

Village of Pelly

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

Village of Pelly
Pelly, Saskatchewan
December 31, 2020

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Management's Responsibility

The municipality's management is responsible for the preparation and presentation of the accompanying consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fair presentation of the consolidated financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the consolidated 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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. The council is also responsible for recommending the appointment of the municipality's external auditors.

Baker Tilly SK LLP, an independent firm of chartered professional accountants, is appointed by the council to audit the consolidated 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 management to discuss their audit findings.



Mayor

Administrator



Independent Auditors' Report

To the Council
Village of Pelly

Opinion

We have audited the consolidated financial statements of Village of Pelly, (the municipality), which comprise the consolidated Statement of Financial Position as at December 31, 2020 and the consolidated Statements of Operations, Changes in Net Financial Assets and Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the municipality as at December 31, 2020, and results of its operations and its consolidated cash flow 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 Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the municipality 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 Consolidated 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 municipality'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.

Council is responsible for overseeing the municipality's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated 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 judgment 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 consolidated 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 consolidated 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.

Baker Tilly SK LLP

Baker Tilly SK LLP

Yorkton, SK
June 24, 2021

Village of Pelly

Pelly, Saskatchewan

Statement 1

Consolidated Statement of Financial Position as at December 31, 2020

	2020	2019
Assets		
Financial Assets		
Cash and temporary investments - note 2	123,900	106,370
Taxes receivable - municipal - note 3	113,970	119,943
Other accounts receivable - note 4	18,352	11,251
Land for resale - note 5	40,469	45,603
Long-term investments - note 6	113,140	111,912
Total Financial Assets	<u>409,831</u>	<u>395,079</u>
Liabilities		
Accounts payable	20,343	8,835
Accrued liabilities	1,453	1,306
Utility deposits	10,600	10,500
Deferred revenue - note 8	39,372	41,869
Long-term debt - note 9	71,970	104,814
Total Liabilities	<u>143,738</u>	<u>167,324</u>
Net Financial Assets	<u>266,093</u>	<u>227,755</u>
Non-Financial Assets		
Tangible capital assets - schedules 6 and 7	611,236	545,442
Prepayments and deferred charges	12,076	13,014
Stock and supplies	2,000	
Total Non-Financial Assets	<u>625,312</u>	<u>558,456</u>
Accumulated Surplus - schedule 8	<u>\$ 891,405</u>	<u>\$ 786,211</u>

Approved on behalf of the council:

Mayor

Councillor

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
 Consolidated Statement of Operations
 For the year ended December 31, 2020

Statement 2

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Revenues			
Taxes and other unconditional revenue - schedule 1	373,930	387,850	365,637
Fees and charges - schedules 4 and 5	129,150	129,943	130,844
Conditional grants - schedules 4 and 5	65,380	79,081	70,931
Tangible capital asset sales - gain - schedules 4 and 5			7,120
Land sales - gain (loss) - schedules 4 and 5		(742)	(13,016)
Investment income and commissions - schedules 4 and 5	2,600	1,555	2,720
Other revenues - schedules 4 and 5		3,771	49
Total Revenue	<u>571,060</u>	<u>601,458</u>	<u>564,285</u>
Expenses - schedule 3			
General government services	150,270	173,622	137,401
Protective services	17,950	19,492	19,010
Transportation services	226,850	155,208	134,944
Environmental and public health services	51,030	46,776	50,087
Recreation and cultural services	29,510	40,606	52,161
Utilities services	60,920	60,560	62,085
Total Expenses	<u>536,530</u>	<u>496,264</u>	<u>455,688</u>
Surplus of Revenues over Expenses before Other Capital Contributions	34,530	105,194	108,597
Provincial/Federal Capital Grants and Contributions - schedules 4 and 5	<u>0</u>	<u>0</u>	<u>0</u>
Surplus of Revenue over Expenses	34,530	105,194	108,597
Accumulated Surplus, Beginning of Year	<u>786,211</u>	<u>786,211</u>	<u>677,614</u>
Accumulated Surplus, End of Year	<u>\$ 820,741</u>	<u>\$ 891,405</u>	<u>\$ 786,211</u>

