

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Rural Municipality of Mervin No. 499, which comprise the statement of financial position as at December 31, 2020, the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Rural Municipality of Mervin No. 499 as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The municipality has interests in the Turtleford and District Fire Association, St. Walburg and District Fire Association and Town of Turtleford and R.M. of Mervin Dr. House which are government partnerships. The municipality has not recorded in its financial statements these interests using the proportionate consolidation method, which constitutes a departure from Canadian Public Sector Accounting Standards. The effect on the financial statements has not been determined.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Rural Municipality of Mervin No. 499 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Rural Municipality of Mervin No. 499's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated 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
June 8, 2021


Chartered Professional Accountants

**Rural Municipality of Mervin No. 499
Schedule of Council Remuneration
For the year ended December 31, 2020**

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Past Reeve	Tom Brown	7,746	1,047	8,793
Reeve	Gerry Ritz	1,087	434	1,521
Councillor	Georgina Pilling	4,634	1,140	5,774
Councillor	Jim Range	978	111	1,089
Councillor	Lyle Mckee	4,353	442	4,795
Councillor	Gordon Spencer	4,900	676	5,576
Councillor	Evelyn Bloom	5,028	1,015	6,043
Councillor	David Krywchuk	818	237	1,055
Councillor	Ron Gramlich	6,848	1,947	8,795
Councillor	Victor Hamm	6,110	2,043	8,153
Total		42,502	9,092	51,594

R.M. of Mervin No. 499

SYNOPSIS OF ANNUAL FINANCIAL STATEMENT

**Rural Municipality of Mervin No. 499
Consolidated Statement of Financial Position
As at December 31, 2020**

Statement 1

	2020	2019 (Restated)
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	12,424,007	11,293,715
Taxes Receivable - Municipal (Note 3)	496,146	470,927
Other Accounts Receivable (Note 4)	119,747	594,203
Land for Resale (Note 5)	37,115	29,883
Long-Term Investments (Note 6)	155,659	145,101
Debt Charges Recoverable		
Other (Specify)		
Total Financial Assets	13,232,674	12,533,829

LIABILITIES

Bank Indebtedness		
Accounts Payable	724,604	759,062
Accrued Liabilities Payable		
Deposits		
Deferred Revenue	2,500	
Accrued Landfill Costs (Note 7)	97,145	47,620
Liability for Contaminated Sites		
Other Liabilities		
Long-Term Debt		
Lease Obligations		
Total Liabilities	824,249	806,682

NET FINANCIAL ASSETS (DEBT)

12,408,425 11,727,147

NON-FINANCIAL ASSETS

Tangible Capital Assets (Schedule 6, 7)	24,885,720	24,491,124
Prepayments and Deferred Charges		
Stock and Supplies	1,010,030	1,060,449
Other		
Total Non-Financial Assets	25,895,750	25,551,573

ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)

38,304,175 37,278,720

Rural Municipality of Mervin No. 499
Consolidated Statement of Operations
For the year ended December 31, 2020

Statement 2

	2020 Budget	2020	2019 (Restated)
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	5,051,500	5,194,073	5,749,035
Fees and Charges (Schedule 4, 5)	523,000	712,953	1,868,401
Conditional Grants (Schedule 4, 5)	2,500	17,627	388,351
Tangible Capital Asset Sales - Loss (Schedule 4, 5)			(60,464)
Land Sales - Loss (Schedule 4, 5)		(21,169)	(1,094)
Investment Income and Commissions (Schedule 4, 5)	95,000	204,745	146,516
Restructurings (Schedule 4,5)			
Other Revenues (Schedule 4, 5)	605,750	216,975	185,451
Total Revenues	6,277,750	6,325,204	8,276,196
EXPENSES			
General Government Services (Schedule 3)	970,600	873,374	873,878
Protective Services (Schedule 3)	189,150	180,041	181,129
Transportation Services (Schedule 3)	3,794,934	3,681,831	3,679,986
Environmental and Public Health Services (Schedule 3)	896,080	382,219	420,199
Planning and Development Services (Schedule 3)	231,850	199,583	255,583
Recreation and Cultural Services (Schedule 3)	189,190	89,720	147,402
Utility Services (Schedule 3)	144,812	147,608	136,851
Restructurings (Schedule 3)			
Total Expenses	6,416,616	5,554,376	5,695,028
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(138,866)	770,828	2,581,168
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	258,000	254,627	151,950
Surplus (Deficit) of Revenues over Expenses	119,134	1,025,455	2,733,118
Accumulated Surplus (Deficit), Beginning of Year	37,278,720	37,278,720	34,545,602
Accumulated Surplus (Deficit), End of Year	37,397,854	38,304,175	37,278,720

Rural Municipality of Mervin No. 499
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2020

Statement 3

	2020 Budget	2020	2019 (Restated)
Surplus (Deficit)	119,134	1,025,455	2,733,118
(Acquisition) of tangible capital assets		(1,807,995)	(2,644,533)
Amortization of tangible capital assets		1,413,399	1,317,617
Proceeds on disposal of tangible capital assets			166,182
Loss (gain) on the disposal of tangible capital assets			60,464
Transfer of assets/liabilities in restructuring transactions			
Surplus (Deficit) of capital expenses over expenditures		(394,596)	(1,100,270)
(Acquisition) of supplies inventories			(66,350)
(Acquisition) of prepaid expense			
Consumption of supplies inventory		50,419	
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures		50,419	(66,350)
Increase/Decrease in Net Financial Assets	119,134	681,278	1,566,498
Net Financial Assets (Debt) - Beginning of Year	11,727,147	11,727,147	10,160,649
Net Financial Assets (Debt) - End of Year	11,846,281	12,408,425	11,727,147

Rural Municipality of Mervin No. 499
Consolidated Statement of Cash Flow
For the year ended December 31, 2020

Statement 4

	2020	2019 (Restated)
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	1,025,455	2,733,118
Amortization	1,413,399	1,317,617
Loss (gain) on disposal of tangible capital assets		60,464
	2,438,854	4,111,199
Change in assets/liabilities		
Taxes Receivable - Municipal	(25,219)	(39,836)
Other Receivables	474,456	(309,526)
Land for Resale	(7,232)	13,936
Other Financial Assets		
Accounts and Accrued Liabilities Payable	(34,458)	453,421
Deposits		
Deferred Revenue	2,500	
Accrued Landfill Costs	49,525	47,620
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies	50,419	(66,350)
Prepayments and Deferred Charges		
Other (Specify)		
Cash provided by operating transactions	2,948,845	4,210,464
Capital:		
Acquisition of capital assets	(1,807,995)	(2,644,533)
Proceeds from the disposal of capital assets		166,182
Other capital		
Cash applied to capital transactions	(1,807,995)	(2,478,351)
Investing:		
Long-term investments	(10,558)	(15,518)
Other investments		
Cash provided by (applied to) investing transactions	(10,558)	(15,518)
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	1,130,292	1,716,595
Cash and Temporary Investments - Beginning of Year	11,293,715	9,577,120
Cash and Temporary Investments - End of Year	12,424,007	11,293,715