

**R. M. OF GULL LAKE NO. 139**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**



## INDEPENDENT AUDITOR'S REPORT

To the Council of R. M. of Gull Lake No. 139:

### **Qualified Opinion**

We have audited the financial statements of R. M. of Gull Lake No. 139, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

Due to problems of timing, distance, identification and measurement we did not find it feasible to make a physical examination of the various inventory items. The quantities of gravel on hand were determined by "book records" of quantity movements, while other items were determined by your administration by actual count. Therefore, we were unable to obtain sufficient appropriate audit evidence of the R. M. of Gull Lake No. 139's inventory as at December 31, 2018 and December 31, 2017.

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 organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Other Matter**

The supplementary information listed in Schedules 1 to 10 has been taken from the accounting records of the organization but has not been audited by us other than in the course of our examination of the aforementioned financial statements to the extent necessary to allow us to render an opinion thereon.

### **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Auditor's Responsibility 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 organization'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 organization'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 organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



\_\_\_\_ CPA LLP \_\_\_\_\_  
Chartered Professional Accountants


Swift Current, Saskatchewan  
April 8, 2019

The municipality's management is responsible for the preparation and presentation of the accompanying financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fair presentation of the financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the 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 management and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

Stark & Marsh CPA LLP, an independent firm of Chartered Professional Accountants, is appointed by the 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 management to discuss their audit findings.

  
Reeve - R.M. of Gull Lake No. 139

  
Administrator

**Rural Municipality of Gull Lake No. 139**  
**Statement of Financial Position**  
**As at December 31, 2018**

Statement 1

	<b>2018</b>	<b>2017</b>
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	4,673,711	3,866,147
Taxes Receivable - Municipal (Note 3)	2,027	1,032
Other Accounts Receivable (Note 4)	65,965	84,753
Land for Resale (Note 5)	-	-
Long-Term Investments (Note 6)	674,530	659,901
Debt Charges Recoverable (Note 7)	-	-
Other		
<b>Total Financial Assets</b>	<b>5,416,233</b>	<b>4,611,833</b>
<b>LIABILITIES</b>		
Bank Indebtedness (Note 8)		
Accounts Payable	162,006	156,780
Accrued Liabilities Payable		
Deposits		
Deferred Revenue (Note 9)	-	-
Accrued Landfill Costs (Note 10)	-	-
Liability for Contaminated Sites (Note 11)		
Other Liabilities	1,697	2
Long-Term Debt (Note 12)		
Lease Obligations (Note 13)		
<b>Total Liabilities</b>	<b>163,703</b>	<b>156,782</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>5,252,530</b>	<b>4,455,051</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 6, 7)	6,353,674	6,618,365
Prepayments and Deferred Charges	4,287	200
Stock and Supplies	710,280	513,691
Other (Note 14)	-	-
<b>Total Non-Financial Assets</b>	<b>7,068,241</b>	<b>7,132,256</b>
<b>ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)</b>	<b>12,320,771</b>	<b>11,587,307</b>

