

**TOWN OF OXBOW**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2014**

**TOWN OF OXBOW**  
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 For the year ending December 31, 2014

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## STATEMENT OF RESPONSIBILITY

To the Ratepayers of the Town of Oxbow:

Management is responsible for the preparation and presentation of the accompanying financial statements, including the responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles 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 for financial statements.

The Council is composed of elected officials who are not employees of the Town. 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 administration and discussing relevant matters with external auditors. The Council is also responsible for recommending appointment of the Town's external auditors.

Sensus Partnership of Chartered Accountants, an independent firm of chartered professional accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.

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Mayor

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Administrator

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of:  
Town of Oxbow  
Oxbow, Saskatchewan

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Oxbow, which are comprised of the consolidated statement of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Town of Oxbow as at December 31, 2014 and December 31, 2013, and its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Yorkton, Saskatchewan  
September 29, 2015

  
PARTNERSHIP OF  
CHARTERED ACCOUNTANTS

**TOWN OF OXBOW**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 718,356	\$ 1,344,678
Taxes receivable - municipal (Note 3)	94,740	101,698
Amounts receivable (Note 4)	503,239	192,622
Loans and advances (Note 5)	13,800	13,800
Land for resale (Note 6)	228,557	309,095
Long-term investments (Note 7)	23,928	11,524
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,582,620</b>	<b>1,973,417</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	249,905	
Accounts payable	32,752	283,786
Deposits	33,634	35,714
Deferred revenue (Note 9)	25,533	40,675
Long-term debt (Note 10)	405,442	778,337
<b>TOTAL LIABILITIES</b>	<b>747,266</b>	<b>1,138,512</b>
<b>NET FINANCIAL ASSETS</b>	<b>835,354</b>	<b>834,905</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedules 6 and 7)	5,138,959	4,878,458
Prepaid expenses	11,876	11,705
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>5,150,835</b>	<b>4,890,163</b>
<b>ACCUMULATED SURPLUS (Schedule 8)</b>	<b>\$ 5,986,189</b>	<b>\$ 5,725,068</b>

**TOWN OF OXBOW**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>REVENUE</b>			
Taxes and other unconditional revenue (Schedule 1)	\$ 1,688,430	\$ 1,457,690	\$ 1,354,689
Fees and charges (Schedules 4 and 5)	432,410	518,588	502,945
Conditional grants (Schedules 4 and 5)	13,140		12,200
Land sales - gain (Schedules 4 and 5)	45,000	9,462	14,267
Investment income and commissions (Schedules 4 and 5)	25,560	20,599	25,725
Other revenues (Schedules 4 and 5)	1,351,560	3,083	4,794
<b>Total revenue</b>	<b>3,556,100</b>	<b>2,009,422</b>	<b>1,914,620</b>
<b>EXPENSES</b>			
General government services (Schedule 3)	466,910	419,186	408,928
Protective services (Schedule 3)	83,620	124,033	112,410
Transportation services (Schedule 3)	1,696,440	658,847	571,533
Environmental and public health services (Schedule 3)	193,450	177,930	195,817
Planning and development services (Schedule 3)	50,160	48,125	51,351
Recreation and cultural services (Schedule 3)	88,930	122,189	108,910
Utility services (Schedule 3)	1,012,250	776,067	412,231
<b>Total expenses</b>	<b>3,591,760</b>	<b>2,326,377</b>	<b>1,861,180</b>
<b>SURPLUS (DEFICIT) BEFORE OTHER CAPITAL CONTRIBUTIONS</b>	<b>(35,660)</b>	<b>(316,955)</b>	<b>53,440</b>
Provincial/Federal capital grants and contributions (Schedules 4 and 5)	178,840	578,076	153,567
<b>ANNUAL SURPLUS</b>	<b>143,180</b>	<b>261,121</b>	<b>207,007</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>5,725,068</b>	<b>5,725,068</b>	<b>5,518,061</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 5,868,248</b>	<b>\$ 5,986,189</b>	<b>\$ 5,725,068</b>

**TOWN OF OXBOW**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
 For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 143,180</b>	<b>\$ 261,121</b>	<b>\$ 207,007</b>
Acquisition of tangible capital assets		(411,396)	(439,325)
Amortization of tangible capital assets		150,895	126,513
Increase in prepaid expenses		(171)	(302)
		<b>(260,672)</b>	<b>(313,114)</b>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>\$ 143,180</b>	<b>449</b>	<b>(106,107)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<b>834,905</b>	<b>941,012</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b>\$ 835,354</b>	<b>\$ 834,905</b>

