

Rural Municipality of Lake Lenore No. 399

Financial Statements

December 31, 2021

Rural Municipality of Lake Lenore No. 399

Contents

For the year ended December 31, 2021

	Page
Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement 1 - Statement of Financial Position	1
Statement 2 - Statement of Operations	2
Statement 3 - Statement of Change in Net Financial Assets.	3
Statement 4 - Statement of Cash Flow	4
Notes to the Financial Statements	5
Schedules	
Schedule 1 - Schedule of Taxes and other Unconditional Revenue	11
Schedule 2 - Schedule of Operating and Capital Revenue by Function	12
Schedule 3 - Schedule of Expenses by Function	14
Schedule 4 - Schedule of Current Year Segment Disclosure by Function	16
Schedule 5 - Schedule of Prior Year Segment Disclosure by Function	17
Schedule 6 - Schedule of Tangible Capital Assets by Object.	18
Schedule 7 - Schedule of Tangible Capital Assets by Function.	19
Schedule 8 - Schedule of Accumulated Surplus	20
Schedule 9 - Schedule of Mill Rates and Assessments	21
Schedule 10 - Schedule of Council Remuneration	22

Management's Responsibility

To the Ratepayers of the Rural Municipality of Lake Lenore No. 399:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of council members who are neither management nor employees of the Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the annual financial statements. Council fulfils these responsibilities by reviewing the financial information and discussing relevant matters with management. Council is also responsible for the appointment of the Municipality's external auditors.

MNP LLP is appointed by 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 with both management and Council to discuss their audit findings.

June 16, 2022

Reeve



Administrator



To the Reeve and Councillors of Rural Municipality of Lake Lenore No. 399:

Opinion

We have audited the financial statements of Rural Municipality of Lake Lenore No. 399 (the "Municipality"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets, cash flows and the related schedules for the year ended 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 Municipality as at December 31, 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year ended 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 Municipality 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.

Emphasis of Matter - Comparative Information

As part of our audit of the financial statements of the Municipality for the year ended December 31, 2021, we also audited the adjustments described in Note 9 that were applied to restate the financial statements for the year ended December 31, 2020. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on March 17, 2021.

Responsibilities of Management, Reeve, and Council 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 Municipality'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.

The Reeve and council are responsible for overseeing the Municipality'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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Humboldt, Saskatchewan

June 16, 2022

MNP LLP

Chartered Professional Accountants

Rural Municipality of Lake Lenore No. 399

Statement of Financial Position

As at December 31, 2021

Statement 1

	2021	2020
	<i>(restated - Note 9)</i>	
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	2,602,782	2,228,751
Taxes Receivable - Municipal (Note 3)	117,509	142,290
Other Accounts Receivable (Note 4)	165,995	41,988
Long-Term Investments (Note 5)	55,323	52,172
Total Financial Assets	2,941,609	2,465,201
LIABILITIES		
Accounts Payable	309,971	129,985
Accrued Liabilities Payable	9,244	583
Deposits	500	500
Deferred Revenue (Note 6)	15,665	247,104
Long-Term Debt (Note 7)	1,527,384	47,360
Total Liabilities	1,862,764	425,532
NET FINANCIAL ASSETS	1,078,845	2,039,669
Non-Financial Assets		
Tangible Capital Assets (Schedule 6,7)	4,313,839	2,441,240
Prepayments and Deferred Charges	11,330	500
Stock and Supplies	171,711	192,500
Total Non-Financial Assets	4,496,880	2,634,240
Accumulated Surplus (Schedule 8)	5,575,725	4,673,909