*The notes to consolidated financial statements are an integral
 part of these consolidated financial statements.*

Village of Pelly
 Consolidated Statement of Change in Net Financial Assets
 For the year ended December 31, 2020

Statement 3

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Surplus	<u>34,530</u>	<u>105,194</u>	<u>108,597</u>
(Acquisition) of tangible capital assets	(4,500)	(92,580)	(72,979)
Amortization of tangible capital assets		26,786	19,608
Proceeds on disposal of tangible capital assets			25,000
Loss (gain) on the disposal of tangible capital assets			<u>(7,120)</u>
Surplus (Deficit) of Capital Expenses over Expenditures	<u>(4,500)</u>	<u>(65,794)</u>	<u>(35,491)</u>
(Acquisition) of supplies inventories		(2,000)	
(Acquisition) of prepaid expense		(12,076)	(12,928)
Use of prepaid expense		<u>13,014</u>	<u>12,266</u>
Surplus (Deficit) of Expenses of Other Non-Financial over Expenditures	<u>0</u>	<u>(1,062)</u>	<u>(662)</u>
Increase in Net Financial Assets	30,030	38,338	72,444
Net Financial Assets, beginning of year	<u>227,755</u>	<u>227,755</u>	<u>155,311</u>
Net Financial Assets, End of Year	<u>\$ 257,785</u>	<u>\$ 266,093</u>	<u>\$ 227,755</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
Consolidated Statement of Cash Flow
For the year ended December 31, 2020

Statement 4

	2020	2019
Cash Provided by (used for) the Following Activities		
Operating:		
Surplus		
Amortization	105,194	108,597
Loss (gain) on disposal of tangible capital assets	26,786	19,608
	<u>131,980</u>	<u>(7,120)</u>
		121,085
Change in Assets/Liabilities		
Taxes receivable - municipal	5,973	(19,585)
Other receivables	(7,102)	895
Land for resale	5,135	5,161
Other financial assets	(2,000)	
Accounts payable	11,507	3,880
Utility deposits	100	300
Deferred revenue	(2,496)	(22,915)
Accrued liabilities payable	147	1,306
Prepayments and deferred charges	938	(662)
Cash Provided by Operating Transactions	<u>144,182</u>	<u>89,465</u>
Capital:		
Acquisition of capital assets	(92,580)	(72,979)
Proceeds from the disposal of capital assets		25,000
Cash Applied to Capital Transactions	<u>(92,580)</u>	<u>(47,979)</u>
Investing:		
Additions to long-term investments	(1,228)	(42,519)
Financing:		
Long-term debt issued		57,500
Long-term debt repaid	(32,844)	(33,603)
Cash Provided by (Applied to) Financing Transactions	<u>(32,844)</u>	<u>23,897</u>
Change in Cash and Temporary Investments During the Year	17,530	22,864
Cash and temporary investments, beginning of year	<u>106,370</u>	<u>83,506</u>
Cash and Temporary Investments, End of Year	<u>\$ 123,900</u>	<u>\$ 106,370</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies

The consolidated financial statements of the municipality are 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 are as follows:

(a) Basis of accounting

The consolidated 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 consolidated financial statements consolidate 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 consolidated financial statements are as follows:

Entity	Basis of Recording
Pelly & District Recreation Board	Full consolidation
Pelly Centennial Committee	Full consolidation

All inter-organizational transactions and balances have been eliminated.

(c) Collection of funds for other authorities

Collection of funds by the municipality 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.

(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 are 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:

- (i) the transfers are authorized;
- (ii) any eligibility criteria have been met; and
- (iii) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

1. **Significant Accounting Policies** - continued

(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) 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.

(g) 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.

(h) 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.