**TOWN OF OXBOW**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ending December 31, 2014

	2014	2013
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 261,121	\$ 207,007
Changes in non-cash items:		
Taxes receivable - municipal	6,955	(72,909)
Amounts receivable	(310,617)	(14,831)
Prepays	(171)	(306)
Accounts payable and accrued liabilities	(251,034)	(147,157)
Deferred revenue	(15,142)	2,652
Deposits	(2,080)	(1,015)
Gain on sale of land for resale	(9,462)	(14,267)
Amortization	150,895	126,513
	<hr/>	<hr/>
Cash (used for) provided by operating transactions	(169,535)	85,687
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(411,396)	(439,325)
	<hr/>	<hr/>
Cash applied to capital transactions	(411,396)	(439,325)
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of land for resale	90,003	321,667
Purchase of portfolio investments	(12,404)	(114)
Loans and advances issued		(13,800)
	<hr/>	<hr/>
Cash applied to investing transactions	77,599	307,753
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt		510,732
Debt repayment	(372,895)	(133,686)
Advances on bank indebtedness	249,905	
	<hr/>	<hr/>
Cash applied to financing transactions	(122,990)	377,046
<b>INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS</b>		
	(626,322)	331,161
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>		
	1,344,678	1,013,517
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>		
	<hr/> <hr/>	<hr/> <hr/>
	\$ 718,356	\$ 1,344,678



**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town 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:

**Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognized 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.

**Reporting Entity**

The financial statements consolidates the assets, liabilities, and flow of resources of the Town. The entity is comprised of all of the organizations that are owned or controlled by the Town and are, therefore, accountable to Council for the administration of their financial affairs and resources. Entities included in these financial statements are as follows:

- Oxbow & District Recreation Board
- Oxbow/Enniskillen Fire Board

All inter-organizational transactions and balances have been eliminated.

**Collection of Funds for Other Authorities**

Collection of funds by the Town for the school board, municipal hail, and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in note 3.

**Government Transfers**

Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as:

- a) the transfer is authorized
- b) eligibility criteria have been met by the recipient; 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 amount receivable.

**Deferred Revenue**

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.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Local Improvement Charges**

Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

**Net-Financial Assets**

Net-financial assets at the end of the 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.

**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.

**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.

**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 Rural Municipalities - Self insurance fund are accounted for on the equity basis.

**Inventories**

Inventories of materials and supplies expected to be used by the Town are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are value 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.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tangible Capital Assets**

All tangible capital asset acquisitions or betterment made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The costs 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 Town's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<b>General assets</b>	
Land	Indefinite
Land improvements	5 to 20 years
Buildings	25 to 40 years
Vehicles and equipment	
Vehicles	5 years
Machinery and equipment	10 years
<b>Infrastructure Assets</b>	
Infrastructure Assets	40 years
Water & Sewer	10 to 50 years
Road Network Assets	40 years

**Government Contributions**

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

**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 Town does not capitalize interest incurred while a tangible capital asset is under construction.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

**Landfill Liability**

The Town of Oxbow maintains a waste disposal site. The Town is unable to estimate closure and post-closure costs. No amount has been recorded as an asset or liability.

**Employee Benefit Plans**

Contributions to the Municipality's defined benefit plans are expensed when contributions are due and payable. Under the defined benefit multi-employer plans, the Municipality's obligations are limited to their contributions.

**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. Accounts receivable are stated after evaluation as to their collectibility 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.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 For the year ending December 31, 2014

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of segmentation/Segment report**

The Town has adopted the new 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 attributable 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 administration of the Town.

**Protective services:** Is comprised of expenses for police and fire protection.

**Transportation services:** 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:** Environmental segment provides waste disposal and other environmental services and the public health segment provides for expenses related to public health services in the Town.

**Planning and development:** Provides for neighbourhood development and sustainability.

**Recreation and culture:** Provides for community services through provision of recreation and leisure services.

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

**2. CASH AND TEMPORARY INVESTMENTS**

Cash and temporary investments are comprised of the following:

	2014	2013
Cash	\$ 564,211	\$ 1,192,438
Temporary Investments	154,145	152,240
	<u>\$ 718,356</u>	<u>\$ 1,344,678</u>

Cash and temporary investments include balances with banks and marketable securities. The marketable securities (2014 - \$154,145; 2013 - \$152,240) are held by RBC Dominion Securities Inc. These marketable securities earn interest at 1.25% (2013 - 1.25%) and have been recorded at cost.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

