

Annual Report 2024

Public Employees Dental Fund

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Letters of Transmittal



Her Honour the Honourable Bernadette McIntyre, S.O.M.,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the thirty-third Annual Report of the Public Employees Dental Fund for the year ending December 31, 2024.

A handwritten signature in blue ink, appearing to read "Jim Reiter".

Jim Reiter
Deputy Premier and Minister of Finance

The Honourable Jim Reiter
Deputy Premier and Minister of Finance

Sir:

On behalf of the Saskatchewan Pension Annuity Fund Board, I have the honour to transmit herewith the thirty-third Annual Report of the Public Employees Dental Fund for the year ending December 31, 2024.

A handwritten signature in blue ink, appearing to read "Sheri Lucas".

Sheri Lucas, Chair
Saskatchewan Pension Annuity Fund Board

Public Employees Dental Fund

Introduction

The Public Employees Dental Plan was established on February 1, 1982.

The intent of the Plan is to promote good dental health by reducing costs for preventive, routine and major restorative dental work.

Coverage is provided to employees of Executive Government, several Crown Corporations and various Agencies, Boards and Commissions as approved by the Lieutenant Governor in Council.

Spouses and dependent children are also eligible for coverage under the Plan.

As at December 31, 2024, there were 28,898 insured employees.

Saskatchewan Pension Annuity Fund Board

Sheri Lucas, Chair
Ministry of Finance

Carole Braumberger
Public Service Commission

Amy Gates
Ministry of Finance

Tom Zabel, Observer
Ministry of Finance

Participating Employers

The following employers participate in The Government of Saskatchewan Public Employees Dental Plan:

Advocate for Children and Youth (Office of the Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The)
Chief Electoral Officer (Office of the)
Farm Land Security Board
Financial and Consumer Affairs Authority of Saskatchewan
Global Transportation Hub Authority (The)

Information and Privacy Commissioner (Office of the)
Information Services Corporation
Innovation Saskatchewan
Leader of the Opposition (Office of the)
Legislative Assembly Service
Liquor and Gaming Authority
Meewasin Valley Authority
NDP Caucus Office
Ombudsman (Office of the)
Plannera Pension & Benefits
Prairie Diagnostic Services Inc.
Provincial Archives of Saskatchewan
Provincial Auditor (Office of the)
Provincial Capital Commission
Public Interest Disclosure Commissioner (Office of the)
Residential Tenancies (Office of)
Saskatchewan Archives Board
Saskatchewan Arts Board
Saskatchewan Assessment Management Agency
Saskatchewan Centre of the Arts
Saskatchewan Crop Insurance Corporation
Saskatchewan Distant Learning Centre
Saskatchewan Government Insurance
Saskatchewan Human Rights Commission
Saskatchewan Impaired Driver Treatment Centre
Saskatchewan Milk Marketing Board
Saskatchewan Municipal Board
Saskatchewan Party Caucus
Saskatchewan Polytechnic
Saskatchewan Pork Development Board
Saskatchewan Power Corporation
Saskatchewan Professional Teachers Regulatory Board
Saskatchewan Public Safety Agency
Saskatchewan Telecommunications Holding Corporation
SaskBuilds Corporation
SaskEnergy Incorporated
TransGas Limited
Wanuskewin Heritage Park Authority
Western Development Museums
Workers' Compensation Board (The)

The Government of Saskatchewan with respect to the following individuals:

Advocate for Children and Youth
 Assistant Chief Electoral Officer
 Chief Electoral Officer
 Conflict of Interest Commissioner
 Director of Residential Tenancies
 Information and Privacy Commissioner
 Judges of the Provincial Court
 Legislative Assembly (Members of the)
 Members of the Public Service of Saskatchewan as defined by *The Public Service Act, 1998*
 Ombudsman
 Provincial Auditor
 Public Interest Disclosure Commissioner
 Senior Justices of the Peace appointed pursuant to *The Justices of the Peace Act, 1988* who are not court officials
 Justices of the Peace appointed pursuant to *The Justices of the Peace Act, 1988* who are not court officials

Administration

The Public Employees Dental Plan is self-insured and was managed by the Public Employees Benefits Agency (PEBA), Ministry of Finance until December 31, 2023. Effective January 1, 2024, the Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation) began managing the Plan. As per Order in Council #194-2024, the Province of Saskatchewan authorized PEBA to delegate the administration of the Plan to Plannera.

The Canada Life Assurance Company is on contract under an Administrative Services Only agreement to provide claims adjudication and benefit payment services to the Plan.

