

Annual Financial Statements

And Supporting Schedules

For The

Lac Des Iles Public Utility Commission

For The Year Ended December 31, 2015

Management's Responsibility

To the Board of Lac des Iles Public Utility Commission


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is composed of Directors who are not employees of the Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfills these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board is also responsible for recommending the appointment of the commission's external auditors.

Pinnacle Business Solutions, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and administration to discuss their audit findings.


Chairperson


CFO/Administrator

Pinnacle Business Solutions

Chartered Professional Accountants P.C. Ltd.

Laura L. Fechter, CPA, CA
Karyn E. Knelsen, CPA, CA

Box 370
307 Centre Street
Meadow Lake, Saskatchewan
S9X 1Y3
Telephone (306) 236-6444
Facsimile (306) 236-5699
lauraf@pbsca.ca
karynk@pbsca.ca

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Lac des Iles Public Utility Commission, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, consolidated statement of change in net financial assets and consolidated cash flows 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 generally accepted accounting principles as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 evaluation of 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of the Lac des Iles Public Utility Commission as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Meadow Lake, Saskatchewan
April 20, 2015

Pinnacle Business Solutions
Chartered Professional Accountants



Lac des Iles Public Utility Commission
 Consolidated Statement of Financial Position
 As at December 31, 2015

Statement 1

	2015	2014
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	\$ 1,843	\$ 11,194
Accounts Receivable		
Long-Term Investments		
Other		
Total Financial Assets	\$ 1,843	\$ 11,194
LIABILITIES		
Bank Indebtedness		
Accounts Payable	\$ 1,800	\$ 6,660
Accrued Liabilities Payable		
Deposits		
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-Term Debt		
Lease Obligations		
Total Liabilities	\$ 1,800	\$ 6,660
NET FINANCIAL ASSETS	\$ 43	\$ 4,534
Non-Financial Assets		
Tangible Capital Assets (Schedule 1)	\$ 360	\$ 800
Prepayments and Deferred charges		
Stock and Supplies		
Other		
Total Non-Financial Assets	360	\$ 800
Accumulated Surplus (Deficit) (Schedule 2)	\$ 403	\$ 5,334

Lac des Iles Public Utility Commission
 Consolidated Statement of Operations
 As at December 31, 2015

Statement 2

	2015 Budget	2015	2014
Revenues			
Fees and Charges			
Conditional Grants			
Municipal contributions			\$ 5,000
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions		\$ 8	23
Other Revenues			
Total Revenues		\$ 8	\$ 5,023

Expenses			
Administration			
Advertising			\$ 677
Amortization (Schedule 1)		\$ 440	304
Bank charges and interest		5	
Board remuneration		1,160	3,955
Consultants fees			2,782
Office supplies		362	496
Professional fees		1,440	2,690
Rent		50	1,362
Telephone			67
Travel		1,482	1,722
Total Expenses		4,939	\$ 14,055

Surplus (Deficit) of Revenues over Expenses		\$ (4,931)	\$ (9,032)
--	--	------------	------------

Accumulated Surplus (Deficit), Beginning of Year		5,334	14,366
---	--	-------	--------

Accumulated Surplus (Deficit), End of Year		\$ 403	\$ 5,334
---	--	--------	----------

Lac des Iles Public Utility Commission
 Consolidated Statement of Change in Net Financial Assets
 As at December 31, 2015

Statement 3

	2015 Budget	2015	2014
Surplus (Deficit)		\$ (4,931)	\$ (9,032)
(Acquisition) of tangible capital assets			\$ (1,104)
Amortization of tangible capital assets		\$ 440	304
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets			
Surplus (Deficit) of capital expenses over expenditures		\$ 440	\$ (800)
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense			
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures			
Increase/Decrease in Net Financial Assets		(4,491)	(9,832)
Net Financial Assets - Beginning of Year		4,534	14,366
Net Financial Assets - End of Year		\$ 43	\$ 4,534

Lac des Iles Public Utility Commission
 Consolidated Statement of Cash Flow
 As at December 31, 2015

Statement 4

	2015	2014
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	\$ (4,931)	\$ (9,032)
Amortization	440	304
Loss (gain) on disposal of tangible capital assets		
	\$ (4,491)	\$ (8,728)
Change in assets/liabilities		
Other Receivables		
Other Financial Assets		
Accounts and accrued liabilities payable	\$ (4,860)	\$ 4,454
Deferred Revenue		
Other Liabilities		
Stock and supplies for use		
Prepayments and Deferred Charges		
Other		
Net cash from (used for) operations	\$ (9,351)	\$ (4,274)
Capital:		
Acquisition of capital assets		\$ (1,104)
Proceeds from the disposal of capital assets		
Other capital		
Net cash from (used for) capital		\$ (1,104)
Investing:		
Long-term investments		
Other investments		
Net cash from (used for) investing		
Financing:		
Long-term debt issued		
Long-term debt repaid		
Other financing		
Net cash from (used for) financing		
Increase (Decrease) in cash resources	\$ (9,351)	\$ (5,378)
Cash and Investments - Beginning of Year	11,194	16,572
Cash and Investments - End of Year	\$ 1,843	\$ 11,194