**3. TAXES AND GRANTS IN LIEU RECEIVABLE**

	2014	2013
Municipal		
- Current	\$ 81,117	\$ 95,238
- Arrears	13,623	6,460
Total municipal taxes receivable	94,740	101,698
School		
- Current	32,437	43,920
- Arrears	4,157	1,745
Total school taxes receivable	36,594	45,665
Total taxes and grants in lieu receivable	131,334	147,363
Deduct taxes receivable to be collected on behalf of other organizations	(36,594)	(45,665)
Municipal and grants in lieu taxes receivable	\$ 94,740	\$ 101,698

**4. AMOUNTS RECEIVABLE**

Amounts receivable are valued at their net realized value.

	2014	2013
Federal government	\$ 73,475	\$ 76,347
Provincial government	329,556	4,898
Organizations and individuals	23,353	40,630
Utility	77,170	71,062
	503,554	192,937
Less allowance for doubtful amounts	(315)	(315)
	\$ 503,239	\$ 192,622

**5. LOANS AND ADVANCES**

The loans and advances consists of a loan that was issued to the daycare in the Town of Oxbow. There is no interest or scheduled repayments on the loan balance.

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

**6. LAND FOR RESALE**

	2014	2013
Commercial	\$ 209,103	\$ 209,103
Residential	19,454	99,992
Total Land for Resale	<u>\$ 228,557</u>	<u>\$ 309,095</u>

**7. LONG-TERM INVESTMENTS**

Long-term investments (2014 - \$23,928; 2013 - \$11,524) represent two guaranteed investment certificates held at the Royal Bank of Canada by the Oxbow & District Recreation Board Inc. The investments bear interest at 0.8% (2013 - 0.8%) and mature June 2015 and January 2016 (2013 - January and June 2014). The investments are recorded at cost.

**8. BANK INDEBTEDNESS**

The Town is currently in a bank indebtedness position in its operating bank account due to the timing of outstanding cheques. The Town has an approved line of credit up to \$350,000 with interest at 2.50%. The bank indebtedness is secured by a general security agreement.

**9. DEFERRED REVENUE**

	2014	2013
Land sales deposits	\$ 19,775	24,915
New hall	3,000	3,000
Lightning project	2,758	2,758
Oxbow & District Recreation Board Ltd.		10,002
	<u>\$ 25,533</u>	<u>\$ 40,675</u>

**TOWN OF OXBOW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ending December 31, 2014**

**10. LONG TERM DEBT**

The debt limit of the Town is \$1,493,514. The debt limit for a Town is the total amount of the Town's own source revenues for the preceding year (Municipalities Act section 161).

	2014	2013
RBC residential lot infrastructure loan bearing interest at a fixed rate of 5.37% per annum. Payable in blended monthly installments of \$6,482, matures November 2023. Secured by a general security agreement. The loan balance was paid off in 2014.	\$	\$ 333,626
RBC loan bearing interest at a fixed rate of 4.97% per annum. Payable in blended monthly installments of \$5,082, matures December 2022. Secured by a general security agreement.	<b>405,442</b>	444,711
	<b>\$ 405,442</b>	<b>\$ 778,337</b>

Future principal and interest payments are as follows:

		Principal	Interest		Total
2015	\$	42,286	18,703	\$	60,989
2016		44,336	16,653		60,989
2017		46,588	14,401		60,989
2018		48,902	12,087		60,989
2019		51,331	9,658		60,989
Thereafter		171,999	13,193		185,192
Balance	\$	<b>405,442</b>	84,695	\$	<b>490,137</b>

**11. PENSION PLAN**

The Municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multi-employer 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 2014 was \$26,226. 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.



# TOWN OF OXBOW

## SCHEDULE 1 - SCHEDULE OF TAXES AND OTHER UNCONDITIONAL REVENUES

For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>TAXES</b>			
General municipal tax levy	\$ 1,333,200	\$ 1,116,969	\$ 1,009,718
Abatements and adjustments	(43,150)	(65,222)	(41,815)
Discount on current year taxes	(45,370)	(49,795)	(44,045)
<b>Net Municipal Taxes</b>	<b>1,244,680</b>	<b>1,001,952</b>	<b>923,858</b>
Penalties on tax arrears	5,180	15,706	5,027
Special tax levy	17,400	16,898	16,898
<b>Total Taxes</b>	<b>1,267,260</b>	<b>1,034,556</b>	<b>945,783</b>
<b>UNCONDITIONAL GRANTS</b>			
Equalization (Revenue Sharing)	297,470	280,756	288,803
<b>Total Unconditional Grants</b>	<b>297,470</b>	<b>280,756</b>	<b>288,803</b>
<b>GRANTS IN LIEU OF TAXES</b>			
Provincial			
S.P.C. Electrical	16,010	18,003	15,542
SaskEnergy Gas	37,930	41,755	36,829
Other Government Transfers			
S.P.C. Surcharge	69,760	82,620	67,732
<b>Total Grants in Lieu of Taxes</b>	<b>123,700</b>	<b>142,378</b>	<b>120,103</b>
<b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b>	<b>\$ 1,688,430</b>	<b>\$ 1,457,690</b>	<b>\$ 1,354,689</b>

