

**Annual Financial Statements**

**And Supporting Schedules**

**For The**

**Lac Des Iles Public Utility Commission**

**For the year ended December 31, 2016**

Management's Responsibility

To the Ratepayers 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 Canadian 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 Council is composed of elected officials who are not employees of the municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

Holm Raiche Oberg Chartered Professional Accountants P.C. Ltd., an independent firm of chartered professional accountants, is appointed by Council 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 Council and administration to discuss their audit findings.

June 27, 2018  
Date

  
Board member

CAM FOSS

  
Administrator

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Lac Des Iles Public Utility Commission

*Report on the Financial Statements*

We have audited the accompanying financial statements of Lac Des Iles Public Utility Commission, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flow 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, 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*

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 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.

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, the financial statements present fairly, in all material respects, the financial position of Lac Des Iles Public Utility Commission as at December 31, 2016, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

North Battleford, Saskatchewan  
June 22, 2018

  
Chartered Professional Accountants

Lac Des Îles Public Utility Commission

Statement of Financial Position

As at December 31, 2016

Statement 1

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	\$ 1,604	\$ 1,843
Other Accounts Receivable		
Long-term Investments		
Other (Specify)		
<b>Total Financial Assets</b>	<b>1,604</b>	<b>1,843</b>
<b>LIABILITIES</b>		
Bank Indebtedness		
Accounts Payable	1,800	1,800
Accrued Liabilities Payable		
Deposits		
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-term Debt		
Lease Obligations		
<b>Total Liabilities</b>	<b>1,800</b>	<b>1,800</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(196)</b>	<b>43</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 1)	162	360
Prepayments and Deferred Charges		
Stock and Supplies		
Other		
<b>Total Non-Financial Assets</b>	<b>162</b>	<b>360</b>
<b>Accumulated Surplus (Deficit) (Schedule 2)</b>	<b>\$ (34)</b>	<b>\$ 403</b>

Lac Des Iles Public Utility Commission  
 Statement of Operations  
 For the year ended December 31, 2016

Statement 2

	2016 Budget	2016	2015
<b>Revenues</b>			
Fees and Charges			
Conditional Grants			
Municipal contributions		\$ 5,000	
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions			\$ 8
Other Revenues			
<b>Total Revenues</b>		<b>5,000</b>	<b>8</b>
<b>Expenses</b>			
Board remuneration and travel		3,197	2,732
Professional/Contractual services		1,763	1,440
Utilities			
Maintenance, materials and supplies		252	324
Grants and contributions - operating			
- capital			
Amortization		198	440
Interest		27	5
Allowance for uncollectibles			
Other (Specify)			
<b>Total Expenses</b>		<b>5,437</b>	<b>4,941</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>		<b>(437)</b>	<b>(4,933)</b>
Provincial/Federal Capital Grants and Contributions			
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>\$</b>	<b>(437)</b>	<b>(4,933)</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>		<b>403</b>	<b>5,336</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>\$</b>	<b>(34)</b>	<b>\$ 403</b>

Lac Des Îles Public Utility Commission  
 Statement of Change in Net Financial Assets  
 For the year ended December 31, 2016

Statement 3

	2016 Budget	2016	2015
Surplus (Deficit)	\$	\$ (437)	\$ (4,933)
(Acquisition) of tangible capital assets			
Amortization of tangible capital assets		198	440
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets			
<b>Surplus (Deficit) of capital revenue over expenditures</b>		<b>198</b>	<b>440</b>
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense			
Consumption of supplies inventories			
Use of prepaid expense			
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>			
<b>Increase (Decrease) in Net Financial Assets</b>	<b>\$</b>	<b>(239)</b>	<b>(4,493)</b>
Net Financial Assets - Beginning of Year		43	4,536
<b>Net Financial Assets - End of Year</b>	<b>\$</b>	<b>(196)</b>	<b>\$ 43</b>

Lac Des Iles Public Utility Commission  
Statement of Cash Flow  
For the year ended December 31, 2016

Statement 4

	2016	2015
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	\$ (437)	\$ (4,933)
Amortization	198	440
	(239)	(4,493)
<b>Change in assets/liabilities</b>		
Other Receivables		
Land for Resale		
Other Financial Assets		
Accounts and Accrued Liabilities Payable		(4,860)
Deposits		
Deferred Revenue		
Accrued Landfill costs		
Other Liabilities		
Stock and Supplies for Use		
Prepayments and Deferred Charges		
Other (Specify)		
<b>Net cash provided (used for) operations</b>	<b>(239)</b>	<b>(9,353)</b>
<b>Capital:</b>		
Acquisition of Tangible Capital Assets		
Proceeds From the Disposal of Tangible Capital Assets		
Other Capital		
<b>Net cash provided (used for) capital</b>		
<b>Investing:</b>		
Long-term Investments		
Other Investments		
<b>Net cash provided (used for) investing</b>		
<b>Financing:</b>		
Debt Charges Recovered		
Long-term Debt Issued		
Long-term Debt Repaid		
Other Financing		
<b>Net cash provided (used for) financing transactions</b>		
<b>Change in Cash and Temporary Investments during the year</b>	<b>(239)</b>	<b>(9,353)</b>
<b>Cash and Temporary Investments - Beginning of Year</b>	<b>1,843</b>	<b>11,196</b>
<b>Cash and Temporary Investments - End of Year</b>	<b>\$ 1,604</b>	<b>\$ 1,843</b>

