

Town of Porcupine Plain

Financial Statements

December 31, 2020

Town of Porcupine Plain

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For the year ended December 31, 2020

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Management's Responsibility

To the ratepayers of the Town of Porcupine Plain:

The municipality's management is responsible for the preparation and presentation of the accompanying 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 fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the annual financial statements. Council fulfils these responsibilities by reviewing the financial information and discussing relevant matters with management. Council is also responsible for the appointment of the Town's external auditors.

MNP LLP , an independent firm of the Canadian Professional Accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both management and Council to discuss their audit findings.

April 8, 2021



Administrator

Independent Auditor's Report

To the Mayor and Council of the Town of Porcupine Plain:

Opinion

We have audited the financial statements of the Town of Porcupine Plain (the "Town"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets, cash flows and related schedules 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 Town as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town 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 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 the Mayor and Council for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

The Mayor and Council are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the Mayor and Council 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.

Melfort, Saskatchewan

April 8, 2021

MNP LLP

Chartered Professional Accountants

Town of Porcupine Plain
Statement of Financial Position
As at December 31, 2020

Statement 1

	2020	2019
ASSETS		
Financial assets		
Cash and temporary investments (Note 2)	1,032,513	740,515
Taxes receivable - municipal (Note 3)	43,925	45,417
Other accounts receivable (Note 4)	78,910	87,750
Land for resale (Note 5)	90,750	90,750
Long-term investments (Note 6)	100,010	82,610
Total financial assets	1,346,108	1,047,042
LIABILITIES		
Accounts payable	57,561	28,575
Due to school divisions	14,288	5,342
Accrued liabilities payable	7,492	7,115
Deposits	24,436	24,626
Deferred revenue (Note 7)	56,112	18,218
Contaminated site liability (Note 8)	84,006	44,477
Long-term debt (Note 9)	150,000	-
Lease obligation (Note 10)	29,105	41,384
Total liabilities	423,000	169,737
NET FINANCIAL ASSETS	923,108	877,305
Non-financial assets		
Tangible capital assets (Schedule 6, 7)	3,120,300	2,913,730
Prepayments and deferred charges	156	5,079
Stock and supplies	12,647	15,395
Total Non-Financial Assets	3,133,103	2,934,204
Accumulated Surplus (Schedule 8)	4,056,211	3,811,509



Mayor



Councillor

The accompanying notes are an integral part of these financial statements

Town of Porcupine Plain
Statement of Operations
For the year ended December 31, 2020

Statement 2

2020 Budget	2020	2019
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Revenues

Taxes and other unconditional revenue <i>(Schedule 1)</i>	890,640	946,534	911,038
Fees and charges <i>(Schedule 4, 5)</i>	388,450	453,118	450,100
Conditional grants <i>(Schedule 4, 5)</i>	112,394	179,873	88,480
Tangible capital asset sales - loss <i>(Schedule 4, 5)</i>	-	(5,119)	(15,144)
Investment income and commissions <i>(Schedule 4, 5)</i>	12,750	11,674	16,630
Other revenues <i>(Schedule 4, 5)</i>	35,000	30,379	40,168
Total revenues	1,439,234	1,616,459	1,491,272

Expenses

General government services <i>(Schedule 3)</i>	208,625	209,182	192,552
Protective services <i>(Schedule 3)</i>	116,250	133,407	129,163
Transportation services <i>(Schedule 3)</i>	328,895	301,550	375,287
Environmental and public health services <i>(Schedule 3)</i>	119,250	144,134	115,622
Planning and development services <i>(Schedule 3)</i>	46,900	50,959	46,618
Recreation and cultural services <i>(Schedule 3)</i>	216,906	350,632	226,707
Utility services <i>(Schedule 3)</i>	235,545	278,785	295,022
Total expenses	1,272,371	1,468,649	1,380,971

