

MINISTRY OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
FINANCIAL STATEMENTS
For the Year Ended March 31, 2018



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Queen's Printer Revolving Fund, which comprise the statement of financial position as at March 31, 2018, and the statement of operations and accumulated surplus/(deficit), and the statement of changes in accumulated net recovery/(expenditure) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Queen's Printer Revolving Fund as at March 31, 2018, and the results of its operations and accumulated surplus/(deficit) and its changes accumulated net recovery/(expenditure) for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 5, 2018

Judy Ferguson, FCPA, FCA
Provincial Auditor

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

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash	\$ 3,050	\$ 3,720
Accounts receivable	120,300	139,455
Accumulated net recovery (Statement 3)	155,438	57,027
Total Financial Assets	<u>\$ 278,788</u>	<u>\$ 200,202</u>
Liabilities		
Accounts payable and accrual liabilities	134,876	152,809
Unearned revenue (Note 7)	6,814	7,226
Total Liabilities	<u>\$ 141,690</u>	<u>\$ 160,035</u>
Net Financial Assets	<u>137,098</u>	<u>40,167</u>
Non-Financial Assets		
Tangible capital assets (Note 3)	<u>7,745</u>	<u>13,769</u>
Accumulated Surplus (Statement 2)	<u><u>\$ 144,843</u></u>	<u><u>\$ 53,936</u></u>
Contractual Obligations (Note 13)		

(See accompanying notes to the financial statements)

Statement 2

**Ministry of Justice
Queen's Printer Revolving Fund
Statement of Operations and Accumulated Surplus / (Deficit)
For the Year Ended March 31**

	Budget 2018	Actual 2018	Actual 2017
	(Note 10)		
Revenue			
Sales	\$ 1,000,000	\$ 1,000,583	\$ 1,037,838
Cost of Goods Sold	(265,000)	(257,309)	(306,958)
Gross Profit	<u>\$ 735,000</u>	<u>\$ 743,274</u>	<u>\$ 730,880</u>
Operating Expenses			
Salaries	715,000	682,434	726,894
Information Technology	96,000	26,021	37,533
Telephone	10,000	10,870	11,258
Office Supplies	11,000	6,395	10,006
Amortization	6,025	6,024	6,025
Other	17,000	17,623	19,820
Total Operating expenses	<u>\$ 855,025</u>	<u>\$ 749,367</u>	<u>\$ 811,536</u>
(Loss) from operations	(120,025)	(6,093)	(80,656)
Subsidy from General Revenue Fund	97,000	97,000	97,000
Net gain after subsidy (Statement 3)	<u><u>\$ (23,025)</u></u>	<u><u>\$ 90,907</u></u>	<u><u>\$ 16,344</u></u>
Accumulated Surplus - beginning of year		<u>\$ 53,936</u>	<u>\$ 37,592</u>
Accumulated Surplus - end of year (Statement 1)		<u><u>\$ 144,843</u></u>	<u><u>\$ 53,936</u></u>

(See accompanying notes to the financial statements)

Ministry of Justice
Queen's Printer Revolving Fund
Statement of Changes in Accumulated Net Recovery / (Expenditure)
For the Year Ended March 31

	<u>2018</u>	<u>2017</u>
Financing applied to operating activities:		
Net gain after subsidy (Statement 2)	\$ 90,907	\$ 16,344
Net increase/(decrease) in working capital related to operations (Note 8)	1,480	(43,382)
Amortization expense	<u>6,024</u>	<u>6,025</u>
Net decrease/(increase) in financing requirements	\$ 98,411	\$ (21,013)
Accumulated net recovery - beginning of year	<u>\$ 57,027</u>	<u>\$ 78,040</u>
Accumulated net recovery - end of year (Statement 1)	<u><u>\$ 155,438</u></u>	<u><u>\$ 57,027</u></u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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.

Management of the Revolving Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards. Management is also responsible to maintain 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.

