
TOWN OF CUT KNIFE

FINANCIAL STATEMENTS

DECEMBER 31, 2021



Vantage
CHARTERED PROFESSIONAL ACCOUNTANTS

Management's Responsibility

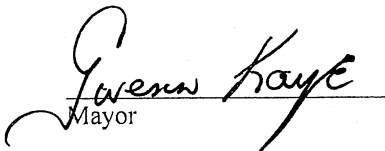
To the Ratepayers of Town of Cut Knife

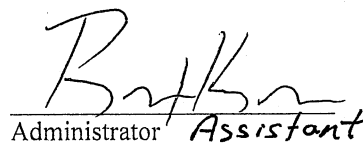
The municipality's management is responsible for the preparation and presentation of the accompanying financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, 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 Assistant

August 8, 2022

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, 2021, 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, 2021, 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 & Districts Fire Association, the Cut Knife Recreation Board and the Highway 40 Health Holdings 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
August 8, 2022

Town of Cut Knife
Statement of Financial Position
As at December 31, 2021

Statement 1

	2021	2020
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	1,110,499	1,066,391
Taxes Receivable - Municipal (Note 3)	120,114	139,533
Other Accounts Receivable (Note 4)	219,828	229,541
Land for Resale (Note 5)	172,706	171,260
Long-Term Investments (Note 6)	4,486	4,256
Debt Charges Recoverable		
Other (<i>Specify</i>)		
Total Financial Assets	1,627,633	1,610,981
LIABILITIES		
Credit Union Indebtedness (Note 7)		
Accounts Payable	34,446	137,435
Accrued Liabilities Payable		
Deposits	12,975	12,000
Deferred Revenue	652	
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Long-Term Debt (Note 8)		
Lease Obligations (Note 9)	393,083	445,554
Total Liabilities	441,156	594,989
NET FINANCIAL ASSETS (DEBT)	1,186,477	1,015,992
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	2,726,185	2,749,313
Prepayments and Deferred Charges		
Stock and Supplies		
Other (Note 10)	6,573	6,292
Total Non-Financial Assets	2,732,758	2,755,605
ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)	3,919,235	3,771,597

Town of Cut Knife
Statement of Operations
For the year ended December 31, 2021

Statement 2

	2021 Budget	2021	2020
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	898,250	884,612	913,429
Fees and Charges (Schedule 4, 5)	735,350	763,154	748,665
Conditional Grants (Schedule 4, 5)	3,000	5,500	88,695
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)		(26)	(7,003)
Land Sales - Gain (Schedule 4, 5)			14,310
Investment Income and Commissions (Schedule 4, 5)	10,000	7,284	11,002
Restructurings (Schedule 4,5)			
Other Revenues (Schedule 4, 5)		10	2,694
Total Revenues	1,646,600	1,660,534	1,771,792
EXPENSES			
General Government Services (Schedule 3)	306,110	328,491	315,910
Protective Services (Schedule 3)	72,800	74,065	71,965
Transportation Services (Schedule 3)	655,600	396,740	475,185
Environmental and Public Health Services (Schedule 3)	263,550	274,258	133,271
Planning and Development Services (Schedule 3)	1,350	944	4,116
Recreation and Cultural Services (Schedule 3)	48,830	69,546	179,155
Utility Services (Schedule 3)	501,070	439,033	507,750
Restructurings (Schedule 3)			
Total Expenses	1,849,310	1,583,077	1,687,352
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(202,710)	77,457	84,440
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	17,250	70,181	51,048
Surplus (Deficit) of Revenues over Expenses	(185,460)	147,638	135,488
Accumulated Surplus (Deficit), Beginning of Year	3,771,597	3,771,597	3,636,109
Accumulated Surplus (Deficit), End of Year	3,586,137	3,919,235	3,771,597

Town of Cut Knife
Statement of Change in Net Financial Assets
For the year ended December 31, 2021

