

Annual Financial Statements

And Supporting Schedules

For The

Rural Municipality of Hillsdale No. 440

As at December 31, 2018

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.

May 9, 2019
Date

Aileen Goodfellow
Reeve

Janet Hollingshead
Administrator



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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rural Municipality of Hillsdale No. 440

Opinion

We have audited the financial statements of Rural Municipality of Hillsdale No. 440 (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

(continues)

Graham K. Holm, CPA, CA*
(Retired)

Loralie A. Raiche, CPA, CA, CFP*

Dallan D. Oberg, CPA, CA*

*Denotes a professional corporation



Independent Auditor's Report to the Members of Rural Municipality of Hillsdale No. 440 *(continued)*

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

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

North Battleford, Saskatchewan
May 9, 2019

Holm Raiche Oberg

Chartered Professional Accountants

Rural Municipality of Hillsdale No. 440
Statement of Financial Position
As at December 31, 2018

Statement 1

| | 2018 | 2017 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and Temporary Investments (Note 2) | \$ 5,766,242 | \$ 7,221,039 |
| Taxes Receivable - Municipal (Note 3) | 539,417 | 536,560 |
| Other Accounts Receivable (Note 4) | 251,993 | 370,393 |
| Land for Resale (Note 5) | 29,108 | |
| Long-term Investments (Note 6) | 3,322,407 | 316,699 |
| Debt Charges Recoverable | | |
| Other (Specify) | | |
| Total Financial Assets | 9,909,167 | 8,444,691 |
| LIABILITIES | | |
| Bank Indebtedness (Note 7) | | |
| Accounts Payable | 213,048 | 348,679 |
| Accrued Liabilities Payable | | |
| Deposits | | |
| Deferred Revenue | | |
| Accrued Landfill Costs | | |
| Liability for Contaminated Sites | | |
| Other Liabilities | | |
| Long-term Debt (Note 8) | | |
| Lease Obligations | | |
| Total Liabilities | 213,048 | 348,679 |
| NET FINANCIAL ASSETS (DEBT) | 9,696,119 | 8,096,012 |
| NON-FINANCIAL ASSETS | | |
| Tangible Capital Assets (Schedule 6. 7) | 23,526,900 | 23,338,320 |
| Prepayments and Deferred Charges | 5,250 | 5,891 |
| Stock and Supplies | 752,399 | 724,441 |
| Other | | |
| Total Non-Financial Assets | 24,284,549 | 24,068,652 |
| Accumulated Surplus (Deficit) (Schedule 8) | \$ 33,980,668 | \$ 32,164,664 |

Rural Municipality of Hillsdale No. 440
Statement of Operations
As at December 31, 2018

Statement 2

| | 2018 Budget | 2018 | 2017 |
|---|---------------------|----------------------|----------------------|
| Revenues | | | |
| Taxes and Other Unconditional Revenue (Schedule 1) | \$ 5,740,726 | \$ 5,708,793 | \$ 5,532,716 |
| Fees and Charges (Schedule 4, 5) | 199,738 | 270,533 | 226,270 |
| Conditional Grants (Schedule 4, 5) | 16,345 | 13,923 | 191,739 |
| Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5) | | (30,469) | (44,770) |
| Land Sales - Gain (Loss) (Schedule 4, 5) | | | |
| Investment Income and Commissions (Schedule 4, 5) | 55,400 | 135,588 | 81,933 |
| Other Revenues (Schedule 4, 5) | | 14,387 | 14,271 |
| Total Revenues | 6,012,209 | 6,112,755 | 6,002,159 |
| Expenses | | | |
| General Government Services (Schedule 3) | 502,071 | 690,490 | 701,522 |
| Protective Services (Schedule 3) | 141,109 | 175,242 | 140,550 |
| Transportation Services (Schedule 3) | 3,388,709 | 3,228,679 | 3,171,087 |
| Environmental and Public Health Services (Schedule 3) | 124,728 | 97,389 | 96,138 |
| Planning and Development Services (Schedule 3) | 30,905 | 18,316 | 13,862 |
| Recreation and Cultural Services (Schedule 3) | 124,323 | 121,034 | 123,592 |
| Utility Services (Schedule 3) | | | |
| Total Expenses | 4,311,845 | 4,331,150 | 4,246,751 |
| Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions | 1,700,364 | 1,781,605 | 1,755,408 |
| Provincial/Federal Capital Grants and Contributions (Schedule 4, 5) | 32,767 | 34,399 | 34,230 |
| Surplus (Deficit) of Revenues over Expenses | \$ 1,733,131 | 1,816,004 | 1,789,638 |
| Accumulated Surplus (Deficit), Beginning of Year | | 32,164,664 | 30,375,026 |
| Accumulated Surplus (Deficit), End of Year | | \$ 33,980,668 | \$ 32,164,664 |

Rural Municipality of Hillsdale No. 440
 Statement of Change in Net Financial Assets
 As at December 31, 2018

