

**NORTHERN VILLAGE OF PINEHOUSE**

**FINANCIAL STATEMENTS**

**For the fiscal year ended December 31, 2018**

**and Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

To the Council of the Northern Village of Pinehouse:

### Opinion

We have audited the consolidated financial statements of the Northern Village of Pinehouse which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows 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 Northern Village of Pinehouse as at December 31, 2018, and its consolidated financial performance and its consolidated 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 Auditors' Responsibilities for the Audit of Consolidated Financial Statements section of our report. We are independent of the Northern Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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.

### Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Other Information

Management is responsible for the other information. The other information comprises the budget figures as well as the allocation of revenues and expenses amongst various functions, tangible capital assets provided by object as well as by function, a breakdown of surplus by unappropriated as well as appropriated reserves, the schedule of mill rates and assessments, and the schedule of council remuneration included in the accompanying financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 Northern Village'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 Northern Village or to cease operations, or has no realistic alternative but to do so.

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

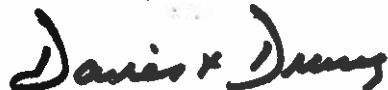
#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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 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 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 Northern Village'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 Northern Village'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 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 auditor's report. However, future events or conditions may cause the Northern Village 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Northern Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Northern Village audit. We remain solely responsible for our audit opinion.

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.



Chartered Professional Accountants  
Saskatoon, Saskatchewan

March 31, 2020

## **Management's Responsibility**

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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.

Davies and Drury Chartered Professional Accountants, 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.

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Mike Natomagan, Mayor

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Martine Smith, Administrator

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2018**

Statement 1

	<b>2018</b>	<b>2017</b>
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	535,004	1,140,942
Taxes Receivable - Municipal (Note 3)	148,603	136,938
Other Accounts Receivable (Note 4)	381,024	346,085
Land for Resale (Note 5)	217,437	12,437
Long-Term Investments (Note 6)	4,480,376	9,466,869
Debt Charges Recoverable	-	-
<b>Other (Specify)</b>	-	-
<b>Total Financial Assets</b>	<b>5,762,444</b>	<b>11,103,271</b>
<b>LIABILITIES</b>		
Bank Indebtedness (Note 7)	-	-
Accounts Payable	450,413	491,330
Accrued Liabilities Payable	-	-
Deposits	-	-
Deferred Revenue (Note 8)	171,549	68,398
Accrued Landfill Costs	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	1,082,356	648,131
Long-Term Debt (Note 9)	2,615,407	2,088,254
Lease Obligations	-	-
<b>Total Liabilities</b>	<b>4,319,725</b>	<b>3,296,113</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>1,442,719</b>	<b>7,807,158</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 6, 7)	18,721,713	14,876,949
Prepayments and Deferred Charges	50,665	139,876
Stock and Supplies	-	-
Other	-	-
<b>Total Non-Financial Assets</b>	<b>18,772,378</b>	<b>15,016,825</b>
<b>ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)</b>	<b>20,215,097</b>	<b>22,823,983</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Statement of Operations**  
**As at December 31, 2018**

Statement 2

	2018 Budget	2018	2017
<b>REVENUES</b>			
Taxes and Other Unconditional Revenue (Schedule 1)	1,177,454	1,132,128	1,135,802
Fees and Charges (Schedule 4, 5)	475,600	437,818	512,700
Conditional Grants (Schedule 4, 5)	938,150	370,032	376,750
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	(367,285)
Land Sales - Gain (Schedule 4, 5)	-	42,500	77,720
Investment Income and Commissions (Schedule 4, 5)	12,150	18,706	12,511
Other Revenues (Schedule 4, 5)	5,000	31,998	18,882
<b>Total Revenues</b>	<b>2,608,354</b>	<b>2,033,182</b>	<b>1,767,080</b>
<b>EXPENSES</b>			
General Government Services (Schedule 3)	657,185	5,677,950	812,404
Protective Services (Schedule 3)	159,700	134,992	88,825
Transportation Services (Schedule 3)	48,000	191,913	161,557
Environmental and Public Health Services (Schedule 3)	496,450	435,881	644,195
Planning and Development Services (Schedule 3)	247,600	523,375	597,150
Recreation and Cultural Services (Schedule 3)	312,226	477,768	420,293
Utility Services (Schedule 3)	347,124	418,185	440,125
<b>Total Expenses</b>	<b>2,268,285</b>	<b>7,860,064</b>	<b>3,164,549</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>340,069</b>	<b>(5,826,882)</b>	<b>(1,397,469)</b>
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	2,479,165	3,217,996	1,231,247
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>2,819,234</b>	<b>(2,608,886)</b>	<b>(166,222)</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	<b>22,823,983</b>	<b>22,823,983</b>	<b>22,990,205</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>25,643,217</b>	<b>20,215,097</b>	<b>22,823,983</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Statement of Change in Net Financial Assets**  
**As at December 31, 2018**