Rural Municipality of Gull Lake No. 139

Statement of Operations

As at December 31, 2018

Statement 2

	2018 Budget (unaudited)	2018	2017
<b>REVENUES</b>			
Taxes and Other Unconditional Revenue(Schedule 1)	2,076,930	2,087,569	2,042,818
Fees and Charges (Schedule 4, 5)	53,590	51,440	80,802
Conditional Grants (Schedule 4, 5)	38,020	38,013	38,129
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	(18,194)	3,931
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions(Schedule 4, 5)	40,020	83,086	46,627
Other Revenues (Schedule 4, 5)	-	-	-
<b>Total Revenues</b>	<b>2,208,560</b>	<b>2,241,914</b>	<b>2,212,307</b>
<b>EXPENSES</b>			
General Government Services(Schedule 3)	259,210	194,510	236,154
Protective Services (Schedule 3)	45,450	45,663	46,683
Transportation Services(Schedule 3)	1,322,420	1,186,950	1,110,021
Environmental and Public Health Services(Schedule 3)	15,670	46,038	15,604
Planning and Development Services(Schedule 3)	850	-	-
Recreation and Cultural Services(Schedule 3)	19,100	29,283	18,959
Utility Services (Schedule 3)	26,790	18,287	35,768
<b>Total Expenses</b>	<b>1,689,490</b>	<b>1,520,731</b>	<b>1,463,189</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>519,070</b>	<b>721,183</b>	<b>749,118</b>
Provincial/Federal Capital Grants and Contributions(Schedule 4, 5)	11,980	12,281	12,221
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>531,050</b>	<b>733,464</b>	<b>761,339</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	<b>11,587,307</b>	<b>11,587,307</b>	<b>10,825,968</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>12,118,357</b>	<b>12,320,771</b>	<b>11,587,307</b>

Rural Municipality of Gull Lake No. 139  
Statement of Change in Net Financial Assets  
As at December 31, 2018

Statement 3

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>		
<b>Surplus (Deficit)</b>	<b>531,050</b>	<b>733,464</b>	<b>761,339</b>
(Acquisition) of tangible capital assets	(1,031,470)	(284,368)	(597,853)
Amortization of tangible capital assets	387,300	408,765	387,297
Proceeds on disposal of tangible capital assets		122,100	24,250
Loss (gain) on the disposal of tangible capital assets		18,194	(3,931)
<b>Surplus (Deficit) of capital expenses over expenditures</b>	<b>(644,170)</b>	<b>264,691</b>	<b>(190,237)</b>
(Acquisition) of supplies inventories		(196,589)	(397,252)
(Acquisition) of prepaid expense		(4,087)	
Consumption of supplies inventory			
Use of prepaid expense			
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>-</b>	<b>(200,676)</b>	<b>(397,252)</b>
<b>Increase/Decrease in Net Financial Assets</b>	<b>(113,120)</b>	<b>797,479</b>	<b>173,850</b>
<b>Net Financial Assets (Debt) - Beginning of Year</b>	<b>4,455,051</b>	<b>4,455,051</b>	<b>4,281,201</b>
<b>Net Financial Assets (Debt) - End of Year</b>	<b>4,341,931</b>	<b>5,252,530</b>	<b>4,455,051</b>

Rural Municipality of Gull Lake No. 139  
Statement of Cash Flow  
As at December 31, 2018

Statement 4

	2018	2017
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	733,464	761,339
Amortization	408,765	387,297
Loss (gain) on disposal of tangible capital assets	18,194	(3,931)
	1,160,423	1,144,705
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	(995)	16,621
Other Receivables	18,788	(56,605)
Land for Resale	-	
Other Financial Assets	-	
Accounts and Accrued Liabilities Payable	5,226	40,585
Deposits	-	
Deferred Revenue	-	
Accrued Landfill Costs	-	
Liability for Contaminated Sites	-	
Other Liabilities	1,695	(388)
Stock and Supplies	(196,589)	(397,252)
Prepayments and Deferred Charges	(4,087)	
<b>Other (Specify)</b>	-	
<b>Cash provided by operating transactions</b>	<b>984,461</b>	<b>747,666</b>
<b>Capital:</b>		
Acquisition of capital assets	(284,368)	(597,853)
Proceeds from the disposal of capital assets	122,100	24,250
Other capital		
<b>Cash applied to capital transactions</b>	<b>(162,268)</b>	<b>(573,603)</b>
<b>Investing:</b>		
Long-term investments	(14,629)	(26,954)
Other investments		
<b>Cash provided by (applied to) investing transactions</b>	<b>(14,629)</b>	<b>(26,954)</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>-</b>	<b>-</b>
<b>Change in Cash and Temporary Investments during the year</b>	<b>807,564</b>	<b>147,109</b>
<b>Cash and Temporary Investments - Beginning of Year</b>	<b>3,866,147</b>	<b>3,719,038</b>
<b>Cash and Temporary Investments - End of Year</b>	<b>4,673,711</b>	<b>3,866,147</b>



## 1. Significant Accounting Policies

The financial statements of the municipality 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 municipality are as follows:

**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.

- a) **Reporting Entity:** The financial statements consolidate 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.
- b) **Collection of funds for other authorities:** Collection of funds by the municipality for school boards, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation.
- 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 estimates of the amounts can be made.

