

**Annual Financial Statements**

**And Supporting Schedules**

**For The**

**Lac Des Iles Public Utility Commission**

**As at December 31, 2019**

### 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 Board of Directors is composed of appointed officials who are not employees of the Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils 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.

Holm Raiche Oberg Chartered Professional Accountants P.C. Ltd., 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 management to discuss their audit findings.

  
Board member

May 15/20  
Date

Heather Pollock  
Administrator



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

1321 101<sup>st</sup> Street  
North Battleford, Saskatchewan  
S9A 0Z9  
Phone: (306) 445-6291  
Fax: (306) 445-3882  
Email: [info@hrocpa.ca](mailto:info@hrocpa.ca)  
Website: [www.hrocpa.ca](http://www.hrocpa.ca)

---

## 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, 2019, , 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, 2019, 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  
May 15, 2020

*Holm Raiche Oberg*

Chartered Professional Accountants

**Lac Des Iles Public Utility Commission**  
**Statement of Financial Position**  
**As at December 31, 2019**

Statement 1

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	\$ 248,023	\$ 166,410
Other Accounts Receivable (Note 3)	9,665	3,803
Land for Resale		
Long-term Investments		
Debt Charges Recoverable		
Other (Specify)		
<b>Total Financial Assets</b>	<b>257,688</b>	<b>170,213</b>
<b>LIABILITIES</b>		
Bank Indebtedness		
Accounts Payable	9,122	4,975
Accrued Liabilities Payable		
Deposits		
Deferred Revenue	416	583
Liability for Contaminated Sites		
Other Liabilities		
Long Term Debt		
Lease Obligations		
<b>Total Liabilities</b>	<b>9,538</b>	<b>5,558</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>248,150</b>	<b>164,655</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 1)	18	33
Other		
<b>Total Non-Financial Assets</b>	<b>18</b>	<b>33</b>
<b>Accumulated Surplus (Deficit) (Schedule 2)</b>	<b>\$ 248,168</b>	<b>\$ 164,688</b>

**Lac Des Iles Public Utility Commission**  
**Statement of Operations**  
**As at December 31, 2019**

Statement 2

	2019 Budget	2019	2018
<b>Revenues</b>			
Fees and Charges	\$ 195,830	\$ 201,323	\$ 197,439
Conditional Grants			
Municipal contributions			
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions	400	1,484	402
Other Revenues			
<b>Total Revenues</b>	<b>196,230</b>	<b>202,807</b>	<b>197,841</b>
<b>Expenses</b>			
Board remuneration and travel	95	52	94
Wages and benefits	50,760	33,210	28,676
Professional/Contractual services	34,200	26,025	26,208
Utilities	13,040	10,266	12,027
Maintenance, materials and supplies	4,950	49,719	34,708
Amortization	63,930	15	40
Interest	20	40	15
<b>Total Expenses</b>	<b>166,995</b>	<b>119,327</b>	<b>101,768</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>29,235</b>	<b>83,480</b>	<b>96,073</b>
Provincial/Federal Capital Grants and Contributions			
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>\$ 29,235</b>	<b>83,480</b>	<b>96,073</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>		<b>164,688</b>	<b>68,615</b>
<b>Accumulated Surplus (Deficit), End of Year</b>		<b>\$ 248,168</b>	<b>\$ 164,688</b>

•Lac Des Iles Public Utility Commission  
Statement of Change in Net Financial Assets  
As at December 31, 2019

Statement 3

	2019 Budget	2019	2018
<b>Surplus (Deficit)</b>	<b>\$ 29,235</b>	<b>\$ 83,480</b>	<b>\$ 96,073</b>
(Acquisition) of tangible capital assets			
Amortization of tangible capital assets		15	40
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>15</b>	<b>40</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>\$ 29,235</b>	<b>83,495</b>	<b>96,113</b>
<b>Net Financial Assets - Beginning of Year</b>		<b>164,655</b>	<b>68,542</b>
<b>Net Financial Assets (Debt) - End of Year</b>		<b>\$ 248,150</b>	<b>\$ 164,655</b>

**Lac Des Iles Public Utility Commission**  
**Statement of Cash Flow**  
**As at December 31, 2019**

Statement 4

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	\$ 83,480	\$ 96,073
Amortization	15	40
	<u>83,495</u>	<u>96,113</u>
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal		
Other Receivables	(5,862)	74,310
Land for Resale		
Other Financial Assets		
Accounts and Accrued Liabilities Payable	4,147	(98,090)
Deposits		
Deferred Revenue	(167)	583
Accrued Landfill costs		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies for Use		
Prepayments and Deferred Charges		
Other (Specify)		
<b>Cash provided by (applied to) operating transactions</b>	<b>81,613</b>	<b>72,916</b>
<b>Capital:</b>		
Acquisition of Tangible Capital Assets		
Proceeds From the Disposal of Tangible Capital Assets		
Other Capital		
<b>Cash provided by (applied to) applied to capital transactions</b>		
<b>Investing:</b>		
Long-term Investments		
Other Investments		
<b>Cash provided by (applied to) investing transactions</b>		
<b>Financing:</b>		
Debt Charges Recovered		
Long-term Debt Issued		
Long-term Debt Repaid		
Other Financing		
<b>Cash provided by (applied to) financing transactions</b>		
<b>Change in Cash and Temporary Investments during the year</b>	<b>81,613</b>	<b>72,916</b>
<b>Cash and Temporary Investments - Beginning of Year</b>	<b>166,410</b>	<b>93,494</b>
<b>Cash and Temporary Investments - End of Year</b>	<b>\$ 248,023</b>	<b>\$ 166,410</b>