Statement 3

	2018 Budget	2018	2017
<b>Surplus (Deficit)</b>	<b>2,819,234</b>	<b>(2,608,886)</b>	<b>(166,222)</b>
(Acquisition) of tangible capital assets	-	(4,399,206)	(2,291,164)
Amortization of tangible capital assets	-	554,442	381,025
Proceeds on disposal of tangible capital assets	-	-	349,660
Loss (gain) on the disposal of tangible capital assets	-	-	367,285
<b>Surplus (Deficit) of capital expenses over expenditures</b>	<b>-</b>	<b>(3,844,764)</b>	<b>(1,193,194)</b>
(Acquisition) of supplies inventories	-	-	-
(Acquisition) of prepaid expense	-	-	(50,703)
Consumption of supplies inventory	-	-	124,620
Use of prepaid expense	-	89,211	-
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>-</b>	<b>89,211</b>	<b>73,917</b>
<b>Increase/Decrease in Net Financial Assets</b>	<b>2,819,234</b>	<b>(6,364,439)</b>	<b>(1,285,499)</b>
<b>Net Financial Assets (Debt) - Beginning of Year</b>	<b>7,807,158</b>	<b>7,807,158</b>	<b>9,092,657</b>
<b>Net Financial Assets (Debt) - End of Year</b>	<b>10,626,392</b>	<b>1,442,719</b>	<b>7,807,158</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Statement of Cash Flow**  
**As at December 31, 2018**

Statement 4

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	(2,608,886)	(1 66,222)
Amortization	554,442	381,025
Loss (gain) on disposal of tangible capital assets	-	367,285
	(2,054,444)	582,088
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	(11,665)	(17,074)
Other Receivables	(34,939)	298,936
Land for Resale	(205,000)	12,280
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	(40,917)	29,091
Deposits	-	-
Deferred Revenue	103,151	(45,456)
Accrued Landfill Costs	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	434,225	(147,141)
Stock and Supplies	-	-
Prepayments and Deferred Charges	89,211	(54,737)
Other (Specify)	-	124,620
<b>Cash provided by operating transactions</b>	<b>(1,720,378)</b>	<b>782,607</b>
<b>Capital:</b>		
Acquisition of capital assets	(4,399,206)	(2,291,164)
Proceeds from the disposal of capital assets	-	349,660
Other capital	-	-
<b>Cash applied to capital transactions</b>	<b>(4,399,206)</b>	<b>(1,941,504)</b>
<b>Investing:</b>		
Long-term investments	4,986,493	(20,690)
Other investments	-	-
<b>Cash provided by (applied to) investing transactions</b>	<b>4,986,493</b>	<b>(20,690)</b>
<b>Financing:</b>		
Debt charges recovered	-	-
Long-term debt issued	621,919	920,294
Long-term debt repaid	(94,766)	(93,502)
Other financing	-	480,749
<b>Cash provided by (applied to) financing transactions</b>	<b>527,153</b>	<b>1,307,541</b>
<b>Change in Cash and Temporary Investments during the year</b>	<b>(605,938)</b>	<b>127,954</b>
<b>Cash and Temporary Investments - Beginning of Year</b>	<b>1,140,942</b>	<b>1,012,988</b>
<b>Cash and Temporary Investments - End of Year</b>	<b>535,004</b>	<b>1,140,942</b>



**NORTHERN VILLAGE OF PINEHOUSE**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2018**

**1. Significant Accounting Policies**

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

**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.

- a) **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:

<u>Entity</u>	<u>Basis of Reporting</u>	<u>Ownership</u>
Pinehouse Business North LP	Modified Equity	Village 100%
Pinehouse Housing Corporation	Full Consolidation	Village 100%

All inter-organizational transactions and balances have been eliminated.

- b) **Collection of funds for other authorities:** Collection of funds by the municipality for school boards, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation.
- 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 will be recorded as deferred revenue.

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

- d) **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.
- e) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- 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) **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 for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment. The long term investments in the Saskatchewan Association of Rural Municipalities - Self insurance fund are accounted for on the equity basis.

NORTHERN VILLAGE OF PINEHOUSE

Notes to the Consolidated Financial Statements

As at December 31, 2018

1. Significant Accounting Policies - continued

- k) **Inventories:** Inventories of materials and supplies expected to be used by the municipality 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 deflation 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 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. Tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The municipality's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<i>General Assets</i>	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	10 to 50 Yrs
<i>Vehicles &amp; Equipment</i>	
Vehicles	5 to 10 Yrs
Machinery and Equipment	5 to 10 Yrs
<i>Infrastructure Assets</i>	
Infrastructure Assets	30 to 75 Yrs
Water & Sewer	(Insert)
Road Network Assets	(Insert)

*[If method other than straight line used the method must be separately disclosed]*

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

**Works of Art and Other Unrecognized Assets:** 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.

*[List other unrecognized assets, if any].*

**Capitalization of Interest:** The municipality does *[not]* capitalize interest incurred while a tangible capital asset is under construction.

**Leases:** All leases are recorded on the consolidated 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 a capital lease 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 on a *[amortization method]* basis, over their estimated useful lives *[lease term]*. Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

- m) **Landfill Liability:**  
The municipality does not maintain a waste disposal site.
- n) **Trust Funds:** Funds held in trust for others, under a trust agreement or statute, are not included in the consolidated financial statements as they are not controlled by the municipality. Trust fund activities administered by the municipality are disclosed in Note 18.
- o) **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.
- p) **Liability for Contaminated Sites:** Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:
  - a) an environmental standard exists;
  - b) contamination exceeds the environmental standard;
  - c) the municipality:
    - i. is directly responsible; or
    - ii. accepts responsibility;
  - d) it is expected that future economic benefits will be given up; and
  - e) a reasonable estimate of the amount can be made.

1. Significant Accounting Policies - continued

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

The measurement of materials and supplies are based on estimates of volume and quality.

The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available.

Amortization is based on the estimated useful lives of tangible capital assets.

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

- r) **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.

- s) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on *[insert approval date]*.

