

Annual Financial Statements

And Supporting Schedules

For The

Lac Des Iles Public Utility Commission

As at December 31, 2018

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.

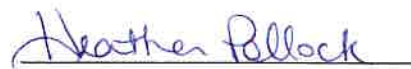
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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


Board member

August 9, 2019
Date


Administrator



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

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Lac Des Iles Public Utility Commission

Opinion

We have audited the financial statements of Lac Des Iles Public Utility Commission (the Commission), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows 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 Commission as at December 31, 2018, and the results of its operations 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 Commission 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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:

(continues)

Graham K. Holm, CPA, CA*
(Retired)

Loralie A. Raiche, CPA, CA, CFP*

Dallan D. Oberg, CPA, CA*

*Denotes a professional corporation



Independent Auditor's Report to the Directors of Lac Des Iles Public Utility Commission *(continued)*

- 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 Commission'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 Commission'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 Commission 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 that we identify during our audit.

North Battleford, Saskatchewan
August 9, 2019

Holm Raiche Oberg
Chartered Professional Accountants

Lac Des Iles Public Utility Commission
Statement of Financial Position
As at December 31, 2018

Statement 1

	2018	2017
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 166,410	\$ 93,494
Taxes Receivable - Municipal		
Other Accounts Receivable (Note 3)	3,803	78,113
Land for Resale		
Long-term Investments		
Debt Charges Recoverable		
Other (Specify)		
Total Financial Assets	170,213	171,607
LIABILITIES		
Bank Indebtedness		
Accounts Payable	4,975	103,065
Accrued Liabilities Payable		
Deposits		
Deferred Revenue	583	
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Long-term Debt		
Lease Obligations		
Total Liabilities	5,558	103,065
NET FINANCIAL ASSETS (DEBT)	164,655	68,542
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	33	73
Other		
Total Non-Financial Assets	33	73
Accumulated Surplus (Deficit) (Schedule 2)	\$ 164,688	\$ 68,615

Lac Des Iles Public Utility Commission
Statement of Operations
As at December 31, 2018

Statement 2

	2018 Budget	2018	2017
Revenues			
Fees and Charges	\$ 196,700	\$ 197,439	\$ 188,521
Conditional Grants			
Municipal contributions			
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions	240	402	30
Other Revenues			
Total Revenues	196,940	197,841	188,551

Expenses			
Board remuneration and travel		94	2,207
Wages and benefits	41,500	28,676	41,771
Professional/Contractual services	27,900	26,208	32,583
Utilities	7,400	12,027	7,190
Maintenance, materials and supplies	13,800	34,708	36,031
Amortization	63,890	40	89
Interest		15	31
Total Expenses	154,490	101,768	119,902

Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	42,450	96,073	68,649
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Provincial/Federal Capital Grants and Contributions

Surplus (Deficit) of Revenues over Expenses	\$ 42,450	96,073	68,649
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Accumulated Surplus (Deficit), Beginning of Year **68,615** (34)

Accumulated Surplus (Deficit), End of Year	\$ 164,688	\$ 68,615
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Lac Des Iles Public Utility Commission
Statement of Change in Net Financial Assets
As at December 31, 2018

Statement 3

	2018 Budget	2018	2017
Surplus (Deficit)	\$ 42,450	\$ 96,073	\$ 68,649
(Acquisition) of tangible capital assets			
Amortization of tangible capital assets		40	89
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets			
Surplus (Deficit) of capital revenue over expenditures		40	89
(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	\$ 42,450	96,113	68,738
Net Financial Assets - Beginning of Year		68,542	(196)
Net Financial Assets (Debt) - End of Year		\$ 164,655	\$ 68,542

Lac Des Iles Public Utility Commission
Statement of Cash Flow
As at December 31, 2018

Statement 4

	2018	2017
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	\$ 96,073	\$ 68,649
Amortization	40	89
	<u>96,113</u>	<u>68,738</u>
Change in assets/liabilities		
Taxes Receivable - Municipal		
Other Receivables	74,310	(78,113)
Land for Resale		
Other Financial Assets		
Accounts and Accrued Liabilities Payable	(98,090)	101,265
Deposits		
Deferred Revenue	583	
Accrued Landfill costs		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies for Use		
Prepayments and Deferred Charges		
Other (Specify)		
Cash provided by (applied to) operating transactions	72,916	91,890
Capital:		
Acquisition of Tangible Capital Assets		
Proceeds From the Disposal of Tangible Capital Assets		
Other Capital		
Cash provided by (applied to) applied to capital transactions		
Investing:		
Long-term Investments		
Other Investments		
Cash provided by (applied to) investing transactions		
Financing:		
Debt Charges Recovered		
Long-term Debt Issued		
Long-term Debt Repaid		
Other Financing		
Cash provided by (applied to) financing transactions		
Change in Cash and Temporary Investments during the year	72,916	91,890
Cash and Temporary Investments - Beginning of Year	93,494	1,604
Cash and Temporary Investments - End of Year	\$ 166,410	\$ 93,494

1. Significant Accounting Policies

The financial statements of the Commission have been prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the Commission are as follows:

- a) **Basis of Accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable and 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 Commission and are, therefore, accountable to the Board of Directors 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 occur, providing:
 - a) the transfers are authorized;
 - b) any eligibility criteria have been met; and
 - c) 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 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 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.