Statement 3

| | 2018 Budget | 2018 | 2017 |
|---|-----------------------|---------------------|---------------------|
| Surplus (Deficit) | \$ 1,733,131 | \$ 1,816,004 | \$ 1,789,638 |
| (Acquisition) of tangible capital assets | (5,607,585) | (1,829,907) | (2,918,803) |
| Amortization of tangible capital assets | 1,569,558 | 1,569,558 | 1,494,620 |
| Proceeds on disposal of tangible capital assets | 7,500 | 41,300 | 185,000 |
| Loss (gain) on the disposal of tangible capital assets | | 30,469 | 44,770 |
| Surplus (Deficit) of capital revenue over expenditures | (4,030,527) | (188,580) | (1,194,413) |
| (Acquisition) of supplies inventories | | (27,958) | (23,558) |
| (Acquisition) of prepaid expense | | | |
| Consumption of supplies inventories | | | |
| Use of prepaid expense | | 641 | 1,423 |
| Surplus (Deficit) of expenses of other non-financial over expenditures | | (27,317) | (22,135) |
| Increase (Decrease) in Net Financial Assets | \$ (2,297,396) | 1,600,107 | 573,090 |
| Net Financial Assets - Beginning of Year | | 8,096,012 | 7,522,922 |
| Net Financial Assets (Debt) - End of Year | | \$ 9,696,119 | \$ 8,096,012 |

Rural Municipality of Hillsdale No. 440
Statement of Cash Flow
As at December 31, 2018

Statement 4

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Cash provided by (used for) the following activities | | |
| Operating: | | |
| Surplus (Deficit) | \$ 1,816,004 | \$ 1,789,638 |
| Amortization | 1,569,558 | 1,494,620 |
| Loss (gain) on disposal of tangible capital assets | 30,469 | 44,770 |
| | <u>3,416,031</u> | <u>3,329,028</u> |
| Change in assets/liabilities | | |
| Taxes Receivable - Municipal | (2,857) | 45,548 |
| Other Receivables | 118,400 | (215,754) |
| Land for Resale | (29,108) | |
| Other Financial Assets | | |
| Accounts and Accrued Liabilities Payable | (135,631) | 344,662 |
| Deposits | | |
| Deferred Revenue | | |
| Accrued Landfill costs | | |
| Liability for Contaminated Sites | | |
| Other Liabilities | | |
| Stock and Supplies for Use | (27,958) | (23,558) |
| Prepayments and Deferred Charges | 641 | 1,423 |
| Other (Specify) | | |
| Cash provided by (applied to) operating transactions | 3,339,518 | 3,481,349 |
| Capital: | | |
| Acquisition of Tangible Capital Assets | (1,829,907) | (2,918,803) |
| Proceeds From the Disposal of Tangible Capital Assets | 41,300 | 185,000 |
| Other Capital | | |
| Cash provided by (applied to) capital transactions | (1,788,607) | (2,733,803) |
| Investing: | | |
| Long-term Investments | (3,005,708) | 2,137 |
| Other Investments | | |
| Cash provided by (applied to) investing transactions | (3,005,708) | 2,137 |
| Financing: | | |
| Debt Charges Recovered | | |
| Long-term Debt Issued | | |
| Long-term Debt Repaid | | |
| Other Financing | | |
| Cash provided by (applied to) financing transactions | | |
| Change in Cash and Temporary Investments during the year | (1,454,797) | 749,683 |
| Cash and Temporary Investments - Beginning of Year | 7,221,039 | 6,471,356 |
| Cash and Temporary Investments - End of Year | \$ 5,766,242 | \$ 7,221,039 |

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2018

1. Significant Accounting Policies

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

- a) **Basis of Accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable and expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.
- 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 hail are collected and remitted in accordance with relevant legislation.
- 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 occur, providing:
 - a) the transfers are authorized;
 - b) any eligibility criteria have been met; and
 - c) 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 Tax Loss Compensation Fund are accounted for on the equity basis.
- 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 deflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. 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> |
|-------------------------------|--------------------|
| General Assets | |
| Land | Indefinite |
| Land Improvements | 15 Yrs |
| Buildings | 40 Yrs |
| Vehicles and Equipment | |
| Vehicles | 10 Yrs |
| Machinery and Equipment | 3 to 20 Yrs |
| Infrastructure Assets | |
| 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 and Other Unrecognized Assets: Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

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

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

1. 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 Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. 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.

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/Segment Report:** 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: Provides for the administration of the municipality.

Protective Services: Comprised of expenses for police and fire protection.

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

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the municipality.

Planning and Development: Provides for neighborhood development and sustainability.

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

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

- r) **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.

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2018

1. Significant Accounting Policies - continued

- u) **Budget Information:** Budget figures are reported for information purposes only and are not included in the scope of the external audit. The budget was approved by Council on *May 3, 2018*.
- v) **New Accounting Standards:** Effective January 1, 2018, the municipality adopted the following Canadian public sector accounting standards. The description of these changes and their impact on the financial statements is summarized:

PS 2200 Related Party Disclosures defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

The adoption of this standard has not resulted in any disclosure change.