Statement 3

	2021 Budget	2021	2020
Surplus (Deficit)	(185,460)	147,638	135,488
(Acquisition) of tangible capital assets		(165,053)	(167,234)
Amortization of tangible capital assets		122,655	122,694
Proceeds on disposal of tangible capital assets		65,500	60,526
Loss (gain) on disposal of tangible capital assets		26	7,003
Transfer of assets/liabilities in restructuring transactions			
Surplus (Deficit) of capital expenses over expenditures		23,128	22,989
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense		(281)	(440)
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures		(281)	(440)
Increase/Decrease in Net Financial Assets	(185,460)	170,485	158,037
Net Financial Assets (Debt) - Beginning of Year	1,015,992	1,015,992	857,955
Net Financial Assets (Debt) - End of Year	830,532	1,186,477	1,015,992

Town of Cut Knife
Statement of Cash Flow
For the year ended December 31, 2021

Statement 4

	2021	2020
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	147,638	135,488
Amortization	122,655	122,694
Loss (gain) on disposal of tangible capital assets	26	7,003
	270,319	265,185
Change in assets/liabilities		
Taxes Receivable - Municipal	19,419	8,065
Other Receivables	9,713	(77,413)
Land for Resale	(1,446)	(13,644)
Other Financial Assets		
Accounts and Accrued Liabilities Payable	(102,989)	115,162
Deposits	975	1,500
Deferred Revenue	652	
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies		
Prepayments and Deferred Charges		
Other (<i>Specify</i>)	(281)	(440)
Cash provided by operating transactions	196,362	298,415
Capital:		
Acquisition of tangible capital assets	(165,053)	(167,234)
Proceeds on disposal of tangible capital assets	65,500	60,526
Other capital		
Cash applied to capital transactions	(99,553)	(106,708)
Investing:		
Long-term investments	(230)	(476)
Other investments		
Cash provided by (applied to) investing transactions	(230)	(476)
Financing:		
Debt charges recovered		
Long-term debt issued		
Long-term debt repaid	(52,471)	(50,553)
Other financing		
Cash provided by (applied to) financing transactions	(52,471)	(50,553)
Change in Cash and Temporary Investments during the year	44,108	140,678
Cash and Temporary Investments - Beginning of Year	1,066,391	925,713
Cash and Temporary Investments - End of Year	1,110,499	1,066,391

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2021

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, 2021

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 lease 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, 2021

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 18, 2021.

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, 2021

2. Cash and Temporary Investments

	2021	2020
Cash on Hand	250	250
Cash	799,851	866,043
Restricted Cash	310,398	200,098
Total Cash and Temporary Investments	1,110,499	1,066,391

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

	2021	2020
Municipal - Current	98,266	76,968
- Arrears	86,848	127,565
	185,114	204,533
- Less Allowance for Uncollectible	(65,000)	(65,000)
Total municipal taxes receivable	120,114	139,533
School - Current	27,187	13,290
- Arrears	11,370	16,887
Total school taxes receivable	38,557	30,177
Other		
Total taxes and grants in lieu receivable	158,671	169,710
Deduct taxes receivable to be collected on behalf of other organizations	(38,557)	(30,177)
Total Taxes Receivable - Municipal	120,114	139,533

4. Other Accounts Receivable

	2021	2020
Federal Government	27,595	41,838
Provincial Government		
Local Government		
Utility	142,756	119,220
Trade	52,380	43,443
Other (<i>Specify</i>)		27,943
Total Other Accounts Receivable	222,731	232,444
Less: Allowance for Uncollectible	(2,903)	(2,903)
Net Other Accounts Receivable	219,828	229,541

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2021

5. Land for Resale

	2021	2020
Tax Title Property	93,379	104,473
Allowance for market value adjustment	(33,341)	(45,881)
Net Tax Title Property	60,038	58,592
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	172,706	171,260

6. Long-Term Investments

	2021	2020
Co-op shares and credit union equity	4,486	4,256
Total Long-Term Investments	4,486	4,256

7. Credit Union Indebtedness

Credit Arrangements

At December 31, 2021, 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 \$1,365,986. 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
2022	68,722
2023	68,722
2024	68,722
2025	68,722
2026	68,722
Thereafter	103,083
Total future minimum lease payments	446,693
Amounts representing interest at a weighted average rate of 3.76%	(53,610)
Capital Lease Liability	393,083

10. Other Non-financial Assets

	2021	2020
Deposits and prepaid expenses	6,573	6,292

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2021

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 2021 was \$26,088. 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, 2021