**Lac Des Îles Public Utility Commission**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2016**

**1. Significant Accounting Policies**

The 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 recognizes 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 of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Board for the administration of their financial affairs and resources.
- c) **Government Transfers:** Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occurred, as long as:
  - a) the transfers are authorized;
  - b) any eligibility criteria have been met; 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 account 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 government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.
- g) **Measurement Uncertainty:** The preparation of financial statements in conformity with generally accepted accounting principles 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. Taxes receivable and accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.
- h) **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 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 tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. 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



**1. Significant Accounting Policies - continued**

i) **Recent accounting pronouncements**  
PS 3450 Financial Instruments (New and Amendment)

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The municipality does not expect the adoption of these new standards to have a material impact on its financial statements.

PS 3320 Contingent Assets (New)

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events, not wholly within the public sector entity's control, occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any nondisclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The municipality does not expect the adoption of this new standard to have a material impact on its financial statements.

PS 3380 Contractual Rights (New)

In June 2016, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this standards are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there are no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

**Lac Des Iles Public Utility Commission**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2016**

2016	2015
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**2. Cash and Temporary Investments**

Cash	\$ 1,604	\$ 1,843
Temporary Investments		
Restricted Cash		
<b>Total Cash and Temporary Investments</b>	<b>\$ 1,604</b>	<b>\$ 1,843</b>

Cash and temporary investments include balances with banks, Credit Unions, term deposits, marketable securities and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**3. Comparative Figures**

Prior year comparative figures were prepared by another firm of Chartered Professional Accountants.

**4. Subsequent event**

In 2017, the Utility Commission separated from the RM of Beaver River and now operates as its own entity.

Lac Des Iles Public Utility Commission  
 Schedule of Tangible Capital Assets by Object  
 For the year ended December 31, 2016

Schedule 1

	2016							2015	
	General Assets				Infrastructure Assets	General/ Infrastructure Assets Under Construction	Total	Total	Total
	Land	Buildings	Computer Equipment	Vehicles	Machinery & Equipment				
<b>Asset Cost</b>									
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									
<b>Closing Asset Costs</b>			<b>1,104</b>					<b>1,104</b>	<b>1,104</b>
<b>Accumulated Amortization Cost</b>									
Opening Accumulated Amortization Costs			744					744	304
Add: Amortization taken			198					198	440
Less: Accumulated amortization on disposals									
<b>Closing Accumulated Amortization Costs</b>			<b>942</b>					<b>942</b>	<b>744</b>
<b>Net Book Value</b>			<b>\$ 162</b>					<b>\$ 162</b>	<b>\$ 360</b>

Lac Des Iles Public Utility Commission  
 Schedule of Accumulated Surplus  
 For the year ended December 31, 2016

Schedule 2

	2015	Changes	2016
<b>UNAPPROPRIATED SURPLUS</b>	<b>\$ 43</b>	<b>\$ (239)</b>	<b>\$ (196)</b>
<b>APPROPRIATED RESERVES</b>			
Machinery and Equipment			
Public Reserve			
Capital Trust			
Utility			
Other (Specify)			
<b>Total Appropriated</b>			
<b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>			
Tangible capital assets (Schedule 1)	360	(198)	162
Less: Related debt			
<b>Net Investment in Tangible Capital Assets</b>	<b>360</b>	<b>(198)</b>	<b>162</b>
<b>Total Accumulated Surplus</b>	<b>\$ 403</b>	<b>\$ (437)</b>	<b>\$ (34)</b>

Lac Des Îles Public Utility Commission  
 Schedule of Council Remuneration  
 For the year ended December 31, 2016  
 (Unaudited)

Schedule 3

Position	Name	Remuneration	Reimbursed Costs	Total
Board member	Jan Hunt	\$ 280	\$ 251	\$ 531
Board member	Jason Vongard	180	197	377
Board member	Jim Peno	40	10	50
Board member	Joe Rolfes	290	202	492
Board member	John Malachowski	350	373	723
Board member	Leslie Brunet	260	65	325
Board member	Marie Klassen	40	47	87
Board member	Sharon Stacey		43	43
Board member	Shawn Johnson	50		50
Board member	Wayne Fenrich	280	240	520
<b>Total</b>		<b>\$ 1,770</b>	<b>\$ 1,428</b>	<b>\$ 3,198</b>