

Annual Financial Statements

And Supporting Schedules

For The

Lac Des Iles Public Utility Commission

For the year ended December 31, 2017

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.

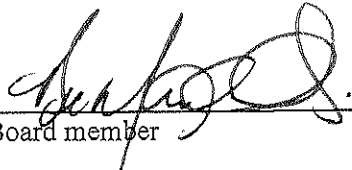
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records 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 22, 2018

Date


Board member


Administrator


RICHARD DANILKEWICH



Holm Raiche Oberg
Chartered Professional Accountants P.C. Ltd.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lac Des Iles 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, 2017, 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, 2017, 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 Iles Public Utility Commission

Statement of Financial Position

As at December 31, 2017

Statement 1

	2017	2016
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 93,494	\$ 1,604
Other Accounts Receivable (Note 3)	78,113	
Long-term Investments		
Other (Specify)		
Total Financial Assets	171,607	1,604
LIABILITIES		
Bank Indebtedness		
Accounts Payable	103,065	1,800
Accrued Liabilities Payable		
Deposits		
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-term Debt		
Lease Obligations		
Total Liabilities	103,065	1,800
NET FINANCIAL ASSETS (DEBT)	68,542	(196)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	73	162
Prepayments and Deferred Charges		
Stock and Supplies		
Other		
Total Non-Financial Assets	73	162
Accumulated Surplus (Deficit) (Schedule 2)	\$ 68,615	\$ (34)

Lac Des Iles Public Utility Commission
Statement of Operations
For the year ended December 31, 2017

Statement 2

	2017 Budget	2017	2016
Revenues			
Fees and Charges	\$ 182,620	\$ 188,521	
Conditional Grants			
Municipal contributions			\$ 5,000
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions		30	
Other Revenues			
Total Revenues	182,620	188,551	5,000
Expenses			
Board remuneration and travel		2,207	3,197
Wages and benefits	41,000	41,771	
Professional/Contractual services	28,000	32,583	1,763
Utilities	7,130	7,190	
Maintenance, materials and supplies	30,000	36,031	252
Grants and contributions - operating			
- capital			
Amortization		89	198
Interest	40	31	27
Allowance for uncollectibles			
Other (Specify)			
Total Expenses	106,170	119,902	5,437
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	76,450	68,649	(437)
Provincial/Federal Capital Grants and Contributions			
Surplus (Deficit) of Revenues over Expenses	\$ 76,450	68,649	(437)
Accumulated Surplus (Deficit), Beginning of Year		(34)	403
Accumulated Surplus (Deficit), End of Year		\$ 68,615	\$ (34)

Lac Des Iles Public Utility Commission
 Statement of Change in Net Financial Assets
 For the year ended December 31, 2017

Statement 3

	2017 Budget	2017	2016
Surplus (Deficit)	\$ 76,450	\$ 68,649	\$ (437)
(Acquisition) of tangible capital assets			
Amortization of tangible capital assets		89	198
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets			
Surplus (Deficit) of capital revenue over expenditures		89	198
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense			
Consumption of supplies inventories			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures			
Increase (Decrease) in Net Financial Assets	\$ 76,450	68,738	(239)
Net Financial Assets - Beginning of Year		(196)	43
Net Financial Assets - End of Year		\$ 68,542	\$ (196)

Lac Des Iles Public Utility Commission
Statement of Cash Flow
For the year ended December 31, 2017

Statement 4

	2017	2016
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	\$ 68,649	\$ (437)
Amortization	89	198
	<u>68,738</u>	<u>(239)</u>
Change in assets/liabilities		
Other Receivables	(78,113)	
Land for Resale		
Other Financial Assets		
Accounts and Accrued Liabilities Payable	101,265	
Deposits		
Deferred Revenue		
Accrued Landfill costs		
Other Liabilities		
Stock and Supplies for Use		
Prepayments and Deferred Charges		
Other (Specify)		
Net cash provided (used for) operations	91,890	(239)
Capital:		
Acquisition of Tangible Capital Assets		
Proceeds From the Disposal of Tangible Capital Assets		
Other Capital		
Net cash provided (used for) capital		
Investing:		
Long-term Investments		
Other Investments		
Net cash provided (used for) investing		
Financing:		
Debt Charges Recovered		
Long-term Debt Issued		
Long-term Debt Repaid		
Other Financing		
Net cash provided (used for) financing transactions		
Change in Cash and Temporary Investments during the year	91,890	(239)
Cash and Temporary Investments - Beginning of Year	1,604	1,843
Cash and Temporary Investments - End of Year	\$ 93,494	\$ 1,604

Lac Des Iles Public Utility Commission

Notes to the Financial Statements

For the year ended December 31, 2017

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:

Asset

Useful Life

General Assets

Computer equipment	55%	Declining method
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Lac Des Iles Public Utility Commission
Notes to the Financial Statements
For the year ended December 31, 2017

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, 2017

2017	2016
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2. Cash and Temporary Investments

Cash	\$ 93,494	\$ 1,604
Temporary Investments		
Restricted Cash		
Total Cash and Temporary Investments	\$ 93,494	\$ 1,604

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. Other Accounts Receivable

Federal government		
Provincial government		
Local government	\$ 5,750	
Utility	72,363	
Trade		
Other		
Total Other Accounts Receivable	78,113	
Less Allowance for Uncollectibles		
Net Other Accounts Receivable	\$ 78,113	

4. Budget Figures

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

5. Comparative Figures

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

Lac Des Iles Public Utility Commission
 Schedule of Tangible Capital Assets by Object
 For the year ended December 31, 2017

	2017					2016	
	General Assets				Infrastructure Assets	General/ Infrastructure Assets Under Construction	Total
	Land	Buildings	Computer Equipment	Vehicles	Machinery & Equipment		
Asset Cost							
Opening Asset costs			\$ 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
Accumulated Amortization Cost							
Opening Accumulated Amortization Costs			942				942
Add: Amortization taken			89				89
Less: Accumulated amortization on disposals							
Closing Accumulated Amortization Costs			1,031				1,031
Net Book Value			\$ 73				\$ 162

Lac Des Iles Public Utility Commission
 Schedule of Accumulated Surplus
 For the year ended December 31, 2017

Schedule 2

	2016	Changes	2017
UNAPPROPRIATED SURPLUS	\$ (196)	\$ 68,738	\$ 68,542
APPROPRIATED RESERVES			
Machinery and Equipment			
Public Reserve			
Capital Trust			
Utility			
Other (Specify)			
Total Appropriated			
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 1)	162	(89)	73
Less: Related debt			
Net Investment in Tangible Capital Assets	162	(89)	73
Total Accumulated Surplus	\$ (34)	\$ 68,649	\$ 68,615

Lac Des Iles Public Utility Commission
 Schedule of Council Remuneration
 For the year ended December 31, 2017
 (Unaudited)

Schedule 3

Position	Name	Remuneration	Reimbursed Costs	Total
Board member	Jan Hunt	\$ 190	\$ 146	\$ 336
Board member	Jason Vongard	230	148	378
Board member	Joe Rolfes	230	172	402
Board member	John Malachowski	230	135	365
Board member	Leslie Brunet	130	26	156
Board member	Les Kruchkowski	100	80	180
Board member	Shawn Johnson	60		60
Board member	Wayne Fenrich	170	135	305
Total		\$ 1,340	\$ 842	\$ 2,182