-downs of tangible capital assets (<i>schedule 12</i>) | 870 | 2,505 |
| Net gain on disposal of tangible capital assets | (28,295) | (909) |
| Net gain on adjustments to tangible capital assets (<i>schedule 12</i>) ¹ | - | (3,935) |
| Net increase to provisions for loss on accounts receivable and loans receivable | 13,891 | 28,716 |
| Net gain on portfolio investments ² | (2,927) | (14,416) |
| Earnings retained in sinking funds (<i>schedule 4</i>) | (2,368) | (21,892) |
| Net foreign exchange loss | - | 1,134 |
| Total Other Non-Cash Items Included in the Operating Surplus (Deficit) | 665,572 | 632,733 |
| Net Change in Non-Cash Operating Activities | | |
| Decrease (increase) in accounts receivable | 90,378 | (567,021) |
| (Increase) decrease in other financial assets | (26) | 1,026 |
| Increase (decrease) in accounts payable and accrued liabilities ¹ | 3,354 | (80,299) |
| Decrease in unearned revenue | (145,231) | (89,801) |
| Decrease in pension liabilities | (314,852) | (141,996) |
| Decrease in unamortized debt-related costs | (14,977) | (25,295) |
| Increase in inventories held for consumption | (9,539) | (31,832) |
| Increase in prepaid expenses | (11,916) | (7,733) |
| Net Change in Non-Cash Operating Activities | (402,809) | (942,951) |

¹ Excludes the adjustment to accumulated operating deficit which increased the asset retirement obligation at April 1, 2022 by \$308.1 million (2022 – increased contaminated sites liability at April 1, 2021 by \$87.8 million) and tangible capital assets by \$21.2 million (*note 9*).

² Includes \$11.3 million (2022 - nil) net gain on sale of investments that have been reclassified from accumulated remeasurement gains.

Other Supplemental Information

| | 2023 | 2022 |
|--|---------|---------|
| Cash interest paid during the year | 610,492 | 533,668 |
| Cash interest received during the year | 103,040 | 40,421 |

Government Reporting Entity

For the Year Ended March 31, 2023

Schedule 19

The government reporting entity consists of public sector entities (entities) classified as government service organizations, government business enterprises and partnerships. The listing below reports the entities under these classifications segregated by segments which are based on functional groupings of activities, or themes.

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

Agriculture

Agricultural Credit Corporation of Saskatchewan
 Crop Reinsurance Fund of Saskatchewan
 Livestock Services Revolving Fund ⁴
 Ministry of Agriculture
 Pastures Revolving Fund ⁴
 Prairie Agricultural Machinery Institute
 Prairie Diagnostic Services Inc. (*partnership - organization under shared control*) ^{1a}
 Saskatchewan Agricultural Stabilization Fund
 Saskatchewan Crop Insurance Corporation

Community Development

Community Initiatives Fund
 Government House Foundation
 Ministry of Education ^{2b}
 Ministry of Government Relations ^{2a}
 Ministry of Parks, Culture and Sport ^{2a}
 Northern Municipal Trust Account ^{1d}
 Provincial Archives of Saskatchewan
 Provincial Capital Commission
 Saskatchewan Arts Board
 Saskatchewan Centre of the Arts Fund
 Saskatchewan Heritage Foundation
 Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation
 Saskatchewan Snowmobile Fund
 Western Development Museum Fund

Economic Development

Creative Saskatchewan
 CIC Asset Management Inc. ^{2a}
 Global Transportation Hub Authority
 Innovation Saskatchewan
 Ministry of Energy and Resources
 Ministry of Environment ^{2b}
 Ministry of Finance ^{2b}
 Ministry of Immigration and Career Training ^{2b}
 Ministry of SaskBuilds and Procurement ^{2b}
 Ministry of Trade and Export Development
 Saskatchewan Health Research Foundation
 Saskatchewan Indigenous Investment Finance Corporation ⁵
 Saskatchewan Opportunities Corporation ⁶
 Saskatchewan Research Council ^{2a}
 SaskBuilds Corporation
 Tourism Saskatchewan

Education

Battlefords First Nations Joint Board of Education (*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
 Good Spirit School Division No. 204
 Holy Family Roman Catholic Separate School Division No. 140
 Holy Trinity Roman Catholic Separate School Division No. 22
 Horizon School Division No. 205
 Ile-a-la Crosse School Division No. 112
 Light of Christ Roman Catholic Separate School Division No. 16
 Living Sky School Division No. 202
 Lloydminster Roman Catholic Separate School Division No. 89
 Lloydminster School Division No. 99
 North East School Division No. 200
 Northern Lights School Division No. 113
 Northwest School Division No. 203
 Prairie South School Division No. 210
 Prairie Spirit School Division No. 206
 Prairie Valley School Division No. 208
 Prince Albert Roman Catholic Separate School Division No. 6
 Regina Roman Catholic Separate School Division No. 81
 Regina School Division No. 4
 Saskatchewan Rivers School Division No. 119
 Saskatoon School Division No. 13
 South East Cornerstone School Division No. 209
 St. Paul's Roman Catholic Separate School Division No. 20
 Sun West School Division No. 207
 Ministry of Advanced Education ^{2a}
 Ministry of Education ^{2a}
 Ministry of Immigration and Career Training ^{2a}
 North Central Shared Facility (*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
 North West College
 Northlands College
 Parkland College
 Southeast College
 Saskatchewan Apprenticeship and Trade Certification Commission ^{1b}

