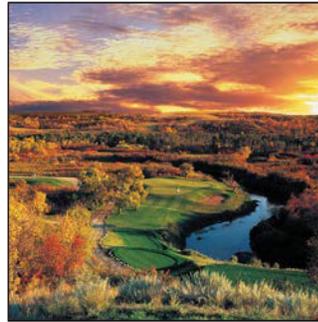


# SaskPower Supplementary Superannuation Plan



## Annual Report for 2017



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# Letters of Transmittal

His Honour, The Honourable W.Thomas Molloy  
Lieutenant Governor of the Province of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the Annual Report of the  
SaskPower Supplementary Superannuation Plan for the year ending  
December 31, 2017.



Donna Harpauer  
Minister of Finance

The Honourable Donna Harpauer  
Minister of Finance

Madam:

On behalf of the Public Employees Benefits Agency, I have the honour to  
transmit herewith the Annual Report of the SaskPower Supplementary  
Superannuation Plan for the year ending December 31, 2017.



Dave Wild  
Associate Deputy Minister  
Public Employees Benefits Agency  
Ministry of Finance

# Saskatchewan Power Corporation

## SaskPower Supplementary Superannuation Plan

### Introduction

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Supplementary Superannuation Plan (the Plan) on January 1, 1988, for the purpose of providing superannuation benefits under this Plan to SaskPower employees enrolled in the Plan (the Participants).

The Plan is not registered as a pension plan under the *Income Tax Act* (Canada). The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the Participants. Benefits are funded out of current operations of the Corporation.

SaskPower was the administrator of the Plan from January 1, 1988, to March 14, 2000. On March 14, 2000, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan.

### Enrolment

To enroll in the Plan, eligible SaskPower employees (Management Band 5 and up) must annually agree, in writing, to forego their entitlement to 13 banked days off in return for Plan benefits.

As of December 31, 2017, the Plan had 276 (2016 – 279) active Participants and 87 (2016 – 88) retired or terminated Participants who received benefits from the Plan.

### Banked Days Earned

On an annual basis, the notional account of each Participant is credited with a sum equal to 15 days of a Participant's salary. The crediting of each sum is deemed to occur on January 1 of each year. In addition, the Plan may, from time to time, credit each Participant's notional account with such additional amounts as it deems appropriate.

The notional account of each Participant represents a contribution receivable from SaskPower. Notwithstanding the above, in no event shall any amount credited under the Plan be in lieu of compensation payable during the year or a previous year.

### Interest

On December 31 of each year, the Plan credits each active participant's notional account with an additional amount equal to the greater of:

- i. The average rate of interest paid during the year on one-year Guaranteed Investment Certificates (GICs) Series V122524 as reported by the Bank of Canada. For this purpose, the rate of interest paid on one year GICs on the first business day of each month shall be used to determine the average rate of interest paid on GICs; or
- ii. The annual investment return on the Public Employees Pension Plan balanced fund for the year ended December 31.

The rate used to calculate the interest credited to the Plan during 2017 was 9.9 per cent (2016 – 7.0 per cent).

### Benefits

A Participant's benefit entitlement date is normally January 31 of the year following the year in which the Participant terminates active service with the Corporation.

Upon termination of active service, Participants elect how superannuation benefits are to be paid. In the event of termination of service with the Corporation, the Corporation on behalf of the Plan, may pay a Participant's superannuation benefits in a lump sum. In no circumstances shall superannuation benefits under this Plan be paid over a period exceeding five years.

# Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As administrators of the SaskPower Supplementary Superannuation Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards.

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

We believe the SaskPower Supplementary Superannuation Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian public sector accounting standards.

Enclosed are the financial statements of the Saskatchewan Power Supplementary Superannuation Plan for the year ended December 31, 2017, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan  
April 19, 2018



Dave Wild  
Associate Deputy Minister  
Public Employees Benefits Agency  
Ministry of Finance

# **Saskatchewan Power Corporation Supplementary Superannuation Plan**

## **Financial Statements**

**Year Ended December 31, 2017**

## Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Power Corporation Supplementary Superannuation Plan, which comprise the statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016, and the statements of operations and changes in net financial assets for the years ended December 31, 2017 and December 31, 2016, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Power Corporation Supplementary Superannuation Plan as at December 31, 2017, December 31, 2016 and January 1, 2016, and the results of its operations and changes in its net financial assets for the years ended December 31, 2017 and December 31, 2016 in accordance with Canadian public sector accounting standards.



