

Annual Financial Statements

And Supporting Schedules

For The

Lac Des Iles Public Utility Commission

As at December 31, 2020

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.

HRO Chartered Professional Accountants, 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

April 23/21
Date


Administrator



ADDRESS:
1321 101ST STREET
NORTH BATTLEFORD, SK S9A 0Z9

PHONE: 306-445-6291
FAX: 306-445-3882
EMAIL: info@hrocpa.ca

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2020, 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 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 these 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 PSAS, 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 related 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.

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LORALIE A. RAICHE, CPA, CA, CFP®
DALLAN D. OBERG, CPA, CA*

*IS NOT A PROFESSIONAL CORPORATION

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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:

- 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.

HRO

North Battleford, Saskatchewan
April 23, 2021

Chartered Professional Accountants

Lac Des Iles Public Utility Commission
Statement of Financial Position
As at December 31, 2020

Statement 1

	2020	2019
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 254,108	\$ 248,023
Other Accounts Receivable (Note 3)	14,476	9,665
Land for Resale		
Long-term Investments		
Debt Charges Recoverable		
Other (Specify)		
Total Financial Assets	268,584	257,688
LIABILITIES		
Bank Indebtedness		
Accounts Payable	12,016	9,122
Accrued Liabilities Payable		
Deposits		
Deferred Revenue	312	416
Liability for Contaminated Sites		
Other Liabilities		
Long Term Debt		
Lease Obligations		
Total Liabilities	12,328	9,538
NET FINANCIAL ASSETS (DEBT)	256,256	248,150
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	43,840	18
Other		
Total Non-Financial Assets	43,840	18
Accumulated Surplus (Deficit) (Schedule 2)	\$ 300,096	\$ 248,168

Lac Des Iles Public Utility Commission
Statement of Operations
As at December 31, 2020

Statement 2

	2020 Budget	2020	2019
Revenues			
Fees and Charges	\$ 198,720	\$ 199,084	\$ 201,323
Conditional Grants			
Municipal contributions			
Tangible Capital Asset Sales - Gain			
Investment Income and Commissions	1,480	2,390	1,484
Other Revenues			
Total Revenues	200,200	201,474	202,807
Expenses			
Board remuneration and travel	100	45	52
Wages and benefits	35,930	33,476	33,210
Professional/Contractual services	26,100	26,000	26,025
Utilities	15,340	9,916	10,266
Maintenance, materials and supplies	111,760	77,794	49,719
Amortization	900	2,315	15
Interest	40		40
Total Expenses	190,170	149,546	119,327
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	10,030	51,928	83,480
Provincial/Federal Capital Grants and Contributions			
Surplus (Deficit) of Revenues over Expenses	\$ 10,030	51,928	83,480
Accumulated Surplus (Deficit), Beginning of Year		248,168	164,688
Accumulated Surplus (Deficit), End of Year		\$ 300,096	\$ 248,168

Lac Des Iles Public Utility Commission
Statement of Change in Net Financial Assets
As at December 31, 2020

Statement 3

	2020 Budget	2020	2019
Surplus (Deficit)	\$ 10,030	\$ 51,928	\$ 83,480
(Acquisition) of tangible capital assets		(46,137)	
Amortization of tangible capital assets		2,315	15
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets			
Surplus (Deficit) of capital revenue over expenditures		(43,822)	15
(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	\$ 10,030	8,106	83,495
Net Financial Assets - Beginning of Year		248,150	164,655
Net Financial Assets (Debt) - End of Year		\$ 256,256	\$ 248,150

The accompanying notes and schedules are an integral part of these statements.

Lac Des Iles Public Utility Commission
Statement of Cash Flow
As at December 31, 2020

Statement 4

	2020	2019
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	\$ 51,928	\$ 83,480
Amortization	2,315	15
	54,243	83,495
Change in assets/liabilities		
Taxes Receivable - Municipal		
Other Receivables	(4,811)	(5,862)
Land for Resale		
Other Financial Assets		
Accounts and Accrued Liabilities Payable	2,894	4,147
Deposits		
Deferred Revenue	(104)	(167)
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	52,222	81,613
Capital:		
Acquisition of Tangible Capital Assets	(46,137)	
Proceeds From the Disposal of Tangible Capital Assets		
Other Capital		
Cash provided by (applied to) applied to capital transactions	(46,137)	
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	6,085	81,613
Cash and Temporary Investments - Beginning of Year	248,023	166,410
Cash and Temporary Investments - End of Year	\$ 254,108	\$ 248,023

Lac Des Iles Public Utility Commission
Notes to the Financial Statements
As at December 31, 2020

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.
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- 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.
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- 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.
 - 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.

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. 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	3 years
Operating equipment	10 years

- 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 *May 15, 2020*.

- k) **New Standards and Amendments to Standards:**
Effective for Fiscal Years Beginning On or After April 1, 2022:

PS 1201 Financial Statement Presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of re-measurement gains and losses separate from the statement of operations 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. 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. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a 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.

PS 3041 Portfolio Investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. 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. The standard requires fair value measurement of derivatives and equity instrument 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 re-measurement 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.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. 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.

Effective for Fiscal Years Beginning On or After April 1, 2023:

PS 3400, Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

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, 2020

	2020	2019
2. Cash and Temporary Investments		
Cash	\$ 129,852	\$ 125,928
Temporary Investments	124,256	122,095
Restricted Cash		
Total Cash and Temporary Investments	\$ 254,108	\$ 248,023

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 0.2% to 0.65%.

3. Other Accounts Receivable

Federal government	\$ 6,665	\$ 3,056
Provincial government		
Local government	7,811	6,609
Utility		
Trade		
Other (Specify)		
Total Other Accounts Receivable	14,476	9,665
Less Allowance for Uncollectibles		
Net Other Accounts Receivable	\$ 14,476	\$ 9,665

Lac Des Iles Public Utility Commission
Schedule of Tangible Capital Assets by Object
As at December 31, 2020

Schedule 1

		2020					2019	
Assets		General Assets					General/ Infrastructure Assets Under Construction	
		Land	Land Improvements	Buildings	Operating Equipment	Computer Equipment	Infrastructure Assets	Total
Asset Cost								
Opening Asset costs						\$ 1,104		\$ 1,104
Additions during the year					\$ 46,137			46,137
Disposals and write-downs during the year								
Transfers (from) assets under construction								
Closing Asset Costs					46,137	1,104		47,241
Accumulated Amortization Cost								
Opening Accumulated Amortization Costs						1,086		1,071
Add: Amortization taken					2,307	8		2,315
Less: Accumulated amortization on disposals								15
Closing Accumulated Amortization Costs					2,307	1,094		3,401
Net Book Value					\$ 43,830	\$ 10		\$ 43,840
								\$ 18

Lac Des Iles Public Utility Commission
Schedule of Accumulated Surplus
As at December 31, 2020

Schedule 2

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	\$ 248,150	\$ 8,106	\$ 256,256
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)	18	43,822	43,840
Less: Related debt			
Net Investment in Tangible Capital Assets	18	43,822	43,840
Total Accumulated Surplus	\$ 248,168	\$ 51,928	\$ 300,096