**TOWN OF OXBOW**
**SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION**

For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	\$ 350	\$ 2,415	\$ 342
- Other	35,650	22,895	34,604
Total Fees and Charges	36,000	25,310	34,946
- Land sales - gain	45,000	9,462	14,267
- Investment income and commissions	25,560	20,599	25,725
- Other	1,351,560	3,083	4,794
Total Other Segmented Revenue	1,458,120	58,454	79,732
Conditional Grants			
- Other	13,140		12,200
Total Conditional Grants	13,140		12,200
<b>Total Operating</b>	<b>1,471,260</b>	<b>58,454</b>	<b>91,932</b>
<b>Capital</b>			
Conditional Grants			
- Other	3,930	10,569	3,811
<b>Total Capital</b>	<b>3,930</b>	<b>10,569</b>	<b>3,811</b>
<b>Total General Government Services</b>	<b>1,475,190</b>	<b>69,023</b>	<b>95,743</b>
<b>PROTECTIVE SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Other	14,380	30,798	54,326
<b>Total Operating</b>	<b>14,380</b>	<b>30,798</b>	<b>54,326</b>
<b>Total Protective Services</b>	<b>14,380</b>	<b>30,798</b>	<b>54,326</b>

**TOWN OF OXBOW**
**SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION (continued)**

For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>TRANSPORTATION SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work	\$ 5,000	\$ 9,792	\$ 21,569
- Road maintenance and restoration agreements		16,733	
<b>Total Operating</b>	<b>5,000</b>	<b>26,525</b>	<b>21,569</b>
<b>Capital</b>			
Conditional Grants			
- Gas tax	74,910	72,988	72,731
- Provincial Disaster Assistance	100,000	494,519	77,025
<b>Total Capital</b>	<b>174,910</b>	<b>567,507</b>	<b>149,756</b>
<b>Total Transportation Services</b>	<b>179,910</b>	<b>594,032</b>	<b>171,325</b>
<b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Waste and disposal fees	87,310	102,003	84,761
- Other	1,350	2,345	802
<b>Total Operating</b>	<b>88,660</b>	<b>104,348</b>	<b>85,563</b>
<b>Total Environmental and Public Health Services</b>	<b>88,660</b>	<b>104,348</b>	<b>85,563</b>
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Other	15,900	16,255	15,439
<b>Total Operating</b>	<b>15,900</b>	<b>16,255</b>	<b>15,439</b>
<b>Total Planning and Development Services</b>	<b>15,900</b>	<b>16,255</b>	<b>15,439</b>

**TOWN OF OXBOW**
**SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION (continued)**

For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>RECREATION AND CULTURAL SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Other	\$ 45,000	\$ 84,740	\$ 60,579
<b>Total Operating</b>	<b>45,000</b>	<b>84,740</b>	<b>60,579</b>
<b>Total Recreation and Cultural Services</b>	<b>45,000</b>	<b>84,740</b>	<b>60,579</b>
<b>UTILITY SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Water	160,770	163,800	165,769
- Sewer	63,820	63,441	61,958
- Other	2,880	3,371	2,796
<b>Total Operating</b>	<b>227,470</b>	<b>230,612</b>	<b>230,523</b>
<b>Total Utility Services</b>	<b>227,470</b>	<b>230,612</b>	<b>230,523</b>
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>\$ 2,046,510</b>	<b>\$ 1,129,808</b>	<b>\$ 713,498</b>
<b>SUMMARY</b>			
Total Other Segmented Revenue	\$ 1,854,530	\$ 551,732	\$ 547,731
Total Conditional Grants	13,140		12,200
Total Capital Grants and Contributions	178,840	578,076	153,567
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>\$ 2,046,510</b>	<b>\$ 1,129,808</b>	<b>\$ 713,498</b>