PS 3210 Assets provides additional guidance for applying the definition of assets and establishing disclosure requirements for assets. Disclosure about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate cannot be made, the reason(s) for this should be disclosed. The adoption of this standard has no impact on the financial statements.

PS 3320 Contingent Assets defines and establishes disclosure standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. Disclosure is required when the occurrence of the confirming future event is likely.

The municipality does not have any reportable contingent assets.

PS 3380 Contractual Rights defines and establishes disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The municipality does not have any reportable contractual rights.

PS 3420 Inter-Entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standard has no impact on the financial statements.

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2018

1. Significant Accounting Policies - continued

- w) **Recent Accounting Pronouncements:** A number of new and amended standards have been issued and may impact the municipality as summarized below:

Standards Effective on or After April 1, 2018

PS 3430 Restructuring Transactions establishes how to record and report restructuring transactions, for both transferors and recipients, the transfer of assets and/or liabilities together with related programs or operations responsibilities. Earlier adoption is permitted.

Standards Effective on or After April 1, 2021

PS 1201 Financial Statement Presentation requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Earlier adoption is permitted when adopting sections PS 2601 and PS 3450.

PS 2601 Foreign Currency Translation requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses. Earlier adoption is permitted when adopting sections PS 1201 and PS 3450.

PS 3041 Portfolio Investments has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS 3450, Financial Instruments and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS3041, PS 3030, Temporary Investments will no longer apply. Earlier adoption is permitted when adopting sections PS 1201, PS 2601 and PS 3450.

PS 3450 Financial Instruments establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. Earlier adoption is permitted when adopting Sections PS 1201 and PS 2601.

The municipality continues to assess the impacts of the above accounting standards. The extent of impact resulting from the adoption of these standards is not known at this time.

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2018

| | 2018 | 2017 |
|---|---------------------|---------------------|
| 2. Cash and Temporary Investments | | |
| Cash | \$ 5,766,242 | \$ 7,221,039 |
| Temporary Investments | | |
| Restricted Cash | | |
| Total Cash and Temporary Investments | \$ 5,766,242 | \$ 7,221,039 |

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 | \$ 123,117 | \$ 80,780 |
| - Arrears | 1,016,300 | 805,780 |
| | 1,139,417 | 886,560 |
| - Less Allowance for Uncollectibles | (600,000) | (350,000) |
| Total Municipal Taxes Receivable | 539,417 | 536,560 |

| | | |
|--------------------------------------|----------------|----------------|
| School - Current | 21,529 | 11,791 |
| - Arrears | 163,058 | 130,451 |
| Total School Taxes Receivable | 184,587 | 142,242 |

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

| | | |
|--|-------------------|-------------------|
| Total Taxes and Grants in Lieu Receivable | 724,004 | 678,802 |
| Deduct Taxes Receivable to be Collected on Behalf of Other Organizations | (184,587) | (142,242) |
| Total Taxes Receivable - Municipal | \$ 539,417 | \$ 536,560 |

| | | |
|--|-------------------|-------------------|
| 4. Other Accounts Receivable | | |
| Federal government | \$ 72,130 | \$ 113,634 |
| Provincial government | 7,984 | 9,700 |
| Local government | 128,582 | 177,641 |
| Utility | | |
| Trade | 43,297 | 63,181 |
| Other (School tax overpayment) | | 6,237 |
| Total Other Accounts Receivable | 251,993 | 370,393 |
| Less Allowance for Uncollectibles | | |
| Net Other Accounts Receivable | \$ 251,993 | \$ 370,393 |

| | | |
|---------------------------------------|------------------|-----------|
| 5. Land for Resale | | |
| Tax Title Property | \$ 29,108 | |
| Allowance for Market Value Adjustment | | |
| Net Tax Title Property | 29,108 | |
| Other Land | | |
| Allowance for Market Value Adjustment | | |
| Net Other Land | | |
| Total Land for Resale | \$ 29,108 | \$ |

2018

2017

6. Long-term Investments

| | | |
|--|---------------------|-------------------|
| Guaranteed investment certificate at 3.15%, maturing December 12, 2019 | \$ 3,000,000 | \$ |
| Lloydminster & District Co-op - equity | 18,674 | 18,269 |
| Pine Island Lodge - shares | 100 | 100 |
| Sask. Assoc. of Rural Municipalities - Self Insurance Fund | 50,491 | 51,517 |
| Sask. Assoc. of Rural Municipalities - Tax Loss Compensation Fund | 223,137 | 219,857 |
| Synergy Credit Union - equity | 30,000 | 26,950 |
| Synergy Credit Union - shares | 5 | 6 |
| Total Long-term Investments | \$ 3,322,407 | \$ 316,699 |

7. Credit Facility Agreement

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

Interest on the line of credit is 3.7% (2017 - 2.95%). 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 2018 or 2017.