Surplus of revenues over expenses before capital contributions	166,863	147,810	110,301
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Provincial/Federal capital grants and contributions <i>(Schedule 4, 5)</i>	53,500	96,892	106,569
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Surplus of revenues over expenses	220,363	244,702	216,870
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Accumulated surplus, beginning of year	3,811,509	3,811,509	3,594,639
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Accumulated surplus, end of year	4,031,872	4,056,211	3,811,509
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Town of Porcupine Plain
Statement of Change in Net Financial Assets
For the year ended December 31, 2020

Statement 3

	2020 Budget	2020	2019
Surplus	220,363	244,702	216,870
Acquisition of tangible capital assets	(352,000)	(482,482)	(489,343)
Amortization of tangible capital assets	-	146,430	140,320
Impairment loss on tangible capital assets <i>(Note 14)</i>	-	116,200	-
Proceeds on disposal of tangible capital assets	-	8,163	4,856
Loss on the disposal of tangible capital assets	-	5,119	15,144
Surplus (deficit) of capital expenses over expenditures	(352,000)	(206,570)	(329,023)
Consumption of stock and supplies	-	2,748	(2,769)
Use of prepayments and deferred charges	-	4,923	(4,782)
Surplus (deficit) of expenses of other non-financial over expenditures	-	7,671	(7,551)
Increase (decrease) in net financial assets	(131,637)	45,803	(119,704)
Net financial assets - beginning of year	877,305	877,305	997,009
Net financial assets - end of year	745,668	923,108	877,305

Town of Porcupine Plain
Statement of Cash Flows
For the year ended December 31, 2020

Statement 4

	2020	2019
Cash provided by (used for) the following activities		
Operating:		
Surplus	244,702	216,870
Amortization	146,430	140,320
Impairment loss on tangible capital assets (<i>Note 14</i>)	116,200	-
Loss on disposal of tangible capital assets	5,119	15,144
	512,451	372,334
Change in assets/liabilities		
Taxes receivable - municipal	1,492	(8,869)
Other receivables	8,840	19,595
Long-term investments	(17,400)	(1,619)
Accounts payable and accrued liabilities	38,309	23,444
Contaminated site liability	39,529	16,592
Deposits	(190)	(420)
Stock and supplies	2,748	(2,770)
Prepayments and deferred charges	4,923	(4,782)
Deferred revenue	37,894	(3,022)
Net cash provided by operations	628,596	410,483
Capital:		
Acquisition of capital assets	(482,482)	(489,343)
Proceeds from the disposal of capital assets	8,163	4,856
Net cash used for capital	(474,319)	(484,487)
Financing:		
Capital lease - long-term debt repaid	(12,279)	(11,300)
Long-term debt issued	150,000	-
Net cash provided by (used for) financing	137,721	(11,300)
Increase (decrease) in cash resources	291,998	(85,304)
Cash and investments - beginning of year	740,515	825,819
Cash and investments - end of year	1,032,513	740,515

The accompanying notes are an integral part of these financial statements

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies

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

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable and expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

- a) **Reporting entity:** The financial statements consolidate 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 the Council for the administration of their financial affairs and resources. For the purpose of the financial statements of the Town, there are no organizations that require consolidation.
- b) **Collection of funds for other authorities:** Funds for the school board are collected and remitted by the Town in accordance with relevant legislation. The amounts collected are disclosed in Note 3.
- c) **Government transfers:** Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occur, providing:
 - a) the transfers are authorized;
 - b) any eligibility criteria have been met; and,
 - c) reasonable estimates of the amounts 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.