(i) Tangible capital assets

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

Assets	Useful Life
General Assets	
Land	indefinite
Land improvements	30-50 years
Buildings	30-50 years
Vehicles	5-10 years
Mobile equipment	5-10 years
Linear assets	30-45 years
Infrastructure Assets	
Paving, sidewalks and roadways	30-45 years

Village of Pelly

Notes to Consolidated Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies - continued

(j) 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.

(k) 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.

(l) Capitalization of interest

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

(m) 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.

(n) 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. Penalties on overdue taxes are recorded in the period levied.

Utility revenue is recognized in the period in which the service has been provided.

All other revenue is recorded when received, or receivable, collection is likely, and the amount can be reasonably determined.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

1. **Significant Accounting Policies** - continued

(o) 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. 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.

Land for resale is stated after evaluation for market value and an appropriate allowance for market value adjustment is provided where considered necessary.

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.

(p) Basis of segmentation/segment report

The municipality follows 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 neighbourhood development and sustainability.

Recreation and culture: 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.

(q) Budget information

Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on May 13, 2020.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

1. **Significant Accounting Policies** - continued

(r) New standards and amendments to standards

Effective for fiscal years beginning on or after April 1, 2022:

PS 1201 Financial statement presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of remeasurement gains and losses separate from the statement of operations arising from the remeasurement 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. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign currency translation, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a 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 remeasurement gains and losses.

PS 3041 Portfolio investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

PS 3450 Financial instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instrument 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 derecognition of financial liabilities.

PS 3280 Asset retirement obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing solid waste landfill closure and post-closure liability section PS 3270 will be withdrawn.

Effective for fiscal years beginning on or after April 1, 2023:

PS 3400 Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

The extent of the impact on adoption of these future standards is not known at this time.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

	2020	2019
2. Cash and Temporary Investments		
Cash	<u>\$ 123,900</u>	<u>\$ 106,370</u>
Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.		
3. Taxes and Grants In Lieu Receivable		
Municipal - current	74,765	74,433
Municipal - arrears	<u>122,559</u>	<u>92,245</u>
	197,324	166,678
Less: Allowance for uncollectibles	<u>83,354</u>	<u>46,735</u>
Total municipal taxes receivable	<u>113,970</u>	<u>119,943</u>
School - current	6,560	5,848
School - arrears	<u>10,043</u>	<u>7,871</u>
Total school taxes receivable	<u>16,603</u>	<u>13,719</u>
Total taxes and grants in lieu receivable	130,573	133,662
Less: Taxes receivable to be collected on behalf of other organizations	<u>16,603</u>	<u>13,719</u>
Municipal and Grants In Lieu Taxes Receivable	<u>\$ 113,970</u>	<u>\$ 119,943</u>
4. Other Accounts Receivable		
Federal government	4,576	3,869
Provincial government	1,927	2,041
Utility	3,211	4,435
Trade	8,763	265
Interest receivable	300	466
Other		<u>600</u>
Total other accounts receivable	<u>18,777</u>	<u>11,676</u>
Less: Allowance for uncollectibles	<u>425</u>	<u>425</u>
Net Other Accounts Receivable	<u>\$ 18,352</u>	<u>\$ 11,251</u>
5. Land for Resale		
Tax title property	96,514	103,084
Less: Allowance for market value adjustment	<u>56,045</u>	<u>57,481</u>
Total Land for Resale	<u>\$ 40,469</u>	<u>\$ 45,603</u>
6. Long-Term Investments		
Domestic - other long-term investments	111,423	110,195
Membership share in Affinity Credit Union	15	15
Equity in Norquay Co-op.	<u>1,702</u>	<u>1,702</u>
	<u>\$ 113,140</u>	<u>\$ 111,912</u>

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

7. **Bank Indebtedness**

Bank indebtedness includes an operating loan amounting to \$30,000 (2019 - \$30,000) and bearing interest at 2.45%.

	2020	2019
8. Deferred Revenue		
Deferred gas tax	33,622	39,181
Land sale deposit	<u>5,750</u>	<u>2,688</u>
	<u>\$ 39,372</u>	<u>\$ 41,869</u>

9. **Long-Term Debt**

The debt limit of the municipality for 2021 is \$391,550. 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).

