
TOWN OF CUT KNIFE

FINANCIAL STATEMENTS

DECEMBER 31, 2020



Vantage
CHARTERED PROFESSIONAL ACCOUNTANTS

Management's Responsibility

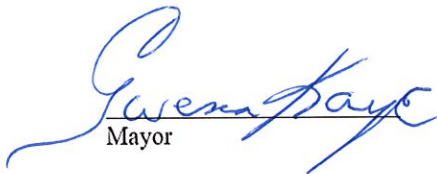
To the Ratepayers of Town of Cut Knife

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

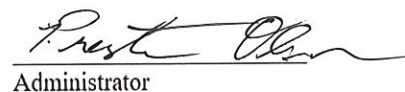
In discharging its responsibilities for the integrity and fair presentation of the financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Council is composed of elected officials who are not employees of the municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

Vantage, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Mayor



Administrator

June 14, 2021

INDEPENDENT AUDITORS' REPORT

Mayor and Council
Town of Cut Knife
Cut Knife, Saskatchewan

Qualified Opinion

We have audited the accompanying financial statements of the Town of Cut Knife, which comprise the statement of financial position as at December 31, 2020, the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Cut Knife as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The municipality has interests in the Cut Knife & District Fire Association and the Cut Knife Recreation Board which are government partnerships. The municipality has not recorded in its financial statements these interests using the proportionate consolidation method, which constitutes a departure from Canadian Public Sector Accounting Standards. The effect on the financial statements of the failure to consolidate has not been determined.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town of Cut Knife in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town of Cut Knife's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Vantage Chartered Professional Accountants, featuring the word "Vantage" in a stylized, cursive script.

Chartered Professional Accountants

North Battleford, Saskatchewan
June 14, 2021

Town of Cut Knife
Statement of Financial Position
As at December 31, 2020

Statement 1

	2020	2019
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	1,066,391	925,713
Taxes Receivable - Municipal (Note 3)	139,533	147,598
Other Accounts Receivable (Note 4)	229,541	152,128
Land for Resale (Note 5)	171,260	157,616
Long-Term Investments (Note 6)	4,256	3,780
Debt Charges Recoverable		
Other (<i>Specify</i>)		
Total Financial Assets	1,610,981	1,386,835
LIABILITIES		
Credit Union Indebtedness (Note 7)		
Accounts Payable	137,435	22,273
Accrued Liabilities Payable		
Deposits	12,000	10,500
Deferred Revenue		
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Long-Term Debt (Note 8)		
Lease Obligations (Note 9)	445,554	496,107
Total Liabilities	594,989	528,880
NET FINANCIAL ASSETS (DEBT)	1,015,992	857,955
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	2,749,313	2,772,302
Prepayments and Deferred Charges		
Stock and Supplies		
Other (Note 10)	6,292	5,852
Total Non-Financial Assets	2,755,605	2,778,154
ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)	3,771,597	3,636,109

Town of Cut Knife
Statement of Operations
For the year ended December 31, 2020

Statement 2

	2020 Budget	2020	2019
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	846,300	913,429	850,604
Fees and Charges (Schedule 4, 5)	637,770	748,665	625,747
Conditional Grants (Schedule 4, 5)	2,230	88,695	2,229
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)		(7,003)	4,156
Land Sales - Gain (Schedule 4, 5)		14,310	
Investment Income and Commissions (Schedule 4, 5)	17,000	11,002	19,223
Restructurings (Schedule 4,5)			
Other Revenues (Schedule 4, 5)	200	2,694	75
Total Revenues	1,503,500	1,771,792	1,502,034
EXPENSES			
General Government Services (Schedule 3)	353,310	315,910	301,262
Protective Services (Schedule 3)	122,400	71,965	78,652
Transportation Services (Schedule 3)	607,630	475,185	382,523
Environmental and Public Health Services (Schedule 3)	133,500	133,271	135,862
Planning and Development Services (Schedule 3)	2,750	4,116	1,665
Recreation and Cultural Services (Schedule 3)	36,070	179,155	45,809
Utility Services (Schedule 3)	475,020	507,750	407,930
Restructurings (Schedule 3)			
Total Expenses	1,730,680	1,687,352	1,353,703
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(227,180)	84,440	148,331
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	34,307	51,048	66,676
Surplus (Deficit) of Revenues over Expenses	(192,873)	135,488	215,007
Accumulated Surplus (Deficit), Beginning of Year	3,636,109	3,636,109	3,421,102
Accumulated Surplus (Deficit), End of Year	3,443,236	3,771,597	3,636,109