**TOWN OF OXBOW**  
**SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION**  
 For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>GENERAL GOVERNMENT SERVICES</b>			
Council remuneration and travel	\$ 25,070	\$ 23,375	\$ 24,340
Wages and benefits	145,540	140,844	124,631
Professional/Contractual services	178,120	197,700	179,034
Utilities	37,550	25,089	36,452
Maintenance, materials, and supplies	37,740	23,679	30,634
Amortization		8,154	12,397
Other	42,890	345	1,440
<b>Total General Government Services</b>	<b>466,910</b>	<b>419,186</b>	<b>408,928</b>
<b>PROTECTIVE SERVICES</b>			
<b>Police protection</b>			
Professional/Contractual services	56,880	56,155	49,495
<b>Fire protection</b>			
Professional/Contractual services	140	20,730	28,960
Maintenance, materials, and supplies	1,600	12,077	
Grants and contributions			
- Operating	25,000	12,500	12,500
Amortization		22,571	21,381
Other			74
<b>Total Protective Services</b>	<b>83,620</b>	<b>124,033</b>	<b>112,410</b>
<b>TRANSPORTATION SERVICES</b>			
Wages and benefits	276,210	322,727	253,612
Professional/Contractual services	1,153,140	21,064	14,495
Utilities	40,660	51,702	39,478
Maintenance, materials, and supplies	196,430	213,140	194,918
Gravel	30,000	18,462	37,220
Amortization		31,752	31,810
<b>Total Transportation Services</b>	<b>1,696,440</b>	<b>658,847</b>	<b>571,533</b>
<b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>			
Professional/Contractual services	189,960	154,244	192,747
Amortization		396	2,599
Other	3,490	23,290	471
<b>Total Environmental and Public Health Services</b>	<b>193,450</b>	<b>177,930</b>	<b>195,817</b>

**TOWN OF OXBOW**  
**SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION**  
 For the year ending December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
Wages and benefits	50,160	47,819	48,695
Other		306	2,656
<b>Total Planning and Development Services</b>	<b>50,160</b>	<b>48,125</b>	<b>51,351</b>
<b>RECREATION AND CULTURAL SERVICES</b>			
Wages and benefits	2,200	1,500	2,140
Professional/Contractual services		51,392	28
Utilities	8,050	18,249	7,805
Maintenance, materials, and supplies	16,930	17,667	77,570
Grants and contributions			
- Operating	61,750	26,759	15,361
Amortization		6,622	6,006
<b>Total Recreation and Cultural Services</b>	<b>88,930</b>	<b>122,189</b>	<b>108,910</b>
<b>UTILITY SERVICES</b>			
Professional/Contractual services	48,100	72,033	46,982
Utilities	43,360	44,238	42,104
Maintenance, materials, and supplies	553,380	575,757	270,760
Amortization	312,000	81,400	52,320
Other	55,410	2,639	65
<b>Total Utility Services</b>	<b>1,012,250</b>	<b>776,067</b>	<b>412,231</b>
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>\$ 3,591,760</b>	<b>\$ 2,326,377</b>	<b>\$ 1,861,180</b>

**TOWN OF OXBOW**  
**SCHEDULE 4 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION**  
**For the year ending December 31, 2014**

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
<b>Revenues (Schedule 2)</b>								
Fees and Charges	\$ 25,310	\$ 30,798	\$ 26,525	\$ 104,348	\$ 16,255	\$ 84,740	\$ 230,612	\$ 518,588
Tangible Capital Asset Sale - Gain (Loss)								9,462
Land Sales - Gain (Loss)	9,462							20,599
Investment Income & Commissions	20,599							3,083
Other Revenues	3,083							
Grants - Conditional								
- Capital	10,569		567,507					578,076
<b>Total revenues</b>	<b>69,023</b>	<b>30,798</b>	<b>594,032</b>	<b>104,348</b>	<b>16,255</b>	<b>84,740</b>	<b>230,612</b>	<b>1,129,808</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	164,219		322,727		47,819	1,500		536,265
Professional/Contractual Services	197,700	76,885	21,064	154,244		51,392	72,033	573,318
Utilities	25,089		51,702			18,249	44,238	139,278
Maintenance, Materials, Supplies	23,679	12,077	231,602			17,667	575,757	860,782
Grants and Contributions		12,500				26,759		39,259
Amortization	8,154	22,571	31,752	396		6,622		150,895
Interest								
Allowance for Uncollectibles	345			23,290	306		2,639	26,580
Other	419,186	124,033	658,847	177,930	48,125	122,189	776,067	2,326,377
<b>Total expenses</b>	<b>(350,163)</b>	<b>(93,235)</b>	<b>(64,815)</b>	<b>(73,582)</b>	<b>(31,870)</b>	<b>(37,449)</b>	<b>(545,455)</b>	<b>(1,196,569)</b>
Taxation and other unconditional revenue (Schedule 1)								1,457,690
<b>Net Surplus (Deficit)</b>								<b>\$ 261,121</b>