8. Long-term Debt

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)).

9. 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 2018 was \$47,310 (2017 - \$51,858). 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.

10. Comparative Figures

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

Rural Municipality of Hillsdale No. 440
 Schedule of Taxes and Other Unconditional Revenue
 As at December 31, 2018

Schedule 1

| | 2018 Budget | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|
| TAXES | | | |
| General municipal tax levy | \$ 5,548,260 | \$ 5,551,580 | \$ 5,302,550 |
| Abatements and adjustments | (2,500) | (60,621) | (6,999) |
| Discount on current year taxes | (200,000) | (258,365) | (181,418) |
| Net Municipal Taxes | 5,345,760 | 5,232,594 | 5,114,133 |
| Potash tax share | | | |
| Trailer license fees | | | |
| Penalties on tax arrears | 150,000 | 212,811 | 164,304 |
| Special tax levy | | | |
| Other (Specify) | | | |
| Total Taxes | 5,495,760 | 5,445,405 | 5,278,437 |
| UNCONDITIONAL GRANTS | | | |
| Revenue Sharing | 219,059 | 219,021 | 225,109 |
| Organized Hamlet | | | |
| Total Unconditional Grants | 219,059 | 219,021 | 225,109 |
| GRANTS IN LIEU OF TAXES | | | |
| Federal | | | |
| Provincial | | | |
| S.P.C. Electrical | | | |
| SaskEnergy Gas | | | |
| TransGas | | | |
| Central Services | | | |
| SaskTel | 20,053 | 20,635 | 20,053 |
| Other (Sask. Environment and resource management) | 854 | 835 | 802 |
| Local/Other | | | |
| Housing Authority | | | |
| C.P.R. Mainline | | | |
| Treaty Land Entitlement | 5,000 | 22,897 | 8,315 |
| Other (Specify) | | | |
| Other Government Transfers | | | |
| S.P.C. Surcharge | | | |
| SaskEnergy Surcharge | | | |
| Other (Specify) | | | |
| Total Grants in Lieu of Taxes | 25,907 | 44,367 | 29,170 |
| TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE | \$ 5,740,726 | \$ 5,708,793 | \$ 5,532,716 |

Rural Municipality of Hillsdale No. 440
 Schedule of Operating and Capital Revenue by Function
 As at December 31, 2018

Schedule 2 - 1

| | 2018 Budget | 2018 | 2017 |
|--|---------------|----------------|----------------|
| GENERAL GOVERNMENT SERVICES | | | |
| Operating | | | |
| Other Segmented Revenue | \$ | \$ | \$ |
| Fees and Charges | | | |
| - Custom work | 1,000 | 896 | 350 |
| - Sales of supplies | 3,000 | 2,206 | 1,168 |
| - Other (General office services) | 3,200 | 7,673 | 19,790 |
| Total Fees and Charges | 7,200 | 10,775 | 21,308 |
| - Tangible capital asset sales - gain (loss) | | | |
| - Land sales - gain | | | |
| - Investment income and commissions | 55,400 | 135,588 | 81,933 |
| - Other (SARM & WCB & MHH) | | 13,102 | 12,471 |
| Total Other Segmented Revenue | 62,600 | 159,465 | 115,712 |
| Conditional Grants | | | |
| - Student Employment | | | |
| - Other (Village share of wages and MAIP) | | | 159,037 |
| Total Conditional Grants | | | 159,037 |
| Total Operating | 62,600 | 159,465 | 274,749 |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total General Government Services | 62,600 | 159,465 | 274,749 |

PROTECTIVE 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 | | | |
| - Other (Specify) | | | |
| Total Conditional Grants | | | |
| Total Operating | | | |

Capital

| | | | |
|----------------------------------|--|--|----|
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - Provincial Disaster Assistance | | | |
| - Local government | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total Protective Services | | | 14 |

Rural Municipality of Hillsdale No. 440
 Schedule of Operating and Capital Revenue by Function
 As at December 31, 2018

Schedule 2 - 2

| | 2018 Budget | 2018 | 2017 |
|---|----------------|---------------|---------------|
| TRANSPORTATION SERVICES | | | |
| Operating | | | |
| Other Segmented Revenue | | | |
| Fees and Charges | | | |
| - Custom work | 10,000 | 10,722 | 11,219 |
| - Sales of supplies | 1,000 | 1,738 | 150 |
| - Road Maintenance and Restoration Agreements | 60,000 | 34,821 | 66,639 |
| - Frontage | | | |
| - Other (Licenses and permits) | 14,500 | 37,080 | 18,975 |
| Total Fees and Charges | 85,500 | 84,361 | 96,983 |
| - Tangible capital asset sales - gain (loss) | | (30,469) | (44,770) |
| - Other (Specify) | | | |
| Total Other Segmented Revenue | 85,500 | 53,892 | 52,213 |
| Conditional Grants | | | |
| - MREP (CTP) | 9,700 | 9,700 | 9,700 |
| - Student Employment | | | |
| - Other (Specify) | | | |
| Total Conditional Grants | 9,700 | 9,700 | 9,700 |
| Total Operating | 95,200 | 63,592 | 61,913 |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | 32,767 | 34,399 | 34,230 |
| - MREP (Heavy Haul, CTP, Municipal Bridges) | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | 32,767 | 34,399 | 34,230 |
| Total Transportation Services | 127,967 | 97,991 | 96,143 |