Judy Ferguson, FCPA, FCA  
Provincial Auditor

Regina, Saskatchewan

April 19, 2018

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**Saskatchewan Power Corporation Supplementary Superannuation Plan  
Statement of Financial Position**

**Statement 1**

<b>As at</b>	(in thousands)		
	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>January 1 2016</b>
<b>Financial Assets</b>			
SaskPower Contribution Receivable	<u>\$ 34,003</u>	<u>\$ 31,503</u>	<u>\$ 30,161</u>
Total Financial Assets	<u>34,003</u>	<u>31,503</u>	<u>30,161</u>
Net Financial Assets and Accumulated Surplus (Statement 2)	<u><u>\$ 34,003</u></u>	<u><u>\$ 31,503</u></u>	<u><u>\$ 30,161</u></u>

(See accompanying notes to the financial statements)

**Saskatchewan Power Corporation Supplementary Superannuation Plan  
Statement of Operations and Changes in Net Financial Assets**

**Statement 2**

**Year Ended December 31**

	(in thousands)	
	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Banked Days Earned	\$ 2,141	\$ 2,137
Interest Earned	3,073	2,061
Other Contributions	<u>73</u>	<u>65</u>
Total Revenues	<u>5,287</u>	<u>4,263</u>
<b>Expenses</b>		
Superannuation Benefits	<u>2,787</u>	<u>2,921</u>
Total Expenses	<u>2,787</u>	<u>2,921</u>
Operating Surplus	2,500	1,342
Net Financial Assets and Accumulated Surplus, Beginning of Year	<u>31,503</u>	<u>30,161</u>
Net Financial Assets and Accumulated Surplus, End of Year (Statement 1)	<u>\$34,003</u>	<u>\$ 31,503</u>

(See accompanying notes to the financial statements)

# Saskatchewan Power Corporation Supplementary Superannuation Plan

## Notes to the Financial Statements

December 31, 2017

### 1. Description of the Plan

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Supplementary Superannuation Plan (the Plan) on January 1, 1988 for the purpose of providing superannuation benefits under this Plan to SaskPower employees enrolled in the Plan (the Participants).

The Plan is not registered as a pension plan under the *Income Tax Act* (Canada). The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the Participants. Benefits are funded out of current operations of the Corporation.

On March 14, 2000, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan. PEBA continues to be the administrator of this Plan under Order in Council 560-2017.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

#### **Enrolment**

To enroll in the Plan, eligible SaskPower employees (Management Band 5 and up) must annually agree, in writing, to forego their entitlement to 13 banked days off in return for Plan benefits.

As of December 31, 2017, the Plan had 276 (2016 – 279) active Participants and 87 (2016 – 88) retired or terminated Participants who received benefits from the Plan.

#### **Banked Days Earned**

On an annual basis, the Plan credits the notional account of each active Participant with a sum equal to 15 days of a Participant's salary. The crediting of each sum is deemed to occur on January 1 of each year. In addition, the Plan may, from time to time, credit each Participant's notional account with such additional amounts as it deems appropriate. Notwithstanding the above, in no event shall any amount credited under the Plan be in lieu of compensation payable by SaskPower during the year or a previous year.

The notional account of each Participant represents a contribution receivable from SaskPower.

### **Interest Earned**

On December 31 of each year, the Plan credits each active Participant's notional account with an additional amount equal to the greater of:

- i. The average rate of interest paid during the year on one-year Guaranteed Investment Certificates (GICs) Series V122524 as reported by the Bank of Canada. For this purpose, the rate of interest paid on one-year GICs on the first business day of each month shall be used to determine the average rate of interest paid on GICs; or
- ii. The annual investment return on the Public Employees Pension Plan Balanced Fund for the year ended December 31.

The rate used to calculate the interest credited to the Plan during 2017 was 9.9 per cent (2016 – 7.0 per cent).

### **Other Contributions**

The Corporation may credit each Participant account with such additional amounts as it deems appropriate.

### **Benefits**

A Participant's benefit entitlement date is normally January 31 of the year following the year in which the Participant terminates active service with the Corporation.

Upon termination of active service, Participants elect how superannuation benefits are to be paid. In the event of termination of service with the Corporation, the Corporation, on behalf of the Plan, may pay a Participant's superannuation benefits in a lump sum. In no circumstances shall superannuation benefits under this Plan be paid over a period exceeding five years.

## **2. Basis of Preparation and Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian public sector accounting standards. These statements do not present a Statement of Re-measurement Gains and Losses as the Plan does not have these types of gains and losses or a Statement of Cash Flows as the information is readily available in the other statements and the notes thereto.

The following accounting policies are considered significant:

### **a) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

### **b) Financial instruments**

The SaskPower contribution receivable, a financial instrument, has been recorded at cost which approximates its fair value.

### **3. Adoption of New Accounting Standards**

Effective January 1, 2017, the Plan adopted Canadian public sector accounting standards. These standards were adopted retroactively. The adoption of public sector accounting standards had no impact on current or prior period balances.

### **4. Related Parties**

SaskPower and PEBA are related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received use of office space and administrative services from SaskPower at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by SaskPower.

### **5. Fair Value**

The fair value of the SaskPower contribution receivable is its carrying value. As benefits are funded out of current operations of SaskPower, the Plan's financial risks relate primarily to credit risk. The maximum credit risk to which it is exposed at December 31, 2017, is limited to the carrying value of its contribution receivable from SaskPower.