Town of Cut Knife
Statement of Change in Net Financial Assets
For the year ended December 31, 2020

Statement 3

	2020 Budget	2020	2019
Surplus (Deficit)	(192,873)	135,488	215,007
(Acquisition) of tangible capital assets		(167,234)	(133,586)
Amortization of tangible capital assets		122,694	121,845
Proceeds on disposal of tangible capital assets		60,526	64,464
Loss (gain) on disposal of tangible capital assets		7,003	(4,156)
Transfer of assets/liabilities in restructuring transactions			
Surplus (Deficit) of capital expenses over expenditures		22,989	48,567
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense		(440)	(5,349)
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures		(440)	(5,349)
Increase/Decrease in Net Financial Assets	(192,873)	158,037	258,225
Net Financial Assets (Debt) - Beginning of Year	857,955	857,955	599,730
Net Financial Assets (Debt) - End of Year	665,082	1,015,992	857,955

Town of Cut Knife
Statement of Cash Flow
For the year ended December 31, 2020

Statement 4

	2020	2019
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	135,488	215,007
Amortization	122,694	121,845
Loss (gain) on disposal of tangible capital assets	7,003	(4,156)
	265,185	332,696
Change in assets/liabilities		
Taxes Receivable - Municipal	8,065	(4,217)
Other Receivables	(77,413)	(2,182)
Land for Resale	(13,644)	
Other Financial Assets		
Accounts and Accrued Liabilities Payable	115,162	(27,826)
Deposits	1,500	1,250
Deferred Revenue		
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies		
Prepayments and Deferred Charges		
Other (Specify)	(440)	(5,349)
Cash provided by operating transactions	298,415	294,372
Capital:		
Acquisition of tangible capital assets	(167,234)	(133,586)
Proceeds on disposal of tangible capital assets	60,526	64,464
Other capital		
Cash applied to capital transactions	(106,708)	(69,122)
Investing:		
Long-term investments	(476)	(782)
Other investments		
Cash provided by (applied to) investing transactions	(476)	(782)
Financing:		
Debt charges recovered		
Long-term debt issued		
Long-term debt repaid	(50,553)	(48,707)
Other financing		
Cash provided by (applied to) financing transactions	(50,553)	(48,707)
Change in Cash and Temporary Investments during the year	140,678	175,761
Cash and Temporary Investments - Beginning of Year	925,713	749,952
Cash and Temporary Investments - End of Year	1,066,391	925,713

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies

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

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable and expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

- a) **Reporting Entity:** The financial statements consolidate the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

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

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

- d) **Deferred Revenue:** Fees and charges: Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.
- e) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- f) **Net Financial Assets:** Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- g) **Non-Financial Assets:** Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.
- h) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.
- i) **Property Tax Revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- j) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment. The long term investments in the Saskatchewan Association of Rural Municipalities - Self Insurance Fund are accounted for on the equity basis.

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies - continued

- k) **Inventories:** Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

- l) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant deflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. Tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The municipality's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Land Improvements	15 Yrs
Buildings	40 Yrs
Vehicles and Equipment	
Vehicles	10 Yrs
Machinery and Equipment	3 to 20 Yrs
Infrastructure Assets	
Infrastructure Assets	
Water and Sewer	40 to 75 Yrs
Road Network Assets	15 to 40 Yrs

[If method other than straight line used the method must be separately disclosed]

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.