- d) **Revenue recognition:** Revenues related to fees and charges are accounted for in the period in which the transactions or events giving rise to the revenues occurred. Water and sewer utility revenues are recorded when the consumers are billed. Consumers are billed on a cyclical basis and amounts may include estimates. No accrual is made for revenues not billed at the year-end. Property tax levies are recognized as revenue in the year in which they are levied.
- e) **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.
- 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.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies - continued

- 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) **Property tax revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by Council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- j) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions 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.
- k) **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 valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.
- l) **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 on 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 beginning in the year subsequent to acquisition. The Town's tangible capital assets useful lives are estimated as follows:

<u>Asset</u>	<u>Useful life</u>
General assets	
Land	Indefinite
Land improvements	15 years
Buildings	40 years
Vehicles and equipment	
Vehicles	10 years
Machinery and equipment	
- heavy	20 years
- operating	10 years
- office	5 years
Infrastructure assets	
Infrastructure assets	
- water and sewer	75 years
- road network assets	20 - 40 years

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies - *continued*

l) Tangible Capital Assets - *continued*:

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

- m) **Employee Benefit Plans:** Contributions to the Town's defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the Town's obligations are limited to their contributions.
- n) **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.
- o) **Liability landfill closure:** The Town recognizes a liability related to future decommissioning and conversion of the landfill to a transfer station. This liability is based on an estimate of the expected future costs required to decommission and convert the landfill.
- p) **New Accounting 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 re-measurement gains and losses separate from the statement of operations arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. 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 re-measurement gains and losses.

PS 3041 Portfolio Investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and 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.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies - *continued*

p) New Accounting Standards - *continued*:

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 Town. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

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 as this time.

- q) 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 and taxes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

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.

The Town has accrued an overall liability for environmental matters in relation to future closure of the landfill site. This amount represents management's best estimate of this liability as at December 31, 2020 for their estimated share of expenses (*Note 8*). By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the period(s) in which they become known.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies - *continued*

- r) **Basis of segmentation:** The Town follows the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Town 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:** The general government segment provides for the administration of the Town.
- **Protective services:** Protective services is comprised of expenses for police and fire protection.
- **Transportation services:** The transportation services segment 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:** The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the Town.
- **Planning and development:** The planning and development segment provides for neighbourhood development and sustainability.
- **Recreation and culture:** The recreation and culture segment provides for community services through the provision of recreation and leisure services.
- **Utility services:** The utility services segment provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

2. Cash and temporary investments

	2020	2019
Cash	847,011	575,875
Temporary investments	185,502	164,640
Total cash and temporary investments	1,032,513	740,515

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments. The Town has an operating line of credit available up to \$100,000 bearing interest at prime plus 1.0% (3.45% as at December 31, 2020). As at December 31, 2020, the Town has not drawn any funds from the operating line of credit.

3. Taxes and grants in lieu receivable

	2020	2019
Municipal - Current	36,427	37,756
- Arrears	12,498	12,661
	48,925	50,417
- Less allowance for uncollectibles	(5,000)	(5,000)
Total municipal taxes receivable	43,925	45,417
School - Current	4,649	6,077
- Arrears	1,409	2,288
Total school taxes receivable	6,058	8,365
Total taxes and grants in lieu receivable	49,983	53,782
Less taxes and other receivable to be collected on behalf of other organizations	(6,058)	(8,365)
Municipal and grants in lieu taxes receivable	43,925	45,417

4. Other accounts receivable

	2020	2019
Federal government	8,280	20,264
Utility	51,074	45,788
Trade	20,556	21,758
Other governments	-	940
Total other accounts receivable	79,910	88,750
Less allowance for uncollectibles	(1,000)	(1,000)
Net other accounts receivable	78,910	87,750

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

5. Land for resale

	2020	2019
Tax title property	10,750	10,750
Other land	80,000	80,000
Total land for resale	90,750	90,750

6. Long-term investments

	2020	2019
Term deposits	100,000	82,600
Parkland Co-op equity	10	10
Total long-term investments	100,010	82,610

Term deposits are held at Affinity Credit Union and mature in July 2021 bearing interest at 1.5% annually.

7. Deferred revenue

	2020	2019
Prepaid property tax	2,634	5,097
Deferred grant revenue	53,478	13,121
Total deferred revenue	56,112	18,218

Deferred revenue includes prepayments of 2021 property tax. Many ratepayers pay the Town on a period basis for their upcoming years property taxes. As such, the amounts collected on account for future tax levies have been recorded as deferred.