**TOWN OF OXBOW**  
**SCHEDULE 5 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION**  
**For the year ended December 31, 2013**

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
<b>Revenues (Schedule 2)</b>								
Fees and Charges	\$ 34,946	\$ 54,326	\$ 21,569	\$ 85,563	\$ 15,439	\$ 60,579	\$ 230,523	\$ 502,945
Tangible Capital Asset Sale - Gain (Loss)								
Land Sales - Gain (Loss)	14,267							14,267
Investment Income & Commissions	25,725							25,725
Other Revenues	4,794							4,794
Grants - Conditional	12,200							12,200
- Capital	3,811		149,756					153,567
<b>Total revenues</b>	<b>95,743</b>	<b>54,326</b>	<b>171,325</b>	<b>85,563</b>	<b>15,439</b>	<b>60,579</b>	<b>230,523</b>	<b>713,498</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	148,971		253,612		48,695	2,140		453,418
Professional/Contractual Services	179,034	78,455	14,495	192,747		28	46,982	511,741
Utilities	36,452		39,478			7,805	42,104	125,839
Maintenance, Materials, Supplies	30,634		232,138			77,570	270,760	611,102
Grants and Contributions		12,500				15,361		27,861
Amortization	12,397	21,381	31,810	2,599		6,006		126,513
Interest								
Allowance for Uncollectibles								
Other	1,440	74		471	2,656		65	4,706
<b>Total expenses</b>	<b>408,928</b>	<b>112,410</b>	<b>571,533</b>	<b>195,817</b>	<b>51,351</b>	<b>108,910</b>	<b>412,231</b>	<b>1,861,180</b>
<b>Surplus (Deficit) by Function</b>	<b>(313,185)</b>	<b>(58,084)</b>	<b>(400,208)</b>	<b>(110,254)</b>	<b>(35,912)</b>	<b>(48,331)</b>	<b>(181,708)</b>	<b>(1,147,682)</b>
Taxation and other unconditional revenue (Schedule 1)								
<b>Net Surplus (Deficit)</b>								<b>1,354,689</b>
								<b>\$ 207,007</b>





**TOWN OF OXBOW**  
**SCHEDULE 6 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT**  
**For the year ending December 31, 2014**

Cost	General Assets					Machinery & Equipment	Infrastructure Assets	General/ Infrastructure	Totals	
	Land	Land Improvements	Buildings	Vehicles					Assets Under Construction	2014
Opening costs	\$ 1,219,261	24,094	2,203,323	46,538	756,748	6,524,225	85,000	\$ 10,859,189	\$ 10,419,864	
Additions during the year		8,100		25,013	8,657	345,554	24,072	411,396	439,325	
Closing costs	1,219,261	32,194	2,203,323	71,551	765,405	6,869,779	109,072	11,270,585	10,859,189	
<b>Accumulated Amortization</b>										
Opening accumulated amortization		12,118	991,999	42,858	551,123	4,382,633		5,980,731	5,854,218	
Amortization		264	46,680	460	33,161	70,330		150,895	126,513	
Closing accumulated amortization		12,382	1,038,679	43,318	584,284	4,452,963		6,131,626	5,980,731	
Net Book Value	\$ 1,219,261	19,812	1,164,644	28,233	181,121	2,416,816	109,072	\$ 5,138,959	\$ 4,878,458	



**TOWN OF OXBOW**  
**SCHEDULE 7 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION**  
**For the year ending December 31, 2014**

Cost	Totals								
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	2014	2013
Opening costs	\$ 1,965,653	604,670	4,685,633	3,346		40,928	3,558,959	\$ 10,859,189	\$ 10,419,864
Additions during the year		2,672	38,570			8,100	362,054	411,396	439,325
Closing costs	1,965,653	607,342	4,724,203	3,346		49,028	3,921,013	11,270,585	10,859,189
<b>Accumulated Amortization</b>									
Opening accumulated amortization	291,285	389,683	3,911,410	203		17,662	1,370,488	5,980,731	5,854,218
Amortization	8,154	22,571	31,752	396		6,622	81,400	150,895	126,513
Closing accumulated amortization	299,439	412,254	3,943,162	599		24,284	1,451,888	6,131,626	5,980,731
Net Book Value	\$ 1,666,214	195,088	781,041	2,747		24,744	2,469,125	\$ 5,138,959	\$ 4,878,458