- (a) Affinity Credit Union loan payable in annual instalments of \$16,124 including interest at 3.7%. Matured 2020.

Future principal and interest payments are as follows:

	Principal	Interest	2020 Total	2019 Total
2020	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,681</u>

- (b) Affinity Credit Union loan payable in annual instalments of \$14,160, including interest at 3.74%. The loan matures in 2022

Future principal repayments are estimated as follows:

	Principal	Interest	2020 Total	2019 Total
2020				14,160
2021	13,195	965	14,160	14,160
2022	<u>12,455</u>	<u>471</u>	<u>12,926</u>	<u>13,085</u>
	<u>\$ 25,650</u>	<u>\$ 1,436</u>	<u>\$ 27,086</u>	<u>\$ 41,405</u>

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

9. **Long-Term Debt** - continued

- (c) Affinity Credit Union loan payable in blended annual instalments of \$7,357, including interest at 4.75%. The loan matures in 2028

Future principal repayments are estimated as follows:

	Principal	Interest	2020 Total	2019 Total
2020				7,357
2021	5,158	2,199	7,357	7,357
2022	5,403	1,954	7,357	7,357
2023	5,659	1,698	7,357	7,357
2024	5,924	1,433	7,357	
Thereafter	24,176	2,766	26,942	
	\$ 46,320	\$ 10,050	\$ 56,370	\$ 29,428

10. **Employee Benefit Plans**

The municipality participates in a contributory defined benefit pension plan for all its employees. For defined benefit plans considered to be multi-employer plans, contributions are expensed when they are due and payable. The municipality currently participates in the Municipal Employees Pension Plan.

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses (deficits) that are attributable to the municipality cannot be easily determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plan is recognized in these consolidated financial statements. The benefit expense reflected in the consolidated financial statements is equal to the municipality's contributions for the year.

All contributions by employees are matched equally by the employer. The contribution rates were updated on July 1, 2018. Employee contribution rates in effect for the year are as follows:

	2020	2019
General members	9.00 %	9.00 %
Designated members	12.50 %	12.50 %

Contributions to the plan during the year were as follows:

Benefit expense	\$ 10,187	\$ 8,245
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As per the most recently audited consolidated financial statements dated December 31, 2019, the plan surplus is \$658,468,000.

Village of Pelly
Notes to Consolidated Financial Statements
For the year ended December 31, 2020

11. Budget

Budget information is presented on a basis consistent with that used for actual results.

Budgeted revenues and expenditures presented in these consolidated financial statements, for comparative purposes, are only for the Village of Pelly. There are no corresponding budgeted amounts for the revenues and expenditures of the Pelly and District Recreation Board, which are included in these consolidated financial statements.

12. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the municipality's environment and in the global markets, possible disruption in supply chains and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the municipality's operations. The extent of this outbreak and related containment measures on the municipality's operations cannot be reliably estimated at this time.

Village of Pelly

Consolidated Schedule of Taxes and Other Unconditional Revenue
For the year ended December 31, 2020

Schedule 1

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Taxes			
General municipal tax levy	277,160	277,155	276,097
Abatements and adjustments	(8,700)	(11,152)	(14,114)
Discount on current year taxes	(10,000)	(9,722)	(8,734)
Net municipal taxes	<u>258,460</u>	<u>256,281</u>	<u>253,249</u>
Penalties on tax arrears	<u>24,000</u>	<u>21,092</u>	<u>25,393</u>
Total Taxes	<u>282,460</u>	<u>277,373</u>	<u>278,642</u>
Unconditional Grants			
Equalization (revenue sharing)	66,540	66,548	60,176
Safe Restart Program		<u>17,001</u>	
Total Unconditional Grants	<u>66,540</u>	<u>83,549</u>	<u>60,176</u>
Grants In Lieu of Taxes			
Federal	4,380	4,461	4,298
Provincial			
SaskTel			1,272
Other	1,840	1,835	500
S.P.C. surcharge	18,710	20,632	20,749
Total Grants In Lieu of Taxes	<u>24,930</u>	<u>26,928</u>	<u>26,819</u>
Total Taxes and Other Unconditional Revenue	<u>\$ 373,930</u>	<u>\$ 387,850</u>	<u>\$ 365,637</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Operating and Capital Revenue by Function Schedule 2-1
For the year ended December 31, 2020