Deferred grant revenue has been recognized as the stipulations required of the grant have not been met. The related projects, including sidewalk replacements, community hall upgrades, and tourism/advertising projects, are set to be completed within the 2021 year.

8. Contaminated sites

	2020	2019
Liability for contaminated site	84,006	44,477
Environmental liabilities	84,006	44,477

Environmental liability represents the proportionate total estimated cost to finalize the decommissioning and conversion of the landfill to a transfer station. The Town, a member of the Porcupine Regional Waste Management Authority, has accepted a 55.77% responsibility for the landfill and resulting decommissioning and conversion expenses. In 2020, \$8,159 was remitted to the Porcupine Regional Waste Management Authority for transition outlays incurred in the year. Therefore, the final estimated outlays to complete the transition of the landfill have been proportionately allocated and the Town has appropriately accrued their future share of \$84,006, which is expected to be paid within 2021.

Upon completion of the landfill transition, the Town will be responsible for their proportionate percentage of ongoing monitoring costs for the foreseeable future. As a reliable estimate for ongoing monitoring costs is not attainable, no amount has been accrued on December 31, 2020. Related outlays for ongoing monitoring shall be expensed as incurred. As the transition is anticipated to be finalized in 2021, an environmental liability in relation to the landfill is expected for the next fiscal year.

The reported liability is based on estimates and assumptions using the best information available to management. Future events may result in significant changes to the estimated total expense and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

9. Long-term debt

The debt limit of the Town is \$1,122,910. 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 16(1)).

Affinity Credit Union mortgage payable in annual instalments of \$54,000 including interest at 3.50%, due 2023.

Future Principal Repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2021	49,066	4,934	54,000	-
2022	50,467	3,533	54,000	-
2023	50,467	1,766	52,233	-
	150,000	10,233	160,233	-

10. Lease obligation

The Town has the following capital lease obligation:

- Wells Fargo equipment lease, payable in monthly instalments of \$1,273 including implicit interest rate of 8.349% per annum, secured by equipment with a net book value of \$55,260, residual payment of \$24,952 due 2021.

Future minimum lease payments under the capital lease together with the balance of the obligation due under the capital lease are as follows:

Year	Payment Amount
2021	30,043
Total future minimum lease payments	30,043
Amounts representing interest at a weighted average rate of 8.349%	938
Capital lease liability	29,105

11. Budget figures

On May 14, 2020, Council approved the 2020 operating budget based on planned expenses relating to the current year revenue.

12. Commitment

The Town committed to a three year operating lease agreement on their office photocopier in 2018 to mature in 2021. Lease payments expected are as follows:

2021	\$1,960
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The Town committed to an eight-year agreement with Greenland Waste for residential waste collection in 2018. There are six years remaining in the agreement as at December 31, 2020.

Town of Porcupine Plain
Notes to the Financial Statements
For the year ended December 31, 2020

13. Pension plan

The Town is an employer member of the Municipal Employee Pension Plan ("MEPP"), which is a multiemployer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits. The Town's pension expense in 2020 was \$51,674. The benefits accrued to the Town's employees from MEPP are calculated using the following: pensionable years of service, highest average salary, and the plan accrual rate.

14. Tangible capital asset impairment

In the prior year, the pool incurred extensive damage and has been non-operational since. In 2020, upon assessing the scope of the repairs required, it was determined that the value of the future economic benefits associated with the tangible capital asset are less than its book value. As a result, a write-down of \$116,200 has been recorded in the current year as an expense in the statement of operations.

The Town is in discussion with their insurance provider regarding the repair/replacement of the pool or pay-out to pursue alternate recreation assets. As a settlement has yet to be reached as of the date of the financial statements, a contingent asset in regards to future insurance proceeds has not been accrued.

15. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

16. Comparative figures

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

17. Subsequent event

Subsequent to year-end, the Porcupine Regional Waste Management Authority Inc. was approved to receive up to \$60,251 in Federal and \$50,204 in Provincial funding to finalize the decommissioning and conversion of the landfill to a transfer station. The Town, a 55.77% member of the Authority, will receive up to \$61,601 in funding. Since this is a conditional grant requiring certain criteria to be met, it has not been accrued in the financial statements and the amount shown as a contaminated site liability has not been reduced by this amount.