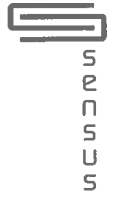
**TOWN OF OXBOW**  
**SCHEDULE 8 - SCHEDULE OF ACCUMULATED SURPLUS**  
**For the year ending December 31, 2014**

	2013	Changes	2014
<b>UNAPPROPRIATED SURPLUS</b>	\$ 936,699	(31,275)	\$ 905,424
<b>APPROPRIATED RESERVES</b>			
Library Reserve	1,095		1,095
Recreation Reserve	51,741	(45,550)	6,191
Utility Reserve	143,626	(132,992)	10,634
Protective Reserve	625		625
Sewer Lift Reserve	130,000	(121,458)	8,542
Gas Tax Reserve	174,934		174,934
Capital Trust Reserve	94,900		94,900
Dedicated Lands Reserve	4,547		4,547
Unspecified Reserve	86,780	(41,000)	45,780
<b>Total appropriated</b>	688,248	(341,000)	347,248
<b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>			
Tangible capital assets (Schedule 6)	4,878,458	260,501	5,138,959
Less: Related debt	(778,337)	372,895	(405,442)
<b>Net Investment in Tangible capital assets</b>	4,100,121	633,396	4,733,517
<b>Total Accumulated Surplus</b>	\$ 5,725,068	261,121	\$ 5,986,189

**TOWN OF OXBOW**  
**SCHEDULE 9 - SCHEDULE OF MILL RATES AND ASSESSMENTS**  
 For the year ending December 31, 2014

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable assessment	142,610	73,243,450			12,159,400		85,545,460
Regional Park Assessment							
Total Assessment							85,545,460
Mill Rate Factor(s)	1.00	0.45			1.50		
Total Base/Minimum Tax		290,350			56,500		346,850
Total Municipal Tax Levy	2,139	784,743			330,087		1,116,969

	MILLS
Average Municipal	13.0570
Average School	5.4880
Potash Mill Rate	
Uniform Municipal Mill Rate	15.0000



**TOWN OF OXBOW**  
**SCHEDULE 10 - SCHEDULE OF COUNCIL REMUNERATION**  
 For the year ending December 31, 2014

	<u>Remuneration</u>	<u>Reimbursed Costs</u>	<u>Total</u>
Mayor - Dale Ching	\$ 3,900	\$	\$ 3,900
Councilor - Robert Goodward	3,250		3,250
Councilor - Cam Rutledge	2,725		2,725
Councilor - Eldon Thompson	3,250		3,250
Councilor - Darrell Dunnigan	3,425		3,425
Councilor - Mark Barnes	3,250		3,250
Councilor - Rosemary Ching	3,425		3,425
	<u>\$ 23,225</u>	<u>\$</u>	<u>\$ 23,225</u>

September 29, 2015

Town of Oxbow  
Box 149  
Oxbow, SK S0C 2B0

Dear Mayor and Council:

We have been engaged to audit the financial statements of Town of Oxbow for the year ended December 31, 2014. Canadian generally accepted auditing standards for audit engagements require that we communicate the following information with you in relation to our audit.

#### Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

The internal controls of the Town of Oxbow are very limited due to the lack of segregation of duties. Therefore we have not relied on your internal controls and our approach to the audit was one of a substantive nature.

#### Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by Town of Oxbow are described in Note 1, Summary of Significant Accounting policies, in the financial statements.

There were no new accounting policies adopted or changes to the application of accounting policies of Town of Oxbow during the year.

#### Significant Unusual Transactions

We are not aware of any significant or unusual transactions entered into by Town of Oxbow that you should be informed about.

## Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. There were no accounting estimates required.

## Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Town of Oxbow statements or Auditors' Report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the Auditors' Report

We are pleased to inform you that we had no disagreements with management during the course of our audit.

## Issues Discussed

The auditor generally discusses among other matters, the application of accounting principles and auditing standards, and fees, etc. with management in during the initial or recurring appointment of the auditor during the normal course of business. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

## Other Matters

During the audit we noted the following which we wish to bring to your attention:

When a municipality is authorized by provincial legislation to pay a non-taxable expense allowance (amount in box 70 of the individual's T4) to a councilor, the municipality is deemed to have received a supply and to have paid GST on the supply equal to 5/105 of the amount of that allowance. When the indemnity bylaw is redone, it should be noted in the bylaw that two thirds of the indemnity is allocated to salary and one third is allocated for an expense allowance. Once the bylaw is redone, the Town will be eligible for a public service body rebate for the GST deemed to have been paid on the expense allowance portion of the indemnity.