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
General Government Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Sale of supplies	890	1,148	484
Rentals	1,240	1,349	1,530
Licenses and permits	30	50	10
Other	270	443	264
Total Fees and Charges	<u>2,430</u>	<u>2,990</u>	<u>2,288</u>
Land sales - gain (loss)		(742)	(13,016)
Investment income and commissions	2,600	1,555	2,720
Total Other Segmented Revenue	<u>5,030</u>	<u>3,803</u>	<u>(8,008)</u>
Total General Government Services	<u>\$ 5,030</u>	<u>\$ 3,803</u>	<u>\$(8,008)</u>
Protective Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Rentals	1,200	1,200	1,200
Total Other Segmented Revenue	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Protective Services	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>
Transportation Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Custom work	2,900	689	2,960
Licenses and permits	30	60	30
Total Fees and Charges	<u>2,930</u>	<u>749</u>	<u>2,990</u>
Tangible capital asset proceeds - gain	0	0	7,120
Total Other Segmented Revenue	<u>2,930</u>	<u>749</u>	<u>10,110</u>
Conditional Grants			
Gas tax	16,820	30,781	60,608
Municipal Economic Enhancement Program	40,960	40,963	
Total Conditional Grants	<u>57,780</u>	<u>71,744</u>	<u>60,608</u>
Total Transportation Services	<u>\$ 60,710</u>	<u>\$ 72,493</u>	<u>\$ 70,718</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Operating and Capital Revenue by Function Schedule 2-2
For the year ended December 31, 2020

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Environmental and Public Health Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Waste disposal fees	17,710	18,155	17,709
Cemetery fees	200	200	200
Total Fees and Charges	<u>17,910</u>	<u>18,355</u>	<u>17,909</u>
Total Other Segmented Revenue	<u>17,910</u>	<u>18,355</u>	<u>17,909</u>
Conditional Grants			
Other	800	800	800
Total Conditional Grants	<u>800</u>	<u>800</u>	<u>800</u>
Total Environmental and Public Health Services	<u>\$ 18,710</u>	<u>\$ 19,155</u>	<u>\$ 18,709</u>
Planning and Development Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Other	1,470	690	1,470
Total Other Segmented Revenue	<u>1,470</u>	<u>690</u>	<u>1,470</u>
Total Operating	<u>1,470</u>	<u>690</u>	<u>1,470</u>
Total Planning and Development Services	<u>\$ 1,470</u>	<u>\$ 690</u>	<u>\$ 1,470</u>
Recreation and Cultural Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Recreation fees	2,000	1,675	3,135
Pelly & District Recreation Board		570	580
Total Fees and Charges	<u>2,000</u>	<u>2,245</u>	<u>3,715</u>
Other revenues	0	3,771	49
Total Other Segmented Revenue	<u>2,000</u>	<u>6,016</u>	<u>3,764</u>
Conditional Grants			
Saskatchewan Lotteries	6,000	5,737	8,723
Recreation and culture - operating	800	800	800
Total Conditional Grants	<u>6,800</u>	<u>6,537</u>	<u>9,523</u>
Total Operating	<u>8,800</u>	<u>12,553</u>	<u>13,287</u>
Total Recreation and Cultural Services	<u>\$ 8,800</u>	<u>\$ 12,553</u>	<u>\$ 13,287</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Operating and Capital Revenue by Function Schedule 2-3
For the year ended December 31, 2020

