

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Financial Statements
Year Ended December 31, 2020

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Index to Consolidated Financial Statements
Year Ended December 31, 2020

	Page
MANAGEMENT'S RESPONSIBILITY	1
INDEPENDENT AUDITORS' REPORT	2 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 19
Taxes and Other Unconditional Revenue (Schedule 1)	20
Schedule of Operating and Capital Revenue by Function (Schedule 2 - 1)	21
Schedule of Operating and Capital Revenue by Function (Schedule 2 - 2)	22
Schedule of Operating and Capital Revenue by Function (Schedule 2 - 3)	23
Schedule of Operating and Capital Revenue by Function (Schedule 2 - 4)	24
Total Expenses by Function (Schedule 3 - 1)	25
Total Expenses by Function (Schedule 3 - 2)	26
Total Expenses by Function (Schedule 3 - 3)	27
Consolidated Schedule of Segment Disclosure by Function (Schedule 4)	28
Consolidated Schedule of Segment Disclosure by Function (Schedule 5)	29
Consolidated Schedule of Tangible Capital Assets by Object (Schedule 6)	30
Consolidated Schedule of Tangible Capital Assets by Function (Schedule 7)	31
Consolidated Schedule of Accumulated Surplus (Schedule 8)	32
Schedule of Mill Rates and Assessments (Schedule 9)	33
Schedule of Council Remuneration (Schedule 10)	34

Management's Responsibility

The municipality's management is responsible for the preparation and presentation of the accompanying consolidated 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 are required.

In discharging its responsibilities for the integrity and fair presentation of the consolidated 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 consolidated 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.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated 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.



Amanda McCormick, Administrator



Mr. Roger Kinzel, Reeve

Rosthern, SK

Date: August 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Council of the Rural Municipality of Rosthern No. 403

Qualified Opinion

We have audited the consolidated financial statements of the Rural Municipality of Rosthern No. 403 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, 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 Qualified Opinion

We were not able to observe the counting of inventories at December 31, 2020 and December 31, 2019 or satisfy ourselves by alternative means concerning inventory quantities as at those dates. As a result of this matter, we were unable to determine whether adjustments might have been necessary in respect of the surplus of revenues over expenses and cash flows from operating activities for the years ended December 31, 2020 and December 31, 2019, inventory reported in supplies on the statement of financial position as at December 31, 2020 and December 31, 2019 and accumulated surplus as at December 31, 2020, January 1, 2020 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

As outlined in Note 8 to the financial statements, the Municipality maintains a solid waste landfill site for which it has recorded an estimate of its closure and post-closure liabilities, but in a manner that is not consistent with Canadian public sector accounting standards. This constitutes a departure from Canadian public sector accounting standards, which require the closure and post-closure liabilities to be recognized on a volumetric basis as the landfill site capacity is used, beginning when the site first accepts waste. This is the result of a cost-benefit decision taken by management not to engage a third party to determine the liability until the site is closed. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to the surplus of revenues over expenses and cash flows for the year ended December 31, 2020 and December 31, 2019, landfill closure and post-closure liabilities as at December 31, 2020 and December 31, 2019 and net financial assets as at January 1 and December 31, 2020 and January 1 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified in respect of this departure from Canadian public sector accounting standards.

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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

Emphasis of Matter

We draw attention to Note 17 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Schedules 1, 2, 3, 7, 9 and 10 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report to the Council of Rural Municipality of Rosthern No. 403 (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton LLP

Saskatoon, SK
August 31, 2021

Chartered Professional Accountants

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Statement of Financial Position
As at December 31, 2020
Statement 1

	2020	2019 (Restated - see note 17)
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 9,047,928	\$ 7,810,817
Taxes Receivable - Municipal (Note 3)	224,268	203,312
Other Accounts Receivable (Note 4)	88,709	148,794
Land for Resale (Note 5)	-	-
Long-Term Investments	-	-
Debt Charges Recoverable	-	-
Other (Subscriber loans of Sask Valley Rural Water Utility)	281,281	364,892
Total financial assets	9,642,186	8,527,815
LIABILITIES		
Bank indebtedness (Note 6)	-	-
Accounts Payable	162,578	254,524
Accrued Liabilities Payable	-	-
Deposits	51,600	43,600
Deferred Revenue (Note 7)	589,260	360,931
Accrued Landfill Costs (Note 8)	262,053	262,053
Liability for Contaminated Sites (Note 9)	-	-
Other Liabilities	-	-
Long-Term Debt (Note 10)	260,092	369,745
Lease Obligations	-	-
Total liabilities	1,325,583	1,290,853
NET FINANCIAL ASSETS	8,316,603	7,236,962
NON-FINANCIAL ASSETS		
Tangible Capital Assets(Schedule 6, 7)	6,393,750	6,240,106
Prepayments and Deferred Charges	116	32
Stock and Supplies	277,489	597,658
Other	-	-
Total Non-Financial Assets	6,671,355	6,837,796
ACCUMULATED SURPLUS (Schedule 8)	\$ 14,987,958	\$ 14,074,758

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Consolidated Statement of Operations and Accumulated Surplus

As at December 31, 2020

Statement 2

	Budget	2020	2019 (Restated - see note 17)
REVENUES OTHER THAN PROVINCIAL/FEDERAL CAPITAL GRANTS AND CONTRIBUTIONS			
Taxes and Other Unconditional Revenue (Schedule 1)	\$ 3,154,600	\$ 3,288,309	\$ 3,060,317
Fees and Charges (Schedule 4, 5)	160,900	807,757	979,189
Conditional Grants (Schedule 4, 5)	15,000	12,348	10,751
Tangible Capital Assets Sales - Gain (Loss) (Schedule 4, 5)	10,500	(71,841)	1,500
Land Sales - Gain (Loss) (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	72,000	81,756	127,085
Restructurings (Schedule 4, 5)	-	-	-
Other Revenues (Schedule 4, 5)	500	544	12,856
Total Revenues other than Provincial/Federal Capital Grants and Contributions	3,413,500	4,118,873	4,191,698
EXPENSES			
General Government Services (Schedule 3)	400,600	356,471	405,524
Protective Services (Schedule 3)	251,500	228,582	302,392
Transportation Services (Schedule 3)	1,641,990	1,927,951	1,758,669
Environmental and Public Health Services (Schedule 3)	234,970	209,969	161,336
Planning and Development Services (Schedule 3)	23,000	51,900	26,163
Recreation and Cultural Services (Schedule 3)	199,000	198,543	244,337
Utility Services (Schedule 3)	-	537,257	559,023
Restructurings (Schedule 3)	-	-	-
Total Expenses	2,751,060	3,510,673	3,457,444
Surplus (Deficit) of Revenues over Expenses before Provincial/Federal Capital Grants and Contributions	662,440	608,200	734,254
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	135,700	305,000	-
Surplus (Deficit) of Revenues over Expenses	798,140	913,200	734,254
Accumulated Surplus (Deficit), Beginning of Year	14,435,489	14,435,489	13,442,161
Prior Period Adjustment (Note 17)	(360,731)	(360,731)	(101,657)
Accumulated Surplus (Deficit), Beginning of Year, As Restated	14,074,758	14,074,758	13,340,504
ACCUMULATED SURPLUS - END OF YEAR	\$ 14,872,898	\$ 14,987,958	\$ 14,074,758

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Consolidated Statement of Change in Net Financial Assets

As at December 31, 2020

Statement 3

	Budget		2019 (Restated - see note 17)
	2020	2020	
Surplus (Deficit)	\$ 798,140	\$ 913,200	\$ 734,254
(Acquisition) of tangible capital assets	(690,000)	(603,235)	(662,855)
Amortization of tangible capital assets	236,890	275,881	302,078
Proceeds on disposal of tangible capital assets	-	101,869	1,500
Loss (gain) on the disposal of tangible capital assets	-	71,841	(1,500)
Transfer of assets/liabilities in restructuring transactions	-	-	-
Surplus (Deficit) of capital expenses over expenditures	(453,110)	(153,644)	(360,777)
(Acquisition) of supplies inventories	-	(277,489)	(597,658)
(Acquisition) of prepaid expense	-	(116)	(32)
Consumption of supplies inventory	-	597,658	737,199
Use of prepaid expense	-	32	184
Surplus (Deficit) of expenses of other non-financial over expenditures	-	320,085	139,693
Increase/Decrease in Net Financial Assets	345,030	1,079,641	513,170
Net Financial Assets (Debt) - Beginning of Year	7,236,962	7,236,962	6,723,792
Net Financial Assets (Debt) - End of Year	\$ 7,581,992	\$ 8,316,603	\$ 7,236,962

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Statement of Cash Flows
As at December 31, 2020
Statement 4

Cash provided by (used for) the following activities		
	2020	2019 (Restated - see note 17)
Operating:		
Surplus (Deficit)	\$ 913,200	\$ 734,254
Amortization	275,881	302,078
Loss (gain) on disposal of tangible capital assets	71,841	(1,500)
	<u>1,260,922</u>	<u>1,034,832</u>
Change in assets/liabilities		
Taxes Receivable - Municipal	(20,956)	(52,078)
Other Receivables	60,085	57,873
Accounts Payable	(91,948)	138,477
Deferred Revenue	228,329	259,074
Prepayments and Deferred Charges	(84)	152
Stock and Supplies	320,169	139,541
SVRWU - subscriber loans	83,611	68,119
Deposits	8,000	(13,000)
	<u>587,206</u>	<u>598,158</u>
Cash provided by operating transactions	<u>1,848,128</u>	<u>1,632,990</u>
Capital:		
Acquisition of capital assets	(603,235)	(662,855)
Proceeds from the disposal of capital assets	101,869	1,500
Cash applied to capital transactions	<u>(501,366)</u>	<u>(661,355)</u>
Investing:		
Long-Term Investments	-	103,225
Other	-	-
Cash provided by (applied to) investing transactions	<u>-</u>	<u>103,225</u>
Financing:		
Debt charges recovered	-	-
Long-term debt issued	-	-
Long-term debt repaid	(109,651)	(67,247)
Other financing	-	-
Cash provided by (applied to) financing transactions	<u>(109,651)</u>	<u>(67,247)</u>
Change in Cash and Temporary Investments during the year	<u>1,237,111</u>	<u>1,007,613</u>
Cash and Temporary Investments - Beginning of Year	<u>7,810,817</u>	<u>6,803,204</u>
Cash and Temporary Investments - End of Year (Note 2)	<u>\$ 9,047,928</u>	<u>\$ 7,810,817</u>

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

1. Significant accounting policies

The consolidated 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 consolidated 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 consolidated 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. Entities included in these consolidated financial statements are as follows:

Entity
Sask Valley Rural Water Utility

All inter-organizational transactions and balances have been eliminated.