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

| | | | |
|---|---------------|---------------|---------------|
| Operating | | | |
| Other Segmented Revenue | | | |
| Fees and Charges | | | |
| - Waste and Disposal Fees | 6,000 | 3,992 | 7,108 |
| - Other (Pest Control) | 2,300 | 695 | 1,789 |
| Total Fees and Charges | 8,300 | 4,687 | 8,897 |
| - Tangible capital asset sales - gain (loss) | | | |
| - Other (Cemetery & Vet Service Board) | | 1,285 | 1,800 |
| Total Other Segmented Revenue | 8,300 | 5,972 | 10,697 |
| Conditional Grants | | | |
| - Student Employment | | | |
| - TAPD | | | |
| - Local government | | | |
| - Other (MMRW & PREP & ISWP) | 6,645 | 4,223 | 23,002 |
| Total Conditional Grants | 6,645 | 4,223 | 23,002 |
| Total Operating | 14,945 | 10,195 | 33,699 |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - TAPD | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total Environmental and Public Health Services | 14,945 | 10,195 | 33,699 |

Rural Municipality of Hillsdale No. 440
 Schedule of Operating and Capital Revenue by Function
 As at December 31, 2018

Schedule 2 - 3

| | 2018 Budget | 2018 | 2017 |
|--|---------------|----------------|---------------|
| PLANNING AND DEVELOPMENT SERVICES | | | |
| Operating | | | |
| Other Segmented Revenue | | | |
| Fees and Charges | | | |
| - Maintenance and Development Charges | | | |
| - Other (Pasture and oil well rentals) | 98,738 | 170,710 | 99,082 |
| Total Fees and Charges | 98,738 | 170,710 | 99,082 |
| - Tangible capital asset sales - gain (loss) | | | |
| - Other (Specify) | | | |
| Total Other Segmented Revenue | 98,738 | 170,710 | 99,082 |
| Conditional Grants | | | |
| - Student Employment | | | |
| - Other (Specify) | | | |
| Total Conditional Grants | | | |
| Total Operating | 98,738 | 170,710 | 99,082 |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total Planning and Development Services | 98,738 | 170,710 | 99,082 |

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 | | | |
| Total Operating | | | |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - Local government | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total Recreation and Cultural Services | | | |

Rural Municipality of Hillsdale No. 440
 Schedule of Operating and Capital Revenue by Function
 As at December 31, 2018

Schedule 2 - 4

| | 2018 Budget | 2018 | 2017 |
|--|-------------|------|------|
| UTILITY SERVICES | | | |
| Operating | | | |
| 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 | | | |
| Total Operating | | | |
| Capital | | | |
| Conditional Grants | | | |
| - Federal Gas Tax | | | |
| - New Building Canada Fund (SCF, NRP) | | | |
| - Clean Water and Wastewater Fund | | | |
| - Provincial Disaster Assistance | | | |
| - Other (Specify) | | | |
| Total Capital | | | |
| Total Utility Services | | | |

TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION \$ 304,250 \$ 438,361 \$ 503,673

SUMMARY

| | | | |
|--|-------------------|-------------------|-------------------|
| Total Other Segmented Revenue | \$ 255,138 | \$ 390,039 | \$ 277,704 |
| Total Conditional Grants | 16,345 | 13,923 | 191,739 |
| Total Capital Grants and Contributions | 32,767 | 34,399 | 34,230 |
| TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION | \$ 304,250 | \$ 438,361 | \$ 503,673 |

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

As at December 31, 2018

Schedule 3 - 1

| | 2018 Budget | 2018 | 2017 |
|--------------------------------------|----------------|----------------|----------------|
| GENERAL GOVERNMENT SERVICES | | | |
| Council remuneration and travel | \$ 37,500 | \$ 36,110 | \$ 34,566 |
| Wages and benefits | 236,600 | 261,535 | 299,950 |
| Professional/Contractual services | 83,367 | 93,370 | 72,088 |
| Utilities | 7,774 | 7,691 | 7,572 |
| Maintenance, materials and supplies | 21,800 | 25,904 | 21,466 |
| Grants and contributions - operating | 550 | 1,150 | 550 |
| - capital | | | |
| Amortization | 14,480 | 14,480 | 14,480 |
| Interest | | | |
| Allowance for uncollectibles | 100,000 | 250,000 | 250,000 |
| Other (Appeal fees) | | 250 | 850 |
| Total Government Services | 502,071 | 690,490 | 701,522 |