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Utility Services			
Operating			
Other Segmented Revenue			
Fees and charges			
Water	72,000	73,850	72,001
Sewer	28,910	29,744	28,976
Other	300	120	295
Total Fees and Charges	<u>101,210</u>	<u>103,714</u>	<u>101,272</u>
Total Other Segmented Revenue	<u>101,210</u>	<u>103,714</u>	<u>101,272</u>
Total Utility Services	<u>\$ 101,210</u>	<u>\$ 103,714</u>	<u>\$ 101,272</u>
Total Operating and Capital Revenue by Function	<u>\$ 197,130</u>	<u>\$ 213,608</u>	<u>\$ 198,648</u>
Summary			
Total Other Segmented Revenue	131,750	134,527	127,717
Total Conditional Grants	<u>65,380</u>	<u>79,081</u>	<u>70,931</u>
Total Operating and Capital Revenue by Function	<u>\$ 197,130</u>	<u>\$ 213,608</u>	<u>\$ 198,648</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
 Total Expenses by Function
 For the year ended December 31, 2020

Schedule 3-1

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
General Government Services			
Council remuneration and travel	21,860	19,248	21,190
Wages and benefits	71,120	59,464	66,251
Professional/Contractual services	49,220	28,533	30,446
Utilities	2,300	3,128	2,130
Maintenance, materials and supplies	3,900	5,840	1,838
Grants and contributions - operating	1,800	5,133	2,308
Amortization		1,470	997
Interest	60	16	7
Allowance for uncollectibles		50,790	12,232
Other	10		2
	<u>150,270</u>	<u>173,622</u>	<u>137,401</u>
Total General Government Services	\$ 150,270	\$ 173,622	\$ 137,401
Protective Services			
Police protection			
Professional/Contractual services	13,400	13,727	13,250
Fire protection			
Professional/Contractual services	50	744	739
Grants and contributions - operating	4,500	4,500	4,500
Amortization		521	521
	<u>17,950</u>	<u>19,492</u>	<u>19,010</u>
Total Protective Services	\$ 17,950	\$ 19,492	\$ 19,010
Transportation Services			
Wages and benefits	77,000	69,816	60,580
Professional/Contractual services	83,670	24,755	19,518
Utilities	20,360	19,946	19,794
Maintenance, materials and supplies	43,120	25,669	25,942
Gravel	2,700	373	1,002
Amortization		14,649	8,108
	<u>226,850</u>	<u>155,208</u>	<u>134,944</u>
Total Transportation Services	\$ 226,850	\$ 155,208	\$ 134,944

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
 Total Expenses by Function
 For the year ended December 31, 2020

Schedule 3-2

	2020 Budget [Note 1(q)]	2020 Actual	2019 Actual
Environmental and Public Health Services			
Professional/Contractual services	27,500	23,192	26,257
Maintenance, materials and supplies	510	1,140	494
Grants and contributions - operating	20,520	20,520	19,950
Other	<u>2,500</u>	<u>1,924</u>	<u>3,386</u>
Total Environmental and Public Health Services	<u>\$ 51,030</u>	<u>\$ 46,776</u>	<u>\$ 50,087</u>
Recreation and Cultural Services			
Wages and benefits	1,500	1,462	1,463
Professional/Contractual services	10,470	22,379	27,846
Utilities	5,000	5,075	6,298
Maintenance, materials and supplies	2,700	1,291	4,877
Grants and contributions - operating	6,000		
Amortization		940	939
Libraries	3,840	3,833	3,762
Other		<u>5,626</u>	<u>6,976</u>
Total Recreation and Cultural Services	<u>\$ 29,510</u>	<u>\$ 40,606</u>	<u>\$ 52,161</u>
Utility Services			
Wages and benefits	10,400	12,618	8,310
Professional/Contractual services	9,800	10,633	18,474
Utilities	7,950	11,242	7,899
Maintenance, materials and supplies	32,770	16,861	18,359
Amortization		<u>9,206</u>	<u>9,043</u>
Total Utility Services	<u>\$ 60,920</u>	<u>\$ 60,560</u>	<u>\$ 62,085</u>
Total Expenses by Function	<u>\$ 536,530</u>	<u>\$ 496,264</u>	<u>\$ 455,688</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2020