Town of Porcupine Plain
Schedule of Taxes and Other Unconditional Revenue
For the year ended December 31, 2020

Schedule 1

2020 Budget	2020	2019
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TAXES

General municipal tax levy	646,884	646,884	682,069
Abatements and adjustments	(13,043)	(11,848)	(14,352)
Discount on current year taxes	(20,000)	(13,760)	(14,717)
Net municipal taxes	613,841	621,276	653,000
Penalties on tax arrears	5,042	5,042	4,155
Total taxes	618,883	626,318	657,155

UNCONDITIONAL GRANTS

Equalization (revenue sharing)	197,177	197,177	177,907
Safe Restart Grant	-	51,422	-
Total unconditional grants	197,177	248,599	177,907

GRANTS IN LIEU OF TAXES

Federal	5,580	2,438	4,138
Provincial			
SaskTel	-	1,200	2,050
SaskPower	-	944	-
Other government transfers			
S.E.C. surcharge	24,000	21,395	23,982
S.P.C. surcharge	45,000	45,640	45,806
Total grants in lieu of taxes	74,580	71,617	75,976

TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	890,640	946,534	911,038
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Town of Porcupine Plain
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 1

2020 Budget	2020	2019
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GENERAL GOVERNMENT SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Sales of supplies	1,500	2,187	442
- Business licenses, tax enforcement, other	5,900	11,013	7,044
Total fees and charges	7,400	13,200	7,486
- Investment income and commissions	12,750	11,674	16,630
- Donations, refunds	20,000	19,979	28,738
Total other segmented revenue	40,150	44,853	52,854
Total general government services	40,150	44,853	52,854

PROTECTIVE SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Pet licenses, pound fees	250	250	350
- Fines	4,000	2,838	6,706
- Custom work	200	6,220	465
- Fire brigade charges	15,000	24,564	20,337
Total fees and charges	19,450	33,872	27,858
Total other segmented revenue	19,450	33,872	27,858
Conditional grants			
- Local government (fire dept. partners)	30,000	26,636	29,228
Total conditional grants	30,000	26,636	29,228
Total operating	49,450	60,508	57,086
Total protective services	49,450	60,508	57,086

Town of Porcupine Plain
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 2

2020 Budget	2020	2019
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TRANSPORTATION SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Custom work	8,500	18,077	14,798
- Sales of supplies	3,500	2,400	13,655
Total fees and charges	12,000	20,477	28,453
- Tangible capital asset sales - loss	-	(5,119)	(15,144)
Total other segmented revenue	12,000	15,358	13,309
Conditional grants			
- Municipal Economic Enhancement Program	-	58,537	-
Total conditional grants	-	58,537	-
Total operating	12,000	73,895	13,309
Total transportation services	12,000	73,895	13,309

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Waste and disposal fees	71,500	71,273	71,644
- Plumbing permits	100	100	-
- Building / Facility Rentals	-	9,000	-
Total fees and charges	71,600	80,373	71,644
- Donations, refunds	15,000	10,400	11,430
Total other segmented revenue	86,600	90,773	83,074
Total environmental and public health services	86,600	90,773	83,074

Town of Porcupine Plain
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 3

	2020 Budget	2020	2019
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other segmented revenue			
Fees and charges			
- Building permits	1,000	-	2,230
Total fees and charges	1,000	-	2,230
Total other segmented revenue	1,000	-	2,230
Conditional grants			
- Accessibility grant	-	-	24,650
- Canadian parks and recreation	-	-	2,102
- Clear the path	1,500	3,000	1,500
- New Horizons Grant	-	10,000	-
Total conditional grants	1,500	13,000	28,252
Total operating	2,500	13,000	30,482
Total planning and development services	2,500	13,000	30,482