Government Reporting Entity (continued)

Schedule 19

Education (continued)

Saskatchewan Distance Learning Corporation ^{1c 5}
 Saskatchewan Polytechnic ^{1b}
 Saskatchewan Professional Teachers Regulatory Board ^{1c}
 Saskatchewan Student Aid Fund
 Training Completions Fund

Environment and Natural Resources ³

Commercial Revolving Fund
 CIC Asset Management Inc. ^{2b}
 Fish and Wildlife Development Fund
 Forest Management Funds
 Carrier Forest Management Trust Fund
 Crown Agricultural Land Forest Fund
 Dunkley Forest Renewal Trust
 Island Forests Management Fund
 L&M Forest Management Trust Fund
 Meadow Lake OSB Forest Management Trust Fund
 Mee-Toos Forest Management Fund Trust
 Mistik Forest Management Trust
 North Central Trust Fund
 Park Land Forests Management Fund
 Sakaw Forest Renewal Trust Fund
 Weyerhaeuser Forest Renewal Trust Fund
 Impacted Sites Fund
 Institutional Control Monitoring and Maintenance Fund
 Institutional Control Unforeseen Events Fund
 Ministry of Environment ^{2a}
 Ministry of Parks, Culture and Sport ^{2b}
 Oil and Gas Orphan Fund
 Operator Certification Board
 Saskatchewan Research Council ^{2b}
 Saskatchewan Technology Fund
 Water Security Agency

General Government ³

Century Plaza Condominium Corporation
 Crown Investments Corporation of Saskatchewan (separate)
 Extended Health Care Plan for Certain Other Employees ^{1d}
 Extended Health Care Plan for Certain Other Retired Employees ^{1d}
 Legislative Assembly and its Officers ^{2a}
 Ministry of Finance ^{2a}
 Ministry of Government Relations ^{2b}
 Ministry of Highways ^{2b}
 Ministry of Justice and Attorney General ^{2b}
 Ministry of Parks, Culture and Sport ^{2b}
 Ministry of SaskBuilds and Procurement ^{2a}
 Office of Executive Council
 Public Employees Benefits Agency Revolving Fund
 Public Employees Dental Fund ^{1d}
 Public Employees Disability Income Fund ^{1d}
 Public Employees Group Life Insurance Fund ^{1d}
 Public Service Commission
 Queen's Printer Revolving Fund
 School Division Tax Loss Compensation Fund

Health

eHealth Saskatchewan
 Health Quality Council
 Health Sector Affiliates
 All Nations' Health Hospital Inc.
 Bethany Pioneer Village Inc.
 Circle Drive Special Care Home Inc.
 Cupar and District Nursing Home Inc.
 Duck Lake and District Nursing Home Inc.
 Foyer St. Joseph Nursing Home Inc.
 Jubilee Residences Inc.
 Lakeview Pioneer Lodge Inc.
 Lumsden & District Heritage Home Inc.
 Lutheran Sunset Home of Saskatoon
 Mennonite Nursing Homes Incorporated
 Mont St. Joseph Home Inc.
 Oliver Lodge
 Providence Place for Holistic Health Inc.
 Radville Marian Health Centre Inc.
 Raymore Community Health and Social Centre
 Salvation Army - William Booth Special Care Home
 Santa Maria Senior Citizens Home Inc.
 Saskatoon Convalescent Home
 Sherbrooke Community Society Inc.
 Société Joseph Breton Inc.
 Spruce Manor Special Care Home Incorporated
 St. Ann's Senior Citizens Village Corporation
 St. Anthony's Hospital
 St. Joseph's Hospital (Grey Nuns) of Gravelbourg
 St. Joseph's Hospital of Estevan
 St. Joseph's Integrated Health Centre of Macklin Inc.
 St. Paul Lutheran Home of Melville
 St. Peter's Hospital, Melville
 Strasbourg and District Health Centre Corp.
 Sunnyside Adventist Care Centre
 The Border-Line Housing Company (1975) Inc.
 The Qu'Appelle Diocesan Housing Company
 The Regina Lutheran Housing Corporation
 Ukrainian Sisters of St. Joseph of Saskatoon
 Warman Mennonite Special Care Home Inc.
 Ministry of Health
 Saskatchewan Association of Health Organizations Inc.
 Saskatchewan Cancer Agency
 Saskatchewan Health Authority
 Saskatchewan Healthcare Recruitment Agency ⁵
 Saskatchewan Impaired Driver Treatment Centre Board of Governors

