

**Annual Financial Statements**

**And Supporting Schedules**

**For The**

**Rural Municipality of Hillsdale No. 440**

**For the year ended December 31, 2017**

## Management's Responsibility

To the Ratepayers of the Rural Municipality of Hillsdale No. 440:

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 and ensuring that all information in the annual report is consistent with the statements. 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.

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 fulfills these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

Holm Raiche Oberg Chartered Professional Accountants P.C. Ltd., an independent firm of chartered professional accountants, 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 and separately with, both the Council and administration to discuss their audit findings.

April 17, 2018  
Date

  
Reeve

Janet Black  
Administrator



**HRO** *Holm Raiche Oberg*  
Chartered Professional Accountants P.C. Ltd.

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## INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Rural Municipality of Hillsdale No. 440

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Rural Municipality of Hillsdale No. 440, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rural Municipality of Hillsdale No. 440 as at December 31, 2017, and the results of its operations, change in net financial assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The current year's supplementary information included in the schedules and appendices is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

North Battleford, Saskatchewan  
April 17, 2018

  
Chartered Professional Accountants

Graham K. Holm, CPA, CA\*    Loralie A. Raiche, CPA, CA, CFP\*    Dallan D. Oberg, CPA, CA\*

\*Denotes a professional corporation



Rural Municipality of Hillsdale No. 440  
Statement of Financial Position  
As at December 31, 2017

Statement 1

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                           |                      |                      |
|   |                      | <i>(Re-stated)</i>   |
| Cash and Temporary Investments (Note 2)           | \$ 7,221,039         | \$ 6,471,356         |
| Taxes Receivable - Municipal (Note 3)             | 536,560              | 582,108              |
| Other Accounts Receivable (Note 4)                | 370,393              | 154,639              |
| Land for Resale                                   |                      |                      |
| Long-term Investments (Note 5)                    | 316,699              | 318,836              |
| Debt Charges Recoverable                          |                      |                      |
| Other (Specify)                                   |                      |                      |
| <b>Total Financial Assets</b>                     | <b>8,444,691</b>     | <b>7,526,939</b>     |
| <b>LIABILITIES</b>                                |                      |                      |
| Bank Indebtedness (Note 6)                        |                      |                      |
| Accounts Payable                                  | 348,679              | 4,017                |
| Accrued Liabilities Payable                       |                      |                      |
| Deposits  |                      |                      |
| Deferred Revenue                                  |                      |                      |
| Accrued Landfill Costs                            |                      |                      |
| Liability for Contaminated Sites                  |                      |                      |
| Other Liabilities                                 |                      |                      |
| Long-term Debt (Note 7)                           |                      |                      |
| Lease Obligations                                 |                      |                      |
| <b>Total Liabilities</b>                          | <b>348,679</b>       | <b>4,017</b>         |
| <b>NET FINANCIAL ASSETS (DEBT)</b>                | <b>8,096,012</b>     | <b>7,522,922</b>     |
| <b>NON-FINANCIAL ASSETS</b>                       |                      |                      |
| Tangible Capital Assets (Schedule 6, 7)           | 23,338,320           | 22,143,907           |
| Prepayments and Deferred Charges                  | 5,891                | 7,314                |
| Stock and Supplies                                | 724,441              | 700,883              |
| Other   |                      |                      |
| <b>Total Non-Financial Assets</b>                 | <b>24,068,652</b>    | <b>22,852,104</b>    |
| <b>Accumulated Surplus (Deficit) (Schedule 8)</b> | <b>\$ 32,164,664</b> | <b>\$ 30,375,026</b> |

Rural Municipality of Hillsdale No. 440  
Statement of Operations  
For the year ended December 31, 2017

Statement 2

|   | 2017 Budget         | 2017                 | 2016                 |
|---|---------------------|----------------------|----------------------|
| <b>Revenues</b>   |                     |                      |                      |
|   |                     |                      | <i>(Re-stated)</i>   |
| Taxes and Other Unconditional Revenue (Schedule 1)                                    | \$ 5,382,966        | \$ 5,532,716         | \$ 5,344,861         |
| Fees and Charges (Schedule 4, 5)  | 200,238             | 226,270              | 242,853              |
| Conditional Grants (Schedule 4, 5)  | 36,231              | 191,739              | 56,228               |
| Tangible Capital Asset Sales - Loss (Schedule 4, 5)                                   |                     | (44,770)             | (21,757)             |
| Land Sales - Gain (Schedule 4, 5)   |                     |                      |                      |
| Investment Income and Commissions (Schedule 4, 5)                                     | 30,000              | 81,933               | 56,538               |
| Other Revenues (Schedule 4, 5)  |                     | 14,271               | 47,804               |
| <b>Total Revenues</b>   | <b>5,649,435</b>    | <b>6,002,159</b>     | <b>5,726,527</b>     |
| <b>Expenses</b>   |                     |                      |                      |
| General Government Services (Schedule 3)  | 454,689             | 701,522              | 482,894              |
| Protective Services (Schedule 3)  | 146,508             | 140,550              | 116,018              |
| Transportation Services (Schedule 3)  | 3,419,618           | 3,171,087            | 3,115,156            |
| Environmental and Public Health Services (Schedule 3)                                 | 110,178             | 96,138               | 97,407               |
| Planning and Development Services (Schedule 3)  | 17,670              | 13,862               | 16,053               |
| Recreation and Cultural Services (Schedule 3)   | 102,050             | 123,592              | 109,400              |
| Utility Services (Schedule 3)   |                     |                      |                      |
| <b>Total Expenses</b>   | <b>4,250,713</b>    | <b>4,246,751</b>     | <b>3,936,928</b>     |
| <b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b> | <b>1,398,722</b>    | <b>1,755,408</b>     | <b>1,789,599</b>     |
| Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)                   | 32,767              | 34,230               | 32,767               |
| <b>Surplus (Deficit) of Revenues over Expenses</b>                                    | <b>\$ 1,431,489</b> | <b>1,789,638</b>     | <b>1,822,366</b>     |
| <b>Accumulated Surplus (Deficit), Beginning of Year</b>                               |                     | <b>30,375,026</b>    | <b>28,552,660</b>    |
| <b>Accumulated Surplus (Deficit), End of Year</b>                                     |                     | <b>\$ 32,164,664</b> | <b>\$ 30,375,026</b> |

Rural Municipality of Hillsdale No. 440  
Statement of Change in Net Financial Assets  
For the year ended December 31, 2017