(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 and stipulations have been met; and
- c) reasonable estimates of the amounts can be made.

Unearned government transfer amounts received will be recorded as deferred revenue until eligibility criteria or stipulations are met.

Earned government transfer amounts not received will be recorded as an amount receivable.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

(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. Resources restricted by agreement with an external party are recognized as revenue in the municipality's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(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.

(continues)

1. **Significant accounting policies** *(continued)*

(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, provided the revenues are expected to be collected. 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 of 91 days to one year have been classified as other short-term investments and investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment.

(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.

(continues)

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

1. Significant accounting policies (continued)

(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 inflation 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>
General Assets	
Land	Indefinite
Land Improvements	5 to 20 Years
Buildings	10 to 50 Years
Vehicles & Equipment	
Vehicles	5 to 10 Years
Machinery and Equipment	5 to 10 Years
Infrastructure Assets	
Infrastructure Assets	30 to 75 Years
Water & Sewer	30 to 75 Years
Road Network Assets	30 to 75 Years

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 consolidated 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 lease and recorded as a tangible capital asset. 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 lease 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 maintains a waste disposal site. The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for inflation and discounted to current dollars. The annual provision is reported as an expense and the accumulated provision is reported as a liability on the Consolidated Statement of Financial Position. Recommended disclosure is provided in Note 8.

(n) **Trust Funds:**

Funds held in trust for others, under a trust agreement or statute, are not included in the consolidated financial statements as they are not controlled by the municipality.

(o) **Employee benefit plans:**

Contributions to the municipality's multi-employer defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the municipality's obligations are limited to their contributions.

(continues)

1. **Significant accounting policies (continued)**

(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.

Any revisions to an amount previously recognized are accounted for in the period in which the revisions are made.

(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 5, 2020.

(continues)

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

1. Significant accounting policies (continued)

(i) New Accounting Standards and Amendments to Standards:

Future Accounting 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. 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.

2. Cash and Temporary Investments

	2020	2019
Cash and Temporary Investments	\$ 6,227,353	\$ 4,837,502
Temporary Investments	2,315,738	2,262,792
Restricted Cash	504,837	710,523
Total Cash and Temporary Investments	\$ 9,047,928	\$ 7,810,817

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for other than specific current purposes is included in restricted cash.

Included in restricted cash is the cash held by the Sask Valley Rural Water Utility.

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

3. Taxes Receivable - Municipal

	2020	2019
<u>Municipal</u>		
- current	\$ 130,427	\$ 143,937
- arrears	93,842	59,375
	224,271	203,312
Less - allowance for uncollectibles	-	-
Total municipal taxes receivable	224,269	203,312
<u>School</u>		
- current	53,554	57,641
- arrears	33,262	25,303
Total school taxes receivable	86,816	82,944
Other	-	1,040
Total taxes and grants in lieu receivable	311,085	287,296
Deduct taxes receivable to be collected on behalf of other organizations	(86,817)	(83,984)
Total Taxes Receivable - Municipal	\$ 224,268	\$ 203,312

4. Other Accounts Receivable

	2020	2019
Federal Government	\$ 38,757	\$ 79,343
Provincial Government	-	-
Local Government	-	-
Utility	-	-
Trade	12,144	25,356
Other (Utility and GST receivable of Sask Valley Rural Water Utility)	37,808	44,095
Total Other Accounts Receivable	88,709	148,794
Less: allowance for uncollectibles	-	-
Net Other Accounts Receivable	\$ 88,709	\$ 148,794

5. Land for Resale

	2020	2019
Tax Title Property	\$ 324	\$ 324
Allowance for market value adjustment	(324)	(324)
Net Tax Title Property	-	-
Other Land	-	-
Allowance for market value adjustment	-	-
Net Other Land	-	-
Total Land for Resale	\$ -	\$ -

6. Bank Indebtedness

Credit Arrangements

At December 31, 2020, the municipality had lines of credit totaling \$300,000, none of which were drawn. The following has been collateralized in connection with this line of credit:

-- General security agreement

7. Deferred Revenue

(continues)

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

7. Deferred Revenue (continued)

	2020	2019 (Restated - see note 17)
<u>Sask Valley Rural Water Utility</u>		
Balance - Beginning of Year	\$ 200	\$ 200
Additions during the year	-	-
Reductions during the year	(796)	-
Balance - End of Year	(596)	200
 <u>MEEP</u>		
Balance - Beginning of Year	-	-
Additions during the year	330,575	-
Reductions during the year	(305,000)	-
Balance - End of Year	25,575	-
 <u>Gas Tax</u>		
Balance - Beginning of Year	360,731	101,657
Additions during the year	203,550	259,074
Reductions during the year	-	-
Balance - End of Year	564,281	360,731
 Grand total	<u>\$ 589,260</u>	<u>\$ 360,931</u>

8. Accrued Landfill Costs

	2020	2019
Environmental Liabilities	<u>\$ 262,053</u>	<u>\$ 262,053</u>

In 2020 the municipality has accrued an overall liability for environmental matters in the amount of \$262,053 (prior year - \$262,053) which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Included in environmental liabilities is \$262,053 (prior year - \$262,053) of the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenses recognized as at December 31, 2020 based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the municipality's average long-term borrowing rate of 3.95 % (prior year - 3.95 %).

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 20-year period using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill is 0% - 0 cubic metres (prior year - 0% - 0 cubic metres) of its total estimated capacity and its estimated remaining life is 0 years (prior year - 0 years). The period for post-closure care is estimated to be 20 years (prior year - 20).

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

9. Liability for Contaminated Sites

The municipality does not currently have a liability for any contaminated sites in the community. All properties that have environmentally risky histories are still under the ownership of the corporation or individual that operated on the property and all property tax and/or other liabilities to the municipality are current. There is currently no risk that any of these properties will become the responsibility of the municipality.

10. Long-term Debt

The debt limit of the municipality is \$3,455,862. 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)).

Bank loan held by Sask Valley Rural Water Utility is repayable at Affinity Credit Union bearing interest at 4.95% per annum, repayable in monthly blended payments of \$5,632. The loan matures in 2023.

Future principal and interest payments are as follows:

	Principal	Interest	2020	2019
Year				
2021	\$ 56,315	\$ 11,269	\$ 67,584	\$ 67,584
2022	58,820	8,764	67,584	67,584
2023	61,798	5,786	67,584	67,584
2024	83,159	343	83,502	83,502
	<u>\$ 260,092</u>	<u>\$ 26,162</u>	<u>\$ 286,254</u>	<u>\$ 286,254</u>

11. Comparative Figures

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

Notes to Consolidated Financial Statements

As at December 31, 2020

12. 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 municipality pension expense in 2020 was \$35,967. 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 the plan are not recognized in these consolidated financial statements. Rather, the plan is accounted for as a defined contribution plan where the contributions are expensed when made.

	2020	2019
Details of MEPP		
Number of active members	12	12
Member contribution rates (percentage of salary):		
Employee contribution - general members	9.00%	9.00%
Employer contribution - general members	9.00%	9.00%
Employee contribution - designated members (police officers and firefighters)	12.50%	12.50%
Employer contribution - designated members (police officers and fire fighters)	12.50%	12.50%
Member contributions for the year	35,967	35,862
Employer contributions for the year	35,967	35,862
Financial position of the plan:		
Plan assets	3,221,426,000	2,819,222,000
Plan liabilities	2,382,526,000	2,160,754,000
Accounting pension surplus	\$ 838,900,000	\$ 658,468,000

2020 year's maximum pensionable amount (YMPE) \$58,700

13. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During this time, the Municipality has remained fully operational but with restrictions on the number of individuals in the office at one time. Board meetings have been conducted remotely which has reduced the cost of Board remunerations. The Municipality has received government grants to assist with development plans. There have been no disruptions to tax revenue nor operational expense aside from additional costs for personal protective equipment. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.

14. Related Parties

The consolidated financial statements include transactions with related parties. The municipality is related to Sask Valley Rural Water Utility under the common control of the Council.

Transactions with these related parties are in the normal course of operations and are settled on normal trade terms.

15. Contingent Assets

Contingent assets are not recorded in the financial statements.

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

16. Budget Data

The reconciliation of the approved budget for the current year to the budget figures reported in these financial statements is as follows:

	<u>2020</u>
Budget surplus per Statement of Operations	798,140
Less: Capital expenditures	(690,000)
Less: Transfers to reserves	(450,000)
Add: Transfers from reserves	<u>341,860</u>
Approved budget surplus	<u>\$ -</u>

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Notes to Consolidated Financial Statements

As at December 31, 2020

17. Prior period adjustment

During 2020 it was determined that Gas Tax Program funding recognized as revenue from the Province of Saskatchewan in 2019 and certain prior years had not met all criteria to be recognized as a government transfer. As a result, the previously recorded revenues required adjustment. The Municipality has treated this adjustment as an error. As a result the municipality has restated its 2019 comparative figures to reflect this correction as follows:

	2019 Previously Reported	Adjustments	2019 Restated
<u>Consolidated Statement of Financial Position</u>			
Deferred Revenue	\$ 200	\$ 360,731	\$ 360,931
Accumulated Surplus	14,435,489	(360,731)	14,074,758
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Provincial/ Federal Capital Grants and Contributions	\$ 259,074	\$ (259,074)	\$ -
Surplus (Deficit) of Revenues over Expenses	993,328	(259,074)	734,254
Accumulated Surplus beginning of year	13,442,161	(101,657)	13,340,504
Accumulated Surplus end of year	14,435,489	(360,731)	14,074,758
<u>Consolidated Statement of Change in Net Financial Assets</u>			
Net Financial Assets - beginning of year	\$ 6,825,449	\$ (101,657)	\$ 6,723,792
Net Financial Assets - end of year	7,597,693	(360,731)	7,236,962
<u>Consolidated Statement of Cash Flows</u>			
Surplus (Deficit)	\$ 993,328	\$ (259,074)	\$ 734,254
Deferred revenue	-	259,074	259,074

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Taxes and Other Unconditional Revenue