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

- m) **Landfill Liability:** The Town of Cut Knife maintains a waste transfer station.
- n) **Employee Benefit Plans:** Contributions to the municipality's defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the municipality's obligations are limited to their contributions.
- o) **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:
- an environmental standard exists;
 - contamination exceeds the environmental standard;
 - the municipality:
 - is directly responsible; or
 - accepts responsibility;
 - it is expected that future economic benefits will be given up; and
 - a reasonable estimate of the amount can be made.

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies - continued

- p) **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 is 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.

- q) **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.

- r) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on May 11, 2020.

New Standards and Amendments to Standards:

- s) **Effective for Fiscal Years Beginning On or After April 1, 2022:**

PS 1201 Financial Statement Presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of re-measurement gains and losses separate from the statement of operations arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign Currency Translation, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses.

PS 3041 Portfolio Investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instrument that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

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

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

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

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

2. Cash and Temporary Investments

	2020	2019
Cash on Hand	250	250
Cash	866,043	863,721
Restricted Cash	200,098	61,742
Total Cash and Temporary Investments	1,066,391	925,713

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 current purposes is included in restricted cash.]

3. Taxes Receivable - Municipal

	2020	2019
Municipal - Current	76,968	91,570
- Arrears	127,565	121,028
	204,533	212,598
- Less Allowance for Uncollectible	(65,000)	(65,000)
Total municipal taxes receivable	139,533	147,598
School - Current	13,290	15,305
- Arrears	16,887	17,938
Total school taxes receivable	30,177	33,243
Other		
Total taxes and grants in lieu receivable	169,710	180,841
Deduct taxes receivable to be collected on behalf of other organizations	(30,177)	(33,243)
Total Taxes Receivable - Municipal	139,533	147,598

4. Other Accounts Receivable

	2020	2019
Federal Government	41,838	13,575
Provincial Government		
Local Government		
Utility	119,220	126,112
Trade	43,443	11,886
Other (Specify)	27,943	3,458
Total Other Accounts Receivable	232,444	155,031
Less: Allowance for Uncollectible	(2,903)	(2,903)
Net Other Accounts Receivable	229,541	152,128

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

5. Land for Resale

	2020	2019
Tax Title Property	104,473	89,140
Allowance for market value adjustment	(45,881)	(44,192)
Net Tax Title Property	58,592	44,948
Other Land	267,067	267,067
Allowance for market value adjustment	(154,399)	(154,399)
Net Other Land	112,668	112,668
Total Land for Resale	171,260	157,616

6. Long-Term Investments

	2020	2019
Co-op shares and credit union equity	4,256	3,780
Total Long-Term Investments	4,256	3,780

7. Credit Union Indebtedness

Credit Arrangements

At December 31, 2020, the Municipality had a line of credit totaling \$100,000, none of which was drawn.

8. Long-Term Debt

The debt limit of the municipality is \$1,241,755. 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)).

9. Lease Obligations

The Royal Bank lease is payable at \$34,361 semi-annually plus applicable taxes, with a termination date of August 28, 2028 and a purchase option of \$1.

Future minimum lease payments under the capital lease together with the balance of the obligation due under the capital lease are as follows:

Year	Payment Amount
2021	68,722
2022	68,722
2023	68,722
2024	68,722
2025	68,722
Thereafter	171,805
Total future minimum lease payments	515,415
Amounts representing interest at a weighted average rate of 3.76%	(69,861)
Capital Lease Liability	445,554

10. Other Non-financial Assets

	2020	2019
Deposits and prepaid expenses	6,292	5,852

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2020

11. Pension Plan

The municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multiemployer 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's pension expense in 2020 was \$23,189. 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.

12. Comparative Figures

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

13. Subsequent Events

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern." This coronavirus continues to spread throughout the world and has adversely impacted global commercial activity and has contributed to significant declines and volatility in financial markets. The extent of COVID-19's effect on the municipality's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. The rapid development and fluidity of this situation make it impossible to ascertain the ultimate adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the municipality, its performance, and its financial results.