**Lac Des Iles Public Utility Commission**  
**Notes to the Financial Statements**  
**As at December 31, 2019**

**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 municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council 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:** Fees and charges - certain user charges and fees are collected for which the related services have yet to be performed. 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.

**Lac Des Iles Public Utility Commission**  
**Notes to the Financial Statements**  
**As at December 31, 2019**

**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>
<i>General Assets</i>	
Computer equipment	55%      Declining balance 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 September 20, 2019.
- k) **New Accounting Standards:** Effective January 1, 2019, the municipality adopted the following standards to comply with Public Sector Accounting Standards (PSAS). This standard applies to all public sector entities for years beginning on or after April 1, 2018. Adoption of this standard requires all public sector entities to assess information using definitions, criteria and exceptions provided in the standards and apply professional judgement to comply with the disclosure requirements of each standard.

**PS 3430 Restructuring Transactions** provides guidance on how to account for and report restructuring transactions by transferors and recipients of assets and/or liabilities. The new standard has been adopted on a prospective basis.

- l) **Future Accounting Standards:** 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, 2021:**

**PS 1201 Financial Statement Presentation**, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Effective in the period PS 3450 and PS 2601 are adopted.

**PS 2601 Foreign Currency Translation**, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.

**PS 3041 Portfolio Investments**, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

**PS 3450 Financial Instruments**, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

**PS 3280 Asset Retirement Obligations**, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

**Standards Effective on or After April 1, 2022:**

**PS 3400, Revenue**, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of revenue.

The extent of the impact on adoption of these future standards is not known at this time.

**Lac Des Iles Public Utility Commission**  
**Notes to the Financial Statements**  
**As at December 31, 2019**

	2019	2018
<b>2. Cash and Temporary Investments</b>		
Cash	\$ 125,928	\$ 105,682
Temporary Investments	122,095	60,728
Restricted Cash		
<b>Total Cash and Temporary Investments</b>	<b>\$ 248,023</b>	<b>\$ 166,410</b>

Cash and temporary investments include balances with banks, Credit Unions, term deposits, marketable securities and short term investments with maturities of 12 months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Term deposits are earning interest of 1.4% to 2.15%.

**3. Other Accounts Receivable**

Federal government	\$ 3,056	
Provincial government		
Local government	6,609	\$ 3,803
Utility		
Trade		
Other (Specify)		
<b>Total Other Accounts Receivable</b>	<b>9,665</b>	<b>3,803</b>
Less Allowance for Uncollectibles		
<b>Net Other Accounts Receivable</b>	<b>\$ 9,665</b>	<b>\$ 3,803</b>

Lac Des Iles Public Utility Commission  
Schedule of Tangible Capital Assets by Object  
As at December 31, 2019

Schedule 1

2019										2018	
Assets	General Assets						Infrastructure Assets	General/ Infrastructure Assets Under Construction	Total	Total	
	Land	Land Improvements	Buildings	Vehicles	Computer Equipment	Linear assets					
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	1,104	
Accumulated Amortization Cost											
Opening Accumulated Amortization Costs						1,071			1,071	1,031	
Add: Amortization taken						15			15	40	
Less: Accumulated amortization on disposals											
Closing Accumulated Amortization Costs						1,086			1,086	1,071	
Net Book Value					\$	18			\$	33	

**Lac Des Iles Public Utility Commission**  
**Schedule of Accumulated Surplus**  
**As at December 31, 2019**

Schedule 2

	2018	Changes	2019
<b>UNAPPROPRIATED SURPLUS</b>	<b>\$ 164,655</b>	<b>\$ 83,495</b>	<b>\$ 248,150</b>

**APPROPRIATED RESERVES**

Machinery and Equipment			
Public Reserve			
Capital Trust			
Utility			
Other (Specify)			
<b>Total Appropriated</b>			

**NET INVESTMENT IN TANGIBLE CAPITAL ASSETS**

Tangible capital assets (Schedule 1)	33	(15)	18
Less: Related debt			
<b>Net Investment in Tangible Capital Assets</b>	<b>33</b>	<b>(15)</b>	<b>18</b>

<b>Total Accumulated Surplus</b>	<b>\$ 164,688</b>	<b>\$ 83,480</b>	<b>\$ 248,168</b>
----------------------------------	-------------------	------------------	-------------------