As at December 31, 2020

Schedule 1

	Budget 2020	2020	2019
TAXES			
General municipal tax levy	\$ 2,647,110	\$ 2,646,012	\$ 2,607,820
Abatements and adjustments	-	-	(1,591)
Discount on current year taxes	(95,270)	(114,686)	(95,274)
Net Municipal Taxes	2,551,840	2,531,326	2,510,955
Potash tax share	-	-	-
Trailer license fees	-	-	-
Penalties on tax arrears	-	12,622	16,033
Special tax levy	-	-	-
Other	-	-	-
Total Taxes	2,551,840	2,543,948	2,526,988
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	499,130	499,200	438,072
Organized Hamlet	87,190	91,522	87,404
Other (Safe Restart Program)	-	137,204	-
Total Unconditional Grants	586,320	727,926	525,476
GRANTS IN LIEU OF TAXES			
Federal	11,350	11,347	11,347
Provincial			
S.P.C. Electrical	-	-	-
SaskEnergy Gas	-	-	-
Transgas	-	-	-
SPMC - Municipal share	-	-	-
SaskTel	-	-	-
Other	-	-	-
Local/Other			
Housing Authority	-	-	-
C.P.R. Mainline	-	-	-
Treaty land Entitlement	5,090	5,088	5,088
Other	-	-	-
Other Government Transfers			
S.P.C. Surcharge	-	-	-
SaskEnergy Surcharge	-	-	-
Other	-	-	-
Total Grants in Lieu of Taxes	16,440	16,435	16,435
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	\$ 3,154,600	\$ 3,288,309	\$ 3,068,899

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Operating and Capital Revenue by Function

As at December 31, 2020

Schedule 2 - 1

	Budget 2020	2020	2019
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and charges	\$ -	\$ -	\$ -
- Custom work	-	-	-
- Sales of supplies	6,000	6,183	5,505
- Other - Permits & licenses	10,000	21,530	50,659
Total Fees and Charges	16,000	27,713	56,164
- Tangible capital asset sales - gain (loss)	-	-	-
- Land sales - gain (loss)	-	-	-
- Investment income and commissions	72,000	81,756	127,085
- Other	-	-	-
Total Other Segmented Revenue	88,000	109,469	183,249
Conditional Grants			
- Student Employment	-	-	-
- Other - Beaver Control	-	-	810
Total Conditional Grants	-	-	810
Total Operating	88,000	109,469	184,059
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other	-	-	-
Total Capital	-	-	-
Total General Government Services	88,000	109,469	184,059
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and charges	40,000	37,522	89,657
- Other	-	-	-
Total Fees and Charges	40,000	37,522	89,657
- Tangible capital asset sales - gain (loss)	-	-	-
- Other	-	-	-
Total Other Segmented Revenue	40,000	37,522	89,657
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- Other	-	-	-
Total Conditional Grants	-	-	-
Total Operating	40,000	37,522	89,657
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- Local government	-	-	-
- Other	-	-	-
Total Capital	-	-	-
Total Protective Services	\$ 40,000	\$ 37,522	\$ 89,657

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Operating and Capital Revenue by Function

As at December 31, 2020

Schedule 2 - 2

	Budget 2020	2020	2019
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges	\$ -	\$ -	\$ -
- Custom work	6,900	7,740	5,848
- Sales of supplies	-	-	-
- Road Maintenance and Restoration	-	-	-
Agreements	48,000	40,745	165,641
- Frontage	-	-	-
- Other - Culverts	-	40	-
Total Fees and Charges	54,900	48,525	171,489
- Tangible capital asset sales - gain (loss)	10,500	(71,841)	1,500
- Other - Donations	500	544	500
Total Other Segmented Revenue	65,900	(22,772)	173,489
Conditional Grants			
- Primary Weight Corridor	-	-	-
- Student Employment	-	-	-
- Other	-	-	-
Total Conditional Grants	-	-	-
Total Operating	65,900	(22,772)	173,489
Capital			
Conditional Grants			
- Gas Tax	135,700	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Heavy Haul	-	-	-
- Designated Municipal Roads and Bridges	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (MEEP)	-	305,000	-
Total Capital	135,700	305,000	-
	-	-	-
Total Transportation Services	201,600	282,228	173,489
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges	-	-	-
- Waste and Disposal Fees	-	-	-
- Other - Pest Control Products	10,500	7,717	10,468
Total Fees and Charges	10,500	7,717	10,468
- Tangible capital asset sales - gain (loss)	-	-	-
- Other	-	-	-
Total Other Segmented Revenue	10,500	7,717	10,468
Conditional Grants			
- Student Employment	-	-	-
- Local government	15,000	12,348	9,941
- Other	-	-	-
Total Conditional Grants	15,000	12,348	9,941
Total Operating	25,500	20,065	20,409
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Transit for Disabled	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other	-	-	-
Total Capital	-	-	-
	-	-	-
Total Environmental and Public Health Services	\$ 25,500	\$ 20,065	\$ 20,409

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Operating and Capital Revenue by Function

As at December 31, 2020

Schedule 2 - 3

	Budget 2020	2020	2019
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges	\$ -	\$ -	\$ -
- Maintenance and Development Charges	35,000	66,464	35,817
- Other	-	-	-
Total Fees and Charges	35,000	66,464	35,817
- Tangible capital asset sales - gain (loss)	-	-	-
- Other	-	-	-
Total Other Segmented Revenue	35,000	66,464	35,817
Conditional Grants			
- Student Employment	-	-	-
- Other	-	-	-
Total Conditional Grants	-	-	-
Total Operating	35,000	66,464	35,817
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other	-	-	-
Total Capital	-	-	-
Total Planning and Development Services	35,000	66,464	35,817
RECREATION AND CULTURAL SERVICES			
Operating			
Other Segmented Revenues			
Fees and Charges	-	-	-
- Other - Hall Rental	4,500	1,742	5,794
Total Fees and Charges	4,500	1,742	5,794
- Tangible capital asset sales - gain (loss)	-	-	-
- Other - Donations	-	-	3,774
Total Other Segmented Revenue	4,500	1,742	9,568
Conditional Grants			
- Student Employment	-	-	-
- Local Government	-	-	-
- Donations	-	-	-
- Other	-	-	-
Total Conditional Grants	-	-	-
Total Operating	4,500	1,742	9,568
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Local government	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other	-	-	-
Total Capital	-	-	-
Total Recreation and Cultural Services	\$ 4,500	\$ 1,742	\$ 9,568

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Operating and Capital Revenue by Function

As at December 31, 2020

Schedule 2 - 4

	Budget 2020	2020	2019
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges	\$ -	\$ -	\$ -
- Water	-	-	-
- Sewer	-	-	-
- Other - Sask Valley Rural Water Utility	-	618,074	609,799
Total Fees and Charges	-	618,074	609,799
- Tangible capital asset sales - gain (loss)	-	-	-
- Other	-	-	-
Total Other Segmented Revenue	-	618,074	609,799
Conditional Grants			
- Student Employment	-	-	-
- Other	-	-	-
Total Conditional Grants	-	-	-
Total Operating	-	618,074	609,799
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Sask Water Corp.	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other	-	-	-
Total Capital	-	-	-
Total Utility Services	-	618,074	609,799
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	\$ 394,600	\$ 1,135,564	\$ 1,122,798

SUMMARY

Total Other Segmented Revenue	\$ 243,900	\$ 818,216	\$ 1,112,047
Total Conditional Grants	15,000	12,348	10,751
Total Capital Grants and Contributions	135,700	305,000	-
Restructuring Revenue	-	-	-
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	\$ 394,600	\$ 1,135,564	\$ 1,122,798

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Total Expenses by Function

As at December 31, 2020

Schedule 3 - 1

	Budget 2020	2020	2019
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	\$ 60,000	\$ 54,754	\$ 47,552
Wages and benefits	172,340	137,498	167,397
Professional/Contractual services	140,780	140,427	165,084
Utilities	9,500	7,154	8,131
Maintenance, materials and supplies	15,700	16,638	15,079
Grants and contributions	-	-	-
Grants and contributions - operating	-	-	-
Grants and Contributions - capital	-	-	-
Amortization	2,280	-	2,281
Interest	-	-	-
Allowance For Uncollectibles	-	-	-
Other	-	-	-
General Government Services	400,600	356,471	405,524
Total General Government Services	400,600	356,471	405,524
PROTECTIVE SERVICES			
Police Protection			
Wages and benefits	-	-	-
Professional/Contractual Services	138,930	138,339	139,607
Utilities	-	-	-
Maintenance, Materials and Supplies	-	-	-
Grants and contributions	-	-	-
Grants and Contributions - Operating	-	-	-
Grants and Contributions - Capital	-	-	-
Other	-	-	-
Fire Protection			
Wages and benefits	57,350	37,886	69,419
Professional/Contractual Services	39,740	36,879	72,024
Utilities	-	-	-
Maintenance, Materials and Supplies	-	-	5,864
Grants and contributions	-	-	-
Grants and Contributions - Operating	-	-	-
Grants and Contributions - Capital	-	-	-
Amortization	15,480	15,478	15,478
Interest	-	-	-
Other	-	-	-
Protective Services	251,500	228,582	302,392
Total Protective Services	251,500	228,582	302,392
TRANSPORTATION SERVICES			
Wages and Benefits	354,250	361,320	345,150
Professional/Contractual Services	9,910	21,432	17,961
Utilities	78,670	42,275	19,101
Maintenance, Materials and Supplies	730,600	737,678	760,211
Gravel	250,000	581,657	406,913
Grants and contributions	-	-	-
Grants and Contributions - Operating	3,000	570	1,620
Grants and Contributions - Capital	-	-	-
Amortization	215,560	183,019	207,713
Interest	-	-	-
Other	-	-	-
Transportation Services	1,641,990	1,927,951	1,758,669
Total Transportation Services	\$ 1,641,990	\$ 1,927,951	\$ 1,758,669

