

RURAL MUNICIPALITY OF THE GAP #39

FINANCIAL STATEMENTS

For the year ended December 31, 2020

RURAL MUNICIPALITY OF THE GAP #39
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STATEMENT OF RESPONSIBILITY

To the Ratepayers of the Rural Municipality of The Gap #39:

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

In discharging its responsibilities for the integrity and fairness 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 Rural Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfills these responsibilities by reviewing the financial information prepared by administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Rural Municipality's external auditors.

Sensus Chartered Professional Accountants Ltd., 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 administration to discuss their audit findings.

Reeve

Administrator

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of:
Rural Municipality of The Gap #39
Ceylon, Saskatchewan

Opinion

We have audited the financial statements of the Rural Municipality of The Gap #39, which are comprised of the statement of financial position as at December 31, 2020 and the statement of operations, statement of changes in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Rural Municipality of The Gap #39 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Rural Municipality of The Gap #39 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we 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.

Comparative Figures

The financial statements for the year ended December 31, 2019 were audited by another public accounting firm who expressed a qualified opinion dated April 8, 2020.

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 Rural Municipality of The Gap #39'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 Rural Municipality of The Gap #39 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Rural Municipality of The Gap #39's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Municipality of The Gap #39'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 Rural Municipality of The Gap #39's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Rural Municipality of The Gap #39 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.

Yorkton Saskatchewan
April 14, 2021



Chartered Professional Accountants Ltd.

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 2,385,849	\$ 2,206,230
Taxes receivable - municipal (Note 3)	10,319	9,848
Amounts receivable (Note 4)	44,093	60,221
Land for resale (Note 5)	1,728	1,728
Portfolio investments (Note 6)	44,411	42,430
TOTAL FINANCIAL ASSETS	2,486,400	2,320,457
LIABILITIES		
Accounts payable and accrued liabilities	131,666	18,433
Deferred revenue (Notes 1 and 7)	55	
TOTAL LIABILITIES	131,721	18,433
NET FINANCIAL ASSETS	2,354,679	2,302,024
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedules 6 and 7)	1,336,973	1,432,407
Inventories (Note 1)	371,483	163,454
Prepaid expenses		449
TOTAL NON-FINANCIAL ASSETS	1,708,456	1,596,310
ACCUMULATED SURPLUS (Schedule 8)	\$ 4,063,135	\$ 3,898,334
COMMITMENTS AND CONTINGENCIES (Note 9)		

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT OF OPERATIONS
 For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
REVENUE			
Taxes and other unconditional revenue (Schedule 1)	\$ 801,649	\$ 804,920	\$ 783,700
Fees and charges (Schedules 4 and 5)	108,315	140,862	89,556
Conditional grants (Schedules 4 and 5)	15,800	18,944	15,874
Tangible capital asset sales - gain (Schedules 4 and 5)			43,810
Investment income and commissions (Schedules 4 and 5)	41,629	38,595	46,532
Other revenues (Schedules 4 and 5)	9,200	15,333	13,659
	976,593	1,018,654	993,131
EXPENSES			
General government services (Schedule 3)	191,895	205,166	216,397
Protective services (Schedule 3)	12,100	18,143	13,031
Transportation services (Schedule 3)	496,316	604,348	482,701
Environmental and public health services (Schedule 3)	43,763	45,682	34,279
Planning and development services (Schedule 3)	3,285	10,250	14,720
Recreation and cultural services (Schedule 3)	15,667	14,818	13,245
Utility services (Schedule 3)	3,200	1,660	2,923
	766,226	900,067	777,296
SURPLUS BEFORE OTHER CAPITAL CONTRIBUTIONS	210,367	118,587	215,835
Provincial/Federal capital grants and contributions (Schedules 4 and 5)	11,741	46,214	27,698
ANNUAL SURPLUS	222,108	164,801	243,533
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,898,334	3,898,334	3,654,801
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,120,442	\$ 4,063,135	\$ 3,898,334