RECREATION AND CULTURAL SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Building / facility rentals	32,500	47,929	65,531
Total other segmented revenue	32,500	47,929	65,531
Conditional grants			
- Local government (arena, library)	16,200	30,126	16,000
- Community Initiative Fund	-	-	4,644
- Donations, refunds	55,000	35,600	650
- Saskatchewan Lotteries	8,094	8,094	8,094
- Saskatchewan Tourism Grants	1,600	7,880	1,612
Total conditional grants	80,894	81,700	31,000
Total operating	113,394	129,629	96,531

Capital

Conditional grants			
- Municipal Economic Enhancement Program	-	20,605	-
Total capital	-	20,605	-
Total recreation and cultural services	113,394	150,234	96,531

Town of Porcupine Plain
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 4

2020 Budget	2020	2019
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UTILITY SERVICES

Operating

Other segmented revenue			
Fees and charges			
- Water	140,000	150,097	141,830
- Sewer	68,000	67,445	67,971
- Infrastructure	36,000	38,645	36,147
- Connection fees, other	500	1,080	950
Total fees and charges	244,500	257,267	246,898
Total other segmented revenue	244,500	257,267	246,898
Total operating	244,500	257,267	246,898

Capital

Conditional grants			
- Federal gas tax	53,500	76,287	106,569
Total capital	53,500	76,287	106,569

Total utility services	298,000	333,554	353,467
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TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	602,094	766,817	686,803
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SUMMARY

Total other segmented revenue	436,200	490,052	491,754
Total conditional grants	112,394	179,873	88,480
Total capital grants and contributions	53,500	96,892	106,569
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	602,094	766,817	686,803

Town of Porcupine Plain
Schedule of Expenses by Function
For the year ended December 31, 2020

Schedule 3 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	29,500	24,376	26,089
Wages and benefits	74,500	71,411	71,165
Professional/Contractual services	87,625	98,842	78,700
Utilities	7,500	7,296	7,181
Maintenance, materials and supplies	9,500	5,259	8,091
Amortization	-	1,998	1,326
Allowance for uncollectibles	-	-	-
Total government services	208,625	209,182	192,552

PROTECTIVE SERVICES

Police protection

Professional/Contractual services	65,000	67,114	64,782
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Fire protection

Wages and benefits	25,000	20,335	21,970
Professional/Contractual services	10,900	14,982	13,520
Utilities	4,000	4,164	3,894
Maintenance, material and supplies	11,350	12,182	10,533
Amortization	-	14,630	14,464

Total protective services	116,250	133,407	129,163
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TRANSPORTATION SERVICES

Wages and benefits	122,900	127,589	125,758
Professional/Contractual services	57,245	30,839	15,578
Utilities	34,000	28,890	30,326
Maintenance, materials and supplies	106,250	60,506	154,963
Gravel	5,000	9,209	6,097
Interest	3,500	2,992	3,973
Amortization	-	41,525	38,592

Total transportation services	328,895	301,550	375,287
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Town of Porcupine Plain
Schedule of Expenses by Function
For the year ended December 31, 2020

Schedule 3 - 2

2020 Budget	2020	2019
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ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Professional/Contractual services	95,250	87,249	88,876
Maintenance, materials and supplies	15,000	1,892	214
Landfill closure costs	5,000	47,688	21,034
Grants and contributions - public health	4,000	2,586	2,350
Interest	-	4,719	-
Amortization	-	-	3,148
Total environmental and public health services	119,250	144,134	115,622

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits	29,000	22,986	23,530
Professional/Contractual services	16,850	27,883	23,016
Maintenance, materials and supplies	1,000	90	22
Grants and contributions - operating	50	-	50
Total planning and development services	46,900	50,959	46,618

RECREATION AND CULTURAL SERVICES

Professional/Contractual services	63,580	56,048	82,647
Utilities	39,000	34,387	32,399
Maintenance, materials and supplies	15,750	10,159	12,000
Grants and contributions - operating	98,576	102,075	65,179
Amortization	-	31,763	34,482
Impairment on capital assets (Note 14)	-	116,200	-
Total recreation and cultural services	216,906	350,632	226,707