Town of Cut Knife

Schedule of Taxes and Other Unconditional Revenue

For the year ended December 31, 2020

Schedule 1

	2020 Budget	2020	2019
TAXES			
General municipal tax levy	623,000	623,795	622,513
Abatements and adjustments	(2,500)	(2,184)	(5,803)
Discount on current year taxes	(20,000)	(17,986)	(20,000)
Net Municipal Taxes	600,500	603,625	596,710
Potash tax share			
Trailer license fees			
Penalties on tax arrears	30,250	38,393	33,253
Special tax levy			
Other (<i>Specify</i>)			
Total Taxes	630,750	642,018	629,963
UNCONDITIONAL GRANTS			
Revenue Sharing	131,750	131,749	118,939
Safe Restart Program		34,182	
Total Unconditional Grants	131,750	165,931	118,939
GRANTS IN LIEU OF TAXES			
Federal	12,000	20,751	27,763
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel	1,300	1,405	1,405
Other (<i>Specify</i>)	8,000	8,337	8,337
Local/Other			
Housing Authority	9,000	9,521	9,521
C.P.R. Mainline			
Treaty Land Entitlement			
Other (<i>Specify</i>)			
Other Government Transfers			
S.P.C. Surcharge	38,500	45,492	39,237
Sask Energy Surcharge	15,000	19,974	15,439
Other (<i>Specify</i>)			
Total Grants in Lieu of Taxes	83,800	105,480	101,702
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	846,300	913,429	850,604

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work			
- Sales of supplies	100		100
- Other (<i>Specify</i>)	20,820	31,710	19,744
Total Fees and Charges	20,920	31,710	19,844
- Tangible capital asset sales - gain (loss)			
- Land sales - gain		14,310	
- Investment income and commissions	17,000	11,002	19,223
- Other (<i>Specify</i>)	200	2,694	75
Total Other Segmented Revenue	38,120	59,716	39,142
Conditional Grants			
- Student Employment			
- Other (MEEP)		82,356	
Total Conditional Grants		82,356	
Total Operating	38,120	142,072	39,142
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Restructuring Revenue (<i>Specify, if any</i>)			
Total General Government Services	38,120	142,072	39,142

PROTECTIVE SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (<i>Specify</i>)	10,000	6,267	7,504
Total Fees and Charges	10,000	6,267	7,504
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	10,000	6,267	7,504
Conditional Grants			
- Student Employment			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	10,000	6,267	7,504
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Local government			
- Other (<i>Specify</i>)			
Total Capital			
Restructuring Revenue (<i>Specify, if any</i>)			
Total Protective Services	10,000	6,267	7,504

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 2

	2020 Budget	2020	2019
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	4,600	3,141	5,270
- Sales of supplies			
- Road Maintenance and Restoration Agreements			
- Frontage			
- Other (<i>Specify</i>)			
Total Fees and Charges	4,600	3,141	5,270
- Tangible capital asset sales - gain (loss)		(7,003)	4,156
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	4,600	(3,862)	9,426
Conditional Grants			
- MREP (CTP)			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	4,600	(3,862)	9,426
Capital			
Conditional Grants			
- Federal Gas Tax			
- MREP (Heavy Haul, CTP, Municipal Bridges)			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Restructuring Revenue (<i>Specify, if any</i>)			
Total Transportation Services	4,600	(3,862)	9,426

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	55,000	50,281	50,461
- Other (<i>Specify</i>)	70,800	150,483	66,993
Total Fees and Charges	125,800	200,764	117,454
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	125,800	200,764	117,454
Conditional Grants			
- Student Employment			
- TAPD			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	125,800	200,764	117,454
Capital			
Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)	500	337	709
Total Capital	500	337	709
Restructuring Revenue (<i>Specify, if any</i>)			
Total Environmental and Public Health Services	126,300	201,101	118,163

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 3

	2020 Budget	2020	2019
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges			
- Other (<i>Specify</i>)			
Total Fees and Charges			
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue			
Conditional Grants			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating			
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Restructuring Revenue (<i>Specify, if any</i>)			
Total Planning and Development Services			

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (<i>Specify</i>)			
Total Fees and Charges			
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue			
Conditional Grants			
- Student Employment	2,230	6,339	2,229
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants	2,230	6,339	2,229
Total Operating	2,230	6,339	2,229
Capital			
Conditional Grants			
- Federal Gas Tax			
- Local government			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Restructuring Revenue (<i>Specify, if any</i>)			
Total Recreation and Cultural Services	2,230	6,339	2,229