PROTECTIVE SERVICES

Police protection

| | | | |
|--------------------------------------|--------|--------|--------|
| Wages and benefits | | | |
| Professional/Contractual services | 25,000 | 25,239 | 24,441 |
| Utilities | | | |
| Maintenance, materials and supplies | | | |
| Grants and contributions - operating | | | |
| - capital | | | |
| Other (Specify) | | | |

Fire protections

| | | | |
|--------------------------------------|---------|---------|---------|
| Wages and benefits | | | |
| Professional/Contractual services | 116,109 | 150,003 | 116,109 |
| Utilities | | | |
| Maintenance, material and supplies | | | |
| Grants and contributions - operating | | | |
| - capital | | | |
| Amortization | | | |
| Interest | | | |
| Other (Specify) | | | |

| | | | |
|----------------------------------|----------------|----------------|----------------|
| Total Protective Services | 141,109 | 175,242 | 140,550 |
|----------------------------------|----------------|----------------|----------------|

TRANSPORTATION SERVICES

| | | | |
|--------------------------------------|-----------|-----------|-----------|
| Wages and benefits | 569,500 | 489,070 | 561,511 |
| Professional/Contractual Services | 171,750 | 216,449 | 190,443 |
| Utilities | 16,360 | 17,133 | 14,925 |
| Maintenance, materials and supplies | 410,000 | 417,278 | 401,314 |
| Gravel | 660,000 | 535,024 | 524,107 |
| Grants and contributions - operating | | | |
| - capital | | | |
| Amortization | 1,561,099 | 1,553,725 | 1,478,787 |
| Interest | | | |
| Other (Specify) | | | |

| | | | |
|--------------------------------------|------------------|------------------|------------------|
| Total Transportation Services | 3,388,709 | 3,228,679 | 3,171,087 |
|--------------------------------------|------------------|------------------|------------------|

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

As at December 31, 2018

Schedule 3 - 2

| | 2018 Budget | 2018 | 2017 |
|---|----------------|---------------|---------------|
| ENVIRONMENTAL AND PUBLIC HEALTH SERVICES | | | |
| Wages and benefits | | | |
| Professional/Contractual services | 109,660 | 81,706 | 88,442 |
| Utilities | 900 | 723 | 853 |
| Maintenance, materials and supplies | 10,120 | 8,530 | 2,795 |
| Grants and contributions - operating | | | |
| o Waste disposal | | | |
| o Public Health | 3,000 | 5,382 | 3,000 |
| - capital | | | |
| o Waste disposal | | | |
| o Public Health | | | |
| Amortization | 1,048 | 1,048 | 1,048 |
| Interest | | | |
| Other (Specify) | | | |
| Total Environmental and Public Health Services | 124,728 | 97,389 | 96,138 |

PLANNING AND DEVELOPMENT SERVICES

| | | | |
|--|---------------|---------------|---------------|
| Wages and benefits | | | |
| Professional/Contractual Services | 30,600 | 18,011 | 13,557 |
| Grants and contributions - operating | | | |
| - capital | | | |
| Amortization | 305 | 305 | 305 |
| Interest | | | |
| Other (Specify) | | | |
| Total Planning and Development Services | 30,905 | 18,316 | 13,862 |

RECREATION AND CULTURAL SERVICES

| | | | |
|---|----------------|----------------|----------------|
| Wages and benefits | | | |
| Professional/Contractual services | 8,323 | 7,478 | 7,831 |
| Utilities | | | |
| Maintenance, materials and supplies | | | |
| Grants and contributions - operating | 116,000 | 109,556 | 111,761 |
| - capital | | 4,000 | 4,000 |
| Amortization | | | |
| Interest | | | |
| Allowance for uncollectibles | | | |
| Other (Specify) | | | |
| Total Recreation and Cultural Services | 124,323 | 121,034 | 123,592 |

Rural Municipality of Hillsdale No. 440

Total Expenses by Function

As at December 31, 2018

Schedule 3 - 3

| | 2018 Budget | 2018 | 2017 |
|--------------------------------------|---------------------|---------------------|---------------------|
| UTILITY SERVICES | | | |
| Wages and benefits | | | |
| Professional/Contractual services | | | |
| Utilities | | | |
| Maintenance, materials and supplies | | | |
| Grants and contributions - operating | | | |
| - capital | | | |
| Amortization | | | |
| Interest | | | |
| Allowance for uncollectibles | | | |
| Other (Specify) | | | |
| Total Utility Services | | | |
| TOTAL EXPENSES BY FUNCTION | \$ 4,311,845 | \$ 4,331,150 | \$ 4,246,751 |

Rural Municipality of Hillsdale No. 440
 Schedule of Segment Disclosure by Function
 As at December 31, 2018