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Total Expenses by Function

As at December 31, 2020

Schedule 3 - 2

	Budget 2020	2020	2019
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and Benefits	\$ 11,200	\$ 8,238	\$ 9,584
Professional/Contractual Services	180,500	186,290	121,853
Utilities	700	659	643
Maintenance, Materials and Supplies	27,000	14,211	28,685
Grants and contributions			
Grants and contributions - operating	-	-	-
Grants and contributions - waste disposal	-	-	-
Grants and contributions - Public Health	15,000	-	-
Grants and contributions - capital	-	-	-
Grants and contributions - waste disposal	-	-	-
Grants and contributions - Public Health	-	-	-
Amortization	570	571	571
Interest	-	-	-
Other	-	-	-
Environmental and Public Health Services	234,970	209,969	161,336
	-	-	-
Total Environmental and Public Health Services	234,970	209,969	161,336
PLANNING AND DEVELOPMENT SERVICES			
Wages and Benefits	-	-	-
Professional/Contractual Services	23,000	51,900	26,163
Grants and contributions			
Grants and Contributions - Operating	-	-	-
Grants and Contributions - Capital	-	-	-
Amortization	-	-	-
Interest	-	-	-
Other	-	-	-
Planning and Development Services	23,000	51,900	26,163
	-	-	-
Total Planning and Development Services	23,000	51,900	26,163
RECREATION AND CULTURAL SERVICES			
Wages and Benefits	-	-	-
Professional/Contractual Services	78,500	83,609	80,227
Utilities	-	-	-
Maintenance, Materials, and Supplies	29,500	4,395	33,795
Grants and contributions			
Grants and Contributions - Operating	88,000	107,539	127,315
Grants and Contributions - Capital	-	-	-
Amortization	3,000	3,000	3,000
Interest	-	-	-
Allowance For Uncollectibles	-	-	-
Other	-	-	-
Recreation and Cultural Services	199,000	198,543	244,337
	-	-	-
Total Recreation and Cultural Services	\$ 199,000	\$ 198,543	\$ 244,337

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Total Expenses by Function

As at December 31, 2020

Schedule 3 - 3

	Budget 2020	2020	2019
UTILITY SERVICES			
Wages and Benefits	\$ -	\$ -	\$ -
Professional/Contractual Services	-	-	-
Utilities	-	-	-
Maintenance, Materials and Supplies	-	-	-
Grants and contributions	-	-	-
Grants and Contributions - Operating	-	-	-
Grants and Contributions - Capital	-	-	-
Amortization (Sask Valley Rural Watre Utility)	-	73,813	73,035
Interest	-	-	-
Allowance For Uncollectibles	-	-	-
Other (Sask Valley Rural Water Utility)	-	463,444	485,988
Utility Services	-	537,257	559,023
Total Utility Services	-	537,257	559,023
TOTAL EXPENSES BY FUNCTION	\$ 2,751,060	\$ 3,510,673	\$ 3,457,444

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2020

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	\$ 27,713	\$ 37,522	\$ 48,525	\$ 7,717	\$ 66,464	\$ 1,742	\$ 618,074	\$ 807,757
Tangible Capital Asset Sales - Gain (Loss)	-	-	(71,841)	-	-	-	-	(71,841)
Land Sales - Gain (Loss)	-	-	-	-	-	-	-	-
Investment Income and Commissions	81,756	-	-	-	-	-	-	81,756
Other Revenues	-	-	544	-	-	-	-	544
Grants - Conditional	-	-	-	12,348	-	-	-	12,348
- Capital	-	-	305,000	-	-	-	-	305,000
Restructurings	-	-	-	-	-	-	-	-
Total Revenues	109,469	37,522	282,228	20,065	66,464	1,742	618,074	1,135,564
Expenses (Schedule 3)								
Wages and Benefits	192,252	37,886	361,320	8,238	-	-	-	599,696
Professional/Contractual Services	140,427	175,218	21,432	186,290	51,900	83,609	-	658,876
Utilities	7,154	-	42,275	659	-	-	-	50,088
Maintenance Material and Supplies	16,638	-	1,319,335	14,211	-	4,395	-	1,354,579
Grants and Contributions	-	-	570	-	-	107,539	-	108,109
Amortization	-	15,478	183,019	571	-	3,000	73,813	275,881
Interest	-	-	-	-	-	-	-	-
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Restructurings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	463,444	463,444
Total Expenses	356,471	228,582	1,927,951	209,969	51,900	198,543	537,257	3,510,673
Surplus (Deficit) by Function	(247,002)	(191,060)	(1,645,723)	(189,904)	14,564	(196,801)	80,817	(2,375,109)
Taxes and other unconditional revenue (Schedule 1)								3,288,309
Net Surplus (Deficit)								\$ 913,200

See notes to consolidated financial statements

RURAL MUNICIPALITY OF ROSTERN NO. 403
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2019

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public	Planning and Development	Recreation and Culture	Utility Services	Total (Restated - see Note 17)
Revenues (Schedule 2)								
Fees and Charges	\$ 56,164	\$ 89,657	\$ 171,489	\$ 10,468	\$ 35,817	\$ 5,794	\$ 609,799	\$ 979,188
Tangible Capital Asset Sales - Gain (Loss)	-	-	1,500	-	-	-	-	1,500
Land Sales - Gain (Loss)	-	-	-	-	-	-	-	-
Investment Income and Commissions	127,085	-	-	-	-	-	-	127,085
Other Revenues	-	-	500	-	-	3,774	-	4,274
Grants - Conditional	810	-	-	9,941	-	-	-	10,751
- Capital	-	-	-	-	-	-	-	-
Restructurings	-	-	-	-	-	-	-	-
Total Revenues	184,059	89,657	173,489	20,409	35,817	9,568	609,799	1,122,798
Expenses (Schedule 3)								
Wages and Benefits	214,949	69,419	345,150	9,584	-	-	-	639,102
Professional/ Contractual Services	165,084	211,631	17,961	121,853	26,163	80,227	-	622,919
Utilities	8,131	-	19,101	643	-	-	-	27,875
Maintenance Material and Supplies	15,079	5,864	1,167,124	28,685	-	33,795	-	1,250,547
Grants and Contributions	-	-	1,620	-	-	127,315	-	128,935
Amortization	2,281	15,478	207,713	571	-	3,000	73,035	302,078
Interest	-	-	-	-	-	-	-	-
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Restructurings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	485,988	485,988
Total Expenses	405,524	302,392	1,758,669	161,336	26,163	244,337	559,023	3,457,444
Surplus (Deficit) by Function	(221,465)	(212,735)	(1,585,180)	(140,927)	9,654	(234,769)	50,776	(2,334,646)
Taxes and other unconditional revenue (Schedule 1)								3,068,899
Net Surplus (Deficit)								\$ 734,253

See notes to consolidated financial statements

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Schedule of Tangible Capital Assets by Object
As at December 31, 2020

Schedule 6

	2020								
	General Assets								
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Infrastructure Assets Linear Assets	General/ Infrastructure Assets Under Construction	2019 Total	
Asset cost									
Opening Asset costs	\$ 21,064	\$ 28,549	\$ 270,920	\$ 456,188	\$ 2,209,496	\$ 8,499,973	\$ -	\$ 11,486,190	
Additions during the year	107,500	-	-	-	399,481	96,254	-	603,235	
Disposals and write-downs during the year	-	-	-	-	(363,022)	-	-	(363,022)	
Transfers (from) assets under construction	-	-	-	-	-	-	-	(32,124)	
Transfer of Capital Assets related to restructuring (Schedule 11)	-	-	-	-	-	-	-	-	
Closing Asset Costs	128,564	28,549	270,920	456,188	2,245,955	8,596,227	-	11,726,403	
Accumulated Amortization Cost									
Opening Accumulated Amortization Costs	-	18,272	81,486	340,313	952,407	3,853,606	-	4,976,130	
Add: Amortization taken	-	571	5,163	29,714	125,243	115,190	-	302,078	
Less: Accumulated amortization on disposals	-	-	-	-	(189,312)	-	-	(32,124)	
Transfer of Capital Assets related to restructuring (Schedule 11)	-	-	-	-	-	-	-	-	
Closing Accumulated Amortization Costs	-	18,843	86,649	370,027	888,338	3,968,796	-	5,246,084	
Net Book Value	\$ 128,564	\$ 9,706	\$ 184,271	\$ 86,161	\$ 1,357,617	\$ 4,627,431	\$ -	\$ 6,393,750	
								\$ 6,240,106	

1. Total contributed donated assets received in 2020: \$ -
2. List of assets recognized at nominal value in 2020 are:
 - a) Infrastructure Assets \$ -
 - b) Vehicles \$ -
 - c) Machinery and Equipment \$ -
3. Amount of interest capitalized in 2020: \$ -

See notes to consolidated financial statements

RURAL MUNICIPALITY OF ROSTHERN NO. 403
Consolidated Schedule of Tangible Capital Assets by Function
As at December 31, 2020

Schedule 7

	2020							2019 Total
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total
Asset cost								
Opening Asset costs	\$ 25,907	\$ 309,561	\$ 7,331,415	\$ 490,593	\$ -	\$ 150,000	\$ 3,178,714	\$ 11,486,190
Additions during the year	-	-	399,481	-	-	-	203,754	603,235
Disposals and write-downs during the year	-	-	(363,022)	-	-	-	-	(363,022)
Transfer of Capital Assets related to restructuring (Schedule 11)	-	-	-	-	-	-	-	(32,124)
Closing Asset Costs	25,907	309,561	7,367,874	490,593	-	150,000	3,382,468	11,726,403
Accumulated Amortization Cost								
Opening Accumulated Amortization Costs	24,156	255,434	4,469,465	18,272	-	6,000	472,757	5,246,084
Add: Amortization taken	-	15,478	183,019	571	-	3,000	73,813	275,881
Less: Accumulated amortization on disposals	-	-	(189,312)	-	-	-	-	(189,312)
Transfer of Capital Assets related to restructuring (Schedule 11)	-	-	-	-	-	-	-	(32,124)
Closing Accumulated Amortization Costs	24,156	270,912	4,463,172	18,843	-	9,000	546,570	5,332,653
Net Book Value	\$ 1,751	\$ 38,649	\$ 2,904,702	\$ 471,750	\$ -	\$ 141,000	\$ 2,835,898	\$ 6,393,750
								\$ 6,240,106

See notes to consolidated financial statements

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Consolidated Schedule of Accumulated Surplus

As at December 31, 2020

Schedule 8

	2019 (Restated - see note 17)	Changes	2020
UNAPPROPRIATED SURPLUS	\$ 5,253,280	\$ 901,095	\$ 6,154,375
APPROPRIATED RESERVES			
Machinery and Equipment	100,000	100,000	200,000
Public Reserve	11,464	4,765	16,229
Capital Trust	-	-	-
Utility	-	-	-
Other (Landfill Decommission)	180,000	50,000	230,000
Other (Sask Valley Rural Water Utility)	1,193,308	(158,776)	1,034,532
Other (Gravel)	594,650	(83,396)	511,254
Other (Economic Development)	28,000	-	28,000
Other (Hospital Fund)	505,252	103,595	608,847
Total Appropriated	2,612,674	16,188	2,628,862
ORGANIZED HAMLETS			
Organized Hamlet of Blumenthal	144,849	13,388	158,237
Organized Hamlet of Neuanlage	193,595	(280,769)	(87,174)
Total Organized Hamlets	338,444	(267,381)	71,063
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6, 7)	3,534,149	23,703	3,557,852
Tangible capital assets (Schedule 6, 7) - Sask Valley Rural Water Utility	2,705,957	129,941	2,835,898
Less: Related debt (Sask Valley Rural Water Utility)	(369,746)	109,654	(260,092)
Net Investment in Tangible Capital Assets	5,870,360	263,298	6,133,658
Total Accumulated Surplus	\$ 14,074,758	\$ 913,200	\$ 14,987,958