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
ANNUAL SURPLUS	\$ 222,108	\$ 164,801	\$ 243,533
Acquisition of tangible capital assets	(19,780)	(18,100)	(288,640)
Amortization of tangible capital assets	113,534	113,534	101,708
Gain on sale of tangible capital assets			(43,810)
Proceeds on sale of tangible capital assets			45,000
Decrease (increase) in inventories		(208,029)	24,400
Decrease (increase) in prepaid expenses		449	(449)
	93,754	(112,146)	(161,791)
CHANGE IN NET FINANCIAL ASSETS	\$ 315,862	52,655	81,742
NET FINANCIAL ASSETS, BEGINNING OF YEAR		2,302,024	2,220,282
NET FINANCIAL ASSETS, END OF YEAR		\$ 2,354,679	\$ 2,302,024

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT OF CASH FLOWS
 For the year ended December 31, 2020

	2020	2019
OPERATING TRANSACTIONS		
Annual surplus	\$ 164,801	\$ 243,533
Changes in non-cash items:		
Taxes receivable - municipal	(471)	(4,621)
Amounts receivable	16,128	(6,742)
Inventories	(208,029)	24,400
Prepaid expenses	449	(449)
Accounts payable and accrued liabilities	113,233	11,505
Deferred revenue	55	
Gain on sale of tangible capital assets		(43,810)
Amortization	113,534	101,708
Cash provided by operating transactions	199,700	325,524
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets		45,000
Acquisition of tangible capital assets	(18,100)	(288,640)
Cash applied to capital transactions	(18,100)	(243,640)
INVESTING TRANSACTIONS		
Purchase of portfolio investments	(1,981)	(2,736)
Cash applied to investing transactions	(1,981)	(2,736)
INCREASE IN CASH AND TEMPORARY INVESTMENTS	179,619	79,148
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	2,206,230	2,127,082
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 2,385,849	\$ 2,206,230

RURAL MUNICIPALITY OF THE GAP #39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rural Municipality are 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 are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognized revenue as they become available and measurable; 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.

Reporting Entity

The financial statements consolidate the assets, liabilities, and flow of resources of the Rural Municipality. The entity is comprised of all of the organizations that are owned or controlled by the Rural Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. The assets, liabilities, and operations of the Recreation Boards are not included in these financial statements except for any assistance to the Recreation Boards, as Council's position is that it does not control the Recreation Boards.

Collection of Funds for Other Authorities

Collection of funds by the Rural Municipality for the school board, municipal hail, and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in Note 3.

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) eligibility criteria have been met by the recipient; and
- c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue. Earned government transfer amounts not received will be recorded as an amount receivable.

Deferred Revenue

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.

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Local Improvement Charges

Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

Net-Financial Assets

Net-financial assets at the end of the 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.

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.

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.

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.

Portfolio Investments

Portfolio investments are valued at the lower of cost and market value, less any provisions for other than temporary impairment. The long-term investments in the Saskatchewan Rural Municipalities - Self-Insurance Fund are accounted for on the equity basis.

Inventories

Inventories of materials and supplies expected to be used by the Rural 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 based on the actual cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business.

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

All tangible capital asset acquisitions or betterment made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired 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 tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The costs of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The Rural 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 and equipment	
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure Assets	
Infrastructure assets	30 to 75 years
Water & sewer	25 years
Road network assets	40 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 Rural Municipality does not capitalize interest incurred while a tangible capital asset is under construction.

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. 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 (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

Landfill Liability

The Rural Municipality does not maintain a waste disposal site. Ratepayers of the Rural Municipality use various landfills in the area for waste disposal.

Trust Funds

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

Employee Benefit Plans

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

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 Rural 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.

RURAL MUNICIPALITY OF THE GAP #39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 collectibility 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.

Basis of Segmentation/Segment Report

The Rural Municipality has adopted the new 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 attributable 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 administration of the Rural Municipality.

Protective services: Is comprised of expenses for police and fire protection.

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

Environmental and public health: Environmental segment provides waste disposal and other environmental services and the public health segment provides for expenses related to public health services in the Rural Municipality.

Planning and development: Provides for neighbourhood development and sustainability.

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

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

Budget Information

Budget information is presented on a basis consistent with that used for the actual results. The budget was approved by council on June 24, 2020.