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 4

	2020 Budget	2020	2019
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	292,450	316,671	291,481
- Sewer	90,000	94,073	89,880
- Other (<i>Specify</i>)	94,000	96,039	94,314
Total Fees and Charges	476,450	506,783	475,675
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	476,450	506,783	475,675
Conditional Grants			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	476,450	506,783	475,675
Capital			
Conditional Grants			
- Federal Gas Tax	33,807	50,711	65,967
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital	33,807	50,711	65,967
Restructuring Revenue (<i>Specify, if any</i>)			
Total Utility Services	510,257	557,494	541,642
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	691,507	909,411	718,106

SUMMARY

Total Other Segmented Revenue	654,970	769,668	649,201
Total Conditional Grants	2,230	88,695	2,229
Total Capital Grants and Contributions	34,307	51,048	66,676
Restructuring Revenue			
TOTAL REVENUE BY FUNCTION	691,507	909,411	718,106

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2020

Schedule 3 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	13,750	18,544	14,647
Wages and benefits	106,230	112,452	101,576
Professional/Contractual services	203,680	134,508	124,053
Utilities	10,700	12,048	8,664
Maintenance, materials and supplies	18,950	23,359	13,000
Grants and contributions - operating			
- capital			
Amortization		14,999	14,156
Interest			
Allowance for uncollectible			25,000
Other (<i>Specify</i>)			166
General Government Services	353,310	315,910	301,262
Restructuring (<i>Specify, if any</i>)			
Total General Government Services	353,310	315,910	301,262

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	44,000	44,613	43,063
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Other (<i>Specify</i>)			

Fire protection

Wages and benefits			
Professional/Contractual services	28,400	27,352	27,316
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital	50,000		8,273
Amortization			
Interest			
Other (<i>Specify</i>)			

Protective Services	122,400	71,965	78,652
Restructuring (<i>Specify, if any</i>)			
Total Protective Services	122,400	71,965	78,652

TRANSPORTATION SERVICES

Wages and benefits	162,730	176,772	145,361
Professional/Contractual Services	84,470	70,674	50,308
Utilities	30,880	29,461	27,665
Maintenance, materials, and supplies	299,550	141,274	94,591
Gravel	30,000	18,328	25,645
Grants and contributions - operating			
- capital			
Amortization		38,676	38,953
Interest			
Other (<i>Specify</i>)			

Transportation Services	607,630	475,185	382,523
Restructuring (<i>Specify, if any</i>)			
Total Transportation Services	607,630	475,185	382,523

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2020

Schedule 3 - 2

	2020 Budget	2020	2019
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	27,000	23,609	20,936
Professional/Contractual services	100,100	109,041	109,336
Utilities			
Maintenance, materials and supplies	3,900	621	3,090
Grants and contributions - operating	2,500		2,500
o Waste disposal			
o Public Health			
- capital			
o Waste disposal			
o Public Health			
Amortization			
Interest			
Other (<i>Specify</i>)			
Environmental and Public Health Services	133,500	133,271	135,862
Restructuring (Specify, if any)			
Total Environmental and Public Health Services	133,500	133,271	135,862

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits			
Professional/Contractual Services	2,750	4,116	1,665
Grants and contributions - operating			
- capital			
Amortization			
Interest			
Other (<i>Specify</i>)			
Planning and Development Services	2,750	4,116	1,665
Restructuring (Specify, if any)			
Total Planning and Development Services	2,750	4,116	1,665

RECREATION AND CULTURAL SERVICES

Wages and benefits			
Professional/Contractual services	9,490	11,120	9,391
Utilities	2,330	3,282	1,971
Maintenance, materials and supplies	1,250	160	1,197
Grants and contributions - operating	22,000	160,218	30,000
- capital			
Amortization		3,250	3,250
Interest			
Allowance for uncollectible			
Other (<i>Specify</i>)	1,000	1,125	
Recreation and Cultural Services	36,070	179,155	45,809
Restructuring (Specify, if any)			
Total Recreation and Cultural Services	36,070	179,155	45,809