Lac des Iles Public Utility Commission
Notes to the Consolidated Financial Statements
As at December 31, 2015

1. Significant accounting policies

The consolidated financial statements of the commission are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Accounting Standards Oversight Council. Significant aspects of the accounting policies are as follows:

- a) **Basis of accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognized revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.
- b) **Reporting entity:** The financial statements consolidates the assets, liabilities and flow of resources of the commission. The entity is comprised of all the organizations that are owned or controlled by the authority and are, therefore, accountable to the Board for the administration of their financial affairs and resources.
- c) **Government Transfers:** Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as
 - a) the transfer is authorized
 - b) eligibility criteria have been met by the recipient; and
 - c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

- d) **Deferred Revenue -** Revenue is recognized in the period when the related expenses are incurred or services performed.
- e) **Net-Financial Assets:** Net-Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- f) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the commission because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the commission unless they are sold.
- g) **Appropriated Reserves:** Reserves are established at the discretion of the Board to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 2.
- h) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment.

1. Significant accounting policies - continued

- i) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 1. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. Other tangible capital assets are amortized using the declining balance method. The commission's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>	
<i>General Assets</i>		
Computer equipment	55%	Declining method

Government contributions: Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

Capitalization of Interest: The commission does not capitalize interest incurred while a tangible capital asset is under construction.

Leases: All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as a operating lease and rental payments are expensed as incurred. The commission does not have any leases.

- j) **Revenue recognition:** Municipal contributions and interest income are recognized in the period when it is considered earned.
- k) **Income taxes:** The commission is considered to be a municipal corporation under the *Income Tax Act* and as such is exempt for income taxes on its excess of revenue over expenses for the year.

Lac des Iles Public Utility Commission
Notes to the Consolidated Financial Statements
As at December 31, 2015

- i) **Measurement Uncertainty:** The preparation of financial statements in conformity with 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 and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

2. Cash and temporary investments

	2015	2014
Cash	\$ 1,843	\$ 11,194
Temporary Investments		
Total Cash and temporary investments	\$ 1,843	\$ 11,194

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.

3. Budget figures

Budget figures are presented for information purposes only and are not included in the scope of the external audit.

Lac des Iles Public Utility Commission
 Consolidated Schedule of Tangible Capital Assets by Object
 As at December 31, 2015

		2015								2014	
		General Assets									
		Land	Buildings	Computer equipment	Equipment	Fencing	Landfill	Machinery	Assets under construction	Total	Total
Assets											
Asset cost											
Opening Asset costs				\$ 1,104						\$ 1,104	\$ 1,104
Additions during the year											
Disposals and write-downs during the year											
Transfers (from) assets under construction											
Closing Asset Costs				\$ 1,104						\$ 1,104	\$ 1,104
Amortization											
Accumulated Amortization Cost											
Opening Accumulated Amortization Costs				\$ 304						\$ 304	\$ 304
Add: Amortization taken				440						440	304
Less: Accumulated amortization on disposals											
Closing Accumulated Amortization Costs				\$ 744						\$ 744	\$ 304
Net Book Value				\$ 360						\$ 360	\$ 800

Lac des Iles Public Utility Commission
 Consolidated Schedule of Accumulated Surplus
 As at December 31, 2015

Schedule 2

	2014	Changes	2015
UNAPPROPRIATED SURPLUS	\$ 4,534	\$ (4,571)	\$ (37)
APPROPRIATED RESERVES			
Machinery and Equipment			
Public Reserve			
Capital Trust			
Utility			
Other			
Total Appropriated			
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 1)	\$ 800	\$ (360)	\$ 440
Less: Related debt			
Net Investment in Tangible Capital Assets	\$ 800	\$ (360)	\$ 440
Total Accumulated Surplus	\$ 5,334	\$ (4,931)	\$ 403

Lac des Îles Public Utility Commission
 Schedule of Council Remuneration
 As at December 31, 2015

Schedule 3

Position	Name	Remuneration	Reimbursed Costs	Total
Board member	Klassen, Marie	\$ 380	266	\$ 646
Board member	Malachowski, John	130	970	1,100
Board member	Peno, Jim	360	\$ 70	430
Board member	Rolfes, Joe	290	176	466
		\$ 1,160	\$ 1,482	\$ 2,642