Funding

Funding for the Plan is totally employer paid as a percentage of gross salary. Effective April 1, 2014, premium funding was paid at a straight rate of 0.85 per cent of gross salary.

A funding analysis was completed in 2022 by the Plan’s actuary. The funding analysis resulted in premium funding being adjusted to a straight rate of 1.15 per cent of gross salary effective January 1, 2023.

Benefits

The Plan provides three levels of coverage as follows:

		<u>Reimbursement</u>
Level I	Preventive Services	100%
Level II	Basic & Routine Services	75%
Level III	Major Restorative Services	50%

Eligible dental expenses are reimbursed to a maximum of the fees outlined in the suggested fee guide issued by the College of Dental Surgeons of Saskatchewan & Denturist Association.

Additional coverage for enhanced dental benefits has been provided for certain employer and union groups.

Contributions/Claims Experience

	<u>Dec 31, 2024</u>	<u>Dec 31, 2023</u>
Contributions	\$37,959,331	\$34,148,983
Claims	\$36,135,339	\$32,741,016
Claims Paid (# of)	121,921	112,761

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Public Employees Dental Fund, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards applied on a basis consistent with that of the preceding year.

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

The Public Employees Dental Fund has a system of internal controls 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 Public Employees Dental Fund for the year ended December 31, 2024, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan
April 8, 2025



Jeremy Phillips
President and Chief Executive Officer
Plannera Pensions and Benefits

Public Employees Dental Fund

**Financial Statements
Year Ended December 31, 2024**

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Public Employees Dental Fund, which comprise the statement of financial position as at December 31, 2024, and the statements of operations and change in net financial assets, and cash flow, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Employees Dental Fund as at December 31, 2024, and the result of its operations and changes in its net financial assets, and its 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 Financial Statements* section of our report. We are independent of the Public Employees Dental Fund in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Public Employees Dental Fund Annual Report for 2024* but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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.

In preparing the financial statements, management is responsible for assessing the Public Employees Dental Fund'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 management either intends to liquidate the Public Employees Dental Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Public Employees Dental Fund's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Public Employees Dental Fund'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 Public Employees Dental Fund'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 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 Public Employees Dental Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Regina, Saskatchewan
April 8, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

**Public Employees Dental Fund
Statement of Financial Position**

Statement 1

As At December 31

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash (Note 3)	\$ 7,436,504	\$ -
Due from General Revenue Fund (Note 4)	-	6,588,988
Employer Contributions Receivable	681,658	548,454
Interest Receivable	20,438	69,925
	<hr/>	<hr/>
Total Assets	8,138,600	7,207,367
	<hr/>	<hr/>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Liabilities (Note 5)	171,002	157,614
Provision for Unpaid Claims (Note 8)	673,971	1,208,935
	<hr/>	<hr/>
Total Liabilities	844,973	1,366,549
	<hr/>	<hr/>
Net Financial Assets (Statement 2)	<u>\$ 7,293,627</u>	<u>\$ 5,840,818</u>

(See accompanying notes to the financial statements)

Public Employees Dental Fund
Statement of Operations and Change in Net Financial Assets

Statement 2

Year Ended December 31

	2024		2023
	Budget (Note 9)	Actual	Actual
Revenue			
Employer Contributions	\$ 34,249,767	\$ 37,959,331	\$ 34,148,983
Interest (Note 3, Note 4)	301,946	278,772	207,327
Transfer from Extended Health Care Plan (Note 1)	1,000,000	1,000,000	1,000,000
	35,551,713	39,238,103	35,356,310
Expenses			
Claims Incurred	34,613,447	36,135,339	32,741,016
Adjudication Fees	1,377,615	1,467,953	1,329,037
Administration Expenses (Note 5)	185,666	182,002	159,806
	36,176,728	37,785,294	34,229,859
Surplus (Deficit) for the Year	(625,015)	1,452,809	1,126,451
Net Financial Assets, Beginning of Year	5,840,818	5,840,818	4,714,367
Net Financial Assets, End of Year (Statement 1)	\$ 5,215,803	\$ 7,293,627	\$ 5,840,818

(See accompanying notes to the financial statements)