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards and Amendments to Standards

Effective for Fiscal Years Beginning On or After April 1, 2022:

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

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

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

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. This standard requires fair value measurement of derivatives and equity instruments 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 a 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 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 the 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.

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments are comprised of the following:

	2020	2019
Cash	\$ 602,879	\$ 216,922
Temporary investments	1,782,970	1,989,308
	\$ 2,385,849	\$ 2,206,230

Cash and temporary investments include balances with banks and term deposits. Temporary investments represent investments in redeemable term deposits held at Radius Credit Union Ltd. and earn interest at rates between 1.8% and 2.5% (2019 - 1.8% and 2.5%) and have maturity dates ranging from September 2021 to October 2023.

3. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	2020	2019
Municipal - Current	\$ 9,641	\$ 9,848
- Arrears	678	
Total municipal taxes receivable	10,319	9,848
School - Current	3,015	3,511
- Arrears	321	
Total school taxes receivable	3,336	3,511
Municipal hail insurance	4,833	2,090
Total taxes and grants-in-lieu receivable	18,488	15,449
Deduct taxes receivable to be collected on behalf of other organizations	(8,169)	(5,601)
Municipal and grants-in-lieu taxes receivable	\$ 10,319	\$ 9,848

4. AMOUNTS RECEIVABLE

Amounts receivable are valued at their net realized value.

	2020	2019
Provincial government	\$ 18,944	\$ 14,315
Federal government	13,786	4,547
Organizations and individuals	7,794	33,323
Accrued interest	3,569	8,036
	\$ 44,093	\$ 60,221

RURAL MUNICIPALITY OF THE GAP #39
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended December 31, 2020

5. LAND FOR RESALE

	2020	2019
Tax Title Property	\$ 15,284	\$ 15,284
Allowance for market value adjustment	(13,556)	(13,556)
Total Land for Resale	\$ 1,728	\$ 1,728

6. PORTFOLIO INVESTMENTS

Saskatchewan Association of Rural Municipalities - Self Insurance Fund	\$ 44,411	\$ 42,430
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The investments in the Saskatchewan Rural - Self Insurance Fund are accounted for on the equity basis.

7. DEFERRED REVENUE

	2020	2019
Prepaid taxes	\$ 55	\$

8. LONG-TERM DEBT

The debt limit of the Rural Municipality is \$760,562. The debt limit for a Rural Municipality is the total amount of the Rural Municipality's own source revenues for the preceding year (the *Municipalities Act* Section 161(1)).

9. CONTINGENCIES

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

RURAL MUNICIPALITY OF THE GAP #39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. PENSION PLAN

The Rural Municipality is an employer member of the Municipal Employment 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 benefits. The Rural Municipality's pension expense in 2020 was \$23,675 (2019 - \$23,478). The benefits accrued to the Rural Municipality's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook Section PS3250.

11. COMPARATIVE FIGURES

The financial statements for the year ended December 31, 2019 were audited by another public accounting firm who expressed a qualified opinion dated April 8, 2020.

12. COMMITMENTS

On January 11, 2017, the Rural Municipality committed to providing the Radville and Distric Health Care Foundation \$7,559 per year, for five years. There is one year remaining on this commitment.

13. GOVERNMENT ASSISTANCE

In response to the pandemic, the Provincial and Federal governments have provided funds to municipalities in order to stimulate economic recovery and enhance infection protection and control measures in their operations. Through the Municipal Economic Enhancement Program (MEEP), the Rural Municipality received funds of \$28,602 and these funds were approved to be spent on crushing traffic gravel. As of December 31, 2020, \$273,097 was spent on this project. In addition, the Safe Restart Program provided \$11,871 in unconditional funding to the Rural Municipality.

14. OTHER MATTERS

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. Subsequently, on March 18, 2020, the Province of Saskatchewan declared a province-wide state of emergency to help reduce the spread of COVID-19. The Rural Municipality has not suffered any significant disruptions throughout the year as a result from the outbreak.

While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of this disruption. As a result, the related financial impact and duration cannot be reasonably estimated at this time.