- t) **New Accounting Standards:** Effective January 1, 2018, the municipality adopted the following Canadian public sector accounting standards. The description of these changes and their impact on the consolidated financial statements is summarized:

**PS 2200 Related Party Disclosures** defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

The adoption of this standard has not resulted in any disclosure change.

**PS 3210 Assets** provides additional guidance for applying the definition of assets and establishing disclosure requirements for assets. Disclosure about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate cannot be made, the reason(s) for this should be disclosed. The adoption of this standard has no impact on the consolidated financial statements.

**PS 3320 Contingent Assets** defines and establishes disclosure standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. Disclosure is required when the occurrence of the confirming future event is likely.

The municipality does not have any reportable contingent assets.

**PS 3380 Contractual Rights** defines and establishes disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The municipality does not have any reportable contractual rights.

**PS 3420 Inter-Entity Transactions** establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standard has no impact on the consolidated financial statements.

**NORTHERN VILLAGE OF PINEHOUSE**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2018**

**2. Cash and Temporary Investments**

	2018	2017
Cash	277,463	887,194
Temporary Investments	257,541	253,748
Restricted Cash	-	-
<b>Total Cash and Temporary Investments</b>	<b>535,004</b>	<b>1,140,942</b>

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less. [Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.]

**3. Taxes Receivable - Municipal**

	2018	2017
Municipal - Current	64,982	73,662
- Arrears	240,107	196,799
	305,089	270,461
- Less Allowance for Uncollectible	(156,486)	(133,523)
<b>Total municipal taxes receivable</b>	<b>148,603</b>	<b>136,938</b>
School - Current	38,177	34,323
- Arrears	103,090	89,869
<b>Total school taxes receivable</b>	<b>141,267</b>	<b>124,192</b>
Other	-	-
<b>Total taxes and grants in lieu receivable</b>	<b>289,870</b>	<b>261,130</b>
Deduct taxes receivable to be collected on behalf of other organizations	(141,267)	(124,192)
<b>Total Taxes Receivable - Municipal</b>	<b>148,603</b>	<b>136,938</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2018**

**4. Other Accounts Receivable**

	2018	2017
Federal Government	257,129	216,484
Provincial Government	-	-
Local Government	-	-
Utility	39,565	40,450
Trade	130,856	127,392
Other (Specify)	6,591	11,774
<b>Total Other Accounts Receivable</b>	<b>434,141</b>	<b>396,100</b>
Less: Allowance for Uncollectible	(53,117)	(50,015)
<b>Net Other Accounts Receivable</b>	<b>381,024</b>	<b>346,085</b>

**5. Land for Resale**

	2018	2017
Tax Title Property	-	-
Allowance for market value adjustment	-	-
Net Tax Title Property	-	-
Other Land	217,437	12,437
Allowance for market value adjustment	-	-
Net Other Land	217,437	12,437
<b>Total Land for Resale</b>	<b>217,437</b>	<b>12,437</b>

**6. Long-Term Investments**

As indicated in Note 1, investments in organization owned or controlled by the Village using the modified equity of reporting are:

	2018	2017
<b>Pinehouse Business North Limited Partnership (100% ownership)</b>		
Balance, beginning of year	9,466,869	10,563,525
Net income (loss) for the year	(4,986,493)	(1,096,656)
<b>Balance, end of year</b>	<b>4,480,376</b>	<b>9,466,869</b>
<b>Total Long-Term Investments</b>	<b>4,480,376</b>	<b>9,466,869</b>

**7. Bank Indebtedness**

**Credit Arrangements**

At December 31, 2018, the Municipality had lines of credit totaling \$340,000, none of which were drawn. The following has been collateralized in connection with this line of credit:

- General security agreement.

**8. Deferred Revenue**

	2018	2017
Deferred TAP revenue	171,549	68,398
<b>Total Deferred Revenue</b>	<b>171,549</b>	<b>68,398</b>

**NORTHERN VILLAGE OF PINEHOUSE**

**Notes to the Consolidated Financial Statements**

**As at December 31, 2018**

**9. Long-Term Debt**

*[Select one of the following as applicable:]*

a) The debt limit of the municipality is \$708,545. 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(1)).

or

b) The debt limit of the municipality is \$ \_\_\_\_\_. The debt limit for the municipality has been established by the Saskatchewan Municipal Board (the *Municipalities Act* section 161(2)).

Debenture debt is repayable at *[describe terms including interest rates, repayment dates and amounts, and whether any amount is due on demand]*.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Total
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
Thereafter	-	-	-	-
Balance	-	-	-	-

Bank loans are repayable in monthly payments of \$9,728 principal and interest at the rate of 8%, secured by a

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Year Total	Prior Year Total
2019	91,357	25,379	116,736	116,736
2020	98,939	17,797	116,736	116,736
2021	107,152	9,584	116,736	116,736
2022	53,764	4,604	58,368	116,736
2023	-	-	-	-
Thereafter	-	-	-	-
Balance	351,212	57,364	408,576	466,944

**10. Pension Plan**

The municipality 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 municipality's pension expense in 2018 was \$45,769. The benefits accrued to the municipality's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate.

**11. Comparative Figures**

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

**12. Related Parties**

The consolidated financial statements include transactions with related parties. The municipality is related to Pinehouse Business North LP under the common control of the Council.

