



Provincial Auditor Saskatchewan

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July 14, 2011

COPY
The Honourable D. Morgan, Q.C.
Ministry of Justice and Attorney General
Room 355, Legislative Building
REGINA, SK S4S 0B3

Dear Sir:

**Re: Queen's Printer Revolving Fund
Financial Statements**

We enclose the financial statements of the Queen's Printer Revolving Fund for the year ended March 31, 2011 and our report on these financial statements.

Yours truly,

Bonnie Lysyk, MBA, CA
Provincial Auditor

/ab

Attachment

cc: The Honourable K. Krawetz, Chair, Treasury Board
Ms K. Layng, Secretary, Treasury Board
Mr. T. Paton, Provincial Comptroller, Ministry of Finance (Email)
Mr. G. Tegart, Deputy Minister and Deputy Attorney General, Ministry of Justice and Attorney General
✓ Mr. D. Tulloch, Executive Director, Corporate Services Branch, Ministry of Justice and Attorney General
Ms M. Lustig-McEwen, Queen's Printer, Queen's Printer Revolving Fund

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

QUEEN'S PRINTER REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2011



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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Queen's Printer Revolving Fund, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and accumulated surplus, and statement of changes in accumulated net recovery for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Queen's Printer Revolving Fund as at March 31, 2011, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 8, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

Ministry of Justice and Attorney General
 Queen's Printer Revolving Fund
 Statement of Financial Position
 As at March 31

	<u>2011</u>	<u>2010</u>
Financial Assets		
Cash	\$ 3,737	\$ 4,316
Accounts receivable	124,097	137,205
Inventory for resale	20,577	-
Accumulated net recovery (Statement 3)	35,999	30,084
Total Financial Assets	<u>184,410</u>	<u>171,605</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 80,214	54,452
Unearned revenue (Note 5)	14,941	16,038
Total Liabilities	<u>95,155</u>	<u>70,490</u>
Accumulated Surplus	<u>\$ 89,255</u>	<u>\$ 101,115</u>

(See accompanying notes to the financial statements)

Statement 2

Ministry of Justice and Attorney General
 Queen's Printer Revolving Fund
 Statement of Operations and Accumulated Surplus
 For the year ended March 31

	Budget 2011	Actual 2011	2010
Revenue			
Sales	\$ 768,000	\$ 826,226	\$ 849,069
Cost of Goods Sold	(276,000)	(241,147)	(301,405)
Gross Profit	492,000	585,079	547,664
Operating Expenses			
Salaries	538,000	572,929	524,878
Information Technology	25,000	21,869	49,042
Telephone	10,000	8,683	7,496
Office Supplies	15,000	29,572	16,633
Other	21,000	45,771	18,236
Total Operating Expenses	609,000	678,824	616,285
Loss from operations	(117,000)	(93,745)	(68,621)
Subsidy from General Revenue Fund	98,000	83,000	75,000
Net (loss) income after subsidy (Note 9)	\$ (19,000)	(10,745)	6,379
Accumulated surplus - beginning of year		101,115	94,736
Repayment of Accumulated Surplus		(1,115)	-
Accumulated surplus - end of year		\$ 89,255	\$ 101,115

(See accompanying notes to the financial statements)

Ministry of Justice and Attorney General
Queen's Printer Revolving Fund
Statement of Changes in Accumulated Net Recovery
For the year ended March 31

	<u>2011</u>	<u>2010</u>
Financing applied to operating activities:		
Net (loss) income after subsidy (Statement 2)	\$ (10,745)	\$ 6,379
Net increase (decrease) in working capital related to operations (Note 6)	17,775	(50,753)
Repayment of Accumulated Surplus	<u>(1,115)</u>	<u>-</u>
Net decrease (increase) in financing requirements	5,915	(44,374)
Accumulated net recovery - beginning of year	<u>30,084</u>	<u>74,458</u>
Accumulated net recovery - end of year	<u><u>\$ 35,999</u></u>	<u><u>\$ 30,084</u></u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011**

1. Authority and Definition of Reporting Entity

The Queen's Printer Revolving Fund (Revolving Fund) operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the Revolving Fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to the public sector. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the other statements and Note 6. The following accounting policies are considered significant:

a) Accumulated net recovery

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated outstanding borrowing from the GRF.

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

b) Inventory for resale

Inventory for resale is valued at the lower of average cost and net realizable value.

c) Cash

Cash represents amounts collected but not yet transferred to the GRF.

d) Revenue recognition

Sales are recognized when documents/publications are delivered to customers. Subscriptions to the Saskatchewan Gazette are earned on a monthly basis.

e) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. A maximum amount of \$150,000 was established by Order in Council 667/89.

4. Accumulated Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the GRF. The limit for the Revolving Fund is \$100,000.

5. Unearned Revenue

Unearned revenue for the subscriptions to the Saskatchewan Gazette represents the portion of subscriptions that extend beyond the fiscal year.

6. Net Changes in Working Capital Related to Operations

	<u>2011</u>	<u>2010</u>
Decrease/(Increase) in accounts receivable	\$ 13,108	\$ (44,079)
(Increase)/Decrease in inventory for resale	(20,577)	6,557
Decrease/(Increase) in cash	579	(1,302)
Increase/(Decrease) in accounts payable and accrued liabilities	25,762	(9,187)
(Decrease) in unearned revenue	(1,097)	(2,742)
Net increase/(decrease) in working capital related to operations	<u>\$ 17,775</u>	<u>\$ (50,753)</u>

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards and commissions related to the Revolving Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to the public.

These transactions and amounts outstanding at year-end are as follows:

	<u>2011</u>	<u>2010</u>
Sales	\$ 293,401	\$ 265,752
Accounts receivable	57,295	48,966

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	<u>2011</u>	<u>2010</u>
Expenses	\$ 96,684	\$ 104,127
Accounts payable and accrued liabilities	7,100	4,215

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in these financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Amount Reported in the Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the GRF.

	<u>2011</u>	<u>2010</u>
Net (loss)/income from operations	\$ (10,745)	\$ 6,379
(Increase)/Decrease in inventory for resale	(20,577)	6,557
Timing differences in recording transactions	7,140	79,392
Repayment of Accumulated Surplus	(1,115)	0
Net (requirement)/recovery reported in Public Accounts	<u>\$ (25,297)</u>	<u>\$ 92,328</u>