Town of Porcupine Plain
Schedule of Expenses by Function
For the year ended December 31, 2020

Schedule 3 - 3

2020 Budget	2020	2019
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UTILITY SERVICES

Wages and benefits	145,245	142,135	140,683
Professional/Contractual services	34,300	27,203	30,769
Utilities	32,000	31,069	29,977
Maintenance, materials and supplies	24,000	21,865	45,286
Amortization	-	56,513	48,307
Total utility services	235,545	278,785	295,022

TOTAL EXPENSES BY FUNCTION	1,272,371	1,468,649	1,380,971
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Town of Porcupine Plain

Schedule of Current Year Segment Disclosure by Function

For the year ended December 31, 2020

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and charges	13,200	33,872	20,477	80,373	-	47,929	257,267	453,118
Tangible capital asset sales - Loss	-	-	(5,119)	-	-	-	-	(5,119)
Tangible capital asset impairment loss	-	-	-	-	-	-	-	-
Loss on sale of tax title property	-	-	-	-	-	-	-	-
Investment income and commissions	11,674	-	-	-	-	-	-	11,674
Other revenues	19,979	-	-	10,400	-	-	-	30,379
Grants - conditional	-	26,636	58,537	-	13,000	81,700	-	179,873
- capital	-	-	-	-	-	20,605	76,287	96,892
Total revenues	44,853	60,508	73,895	90,773	13,000	150,234	333,554	766,817
Expenses (Schedule 3)								
Wages & benefits	95,787	20,335	127,589	-	22,986	-	142,135	408,832
Professional/Contractual services	98,842	82,096	30,839	87,249	27,883	56,048	27,203	410,160
Utilities	7,296	4,164	28,890	-	-	34,387	31,069	105,806
Maintenance, materials and supplies	5,259	12,182	69,715	1,892	90	10,159	21,865	121,162
Landfill closure costs	-	-	-	47,688	-	-	-	47,688
Grants and contributions	-	-	-	2,586	-	102,075	-	104,661
Amortization	1,998	14,630	41,525	-	-	31,763	56,513	146,430
Interest	-	-	2,992	4,719	-	-	-	7,711
Impairment on tangible assets	-	-	-	-	-	116,200	-	116,200
Total expenses	209,182	133,407	301,550	144,134	50,959	350,632	278,785	1,468,649
Surplus (deficit) by function	(164,329)	(72,899)	(227,655)	(53,361)	(37,959)	(200,398)	54,769	(701,832)

Taxation and other unconditional revenue (Schedule 1)

946,534

Net surplus

244,702

Town of Porcupine Plain
Schedule of Prior Year Segment Disclosure by Function
For the year ended December 31, 2019

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and charges	7,486	27,858	28,453	71,644	2,230	65,531	246,898	450,100
Tangible capital asset sales - loss	-	-	(15,144)	-	-	-	-	(15,144)
Tangible capital asset impairment loss	-	-	-	-	-	-	-	-
Loss on sale of tax title property	-	-	-	-	-	-	-	-
Investment income and commissions	16,630	-	-	-	-	-	-	16,630
Impairment on investment	-	-	-	-	-	-	-	-
Other revenues	28,738	-	-	11,430	-	-	-	40,168
Grants - conditional	-	29,228	-	-	28,252	31,000	-	88,480
- capital	-	-	-	-	-	-	106,569	106,569
Total revenues	52,854	57,086	13,309	83,074	30,482	96,531	353,467	686,803
Expenses (Schedule 3)								
Wages & benefits	97,254	21,970	125,758	-	23,530	-	140,683	409,195
Professional/Contractual services	78,700	78,302	15,578	88,876	23,016	82,647	30,769	397,888
Utilities	7,181	3,894	30,326	-	-	32,399	29,977	103,777
Maintenance, materials and supplies	8,091	10,533	161,060	214	22	12,000	45,286	237,206
Landfill closure costs	-	-	-	21,034	-	-	-	21,034
Grants and contributions	-	-	-	2,350	50	65,179	-	67,579
Amortization	1,326	14,464	38,592	3,148	-	34,482	48,307	140,319
Interest	-	-	3,973	-	-	-	-	3,973
Other	-	-	-	-	-	-	-	-
Total expenses	192,552	129,163	375,287	115,622	46,618	226,707	295,022	1,380,971
Surplus (deficit) by function	(139,698)	(72,077)	(361,978)	(32,548)	(16,136)	(130,176)	58,445	(694,168)