**Public Employees Dental Fund
Statement of Cash Flow**

Statement 3

Year Ended December 31

	<u>2024</u>	<u>2023</u>
Cash Flows From (Used in) Operating Activities:		
Employer Contributions Received	\$ 37,826,127	\$ 34,161,028
Interest Received	328,259	186,244
Transfer Received	1,000,000	1,000,000
Claims Paid	(36,670,303)	(32,215,920)
Administration Expenses Paid	(183,637)	(175,665)
Adjudication Fees Paid	(1,452,930)	(1,326,427)
	<hr/>	<hr/>
Net Increase in Cash (2023 – Due from General Revenue Fund)	847,516	1,629,260
Cash (2023 - Due from General Revenue Fund) Beginning of Year	<hr/> 6,588,988	<hr/> 4,959,728
Cash (2023 - Due from General Revenue Fund) End of Year	<hr/> <hr/> \$ 7,436,504	<hr/> <hr/> \$ 6,588,988

(See accompanying notes to the financial statements)

Public Employees Dental Fund

Notes to the Financial Statements

December 31, 2024

1. Description of the Fund

The Public Employees Dental Fund (Dental Fund) is used to account for the transactions of the Public Employees Dental Plan (Plan). The Plan was established February 1, 1982, and continues under subsection 64(2) of *The Financial Administration Act, 1993*. The Plan is designed to promote good dental health among plan members by reducing the members' costs for preventive, routine and major dental services. The Plan consists of core and enhanced dental benefits.

The Plan is funded entirely by the employers who are members of the Plan. Employers consist of the Public Service of Saskatchewan as defined by *The Public Service Act, 1998*, and certain Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council.

Participating employers pay for the core benefits by contributing 1.15 per cent of gross salary. This rate has been in effect since January 1, 2023. The most recent funding analysis was completed in 2022 by the Plan's actuary, with the next one scheduled for 2025.

Enhanced dental benefits are provided to employees of certain participating employers. Each participating employer pays for any enhanced benefits it provides to its employees. Participating employers pay for these enhanced benefits by contributing a straight percentage of gross salary, a predetermined amount per employee, or lump-sum payments. These employers are responsible to ensure amounts contributed are sufficient to pay for the enhanced benefits and administration costs. If amounts contributed are not sufficient to pay for the enhanced benefits and administration costs, the employers must remit additional contributions. Where contributions exceed the enhanced benefits and administration costs, employers may seek a refund of surplus contributions by submitting a formal request to the Dental Fund. At December 31, 2024, an accumulated surplus of \$3,426,908 (2023 - \$3,130,705) relating to the enhanced benefits is included in net financial assets.

The Extended Health Care Plan, Joint Board of Trustees (Joint Board) authorizes the Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation) to transfer adequate resources from the PS/GE SGEU Benefit Plans' Surplus Fund to the Dental Fund in order to provide enhanced dental benefits to participating SGEU members. Accordingly, on September 24, 2024, the Joint Board authorized a transfer of \$1,000,000 (2023 - \$1,000,000) from the PS/GE SGEU Benefit Plans' Surplus Fund to the Dental Fund.

The Plan was administered by the Public Employees Benefits Agency (PEBA) until December 31, 2023. Effective January 1, 2024, Plannera began administering the Plan. As per Order in Council #194-2024, the Government of Saskatchewan authorized PEBA to delegate the administration of the Plan to Plannera.

Under an agreement with The Canada Life Assurance Company, claims are adjudicated and processed for payment.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. These statements do not present a Statement of Remeasurement Gains and Losses as the Plan has no remeasurement gains or losses. The following accounting policies are considered significant:

a) Employer Contributions

Employers are billed premiums at the end of each month. Premiums are recognized as revenue when due.

b) Interest Revenue

Interest is recognized as income when earned.

c) Transfers from Extended Health Care Plan

Extended Health Care Plan Transfers are recorded as income when authorized by the Joint Board.

d) Unpaid Claims

The provision for unpaid claims represents a provision for the cost of claims reported but not paid prior to year-end and an estimate of claims incurred but not reported based upon past claims experience.

e) Accounts Payable and Accrued Liabilities

The estimate of adjudication expenses to be incurred on claims not yet paid is included in the provision for accounts payable.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets, if any, at the date of the financial statements and the reported amounts of revenue and expenses for the year. Significant items subject to such estimates and assumptions include the determination of the provision for unpaid claims and adjudication expenses to be incurred on claims not yet paid. Claims payable includes an estimated accrual for unpaid claims not reported for 2024 of \$673,971 (2023 - \$1,208,935) with related adjudication expenses on these claims of \$27,327 (2023 - \$47,648). Actual results could differ from those estimates.

g) Financial Assets and Liabilities

The Canadian Public Sector Accounting Handbook, Section 3450 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets or liabilities have been categorized in one of two measurement categories: fair value, cost or amortized cost.