Unearned government transfer amounts received will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount 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) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- f) **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.
- g) **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.
- h) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.
- i) **Property Tax Revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- j) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment. The long term investments in the Saskatchewan Association of Rural Municipalities - Self insurance fund are accounted for on the equity basis.

1. Significant Accounting Policies - continued

- k) **Inventories:** Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.
- l) **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. Tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The municipality's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<i>General Assets</i>	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	10 to 50 Yrs
<i>Vehicles &amp; Equipment</i>	
Vehicles	5 to 10 Yrs
Machinery and Equipment	5 to 10 Yrs
<i>Infrastructure Assets</i>	
Infrastructure Assets	30 to 75 Yrs
<i>Water &amp; Sewer</i>	
<i>Road Network Assets</i>	

**Government Contributions:** Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

**Works of Art and Other Unrecognized Assets:** Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

**Capitalization of Interest:** The municipality does not capitalize interest incurred while a tangible capital asset is under construction.

**Leases:** All leases are recorded on the financial statements as either a capital or operating lease. Any lease that transfers substantially all of the benefits and risk associated with the leased asset is classified as a capital leases and recorded as tangible capital assets. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight line basis, over their estimated useful lives. Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

- m) **Landfill Liability:** The municipality does not maintain a waste disposal site and accordingly there is no such liability.
- n) **Trust Funds:** Funds held in trust for others, under a trust agreement or statute, are not included in the financial statements as they are not controlled by the municipality. Trust fund activities administered by the municipality are disclosed in Note 18.
- o) **Employee Benefit Plans:** Contributions to the municipality's defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the municipality's obligations are limited to their contributions.
- p) **Liability for Contaminated Sites:** Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:
  - a) an environmental standard exists;
  - b) contamination exceeds the environmental standard;
  - c) the municipality:
    - i. is directly responsible; or
    - ii. accepts responsibility;
  - d) it is expected that future economic benefits will be given up; and
  - e) a reasonable estimate of the amount can be made.

1. Significant Accounting Policies - continued

- q) **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. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality.

The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

- r) **Basis of Segmentation/Segment Report:** The municipality follows the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

General Government: Provides for the administration of the municipality.

Protective Services: Comprised of expenses for Police and Fire protection.

Transportation Services: Responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the municipality.

Planning and Development: Provides for neighbourhood development and sustainability.

Recreation and Culture: Provides for community services through the provision of recreation and leisure services.

Utility Services: Provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

- s) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on May 8, 2018.
- t) **New Accounting Standards:** Effective January 1, 2018, the municipality 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. The adoption of this standard has not resulted in any disclosure change.

**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 municipality 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 municipality 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.

- u) **Revenue recognition:** Revenue is recognized in the period it is earned.

Rural Municipality of Gull Lake No. 139  
Notes to the Financial Statements  
As at December 31, 2018

2. Cash and Temporary Investments

	2018	2017
Cash	4,673,711	3,866,147
Temporary Investments		
Restricted Cash		-
<b>Total Cash and Temporary Investments</b>	<b>4,673,711</b>	<b>3,866,147</b>

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.