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

**NORTHERN VILLAGE OF PINEHOUSE**  
**Schedule of Taxes and Other Unconditional Revenue**  
**As at December 31, 2018**

Schedule 1

	2018 Budget	2018	2017
<b>TAXES</b>			
General municipal tax levy	274,290	205,717	206,282
Abatements and adjustments	(300)	(1,805)	(5,946)
Discount on current year taxes	(5,000)	(5,763)	(5,432)
<b>Net Municipal Taxes</b>	<b>268,990</b>	<b>198,149</b>	<b>194,904</b>
Potash tax share	-	-	-
Trailer license fees	-	-	-
Penalties on tax arrears	-	-	-
Special tax levy	-	-	-
<b>Other (Specify)</b>	-	-	-
<b>Total Taxes</b>	<b>268,990</b>	<b>198,149</b>	<b>194,904</b>
<b>UNCONDITIONAL GRANTS</b>			
Revenue Sharing (Organized Hamlet)	850,000	869,179	888,376
<b>Total Unconditional Grants</b>	<b>850,000</b>	<b>869,179</b>	<b>888,376</b>
<b>GRANTS IN LIEU OF TAXES</b>			
Federal	9,744	6,680	6,744
Provincial			
S.P.C. Electrical	-	-	-
SaskEnergy Gas	-	-	-
TransGas	-	-	-
Central Services	-	-	-
SaskTel	-	937	1,239
<b>Other (Specify)</b>	-	592	910
Local/Other			
Housing Authority	-	-	-
C.P.R. Mainline	-	-	-
Treaty Land Entitlement	-	-	-
<b>Other (Specify)</b>	-	-	-
Other Government Transfers			
S.P.C. Surcharge	48,720	56,591	43,629
Sask Energy Surcharge	-	-	-
<b>Other (Specify)</b>	-	-	-
<b>Total Grants in Lieu of Taxes</b>	<b>58,464</b>	<b>64,800</b>	<b>52,522</b>
<b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b>	<b>1,177,454</b>	<b>1,132,128</b>	<b>1,135,802</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Schedule of Operating and Capital Revenue by Function**  
**As at December 31, 2018**

Schedule 2 - 1

	2018 Budget	2018	2017
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work	-	-	-
- Sales of supplies	-	-	-
- <b>Other (Specify)</b>	171,100	115,123	148,565
<b>Total Fees and Charges</b>	171,100	115,123	148,565
- Tangible capital asset sales - gain (loss)	-	-	-
- Land sales - gain	-	42,500	77,720
- Investment income and commissions	12,150	18,706	12,511
- <b>Other (Specify)</b>	5,000	31,998	18,882
<b>Total Other Segmented Revenue</b>	188,250	208,327	257,678
Conditional Grants			
- Student Employment	-	-	-
- <b>Other (Specify)</b>	418,350	10,568	29,841
<b>Total Conditional Grants</b>	418,350	10,568	29,841
<b>Total Operating</b>	606,600	218,895	287,519
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	61,000	59,756	59,462
- Provincial Disaster Assistance	-	-	-
- <b>Other (Specify)</b>	200,000	1,129,187	286,962
<b>Total Capital</b>	261,000	1,188,943	346,424
<b>Total General Government Services</b>	867,600	1,407,838	633,943

**PROTECTIVE SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- <b>Other (Specify)</b>	-	-	-
<b>Total Fees and Charges</b>	-	-	-
- Tangible capital asset sales - gain (loss)	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Other Segmented Revenue</b>	-	-	-
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- <b>Other (Specify)</b>	100,000	110,245	56,733
<b>Total Conditional Grants</b>	100,000	110,245	56,733
<b>Total Operating</b>	100,000	110,245	56,733
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- Local government	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Capital</b>	-	-	-
<b>Total Protective Services</b>	100,000	110,245	56,733



**NORTHERN VILLAGE OF PINEHOUSE**  
**Schedule of Operating and Capital Revenue by Function**  
**As at December 31, 2018**

Schedule 2 - 2

	2018 Budget	2018	2017
<b>TRANSPORTATION SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work	30,000	1,719	30,452
- Sales of supplies	-	-	-
- Road Maintenance and Restoration Agreements	-	-	-
- Frontage	-	-	-
- Other (Specify)	-	-	-
Total Fees and Charges	30,000	1,719	30,452
- Tangible capital asset sales - gain (loss)	-	-	(367,285)
- Other (Specify)	-	-	-
Total Other Segmented Revenue	30,000	1,719	(336,833)
Conditional Grants			
- MREP (CTP)	-	-	-
- Student Employment	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
<b>Total Operating</b>	<b>30,000</b>	<b>1,719</b>	<b>(336,833)</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- MREP (Heavy Haul, CTP, Municipal Bridges)	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
<b>Total Transportation Services</b>	<b>30,000</b>	<b>1,719</b>	<b>(336,833)</b>

**ENVIRONMENTAL AND PUBLIC HEALTH SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	-	-	-
- Other (Specify)	-	-	-
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)	-	-	-
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment	-	-	-
- TAPD	-	-	-
- Local government	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
<b>Total Operating</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- TAPD	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	18,165	9,083	20,665
Total Capital	18,165	9,083	20,665
<b>Total Environmental and Public Health Services</b>	<b>18,165</b>	<b>9,083</b>	<b>20,665</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Schedule of Operating and Capital Revenue by Function**  
**As at December 31, 2018**

Schedule 2 - 3

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Fees and Charges</b>	-	-	-
- Tangible capital asset sales - gain (loss)	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Other Segmented Revenue</b>	-	-	-
Conditional Grants			
- Student Employment	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Conditional Grants</b>	-	-	-
<b>Total Operating</b>	-	-	-
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Capital</b>	-	-	-
<b>Total Planning and Development Services</b>	-	-	-