Government Reporting Entity *(continued)*

Schedule 19

Protection of Persons and Property

Correctional Facilities Industries Revolving Fund
 Criminal Property Forfeiture Fund
 Financial and Consumer Affairs Authority of Saskatchewan
 Firearms Secretariat
 Integrated Justice Services
 Law Reform Commission of Saskatchewan
 Legislative Assembly and its Officers ^{2b}
 Ministry of Corrections, Policing and Public Safety
 Ministry of Government Relations ^{2b}
 Ministry of Justice and Attorney General ^{2a}
 Ministry of Labour Relations and Workplace Safety
 Saskatchewan Public Safety Agency
 Sask911 Account
 Victims' Fund

Social Services and Assistance

Ministry of Government Relations ^{2b}
 Ministry of Parks, Culture and Sport ^{2b}
 Ministry of Social Services
 Saskatchewan Housing Corporation ^{1d}
 Saskatchewan Legal Aid Commission

Transportation ³

Ministry of Government Relations ^{2b}
 Ministry of Highways ^{2a}
 Transportation Partnerships Fund

Government Business Enterprises (Modified Equity)**Utility ³**

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

Insurance & Financing ³

Municipal Financing Corporation of Saskatchewan ^{1d}
 Saskatchewan Auto Fund
 Saskatchewan Government Insurance
 Workers' Compensation Board (Saskatchewan) ^{1d}

Liquor & Gaming ³

Liquor and Gaming Authority
 Saskatchewan Gaming Corporation

¹ The year-ends of certain entities differ from March 31, 2023: ^a April 30, 2022; ^b June 30, 2022; ^c August 31, 2022; ^d December 31, 2022.

² Activities are allocated across more than one theme: ^a primary activity; ^b secondary activity.

³ Included in Other for segment disclosure (*schedule 17*).

⁴ Entity wound up during 2022-23.

⁵ Entity established during 2022-23.

⁶ During 2022-23, entity's operations wound up into Innovation Saskatchewan.

Glossary of Terms

Accumulated (Deficit) Surplus: A measure that represents a government's net economic resources. It is the difference between total assets and liabilities and is comprised of all the past operating surpluses (deficits) and remeasurement gains (losses).

Accumulated Operating (Deficit) Surplus: The accumulation of all past operating surpluses or deficits plus any adjustments that were charged directly to the accumulated deficit.

Accumulated Remeasurement Gains and Losses: The accumulation of all past unrealized remeasurement gains and losses.

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.

Asset Retirement Obligation: A legal obligation associated with the retirement of a tangible capital asset.

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 services and assistance, 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 with other GSOs and partnerships. Inter-entity balances and transactions are eliminated.

Contaminated site: A site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard.

Contingency: A possible right to economic resources, or an obligation that may result 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 that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

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:

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

Public debt is gross debt net of the Government's own securities held as investments and adjusted for the accumulated impact of translating debt issued in foreign currencies to Canadian dollars.

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

Government business enterprise (GBE) specific debt is debt issued by GBEs or 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.

Guaranteed debt is a specific type of contingent liability, representing the debt of others that the Government has agreed to repay if others default.

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

Financial Asset: An asset that can be used to discharge existing liabilities or finance future operations and is not for consumption in the normal course of operations.

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

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

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

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

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

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

Government Service Organization (GSO): An entity that is controlled by the Government, except those designated as GBEs. 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: A measure that represents the future revenue required to fund past transactions or events. It is the difference between liabilities and financial assets.

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

Non-Financial Asset: An asset that will be used up when providing future services and is not normally used to discharge existing liabilities.

Operating Surplus (Deficit): A measure that represents the overall change in financial position for the period being reported on, excluding remeasurement gains and losses. It is the amount by which revenue exceeds expense (expense exceeds revenue) for a fiscal period.

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

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 arrangement. Partnerships are proportionately consolidated in the SFS.

Pension Liability: An actuarial estimate of discounted future payments to be made to retirees under the Government's 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 partnerships in the SFS in which the accounts of partnerships are adjusted to the basis of accounting described in note 1 of the SFS and then the Government's proportionate share are combined with other GSOs and partnerships. Inter-entity balances and transactions are eliminated.

Public Private Partnership (P3): A long-term contractual arrangement between the Government and a private sector contractor to deliver public infrastructure. Under such contractual arrangements, 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. The liabilities arising from P3 arrangements are classified in the SFS as obligations under long-term financing arrangements.

Realized gain (loss): A gain (loss) realized when a financial instrument is settled at a price higher (lower) than its book value plus selling costs.

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 organizations controlled by, or under shared control of, any of these individuals.

Remeasurement gain (loss): A change in the reported value of a financial instrument due to fair value measurement or change in exchange rates. This change is not realized in the operating deficit or surplus until a financial instrument is settled.

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.

Sinking fund investment: An investment held for the repayment of debt.

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

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

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.