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Mill Rates and Assessments

As at December 31, 2020

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment							
Regional Park Assessment	\$154,046,060	\$141,192,365	\$ -	\$ -	\$ 5,751,100	\$ -	\$300,989,525
Total Assessment	154,046,060	141,192,365	-	-	5,751,100	-	300,989,525
Mill Rate Factor(s)	1.2000	1.2500	-	-	2.0000	-	-
Total Base/Minimum Tax (generated for each property class)	141,000	82,395	-	-	7,000	-	230,395
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	\$ 1,342,559	\$ 1,225,646	\$ -	\$ -	\$ 77,807	\$ -	\$ 2,646,012

MILL RATES:

Average Municipal *	8.7910
Average School	2.7843
Potash Mill Rate	-
Uniform Municipal Mill Rate	6.5000

* Average Mill Rates (multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority)

See notes to consolidated financial statements

RURAL MUNICIPALITY OF ROSTHERN NO. 403

Schedule of Council Remuneration

As at December 31, 2020

Schedule 10

	Name	Remuneration	Reimbursed Costs	Total
Position				
Reeve	Martin Penner	\$ 6,096	\$ 1,317	\$ 7,413
Councillor	Rick Pochipinski	6,734	1,660	8,394
Councillor	Peter Unger	5,058	764	5,822
Councillor	Glenn Braun	6,591	2,375	8,966
Councillor	Leo Perrin	4,451	255	4,706
Councillor	Victor Janzen	4,665	714	5,379
Councillor	Robert Baynton	4,230	869	5,099
Councillor	Tom Madden	5,745	1,205	6,950
Total		<u>\$ 43,570</u>	<u>\$ 9,159</u>	<u>\$ 52,729</u>

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT

Account	Prelim	Adj's	Adj Annotation	L/S
110-110-110 Cash - On Hand - PettyCast	300.00	0.00	300.00 NM	A
110-110-120 Cash - Bank - Demand	4,297,749.06	0.00	4,297,749.06 26.1	A
110-110-130 Cash - Bank - Term Deposit	2,104,320.00	0.00	2,104,320.00 20.2	A
110-110-150 Cash - Bank-Neuanlage	245,243.73	(311.93)	244,931.80 20.7	A
110-110-160 Cash - Bank-Blumenthal	153,461.07	(176.37)	153,284.70 20.8	A
110-110-170 Cash - Bank- Public Reserve	15,047.66	4,890.73	19,938.39 20.9	A
110-110-190 Cash - Bank- Capital Resen	200,000.00	0.00	200,000.00 20.6	A
110-110-200 Cash - Bank - Hospital Func	608,873.48	(5.00)	608,868.48 20.3	A
110-110-210 Cash-Bank-Landfill Decomrr	230,004.62	0.00	230,004.62 20.4	A
110-110-220 Cash - Bank - Gravel - Capil	392,274.07	0.00	392,274.07 20.6	A
110-110-230 Cash - Bank - Foth Road Fu	80,000.00	2.00	80,002.00 20.2	A
110-110-240 Cash - SVRWU	610,127.00	(105,290.00)	504,837.00	A
110-110-250 Cash - Short Term Investme	207,792.00	3,626.00	211,418.00	A
110-200-100 Municipal - Tax Receivable	223,807.03	0.00	223,807.03 26.1	C
110-210-100 Prairie Spirit School Div. #	86,816.59	0.00	86,816.59 26.1	C
110-210-400 Tax Enforce Costs Receivat	460.65	0.00	460.65 26.1	C
110-320-100 Accounts Receivable	12,143.52	0.00	12,143.52 26.4	C. 1
110-320-105 AR-SVRWU Subscriber Loa	364,892.00	(83,611.00)	281,281.00	C. 2
110-320-106 AR-SVRWU - Water Fees	31,561.00	(10,596.00)	20,965.00	C. 1
110-340-100 GST Receivable - 100% Rel	43,432.93	(4,675.80)	38,757.13 26.5	C. 1
110-340-105 GST - SVRWU	12,534.00	4,309.00	16,843.00	C. 1
110-410-050 Tax Title Property	426.44	0.00	426.44 30.1	D
110-410-100 Less: School #1 - Tax Enf. L	(102.29)	0.00	(102.29) 26.2	D
120-110-200 Deposits (Information Servic	116.31	0.00	116.31 NM	L
120-200-110 Inventory - Gravel	272,425.47	4,659.67	277,085.14 30.2	D. 1
120-200-500 Inventory - Pest / Weed Cor	404.14	0.00	404.14 30.3	D. 1
170-100-100 Land - Cost	21,064.00	0.00	21,064.00	U
170-100-110 Land Improvements - Cost	28,549.00	0.00	28,549.00 \	U
170-100-120 Land Improvements - Accun	(18,843.00)	0.00	(18,843.00) \	U
170-100-200 Buildings - Cost	270,920.00	0.00	270,920.00 \	U
170-100-210 Buildings - Accum Amortizat	(86,649.00)	0.00	(86,649.00) \	U
170-100-300 Machinery-Heavy Equipmen	1,855,719.23	378,828.77	2,234,548.00	U
170-100-310 Machinery - Heavy Eqmt - A	(1,130,401.00)	275,488.00	(854,913.00)	U
170-100-400 Transportation Vehicles - Cc	422,588.00	33,600.00	456,188.00	U
170-100-410 Transportation Vehicles - Ac	(320,154.00)	(49,873.00)	(370,027.00)	U
170-100-560 Office Furniture & Equip - C	11,407.00	0.00	11,407.00 \	U
170-100-570 Office Furniture & Equip. -	(11,406.00)	0.00	(11,406.00) \	U
170-100-600 Infrastructure - Road/Str Co	4,276,732.00	0.00	4,276,732.00 \	U
170-100-610 Infrastructure - Rd/St Const	(3,444,245.00)	0.00	(3,444,245.00)	U
170-100-620 Infrastructure - Landfill	462,044.39	0.00	462,044.39	U
170-100-640 Infrastructure - Bridge Cons	582,483.00	0.00	582,483.00 \	U
170-100-650 Infrastructure Cost - SVRWU	3,178,714.00	203,754.00	3,382,468.00	U
170-100-660 Infrastructure Amort - SVRW	(472,757.00)	(73,813.00)	(546,570.00)	U
210-200-160 GWL Insurance Payable	2,269.89	(2,269.89)	0.00	BB
210-200-300 General Accounts Payable	(46,800.87)	(113,147.40)	(159,948.27) 52.1	BB
210-200-305 AP-SVRWU	(33,398.00)	32,585.00	(813.00)	BB
210-200-510 GST Collections	(4,675.80)	4,675.80	0.00	BB
210-200-600 PST Payable	(24.00)	0.00	(24.00) NM	BB

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-1

Account	Prelim	Adj's	Adj Annotation	L/S
210-210-100 Prairie Spirit School Collec	1,417.57	0.00	1,417.57 26.2	BB
210-250-100 Due To Prairie Spirit Sch #2	(86,816.59)	0.00	(86,816.59) 26.2	C
210-300-900 Deposits-Building Performar	(51,600.00)	0.00	(51,600.00) 60.1	HH. 1
210-300-905 Deferred Revenue - SVRWL	(200.00)	200.00	0.00 NM	HH
210-400-300 Overpaid Taxes - Received	596.48	(589,856.00)	(589,259.52)	HH
210-400-900 Suspense	(3,209.92)	0.00	(3,209.92) 2	BB
210-500-100 Accrued Landfill Costs	(262,053.00)	0.00	(262,053.00) 3	NN
210-600-100 Public Reserve Liability	(5,377.80)	0.00	(5,377.80) \	TT. 1
210-600-110 Term 002 - Gravel Reserve	(1,550.00)	0.00	(1,550.00) \	TT. 1
210-600-120 Long Term Debt - SVRWU	(369,745.00)	109,653.00	(260,092.00)	KK
210-900-900 Allowance - Tax Title Proper	(324.15)	0.00	(324.15) 30.1	D
310-100-100 Future Expenditure/Capital	(200,000.00)	0.00	(200,000.00) \	TT. 1
310-100-200 Reserve - Gravel	(509,704.23)	0.00	(509,704.23) \	TT. 1
310-100-300 Reserve -Economic Develop	(28,000.00)	0.00	(28,000.00) \	TT. 1
310-100-500 Reserve - Public Reserve	(10,851.15)	0.00	(10,851.15) \	TT. 1
310-100-700 Reserve - Hospital Fund	(608,847.25)	0.00	(608,847.25) \	TT. 1
310-100-710 Reserve-Landfill Decommis	(230,000.00)	0.00	(230,000.00) \	TT. 1
310-110-100 Liability:Blumenthal Trust	(158,237.22)	0.00	(158,237.22) 70.2	TT. 1
310-110-200 Liability: Re:Neuanlage Trus	87,173.93	0.00	87,173.93 70.1	TT. 1
390-900-910 Current Year's Surplus	(9,428,928.92)	629,901.18	(8,799,027.74)	TT. 1
390-900-915 Surplus - SVRWU	(3,529,519.00)	(80,818.00)	(3,610,337.00)	TT. 1
410-110-100 General Municipal Levy	(2,644,508.18)	0.00	(2,644,508.18) 4 80.1	311
410-130-100 Discount on Municipal Tax -	113,181.99	0.00	113,181.99 5	311
410-400-210 Penalty on Mun Taxes Arre	(12,622.05)	0.00	(12,622.05)	311
420-100-100 F&C - Custom Work- Grade	(2,162.50)	0.00	(2,162.50)	314
420-100-110 F&C - Custom Work - Snow	(4,677.50)	0.00	(4,677.50)	314
420-100-120 F&C - Custom Work - Mowir	(900.00)	0.00	(900.00)	314
420-110-900 F&C- Tax Enforcement Cost	(25.75)	0.00	(25.75)	312
420-200-100 F&C - Road Maint Agreeeme	(11,716.64)	0.00	(11,716.64) 6	314
420-200-300 F&C - Sale of R.M. Maps	(1,628.30)	0.00	(1,628.30)	312
420-200-400 F&C - Sale of Pest Control F	(7,717.20)	0.00	(7,717.20)	315
420-200-800 F&C - Sale of Supplies - Cul	(40.00)	0.00	(40.00)	314
420-300-100 F & C - Rentals-Land/Buildir	(848.97)	0.00	(848.97)	312
420-300-110 F&C - Neuanlage Hall Rente	(1,741.69)	0.00	(1,741.69)	317
420-400-300 F&C - Fire Fees-Rosthern	(11,217.28)	0.00	(11,217.28)	313
420-400-310 F&C- Fire Fees-Hague	(15,454.68)	0.00	(15,454.68)	313
420-400-320 F&C - Fire Fees - Laird	(2,100.00)	0.00	(2,100.00)	313
420-400-700 F&C - SVRW - Admin Fees	(8,750.24)	0.00	(8,750.24)	313
420-530-300 F&C - Subdivision/ Dcretion	(19,242.60)	0.00	(19,242.60)	314
420-700-200 F&C - Permits -Over Weight	(9,785.72)	0.00	(9,785.72)	314
420-710-100 F&C - Permits-Building/Con	(63,463.71)	0.00	(63,463.71) 7	316
420-710-200 F&C - Revoked Building Bor	(3,000.00)	0.00	(3,000.00)	316
420-800-100 F&C - Tax Certificate	(3,542.09)	0.00	(3,542.09)	312
420-800-200 F&C - General Office Misc.	(11,919.34)	1,300.00	(10,619.34)	312
420-800-220 F&C - Municipal Reserve Cc	(6,120.00)	(4,764.75)	(10,884.75)	312
420-800-230 NSF Fees	(165.00)	0.00	(165.00)	312
440-100-100 Water Fees	0.00	(618,074.00)	(618,074.00) 8	318
450-105-100 Unconditional Provincial Gra	(330,575.00)	25,575.00	(305,000.00) 9 80.2	312