1. Significant Accounting Policies - continued

- h) **Revenue recognition:** Revenue is recognized in the period that it is considered to have been earned, ultimate collection is reasonably assured and in the period when the related expenses are incurred or services performed.
- i) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant deflation factor back to the point of acquisition. 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. The Commission's tangible capital asset useful lives are estimated as follows:

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

- j) **Budget Information:** Budget figures are reported for information purposes only and are not included in the scope of the external audit. The budget was approved by the Board on August 24, 2018.
- k) **New Accounting Standards:** Effective January 1, 2018, the Commission adopted the following Canadian public sector accounting standards. The description of these changes and their impact on the financial statements is summarized:

PS 2200 Related Party Disclosures defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

PS 3210 Assets provides additional guidance for applying the definition of assets and establishing disclosure requirements for assets. Disclosure about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate cannot be made, the reason(s) for this should be disclosed. The adoption of this standard has no impact on the financial statements.

PS 3320 Contingent Assets defines and establishes disclosure standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. Disclosure is required when the occurrence of the confirming future event is likely.

The Commission does not have any reportable contingent assets.

PS 3380 Contractual Rights defines and establishes disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The Commission does not have any reportable contractual rights.

PS 3420 Inter-Entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standard has no impact on the financial statements.

1. Significant Accounting Policies - continued

- 1) **Recent Accounting Pronouncements:** A number of new and amended standards have been issued and may impact the municipality as summarized below:

Standards Effective on or After April 1, 2018

PS 3430 Restructuring Transactions establishes how to record and report restructuring transactions, for both transferors and recipients, the transfer of assets and/or liabilities together with related programs or operations responsibilities. Earlier adoption is permitted.

Standards Effective on or After April 1, 2021

PS 1201 Financial Statement Presentation requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Earlier adoption is permitted when adopting sections PS 2601 and PS 3450.

PS 2601 Foreign Currency Translation requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses. Earlier adoption is permitted when adopting sections PS 1201 and PS 3450.

PS 3041 Portfolio Investments has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS 3450, Financial Instruments and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments will no longer apply. Earlier adoption is permitted when adopting sections PS 1201, PS 2601 and PS 3450.

PS 3450 Financial Instruments establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. Earlier adoption is permitted when adopting Sections PS 1201 and PS 2601.

The municipality continues to assess the impacts of the above accounting standards. The extent of impact resulting from the adoption of these standards is not known at this time.

Lac Des Iles Public Utility Commission
Notes to the Financial Statements
As at December 31, 2018

2. Cash and Temporary Investments

	2018	2017
Cash	\$ 105,682	\$ 93,494
Temporary Investments	60,728	
Restricted Cash		
Total Cash and Temporary Investments	\$ 166,410	\$ 93,494

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	\$ 3,803	\$ 5,750
Utility		72,363
Trade		
Other (Specify)		
Total Other Accounts Receivable	3,803	78,113
Less Allowance for Uncollectibles		
Net Other Accounts Receivable	\$ 3,803	\$ 78,113

Lac Des Iles Public Utility Commission
Schedule of Tangible Capital Assets by Object
As at December 31, 2018

Schedule 1

		2018					2017	
		General Assets					Infrastructure Assets	
		Land	Land Improvements	Buildings	Vehicles	Computer Equipment	Linear assets	
Assets	Asset Cost							
	Opening Asset costs					\$ 1,104		
	Additions during the year							
	Disposals and write-downs during the year							
	Transfers (from) assets under construction							
	Closing Asset Costs					1,104		
Amortization	Accumulated Amortization Cost							
	Opening Accumulated Amortization Costs					1,031		942
	Add: Amortization taken					40		89
	Less: Accumulated amortization on disposals							
	Closing Accumulated Amortization Costs					1,071		1,031
Net Book Value		\$	\$	\$	\$	\$ 33	\$	\$ 73

Lac Des Iles Public Utility Commission
Schedule of Accumulated Surplus
As at December 31, 2018

Schedule 2

	2017	Changes	2018
UNAPPROPRIATED SURPLUS	\$ 68,542	\$ 96,113	\$ 164,655

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)	73	(40)	33
Less: Related debt			
Net Investment in Tangible Capital Assets	73	(40)	33

Total Accumulated Surplus	\$ 68,615	\$ 96,073	\$ 164,688
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