Schedule 1

	2021 Budget	2021	2020
TAXES			
General municipal tax levy	678,000	678,349	623,795
Abatements and adjustments	(3,000)	(35,754)	(2,184)
Discount on current year taxes	(20,000)	(24,467)	(17,986)
Net Municipal Taxes	655,000	618,128	603,625
Potash tax share			
Trailer license fees			
Penalties on tax arrears	35,250	38,030	38,393
Special tax levy			
Other (<i>Specify</i>)			
Total Taxes	690,250	656,158	642,018
UNCONDITIONAL GRANTS			
Revenue Sharing	131,750	130,578	131,749
Safe Restart Program			34,182
Total Unconditional Grants	131,750	130,578	165,931
GRANTS IN LIEU OF TAXES			
Federal		21,413	20,751
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel	1,250	1,068	1,405
Other (<i>Specify</i>)	8,000	8,730	8,337
Local/Other			
Housing Authority	9,000	7,551	9,521
C.P.R. Mainline			
Treaty Land Entitlement			
Other (<i>Specify</i>)			
Other Government Transfers			
S.P.C. Surcharge	40,000	46,974	45,492
Sask Energy Surcharge	18,000	12,140	19,974
Other (<i>Specify</i>)			
Total Grants in Lieu of Taxes	76,250	97,876	105,480
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	898,250	884,612	913,429

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 1

	2021 Budget	2021	2020
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work			
- Sales of supplies			
- Other (<i>Specify</i>)	18,450	28,017	31,710
Total Fees and Charges	18,450	28,017	31,710
- Tangible capital asset sales - gain (loss)			14,310
- Land sales - gain			11,002
- Investment income and commissions	10,000	7,284	2,694
- Other (<i>Specify</i>)		10	
Total Other Segmented Revenue	28,450	35,311	59,716
Conditional Grants			
- Student Employment			
- Other (MEEP)			82,356
Total Conditional Grants			82,356
Total Operating	28,450	35,311	142,072
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	28,450	35,311	142,072

PROTECTIVE SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (<i>Specify</i>)	6,500	2,684	6,267
Total Fees and Charges	6,500	2,684	6,267
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	6,500	2,684	6,267
Conditional Grants			
- Student Employment			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	6,500	2,684	6,267
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	6,500	2,684	6,267

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 2

	2021 Budget	2021	2020
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	2,750	1,450	3,141
- Sales of supplies			
- Road Maintenance and Restoration Agreements			
- Frontage			
- Other (<i>Specify</i>)			
Total Fees and Charges	2,750	1,450	3,141
- Tangible capital asset sales - gain (loss)		(26)	(7,003)
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	2,750	1,424	(3,862)
Conditional Grants			
- MREP (CTP)			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	2,750	1,424	(3,862)
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	2,750	1,424	(3,862)

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	50,000	57,397	50,281
- Other (<i>Specify</i>)	142,700	114,779	150,483
Total Fees and Charges	192,700	172,176	200,764
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	192,700	172,176	200,764
Conditional Grants			
- Student Employment			
- TAPD			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	192,700	172,176	200,764
Capital			
Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)	350	361	337
Total Capital	350	361	337
Restructuring Revenue (<i>Specify, if any</i>)			
Total Environmental and Public Health Services	193,050	172,537	201,101

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 3

	2021 Budget	2021	2020
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	3,000		6,339
- Local government		5,500	
- Other (<i>Specify</i>)			
Total Conditional Grants	3,000	5,500	6,339
Total Operating	3,000	5,500	6,339
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	3,000	5,500	6,339

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 4

	2021 Budget	2021	2020
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	324,950	362,128	316,671
- Sewer	95,000	100,375	94,073
- Other (<i>Specify</i>)	95,000	96,324	96,039
Total Fees and Charges	514,950	558,827	506,783
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	514,950	558,827	506,783
Conditional Grants			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	514,950	558,827	506,783
Capital			
Conditional Grants			
- Federal Gas Tax	16,900	69,820	50,711
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital	16,900	69,820	50,711
Restructuring Revenue (<i>Specify, if any</i>)			
Total Utility Services	531,850	628,647	557,494
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	765,600	846,103	909,411

SUMMARY

Total Other Segmented Revenue	745,350	770,422	769,668
Total Conditional Grants	3,000	5,500	88,695
Total Capital Grants and Contributions	17,250	70,181	51,048
Restructuring Revenue			
TOTAL REVENUE BY FUNCTION	765,600	846,103	909,411