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 1 - SCHEDULE OF TAXES AND OTHER UNCONDITIONAL REVENUES
 For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
TAXES			
General municipal tax levy	\$ 648,169	\$ 648,168	\$ 643,232
Discount on current year taxes	(24,000)	(32,791)	(32,418)
Net Municipal Taxes	624,169	615,377	610,814
Penalties on tax arrears	250	390	183
Total Taxes	624,419	615,767	610,997
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	175,037	175,089	170,510
Safe Restart Program		11,871	
Total Unconditional Grants	175,037	186,960	170,510
GRANTS-IN-LIEU OF TAXES			
Provincial			
Sasktel	1,207	1,207	1,207
Saskatchewan Property Management	986	986	986
Total Grants-in-Lieu of Taxes	2,193	2,193	2,193
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	\$ 801,649	\$ 804,920	\$ 783,700

RURAL MUNICIPALITY OF THE GAP #39

SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION

For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	\$ 400	\$ 976	\$ 385
- Tax certificates	400	240	401
Total Fees and Charges	800	1,216	786
- Tangible capital asset sales - gain (loss)			(1,190)
- Investment income and commissions	41,629	38,595	46,532
Total Other Segmented Revenue	42,429	39,811	46,128
Total Operating	42,429	39,811	46,128
Total General Government Services	42,429	39,811	46,128
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Fire fees		8,297	
Total Fees and Charges		8,297	
Total Other Segmented Revenue		8,297	
Total Operating		8,297	
Total Protective Services		8,297	

RURAL MUNICIPALITY OF THE GAP #39

SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION

For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	\$ 26,665	\$ 26,676	\$ 30,138
- Sales of supplies	13,000	18,382	11,720
- Road maintenance and restoration agreements	61,000	74,953	40,552
- Permits	5,000	11,188	5,635
Total Fees and Charges	105,665	131,199	88,045
- Tangible capital asset sales - gain			45,000
Total Other Segmented Revenue	105,665	131,199	133,045
Conditional Grants			
- Clearing the Path	13,300	15,816	13,300
Total Conditional Grants	13,300	15,816	13,300
Total Operating	118,965	147,015	146,345
Capital			
Conditional Grants			
- Federal Gas Tax	11,741	17,612	27,698
- Municipal Economic Enhancement Program		28,602	
Total Capital	11,741	46,214	27,698
Total Transportation Services	130,706	193,229	174,043

RURAL MUNICIPALITY OF THE GAP #39

SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION

For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Cemetery fees	\$ 500	\$ 150	\$ 275
Total Fees and Charges	500	150	275
- Sale of pest control products	5,200	7,438	1,151
Total Other Segmented Revenue	5,700	7,588	1,426
Conditional Grants			
- Provincial Rat Eradication Program	2,500	3,128	2,574
Total Conditional Grants	2,500	3,128	2,574
Total Operating	8,200	10,716	4,000
Total Environmental and Public Health Services	8,200	10,716	4,000
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Drilling licenses	1,350		450
Total Fees and Charges	1,350		450
- Mineral royalties (2019 - mineral royalties and Agricultural, Development and Diversification donation)	4,000	7,895	12,508
Total Other Segmented Revenue	5,350	7,895	12,958
Total Operating	5,350	7,895	12,958
Total Planning and Development Services	5,350	7,895	12,958
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	\$ 186,685	\$ 259,948	\$ 237,129
SUMMARY			
Total Other Segmented Revenue	\$ 159,144	\$ 194,790	\$ 193,557
Total Conditional Grants	15,800	18,944	15,874
Total Capital Grants and Contributions	11,741	46,214	27,698
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	\$ 186,685	\$ 259,948	\$ 237,129