Schedule 4

	General Government	Protective Services	Transport. Services	Environ. & Public Health	Planning & Develop.	Rec. & Culture	Utilities Services	Total
Revenues - schedule 2								
Fees and charges	2,990	1,200	749	18,355	690	2,245	103,714	129,943
Land sales - gain (loss)	(742)						(742)	
Investment income and commissions	1,555					3,771		1,555
Other revenues			71,744	800		6,537		3,771
Grants - conditional					690			79,081
Total Revenues	3,803	1,200	72,493	19,155	690	12,553	103,714	213,608
Expenses - schedule 3								
Wages and benefits	59,464		69,816			1,462	12,618	143,360
Professional/contractual services	47,781	14,471	24,755	23,192		22,379	10,633	143,211
Utilities	3,128		19,946			5,075	11,242	39,391
Maintenance materials and supplies	5,840		26,042	1,140		1,291	16,861	51,174
Grants and contributions	5,133	4,500		20,520				30,153
Amortization	1,470	521	14,649			940	9,206	26,786
Libraries						3,833		3,833
Interest	16							16
Allowance for uncollectibles	50,790							50,790
Other				1,924		5,626		7,550
Total Expenses	173,622	19,492	155,208	46,776	0	40,606	60,560	496,264
Surplus (Deficit) by Function	\$(169,819)	\$(18,292)	\$(82,715)	\$(27,621)	690	\$(28,053)	43,154	(282,656)
Taxation and other unconditional revenue - schedule 1								387,850
Net Surplus								\$ 105,194

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2019

Schedule 5

	General Government	Protective Services	Transport. Services	Environ. & Public Health	Planning & Develop.	Rec. & Culture	Utilities Services	Total
Revenues - schedule 2								
Fees and charges	2,288	1,200	2,990	17,909	1,470	3,715	101,272	130,844
Tangible capital asset sales - gain			7,120					7,120
Land sales - gain (loss)	(13,016)							(13,016)
Investment income and commissions	2,720							2,720
Other revenues						49		49
Grants - conditional			60,608	800		9,523		70,931
Total Revenues	(8,008)	1,200	70,718	18,709	1,470	13,287	101,272	198,648
Expenses - schedule 3								
Wages and benefits	66,251		60,580			1,463	8,310	136,604
Professional/contractual services	51,636	13,989	19,518	26,257		27,846	18,474	157,720
Utilities	2,130		19,794			6,298	7,899	36,121
Maintenance materials and supplies	1,838		26,944	494		4,877	18,359	52,512
Grants and contributions	2,308	4,500		19,950				26,758
Amortization	997	521	8,108			939	9,043	19,608
Libraries						3,762		3,762
Interest	7							7
Allowance for uncollectibles	12,232							12,232
Other	2			3,386		6,976		10,364
Total Expenses	137,401	19,010	134,944	50,087	0	52,161	62,085	455,688
Surplus (Deficit) by Function	\$(145,409)	\$(17,810)	\$(64,226)	\$(31,378)	1,470	\$(38,874)	\$ 39,187	(257,040)
Taxation and other unconditional revenue - schedule 1								<u>365,637</u>
Net Surplus								<u>\$ 108,597</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2020

Schedule 6

	2020						2019	
	General Assets			Infrastruct. General/ Assets Infrastruct. Assets			Assets under Constr.	
	Land	Improve. Buildings	Vehicles	Machinery & Equipment	Linear Assets	Total	Total	Total
Asset Cost								
Opening Asset Cost	36,102	25,324	360,316	0	229,149	549,361	0	1,200,252
Additions during the year				1,518	91,062			92,580
Disposals and write-down during the year								(35,760)
Closing Asset Costs	36,102	25,324	360,316	0	230,667	640,423	0	1,292,832
Accumulated Amortization Cost								
Opening Accumulated Amortization Costs	0	1,994	328,656	0	72,441	251,719	0	654,810
Add: Amortization taken		1,013	1,363		15,986	8,424		26,786
Less: Accumulated amortization on disposals								
Closing Accumulated Amortization Costs	0	3,007	330,019	0	88,427	260,143	0	681,596
Net Book Value	\$ 36,102	\$ 22,317	\$ 30,297	\$ 0	\$ 142,240	\$ 380,280	\$ 0	\$ 611,236
								\$ 545,442