Schedule 4

| | General Government | Protective Services | Transportation Services | Environmental & Public Health | Planning and Development | Recreation and Cultural | Utility Services | Total |
|--------------------------------------|---------------------|---------------------|-------------------------|-------------------------------|--------------------------|-------------------------|------------------|--------------------|
| Revenues (Schedule 2) | | | | | | | | |
| Fees and Charges | \$ 10,775 | \$ | \$ 84,361 | \$ 4,687 | \$ 170,710 | \$ | \$ | \$ 270,533 |
| Tangible Capital Asset Sales - Gain | | | (30,469) | | | | | (30,469) |
| Land Sales - Gain | | | | | | | | |
| Investment Income and Commissions | 135,588 | | | 1,285 | | | | 135,588 |
| Other Revenues | 13,102 | | 9,700 | 4,223 | | | | 14,387 |
| Grants - Conditional - Capital | | | 34,399 | | | | | 13,923 |
| | | | | | | | | 34,399 |
| Total Revenues | 159,465 | | 97,991 | 10,195 | 170,710 | | | 438,361 |
| Expenses (Schedule 3) | | | | | | | | |
| Wages & Benefits | 297,645 | | 489,070 | | | | | 786,715 |
| Professional/ Contractual Services | 93,370 | 175,242 | 216,449 | 81,706 | 18,011 | 7,478 | | 592,256 |
| Utilities | 7,691 | | 17,133 | 723 | | | | 25,547 |
| Maintenance, Materials and Supplies | 25,904 | | 952,302 | 8,530 | | | | 986,736 |
| Grants and Contributions | 1,150 | | | 5,382 | | 113,556 | | 120,088 |
| Amortization | 14,480 | | 1,553,725 | 1,048 | 305 | | | 1,569,558 |
| Interest | | | | | | | | |
| Allowance for Uncollectibles | 250,000 | | | | | | | 250,000 |
| Other | 250 | | | | | | | 250 |
| Total Expenses | 690,490 | 175,242 | 3,228,679 | 97,389 | 18,316 | 121,034 | | 4,331,150 |
| Surplus (Deficit) by Function | \$ (531,025) | \$ (175,242) | \$ (3,130,688) | \$ (87,194) | \$ 152,394 | \$ (121,034) | \$ | (3,892,789) |

Taxation and Other Unconditional Revenue (Schedule 1)

5,708,793

Net Surplus (Deficit)

\$ 1,816,004

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

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

Taxation and Other Unconditional Revenue (Schedule 1)

5,532,716

Net Surplus (Deficit) **\$ 1,789,638**

Rural Municipality of Hillsdale No. 440
 Schedule of Tangible Capital Assets by Object
 As at December 31, 2018

Schedule 6

2017

2018

| | General Assets | | | | | | | Infrastructure Assets | General/Infrastructure Assets Under Construction | Total |
|---|-------------------|-------------------|-------------------|------------------|-----------------------|-----------------------|-------------------|-----------------------|--|-------|
| | Land | Land Improvements | Buildings | Vehicles | Machinery & Equipment | Infrastructure Assets | | | | |
| | | | | | | Linear assets | Total | | | |
| Asset Cost | | | | | | | | | | |
| Opening Asset costs | \$ 403,534 | \$ 83,911 | \$ 1,138,231 | \$ 115,618 | \$ 2,781,460 | \$ 30,561,225 | \$ 1,568,413 | \$ 34,080,344 | | |
| Additions during the year | 196,572 | | 29,320 | 44,407 | 64,766 | 703,515 | 791,327 | 2,918,803 | | |
| Disposals and write-downs during the year | | | | (44,835) | (31,788) | (21,431) | | (346,755) | | |
| Transfers (from) assets under construction | | | | | | 1,547,411 | (1,547,411) | | | |
| Closing Asset Costs | 600,106 | 83,911 | 1,167,551 | 115,190 | 2,814,438 | 32,790,720 | 812,329 | 36,652,392 | | |
| Accumulated Amortization Cost | | | | | | | | | | |
| Opening Accumulated Amortization Costs | | 20,623 | 234,935 | 44,103 | 753,021 | 12,261,390 | | 11,936,437 | | |
| Add. Amortization taken | | 5,593 | 23,751 | 5,501 | 260,845 | 1,273,868 | | 1,494,620 | | |
| Less: Accumulated amortization on disposals | | | | (4,002) | (5,675) | (16,608) | | (116,985) | | |
| Closing Accumulated Amortization Costs | | 26,216 | 258,686 | 45,602 | 1,008,191 | 13,518,650 | | 14,857,345 | | |
| Net Book Value | \$ 600,106 | \$ 57,695 | \$ 908,865 | \$ 69,588 | \$ 1,806,247 | \$ 19,272,070 | \$ 812,329 | \$ 23,338,350 | | |

Rural Municipality of Hillsdale No. 440
 Schedule of Tangible Capital Assets by Function
 As at December 31, 2018