**RECREATION AND CULTURAL SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- <b>Other (Specify)</b>	4,000	16,172	35,960
<b>Total Fees and Charges</b>	4,000	16,172	35,960
- Tangible capital asset sales - gain (loss)	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Other Segmented Revenue</b>	4,000	16,172	35,960
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- <b>Other (Specify)</b>	419,800	249,219	290,176
<b>Total Conditional Grants</b>	419,800	249,219	290,176
<b>Total Operating</b>	423,800	265,391	326,136
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- Local government	-	-	-
- Provincial Disaster Assistance	-	-	-
- <b>Other (Specify)</b>	-	553,525	540,167
<b>Total Capital</b>	-	553,525	540,167
<b>Total Recreation and Cultural Services</b>	423,800	818,916	866,303

**NORTHERN VILLAGE OF PINEHOUSE**  
**Schedule of Operating and Capital Revenue by Function**  
**As at December 31, 2018**

Schedule 2 - 4

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>UTILITY SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Water	135,000	151,337	148,639
- Sewer	135,000	153,017	148,639
- <b>Other (Specify)</b>	500	450	445
<b>Total Fees and Charges</b>	<b>270,500</b>	<b>304,804</b>	<b>297,723</b>
- Tangible capital asset sales - gain (loss)	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Other Segmented Revenue</b>	<b>270,500</b>	<b>304,804</b>	<b>297,723</b>
Conditional Grants			
- Student Employment	-	-	-
- <b>Other (Specify)</b>	-	-	-
<b>Total Conditional Grants</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating</b>	<b>270,500</b>	<b>304,804</b>	<b>297,723</b>
<b>Capital</b>			
Conditional Grants			
- Federal Gas Tax	-	-	-
- New Building Canada Fund (SCF, NRP)	-	-	-
- Clean Water and Wastewater Fund	-	-	-
- Provincial Disaster Assistance	-	-	-
- <b>Other (Specify)</b>	2,200,000	1,466,445	323,991
<b>Total Capital</b>	<b>2,200,000</b>	<b>1,466,445</b>	<b>323,991</b>
<b>Total Utility Services</b>	<b>2,470,500</b>	<b>1,771,249</b>	<b>621,714</b>
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>3,910,065</b>	<b>4,119,050</b>	<b>1,862,525</b>

**SUMMARY**

Total Other Segmented Revenue	492,750	531,022	254,528
Total Conditional Grants	938,150	370,032	376,750
Total Capital Grants and Contributions	2,479,165	3,217,996	1,231,247
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>3,910,065</b>	<b>4,119,050</b>	<b>1,862,525</b>

**NORTHERN VILLAGE OF PINEHOUSE**

**Total Expenses by Function**

As at December 31, 2018

Schedule 3 - 1

	2018 Budget	2018	2017
<b>GENERAL GOVERNMENT SERVICES</b>			
Council remuneration and travel	216,000	129,242	237,314
Wages and benefits	242,185	253,114	230,487
Professional/Contractual services	107,200	121,056	119,248
Utilities	25,800	26,864	26,267
Maintenance, materials and supplies	43,000	27,939	33,371
Grants and contributions - operating	23,000	22,823	61,506
- capital	-	-	-
Amortization	-	81,524	84,246
Interest	-	-	-
Allowance for uncollectible	-	28,895	19,965
Other (Specify )	-	4,986,493	-
<b>Total Government Services</b>	<b>657,185</b>	<b>5,677,950</b>	<b>812,404</b>

**PROTECTIVE SERVICES**

**Police protection**

Wages and benefits	-	-	-
Professional/Contractual services	-	-	-
Utilities	-	-	-
Maintenance, material and supplies	-	-	-
Grants and contributions - operating	-	-	-
- capital	-	-	-
Other (Specify )	-	-	-

**Fire protection**

Wages and benefits	136,000	120,009	74,859
Professional/Contractual services	1,600	1,310	949
Utilities	7,100	7,524	6,808
Maintenance, material and supplies	15,000	3,482	3,542
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	2,667	2,667
Interest	-	-	-
Other (Specify )	-	-	-

**Total Protective Services**

<b>159,700</b>	<b>134,992</b>	<b>88,825</b>
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**TRANSPORTATION SERVICES**

Wages and benefits	-	4,530	-
Professional/Contractual Services	-	4,592	37,140
Utilities	11,000	12,606	12,510
Maintenance, materials, and supplies	37,000	14,636	30,224
Gravel	-	-	927
Grants and contributions - operating	-	-	-
- capital	-	100,000	250
Amortization	-	55,121	80,301
Interest	-	428	205
Other (Specify )	-	-	-

**Total Transportation Services**

<b>48,000</b>	<b>191,913</b>	<b>161,557</b>
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**NORTHERN VILLAGE OF PINEHOUSE**

**Total Expenses by Function**

As at December 31, 2018

Schedule 3 - 2

	2018 Budget	2018	2017
<b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>			
Wages and benefits	124,200	149,158	120,047
Professional/Contractual services	4,500	37,052	5,433
Utilities	4,250	537	4,324
Maintenance, materials and supplies	13,500	15,895	8,030
Grants and contributions - operating	-	-	-
o Waste disposal	-	-	-
o Public Health	350,000	227,614	281,361
- capital	-	-	-
o Waste disposal	-	-	-
o Public Health	-	-	220,000
Amortization	-	-	-
Interest	-	-	-
Other (Specify)	-	5,625	5,000
<b>Total Environmental and Public Health Services</b>	<b>496,450</b>	<b>435,881</b>	<b>644,195</b>

