

INTERLAKE WEED CONTROL DISTRICT
Financial Statements
Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of Interlake Weed Control District

Opinion

We have audited the financial statements of Interlake Weed Control District (the District), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets 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 District as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District 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 accounting standards for not-for-profit organizations, 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

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

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INTERLAKE WEED CONTROL DISTRICT

Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 4)	\$ 20,099	\$ 25,234
Accounts receivable (Note 6)	199,180	176,815
Inventory	10,302	11,018
Goods and services tax receivable	5,050	3,841
	<u>234,631</u>	216,908
CAPITAL ASSETS (Notes 2, 5)	<u>49,880</u>	48,766
	<u>\$ 284,511</u>	<u>\$ 265,674</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,218	\$ 1,100
NET ASSETS	<u>283,293</u>	264,574
	<u>\$ 284,511</u>	<u>\$ 265,674</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

INTERLAKE WEED CONTROL DISTRICT

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from customers and levies	\$ 352,967	\$ 317,567
Cash paid to suppliers and employees	(345,833)	(338,245)
Interest paid	(181)	(187)
	<u>6,953</u>	<u>(20,865)</u>
INVESTING ACTIVITY		
Purchase of capital assets	(12,088)	(17,431)
	<u>(12,088)</u>	<u>(17,431)</u>
DECREASE IN CASH	(5,135)	(38,296)
CASH (DEFICIENCY) - BEGINNING OF YEAR	25,234	63,530
CASH - END OF YEAR	\$ 20,099	\$ 25,234

INTERLAKE WEED CONTROL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2018

3. FINANCIAL INSTRUMENTS

The District is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the District's risk exposure and concentration as of December 31, 2018.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The District is exposed to credit risk from customers. The District has a significant number of customers which minimizes concentration of credit risk.

4. LINE OF CREDIT

The District has a \$20,000 revolving line of credit of which \$Nil (2017 - \$NIL) was used as at December 31, 2018. Bank advances on the credit line are payable on demand and bear interest at 4.95%.

5. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Motor vehicles - pickup trucks	\$ 58,386	\$ 56,956	\$ 58,386	\$ 52,608
Motor vehicles - spray trucks	120,203	89,091	112,703	85,180
Equipment	28,149	15,383	23,561	12,797
Storage shed	5,152	580	5,152	451
	<u>\$ 211,890</u>	<u>\$ 162,010</u>	<u>\$ 199,802</u>	<u>\$ 151,036</u>
Net book value	\$ 49,880		\$ 48,766	

INTERLAKE WEED CONTROL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2018

8. RETIREMENT BENEFITS

The majority of the employees of the District are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the District Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the District on behalf of its employees amounted to \$10,935 (2017-\$9,756) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2016 indicated the plan was 98% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2016.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

9. ECONOMIC DEPENDENCE

The District has a substantial amount of sales to its Municipal partners as described in Note 6. Should these customers substantially change its dealings with the District, management is of the opinion that continued viable operations would be doubtful.