Statement 3

|   | 2017 Budget         | 2017                | 2016<br><i>(Re-stated)</i> |
|---|---------------------|---------------------|----------------------------|
| <b>Surplus (Deficit)</b>  | <b>\$ 1,431,489</b> | <b>\$ 1,789,638</b> | <b>\$ 1,822,366</b>        |
| (Acquisition) of tangible capital assets                                      |                     | (2,918,803)         | (2,098,389)                |
| Amortization of tangible capital assets                                       |                     | 1,494,620           | 1,501,624                  |
| Proceeds on disposal of tangible capital assets                               |                     | 185,000             | 193,254                    |
| Loss on the disposal of tangible capital assets                               |                     | 44,770              | 21,757                     |
| <b>Surplus (Deficit) of capital revenue over expenditures</b>                 |                     | <b>(1,194,413)</b>  | <b>(381,754)</b>           |
| (Acquisition) of supplies inventories   |                     | (23,558)            |                            |
| (Acquisition) of prepaid expense  |                     |                     | (1,319)                    |
| Consumption of supplies inventories   |                     |                     | 107,763                    |
| Use of prepaid expense  |                     | 1,423               |                            |
| <b>Surplus (Deficit) of expenses of other non-financial over expenditures</b> |                     | <b>(22,135)</b>     | <b>106,444</b>             |
| <b>Increase (Decrease) in Net Financial Assets</b>                            | <b>\$ 1,431,489</b> | <b>573,090</b>      | <b>1,547,056</b>           |
| <b>Net Financial Assets - Beginning of Year</b>                               |                     | <b>7,522,922</b>    | <b>5,975,866</b>           |
| <b>Net Financial Assets - End of Year</b>                                     |                     | <b>\$ 8,096,012</b> | <b>\$ 7,522,922</b>        |

Rural Municipality of Hillsdale No. 440  
 Statement of Cash Flow  
 For the year ended December 31, 2017

Statement 4

|   | 2017                | 2016<br><i>(Re-stated)</i> |
|---|---------------------|----------------------------|
| <b>Cash provided by (used for) the following activities</b>     |                     |                            |
| <b>Operating:</b>   |                     |                            |
| Surplus (Deficit)   | \$ 1,789,638        | \$ 1,822,366               |
| Amortization  | 1,494,620           | 1,501,624                  |
| Loss on disposal of tangible capital assets                     | 44,770              | 21,757                     |
|   | <u>3,329,028</u>    | <u>3,345,747</u>           |
| <b>Change in assets/liabilities</b>                             |                     |                            |
| Taxes Receivable - Municipal                                    | 45,548              | (177,218)                  |
| Other Receivables   | (215,754)           | 130,233                    |
| Land for Resale   |                     |                            |
| Other Financial Assets  |                     |                            |
| Accounts and Accrued Liabilities Payable                        | 344,662             | (30,392)                   |
| Deposits  |                     | (50,000)                   |
| Deferred Revenue  |                     |                            |
| Accrued Landfill costs  |                     |                            |
| Liability for Contaminated Sites                                |                     |                            |
| Other Liabilities   |                     |                            |
| Stock and Supplies for Use                                      | (23,558)            | 107,763                    |
| Prepayments and Deferred Charges                                | 1,423               | (1,319)                    |
| Other (Specify)   |                     |                            |
| <b>Net cash provided by (used for) operations</b>               | <b>3,481,349</b>    | <b>3,324,814</b>           |
| <b>Capital:</b>   |                     |                            |
| Acquisition of Tangible Capital Assets                          | (2,918,803)         | (2,098,389)                |
| Proceeds From the Disposal of Tangible Capital Assets           | 185,000             | 193,254                    |
| Other Capital   |                     |                            |
| <b>Net cash provided by (used for) capital</b>                  | <b>(2,733,803)</b>  | <b>(1,905,135)</b>         |
| <b>Investing:</b>   |                     |                            |
| Long-term Investments   | 2,137               | (9,172)                    |
| Other Investments   |                     |                            |
| <b>Net cash provided by (used for) investing</b>                | <b>2,137</b>        | <b>(9,172)</b>             |
| <b>Financing:</b>   |                     |                            |
| Debt Charges Recovered  |                     |                            |
| Long-term Debt Issued   |                     |                            |
| Long-term Debt Repaid   |                     |                            |
| Other Financing   |                     | (109,128)                  |
| <b>Cash provided by (used for) financing transactions</b>       |                     | <b>(109,128)</b>           |
| <b>Change in Cash and Temporary Investments during the year</b> | <b>749,683</b>      | <b>1,301,379</b>           |
| <b>Cash and Temporary Investments - Beginning of Year</b>       | <b>6,471,356</b>    | <b>5,169,977</b>           |
| <b>Cash and Temporary Investments - End of Year</b>             | <b>\$ 7,221,039</b> | <b>\$ 6,471,356</b>        |

Rural Municipality of Hillsdale No. 440  
Notes to the Financial Statements  
For the year ended December 31, 2017

1. Significant Accounting Policies

The financial statements of the municipality are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies are as follows:

- a) **Basis of Accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.
- b) **Reporting Entity:** The financial statements consolidates the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Entities included in these financial statements are as follows:

Entity

Rural Municipality of Hillsdale No.440

- c) **Collection of Funds for Other Authorities:** Collection of funds by the municipality for the school board and municipal hall 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 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 occurred, as long as:
  - a) the transfer is authorized;
  - b) any eligibility criteria have been met; and
  - c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an account 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) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- g) **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.
- h) **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.



1. Significant Accounting Policies - continued

- i) **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.
- j) **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.
- k) **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 and Property Insurance Fund are accounted for on the equity basis. All other investments are accounted for at cost.
- l) **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.
- m) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The 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> |
|-------------------------------|--------------------|
| <i>General Assets</i>         |                    |
| Land                          | Indefinite         |
| Land Improvements             | 15 Yrs             |
| Buildings                     | 40 Yrs             |
| <i>Vehicles and Equipment</i> |                    |
| Vehicles                      | 10 Yrs             |
| Machinery and Equipment       | 3 to 20 Yrs        |
| <i>Infrastructure Assets</i>  |                    |
| Road Network Assets           | 15 to 40 Yrs       |

**Government Contributions:** Government contributions for the acquisition of tangible capital assets are reported as capital revenue and do not reduce the cost of the related asset.

**Works of Art:** Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

**Capitalization of Interest:** The municipality does not capitalize interest incurred while a tangible capital asset is under construction.

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

**I. Significant Accounting Policies - continued**

- 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:
  - a) an environmental standard exists;
  - b) contamination exceeds the environmental standard;
  - c) The municipality:
    - i. is directly responsible; or
    - ii. accepts responsibility;
  - d) it is expected that future economic benefits will be given up; and
  - e) a reasonable estimate of the amount can be made.

- p) **Measurement Uncertainty:** The preparation of financial statements in conformity with generally accepted accounting principles 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. Taxes receivable and accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Allowances are determined through an annual review of outstanding amounts.

The measurement of materials and supplies are based on estimates of volume and quality. The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

- q) **Basis of Segmentation:** The municipality has adopted 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:** The protective services segment 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 neighborhood development and sustainability.

**Recreation and Cultural:** The recreation and cultural 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.

- r) **Land Sales:** Land sales are recognized in the financial statements as revenues in the period in which the contract is signed and the ability to collect is reasonably assured.
- s) **Land for Resale:** Land for resale is recorded at the lower of cost to prepare the land for sale and the market value of the land. Costs to prepare the land for sale include leveling, grading and utility service connections. The land is considered available for sale when all the land preparation is completed.
- t) **Tax Title Property:** Property acquired through the tax enforcement process and temporarily held is recorded at the lesser of the carrying amount (cost equal to the outstanding taxes including any applicable penalties up to the date of acquisition plus any costs necessary to maintain after acquisition) and the net recoverable amount. Impairment losses are not reversed in subsequent years, if net recoverable value subsequently increases.

**1. Significant Accounting Policies - continued**

**u) Recent accounting pronouncements**

**PS 3450 Financial Instruments (New and Amendment)**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The municipality does not expect the adoption of these new standards to have a material impact on its financial statements.

**PS 3320 Contingent Assets (New)**

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events, not wholly within the public sector entity's control, occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any nondisclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The municipality does not expect the adoption of this new standard to have a material impact on its financial statements.

**PS 3380 Contractual Rights (New)**

In June 2016, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this standards are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there are no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Rural Municipality of Hillsdale No. 440  
Notes to the Financial Statements  
For the year ended December 31, 2017

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>2. Cash and Temporary Investments</b>    |                     |                     |
| Cash  | \$ 7,221,039        | \$ 6,471,356        |
| Temporary Investments                       |                     |                     |
| Restricted Cash                             |                     |                     |
| <b>Total Cash and Temporary Investments</b> | <b>\$ 7,221,039</b> | <b>\$ 6,471,356</b> |

Cash and temporary investments include balances with banks, Credit Unions, 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.

The municipality has not set aside funds (restricted cash) to finance future expenditures based upon appropriated reserves (Schedule 8) determined by council; these funds are internally restricted. The appropriated reserves are unfunded. However, there are sufficient funds in the general account to fund the reserves.

**3. Taxes Receivable - Municipal**

|   |                |                |
|---|----------------|----------------|
| Municipal - Current                     | \$ 80,780      | \$ 95,297      |
| - Arrears                               | 805,780        | 586,811        |
|   | 886,560        | 682,108        |
| - Less Allowance for Uncollectibles     | (350,000)      | (100,000)      |
| <b>Total Municipal Taxes Receivable</b> | <b>536,560</b> | <b>582,108</b> |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| School - Current                     | 11,791         | 17,750         |
| - Arrears                            | 130,451        | 95,409         |
| <b>Total School Taxes Receivable</b> | <b>142,242</b> | <b>113,159</b> |

|       |  |  |
|-------|--|--|
| Other |  |  |
|-------|--|--|

Total Taxes and Grants in Lieu Receivable 678,802 695,267

Deduct taxes receivable to be collected on behalf of other organizations (142,242) (113,159)

**Total Taxes Receivable - Municipal** **\$ 536,560** **\$ 582,108**

**4. Other Accounts Receivable**

|  |                |                |
|--|----------------|----------------|
| Federal government                     | \$ 113,634     | \$ 51,828      |
| Provincial government                  | 9,700          |                |
| Local government                       | 177,641        | 37,131         |
| Utility                                |                |                |
| Trade                                  | 63,181         | 65,680         |
| Other                                  | 6,237          |                |
| <b>Total Other Accounts Receivable</b> | <b>370,393</b> | <b>154,639</b> |

Less Allowance for Uncollectibles

**Net Other Accounts Receivable** **\$ 370,393** **\$ 154,639**

**5. Long-term Investments**

|   |           | <i>(Re-stated)</i> |
|---|-----------|--------------------|
| Sask. Assoc. of Rural Municipalities - Self Insurance Fund        | \$ 51,517 | \$ 50,467          |
| Sask. Assoc. of Rural Municipalities - Tax Loss Compensation Fund | 219,857   | 230,197            |
| Synergy Credit Union - equity                                     | 26,950    | 20,212             |
| Lloydminster & District Co-op - equity                            | 18,269    | 17,855             |
| Pine Island Lodge - shares  | 100       | 100                |
| Synergy Credit Union - shares                                     | 6         | 5                  |

**Total Long-term Investments** **\$ 316,699** **\$ 318,836**

**Rural Municipality of Hillsdale No. 440**

**Notes to the Financial Statements**

**For the year ended December 31, 2017**

**6. Credit Facility Agreement**

The municipality has a credit facility agreement with its financial institution that covers revolving operating line of credit in the amount of \$750,000.

Interest on the line of credit is 2.95% (2016 - 2.45%). Security for the line of credit is the assignment of the municipality's municipal taxes receivable. There was no balance owing at year end under this line of credit in 2017 or 2016.

**7. Long-term Debt**

a) The debt limit of the municipality is \$4,944,987. 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)).

**8. 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 2017 was \$51,858 (2016 - \$60,657). 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.

**9. Comparative Figures**

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

**10. Budget Figures**

Budget figures are reported for information purposes only and are not included in the scope of the external audit.

**11. Prior Period Adjustment**

During the year an error was discovered and adjusted. Sask. Assoc. Rural Municipalities Tax Loss Compensation Trust Fund had not previously been recorded and the associated income/expense relating to the fund.

**Effect of Change on 2016 Statement of Financial Position**

|   |                     |
|---|---------------------|
| 2016 Accumulated Surplus as previously reported                                     | \$30,144,829        |
| Add: Sask. Assoc. Rural Municipalities - Tax Loss Compensation Trust Fund - Balance | 230,197             |
| <b>Restated 2016 Accumulated Surplus</b>  | <b>\$30,375,026</b> |

**Effect of Change to 2016 Statement of Operations**

|  |                    |
|--|--------------------|
| Previously reported Surplus of Revenue Over Expenses | \$1,818,943        |
| Less: Tax Loss Compensation Trust Fund income        | 3,423              |
| <b>Restated Surplus of Revenue over Expense</b>      | <b>\$1,822,366</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Taxes and Other Unconditional Revenue  
 For the year ended December 31, 2017

Schedule 1

|  | 2017 Budget         | 2017                | 2016<br><i>(Re-stated)</i> |
|--|---------------------|---------------------|----------------------------|
| <b>TAXES</b>                                       |                     |                     |                            |
| General municipal tax levy                         | \$ 5,348,971        | \$ 5,302,550        | \$ 5,179,631               |
| Abatements and adjustments                         | (2,500)             | (6,999)             | (36,251)                   |
| Discount on current year taxes                     | (254,000)           | (181,418)           | (196,689)                  |
| <b>Net Municipal Taxes</b>                         | <b>5,092,471</b>    | <b>5,114,133</b>    | <b>4,946,691</b>           |
| Potash tax share                                   |                     |                     |                            |
| Trailer license fees                               |                     |                     |                            |
| Penalties on tax arrears                           | 28,000              | 164,304             | 120,120                    |
| Special tax levy                                   |                     |                     |                            |
| Other (Specify)                                    |                     |                     |                            |
| <b>Total Taxes</b>                                 | <b>5,120,471</b>    | <b>5,278,437</b>    | <b>5,066,811</b>           |
| <b>UNCONDITIONAL GRANTS</b>                        |                     |                     |                            |
| Revenue Sharing                                    | 225,000             | 225,109             | 234,368                    |
| Organized Hamlet                                   |                     |                     |                            |
| <b>Total Unconditional Grants</b>                  | <b>225,000</b>      | <b>225,109</b>      | <b>234,368</b>             |
| <b>GRANTS IN LIEU OF TAXES</b>                     |                     |                     |                            |
| Federal  |                     |                     |                            |
| Provincial   |                     |                     |                            |
| S.P.C. Electrical                                  |                     |                     |                            |
| SaskEnergy Gas                                     |                     |                     |                            |
| TransGas   |                     |                     |                            |
| Central Services                                   |                     |                     |                            |
| SaskTel  | 26,520              | 20,053              | 26,130                     |
| Other (Sask. Environment and resource management)  | 975                 | 802                 | 612                        |
| Local/Other  |                     |                     |                            |
| Housing Authority                                  |                     |                     |                            |
| C.P.R. Mainline                                    |                     |                     |                            |
| Treaty Land Entitlement                            | 10,000              | 8,315               | 16,940                     |
| Other (Specify)                                    |                     |                     |                            |
| Other Government Transfers                         |                     |                     |                            |
| S.P.C. Surcharge                                   |                     |                     |                            |
| Sask Energy Surcharge                              |                     |                     |                            |
| Other (Specify)                                    |                     |                     |                            |
| <b>Total Grants in Lieu of Taxes</b>               | <b>37,495</b>       | <b>29,170</b>       | <b>43,682</b>              |
| <b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b> | <b>\$ 5,382,966</b> | <b>\$ 5,532,716</b> | <b>\$ 5,344,861</b>        |

Rural Municipality of Hillsdale No. 440  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2017

Schedule 2 - 1

|  | 2017 Budget   | 2017           | 2016           |
|--|---------------|----------------|----------------|
| <b>GENERAL GOVERNMENT SERVICES</b>           |               |                |                |
| <b>Operating</b>                             |               |                |                |
| Other Segmented Revenue                      |               |                |                |
| Fees and Charges                             |               |                |                |
| - Custom work                                | \$ 2,000      | \$ 350         | \$ 7,865       |
| - Sales of supplies                          | 1,500         | 1,168          | 1,284          |
| - Other (General office services)            | 3,200         | 19,790         | 8,654          |
| Total Fees and Charges                       | 6,700         | 21,308         | 17,803         |
| - Tangible capital asset sales - gain (loss) |               |                |                |
| - Land sales - gain                          |               |                |                |
| - Investment income and commissions          | 30,000        | 81,933         | 56,538         |
| - Other (SARM & WCB & MHH)                   |               | 12,471         | 42,502         |
| Total Other Segmented Revenue                | 36,700        | 115,712        | 116,843        |
| Conditional Grants                           |               |                |                |
| - Student Employment                         |               |                |                |
| - Other (Village share of wages and MAIP)    | 19,416        | 159,037        | 38,827         |
| Total Conditional Grants                     | 19,416        | 159,037        | 38,827         |
| <b>Total Operating</b>                       | <b>56,116</b> | <b>274,749</b> | <b>155,670</b> |
| <b>Capital</b>                               |               |                |                |
| Conditional Grants                           |               |                |                |
| - Federal Gas Tax                            |               |                |                |
| - Provincial Disaster Assistance             |               |                |                |
| - Other (Specify)                            |               |                |                |
| <b>Total Capital</b>                         |               |                |                |
| <b>Total General Government Services</b>     | <b>56,116</b> | <b>274,749</b> | <b>155,670</b> |

**PROTECTIVE SERVICES**

**Operating**

|  |  |  |              |
|--|--|--|--------------|
| Other Segmented Revenue                      |  |  |              |
| Fees and Charges                             |  |  |              |
| - Other (Fire Training)                      |  |  | 3,229        |
| Total Fees and Charges                       |  |  | 3,229        |
| - Tangible capital asset sales - gain (loss) |  |  |              |
| - Other (Specify)                            |  |  |              |
| Total Other Segmented Revenue                |  |  | 3,229        |
| Conditional Grants                           |  |  |              |
| - Student Employment                         |  |  |              |
| - Local government                           |  |  |              |
| - Other (Specify)                            |  |  |              |
| Total Conditional Grants                     |  |  |              |
| <b>Total Operating</b>                       |  |  | <b>3,229</b> |

**Capital**

|                                  |  |  |              |
|----------------------------------|--|--|--------------|
| Conditional Grants               |  |  |              |
| - Federal Gas Tax                |  |  |              |
| - Provincial Disaster Assistance |  |  |              |
| - Local government               |  |  |              |
| - Other (Specify)                |  |  |              |
| <b>Total Capital</b>             |  |  |              |
| <b>Total Protective Services</b> |  |  | <b>3,229</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2017

Schedule 2 - 2

|   | 2017 Budget    | 2017          | 2016           |
|---|----------------|---------------|----------------|
| <b>TRANSPORTATION SERVICES</b>                |                |               |                |
| <b>Operating</b>                              |                |               |                |
| Other Segmented Revenue                       |                |               |                |
| Fees and Charges                              |                |               |                |
| - Custom work                                 | 10,000         | 11,219        | 10,724         |
| - Sales of supplies                           | 3,000          | 150           | 1,018          |
| - Road Maintenance and Restoration Agreements | 60,000         | 66,639        | 79,733         |
| - Frontage                                    |                |               |                |
| - Other (Licenses and permits)                | 14,500         | 18,975        | 10,450         |
| Total Fees and Charges                        | 87,500         | 96,983        | 101,925        |
| - Tangible capital asset sales - gain (loss)  |                | (44,770)      | (21,757)       |
| - Other (Specify)                             |                |               |                |
| Total Other Segmented Revenue                 | 87,500         | 52,213        | 80,168         |
| Conditional Grants                            |                |               |                |
| - MREP (CTP)                                  | 10,670         | 9,700         | 10,670         |
| - Student Employment                          |                |               |                |
| - Other (Specify)                             |                |               |                |
| Total Conditional Grants                      | 10,670         | 9,700         | 10,670         |
| <b>Total Operating</b>                        | <b>98,170</b>  | <b>61,913</b> | <b>90,838</b>  |
| <b>Capital</b>                                |                |               |                |
| Conditional Grants                            |                |               |                |
| - Federal Gas Tax                             | 32,767         | 34,230        | 32,767         |
| - MREP (Heavy Haul, CTP, Municipal Bridges)   |                |               |                |
| - Provincial Disaster Assistance              |                |               |                |
| - Other (Specify)                             |                |               |                |
| <b>Total Capital</b>                          | <b>32,767</b>  | <b>34,230</b> | <b>32,767</b>  |
| <b>Total Transportation Services</b>          | <b>130,937</b> | <b>96,143</b> | <b>123,605</b> |

**ENVIRONMENTAL AND PUBLIC HEALTH SERVICES**

|   |               |               |               |
|---|---------------|---------------|---------------|
| <b>Operating</b>                                      |               |               |               |
| Other Segmented Revenue                               |               |               |               |
| Fees and Charges                                      |               |               |               |
| - Waste and Disposal Fees                             | 5,000         | 7,108         | 6,017         |
| - Other (Pest Control)                                | 2,300         | 1,789         | 2,948         |
| Total Fees and Charges                                | 7,300         | 8,897         | 8,965         |
| - Tangible capital asset sales - gain (loss)          |               |               |               |
| - Other (Cemetery & Vet Service Board)                |               | 1,800         | 5,302         |
| Total Other Segmented Revenue                         | 7,300         | 10,697        | 14,267        |
| Conditional Grants                                    |               |               |               |
| - Student Employment                                  |               |               |               |
| - TAPD  |               |               |               |
| - Local government                                    |               |               |               |
| - Other (MMRW & PREP & ISWP)                          | 6,145         | 23,002        | 6,731         |
| Total Conditional Grants                              | 6,145         | 23,002        | 6,731         |
| <b>Total Operating</b>                                | <b>13,445</b> | <b>33,699</b> | <b>20,998</b> |
| <b>Capital</b>  |               |               |               |
| Conditional Grants                                    |               |               |               |
| - Federal Gas Tax                                     |               |               |               |
| - TAPD  |               |               |               |
| - Provincial Disaster Assistance                      |               |               |               |
| - Other (Specify)                                     |               |               |               |
| <b>Total Capital</b>                                  |               |               |               |
| <b>Total Environmental and Public Health Services</b> | <b>13,445</b> | <b>33,699</b> | <b>20,998</b> |



Rural Municipality of Hillsdale No. 440  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2017

Schedule 2 - 3

|  | 2017 Budget   | 2017          | 2016           |
|--|---------------|---------------|----------------|
| <b>PLANNING AND DEVELOPMENT SERVICES</b>       |               |               |                |
| <b>Operating</b>                               |               |               |                |
| Other Segmented Revenue                        |               |               |                |
| Fees and Charges                               |               |               |                |
| - Maintenance and Development Charges          |               |               |                |
| - Other (Pasture and oil well rentals)         | 98,738        | 99,082        | 110,931        |
| Total Fees and Charges                         | 98,738        | 99,082        | 110,931        |
| - Tangible capital asset sales - gain (loss)   |               |               |                |
| - Other (Specify)                              |               |               |                |
| Total Other Segmented Revenue                  | 98,738        | 99,082        | 110,931        |
| Conditional Grants                             |               |               |                |
| - Student Employment                           |               |               |                |
| - Other (Specify)                              |               |               |                |
| Total Conditional Grants                       |               |               |                |
| <b>Total Operating</b>                         | <b>98,738</b> | <b>99,082</b> | <b>110,931</b> |
| <b>Capital</b>                                 |               |               |                |
| Conditional Grants                             |               |               |                |
| - Federal Gas Tax                              |               |               |                |
| - Provincial Disaster Assistance               |               |               |                |
| - Other (Specify)                              |               |               |                |
| <b>Total Capital</b>                           |               |               |                |
| <b>Total Planning and Development Services</b> | <b>98,738</b> | <b>99,082</b> | <b>110,931</b> |

**RECREATION AND CULTURAL SERVICES**

**Operating**

|  |  |  |  |
|--|--|--|--|
| Other Segmented Revenue                      |  |  |  |
| Fees and Charges                             |  |  |  |
| - Other (Specify)                            |  |  |  |
| Total Fees and Charges                       |  |  |  |
| - Tangible capital asset sales - gain (loss) |  |  |  |
| - Other (Specify)                            |  |  |  |
| Total Other Segmented Revenue                |  |  |  |
| Conditional Grants                           |  |  |  |
| - Student Employment                         |  |  |  |
| - Local government                           |  |  |  |
| - Donations                                  |  |  |  |
| - Other (Specify)                            |  |  |  |
| Total Conditional Grants                     |  |  |  |
| <b>Total Operating</b>                       |  |  |  |

**Capital**

|                                  |  |  |  |
|----------------------------------|--|--|--|
| Conditional Grants               |  |  |  |
| - Federal Gas Tax                |  |  |  |
| - Local government               |  |  |  |
| - Provincial Disaster Assistance |  |  |  |
| - Other (Specify)                |  |  |  |

**Total Capital**

|   |  |  |  |
|---|--|--|--|
| <b>Total Recreation and Cultural Services</b> |  |  |  |
|---|--|--|--|

Rural Municipality of Hillsdale No. 440  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2017

Schedule 2 - 4

|  | 2017 Budget | 2017 | 2016 |
|--|-------------|------|------|
| <b>UTILITY SERVICES</b>                      |             |      |      |
| <b>Operating</b>                             |             |      |      |
| Other Segmented Revenue                      |             |      |      |
| Fees and Charges                             |             |      |      |
| - Water                                      |             |      |      |
| - Sewer                                      |             |      |      |
| - Other (Specify)                            |             |      |      |
| Total Fees and Charges                       |             |      |      |
| - Tangible capital asset sales - gain (loss) |             |      |      |
| - Other (Specify)                            |             |      |      |
| Total Other Segmented Revenue                |             |      |      |
| Conditional Grants                           |             |      |      |
| - Student Employment                         |             |      |      |
| - Other (Specify)                            |             |      |      |
| Total Conditional Grants                     |             |      |      |
| <b>Total Operating</b>                       |             |      |      |
| <b>Capital</b>                               |             |      |      |
| Conditional Grants                           |             |      |      |
| - Federal Gas Tax                            |             |      |      |
| - New Building Canada Fund (SCF, NRP)        |             |      |      |
| - Clean Water Wastewater Fund                |             |      |      |
| - Provincial Disaster Assistance             |             |      |      |
| - Other (Specify)                            |             |      |      |
| <b>Total Capital</b>                         |             |      |      |
| <b>Total Utility Services</b>                |             |      |      |

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b> | <b>\$ 299,236</b> | <b>\$ 503,673</b> | <b>\$ 414,433</b> |
|--|-------------------|-------------------|-------------------|

**SUMMARY**

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Total Other Segmented Revenue                          | \$ 230,238        | \$ 277,704        | \$ 325,438        |
| Total Conditional Grants                               | 36,231            | 191,739           | 56,228            |
| Total Capital Grants and Contributions                 | 32,767            | 34,230            | 32,767            |
| <b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b> | <b>\$ 299,236</b> | <b>\$ 503,673</b> | <b>\$ 414,433</b> |

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

For the year ended December 31, 2017

Schedule 3 - 1

|                                      | 2017 Budget    | 2017           | 2016           |
|--------------------------------------|----------------|----------------|----------------|
| <b>GENERAL GOVERNMENT SERVICES</b>   |                |                |                |
| Council remuneration and travel      | \$ 41,000      | \$ 34,566      | \$ 36,460      |
| Wages and benefits                   | 295,300        | 299,950        | 334,059        |
| Professional/Contractual services    | 75,035         | 72,088         | 75,786         |
| Utilities                            | 7,224          | 7,572          | 7,002          |
| Maintenance, materials and supplies  | 20,250         | 21,466         | 21,976         |
| Grants and contributions - operating | 1,400          | 550            | 1,400          |
| - capital                            |                |                |                |
| Amortization                         | 14,480         | 14,480         | 6,108          |
| Interest                             |                |                |                |
| Allowance for uncollectibles         |                | 250,000        |                |
| Other (Appeal fees)                  |                | 850            | 103            |
| <b>Total Government Services</b>     | <b>454,689</b> | <b>701,522</b> | <b>482,894</b> |

**PROTECTIVE SERVICES**

**Police protection**

|                                      |        |        |        |
|--------------------------------------|--------|--------|--------|
| Wages and benefits                   |        |        |        |
| Professional/Contractual services    | 25,000 | 24,441 | 24,307 |
| Utilities                            |        |        |        |
| Maintenance, materials and supplies  |        |        |        |
| Grants and contributions - operating |        |        |        |
| - capital                            |        |        |        |
| Other (Specify)                      |        |        |        |

**Fire protections**

|                                      |         |         |        |
|--------------------------------------|---------|---------|--------|
| Wages and benefits                   |         |         |        |
| Professional/Contractual services    | 121,508 | 116,109 | 91,711 |
| Utilities                            |         |         |        |
| Maintenance, material and supplies   |         |         |        |
| Grants and contributions - operating |         |         |        |
| - capital                            |         |         |        |
| Amortization                         |         |         |        |
| Interest                             |         |         |        |
| Other (Specify)                      |         |         |        |

|                                  |                |                |                |
|----------------------------------|----------------|----------------|----------------|
| <b>Total Protective Services</b> | <b>146,508</b> | <b>140,550</b> | <b>116,018</b> |
|----------------------------------|----------------|----------------|----------------|

**TRANSPORTATION SERVICES**

|                                      |           |           |           |
|--------------------------------------|-----------|-----------|-----------|
| Wages and benefits                   | 651,112   | 561,511   | 600,487   |
| Professional/Contractual Services    | 105,250   | 190,443   | 98,519    |
| Utilities                            | 13,860    | 14,925    | 13,277    |
| Maintenance, materials and supplies  | 471,000   | 401,314   | 348,766   |
| Gravel                               | 660,000   | 524,107   | 553,529   |
| Grants and contributions - operating |           |           |           |
| - capital                            |           |           |           |
| Amortization                         | 1,518,396 | 1,478,787 | 1,494,164 |
| Interest                             |           |           | 5,439     |
| Other (Bad debts)                    |           |           | 975       |

|                                      |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|
| <b>Total Transportation Services</b> | <b>3,419,618</b> | <b>3,171,087</b> | <b>3,115,156</b> |
|--------------------------------------|------------------|------------------|------------------|

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

For the year ended December 31, 2017

Schedule 3 - 2

|   | 2017 Budget    | 2017          | 2016          |
|---|----------------|---------------|---------------|
| <b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>       |                |               |               |
| Wages and benefits                                    |                |               |               |
| Professional/Contractual services                     | 95,260         | 88,442        | 80,175        |
| Utilities   | 750            | 853           | 797           |
| Maintenance, materials and supplies                   | 10,120         | 2,795         | 10,510        |
| Grants and contributions - operating                  |                |               |               |
| o Waste disposal                                      |                |               |               |
| o Public Health                                       | 3,000          | 3,000         | 4,878         |
| - capital   |                |               |               |
| o Waste disposal                                      |                |               |               |
| o Public Health                                       |                |               |               |
| Amortization  | 1,048          | 1,048         | 1,047         |
| Interest  |                |               |               |
| Other (Specify)                                       |                |               |               |
| <b>Total Environmental and Public Health Services</b> | <b>110,178</b> | <b>96,138</b> | <b>97,407</b> |

**PLANNING AND DEVELOPMENT SERVICES**

|  |               |               |               |
|--|---------------|---------------|---------------|
| Wages and benefits                             |               |               |               |
| Professional/Contractual Services              | 17,365        | 13,557        | 15,748        |
| Grants and contributions - operating           |               |               |               |
| - capital                                      |               |               |               |
| Amortization                                   | 305           | 305           | 305           |
| Interest                                       |               |               |               |
| Other (Specify)                                |               |               |               |
| <b>Total Planning and Development Services</b> | <b>17,670</b> | <b>13,862</b> | <b>16,053</b> |

**RECREATION AND CULTURAL SERVICES**

|   |                |                |                |
|---|----------------|----------------|----------------|
| Wages and benefits                            |                |                |                |
| Professional/Contractual services             | 8,550          | 7,831          | 8,254          |
| Utilities                                     |                |                |                |
| Maintenance, materials and supplies           |                |                |                |
| Grants and contributions - operating          | 93,500         | 111,761        | 94,146         |
| - capital                                     |                | 4,000          | 7,000          |
| Amortization                                  |                |                |                |
| Interest                                      |                |                |                |
| Allowance for uncollectibles                  |                |                |                |
| Other (Specify)                               |                |                |                |
| <b>Total Recreation and Cultural Services</b> | <b>102,050</b> | <b>123,592</b> | <b>109,400</b> |

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

For the year ended December 31, 2017

Schedule 3 - 3

|                                      | 2017 Budget         | 2017                | 2016                |
|--------------------------------------|---------------------|---------------------|---------------------|
| <b>UTILITY SERVICES</b>              |                     |                     |                     |
| Wages and benefits                   |                     |                     |                     |
| Professional/Contractual services    |                     |                     |                     |
| Utilities                            |                     |                     |                     |
| Maintenance, materials and supplies  |                     |                     |                     |
| Grants and contributions - operating |                     |                     |                     |
| - capital                            |                     |                     |                     |
| Amortization                         |                     |                     |                     |
| Interest                             |                     |                     |                     |
| Allowance for uncollectibles         |                     |                     |                     |
| Other (Specify)                      |                     |                     |                     |
| <b>Total Utility Services</b>        |                     |                     |                     |
| <b>TOTAL EXPENSES BY FUNCTION</b>    | <b>\$ 4,250,713</b> | <b>\$ 4,246,751</b> | <b>\$ 3,936,928</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Segment Disclosure by Function  
 For the year ended December 31, 2017

Schedule 4

|  | General Government  | Protective Services | Transportation Services | Environmental & Public Health | Planning and Development | Recreation and Cultural | Utility Services | Total               |
|--|---------------------|---------------------|-------------------------|-------------------------------|--------------------------|-------------------------|------------------|---------------------|
| <b>Revenues (Schedule 2)</b>                                 |                     |                     |                         |                               |                          |                         |                  |                     |
| Fees and Charges   | \$ 21,308           | \$                  | \$ 96,983               | \$ 8,897                      | \$ 99,082                | \$                      |                  | \$ 226,270          |
| Tangible Capital Asset Sales - Loss                          |                     |                     | (44,770)                |                               |                          |                         |                  | (44,770)            |
| Land Sales - Gain  | 81,933              |                     |                         |                               |                          |                         |                  | 81,933              |
| Investment Income and Commissions                            | 12,471              |                     |                         | 1,800                         |                          |                         |                  | 14,271              |
| Other Revenues   | 159,037             |                     | 9,700                   | 23,002                        |                          |                         |                  | 191,739             |
| Grants - Conditional   |                     |                     | 34,230                  |                               |                          |                         |                  | 34,230              |
| - Capital  |                     |                     |                         |                               |                          |                         |                  |                     |
| <b>Total Revenues</b>  | <b>274,749</b>      |                     | <b>96,143</b>           | <b>33,699</b>                 | <b>99,082</b>            |                         |                  | <b>503,673</b>      |
| <b>Expenses (Schedule 3)</b>                                 |                     |                     |                         |                               |                          |                         |                  |                     |
| Wages & Benefits   | 334,516             |                     | 561,511                 |                               |                          |                         |                  | 896,027             |
| Professional/ Contractual Services                           | 72,088              | 140,550             | 190,443                 | 88,442                        | 13,557                   | 7,831                   |                  | 512,911             |
| Utilities  | 7,572               |                     | 14,925                  | 853                           |                          |                         |                  | 23,350              |
| Maintenance, Materials and Supplies                          | 21,466              |                     | 925,421                 | 2,795                         |                          | 115,761                 |                  | 949,682             |
| Grants and Contributions                                     | 550                 |                     |                         | 3,000                         |                          |                         |                  | 119,311             |
| Amortization   | 14,480              |                     | 1,478,787               | 1,048                         | 305                      |                         |                  | 1,494,620           |
| Interest   |                     |                     |                         |                               |                          |                         |                  |                     |
| Allowance for Uncollectibles                                 | 250,000             |                     |                         |                               |                          |                         |                  | 250,000             |
| Other  | 850                 |                     |                         |                               |                          |                         |                  | 850                 |
| <b>Total Expenses</b>  | <b>701,522</b>      | <b>140,550</b>      | <b>3,171,087</b>        | <b>96,138</b>                 | <b>13,862</b>            | <b>123,592</b>          |                  | <b>4,246,751</b>    |
| <b>Surplus (Deficit) by Function</b>                         | <b>\$ (426,773)</b> | <b>\$ (140,550)</b> | <b>\$ (3,074,944)</b>   | <b>\$ (62,439)</b>            | <b>\$ 85,220</b>         | <b>\$ (123,592)</b>     |                  | <b>(3,743,078)</b>  |
| <b>Taxation and Other Unconditional Revenue (Schedule 1)</b> |                     |                     |                         |                               |                          |                         |                  | <b>5,532,716</b>    |
| <b>Net Surplus (Deficit)</b>                                 |                     |                     |                         |                               |                          |                         |                  | <b>\$ 1,789,638</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Segment Disclosure by Function  
 For the year ended December 31, 2016  
 (Re-stated)