2. Significant Accounting Policies

Pursuant to standards issued by the Public Sector Accounting Board and published by the Chartered Professional Accountants of Canada (CPA), the Revolving Fund is classified as a government component. Accordingly, these financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. These financial statements do not present a Statement of Changes in Net Financial Assets or a Statement of Cash Flows because this information is readily apparent from the other statements and Note 8. A statement of re-measurement gains and losses has not been presented in these financial statements, as the carrying value of all financial instruments approximates their fair value. The following accounting policies are considered significant:

a) Accumulated net recovery / (expenditure)

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 / (expenditure) 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) Cash

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

c) Revenue recognition

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

d) Use of estimates

These statements are prepared in accordance with Canadian Public Sector Accounting Standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus. Amortization of all tangible capital assets is charged to operations using the straight-line method at the following rates:

Office Equipment	10%
System Software	20%

f) Tangible Capital Asset Thresholds

The threshold limits for capitalizing tangible capital assets are as follows:

Office Equipment	\$10,000
System Software	\$10,000

g) New Accounting Standards Implemented

The Revolving Fund has adopted the following Canadian public sector accounting standards effective April 1, 2017:

(i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions. The accounting change has no significant impact on the financial statements.

(ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets. The accounting change has no significant impact on the financial statements.

(iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets. The accounting change has no significant impact on the financial statements.

(iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights. The accounting change has no significant impact on the financial statements.

(v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity. The accounting change has no significant impact on the financial statements.

3. Tangible Capital Assets

	2018		2017	
	Office Equipment	System Software	Total	Total
Opening Cost	\$ 15,486	\$ 22,383	\$ 37,869	\$ 37,869
Additions during the Year	\$ -	\$ -	\$ -	\$ -
Closing Cost	\$ 15,486	\$ 22,383	\$ 37,869	\$ 37,869
Opening Accumulated Amortization	\$ 6,193	\$ 17,907	\$ 24,100	\$ 18,075
Annual Amortization	\$ 1,548	\$ 4,476	\$ 6,024	\$ 6,025
Closing Accumulated Amortization	\$ 7,741	\$ 22,383	\$ 30,124	\$ 24,100
Ending Net Book Value	\$ 7,745	\$ 0	\$ 7,745	\$ 13,769

4. Financial Instruments

The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:

- cash;
- accounts receivable;
- accounts payable and accrued liabilities.

5. 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.

6. 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, or to requests for additional funding from, the GRF. The limit for the Revolving Fund is \$100,000.

At March 31, 2018, the Revolving Fund had an accumulated operating surplus of \$144,843, and management will present a plan to Treasury Board to address the excess surplus of \$44,843 in 2018-19.

7. Unearned Revenue

Unearned revenue consists of the subscriptions to the Saskatchewan Gazette for the period that extends beyond the fiscal year and prepaid orders which were not fulfilled.

8. Net Changes in Working Capital Related to Operations

	<u>2018</u>	<u>2017</u>
Decrease/(Increase) in accounts receivable	\$ 19,155	\$ (71,973)
Decrease/(Increase) in cash	670	(3,420)
(Decrease)/Increase in accounts payable and accrued liabilities	(17,933)	32,377
(Decrease) in unearned revenue	(412)	(366)
Net increase/(decrease) in working capital related to operations	<u>\$ 1,480</u>	<u>\$ (43,382)</u>

9. Related Party Transactions

The Revolving Fund is related to all Saskatchewan Crown Agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan, as well as its key management personnel and their close family members. Additionally, the Revolving Fund is related to organizations where they have key management personnel and/or their close family members in common.

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>2018</u>	<u>2017</u>
Sales	\$ 630,807	\$ 664,422
Accounts receivable	76,078	52,508

Routine operating expense 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>2018</u>	<u>2017</u>
Expenses	\$ 78,287	\$ 109,306
Accounts payable and accrued liabilities	12,982	23,470

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.

10. Budget

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

11. Amount Reported in the Public Accounts

The accumulated net recovery (expenditure) of the Revolving Fund reported in the Public Accounts is the accumulated net recovery (expenditure) of the Revolving Fund adjusted for the following difference.

	<u>2018</u>	<u>2017</u>
Accumulated net recovery	\$ 155,438	\$ 57,027
Adjustment to decrease Accumulated net expenditure in Public Accounts	(1,059)	-
Accumulated net recovery reported in Public Accounts	<u>\$ 154,379</u>	<u>\$ 57,027</u>

12. Credit Risk

The Revolving Fund is exposed to credit risk from the potential non-payment of accounts receivable. Accounts receivable balances are outstanding from many customers, which helps reduce credit risk.

13. Contractual Obligations

The Revolving Fund has entered into agreements to lease commercial printers for use in its operations and for maintenance of required air conditioning units. Three leases expire in 2019 with the third expiring in June 2020. The future lease payments, in each fiscal year, total as follows:

2018/19	\$ 48,368
2019/20	\$ 14,386
2020/21	\$ 885