Schedule 7

| | 2018 | | | | | | 2017 |
|---|--------------------|---------------------|-------------------------|-------------------------------|------------------------|-----------------------|----------------------|
| | General Government | Protective Services | Transportation Services | Environmental & Public Health | Planning & Development | Recreation & Cultural | |
| Assets | | | | | | | |
| Asset Cost | | | | | | | |
| Opening Asset costs | \$ 675,242 | | \$ 35,577,810 | \$ 25,343 | \$ 373,997 | | \$ 34,080,344 |
| Additions during the year | | | 1,829,907 | | | | 2,918,803 |
| Disposals and write-downs during the year | | | (98,054) | | | | (346,755) |
| Closing Asset Costs | 675,242 | | 37,309,663 | 25,343 | 373,997 | | 36,652,392 |
| Amortization | | | | | | | |
| Accumulated Amortization Cost | | | | | | | |
| Opening Accumulated Amortization Costs | 146,387 | | 13,158,578 | 7,279 | 1,828 | | 11,936,437 |
| Add: Amortization taken | 14,480 | | 1,553,725 | 1,048 | 305 | | 1,494,620 |
| Less: Accumulated amortization on disposals | | | (26,285) | | | | (116,985) |
| Closing Accumulated Amortization Costs | 160,867 | | 14,686,018 | 8,327 | 2,133 | | 13,314,072 |
| Net Book Value | \$ 514,375 | \$ | \$ 22,623,645 | \$ 17,016 | \$ 371,864 | \$ | \$ 23,338,320 |

Rural Municipality of Hillsdale No. 440
 Schedule of Accumulated Surplus
 As at December 31, 2018

Schedule 8

| | 2017 | Changes | 2018 |
|--|----------------------|---------------------|----------------------|
| UNAPPROPRIATED SURPLUS | \$ 5,155,520 | \$ 1,126,422 | \$ 6,281,942 |
| APPROPRIATED RESERVES | | | |
| Machinery and Equipment | | | |
| Public Reserve | 701 | | 701 |
| Capital Trust | | | |
| Utility | | | |
| Other (Future Capital) | 3,670,123 | 501,002 | 4,171,125 |
| Total Appropriated | 3,670,824 | 501,002 | 4,171,826 |
| NET INVESTMENT IN TANGIBLE CAPITAL ASSETS | | | |
| Tangible capital assets (Schedule 6) | 23,338,320 | 188,580 | 23,526,900 |
| Less: Related debt | | | |
| Net Investment in Tangible Capital Assets | 23,338,320 | 188,580 | 23,526,900 |
| Total Accumulated Surplus | \$ 32,164,664 | \$ 1,816,004 | \$ 33,980,668 |

Rural Municipality of Hillsdale No. 440
 Schedule of Mill Rates and Assessments
 As at December 31, 2018

Schedule 9

| | PROPERTY CLASS | | | | | | Total |
|---|----------------|--------------|-------------------------|----------------------|-------------------------|----------------|----------------|
| | Agriculture | Residential | Residential Condominium | Seasonal Residential | Commercial & Industrial | Potash Mine(s) | |
| Taxable Assessment | \$ 105,355,935 | \$ 8,398,408 | | \$ 26,960 | \$ 55,689,350 | | \$ 169,470,653 |
| Regional Park Assessment | | | | | | | |
| Total Assessment | | | | | | | 169,470,653 |
| Mill Rate Factor(s) | 1.00 | 1.30 | | 1.30 | 9.00 | | |
| Total Base/Minimum Tax (generated for each property class) | | 21,800 | | | 2,161,800 | | 2,183,600 |
| Total Municipal Tax Levy (include base and/or minimum tax and special levies) | \$ 575,243 | \$ 77,774 | | \$ 191 | \$ 4,898,372 | | \$ 5,551,580 |

MILL RATES: MILLS

| | |
|-----------------------------|---------|
| Average Municipal* | 32.7584 |
| Average School* | 4.1955 |
| Potash Mill Rate | |
| Uniform Municipal Mill Rate | 5.4600 |

* 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
As at December 31, 2018
(Unaudited)

Schedule 10

| Position | Name | Remuneration | Reimbursed Costs | Total |
|-----------------|----------------------|---------------------|-----------------------------|------------------|
| Reeve | Glenn Goodfellow | \$ 10,380 | \$ 1,963 | \$ 12,343 |
| Councillor | Trevor McCrea | 6,180 | 928 | 7,108 |
| Councillor | Jerry Petovello | 6,180 | 1,490 | 7,670 |
| Councillor | Bernadette Poppleton | 6,660 | 1,050 | 7,710 |
| Councillor | Vincent Murphy | 5,100 | 865 | 5,965 |
| Councillor | Floyd Whitney | 4,685 | 504 | 5,189 |
| Councillor | Dale (Chip) Chibri | 5,880 | 553 | 6,433 |
| Total | | \$ 45,065 | \$ 7,353 | \$ 52,418 |