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 1

	2021 Budget	2021	2020
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	15,000	13,913	18,544
Wages and benefits	121,100	100,660	112,452
Professional/Contractual services	133,300	131,667	134,508
Utilities	13,200	13,316	12,048
Maintenance, materials and supplies	23,510	18,268	23,359
Grants and contributions - operating			
- capital			
Amortization		12,951	14,999
Interest		3,295	
Allowance for uncollectible		33,458	
Other (<i>Specify</i>)		963	
General Government Services	306,110	328,491	315,910
Restructuring (<i>Specify, if any</i>)			
Total General Government Services	306,110	328,491	315,910

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	45,000	45,810	44,613
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Other (<i>Specify</i>)			

Fire protection

Wages and benefits			
Professional/Contractual services	27,800	28,255	27,352
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Amortization			
Interest			
Other (<i>Specify</i>)			

Protective Services	72,800	74,065	71,965
Restructuring (<i>Specify, if any</i>)			
Total Protective Services	72,800	74,065	71,965

TRANSPORTATION SERVICES

Wages and benefits	205,780	150,903	176,772
Professional/Contractual services	75,470	30,504	70,674
Utilities	33,300	26,680	29,461
Maintenance, materials and supplies	171,050	128,822	141,274
Gravel	25,000	18,395	18,328
Grants and contribution:			
- capital			
Amortization		41,436	38,676
Interest			
Other (<i>Specify</i>)	145,000		

Transportation Services	655,600	396,740	475,185
Restructuring (<i>Specify, if any</i>)			
Total Transportation Services	655,600	396,740	475,185

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 2

	2021 Budget	2021	2020
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	24,000	23,557	23,609
Professional/Contractual services	232,750	243,920	109,041
Utilities			
Maintenance, materials and supplies	4,300	1,397	621
Grants and contributions - operating	2,500	5,384	
o Waste disposal			
o Public Health			
- capital			
o Waste disposal			
o Public Health			
Amortization			
Interest			
Other (<i>Specify</i>)			
Environmental and Public Health Services	263,550	274,258	133,271
Restructuring (Specify, if any)			
Total Environmental and Public Health Services	263,550	274,258	133,271

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits			
Professional/Contractual services	1,250	944	4,116
Grants and contributions - operating			
- capital			
Amortization			
Interest			
Other (<i>Specify</i>)	100		
Planning and Development Services	1,350	944	4,116
Restructuring (Specify, if any)			
Total Planning and Development Services	1,350	944	4,116

RECREATION AND CULTURAL SERVICES

Wages and benefits			
Professional/Contractual services		9,670	11,120
Utilities	4,330	7,480	3,282
Maintenance, materials and supplies	750	5,251	160
Grants and contributions - operating	42,500	39,213	160,218
- capital			
Amortization		2,500	3,250
Interest			
Allowance for uncollectible			
Other (<i>Specify</i>)	1,250	5,432	1,125
Recreation and Cultural Services	48,830	69,546	179,155
Restructuring (Specify, if any)			
Total Recreation and Cultural Services	48,830	69,546	179,155

Schedule 3 - 3

21

Town of Cut Knife
Schedule of Segment Disclosure by Function
For the year ended December 31, 2021

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	28,017	2,684	1,450	172,176			558,827	763,154
Tangible Capital Asset Sales - Loss			(26)					(26)
Land Sales - Gain								
Investment Income and Commissions	7,284							7,284
Other Revenues	10							10
Grants - Conditional						5,500		5,500
- Capital				361			69,820	70,181
Restructurings								
Total Revenues	35,311	2,684	1,424	172,537		5,500	628,647	846,103
Expenses (Schedule 3)								
Wages and Benefits	114,573		150,903	23,557			75,478	364,511
Professional/Contractual Services	131,667	74,065	30,504	243,920	944	9,670	201,004	691,774
Utilities	13,316		26,680			7,480	33,359	80,835
Maintenance Materials and Supplies	18,268		147,217	1,397		5,251	45,416	217,549
Grants and Contributions				5,384		39,213		44,597
Amortization	12,951		41,436			2,500	65,768	122,655
Interest	3,295						18,008	21,303
Allowance for Uncollectible	33,458							33,458
Restructurings								
Other	963					5,432		6,395
Total Expenses	328,491	74,065	396,740	274,258	944	69,546	439,033	1,583,077
Surplus (Deficit) by Function	(293,180)	(71,381)	(395,316)	(101,721)	(944)	(64,046)	189,614	(736,974)