**PLANNING AND DEVELOPMENT SERVICES**

Wages and benefits	72,600	139,246	78,024
Professional/Contractual Services	155,000	136,300	151,726
Grants and contributions - operating	-	-	-
- capital	-	351	100,000
Amortization	-	185,641	77,109
Interest	-	-	-
Other (Specify)	20,000	61,837	190,291
<b>Total Planning and Development Services</b>	<b>247,600</b>	<b>523,375</b>	<b>597,150</b>

**RECREATION AND CULTURAL SERVICES**

Wages and benefits	156,726	193,750	208,982
Professional/Contractual services	-	-	-
Utilities	49,200	64,998	68,294
Maintenance, materials and supplies	106,300	50,927	48,111
Grants and contributions - operating	-	-	9,344
- capital	-	-	-
Amortization	-	136,387	43,600
Interest	-	31,706	41,962
Allowance for uncollectible	-	-	-
Other (Specify)	-	-	-
<b>Total Recreation and Cultural Services</b>	<b>312,226</b>	<b>477,768</b>	<b>420,293</b>

**NORTHERN VILLAGE OF PINEHOUSE**

**Total Expenses by Function**

**As at December 31, 2018**

Schedule 3 - 3

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>UTILITY SERVICES</b>			
Wages and benefits	164,975	148,892	162,919
Professional/Contractual services	18,049	21,433	21,174
Utilities	55,100	62,845	59,127
Maintenance, materials and supplies	109,000	88,811	102,101
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	93,102	93,102
Interest	-	-	-
Allowance for Uncollectible	-	3,102	1,702
Other ( <i>Specify</i> )	-	-	-
<b>Total Utility Services</b>	<b>347,124</b>	<b>418,185</b>	<b>440,125</b>
 <b>TOTAL EXPENSES BY FUNCTION</b>	 <b>2,268,285</b>	 <b>7,860,064</b>	 <b>3,164,549</b>

NORTHERN VILLAGE OF PINEHOUSE  
 Consolidated Schedule of Segment Disclosure by Function  
 As at December 31, 2018

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
<b>Revenues (Schedule 2)</b>								
Fees and Charges	115,123	-	1,719	-	-	16,172	304,804	437,818
Tangible Capital Asset Sales - Gain	-	-	-	-	-	-	-	-
Land Sales - Gain	42,500	-	-	-	-	-	-	42,500
Investment Income and Commissions	18,706	-	-	-	-	-	-	18,706
Other Revenues	31,998	-	-	-	-	-	-	31,998
Grants - Conditional	10,568	110,245	-	-	-	249,219	-	370,032
- Capital	1,188,943	-	-	9,083	-	553,525	1,466,445	3,217,996
<b>Total Revenues</b>	<b>1,407,838</b>	<b>110,245</b>	<b>1,719</b>	<b>9,083</b>	<b>-</b>	<b>818,916</b>	<b>1,771,249</b>	<b>4,119,050</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	382,356	120,009	4,530	149,158	139,246	193,750	148,892	1,137,941
Professional/ Contractual Services	121,056	1,310	4,592	37,052	136,300	-	21,433	321,743
Utilities	26,864	7,524	12,606	537	-	64,998	62,845	175,374
Maintenance Materials and Supplies	27,939	3,482	14,636	15,895	-	50,927	88,811	201,690
Grants and Contributions	22,823	-	100,000	227,614	351	-	-	350,788
Amortization	81,524	2,667	55,121	-	185,641	136,387	93,102	554,442
Interest	-	-	428	-	-	31,706	-	32,134
Allowance for Uncollectible	28,895	-	-	-	-	-	3,102	31,997
Other	4,986,493	-	-	5,625	61,837	-	-	5,053,955
<b>Total Expenses</b>	<b>5,677,950</b>	<b>134,992</b>	<b>191,913</b>	<b>435,881</b>	<b>523,375</b>	<b>477,768</b>	<b>418,185</b>	<b>7,860,064</b>
<b>Surplus (Deficit) by Function</b>	<b>(4,270,112)</b>	<b>(24,747)</b>	<b>(190,194)</b>	<b>(426,798)</b>	<b>(523,375)</b>	<b>341,148</b>	<b>1,353,064</b>	<b>(3,741,014)</b>
Taxes and other unconditional revenue (Schedule 1)								1,132,128
<b>Net Surplus (Deficit)</b>								<b>(2,608,886)</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Schedule of Segment Disclosure by Function**  
**As at December 31, 2017**