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-2

Account	Prelim	Adj's	Adj Annotation	L/S
450-110-100 Unconditional - (Revenue St	(636,404.00)	137,204.00	(499,200.00) ¹⁰ 80.2	311
450-120-100 Unconditional - Neuanlage F	(72,122.00)	0.00	(72,122.00) ¹⁰ 80.2	311
450-120-101 Unconditional - Blumenthal f	(15,070.00)	0.00	(15,070.00) ¹⁰ 80.2	311
450-120-110 Unconditional - Neuanlage C	(3,515.00)	0.00	(3,515.00)	312
450-120-111 Unconditional- Blumenthal C	(814.61)	0.00	(814.61)	312
450-140-101 Safe Restart	0.00	(137,204.00)	(137,204.00)	311
450-340-100 Conditional - Prov - Gas Tax	(203,550.00)	203,550.00	0.00 ¹¹ 80.2	314
450-410-100 Conditional - Local - Pest C	(4,911.01)	0.00	(4,911.01)	315
450-420-100 Conditional - Local - Weed C	(7,152.41)	0.00	(7,152.41)	315
450-430-100 Conditional - Local - Beaver	(285.00)	0.00	(285.00)	315
450-500-100 GIL - Federal	(11,347.47)	0.00	(11,347.47)	311
450-730-100 GIL - Local - Treaty Land	(5,087.96)	0.00	(5,087.96)	311
460-220-500 TS - Sale of Machinery/Eqm	(18,738.30)	90,579.15	71,840.85 NA	314
470-100-100 Interest Revenue	(82,120.83)	365.32	(81,755.51) 80.3	312
480-150-100 Donations-Trans Gas	(544.00)	0.00	(544.00)	314
510-110-108 GG - All Council Travel/Expe	8,347.20	0.00	8,347.20	581
510-110-109 GG - Council Indemnity - All	44,118.57	2,025.00	46,143.57 ¹²	581
510-110-120 GG - Hamlet Board Indemn	300.00	0.00	300.00	581
510-110-121 GG-Hamlet Board Indemnity	3,900.00	0.00	3,900.00	581
510-110-230 GG - Salaries - Administrati	111,107.90	0.00	111,107.90 ¹³	581
510-130-230 GG - Benefits Administrator	19,919.88	2,269.89	22,189.77	581
510-200-110 GG - Cont. - Legal	37,155.29	0.00	37,155.29	581
510-200-130 GG - Cont. - Audit/Accountir	5,820.46	0.00	5,820.46	581
510-200-150 GG - Cont. - Assessment - S	27,526.00	0.00	27,526.00	581
510-200-170 GG - Cont. - Advertising	3,471.92	0.00	3,471.92	581
510-200-200 GG - Cont. - Printing	1,730.64	0.00	1,730.64	581
510-210-120 GG - Council - Workshop Re	1,772.32	0.00	1,772.32	581
510-210-150 GG - Council - Convention/C	4,106.40	(2,025.00)	2,081.40	581
510-210-170 GG - Admin. - Training, Trav	4,079.02	0.00	4,079.02	581
510-220-100 GG - Cont. - Office Caretaki	1,131.35	0.00	1,131.35	581
510-230-100 GG - Cont. - Insurance - Ge	18,802.28	0.00	18,802.28	581
510-240-100 GG - Cont. - Memberships &	15,508.74	0.00	15,508.74	581
510-250-150 GG - Cont. - ISC	216.00	0.00	216.00	581
510-260-150 GG - Cont. - Elections	2,915.77	0.00	2,915.77	581
510-270-150 GG - Cont. - Office Repairs/	4,388.56	0.00	4,388.56	581
510-280-100 GG - Cont. - Postage Machi	557.65	0.00	557.65	581
510-280-131 GG - Cont. - Debit Machine	398.25	0.00	398.25	581
510-290-100 GG - Cont. - Bank Charges/	507.26	0.00	507.26	581
510-300-110 GG - Utility - Heat	823.08	0.00	823.08	581
510-300-120 GG - Utility - Power	1,419.46	0.00	1,419.46	581
510-300-130 GG - Utility - Water	852.34	0.00	852.34	581
510-300-140 GG - Utility - Phone/Securit	4,059.18	0.00	4,059.18	581
510-400-110 GG - Maint. - Stationery Sup	9,838.87	0.00	9,838.87	581
510-410-140 GG - Maint. - Office Supplie	3,546.47	0.00	3,546.47	581
510-410-160 GG - Maint. - Office -Softw	12,627.06	0.00	12,627.06	581
510-450-100 GG - Maint. - Election Suppl	185.75	0.00	185.75	581
510-480-100 GG - Maint. - Service Award	2,966.09	0.00	2,966.09	581
510-490-100 GG - Maint. - Office Repairs	100.70	0.00	100.70	581

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-3

Account	Prelim	Adj's	Adj Annotation	L/S
510-600-130 GG - Purchase of Cap Asse	30,932.92	(30,932.92)	0.00	581
510-600-299 GG - Amort - Bldgs/Impr & E	3,000.00	(3,000.00)	0.00	581
520-100-100 PS - Twin Rivers Joint Resc	0.00	11,040.00	11,040.00 14	583
520-100-101 PS - Regional Resiliency Sp	2,517.18	0.00	2,517.18	583
520-210-110 PS - Police - Contracted Ser	121,265.29	0.00	121,265.29	583
520-450-100 PS - BE -Bylaw Enf Officer	0.00	14,556.59	14,556.59 15	583
525-110-110 PS - Hague Fire Fees	7,360.00	0.00	7,360.00 16	583
525-110-111 PS- Hague Fire - Expenses	27,371.00	0.00	27,371.00 17	583
525-110-120 PS - Rosthern Fire Fees	1,054.70	0.00	1,054.70	583
525-110-121 PS- Rosthern Fire Expenses	0.00	22,963.86	22,963.86 18	583
525-110-200 PS - Laird Fire Expenses	2,100.00	0.00	2,100.00 19	583
525-210-100 PS - Dispatching Fees	2,875.00	0.00	2,875.00	583
525-600-399 PS - Fire - Amort - Machiner	0.00	15,478.00	15,478.00 NA	583
530-110-100 TS - MAINT.Wages-Forema	81,542.24	4,219.00	85,761.24	584
530-110-101 TS - MAINT. -Clothing Allow	835.46	0.00	835.46	584
530-110-150 TS - Maint. - Salaries - Sea	205,523.47	(1,300.00)	204,223.47	584
530-120-120 TS - Maint. - Benefits Forem	17,478.07	0.00	17,478.07	584
530-120-121 TS - Maint. - Benefits Seaso	47,631.31	0.00	47,631.31	584
530-120-124 TS - Maint. - Benefits - Wor	5,250.91	0.00	5,250.91	584
530-210-130 TS - Maint. - Contract - Leg	13,090.63	0.00	13,090.63	584
530-240-100 TS - Maint. - Advertising	140.00	0.00	140.00	584
530-250-100 TS - Maint. - Travel, Meal &	570.50	0.00	570.50	584
530-260-100 TS - Maint. - Insurance/Vehi	5,481.04	0.00	5,481.04	584
530-300-110 TS - Maint. - Utility - Heat	2,410.74	0.00	2,410.74	584
530-300-120 TS - Maint. - Utility - Powe	1,737.20	0.00	1,737.20	584
530-300-130 TS - Maint. - Utility - Wate	833.25	0.00	833.25	584
530-300-140 TS - Maint. - Utility - Phon	2,725.07	0.00	2,725.07	584
530-300-150 TS - Maint. - Utility - Radi	317.84	0.00	317.84	584
530-310-100 TS - Utility-Neuanlage Utili	13,451.13	0.00	13,451.13	584
530-310-200 TS - Utility-Blumenthal Stre	20,800.21	0.00	20,800.21 20	584
530-400-110 TS - Maint. - Shop Supplies	5,403.66	0.00	5,403.66	584
530-410-100 TS - Maint. - Shop Tools	9,583.17	0.00	9,583.17	584
530-420-101 TS-Maint- Unit #1 G970 (CR	15,242.05	0.00	15,242.05	584
530-420-102 TS-Maint.- Unit #2 Koma (R'	5,985.60	0.00	5,985.60	584
530-420-104 TS - Maint.- Unit #9 - D6 Re	56.53	0.00	56.53	584
530-420-105 TS - Maint. - Unit #8 -TS14	5,246.14	0.00	5,246.14	584
530-420-106 TS -Maint-Unit #12- JD7410	2,362.79	0.00	2,362.79	584
530-420-107 TS - Maint.-Unit#7 Semi -Re	16,869.58	0.00	16,869.58	584
530-420-108 TS - Maint. - MOWERS Rep	3,539.49	0.00	3,539.49	584
530-420-110 TS - Maint.-Unit #6 WTruck	2,752.03	0.00	2,752.03	584
530-420-111 TS - Maint.-Unit #11 BHoe F	5,215.76	0.00	5,215.76	584
530-420-112 TS- Maint -Unit#4 G970 (DE	566.52	0.00	566.52	584
530-420-113 TS - Maint.-Unit#14 FuelW	15.80	0.00	15.80	584
530-420-114 TS - Maint.-Unit #5 New Tru	1,648.40	0.00	1,648.40	584
530-420-115 TS - Maint.-Unit#10-JD6130	4,508.53	0.00	4,508.53	584
530-420-116 TS- Maint- Unit # 3 - Brandt	2,143.00	0.00	2,143.00	584
530-425-110 TS - Maint. - Fuel	117,529.93	0.00	117,529.93	584
530-425-111 TS - Maint. -Oil & Filters	7,312.69	0.00	7,312.69	584