Taxes and other unconditional revenue (Schedule 1)	884,612
Net Surplus (Deficit)	147,638

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

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	31,710	6,267	3,141	200,764			506,783	748,665
Tangible Capital Asset Sales - Loss			(7,003)					(7,003)
Land Sales - Loss	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 Tangible Capital Assets by Object
For the year ended December 31, 2021

Schedule 6

		2021						2020	
		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	103,176		1,063,512	64,010	266,538	3,725,779		5,223,015
	Additions during the year					70,500	94,553		165,053
	Disposals and write-downs during the year					(65,526)			(65,526)
	Transfers (from) assets under construction								
	Transfer of capital assets related to restructuring (Schedule 11)								
	Closing Asset Costs	103,176		1,063,512	64,010	271,512	3,820,332		5,322,542
Amortization	Accumulated Amortization Costs								
	Opening Accumulated Amortization Costs			607,053	44,158	118,970	1,703,521		2,473,702
	Add: Amortization taken			29,297	6,401	9,072	77,885		122,655
	Less: Accumulated amortization on disposals								
	Transfer of capital assets related to restructuring (Schedule 11)								
	Closing Accumulated Amortization Costs			636,350	50,559	128,042	1,781,406		2,596,357
	Net Book Value	103,176		427,162	13,451	143,470	2,038,926		2,726,185
									2,749,313

1. Total contributed/donated assets received in 2021

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, 2021

Schedule 7

		2021							2020	
		General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture		Water and Sewer	Total
Assets	Asset costs									
	Opening Asset Costs	257,338	61,186	1,327,052			398,079	3,179,360	5,223,015	5,123,310
	Additions during the year			165,053					165,053	167,234
	Disposals and write-downs during the year			(65,526)					(65,526)	(67,529)
	Transfer of capital assets related to restructuring (Schedule 11)									
Closing Asset Costs		257,338	61,186	1,426,579			398,079	3,179,360	5,322,542	5,223,015
Amortization	Accumulated Amortization Costs									
	Opening Accumulated Amortization Costs	132,825	6,400	928,800			123,900	1,281,777	2,473,702	2,351,008
	Add: Amortization taken	12,951		41,436			2,500	65,768	122,655	122,694
	Less: Accumulated amortization on disposals									
	Transfer of capital assets related to restructuring (Schedule 11)									
Closing Accumulated Amortization Costs		145,776	6,400	970,236			126,400	1,347,545	2,596,357	2,473,702
Net Book Value		111,562	54,786	456,343			271,679	1,831,815	2,726,185	2,749,313

Town of Cut Knife
Schedule of Accumulated Surplus
For the year ended December 31, 2021

Schedule 8

	2020	Changes	2021
UNAPPROPRIATED SURPLUS	431,167	170,766	601,933

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>)	504,854		504,854
Total Appropriated	591,117		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)	2,749,313	(23,128)	2,726,185
Less: Related debt			
Net Investment in Tangible Capital Assets	2,749,313	(23,128)	2,726,185

Total Accumulated Surplus	3,771,597	147,638	3,919,235
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Town of Cut Knife
Schedule of Mill Rates and Assessments
For the year ended December 31, 2021

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial and Industrial	Potash Mine(s)	
Taxable Assessment	112,255	21,025,600			11,926,265		33,064,120
Regional Park Assessment							
Total Assessment							33,064,120
Mill Rate Factor(s)	1.0000	1.0000			1.0000		
Total Base/Minimum Tax (generated for each property class)	1,200	153,000			34,800		189,000
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	2,861	464,179			211,309		678,349

MILL RATES:	MILLS
Average Municipal*	20.5162
Average School*	5.2755
Potash Mill Rate	
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, 2021

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Gwenn Kaye	5,975		5,975
Councillor	Lyle Cronk	1,838		1,838
Councillor	Lloyd Weeseekase	913		913
Councillor	Jason Lloyd	1,125		1,125
Councillor	Douglas Robertson	2,462		2,462
Councillor	Alfred Roschker	1,600		1,600
Total		13,913		13,913