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	\$ 42,100	\$ 57,008	\$ 41,693
Wages and benefits	97,720	96,848	117,866
Professional/Contractual services	34,761	34,208	41,494
Utilities	2,974	3,384	2,980
Maintenance, materials, and supplies	12,100	11,422	10,266
Amortization	2,000	1,996	1,996
Interest		60	102
Allowance for uncollectibles	240	240	
Total General Government Services	191,895	205,166	216,397
PROTECTIVE SERVICES			
Police protection			
Professional/Contractual services	9,600	9,846	9,500
Grants and contributions			
- Operating			200
Fire protection			
Professional/Contractual services		8,297	1,000
Grants and contributions			
- Operating	2,500		2,331
Total Protective Services	12,100	18,143	13,031
TRANSPORTATION SERVICES			
Wages and benefits	195,418	213,924	191,708
Professional/Contractual services	25,627	29,893	28,422
Utilities	4,948	4,762	5,277
Maintenance, materials, and supplies	95,092	160,075	83,117
Gravel	61,495	84,156	74,465
Amortization	113,736	111,538	99,712
Total Transportation Services	496,316	604,348	482,701
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Professional/Contractual services	6,104	3,621	3,682
Maintenance, materials, and supplies	16,500	20,902	8,978
Grants and contributions			
- Operating			
• Waste disposal	21,159	21,159	21,619
Total Environmental and Public Health Services	43,763	45,682	34,279

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
 For the year ended December 31, 2020

	2020 Budget Unaudited (Note 1)	2020 Actual	2019 Actual
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual services	\$	\$ 7,132	\$ 11,725
Grants and contributions			
- Operating	2,835	2,835	2,835
Quarry lease	450	283	160
Total Planning and Development Services	3,285	10,250	14,720
RECREATION AND CULTURAL SERVICES			
Grants and contributions			
- Operating	15,667	14,818	13,245
Total Recreation and Cultural Services	15,667	14,818	13,245
UTILITY SERVICES			
Utilities	1,500	1,539	1,453
Maintenance, materials, and supplies	1,700	121	1,470
Total Utility Services	3,200	1,660	2,923
TOTAL EXPENSES BY FUNCTION	\$ 766,226	\$ 900,067	\$ 777,296

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 4 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
For the year ended December 31, 2020

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	\$ 1,216	\$ 8,297	\$ 131,199	\$ 150	\$	\$	\$	\$ 140,862
Tangible Capital Asset Sale - Gain (Loss)								
Land Sales - Gain (Loss)								
Investment Income & Commissions	38,595							38,595
Other Revenues				7,438	7,895			15,333
Grants - Conditional			15,816	3,128				18,944
- Capital			46,214					46,214
Total revenues	39,811	8,297	193,229	10,716	7,895			259,948
Expenses (Schedule 3)								
Wages & Benefits	153,856		213,924					367,780
Professional/Contractual Services	34,208	18,143	29,893	3,621	7,132			92,997
Utilities	3,384		4,762				1,539	9,685
Maintenance, Materials, Supplies	11,422		244,231	20,902			121	276,676
Grants and Contributions				21,159	2,835	14,818		38,812
Amortization	1,996		111,538					113,534
Interest	60							60
Allowance for Uncollectibles	240							240
Other					283			283
Total expenses	205,166	18,143	604,348	45,682	10,250	14,818	1,660	900,067
Surplus (Deficit) by Function	(165,355)	(9,846)	(411,119)	(34,966)	(2,355)	(14,818)	(1,660)	(640,119)
Taxation and other unconditional revenue (Schedule 1)								804,920
Net Surplus								\$ 164,801

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 5 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
For the year ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	\$ 786	\$	\$ 88,045	\$ 275	\$ 450	\$	\$	\$ 89,556
Tangible Capital Asset Sale - Gain (Loss)	(1,190)		45,000					43,810
Land Sales - Gain (Loss)								
Investment Income & Commissions	46,532							46,532
Other Revenues				1,151	12,508			13,659
Grants - Conditional			13,300	2,574				15,874
- Capital			27,698					27,698
Total revenues	46,128		174,043	4,000	12,958			237,129
Expenses (Schedule 3)								
Wages & Benefits	159,559		191,708					351,267
Professional/Contractual Services	41,494	10,500	28,422	3,682	11,725			95,823
Utilities	2,980		5,277				1,453	9,710
Maintenance, Materials, Supplies	10,266		157,582	8,978			1,470	178,296
Grants and Contributions		2,531		21,619	2,835	13,245		40,230
Amortization	1,996		99,712					101,708
Interest	102							102
Allowance for Uncollectibles								
Other					160			160
Total expenses	216,397	13,031	482,701	34,279	14,720	13,245	2,923	777,296
Surplus (Deficit) by Function	(170,269)	(13,031)	(308,658)	(30,279)	(1,762)	(13,245)	(2,923)	(540,167)
Taxation and other unconditional revenue (Schedule 1)								783,700
Net Surplus								\$ 243,533