Schedule 3 - 3

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Town of Cut Knife
Schedule of Segment Disclosure by Function
For the year ended December 31, 2020

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	31,710	6,267	3,141	200,764			506,783	748,665
Tangible Capital Asset Sales - Loss			(7,003)					(7,003)
Land Sales - Gain	14,310							14,310
Investment Income and Commissions	11,002							11,002
Other Revenues	2,694							2,694
Grants - Conditional	82,356					6,339		88,695
- Capital				337			50,711	51,048
Restructurings								
Total Revenues	142,072	6,267	(3,862)	201,101		6,339	557,494	909,411
Expenses (Schedule 3)								
Wages and Benefits	130,996		176,772	23,609			89,119	420,496
Professional/Contractual Services	134,508	71,965	70,674	109,041	4,116	11,120	237,796	639,220
Utilities	12,048		29,461			3,282	35,396	80,187
Maintenance Materials and Supplies	23,359		159,602	621		160	59,745	243,487
Grants and Contributions						160,218		160,218
Amortization	14,999		38,676			3,250	65,769	122,694
Interest							19,925	19,925
Allowance for Uncollectible								
Restructurings								
Other						1,125		1,125
Total Expenses	315,910	71,965	475,185	133,271	4,116	179,155	507,750	1,687,352
Surplus (Deficit) by Function	(173,838)	(65,698)	(479,047)	67,830	(4,116)	(172,816)	49,744	(777,941)

Taxes and other unconditional revenue (Schedule 1)	913,429
Net Surplus (Deficit)	135,488

Town of Cut Knife
Schedule of Segment Disclosure by Function
For the year ended December 31, 2019

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	19,844	7,504	5,270	117,454			475,675	625,747
Tangible Capital Asset Sales - Gain			4,156					4,156
Land Sales - Loss								
Investment Income and Commissions	19,223							19,223
Other Revenues	75							75
Grants - Conditional						2,229		2,229
- Capital				709			65,967	66,676
Restructurings								
Total Revenues	39,142	7,504	9,426	118,163		2,229	541,642	718,106
Expenses (Schedule 3)								
Wages and Benefits	116,223		145,361	20,936			66,229	348,749
Professional/Contractual Services	124,053	70,379	50,308	109,336	1,665	9,391	189,113	554,245
Utilities	8,664		27,665			1,971	31,380	69,680
Maintenance Materials and Supplies	13,000		120,236	3,090		1,197	35,707	173,230
Grants and Contributions		8,273		2,500		30,000		40,773
Amortization	14,156		38,953			3,250	65,486	121,845
Interest							20,015	20,015
Allowance for Uncollectible	25,000							25,000
Restructurings								
Other	166							166
Total Expenses	301,262	78,652	382,523	135,862	1,665	45,809	407,930	1,353,703
Surplus (Deficit) by Function	(262,120)	(71,148)	(373,097)	(17,699)	(1,665)	(43,580)	133,712	(635,597)
Taxes and other unconditional revenue (Schedule 1)								850,604
Net Surplus (Deficit)								215,007

Town of Cut Knife
Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2020

Schedule 6

		2020						2019	
		General Assets					Infrastructure Assets	General/ Infrastructure	
		Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Linear assets	Assets Under Construction	Total
Assets	Asset costs								
	Opening Asset Costs	98,060		1,063,512	54,010	233,350	3,673,593	785	5,123,310
	Additions during the year	4,331				110,717	52,186		167,234
	Disposals and write-downs during the year					(67,529)			(67,529)
	Transfers (from) assets under construction	785			10,000	(10,000)		(785)	Nil
	Transfer of capital assets related to restructuring (Schedule 11)								
	Closing Asset Costs	103,176		1,063,512	64,010	266,538	3,725,779	Nil	5,223,015
Amortization	Accumulated Amortization Costs								
	Opening Accumulated Amortization Costs			571,478	37,757	112,658	1,629,115		2,351,008
	Add: Amortization taken			35,575	6,401	6,312	74,406		122,694
	Less: Accumulated amortization on disposals								(5,500)
	Transfer of capital assets related to restructuring (Schedule 11)								
	Closing Accumulated Amortization Costs			607,053	44,158	118,970	1,703,521		2,473,702
	Net Book Value	103,176		456,459	19,852	147,568	2,022,258		2,749,313
									2,772,302