The Dental Fund's financial assets include cash, due from the General Revenue Fund, employer contributions receivable, and interest receivable. The Dental Fund's financial liabilities include accounts payable and accrued liabilities, and the provision for unpaid claims. The Dental Fund has categorized and measured all its financial assets and financial liabilities at cost. The Dental Fund has no derivative financial instruments and does not have any contracts with embedded derivatives.

h) **New Accounting Standards**

Effective for fiscal years beginning on or after April 1, 2023, certain new standards, amendments to standards and interpretations were adopted.

- i) PS 3400 Revenue
- ii) PS 3160 Public Private Partnerships
- iii) PSG-8 Purchased Intangibles

The adoption of these new and amended standards had no impact on the financial statements.

3. Cash

Effective January 1, 2024, the Plan's bank account was transitioned to Plannera's Master Client Agreement. As of January 1, 2024, the amount held in the Plan's bank account is classified as Cash.

Per Plannera's Master Client Agreement, interest is earned at a rate per annum equal to the daily value of Royal Bank Prime rate (RBP) less 1.90%. The average interest rate earned in 2024 was 4.85 per cent.

4. Due from General Revenue Fund

The Dental Fund bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan until December 15, 2023, and remained under the Government of Saskatchewan's Financial Services Agreement until December 31, 2023.

The General Revenue Fund calculated interest earned and owed on a quarterly basis using the Government's thirty-day borrowing rate, and the Dental Fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2023 was 4.75 per cent.

5. Administration Expenses

Effective January 1, 2024, Plannera administered the Dental Fund and paid the administration expenses through the Corporation. The Dental Fund pays these administration expenses on dates agreed to by Plannera. Included in accounts payable at December 31, 2024 is \$19,706 (2023 - \$21,341) due to Plannera (2023 - due to the PEBA Revolving Fund.)

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at fair market value.

7. Financial Risk Management

The nature of the Dental Fund's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk and liquidity risk. The Dental Fund is not exposed to any market risk as the Dental Fund does not invest excess cash outside of its bank account.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Dental Fund's credit risk arises primarily from the following distinct sources:

	<u>2024</u>	<u>2023</u>
Cash	\$ 7,436,504	\$ -
Due from General Revenue Fund	-	6,588,988
Employer Contributions Receivable	681,658	548,454
Interest Receivable	20,438	69,925

The maximum credit risk to which the Dental Fund is exposed is limited to the carrying value of the financial assets summarized above.

Credit risk is managed by dealing with only reputable sources. Credit risk related to cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies. Risk on employer contributions receivable is minimal as all monthly contributions are due from employers within 30 days. The Due from General Revenue Fund account is minimal risk as the funds are held in the Dental Fund's own bank account under the Consolidated Offset Bank arrangement for the Government of Saskatchewan. The risk on the interest receivable is minimal as the receivable relates to bank interest. There has been no change in the risk exposure in 2024.

Liquidity risk

Liquidity risk is the risk that the Dental Fund is unable to meet its financial obligations as they fall due. The Dental Fund manages this risk by holding significant funds in its bank account (2023 -Due from General Revenue Fund). There has been no change in the risk exposure in 2024.

8. Provision for Unpaid Claims

The provision for unpaid claims includes claims that have been incurred but not yet reported at year-end.

Management estimated the claims incurred but not reported at year-end totaled \$673,971 (2023 - \$1,208,935). The establishment of the estimate for unpaid claims incurred but not yet reported relies on a number of factors which necessarily involves risks that the actual results may differ materially from the estimates in the near term. However, dental claims are short-term claims and tend to be reasonably predictable.

Claims reported but not paid until January 2025, totaled \$43,059 (January 2024 - \$55,702). In 2024, the Dental Fund paid \$1,703,737 related to claims incurred prior to December 31, 2023 (2023 - \$744,797).

9. Budget

PEBA approved the annual budget for the Dental Fund on December 19, 2023.

Appendix I Payee Details

As per Section 2315 Reporting Payee Details, entities included in the Summary Financial Statements, except for Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries are required to table, in the Legislative Assembly, payee details for administrative expenses incurred in the year.

Payee Details – December 31

Vendor	2024	2023
Canada Life Assurance Company	\$37,603,292	\$34,070,053
Public Employees Benefits Agency Revolving Fund	-	159,806
Plannera Pensions and Benefits	182,002	-