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-4

Account	Prelim	Adj's	Adj Annotation	L/S
530-430-120 TS - Maint. - Machine - Blad	49,587.22	(31,906.08)	17,681.14	584
530-440-100 TS - Maint. - Gravel/Sand	431,142.42	(4,659.67)	426,482.75 ²¹	584
530-450-100 TS - Maint. - Culverts	11,382.26	0.00	11,382.26	584
530-460-100 TS - Maint. - Road Repair	5,618.28	0.00	5,618.28 ²²	584
530-460-110 TS - Maint. - Brush Work / M	2,150.00	0.00	2,150.00	584
530-470-100 TS - Maint. - Road/Street Si	2,647.30	0.00	2,647.30	584
530-470-111 TS - Maint- Road Maintenanc	164,890.10	(3,253.00)	161,637.10 ²³	584
530-470-112 TS-Maint.-Road Maintenanc	1,022.07	(966.00)	56.07	584
530-490-120 TS - Maint. - Other	10,742.50	0.00	10,742.50	584
530-500-110 TS - Maint. -Beaver Control	570.00	0.00	570.00	584
530-600-130 TS - Purchase of Cap Asset	629,480.92	(629,480.92)	0.00	584
530-600-190 TS - Purchase of Cap Asset	155,173.81	0.00	155,173.81	584
530-600-199 TS - Maint. - Amort - Land I	63,396.00	0.00	63,396.00 ^{NA}	584
530-600-299 TS - Maint. - Amort - Bldgs/	2,163.00	0.00	2,163.00	584
530-600-399 TS - Maint. - Amort - Machir	169,241.00	(51,781.00)	117,460.00 ^{NA}	584
530-900-110 TS - Maint. - GPS System	2,289.60	0.00	2,289.60	584
535-425-114 TS - Const- 99 Road Repair	319,781.60	0.00	319,781.60 ²⁴	584
540-200-110 EH - Cont. - Waste Disposal	17,186.52	0.00	17,186.52	585
540-200-111 EH- Waste Disposal Supplie	1,599.52	0.00	1,599.52	585
540-200-112 EH - Waste Disposal Power	659.34	0.00	659.34	585
540-200-113 EH - Waste Disposal Recycl	7,156.14	0.00	7,156.14	585
540-200-115 EH-Landfill Benefits	1,081.81	0.00	1,081.81	585
540-200-120 EH - Waste Collection-Neua	70,118.53	0.00	70,118.53	585
540-200-121 EH - Waste Collection-Blum	7,997.59	0.00	7,997.59	585
540-210-100 EH - Cont.Wages - Pest Coi	8,942.70	0.00	8,942.70	585
540-210-200 EH - Cont. Wages - Weed C	8,114.70	0.00	8,114.70	585
540-210-300 EH - Cont. - Landfill -Study	72,930.37	0.00	72,930.37 ²⁵	585
540-250-200 EH&W - -Cont.Other Service	1,000.00	0.00	1,000.00	585
540-420-100 EH - Maint. - Pest Control S	8,796.04	0.00	8,796.04	585
540-430-100 EH - Maint. - Weed Control	3,815.46	0.00	3,815.46	585
540-600-199 EH&W - Amort - Land Impr	571.00	0.00	571.00	585
560-200-111 P&D-Cont-Neuanlage Subdi	2,769.56	0.00	2,769.56	586
560-430-100 P&D - Building Inspection	49,130.48	0.00	49,130.48 ²⁶	586
570-430-110 R&C -Blumenthal Recreation	13,134.73	0.00	13,134.73 ²⁷	587
570-430-111 R&C- Neuanlage Recreation	70,474.26	0.00	70,474.26 ²⁸	587
570-430-170 R&C -Neuanlage Communit	4,195.47	0.00	4,195.47 ²⁹	587
570-500-110 R&C - Grants with Local Go	40,451.00	20,772.38	61,223.38 ³⁰	587
570-500-111 R&C- Grants & Contribution	(27,371.00)	27,371.00	0.00	587
570-500-112 R&C - Twin Rivers Admin / C	200.00	0.00	200.00	587
570-500-120 R&C - Grants - Regional Pa	10,000.00	0.00	10,000.00	587
570-500-121 R&C-Donations-Other	7,020.00	0.00	7,020.00	587
570-500-130 R&C - Grants - Regional Lit	9,591.00	0.00	9,591.00	587
570-500-131 R&C - Grants-Hague Library	3,261.20	0.00	3,261.20	587
570-500-132 R&C - Grants-Rosthern Libr	0.00	16,443.57	16,443.57 ³¹	587
570-600-299 R&C Amort-Buildings	0.00	3,000.00	3,000.00	587
580-100-100 Water Expenses	0.00	463,444.00	463,444.00 ³²	588
580-100-105 Water Amortization	0.00	73,813.00	73,813.00 ^{NA}	588
590-110-100 Transfer to Reserves	153,595.00	(153,595.00)	0.00	TT. 1

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-5

Account	Prelim	Adj's	Adj Annotation	L/S
590-110-101 Transfer to Hamlet Reserve	13,388.36	(13,388.36)	0.00	TT. 1
590-140-100 Transfer to Tangable Capita	100,000.00	(100,000.00)	0.00	TT. 1
590-190-100 Transfer to Gravel Capital	(83,395.93)	83,395.93	0.00	TT. 1
590-500-100 Transfer to Public Reserve	4,764.75	(4,764.75)	0.00	TT. 1
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

Net Income (Loss)

525,058.50

913,200.83

1. Missed claiming some gst, \$18,910.86 will be added to next rebate.

2. Amounts Received as payment in December of 2020 but receipted in the 2021 year, amounts are moved to receivables January 2021.

3. Landfill didn't close like it was expected to in 2018. New cell will be built in the summer of 2019 at which time the old cell will be decommissioned.

4. Subdivision / new builds.

SMS 4/19/21

5. Discount rate changed from last year to this year.

SMS 4/19/21

6. 2019 had Foth funds and new subdivision funds, these did not occur in 2020

SMS 4/19/21

7. More permits / types of builds went up.

SMS 4/19/21

8. Consolodated numbers

SMS 3/31/21

9. MEPP Grant

SMS 4/19/21

10. Revenue Sharing Grant

SMS 4/19/21

11. Gas Tax Grant

SMS 4/19/21

12. We added the Council to the payroll system in 2020 and the account used in 2019 was no longer

Rural Municipality of Rosthern No. 403**TB CLIENT-6**

Year End: December 31, 2020

Trial balance for client

Account	Prelim	Adj's	Adj Annotation	L/S
used.				
SMS 4/19/21				
13. We had the office part time went on disability the employee quit when she was to come back and the position was changed to 1 day a week position as it is now.				
SMS 4/19/21				
14. 2020 's amount is 11,040 looks like it was paid in February 2021 - how do you want to fix this? looks like all the amounts were paid 2021 rather than 2020				
We will set up A/P				
SMS 4/19/21				
15. 2020 's amount is 14,556.59 looks like it was paid in February 2021 - how do you want to fix this? looks like all the amounts were paid 2021 rather than 2020				
We will set up A/P				
SMS 4/19/21				
16. Less fires / charges were billed to the RM in 2020				
SMS 4/19/21				
17. Wrong account must have been used in 2019				
SMS4/19/21				
18. 2020 's amount is 22,963.86 looks like it was paid in February 2021 - how do you want to fix this? looks like all the amounts were paid 2021 rather than 2020				
We will set up A/P				
SMS 4/19/21				
19. 2018/2019 paid same year Village office changed administrators was not billed for 2018 till end of 2019 - 2020 was paid in 2021 January.				
SMS 4/19/21				
20. They installed new street lights				
SMS 4/19/21				
21. The RM purchased large amount of gravel.				

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-7

Account	Prelim	Adj's	Adj Annotation	L/S
SMS 4/1/21				
22. The RM contributed to dust control in 2019 for Neuanlage - did not in 2020				
SMS 4/19/21				
23. The RM did less road maintance within the hamlet				
SMS 4/19/21				
24. This was the 99 road repairs - this does not happen every year				
SMS 4/19/21				
25. In 2019 capitalized the landfill cell				
2020 is all engineering fees				
SMS 4/19/21				
26. More inspections happen and we have changed inspectors				
SMS 4/19/21				
27. 2019 they purchased playground equipment				
SMS 4/19/21				
28. New rink boards in the amount of 28,270.20				
SMS 4/19/21				
29. The hall had less expenses in 2020				
SMS 4/19/21				
30. Looks like some 2018 grants were paid in 2019				
2020 's amount is 48,143.38 looks like it was paid in February 2021 - how do you want to fix this? looks like all the amounts were paid 2021 rather than 2020				
We will set up A/P				
SMS 4/19/21				
31. 2020 's amount is 16,443.57 looks like it was paid in February 2021 - how do you want to fix				

Rural Municipality of Rosthern No. 403

Year End: December 31, 2020

Trial balance for client

TB CLIENT-8

Account	Prelim	Adj's	Adj Annotation	L/S
this? looks like all the amounts were paid 2021 rather than 2020				
We will set up A/P				
SMS 4/19/21				
32. Consolodation numbers				
SMS 3/31/21				



Reporting

R.M. of Rosthern No. 403

For the year ended December 31, 2020

Report to Council
Audit strategy and results

Purpose of report and scope

The purpose of this report dated **August 31, 2021** is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of R.M. of Rosthern No. 403 (the "Municipality") for the year ended December 31, 2020. This communication will assist you in understanding our overall audit strategy and results. The information in this document is intended solely for the information and use of **council** and should not be distributed to other parties.