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 6 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT
For the year ended December 31, 2020

	General Assets					Infrastructure Assets	General/ Infrastructure	Totals	
Cost	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear Assets	Assets Under Construction	2020	2019
Opening costs	\$ 1,454	550	70,988	16,275	998,985	2,124,360	78,280	\$3,290,892	\$3,101,724
Additions during the year					4,837	13,263		18,100	288,640
Disposals and write downs									(99,472)
Transfers from assets under construction						78,280	(78,280)		
Closing costs	1,454	550	70,988	16,275	1,003,822	2,215,903		3,308,992	3,290,892
Accumulated Amortization									
Opening accumulated amortization		278	36,585	13,019	223,379	1,585,224		1,858,485	1,855,059
Amortization			2,889	1,629	66,037	42,979		113,534	101,708
Disposals and write downs									(98,282)
Closing accumulated amortization		278	39,474	14,648	289,416	1,628,203		1,972,019	1,858,485
Net Book Value	\$ 1,454	272	31,514	1,627	714,406	587,700		\$1,336,973	\$1,432,407

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 7 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION
For the year ended December 31, 2020

Cost	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Totals	
								2020	2019
Opening costs	\$ 60,022		3,211,306	702			18,862	\$3,290,892	\$3,101,724
Additions during the year			18,100					18,100	288,640
Disposals and write downs									(99,472)
Closing costs	<u>60,022</u>		<u>3,229,406</u>	<u>702</u>			<u>18,862</u>	<u>3,308,992</u>	<u>3,290,892</u>
Accumulated Amortization									
Opening accumulated amortization	32,081		1,807,542				18,862	1,858,485	1,855,059
Amortization	1,996		111,538					113,534	101,708
Disposals and write downs									(98,282)
Closing accumulated amortization	<u>34,077</u>		<u>1,919,080</u>				<u>18,862</u>	<u>1,972,019</u>	<u>1,858,485</u>
Net Book Value	<u>\$ 25,945</u>		<u>1,310,326</u>	<u>702</u>				<u>\$1,336,973</u>	<u>\$1,432,407</u>

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 8 - SCHEDULE OF ACCUMULATED SURPLUS
 For the year ended December 31, 2020

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	\$ 1,012,053	\$ 260,235	\$ 1,272,288
APPROPRIATED RESERVES			
Machinery & Equipment Reserve	1,453,874		1,453,874
Total appropriated	1,453,874		1,453,874
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6)	1,432,407	(95,434)	1,336,973
Net Investment in Tangible capital assets	1,432,407	(95,434)	1,336,973
TOTAL ACCUMULATED SURPLUS	\$ 3,898,334	\$ 164,801	\$ 4,063,135

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MILLS

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 10 - SCHEDULE OF COUNCIL REMUNERATION
For the year ended December 31, 2020

<u>Position - Name</u>	<u>Remuneration</u>	<u>Reimbursed Costs</u>	<u>Total</u>
Reeve - Lorne McClarty	\$ 10,750	\$	10,750
Councilor - Jason Vermeulen	7,800	346	8,146
Councilor - Keith Kaufmann	6,850	475	7,325
Councilor - Roland Carles	6,800	384	7,184
Councilor - Murray Scott	6,800	384	7,184
Councilor - Ernie Sorensen	5,800	179	5,979
Councilor - Joe O'Hara	5,450	381	5,831
Councilor - Alastair Burnett	1,300	115	1,415
	<u>\$ 51,550</u>	<u>\$ 2,264</u>	<u>53,814</u>