3. Taxes Receivable - Municipal

	2018	2017
Municipal - Current	2,027	4,252
- Arrears		14,898
	2,027	19,150
- Less Allowance for Uncollectible		(18,118)
Total municipal taxes receivable	2,027	1,032
School - Current	1,087	2,783
- Arrears		10,134
Total school taxes receivable	1,087	12,917
Other	832	-
Total taxes and grants in lieu receivable	3,946	13,949
Deduct taxes receivable to be collected on behalf of other organizations	(1,919)	(12,917)
<b>Total Taxes Receivable - Municipal</b>	<b>2,027</b>	<b>1,032</b>

Rural Municipality of Gull Lake No. 139

Notes to the Financial Statements

As at December 31, 2018

4. Other Accounts Receivable

	2018	2017
Federal Government	23,046	31,742
Provincial Government		
Local Government	36,800	36,800
Utility		
Trade	6,119	16,347
<b>Other (Specify)</b>		
Total Other Accounts Receivable	<b>65,965</b>	84,889
Less: Allowance for Uncollectible		(136)
<b>Net Other Accounts Receivable</b>	<b>65,965</b>	<b>84,753</b>

5. Land for Resale

	2018	2017
Tax Title Property		
Allowance for market value adjustment		
Net Tax Title Property	-	-
Other Land		
Allowance for market value adjustment		
Net Other Land	-	-
<b>Total Land for Resale</b>	<b>-</b>	<b>-</b>

6. Long-Term Investments

	2018	2017
Sask Assoc. of Rural Municipalities - Self Insurance Fund	57,759	55,224
Guaranteed Investment Certificate	616,771	604,677
<b>Total Long-Term Investments</b>	<b>674,530</b>	<b>659,901</b>

The long term investments in the Saskatchewan Association of Rural Municipalities - Self Insurance Fund are accounted for on the equity basis.

The guaranteed investment certificate is valued at cost, which approximates current market value.

7. Debt Charges Recoverable

The municipality has no debt charges recoverable.

**Rural Municipality of Gull Lake No. 139**

**Notes to the Financial Statements**

**As at December 31, 2018**

**8. Bank Indebtedness**

The municipality has access to a line of credit with a limit of \$500,000, none of which is drawn.

**9. Deferred Revenue**

The municipality has no deferred revenue.

**10. Accrued Landfill Costs**

The municipality does not maintain a landfill (waste disposal) site and accordingly there is no accrued liability for estimated future closure and post-closure care costs for such a site.

**11. Liability for Contaminated Sites**

The municipality has no known contaminated sites and accordingly there is no accrued liability for the estimated cost of future clean-up of such a site.

**Rural Municipality of Gull Lake No. 139**

**Notes to the Financial Statements**

**As at December 31, 2018**

**12. Long-Term Debt**

The municipality has no long-term debt. The debt limit of the municipality in 2018 was \$1,886,941. The debt limit for a municipality is the total amount of the municipality's own source revenues for the preceding year (the *Municipalities Act* section 161(1)).

**13. Lease Obligations**

The municipality has leased a tractor through John Deere Financial Inc. This is classified as an operating lease. The remaining lease obligation is as follows:

<b>Year</b>	<b>Payment Amount</b>
2019	29,973
2020	29,973
2021	29,973
2022	-
2023	-
Thereafter	-
<b>Total</b>	<b>89,919</b>

**14. Other Non-financial Assets**

The municipality has no "other" non-financial assets.

**15. Contingent Liabilities**

The municipality is contingently liable under terms of the Saskatchewan Association of Rural Municipalities Self-Insurance Plan for its proportionate share of claims and future claims in excess of the Plan's reserve fund.

**16. Pension Plan**

The municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits. The benefits accrued to the municipality's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees, which could affect future contribution rates and/or benefits. Contributions to MEPP are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. Rather, the plan is accounted for as a defined contribution plan whereby the contributions are expensed when made.