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Consolidated Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2020

Schedule 7

	2020					2019		
	General Government	Protective Services	Transport. & Services	Environ. & Public Health	Planning & Develop.	Rec. & Culture	Water & Sewer	Total
Asset Cost								
Opening Asset Cost	16,154	26,038	216,518	23,000	0	330,677	587,865	1,200,252
Additions during the year			64,790				27,790	92,580
Disposals and write-down during the year								
Closing Asset Costs	16,154	26,038	281,308	23,000	0	330,677	615,655	1,292,832
Accumulated Amortization Cost								
Opening Accumulated Amortization Costs	1,994	21,354	69,897	0	0	285,270	276,295	654,810
Add: Amortization taken	1,470	521	14,649			940	9,206	26,786
Less: Accumulated amortization on disposals								
Closing Accumulated Amortization Costs	3,464	21,875	84,546	0	0	286,210	285,501	681,596
Net Book Value	\$ 12,690	\$ 4,163	\$ 196,762	\$ 23,000	\$ 0	\$ 44,467	\$ 330,154	\$ 611,236
								\$ 545,442

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
 Consolidated Schedule of Accumulated Surplus
 For the year ended December 31, 2020

Schedule 8

	2019	Changes	2020
Unappropriated Surplus	<u>182,155</u>	<u>(32,548)</u>	<u>149,607</u>
Appropriated Surplus			
Utility			
Utility reserve	<u>82,830</u>	<u>10,510</u>	<u>93,340</u>
Other			
Centennial reserve	4,510	(159)	4,351
Greenwood Cemetery Reserve	5,761	690	6,451
Road construction	68,209		68,209
Curling Club funds	2,118	(2,118)	
Admin staffing		13,180	13,180
Safe Restart		17,001	17,001
	<u>80,598</u>	<u>28,594</u>	<u>109,192</u>
Total Appropriated	<u>163,428</u>	<u>39,104</u>	<u>202,532</u>
Net Investments in Tangible Capital Assets			
Tangible capital assets - schedule 6	545,442	65,794	611,236
Less: Related debt	<u>104,814</u>	<u>(32,844)</u>	<u>71,970</u>
Net Investment in Tangible Capital Assets	<u>440,628</u>	<u>98,638</u>	<u>539,266</u>
Total Accumulated Surplus	<u>\$ 786,211</u>	<u>\$ 105,194</u>	<u>\$ 891,405</u>

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly

Schedule of Mill Rates and Assessments
For the year ended December 31, 2020

Schedule 9

	Property Class				Total
	Agriculture	Residential	Seasonal Residential	Potash Mine(s)	
Taxable Assessment	62,040	5,868,560		782,700	6,713,300
Regional Park Assessment					
Total Assessment					6,713,300
Mill Rate Factor(s)					
Total Base/Minimum Tax (generated for each property class)	290	195,565		14,365	210,220
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	1,562	251,706		23,887	277,155
Mill Rates:					
Average Municipal*	41.2845				
Average School*	4.3458				
Potash Mill Rate					
Uniform Municipal Mill Rate	23.5000				

*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).

The notes to consolidated financial statements are an integral part of these consolidated financial statements.

Village of Pelly
Schedule of Council Remuneration
For the year ended December 31, 2020

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Trevor Auchstaetter	6,250		6,250
Kevin Krotenko	4,710		4,710
John Llewellyn	2,529		2,529
Steve Lenaghan	2,567		2,567
Brian Clough	870		870
Robert Dercach	710		710
Eric Krochak	430		430
Megan Scott	430		430
	<u>18,496</u>	<u>0</u>	<u>18,496</u>
	\$ 18,496	\$ 0	\$ 18,496

Transactions with these related parties are in the normal course of operations and are settled on normal trade terms.