|  | General Government  | Protective Services | Transportation Services | Environmental & Public Health | Planning and Development | Recreation and Cultural | Utility Services | Total               |
|--|---------------------|---------------------|-------------------------|-------------------------------|--------------------------|-------------------------|------------------|---------------------|
| <b>Revenues (Schedule 2)</b>                                 |                     |                     |                         |                               |                          |                         |                  |                     |
| Fees and Charges   | \$ 17,803           | \$ 3,229            | \$ 101,925              | \$ 8,965                      | \$ 110,931               | \$                      |                  | \$ 242,853          |
| Tangible Capital Asset Sales - Loss                          |                     |                     | (21,757)                |                               |                          |                         |                  | (21,757)            |
| Land Sales - Gain  | 56,538              |                     |                         | 5,302                         |                          |                         |                  | 56,538              |
| Investment Income and Commissions                            | 42,502              |                     |                         | 6,731                         |                          |                         |                  | 47,804              |
| Other Revenues   | 38,827              |                     | 10,670                  |                               |                          |                         |                  | 56,228              |
| Grants - Conditional   |                     |                     | 32,767                  |                               |                          |                         |                  | 32,767              |
| - Capital  |                     |                     |                         |                               |                          |                         |                  |                     |
| <b>Total Revenues</b>  | <b>155,670</b>      | <b>3,229</b>        | <b>123,605</b>          | <b>20,998</b>                 | <b>110,931</b>           |                         |                  | <b>414,433</b>      |
| <b>Expenses (Schedule 3)</b>                                 |                     |                     |                         |                               |                          |                         |                  |                     |
| Wages & Benefits   | 370,519             |                     | 600,487                 |                               |                          |                         |                  | 971,006             |
| Professional/ Contractual Services                           | 75,786              | 116,018             | 98,519                  | 80,175                        | 15,748                   | 8,254                   |                  | 394,500             |
| Utilities  | 7,002               |                     | 13,277                  | 797                           |                          |                         |                  | 21,076              |
| Maintenance, Materials and Supplies                          | 21,976              |                     | 902,295                 | 10,510                        |                          |                         |                  | 934,781             |
| Grants and Contributions                                     | 1,400               |                     |                         | 4,878                         |                          | 101,146                 |                  | 107,424             |
| Amortization   | 6,108               |                     | 1,494,164               | 1,047                         | 305                      |                         |                  | 1,501,624           |
| Interest   |                     |                     | 5,439                   |                               |                          |                         |                  | 5,439               |
| Allowance for Uncollectibles                                 |                     |                     |                         |                               |                          |                         |                  |                     |
| Other  | 103                 |                     | 975                     |                               |                          |                         |                  | 1,078               |
| <b>Total Expenses</b>  | <b>482,894</b>      | <b>116,018</b>      | <b>3,115,156</b>        | <b>97,407</b>                 | <b>16,053</b>            | <b>109,400</b>          |                  | <b>3,936,928</b>    |
| <b>Surplus (Deficit) by Function</b>                         | <b>\$ (327,224)</b> | <b>\$ (112,789)</b> | <b>\$ (2,991,551)</b>   | <b>\$ (76,409)</b>            | <b>\$ 94,878</b>         | <b>\$ (109,400)</b>     |                  | <b>(3,522,495)</b>  |
| <b>Taxation and Other Unconditional Revenue (Schedule 1)</b> |                     |                     |                         |                               |                          |                         |                  | <b>5,344,861</b>    |
| <b>Net Surplus (Deficit)</b>                                 |                     |                     |                         |                               |                          |                         |                  | <b>\$ 1,822,366</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Tangible Capital Assets by Object  
 For the year ended December 31, 2017

Schedule 6

2016

2017

|   | General Assets    |                      |                   |                  |                          | Infrastructure Assets |                     | General/<br>Assets Under<br>Construction | Total                |
|---|-------------------|----------------------|-------------------|------------------|--------------------------|-----------------------|---------------------|--|----------------------|
|   | Land              | Land<br>Improvements | Buildings         | Vehicles         | Machinery &<br>Equipment | Linear assets         | Total               |  |                      |
| <b>Asset Cost</b>                             |                   |                      |                   |                  |                          |                       |                     |  |                      |
| Opening Asset costs                           | \$ 403,534        | \$ 77,256            | \$ 1,138,231      | \$ 115,618       | \$ 2,644,699             | \$ 29,659,614         | \$ 41,392           | \$ 34,080,344                            | \$ 32,279,619        |
| Additions during the year                     |                   | 6,655                |                   |                  | 483,516                  | 881,221               | 1,547,411           | 2,918,803                                | 2,098,389            |
| Disposals and write-downs during the year     |                   |                      |                   |                  | (346,755)                |                       | (20,390)            | (346,755)                                | (297,664)            |
| Transfers (from) assets under construction    |                   |                      |                   |                  |                          | 20,390                |                     |  |                      |
| <b>Glosing Asset Costs</b>                    | <b>403,534</b>    | <b>83,911</b>        | <b>1,138,231</b>  | <b>115,618</b>   | <b>2,781,460</b>         | <b>30,561,225</b>     | <b>1,568,413</b>    | <b>36,652,392</b>                        | <b>34,080,344</b>    |
| <b>Accumulated Amortization Cost</b>          |                   |                      |                   |                  |                          |                       |                     |  |                      |
| Opening Accumulated Amortization Costs        |                   | 15,473               | 211,184           | 34,601           | 648,455                  | 11,026,724            |                     | 11,936,437                               | 10,517,466           |
| Add: Amortization taken                       |                   | 5,150                | 23,751            | 9,502            | 221,551                  | 1,234,666             |                     | 1,494,620                                | 1,501,624            |
| Less: Accumulated amortization on disposals   |                   |                      |                   |                  | (116,985)                |                       |                     | (116,985)                                | (82,653)             |
| <b>Glosing Accumulated Amortization Costs</b> |                   | <b>20,623</b>        | <b>234,935</b>    | <b>44,103</b>    | <b>753,021</b>           | <b>12,261,390</b>     |                     | <b>13,314,072</b>                        | <b>11,936,437</b>    |
| <b>Net Book Value</b>                         | <b>\$ 403,534</b> | <b>\$ 63,288</b>     | <b>\$ 903,296</b> | <b>\$ 71,515</b> | <b>\$ 2,028,439</b>      | <b>\$ 18,299,835</b>  | <b>\$ 1,568,413</b> | <b>\$ 23,338,320</b>                     | <b>\$ 22,143,907</b> |



Rural Municipality of Hillsdale No. 440  
 Schedule of Tangible Capital Assets by Function  
 For the year ended December 31, 2017

Schedule 7

|   | 2017               |                     |                         |                               |                        |                       | 2016          |                      |
|---|--------------------|---------------------|-------------------------|-------------------------------|------------------------|-----------------------|---------------|----------------------|
|   | General Government | Protective Services | Transportation Services | Environmental & Public Health | Planning & Development | Recreation & Cultural | Water & Sewer | Total                |
| <b>Assets</b>                                 |                    |                     |                         |                               |                        |                       |               |                      |
| Asset Cost                                    |                    |                     |                         |                               |                        |                       |               |                      |
| Opening Asset costs                           | \$ 675,242         |                     | \$ 33,005,762           | \$ 25,343                     | \$ 373,997             |                       |               | \$ 32,279,619        |
| Additions during the year                     |                    |                     | 2,918,803               |                               |                        |                       |               | 2,918,803            |
| Disposals and write-downs during the year     |                    |                     | (346,755)               |                               |                        |                       |               | (297,664)            |
| <b>Closing Asset Costs</b>                    | <b>675,242</b>     |                     | <b>35,577,810</b>       | <b>25,343</b>                 | <b>373,997</b>         |                       |               | <b>34,080,344</b>    |
| <b>Amortization</b>                           |                    |                     |                         |                               |                        |                       |               |                      |
| Accumulated Amortization Cost                 |                    |                     |                         |                               |                        |                       |               |                      |
| Opening Accumulated Amortization Costs        | 131,907            |                     | 11,796,776              | 6,231                         | 1,523                  |                       |               | 10,517,466           |
| Add: Amortization taken                       | 14,480             |                     | 1,478,787               | 1,048                         | 305                    |                       |               | 1,501,624            |
| Less: Accumulated amortization on disposals   |                    |                     | (116,985)               |                               |                        |                       |               | (82,653)             |
| <b>Closing Accumulated Amortization Costs</b> | <b>146,387</b>     |                     | <b>13,158,578</b>       | <b>7,279</b>                  | <b>1,828</b>           |                       |               | <b>11,936,437</b>    |
| <b>Net Book Value</b>                         | <b>\$ 528,855</b>  |                     | <b>\$ 22,419,232</b>    | <b>\$ 18,064</b>              | <b>\$ 372,169</b>      |                       |               | <b>\$ 22,143,907</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Accumulated Surplus  
 For the year ended December 31, 2017

Schedule 8

|  | 2016                 | Changes             | 2017                 |
|--|----------------------|---------------------|----------------------|
|  | <i>(Re-stated)</i>   |                     |                      |
| <b>UNAPPROPRIATED SURPLUS</b>                    | <b>\$ 6,092,565</b>  | <b>\$ (937,045)</b> | <b>\$ 5,155,520</b>  |
| <b>APPROPRIATED RESERVES</b>                     |                      |                     |                      |
| Machinery and Equipment                          |                      |                     |                      |
| Public Reserve                                   | 701                  |                     | 701                  |
| Capital Trust                                    |                      |                     |                      |
| Utility  |                      |                     |                      |
| Other (Future Capital)                           | 2,137,853            | 1,532,270           | 3,670,123            |
| <b>Total Appropriated</b>                        | <b>2,138,554</b>     | <b>1,532,270</b>    | <b>3,670,824</b>     |
| <b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b> |                      |                     |                      |
| Tangible capital assets (Schedule 6)             | 22,143,907           | 1,194,413           | 23,338,320           |
| Less: Related debt                               |                      |                     |                      |
| <b>Net Investment in Tangible Capital Assets</b> | <b>22,143,907</b>    | <b>1,194,413</b>    | <b>23,338,320</b>    |
| <b>Total Accumulated Surplus</b>                 | <b>\$ 30,375,026</b> | <b>\$ 1,789,638</b> | <b>\$ 32,164,664</b> |

Rural Municipality of Hillsdale No. 440  
 Schedule of Mill Rates and Assessments  
 For the year ended December 31, 2017

|   | PROPERTY CLASS |              |                         |                      |                         |                | Total          |
|---|----------------|--------------|-------------------------|----------------------|-------------------------|----------------|----------------|
|   | Agriculture    | Residential  | Residential Condominium | Seasonal Residential | Commercial & Industrial | Potash Mine(s) |                |
| Taxable Assessment  | \$ 105,380,485 | \$ 8,025,805 |                         |                      | \$ 53,438,100           |                | \$ 166,844,390 |
| Regional Park Assessment  |                |              |                         |                      |                         |                |                |
| Total Assessment  |                |              |                         |                      |                         |                | 166,844,390    |
| Mill Rate Factor(s)   | 1.000          | 1.300        |                         |                      | 9.000                   |                |                |
| Total Base/Minimum Tax (generated for each property class)                    |                | 22,100       |                         |                      | 2,151,000               |                | 2,173,100      |
| Total Municipal Tax Levy (include base and/or minimum tax and special levies) | \$ 553,248     | \$ 73,352    |                         |                      | \$ 4,675,950            |                | \$ 5,302,550   |

MILL RATES:

|                             | MILLS   |
|-----------------------------|---------|
| Average Municipal*          | 31.7814 |
| Average School*             | 4.2223  |
| Potash Mill Rate            |         |
| Uniform Municipal Mill Rate | 5.2500  |

\* Average Mill Rates (multiply the total tax levy for each taxing authority by 1,000 and divide by the total assessment for the taxing authority.)

**Rural Municipality of Hillsdale No. 440**  
**Schedule of Council Remuneration**  
**For the year ended December 31, 2017**  
*(Unaudited)*

Schedule 10

| <b>Position</b> | <b>Name</b>          | <b>Remuneration</b> | <b>Reimbursed<br/>Costs</b> | <b>Total</b>     |
|-----------------|----------------------|---------------------|-----------------------------|------------------|
| Reeve           | Glenn Goodfellow     | \$ 9,145            | \$ 1,710                    | \$ 10,855        |
| Councillor      | Trevor McCrea        | 7,245               | 1,569                       | 8,814            |
| Councillor      | Jerry Petovello      | 5,670               | 1,211                       | 6,881            |
| Councillor      | Bernadette Poppleton | 6,615               | 1,100                       | 7,715            |
| Councillor      | Vincent Murphy       | 5,040               | 1,001                       | 6,041            |
| Councillor      | Floyd Whitney        | 4,620               | 598                         | 5,218            |
| Councillor      | Dale (Chip) Chibri   | 6,300               | 1,067                       | 7,367            |
| <b>Total</b>    |                      | <b>\$ 44,635</b>    | <b>\$ 8,256</b>             | <b>\$ 52,891</b> |