Details of MEPP

	2018	2017
Number of active members	4	3
Member contribution rate (percentage of salary)	9.00%	8.15%
Employer contribution rate (percentage of salary)	9.00%	8.15%
Member contributions for the year	21,596	16,254
Employer contributions for the year	21,596	16,254
Plan Assets	**	2,469,995,000
Plan Liabilities	**	2,015,818,000
Plan Surplus	**	454,177,000

\*\* 2018 MEPP financial information is not yet available.

**17. Comparative Figures**

Some prior year comparative figures may have been restated to conform to the current year's presentation.

**18. Trusts Administered by the Municipality**

The municipality does not administer any trusts.



**Rural Municipality of Gull Lake No. 139**

**Notes to the Financial Statements**

**As at December 31, 2018**

**19. Related Parties**

The municipality had no reportable transactions with related parties in 2018.

**20. Contingent Assets**

The municipality has no contingent assets.

**21. Contractual Rights**

Contractual rights are rights to economic resources arising from contracts or agreements that will result in an asset and revenue in the future. The municipality has no significant contractual rights.

**22. Contractual Obligations and Commitments**

- 1) The municipality has purchased quantities of gravel from the owners of two gravel pits, each to be paid over a three year period. The remaining amounts to be paid are as follows: \$60,019 in 2019 and \$25,640 in 2020.
- 2) The municipality has committed to contributing a total of \$200,000 towards the cost of construction of a long-term care facility in Swift Current, Saskatchewan, to be paid in annual instalments of \$6,667 in years 2016 through 2045.

Rural Municipality of Gull Lake No. 139  
 Schedule of Taxes and Other Unconditional Revenue  
 As at December 31, 2018

Schedule 1

	2018 Budget	2018	2017
<b>TAXES</b>	<b>(unaudited)</b>		
General municipal tax levy	1,973,940	1,973,942	1,895,408
Abatements and adjustments	(34,580)	(23,549)	
Discount on current year taxes	(98,700)	(94,243)	(90,485)
<b>Net Municipal Taxes</b>	<b>1,840,660</b>	<b>1,856,150</b>	<b>1,804,923</b>
Potash tax share			
Trailer license fees			
Penalties on tax arrears		2,235	1,701
Special tax levy			
<b>Other (Specify)</b>			
<b>Total Taxes</b>	<b>1,840,660</b>	<b>1,858,385</b>	<b>1,806,624</b>
<b>UNCONDITIONAL GRANTS</b>			
Revenue Sharing (Organized Hamlet)	94,880	94,862	101,872
<b>Total Unconditional Grants</b>	<b>94,880</b>	<b>94,862</b>	<b>101,872</b>
<b>GRANTS IN LIEU OF TAXES</b>			
Federal			
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel	3,230	3,072	3,072
<b>Other (Specify)</b>			
Local/Other			
Housing Authority			
C.P.R. Mainline	138,160	131,250	131,250
Treaty Land Entitlement			
<b>Other (Specify)</b>			
Other Government Transfers			
S.P.C. Surcharge			
Sask Energy Surcharge			
<b>Other (Specify)</b>			
<b>Total Grants in Lieu of Taxes</b>	<b>141,390</b>	<b>134,322</b>	<b>134,322</b>
<b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b>	<b>2,076,930</b>	<b>2,087,569</b>	<b>2,042,818</b>

Rural Municipality of Gull Lake No. 139  
 Schedule of Operating and Capital Revenue by Function  
 As at December 31, 2018

Schedule 2 - 1

	2018 Budget (unaudited)	2018	2017
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work	820	1,445	10,561
- Sales of supplies	1,270	1,085	1,274
- Other ( <i>sundry</i> )		200	438
Total Fees and Charges	2,090	2,730	12,273
- Tangible capital asset sales - gain (loss)			
- Land sales - gain			
- Investment income and commissions	40,020	83,086	46,627
- Other ( <i>Specify</i> )			
Total Other Segmented Revenue	42,110	85,816	58,900
Conditional Grants			
- Student Employment			
- Other ( <i>hiring credit</i> )			1,004
Total Conditional Grants	-	-	1,004
<b>Total Operating</b>	<b>42,110</b>	<b>85,816</b>	<b>59,904</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other ( <i>Specify</i> )			
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Government Services</b>	<b>42,110</b>	<b>85,816</b>	<b>59,904</b>

**PROTECTIVE SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Other ( <i>Specify</i> )			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- Other ( <i>Specify</i> )			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- Local government			
- Other ( <i>Specify</i> )			
Total Conditional Grants	-	-	-
<b>Total Operating</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Local government			
- Other ( <i>Specify</i> )			
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Protective Services</b>	<b>-</b>	<b>-</b>	<b>-</b>

Rural Municipality of Gull Lake No. 139  
 Schedule of Operating and Capital Revenue by Function  
 As at December 31, 2018

Schedule 2 - 2

	2018 Budget (unaudited)	2018	2017
<b>TRANSPORTATION SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work			
- Sales of supplies		357	
- Road Maintenance and Restoration Agreements	1,960	11,625	11,625
- Frontage			
- Other ( <i>permits</i> )	21,500	21,825	23,225
Total Fees and Charges	23,460	33,807	34,850
- Tangible capital asset sales - gain (loss)		(18,194)	3,931
- Other ( <i>Specify</i> )			
Total Other Segmented Revenue	23,460	15,613	38,781
Conditional Grants			
- MREP (CTP)	36,800	36,800	36,800
- Student Employment			
- Other ( <i>Specify</i> )			
Total Conditional Grants	36,800	36,800	36,800
<b>Total Operating</b>	<b>60,260</b>	<b>52,413</b>	<b>75,581</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	11,980	12,281	12,221
- MREP (Heavy Haul, CTP, Municipal Bridges)			
- Provincial Disaster Assistance			
- Other ( <i>Specify</i> )			
<b>Total Capital</b>	<b>11,980</b>	<b>12,281</b>	<b>12,221</b>
<b>Total Transportation Services</b>	<b>72,240</b>	<b>64,694</b>	<b>87,802</b>

**ENVIRONMENTAL AND PUBLIC HEALTH SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	800	332	799
- Other ( <i>sale of pest control products</i> )	2,240	4,509	2,237
Total Fees and Charges	3,040	4,841	3,036
- Tangible capital asset sales - gain (loss)			
- Other ( <i>Specify</i> )			
Total Other Segmented Revenue	3,040	4,841	3,036
Conditional Grants			
- Student Employment			
- TAPD			
- Local government	1,220	1,213	325
- Other ( <i>Specify</i> )			
Total Conditional Grants	1,220	1,213	325
<b>Total Operating</b>	<b>4,260</b>	<b>6,054</b>	<b>3,361</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other ( <i>Specify</i> )			
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Environmental and Public Health Services</b>	<b>4,260</b>	<b>6,054</b>	<b>3,361</b>

Rural Municipality of Gull Lake No. 139  
 Schedule of Operating and Capital Revenue by Function  
 As at December 31, 2018

Schedule 2 - 3

	2018 Budget (unaudited)	2018	2017
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges			
- <b>Other (Specify)</b>			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- <b>Other (Specify)</b>			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- <b>Other (Specify)</b>			
Total Conditional Grants	-	-	-
<b>Total Operating</b>	-	-	-
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- <b>Other (Specify)</b>			
<b>Total Capital</b>	-	-	-
<b>Total Planning and Development Services</b>	-	-	-

**RECREATION AND CULTURAL SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- <b>Other (Specify)</b>			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- <b>Other (Specify)</b>			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- Local government			
- <b>Other (Specify)</b>			
Total Conditional Grants	-	-	-
<b>Total Operating</b>	-	-	-
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax			
- Local government			
- Provincial Disaster Assistance			
- <b>Other (Specify)</b>			
<b>Total Capital</b>	-	-	-
<b>Total Recreation and Cultural Services</b>	-	-	-