The purpose of our audit, our responsibilities and your responsibilities were communicated to you in our signed engagement letter dated **May 12, 2020**.

We were engaged to provide the following deliverables:

- Financial statements and independent auditor's report

Audit approach

Our audit approach involves identifying and assessing risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Misstatements, including omissions, are material if they could reasonably be expected to influence the economic decisions made by users based on the consolidated financial statements. Ultimately, materiality is a measure of the significance of items to financial statement users, taking both quantitative and qualitative considerations into account. Without this concept, auditors would need to verify every transaction, which would not generally be practical, useful or cost effective. We apply a materiality threshold as a basis for focusing our audit work and, ultimately, to determine what matters will be brought to your attention and what adjustments need to be made to the consolidated financial statements.

The greater the risk of material misstatement associated with an area of the consolidated financial statements, the greater the audit emphasis placed on it in terms of verification. Where the nature of a risk is such that it requires special audit consideration, it is classified as a significant risk.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected, and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with you.

Auditor's report modifications

Our auditor's report contained the following modifications:

- We were not able to observe the counting of inventories at December 31, 2020 and December 31, 2019 or satisfy ourselves by alternative means concerning inventory quantities as at those dates. As a result of this matter, we were unable to determine whether adjustments might have been necessary in respect of the surplus of revenues over expenses and cash flows from operating activities for the years ended December 31, 2020 and December 31, 2019, inventory reported in supplies on the statement of financial position as at December 31, 2020 and December 31, 2019 and accumulated surplus as at December 31, 2020, January 1, 2020 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.
- As outlined in Note 8 to the financial statements, the Municipality maintains a solid waste landfill site for which it has recorded an estimate of its closure and post-closure liabilities, but in a manner that is not consistent with Canadian public sector accounting standards. This constitutes a departure from Canadian public sector accounting standards, which require the closure and post-closure liabilities to be recognized on a volumetric basis as the landfill site capacity is used, beginning when the site first accepts waste. This is the result of a cost-benefit decision taken by management not to engage a third party to determine the liability until the site is closed. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to the surplus of revenues over expenses and cash flows for the year ended December 31, 2020 and December 31, 2019, landfill closure and post-closure liabilities as at December 31, 2020 and December 31, 2019 and net financial assets as at January 1 and December 31, 2020 and January 1 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified in respect of this departure from Canadian public sector accounting standards.

Audit results

Area of focus	Matter, response and findings
Significant risk: fraud via management override of internal control	<p>Per the Canadian auditing standards, this is a presumed significant risk. The risk relates to management's ability to override the controls surrounding financial reporting in order to report improved financial results, manipulate particular financial statement areas, or perpetrate other financial fraud.</p> <p>Our audit procedures included testing journal entries, testing and analyzing significant accounting estimates for evidence of management bias, and reviewing significant transactions outside the normal course of business. Our audit procedures did not uncover any significant issues.</p>
Significant risk: fraud in revenue recognition	<p>Per the Canadian auditing standards, there is a presumed significant risk of fraud in revenue recognition. The risk is presumed to apply because past history indicates that, in financial statement frauds, revenue is an area that is commonly manipulated.</p> <p>Our audit procedures included testing revenue-related journal entries, determining that revenue recognition policies were reasonable based on the accounting standards followed by the Municipality, and were consistently applied, reviewing subsequent receipts to determine appropriate cutoff, and inquiry with administrator on variances. Our audit procedures did not uncover any significant issues.</p>
Significant transactions	<p>During the year, the Municipality completed the following significant transaction: Grader purchase</p>
Accounting practices	<p>As part of our audit, we considered the Municipality's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The accounting practices applied are consistent with those applied in the prior year and appear to be appropriate based on the Municipality's circumstances</p>
COVID-19	<p>The COVID-19 virus became widespread in January 2020 and the magnitude of its impact increased thereafter. Management has determined that it is unknown to what extent the events of COVID-19 will impact the Municipality, however they could play a significant factor on the community in their ability to pay and service their taxes, as well as the utilization of taxes held by Municipality. The Municipality has determined that the events of COVID-19 are non-adjusting subsequent events and has included the appropriate disclosures in the consolidated financial statements.</p>
Prior period adjustment	<p>During 2020 it was determined that Gas Tax Program funding recognized as revenue from the Province of Saskatchewan in 2019 and certain prior years had not met all criteria to be recognized as a government transfer. As a result, the previously recorded revenues required adjustment. The Municipality has treated this adjustment as an error.</p>

We are required to report to you all significant findings from our audit, including - identified or suspected fraud, non-compliance with laws or regulations, unreasonable requests by management not to send confirmation requests, major adjustments to opening balances, related party matters, going concern issues and significant audit difficulties encountered. Our audit did not identify any significant findings other than those included in the table above.

Uncorrected misstatements

Rural Municipality of Rosthern No. 403 Year End: December 31, 2020 Schedule of Unadjusted Errors

Refno	Description	Assets	Liabilities	Equity	Income	Expenses
Unrecorded - judgmental						
2	To record accrued interest	<u>6,257.08</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,257.08)</u>	<u>0.00</u>
		<u>6,257.08</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,257.08)</u>	<u>0.00</u>
	Understated/(Overstated)	<u><u>6,257.08</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>(6,257.08)</u></u>	<u><u>0.00</u></u>

Our audit identified the unadjusted non-trivial misstatements noted in the table above, which have not been adjusted because you consider them to be immaterial, both individually and in aggregate.

Our audit identified the unadjusted non-trivial misstatements of disclosure matters noted below, which have not been adjusted because current Provincial reporting requirements, which the Municipality is required to conform with, conflict with current Public Sector Accounting Standards (PSAS) reporting requirements:

- Taxes and Other Unconditional Revenue is presented as one line item on the statement of operations. PSAS requires that the statement of operations should report significant types of revenue separately, which would require these two types of revenue be reported separately. This disclosure constitutes a departure from PSAS.
- Financial statement Note 3 includes disclosure of school taxes receivable. The municipality is required to collect these taxes but is not entitled to them and as such they should not be disclosed in this note as a receivable, despite being deducted from the total taxes receivable balance reported on the statement of financial position. This disclosure constitutes a departure from PSAS.
- Schedules 4 and 5 which provide segment disclosure by function does not present segment revenue and expense before inter segment eliminations. This disclosure constitutes as departure from PSAS.

Other matters

Internal control

We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to Council those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

Please refer to Appendix A for a detailed explanation of the following internal control observations noted during our audit:

- Lack of segregation of duties

Independence

We have a rigorous process where we continually monitor and maintain our independence. We have determined that the following information regarding our independence should be brought to your attention:

A self-review threat exists in relation to the audit due to the fact that, in addition to performing the audit engagement, we draft the consolidated financial statements and propose journal entries. This threat is mitigated by ensuring that you understand, take responsibility for and approve the consolidated financial statements and journal entries.

Technical updates

Section PS 3400 *Revenues*

New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:

- Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer
- Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer

Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset.

Effective date: Fiscal years beginning on or after April 1, 2023.

Section PS 3450 *Financial instruments*, Section PS 1201 *Financial statement presentation*, PS 3041 *Portfolio investments*, and PS 3280 *Asset retirement obligations*

PS 3450 *Financial instruments* is a new Section that establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Some highlights of the requirements include:

- a public sector entity should recognize a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument
- financial instruments within the scope of the Section are assigned to one of two measurement categories: fair value, or cost / amortized cost
- almost all derivatives are measured at fair value
- fair value measurement is required for portfolio investments in equity instruments that are quoted in an active market
- other financial assets and financial liabilities are generally measured at cost or amortized cost
- until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses
- when the public sector entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category
- additional disclosures with respect to financial instruments will be required, including the nature and extent of risks arising from a public sector entity's financial instruments.

PS 1201 *Financial statement presentation* revises and replaces Section PS 1200 *Financial statement presentation*. The main amendment to this Section is the addition of the statement of remeasurement gains and losses.

PS 3041 *Portfolio investments* revises and replaces Section PS 3040 *Portfolio investments*.

Effective date: Fiscal years beginning on or after April 1, 2022

Section PS 3280 *Asset retirement obligations*

New Section PS 3280 *Asset Retirement Obligations* establishes standards on how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.

Asset retirement costs associated with a tangible capital asset increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. Measurement of the liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date. A present value technique is often the best method to estimate the liability. Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.

As a result of the issuance of Section PS 3280, the Public Sector Accounting Board (PSAB) approved the withdrawal of Section PS 3270 *Solid waste landfill closure and post-closure liability* as asset retirement obligations associated with landfills will be within the scope of PS 3280. PS 3280 does not address costs related to remediation of contaminated sites, which will continue to be addressed in Section PS 3260 *Liability for contaminated sites*. Some consequential amendments have been made to PS 3260 to conform with PS 3280 and further clarify the scope of each standard.

Effective date: Fiscal years beginning on or after April 1, 2022.

Appendix A - Internal control deficiencies

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the consolidated financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

The matters reported below are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate. Had we performed more extensive procedures on internal control, including procedures subsequent to **December 31, 2020**, we might have identified more deficiencies or reached different conclusions about the deficiencies reported.

Significant deficiencies

Our audit identified the following significant deficiencies in internal control:

Significant deficiency	Description	Management's response
Lack of segregation of duties in the accounting function	There is currently a lack of segregation of duties within the municipality. The administrator has total access to and control over all the municipality's record-keeping. If duties are not separated between multiple employees, there is an increased risk that the administrator could make unintentional errors or fraudulent entries and that these mispostings could go undetected.	We recommend that Council consider introducing new controls to improve their oversight of the functions of the administrator. Such controls could include reviewing the bank reconciliation or reviewing journal entries on a monthly basis.

Other deficiencies

Our audit identified the following other deficiencies in internal control:

Deficiency	Description	Management's response
Lack of formal assessment of business risks	It was noted that the municipality does not have a formal risk assessment process but rather an ad hoc process exists.	Management along with Council should regularly discuss potential business risks, identify when a risk may be significant to the operations and ultimately implement a relevant internal control to mitigate the specific significant risk.
Lack of formal internal control evaluations	It was noted that the municipality does not have a formal process to evaluate internal controls.	Management along with Council should regularly select, develop, and perform ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning. Then management should evaluate and communicate internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Council, as appropriate