It was noted during the audit that passwords are not being used on all of the Town's computers. Passwords are a key element of internal controls. Each computer should have a password that is unique to it. To create effective and secure passwords, the following should be incorporated: (1) Passwords should contain at least six characters, (2) Passwords should contain at least one number, as well as one uppercase and lowercase letter. (3) Passwords should be changed regularly and when an employee leaves the organization. The use of a strong password is among the most important steps you can take to protect the Town's computer from hackers and other unwelcome users.

It was discovered through discussions with management and testing, employees are receiving mid month advances for their payroll. These advances were given without the corresponding Canada pension plan (CPP), employment insurance (EI) and federal income tax deductions being deducted. The Canada Revenue Agency (CRA) has provided guidelines for this and they can be found on CRA's website. The guidelines state if the employer pays part of their employee's salaries before the usual payday, the employer must deduct the required payroll deductions from the advance. We recommend the Town start taking deductions from the mid month advances in order to be compliant with the CRA guidelines.

We discovered the CDO personnel is paid on a contract basis and we recommend the organization review that practice to ensure the Canada Revenue Agency (CRA) would concur with that classification. Contract workers have been under much scrutiny by CRA over the past number of years as part of an effort to crack down on the underground economy. If CRA were to decide the CDO personnel is an employee, the organization would be liable for the related payroll deductions (both employee and employer share).



To assist council in assessing the situation, we recommend reading CRA's guide: RC4110 "Employee or Self-Employed?". We recommend the information be reviewed in order to make a determination. In the event you are still uncertain, it is possible to request a ruling from CRA to determine the status of a worker. Questions can be directed to CRA at 1-800-959-2221 to obtain Form CPT1 "Request a Ruling as to the Status of a Worker."

Currently council is receiving bank reconciliations and bank statements at their regular meetings. However, there is no evidence to indicate Council is reviewing and approving this information. It is important for Council to review this information as it provides the financial position of the organization at a given point in time. It is recommended members of Council sign the bank statements and bank reconciliations to provide evidence for their review and approval of this information.

It was discovered during the audit, some council members have reviewed and approved their own indemnity claimant sheet. This presents the risk of misappropriation of assets due to fraud or error as a council member can over claim expenses on their indemnity claimant sheet and this would go unnoticed by other council members. It is important to have another council member review and approve another council member's indemnity sheet to mitigate this risk.

During the audit procedures on indemnities, it was also discovered that Rosemary Ching over claimed \$200 on an indemnity claim by using the wrong per diem rate for meetings. This indemnity claim was reviewed and approved by another member of council. It is important for the council member reviewing the claim to ensure the appropriate rate has been used.

During some months, the monthly transactions from the operating bank statement are being printed and kept instead of the bank statement. It is important to always print the bank statement as the bank statement provides details for the cleared cheques. These bank statements are vital for the audit procedures we perform.

During our audit procedures for expenses we noted some of the invoices/receipts were not being printed or attached to the credit card statement. Without these documents, we are unable to confirm if these expenses belong to the Town. We recommend all invoices/receipts are attached to the credit card statements and made available for the annual audit.

It was noted during the audit that external backups are being done for the Town's software and information. These backups are currently being stored in the Town office safe. Backups are critical, but having these backups stored in the office is missing an important part of a backup strategy. The Town needs to store the backup in a separate physical location. So-called "off-site backups" will protect the Town's important files from catastrophic events like fires, floods, and robberies. Files stored in just one physical location are vulnerable. As a result, we recommend the Town storing its backups in an off-site location. The backup could be taken home daily with a Town employee.

Difficulties Encountered During the Audit

We encountered no other significant difficulties during our audit that should be brought to the attention of the audit committee.

This communication is prepared solely for the information of the audit committee and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the audit committee sign their acknowledgement in the spaces provided below. Should any member of the audit committee wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,

**SENSUS**

**Partnership of Chartered Accountants**



Harold Reid, CPA, CA

Box 926 Yorkton, SK S3N 2X1 ph. 306-782-4320 fax 306-782-4321  
sensusyorkton@sensusca.com

Acknowledgement of Audit Committee:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Signatures: \_\_\_\_\_

Date: \_\_\_\_\_