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
<b>Revenues (Schedule 2)</b>								
Fees and Charges	148,565	-	30,452	-	-	35,960	297,723	512,700
Tangible Capital Asset Sales - Gain	-	-	(367,285)	-	-	-	-	(367,285)
Land Sales - Gain	77,720	-	-	-	-	-	-	77,720
Investment Income and Commissions	12,511	-	-	-	-	-	-	12,511
Other Revenues	18,882	-	-	-	-	-	-	18,882
Grants - Conditional	29,841	56,733	-	-	-	290,176	-	376,750
- Capital	346,424	-	-	20,665	-	540,167	323,991	1,231,247
<b>Total Revenues</b>	<b>633,943</b>	<b>56,733</b>	<b>(336,833)</b>	<b>20,665</b>	<b>-</b>	<b>866,303</b>	<b>621,714</b>	<b>1,862,525</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	467,801	74,859	-	120,047	78,024	208,982	162,919	1,112,632
Professional/ Contractual Services	119,248	949	37,140	5,433	151,726	-	21,174	335,670
Utilities	26,267	6,808	12,510	4,324	-	68,294	59,127	177,330
Maintenance Materials and Supplies	33,371	3,542	31,151	8,030	-	48,111	102,101	226,306
Grants and Contributions	61,506	-	250	501,361	100,000	9,344	-	672,461
Amortization	84,246	2,667	80,301	-	77,109	43,600	93,102	381,025
Interest	-	-	205	-	-	41,962	-	42,167
Allowance for Uncollectible	19,965	-	-	-	-	-	1,702	21,667
Other	-	-	-	5,000	190,291	-	-	195,291
<b>Total Expenses</b>	<b>812,404</b>	<b>88,825</b>	<b>161,557</b>	<b>644,195</b>	<b>597,150</b>	<b>420,293</b>	<b>440,125</b>	<b>3,164,549</b>
<b>Surplus (Deficit) by Function</b>	<b>(178,461)</b>	<b>(32,092)</b>	<b>(498,390)</b>	<b>(623,530)</b>	<b>(597,150)</b>	<b>446,010</b>	<b>181,589</b>	<b>(1,302,024)</b>
Taxes and other unconditional revenue (Schedule 1)								1,135,802
<b>Net Surplus (Deficit)</b>								<b>(166,222)</b>



NORTHERN VILLAGE OF PINEHOUSE  
 Consolidated Schedule of Tangible Capital Assets by Object  
 As at December 31, 2018

Schedule 6

Assets	2018										2017	
	General Assets					Infrastructure Assets		General/Infrastructure Assets Under Construction	Total		Total	Total
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets						
<b>Asset cost</b>												
Opening Asset costs	798,324	761,588	13,312,905	310,037	3,241,167	2,627,249	420,378		21,471,648		20,346,061	
Additions during the year	42,500	-	3,255,028	43,476	-	-	1,058,202		4,399,206		2,291,164	
Disposals and write-downs during the year	-	-	-	-	-	-	-		-		(1,165,577)	
Transfers (from) assets under construction	-	-	-	-	-	-	-		-		-	
<b>Closing Asset Costs</b>	<b>840,824</b>	<b>761,588</b>	<b>16,567,933</b>	<b>353,513</b>	<b>3,241,167</b>	<b>2,627,249</b>	<b>1,478,580</b>		<b>25,870,854</b>		<b>21,471,648</b>	
<b>Accumulated Amortization Cost</b>												
Opening Accumulated Amortization Costs	-	403,639	2,057,849	215,953	2,235,985	1,681,273	-		6,594,699		6,662,306	
Add: Amortization taken	-	14,736	422,668	12,018	59,887	45,133	-		554,442		381,025	
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-		-		(448,632)	
<b>Closing Accumulated</b>	<b>-</b>	<b>418,375</b>	<b>2,480,517</b>	<b>227,971</b>	<b>2,295,872</b>	<b>1,726,406</b>	<b>-</b>		<b>7,149,141</b>		<b>6,594,699</b>	
<b>Net Book Value</b>	<b>840,824</b>	<b>343,213</b>	<b>14,087,416</b>	<b>125,542</b>	<b>945,295</b>	<b>900,843</b>	<b>1,478,580</b>		<b>18,721,713</b>		<b>14,876,949</b>	

- Total contributed/donated assets received in 2018 \$ -
- List of assets recognized at nominal value in 2018 are:
  - Infrastructure Assets \$ -
  - Vehicles \$ -
  - Machinery and Equipment \$ -
- Amount of interest capitalized in Schedule 6 \$ -

NORTHERN VILLAGE OF PINEHOUSE  
 Consolidated Schedule of Tangible Capital Assets by Function  
 As at December 31, 2018

Schedule 7

	2018						2017		
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
<b>Assets</b>									
Asset cost									
Opening Asset costs	2,594,820	292,186	2,635,009	56,625	3,234,063	5,105,161	7,553,784	21,471,648	20,346,061
Additions during the year	-	-	-	-	2,755,972	-	1,643,234	4,399,206	2,291,164
Disposals and write-downs during the year	-	-	-	-	-	-	-	-	(1,165,577)
<b>Closing Asset Costs</b>	<b>2,594,820</b>	<b>292,186</b>	<b>2,635,009</b>	<b>56,625</b>	<b>5,990,035</b>	<b>5,105,161</b>	<b>9,197,018</b>	<b>25,870,854</b>	<b>21,471,648</b>
<b>Amortization</b>									
Accumulated									
Opening Accumulated Amortization Costs	831,278	268,360	1,841,348	56,625	222,139	387,299	2,987,650	6,594,699	6,662,306
Add: Amortization taken	81,524	2,667	55,121	-	185,641	136,387	93,102	554,442	381,025
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(448,632)
<b>Closing Accumulated Amortization Costs</b>	<b>912,802</b>	<b>271,027</b>	<b>1,896,469</b>	<b>56,625</b>	<b>407,780</b>	<b>523,686</b>	<b>3,080,752</b>	<b>7,149,141</b>	<b>6,594,699</b>
<b>Net Book Value</b>	<b>1,682,018</b>	<b>21,159</b>	<b>738,540</b>	<b>-</b>	<b>5,582,255</b>	<b>4,581,475</b>	<b>6,116,266</b>	<b>18,721,713</b>	<b>14,876,949</b>