1. Total contributed/donated assets received in 2020

Nil

are:

- Infrastructure Assets

Nil

- Vehicles

Nil

- Machinery and Equipment

Nil

3. Amount of interest capitalized in Schedule 6

Nil

Town of Cut Knife
Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2020

Schedule 7

		2020						2019	
		General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Water and Sewer	
								Total	Total
Assets	Asset costs								
	Opening Asset Costs	257,338	9,000	1,283,864			398,079	3,175,029	5,123,310
	Additions during the year		52,186	110,717				4,331	167,234
	Disposals and write-downs during the year			(67,529)					(67,529)
	Transfer of capital assets related to restructuring (Schedule 11)								(65,808)
Closing Asset Costs		257,338	61,186	1,327,052			398,079	3,179,360	5,223,015
Amortization	Accumulated Amortization Costs								
	Opening Accumulated Amortization Costs	117,826	6,400	890,124			120,650	1,216,008	2,351,008
	Add: Amortization taken	14,999		38,676			3,250	65,769	122,694
	Less: Accumulated amortization on disposals								(5,500)
	Transfer of capital assets related to restructuring (Schedule 11)								
Closing Accumulated Amortization Costs		132,825	6,400	928,800			123,900	1,281,777	2,473,702
Net Book Value		124,513	54,786	398,252			274,179	1,897,583	2,749,313
									2,772,302

Town of Cut Knife
Schedule of Accumulated Surplus
For the year ended December 31, 2020

Schedule 8

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	382,690	48,477	431,167

APPROPRIATED RESERVES

Machinery and Equipment	16,040		16,040
Public Reserve	4,895		4,895
Capital Trust	50,000		50,000
Utility	15,328		15,328
Other (<i>Specify</i>)	394,854	110,000	504,854
Total Appropriated	481,117	110,000	591,117

ORGANIZED HAMLETS (add lines if required)

Organized Hamlet of (Name)			
Organized Hamlet of (Name)			
Organized Hamlet of (Name)			
Organized Hamlet of (Name)			
Organized Hamlet of (Name)			
Organized Hamlet of (Name)			
Total Organized Hamlets			

INVESTMENT IN TANGIBLE CAPITAL ASSETS

Tangible capital assets (Schedule 6, 7)	2,772,302	(22,989)	2,749,313
Less: Related debt			
Net Investment in Tangible Capital Assets	2,772,302	(22,989)	2,749,313

Total Accumulated Surplus	3,636,109	135,488	3,771,597
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Town of Cut Knife
Schedule of Mill Rates and Assessments
For the year ended December 31, 2020

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial and Industrial	Potash Mine(s)	
Taxable Assessment	88,880	20,885,840			8,403,300		29,378,020
Regional Park Assessment							
Total Assessment							29,378,020
Mill Rate Factor(s)	1.0000	1.0000			1.0000		
Total Base/Minimum Tax (generated for each property class)	1,200	154,200			33,600		189,000
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	2,515	463,311			157,969		623,795

MILL RATES:	MILLS
Average Municipal*	21.2334
Average School*	
Potash Mill Rate	4.7268
Uniform Municipal Mill Rate	14.8000

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

Town of Cut Knife
Schedule of Council Remuneration
For the year ended December 31, 2020

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Gwenn Kaye	6,725	194	6,919
Councillor	Lyle Cronk	2,225		2,225
Councillor	Lucinda Heupel	250		250
Councillor	Jason Lloyd	1,963		1,963
Councillor	Douglas Robertson	2,725		2,725
Councillor	Alfred Roschker	1,987		1,987
Councillor	Daryl Sperling	2,475		2,475
Total		18,350	194	18,544