Reeve

Councillor

Rural Municipality of Lake Lenore No. 399

Statement of Operations

For the year ended December 31, 2021

Statement 2

	2021 Budget	2021	2020
Revenues			<i>(restated - Note 9)</i>
Taxes and Other Unconditional Revenue <i>(Schedule 1)</i>	1,578,850	1,583,408	1,577,195
Fees and Charges <i>(Schedule 4, 5)</i>	129,400	76,808	81,806
Conditional Grants <i>(Schedule 4, 5)</i>	32,000	37,620	34,147
Tangible Capital Asset Sales - Gain (Loss) <i>(Schedule 4, 5)</i>	175,000	(170,936)	-
Land Sales - Loss <i>(Schedule 4, 5)</i>	-	-	(795)
Investment Income and Commissions <i>(Schedule 4, 5)</i>	15,000	31,758	35,352
Other Revenues <i>(Schedule 4, 5)</i>	50,000	51,512	118,516
Total Revenues	1,980,250	1,610,170	1,846,221
Expenses			
General Government Services <i>(Schedule 3)</i>	264,950	303,184	263,403
Protective Services <i>(Schedule 3)</i>	85,100	63,756	45,464
Transportation Services <i>(Schedule 3)</i>	1,370,300	1,038,177	912,605
Environmental and Public Health Services <i>(Schedule 3)</i>	84,600	54,723	61,488
Planning and Development Services <i>(Schedule 3)</i>	55,100	38,129	44,595
Recreation and Cultural Services <i>(Schedule 3)</i>	12,500	12,655	12,862
Utility Services <i>(Schedule 3)</i>	203,750	3,896	14,640
Total Expenses	2,076,300	1,514,520	1,355,057
Surplus (Deficit) of Revenues over Expenses before Other Capital Contrib	(96,050)	95,650	491,164
Provincial/Federal Capital Grants and Contributions <i>(Schedule 4, 5)</i>	534,600	806,166	84,369
Surplus of Revenues over Expenses	438,550	901,816	575,533
Accumulated Surplus, Beginning of Year, as previously stated	5,134,429	5,134,429	4,506,947
Correction of Errors <i>(Note 9)</i>	(460,520)	(460,520)	(408,571)
Accumulated Surplus, Beginning of Year, as restated	4,673,909	4,673,909	4,098,376
Accumulated Surplus, End of Year	5,112,459	5,575,725	4,673,909

Rural Municipality of Lake Lenore No. 399
Statement of Change in Net Financial Assets
For the year ended December 31, 2021

Statement 3

	2021 Budget	2021	2020
			<i>(restated - Note 9)</i>
Surplus	438,550	901,816	575,533
Acquisition of tangible capital assets	(2,845,000)	(2,455,024)	(18,283)
Amortization of tangible capital assets	207,150	119,699	202,541
Proceeds on disposal of tangible capital assets	175,000	291,790	-
Loss (gain) on the disposal of tangible capital assets	(175,000)	170,936	-
Surplus (Deficit) of capital expenses over expenditures	(2,637,850)	(1,872,599)	184,258
Consumption (Acquisition) of supplies inventory	-	20,789	(116,532)
Use (acquisition) of prepaid expense	-	(10,830)	-
Surplus (Deficit) of expenses of other non-financial over expenditures	-	9,959	(116,532)
Increase (Decrease) in Net Financial Assets	(2,199,300)	(960,824)	643,259
Net Financial Assets - Beginning of Year	2,039,669	2,039,669	1,396,410
Net Financial Assets - End of Year	(159,631)	1,078,845	2,039,669

Rural Municipality of Lake Lenore No. 399
Statement of Cash Flow
For the year ended December 31, 2021

Statement 4

	2021	2020
	<i>(restated - Note 9)</i>	
Cash provided by (used for) the following activities		
Operating:		
Surplus	901,816	575,533
Amortization	119,699	202,541
(Gain) Loss on disposal of tangible capital assets	170,936	-
	1,192,451	778,074
Change in assets/liabilities		
Taxes Receivable - Municipal	24,781	(22,794)
Other Accounts Receivable	(124,007)	15,842
Land for Resale	-	820
Accounts and Accrued Liabilities Payable	188,647	(5,241)
Deferred Revenue	(231,439)	48,837
Stock and Supplies for Use	20,789	(116,532)
Prepayments and Deferred Charges	(10,830)	-
Net cash from operations	1,060,392	699,006
Capital:		
Acquisition of capital assets	(2,455,024)	(18,283)
Proceeds from the disposal of capital assets	291,790	-
Net cash used for capital	(2,163,234)	(18,283)
Investing:		
Net change in long-term investments	(3,151)	(2,319)
Net cash used for investing	(3,151)	(2,319)
Financing:		
Long-term debt issued	1,527,384	-
Long-term debt repaid	(47,360)	(85,799)
Net cash from (used for) financing	1,480,024	(85,799)
Increase in cash resources	374,031	592,605
Cash and Investments - Beginning of Year	2,228,751	1,636,146
Cash and Investments - End of Year	2,602,782	2,228,751

The accompanying notes are an integral part of these financial statements

Rural Municipality of Lake Lenore No. 399
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:

- a) **Basis of Accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenue 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.
- b) **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 Council for the administration of their financial affairs and resources. For the purposes of the financial statements of the Municipality, there are no additional organizations that require consolidation.
- c) **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. The amounts collected are disclosed in Note 3.
- d) **Government Transfers:** Government transfers are the transfer of assets from senior levels of government that are not 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 transfer is authorized;
 - b) eligibility criteria have been met; and
 - c) a reasonable estimate of the amount can be made.

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.
- e) **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.
- 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.

1. Significant accounting policies - continued

- 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 investment in the Saskatchewan Association of Rural Municipalities - Self insurance fund is accounted for on the equity basis.
- 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 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 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. 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 & Equipment	
Vehicles	10 Yrs
Machinery and Equipment	5 to 10 Yrs
Infrastructure Assets	
Infrastructure Assets	15 to 50 Yrs
Water & Sewer	40 Yrs
Road Network Assets	50 Yrs

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.

- m) **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.
- n) **Measurement Uncertainty:** The preparation of financial statements in conformity with 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 management estimates of volume and quality.

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.

1. Significant accounting policies - continued

- o) **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: The general government segment provides for the administration of the Municipality.

Protective Services: Protective services is comprised of expenses for Police and Fire protection.

Transportation Services: The transportation services segment 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: 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: The planning and development segment provides for neighbourhood development and sustainability.

Recreation and Culture: The recreation and culture segment provides for community services through the provision of recreation and leisure services.

Utility Services: The Utility services segment provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

- p) **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. 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 as this time.

Rural Municipality of Lake Lenore No. 399

Notes to the Financial Statements

For the year ended December 31, 2021

	2021	2020
2. Cash and Temporary Investments		
Cash	2,602,782	2,228,751
Total Cash and Temporary Investments	2,602,782	2,228,751

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

3. Taxes and Grants in Lieu Receivable

Municipal - Current	85,495	113,870
- Arrears	32,014	28,420
- Less Allowance for Uncollectibles	-	-
Total municipal taxes receivable	117,509	142,290
School - Current	24,234	31,823
- Arrears	5,979	8,781
Total school taxes receivable	30,213	40,604
Other - Current	18,967	23,189
- Arrears	11,862	-
Total other taxes receivable	30,829	23,189
Total taxes and grants in lieu receivable	178,551	206,083
Deduct taxes receivable to be collected on behalf of other organizations	(61,042)	(63,793)
Municipal and Grants in Lieu Taxes Receivable	117,509	142,290

4. Other Accounts Receivable

Federal government	127,438	33,049
Provincial government	28,390	-
Local government	5,047	-
Trade	6,044	9,863
Total Other Accounts Receivable	166,919	42,912
Less Allowance for Uncollectibles	(924)	(924)
Net Other Accounts Receivable	165,995	41,988

Rural Municipality of Lake Lenore No. 399

Notes to the Financial Statements

For the year ended December 31, 2021

	2021	2020
5. Long-Term Investments		
Sask. Association of Rural Municipalities - Self Insurance Fund	55,323	52,172
Long-Term Investments	55,323	52,172

6. Deferred Revenue	<i>(restated - Note 9)</i>	
Prepaid Taxes	9,906	12,092
Canada Community-Building Fund	-	234,640
Other amounts paid in advance	5,759	372
Total Deferred Revenue	15,665	247,104

7. Long-Term Debt

The debt limit of the Municipality is \$1,555,421. 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)).

Affinity Credit Union loan repaid during the year.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2021				47,360
2022	-	-	-	-
Balance	-	-	-	47,360

Affinity Credit Union loan payable in semi-annual instalments of \$99,458, including interest at 2.69%, due August 1, 2024. The principal balance at December 31, 2021 is \$569,634 (2020 - \$nil). Secured by two CAT Graders with a combined net book value of \$813,974 at December 31, 2021.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2021				-
2022	187,912	11,004	198,916	-
2023	189,916	9,000	198,916	-
2024	191,806	3,857	195,663	-
Balance	569,634	23,861	593,495	-

Municipal Financing Corporation of Saskatchewan debenture loan payable in annual instalments of \$109,431 including interest at 2.50% , due May 31, 2031. The principal balance at December 31, 2021 is \$957,750 (2020 - \$nil). The loan is secured by an assignment of grants and taxes.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2021				-
2022	85,488	23,943	109,431	-
2023	87,625	21,806	109,431	-
2024	89,815	19,616	109,431	-
2025	92,061	17,370	109,431	-
Thereafter	602,761	53,826	656,587	-
Balance	957,750	136,561	1,094,311	-

Total Long-Term Debt	1,527,384	160,422	1,687,806	47,360
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Rural Municipality of Lake Lenore No. 399

Notes to the Financial Statements

For the year ended December 31, 2021

8. Contingent Liabilities

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

The Municipality, together with a number of other rural and urban municipalities, is a member of the Regional Authority of Carlton Trail - Waste Management District Ltd. ("REACT"). REACT is governed by the Department of Saskatchewan Environment and Resource Management ("SERM") and is responsible for waste collection, landfill operations and future site restoration costs. Expenditures that relate to on-going environmental and reclamation programs are charged against revenues as incurred. Future site restoration costs are recognized based on assumptions, engineering studies and estimates to the costs of future removal and site restoration. Changes to the underlying assumptions or legislative change in the future could have a material impact on the financial statements. As these costs are not readily determinable, the Municipality has not provided for future site restoration costs.

9. Correction of Errors

During the year, it was identified that Canada Community-Building Fund (formerly Gas Tax) funds received by the Municipality in 2020 and prior years were reported as revenues instead of deferred revenue. As eligibility criteria had not been met to recognize the funds received as revenue, the amount should have been reported as deferred revenue. The overall impact to the 2020 operating surplus of revenues over expenses was a decrease of \$234,640 as a result of this change. In order to correct this error, the 2020 financial statements have been restated as follows:

Increase in Deferred Revenue	234,640
Decrease in Provincial/Federal Capital Grants and Contributions	(51,949)
Decrease in Opening Accumulated Surplus	(182,691)

During the year, it was identified that opening accumulated amortization cost was understated in the amount of \$225,880. In order to correct this error, the 2020 financial statements have been restated to decrease tangible capital assets by \$225,880, increase opening accumulated amortization costs - machinery and equipment by \$225,880, decrease 2020 opening accumulated surplus by \$225,880 and decrease 2021 opening accumulated surplus by \$225,880.

10. Commitment

The Municipality has committed to donating \$2,200 per year from 2017 - 2036 to the Melfort Regional Wellness Centre.

The Municipality has an agreement with the Town of St. Brieux to share the taxation revenue and related costs for specified properties and roads.

The RM of Spalding, RM of Lake Lenore and RM of Pleasantdale have entered into an agreement to share in the cost and oversee operations of the Inter Municipal Tanker. The Inter Municipal Tanker will provide fire fighting equipment to the ratepayers in these municipalities.

11. Budget

On May 7, 2021, the Council approved its operating budget on planned expenses relating to the current year funding and other current year sources of revenue.

12. 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 pension expense in 2021 was \$22,778 (2020 - \$19,325). 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

13. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

14. Significant Event

Since March of 2020, the global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Rural Municipality of Lake Lenore No. 399
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	1,432,400	1,443,421	1,375,463
Abatements and adjustments	(16,150)	(21,231)	(15,757)
Discount on current year taxes	(66,600)	(67,924)	(64,961)
Net Municipal Taxes	1,349,650	1,354,266	1,294,745
Penalties on tax arrears	8,000	10,175	2,314
Special tax levy		-	22,688
Total Taxes	1,357,650	1,364,441	1,319,747
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	217,000	215,076	217,716
Safe Restart	-	-	35,017
Total Unconditional Grants	217,000	215,076	252,733
GRANTS IN LIEU OF TAXES			
Federal	3,800	3,891	3,834
Other Government Transfers			
Other: <i>Tax Sharing with Town of St. Brieux</i>	400	-	881
Total Grants in Lieu of Taxes	4,200	3,891	4,715
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	1,578,850	1,583,408	1,577,195

Rural Municipality of Lake Lenore No. 399
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 1

	2021 Budget	2021	2020
			(restated - Note 9)
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Sales of Supplies	3,000	6,847	3,506
- Other (<i>Appeal Fees</i>)	-	150	50
Total Fees and Charges	3,000	6,997	3,556
- Investment income and commissions	15,000	31,758	35,352
- Land sales - gain	-	-	(795)
- Other (<i>Donations</i>)	50,000	51,512	-
Total Other Segmented Revenue	68,000	90,267	38,113
Total Operating	68,000	90,267	38,113
Total General Government Services	68,000	90,267	38,113

TRANSPORTATION SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	14,000	5,598	19,090
- Sales of supplies	3,300	4,172	5,143
- Road Maintenance and Restoration Agreements	50,000	23,505	19,196
- Other (<i>Gravel Extraction Fees</i>)	50,000	23,592	23,989
- Rental	2,600	1,950	1,600
Total Fees and Charges	119,900	58,817	69,018
- Tangible capital asset sales - gain (loss)	175,000	(170,936)	-
- Other (<i>Recovery of Expense</i>)	-	-	118,516
Total Other Segmented Revenue	294,900	(112,119)	187,534
Conditional Grants			
- RIRG (CTP)	28,000	28,390	28,390
- Student Employment	-	2,268	-
Total Conditional Grants	28,000	30,658	28,390
Total Operating	322,900	(81,461)	215,924
Capital			
Conditional Grants			
- Canada Community-Building Fund	34,600	306,166	-
- RIRG (Heavy Haul, CTP, Bridge and Large Culvert)	500,000	500,000	-
- Municipal Economic Enhancement Program	-	-	84,369
Total Capital	534,600	806,166	84,369
Total Transportation Services	857,500	724,705	300,293

Rural Municipality of Lake Lenore No. 399
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 2

2021 Budget	2021	2020
		(restated - Note 9)

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (<i>Pest Control Supplies</i>)	100	42	1,814
Total Other Segmented Revenue	100	42	1,814
Conditional Grants			
- Beaver Control Program & Rat Control Program	4,000	6,962	5,757
Total Conditional Grants	4,000	6,962	5,757
Total Operating	4,100	7,004	7,571
Total Environmental and Public Health Services	4,100	7,004	7,571

PLANNING AND DEVELOPMENT SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Maintenance and development charges	2,200	2,200	2,200
Total Other Segmented Revenue	2,200	2,200	2,200
Total Operating	2,200	2,200	2,200
Total Planning and Development Services	2,200	2,200	2,200

UTILITY SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Water	4,200	8,752	5,218
Total Other Segmented Revenue	4,200	8,752	5,218
Total Operating	4,200	8,752	5,218
Total Planning and Development Services	4,200	8,752	5,218

TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	936,000	832,928	353,395
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SUMMARY

Total Other Segmented Revenue	369,400	(10,858)	234,879
Total Conditional Grants	32,000	37,620	34,147
Total Capital Grants and Contributions	534,600	806,166	84,369
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	936,000	832,928	353,395

Rural Municipality of Lake Lenore No. 399

Schedule of Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 1

	2021 Budget	2021	2020
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	36,600	35,216	35,889
Wages and benefits	113,150	131,510	106,382
Professional/Contractual services	79,000	81,405	65,207
Utilities	8,500	6,063	6,870
Maintenance, materials and supplies	16,600	32,201	11,722
Grants and contributions - operating	10,000	5,660	36,140
Amortization	1,100	1,049	1,044
Other (<i>Refunds</i>)	-	365	149
Other (<i>Carbon levies</i>)	-	9,715	-
Total Government Services	264,950	303,184	263,403

PROTECTIVE SERVICES

Police protection

Professional/Contractual services	29,000	29,032	28,273
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Fire protection

Professional/Contractual services	800	2,259	770
Maintenance, materials and supplies	1,000	-	-
Grants and contributions - operating	50,000	28,225	500
Grants and contributions - capital	-	-	11,681
Amortization	4,300	4,240	4,240

Total Protective Services	85,100	63,756	45,464
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TRANSPORTATION SERVICES

Wages and benefits	426,300	293,130	233,779
Professional/Contractual Services	183,000	86,265	138,200
Utilities	12,300	10,452	11,288
Maintenance, materials, and supplies	318,500	292,460	194,973
Gravel	220,200	228,935	135,033
Amortization	200,000	113,009	196,519
Interest	10,000	13,926	2,813

Total Transportation Services	1,370,300	1,038,177	912,605
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Rural Municipality of Lake Lenore No. 399

Schedule of 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	100	-	82
Professional/Contractual services	25,000	11,670	13,052
Maintenance, materials, and supplies	38,500	4,381	10,345
Grants and contributions - operating	20,000	38,009	38,009
Amortization	1,000	663	-
Total Environmental and Public Health Services	84,600	54,723	61,488
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual services	10,000	3,328	3,794
Grants and contributions - operating	45,000	34,773	40,754
Other	100	28	47
Total Environmental and Public Health Services	55,100	38,129	44,595
RECREATION AND CULTURAL SERVICES			
Professional/Contractual Services	10,000	10,155	9,862
Grant and contributions - operating	2,500	2,500	3,000
Total Recreation and Cultural Services	12,500	12,655	12,862
UTILITY SERVICES			
Grants and contributions - operating	200,000	-	-
Utilities	3,000	3,158	13,902
Amortization	750	738	738
Total Recreation and Cultural Services	203,750	3,896	14,640
TOTAL EXPENSES BY FUNCTION	2,076,300	1,514,520	1,355,057

Rural Municipality of Lake Lenore No. 399
Schedule of Segment Disclosure by Function
For the year ended December 31, 2021

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	6,997	-	58,817	42	2,200	-	8,752	76,808
Tangible Capital Asset Sales - Gain (Loss)	-	-	(170,936)	-	-	-	-	(170,936)
Land Sales - Gain (Loss)	-	-	-	-	-	-	-	-
Investment Income and Commissions	31,758	-	-	-	-	-	-	31,758
Other Revenues	51,512	-	-	-	-	-	-	51,512
Grants - Conditional	-	-	30,658	6,962	-	-	-	37,620
- Capital	-	-	806,166	-	-	-	-	806,166
Total revenues	90,267	-	724,705	7,004	2,200	-	8,752	832,928
Expenses (Schedule 3)								
Wages & Benefits	166,726	-	293,130	-	-	-	-	459,856
Professional/Contractual Services	81,405	31,291	86,265	11,670	3,328	10,155	-	224,114
Utilities	6,063	-	10,452	-	-	-	3,158	19,673
Maintenance Materials and Supplies	32,201	-	521,395	4,381	-	-	-	557,977
Grants and Contributions	5,660	28,225	-	38,009	34,773	2,500	-	109,167
Amortization	1,049	4,240	113,009	663	-	-	738	119,699
Interest	-	-	13,926	-	-	-	-	13,926
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	10,080	-	-	-	28	-	-	10,108
Total expenses	303,184	63,756	1,038,177	54,723	38,129	12,655	3,896	1,514,520
Surplus (Deficit) by Function	(212,917)	(63,756)	(313,472)	(47,719)	(35,929)	(12,655)	4,856	(681,592)

Taxation and other unconditional revenue (Schedule 1) 1,583,408

Net Surplus **901,816**

Rural Municipality of Lake Lenore No. 399
Schedule of Segment Disclosure by Function
For the year ended December 31, 2020

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
								(restated - Note 9)
Revenues (Schedule 2)								
Fees and Charges	3,556	-	69,018	1,814	2,200	-	5,218	81,806
Tangible Capital Asset Sales - Gain (Loss)	-	-	-	-	-	-	-	-
Land Sales - Gain (Loss)	(795)	-	-	-	-	-	-	(795)
Investment Income and Commissions	35,352	-	-	-	-	-	-	35,352
Other Revenues	-	-	118,516	-	-	-	-	118,516
Grants - Conditional	-	-	28,390	5,757	-	-	-	34,147
- Capital	-	-	84,369	-	-	-	-	84,369
Total revenues	38,113	-	300,293	7,571	2,200	-	5,218	353,395
Expenses (Schedule 3)								
Wages & Benefits	142,271	-	233,779	82	-	-	-	376,132
Professional/Contractual Services	65,207	29,043	138,200	13,052	3,794	9,862	-	259,158
Utilities	6,870	-	11,288	-	-	-	13,902	32,060
Maintenance Materials and Supplies	11,722	-	330,006	10,345	-	-	-	352,073
Grants and Contributions	36,140	12,181	-	38,009	40,754	3,000	-	130,084
Amortization	1,044	4,240	196,519	-	-	-	738	202,541
Interest	-	-	2,813	-	-	-	-	2,813
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	149	-	-	-	47	-	-	196
Total expenses	263,403	45,464	912,605	61,488	44,595	12,862	14,640	1,355,057
Deficit by Function	(225,290)	(45,464)	(612,312)	(53,917)	(42,395)	(12,862)	(9,422)	(1,001,662)
Taxation and other unconditional revenue (Schedule 1)								1,577,195
Net Surplus								575,533

Rural Municipality of Lake Lenore No. 399
Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2021

Schedule 6

2021							2020		
							(restated - Note 9)		
	General Assets					Infrastructure Assets	General/ Infrastructure Assets Under Construction	Total	Total
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets			
Asset cost									
Opening Asset costs	33,809	9,946	134,696	17,001	1,968,808	4,720,268	8,337	6,892,865	6,874,582
Additions during the year	-	-	-	-	1,119,206	1,307,843	27,975	2,455,024	18,283
Disposals and write-downs during the year	-	-	-	-	(811,228)	-	-	(811,228)	-
Transfers (from) assets under construction	-	-	-	-	-	36,312	(36,312)	-	-
Closing Asset Costs	33,809	9,946	134,696	17,001	2,276,786	6,064,423	-	8,536,661	6,892,865
Accumulated Amortization Cost									
Opening Accumulated Amortization Costs	-	-	98,436	17,001	1,060,058	3,276,130	-	4,451,625	4,249,084
Add: Amortization taken	-	663	2,325	-	54,606	62,105	-	119,699	202,541
Less: Accumulated amortization on disposals	-	-	-	-	(348,502)	-	-	(348,502)	-
Closing Accumulated Amortization Costs	-	663	100,761	17,001	766,162	3,338,235	-	4,222,822	4,451,625
Net Book Value	33,809	9,283	33,935	-	1,510,624	2,726,188	-	4,313,839	2,441,240

1. Total contributed/donated assets received in 2021 \$ -

2. List of assets recognized at nominal value in 2021 are:

- Infrastructure Assets \$ -
- Vehicles \$ -
- Machinery and Equipment \$ -

3. Amount of interest capitalized in 2021 \$ -

Rural Municipality of Lake Lenore No. 399
Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2021

Schedule 7

		2021							2020 (restated - Note 9)	
		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
Assets	Asset cost									
	Opening Asset costs	53,188	42,400	6,757,805	9,946	-	-	29,526	6,892,865	6,874,582
	Additions during the year	-	-	2,455,024	-	-	-	-	2,455,024	18,283
	Disposals and write-downs during the year	-	-	(811,228)	-	-	-	-	(811,228)	-
Closing Asset Costs		53,188	42,400	8,401,601	9,946	-	-	29,526	8,536,661	6,892,865
Amortization	Accumulated Amortization Cost									
	Opening Accumulated Amortization Costs	50,824	4,240	4,377,371	-	-	-	19,190	4,451,625	4,249,084
	Add: Amortization taken	1,049	4,240	113,009	663	-	-	738	119,699	202,541
	Less: Accumulated amortization on disposals	-	-	(348,502)	-	-	-	-	(348,502)	-
Closing Accumulated Amortization Costs		51,873	8,480	4,141,878	663	-	-	19,928	4,222,822	4,451,625
Net Book Value		1,315	33,920	4,259,723	9,283	-	-	9,598	4,313,839	2,441,240

Rural Municipality of Lake Lenore No. 399

Schedule of Accumulated Surplus

For the year ended December 31, 2021

Schedule 8

	2020	Changes	2021
	<i>(restated - Note 9)</i>		
UNAPPROPRIATED SURPLUS	1,203,404	509,241	1,712,645

APPROPRIATED RESERVES

Cemetery Fund	415	-	415
Future Expenditures	200,000	-	200,000
Machinery and Equipment	201,237	-	201,237
MEEP	84,369	-	84,369
New Deals Gas Tax	307,334	-	307,334
Public Reserve	19,900	-	19,900
Roads	259,941	-	259,941
Stray Livestock	946	-	946
Wells Upgrades and Replacement	2,483	-	2,483
Total Appropriated	1,076,625	-	1,076,625

NET INVESTMENT IN TANGIBLE CAPITAL ASSETS

Tangible Capital Assets (Schedule 6)	2,441,240	1,872,599	4,313,839
Less: Related debt	(47,360)	(1,480,024)	(1,527,384)
Net Investment in Tangible Capital Assets	2,393,880	392,575	2,786,455

Total Accumulated Surplus	4,673,909	901,816	5,575,725
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Rural Municipality of Lake Lenore No. 399
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 & Industrial	Potash Mine(s)	
Taxable Assessment	122,826,615	53,874,695	-	-	3,855,430	-	180,556,740
Regional Park Assessment							-
Total Assessment							180,556,740
Mill Rate Factor(s)	2.25	1.00	-	-	5.16		
Total Base/Minimum Tax (generated for each property class)	62,650	235,000	-	-	850		298,500
Total Municipal Tax Levy (includes base and/or minimum tax and special levies)	966,347	411,170	-	-	65,903		1,443,421

MILL RATES:	MILLS
Average Municipal*	7.9943
Average School*	2.4001
Potash Mill Rate	-
Uniform Municipal Mill Rate	3.2700

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

Rural Municipality of Lake Lenore No. 399
Schedule of Council Remuneration
For the year ended December 31, 2021

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Jean Kernalleguen	7,875	-	7,875
Phillip Gallays	5,038	-	5,038
Kevin Abel	4,625	-	4,625
Shawn Blandin	4,080	-	4,080
Eric Davis	3,963	-	3,963
Mark Schemenauer	3,375	-	3,375
Allan Lefebvre	1,200	-	1,200
Total	30,155	-	30,155