Taxation and other unconditional revenue (Schedule 1)

911,038

Net surplus

216,870

Schedule 6

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Town of Porcupine Plain
Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2020

Schedule 7

		2020							2019	
		General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total	Total
Assets	Asset cost									
	Opening asset costs	58,104	582,499	1,722,213	65,366	400	1,523,192	2,850,355	6,802,129	6,355,321
	Additions during the year	6,892	29,981	198,418	211,129	-	36,062	-	482,482	489,343
	Disposals during the year	(4,509)	-	(24,150)	-	-	-	-	(28,659)	(42,535)
	Write-downs during the year (Note 14)	-	-	-	-	-	(116,200)	-	(116,200)	-
Closing asset costs		60,487	612,480	1,896,481	276,495	400	1,443,054	2,850,355	7,139,752	6,802,129
Amortization	Accumulated amortization cost									
	Opening accumulated amortization costs	32,907	476,616	1,180,400	62,963	-	876,475	1,259,038	3,888,399	3,770,614
	Add: Amortization taken	1,998	14,630	41,525	-	-	31,763	56,514	146,430	140,320
	Less: Accumulated amortization on disposals	(4,509)	-	(10,868)	-	-	-	-	(15,377)	(22,535)
	Closing accumulated amortization costs	30,396	491,246	1,211,057	62,963	-	908,238	1,315,552	4,019,452	3,888,399
Net book value		30,091	121,234	685,424	213,532	400	534,816	1,534,803	3,120,300	2,913,730

Town of Porcupine Plain
Schedule of Accumulated Surplus
For the year ended December 31, 2020

Schedule 8

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	763,915	136,712	900,627
APPROPRIATED RESERVES			
Machinery and equipment	71,539	-	71,539
Utility	103,410	39,141	142,551
Dedicated lands	299	-	299
Total appropriated	175,248	39,141	214,389
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (<i>Schedule 6</i>)	2,913,730	206,570	3,120,300
Less: Related debt	(41,384)	(137,721)	(179,105)
Net investment in tangible capital assets	2,872,346	68,849	2,941,195
Total accumulated surplus	3,811,509	244,702	4,056,211

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

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial and Industrial	Potash Mine	
Taxable assessment	434,225	35,368,480	-	-	4,115,400	-	39,918,105
Regional Park assessment							
Total assessment							39,918,105
Mill rate factor(s)	1.0000	1.0000	-	-	2.0000		
Total base/minimum tax (generated for each property class)	4,800	379,600	-	-	20,300		404,700
Total municipal tax levy (include base and/or minimum tax and special levies)	7,188	574,127	-	-	65,569		646,884

MILL RATES:	MILLS
Average municipal*	16.2053
Average school*	4.3124
Potash mill rate	-
Uniform municipal mill rate	5.5000

* Average mill rates (multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority).

Town of Porcupine Plain
Schedule of Council Remuneration
For the year ended December 31, 2020

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Belchamber, Carol	6,375	-	6,375
Duhaime, Frank	2,375	-	2,375
Wood, Nick	2,084	-	2,084
Genaille, Nicole	1,750	-	1,750
Nicholson, Bobby	1,750	-	1,750
Picray, Paul	1,375	-	1,375
Lechler, Kim	1,125	-	1,125
Wick, Karen	425	-	425
Kruger, Craig	375	-	375
Ross, Don	250	-	250
Total	17,884	-	17,884