**NORTHERN VILLAGE OF PINEHOUSE**  
**Consolidated Schedule of Accumulated Surplus**  
**As at December 31, 2018**

Schedule 8

	2017	Changes	2018
<b>UNAPPROPRIATED SURPLUS</b>	<b>10,035,288</b>	<b>(5,926,497)</b>	<b>4,108,791</b>

**APPROPRIATED RESERVES**

Machinery and Equipment	-	-	-
Public Reserve	-	-	-
Capital Trust	-	-	-
Utility	-	-	-
Other (Specify)	-	-	-
<b>Total Appropriated</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ORGANIZED HAMLETS (add lines if required)**

Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
<b>Total Organized Hamlets</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NET INVESTMENT IN TANGIBLE CAPITAL ASSETS**

Tangible capital assets (Schedule 6, 7)	14,876,949	3,844,764	18,721,713
Less: Related debt	(2,088,254)	(527,153)	(2,615,407)
<b>Net Investment in Tangible Capital Assets</b>	<b>12,788,695</b>	<b>3,317,611</b>	<b>16,106,306</b>

<b>Total Accumulated Surplus</b>	<b>22,823,983</b>	<b>(2,608,886)</b>	<b>20,215,097</b>
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NORTHERN VILLAGE OF PINEHOUSE  
 Schedule of Mill Rates and Assessments  
 As at December 31, 2018

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment	-	22,000,560	-	-	856,900	-	22,857,460
Regional Park Assessment							-
Total Assessment							22,857,460
Mill Rate Factor(s)							
Total Base/Minimum Tax (generated for each property class)							
Total Municipal Tax Levy (include base and/or minimum tax and special levies)		198,005			7,712		205,717

MILL RATES: MILLS

Average Municipal*	9.0000
Average School*	4.2006
Potash Mill Rate	0.0000
Uniform Municipal Mill Rate	9.0000

\* Average Mill Rates (multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority).



April 29, 2020

The Members of Council  
Northern Village of Pinehouse  
Box 130  
Pinehouse, SK S0J 2B0

Dear Members:

We have been engaged to audit the financial statements of the Northern Village of Pinehouse for the year ended December 31, 2018. Canadian generally accepted standards for audit engagements require that we communicate the following information with you in relation to our audit.

### **Evaluation of Internal Controls**

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

During our audit, we noted several items that were discussed with the Administrator during field work in September that we are including in this letter. Some of these items were included in our letter last year. There needs to be better support and approval from Council and the office for payment of bills and invoices. We noted several invoices and other payments that were paid that did not have an invoice or other support. Council should implement strict controls over who can approve purchases or distribution of funds to ensure that the NV doesn't overspend based on their budget, plus it will reduce the risk of inappropriate payments being made by Council. For example, someone could invoice the NV for work that wasn't actually done, so this can help Council ensure that any payments are for expenses provided to the NV and approved by Council. Another control that Council should implement is over trips and meetings attended by Council members. There should be support for why the trips or meetings occurred, including the benefits gained by the NV. Also, a list of payments to be paid should be provided to Council for their regular meetings, the list should be approved at the meeting with a description and a signed copy of the list attached to the minutes. Council should ensure that no amounts, other than "legislated" payments such as payroll, utilities, etc., are paid without a proper invoice or support and approval by Council for the expenditure. Also, whoever signs the cheque on Council's behalf should

initial the related invoice for that cheque. Bank reconciliations and statements should be provided at each Council meeting on a timely basis. The previous meetings' minutes should be typed, provided to Council and approved by Council at the next meeting. Also, any Bylaws which are given three readings at one meeting must have a resolution stating that the Bylaw will be given three readings at that meeting, and that resolution must be carried by unanimous consent. A Bylaw must be done to extend the audit deadline, it cannot be done by resolution. Council's role should be to oversee the NV at a high level, they shouldn't be hands on with the management of the NV. It may benefit the NV to set up an HR Committee to gather information and provide hiring recommendations, salary recommendations, etc, and then provide that information to Council for Council's approval. Regarding the FOI requests, it is important for Council and the NV to follow the act closely to remove any potential errors for these requests. This would include ensuring all Public Disclosure forms are accurately completed and kept up to date for all Council members, making sure any pecuniary interests are declared and properly recorded and the member leaves the meeting while the item is being discussed and decided on. As for staffing, there are numerous employees managed by the NV and it may be beneficial to hire an HR assistant to help manage them. Old accounts receivable or other items need to be discussed and Council's decision on what to do with these items needs to be documented and dealt with depending on the decision.

### **Significant Accounting Principles**

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

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

### **Significant Unusual Transactions**

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

### **Accounting Estimates**

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

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

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

Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. The most sensitive accounting estimate is as follows:

As outlined in note 11) of the financial statements, Tangible Capital Assets are recorded at cost and amortized on a percentage basis over their estimated useful lives. Due to the nature of these assets, fair value cannot be reasonably estimated. Any change in amortization rates and asset values would affect the balances reported in the statement of financial position and the schedules of tangible capital assets.

### **Disagreements with Management**

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the municipality's financial statements or auditors' report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or,
- Wording of the auditors' report.

We have had no disagreements with management during the course of the audit.

### **Difficulties Encountered During the Audit**

We encountered no significant difficulties during the audit that should be brought to the attention of the directors other than those outlined in the management letter.

We will be pleased to discuss with you further any matters mentioned above, at your convenience.



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

To ensure there is a clear understanding and record of the above matters, we ask that the Mayor sign acknowledgement in the space provided below. Should any Council Member wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,



Spencer Beaulieu, CPA, CA

Acknowledgement of Council:

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

Signature:

Date: