

TWIGG & COMPANY

CHARTERED ACCOUNTANTS

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MUNICIPALITY OF THE RESORT VILLAGE OF SHIELDS

INDEPENDENT AUDITORS' REPORT AND ANNUAL FINANCIAL STATEMENTS WITH SUPPORTING SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2016



Member of the Institute of Chartered Accountants of Canada

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Independent Auditors' Report

To the Mayor and Council of the Resort Village of Shields,

Report on the Financial Statements

We have audited the accompanying financial statements of the Resort Village of Shields, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Resort Village of Shields as at December 31, 2016, and the results of its operations, change in its net financial assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan
January 19, 2017

Twigg & Company
Chartered Accountants



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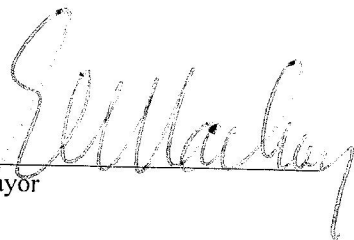
Management's Responsibility


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of 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 the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

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



Mayor

Administrator

Municipality of SHIELDS
Consolidated Statement of Financial Position
As at December 31, 2016

Statement 1

	2016	2015
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	461,847	430,673
Taxes Receivable - Municipal (Note 3)	36,692	27,382
Other Accounts Receivable (Note 4)	236,427	236,754
Land for Resale (Note 5)	266,343	259,989
Long-Term Investments (Note 6)	864,682	835,086
Debt Charges Recoverable (Note 7)	-	-
Other (Specify)		
Total Financial Assets	1,865,991	1,789,884

LIABILITIES		
Bank Indebtedness (Note 8)		
Accounts Payable	48,394	17,418
Accrued Liabilities Payable		
Deposits	68,653	67,700
Deferred Revenue (Note 9)	-	3,624
Accrued Landfill Costs (Note 10)	-	-
Liability for Contaminated Sites (Note 11)		
Other Liabilities	5,192	5,192
Long-Term Debt (Note 12)	293,555	316,673
Lease Obligations (Note 13)		
Total Liabilities	415,794	410,607

NET FINANCIAL ASSETS (DEBT)	1,450,197	1,379,277
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NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	2,564,827	2,561,747
Prepayments and Deferred Charges	92	92
Stock and Supplies		
Other (Note 14)	-	-
Total Non-Financial Assets	2,564,919	2,561,839

ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)	4,015,116	3,941,116
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Municipality of SHIELDS
Consolidated Statement of Operations
As at December 31, 2016

Statement 2

	2016 Budget	2016	2015
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	348,404	348,435	323,930
Fees and Charges (Schedule 4, 5)	249,000	259,062	246,331
Conditional Grants (Schedule 4, 5)	3,000	7,823	10,522
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	12,700
Land Sales - Gain (Schedule 4, 5)	-	-	103,950
Investment Income and Commissions (Schedule 4, 5)	3,000	2,515	3,305
Other Revenues (Schedule 4, 5)	12,350	12,169	18,896
Total Revenues	615,754	630,004	719,634
EXPENSES			
General Government Services (Schedule 3)	95,600	99,417	97,318
Protective Services (Schedule 3)	34,800	38,527	28,236
Transportation Services (Schedule 3)	210,050	155,175	150,114
Environmental and Public Health Services (Schedule 3)	33,400	35,845	31,692
Planning and Development Services (Schedule 3)	15,200	9,722	4,897
Recreation and Cultural Services (Schedule 3)	86,750	66,331	68,995
Utility Services (Schedule 3)	176,750	179,891	180,935
Total Expenses	652,550	584,908	562,187
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(36,796)	45,096	157,447
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	12,500	28,904	12,496
Surplus (Deficit) of Revenues over Expenses	(24,296)	74,000	169,943
Accumulated Surplus (Deficit), Beginning of Year	3,941,116	3,941,116	3,771,173
Accumulated Surplus (Deficit), End of Year	3,916,820	4,015,116	3,941,116

Municipality of SHIELDS

Consolidated Statement of Change in Net Financial Assets

As at December 31, 2016

Statement 3

	2016 Budget	2016	2015
Surplus (Deficit)	(24,296)	74,000	169,943
(Acquisition) of tangible capital assets		(68,719)	(42,055)
Amortization of tangible capital assets		65,639	64,188
Proceeds on disposal of tangible capital assets			26,480
Loss (gain) on the disposal of tangible capital assets		-	(12,700)
Surplus (Deficit) of capital expenses over expenditures	-	(3,080)	35,913
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense			
Consumption of supplies inventory			
Use of prepaid expense			22
Surplus (Deficit) of expenses of other non-financial over expenditures	-	-	22
Increase/Decrease in Net Financial Assets	(24,296)	70,920	205,878
Net Financial Assets (Debt) - Beginning of Year	1,379,277	1,379,277	1,173,399
Net Financial Assets (Debt) - End of Year	1,354,981	1,450,197	1,379,277

Municipality of SHIELDS
Consolidated Statement of Cash Flow
As at December 31, 2016

Statement 4

Cash provided by (used for) the following activities

Operating:

	2016	2015
Surplus (Deficit)	74,000	169,943
Amortization	65,639	64,188
Loss (gain) on disposal of tangible capital assets	-	(12,700)
	139,639	221,431

Change in assets/liabilities

Taxes Receivable - Municipal	(9,310)	(4,871)
Other Receivables	327	83,454
Land for Resale	(6,354)	10,000
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	30,976	10,611
Deposits	953	900
Deferred Revenue	(3,624)	2,874
Accrued Landfill Costs	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	-	-
Stock and Supplies	-	-
Prepayments and Deferred Charges	-	22
Other (Specify)	-	-

Cash provided by operating transactions

152,607 324,421

Capital:

Acquisition of capital assets	(68,719)	(42,055)
Proceeds from the disposal of capital assets	-	26,480
Other capital		

Cash applied to capital transactions

(68,719) (15,575)

Investing:

Long-term investments	(29,596)	(24,734)
Other investments		

Cash provided by (applied to) investing transactions

(29,596) (24,734)

Financing:

Debt charges recovered		
Long-term debt issued		
Long-term debt repaid	(23,118)	(145,365)
Other financing		

Cash provided by (applied to) financing transactions

(23,118) (145,365)

Change in Cash and Temporary Investments during the year

31,174 138,747

Cash and Temporary Investments - Beginning of Year

430,673 291,926

Cash and Temporary Investments - End of Year

461,847 430,673

1. Significant accounting policies

The consolidated financial statements of the municipality are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Accounting Standards Oversight Council. Significant aspects of the accounting policies are as follows:

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

- a) **Reporting Entity:** The financial statements consolidates 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 financial statements are as follows:

Entity

[Local arena board]

[Local swimming pool]

All inter-organizational transactions and balances have been eliminated.

- b) **Collection of funds for other authorities:** Collection of funds by the municipality for the school board, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation.
- 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 occurred, as long as:
- 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) **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.

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 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 cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The 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>
General Assets	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	40 to 45 Yrs
Vehicles & Equipment	
Vehicles	10 Yrs
Machinery and Equipment	10 to 20 Yrs
Infrastructure Assets	
Infrastructure Assets	30 to 75 Yrs
Water & Sewer	15 to 75 Yrs
Road Network Assets	15 to 40 Yrs
Other	15 Yrs

[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: Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

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

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

- m) **Landfill liability:** The municipality maintains a waste disposal site. The municipality is unable to estimate closure and post-closure costs. No amount has been recorded as an asset or a liability. *[Any municipality that has recorded a landfill liability in past or has incurred a liability during the year should disclose in accordance with PS 3270.21 of the Public Sector Accounting Board's handbook]* See recommended disclosure in Note 10.
- n) **Trust Funds:** Funds held in trust for others are neither included in the municipality's assets or equity. They 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:
- an environmental standard exists;
 - contamination exceeds the environmental standard;
 - The municipality:
 - is directly responsible; or
 - accepts responsibility;
 - it is expected that future economic benefits will be given up; and
 - a reasonable estimate of the amount can be made.

Municipality of SHIELDS
Notes to the Consolidated Financial Statements
As at December 31, 2016

- q) **Measurement Uncertainty:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their 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.

2. Cash and Temporary Investments

	2016	2015
Cash	461847	430673
Temporary Investments		
Restricted Cash		
Total Cash and Temporary Investments	461,847	430,673

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

	2016	2015
Municipal - Current	23759	22280
- Arrears	12933	5102
- Less Allowance for Uncollectibles	36,692	27,382
Total municipal taxes receivable	36,692	27,382

School - Current	9643	11652
- Arrears	4337	1736
Total school taxes receivable	13,980	13,388

Other		
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Total taxes and grants in lieu receivable 50,672 40,770

Deduct taxes receivable to be collected on behalf of other organizations (13,980) (13,388)

Total Taxes Receivable - Municipal **36,692 27,382**

Municipality of SHIELDS
Notes to the Consolidated Financial Statements
As at December 31, 2016

4. Other Accounts Receivable

	2016	2015
Federal Government	4800	(243)
Provincial Government		
Local Government		
Utility	35745	47635
Trade		
Other (Specify)	195882	189362
Total Other Accounts Receivable	236,427	236,754
Less: Allowance for Uncollectibles		
Net Other Accounts Receivable	236,427	236,754

5. Land for Resale

	2016	2015
Tax Title Property		
Allowance for market value adjustment		
Net Tax Title Property	-	-
Other Land	266,343	259,989
Allowance for market value adjustment		
Net Other Land	266,343	259,989
Total Land for Resale	266,343	259,989

6. Long-Term Investments

	2016	2015
Dundurn and Area Waste Water Utility	639682	610085
Dundurn Rural Water Utility	225000	225000
Total Long-Term Investments	864,682	835,085

The long term investments in the Saskatchewan Association of Rural Municipalities - Self Insurance Fund are accounted for on the equity basis.

Marketable securities are valued at the lower of cost and market value. Market value at [date] was [\$] ([Prior Year] - [\$]).

[Marketable securities/Portfolio investments] represent investments in common shares [of public companies] and are stated at the lower of cost or market value. At year-end, cost was substantially the same as the quoted market value.

7. Debt Charges Recoverable

	2016	2015
Current debt charges recoverable		
Non-current debt charges recoverable		
Total Debt Charges Recoverable	-	-

The municipality has undertaken a project with [describe nature of project and identify partners]. The municipality assumed the long-term financing of [\$ - amount]; however [\$ - amount] plus interest at [#]% is recoverable from [name of municipality] with respect to this financing. Amounts are recoverable in annual principal instalments of [\$] plus interest, and mature [date].

Future debt charges recoverable are as follows:

Year	Principal	Interest	Total
2017			-
2018			-
2019			-
2020			-
2021			-
Thereafter			-
Balance	-	-	-

Municipality of SHIELDS

Notes to the Consolidated Financial Statements

As at December 31, 2016

8. Bank Indebtedness

Bank indebtedness includes an operating loan amounting to [\$] ([prior year] - [\$]) and bearing interest at prime plus [#]%. Assets pledged as collateral are [describe assets].

Credit Arrangements

{Disclosure appropriate where lines of credit have been authorized, but nil amount is drawn at statement date}
At [date], the Municipality had lines of credit totaling [\$], none of which were drawn. The following has been collateralized in connection with this line of credit:

- General security agreement; and
- Hypothecation of certain preferred shares (market value at [date] of [\$]).

9. Deferred Revenue

	2016	2015
Prepaid Golf Fees		300
Prepaid Taxes		3324
Total Deferred Revenue	-	3,624

10. Accrued Landfill Costs

	2016	2015
Environmental Liabilities		-

[In [year] the municipality has accrued an overall liability for environmental matters in the amount of [\$] (prior year - \$) which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.]

[Included in environmental liabilities is [\$] (prior year - \$) of the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the municipality's average long-term borrowing rate of [%] (prior year - %).]

[Landfill closure and post-closure care requirements have been defined in accordance with the Environmental Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 100-year period using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.]

11. Liability for Contaminated Sites

The municipality recognizes and estimates a liability of [\$] ([prior year] - [\$]) for remediation of [name of the contaminated sites] using [name of the valuation method]. The nature of the liability is [description of the nature of the liability including the event of transaction creating the liability]. The assumptions used in estimating the liability include [descriptions of assumptions and measurement basis used]. The amount of estimated recoveries is [\$] ([prior year] - [\$]).

[Note: additional disclosure is required of the estimated total undiscounted expenditures and discount rate (when a net present value technique is used), as well as the reason for not recognizing a liability, if appropriate.]

Municipality of SHIELDS

Notes to the Consolidated Financial Statements

As at December 31, 2016

12. Long-Term Debt

a) The debt limit of the municipality is \$720,000. 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
2017	24112	12623	36,735	36735
2018	25149	11586	36,735	36735
2019	26230	10505	36,735	36735
2020	27358	9377	36,735	36735
2021	28535	8200	36,735	36735
Thereafter	162171	21506	183,677	220411
Balance	293,555	73,797	367,352	404,086

Bank loans are repayable [describe terms including interest rates, repayment dates and amounts, and whether any amount is due on demand].

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Year Total	Prior Year Total
2017			-	
2018			-	
2019			-	
2020			-	
2021			-	
Thereafter			-	
Balance	-	-	-	-

13. Lease Obligations

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

Year	Payment Amount
2017	-
2018	-
2019	-
2020	-
2021	-
Thereafter	-
Total future minimum lease payments	
Amounts representing interest at a weighted average rate of _____ %	
Capital Lease Liability	

Municipality of SHIELDS
Notes to the Consolidated Financial Statements
As at December 31, 2016

14. Other Non-financial Assets

2016 **2015**

(List if any)

15. Contingent Liabilities

The municipality is contingently liable under terms of the Saskatchewan Association of Rural Municipalities Self-Insurance Plan for its proportionate share of claims and future claims in excess of the Plan's reserve fund.

The municipality is also contingently liable for the following:

(List if any)

16. 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 pension expense in 2016 was [\$]. 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.

17. Comparative Figures

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

18. Trusts Administered by the Municipality

A summary of trust fund activity by the municipality during the year is as follows:

[Description of Trust i.e. Cemetery]

	Current Year Total	Prior Year Total
Balance - Beginning of Year		
Revenue <i>(Specify)</i>		
Interest revenue		
Expenditure <i>(Specify)</i>		
Balance - End of Year	-	-

Municipality of SHIELDS

Schedule of Taxes and Other Unconditional Revenue

As at December 31, 2016

Schedule 1

TAXES	2016 Budget	2016	2015
General municipal tax levy	339,904	339,904	312,749
Abatements and adjustments	(7,000)	(5,722)	(6,301)
Discount on current year taxes	(42,000)	(42,344)	(37,756)
Net Municipal Taxes	290,904	291,838	268,692
Potash tax share			
Trailer license fees			
Penalties on tax arrears	5,000	4,093	3,910
Special tax levy			
Other (Specify)			
Total Taxes	295,904	295,931	272,602

UNCONDITIONAL GRANTS

Revenue Sharing (Organized Hamlet)	52,500	52,504	51,328
Total Unconditional Grants	52,500	52,504	51,328

GRANTS IN LIEU OF TAXES

Federal

Provincial

S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel			
Other (Specify)			

Local/Other

Housing Authority			
C.P.R. Mainline			
Treaty Land Entitlement			
Other (Specify)			

Other Government Transfers

S.P.C. Surcharge			
Sask Energy Surcharge			
Other (Specify)			

Total Grants in Lieu of Taxes

-	-	-
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TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE**348,404****348,435****323,930**

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2016

Schedule 2 - 1

GENERAL GOVERNMENT SERVICES

Operating

	2016 Budget	2016	2015
Other Segmented Revenue			
Fees and Charges			
- Custom work	100	455	285
- Sales of supplies			5
- Other (Specify)			
Total Fees and Charges	100	455	290
- Tangible capital asset sales - gain (loss)			103,950
- Land sales - gain			3,305
- Investment income and commissions	3,000	2,515	886
- Other (Specify)			
Total Other Segmented Revenue	3,100	2,970	108,431
Conditional Grants			
- Student Employment			
- Other (Specify)			400
Total Conditional Grants	-	-	400
Total Operating	3,100	2,970	108,831

Capital

Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total General Government Services	3,100	2,970	108,831

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (building permits/fines)		5,181	6,400
Total Fees and Charges	-	5,181	6,400
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	5,181	6,400
Conditional Grants			
- Student Employment			
- Local government			
- Other (donations)		1,000	1,720
Total Conditional Grants	-	1,000	1,720
Total Operating	-	6,181	8,120

Capital

Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Local government			
- Other (Specify)			
Total Capital	-	-	-
Total Protective Services	-	6,181	8,120

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2016

Schedule 2 - 2

TRANSPORTATION SERVICES

Operating

	2016 Budget	2016	2015
Other Segmented Revenue			
Fees and Charges			1,605
- Custom work			
- Sales of supplies			
- Road Maintenance and Restoration Agreements			
- Frontage			
- Other (Storage fees)	3,600	3,300	3,150
Total Fees and Charges	3,600	3,300	4,755
- Tangible capital asset sales - gain (loss)			12,700
- Other (Specify)			
Total Other Segmented Revenue	3,600	3,300	17,455
Conditional Grants			
- MREP (CTP)			
- Student Employment			2,856
- Other (Specify)			
Total Conditional Grants	-	-	2,856
Total Operating	3,600	3,300	20,311

Capital

Conditional Grants			
- Federal Gas Tax			
- MREP (Heavy Haul, CTP, Municipal Bridges)			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total Transportation Services	3,600	3,300	20,311

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	25,300	25,212	23,964
- Other (Specify)	300	294	1,441
Total Fees and Charges	25,600	25,506	25,405
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	25,600	25,506	25,405
Conditional Grants			
- Student Employment			
- TAPD			
- Local government		1,007	200
- Other (Specify)			
Total Conditional Grants	-	1,007	200
Total Operating	25,600	26,513	25,605

Capital

Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total Environmental and Public Health Services	25,600	26,513	25,605

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2016

Schedule 2 - 3

PLANNING AND DEVELOPMENT SERVICES

Operating

	2016 Budget	2016	2015
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges			
- Other (Specify)			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	-	-	-

Capital

Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total Planning and Development Services	-	-	-

RECREATION AND CULTURAL SERVICES

Operating

Other Segmented Revenue			
Fees and Charges	62,700	67,444	60,326
- Other (Specify)			
Total Fees and Charges	62,700	67,444	60,326
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	62,700	67,444	60,326
Conditional Grants			
- Student Employment			
- Local government	1,000	1,000	1,000
Donations		2,750	2,280
- Other (TIP)	2,000	2,066	2,066
Total Conditional Grants	3,000	5,816	5,346
Total Operating	65,700	73,260	65,672

Capital

Conditional Grants			
- Federal Gas Tax			
- Local government			
- Provincial Disaster Assistance			
- Other (Canada 150)		16,100	
Total Capital	-	16,100	-
Total Recreation and Cultural Services	65,700	89,360	65,672

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2016

Schedule 2 - 4

UTILITY SERVICES

Operating

	2016 Budget	2016	2015
Other Segmented Revenue			
Fees and Charges			
- Water	118,400	118,224	110,632
- Sewer	38,600	38,952	38,523
- Other (Specify)			
Total Fees and Charges	157,000	157,176	149,155
- Tangible capital asset sales - gain (loss)			
- Other (Interest)	12,350	12,169	18,010
Total Other Segmented Revenue	169,350	169,345	167,165
Conditional Grants			
- Student Employment			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	169,350	169,345	167,165

Capital

Conditional Grants			
- Federal Gas Tax	12,500	12,804	12,496
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	12,500	12,804	12,496
Total Utility Services	181,850	182,149	179,661

TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION

279,850 310,473 408,200

SUMMARY

Total Other Segmented Revenue	264,350	273,746	385,182
Total Conditional Grants	3,000	7,823	10,522
Total Capital Grants and Contributions	12,500	28,904	12,496
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	279,850	310,473	408,200

Municipality of SHIELDS
Total Expenses by Function
As at December 31, 2016

Schedule 3 - 1

	2016 Budget	2016	2015
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	20,000	16,689	15,210
Wages and benefits	45,400	45,647	46,752
Professional/Contractual services	20,700	27,383	26,741
Utilities	600	567	566
Maintenance, materials and supplies	8,700	8,973	7,703
Grants and contributions - operating - capital			
Amortization	200	158	346
Interest			
Allowance for uncollectibles			
Other (Specify)			
Total Government Services	95,600	99,417	97,318

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	11,500	14,549	13,816
Utilities			
Maintenance, material and supplies	500	128	
Grants and contributions - operating - capital			
Other (Specify)			

Fire protection

Wages and benefits			
Professional/Contractual services	12,650	13,700	12,700
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating - capital	10,150	10,150	
Amortization			
Interest			
Other (Donation)			1,720
Total Protective Services	34,800	38,527	28,236

TRANSPORTATION SERVICES

Wages and benefits	92,000	87,387	79,769
Professional/Contractual Services	83,500	35,208	39,191
Utilities	2,850	2,942	2,749
Maintenance, materials, and supplies	10,200	7,542	11,348
Gravel	10,000	10,597	6,841
Grants and contributions - operating - capital			
Amortization	11,500	11,499	10,216
Interest			
Other (Specify)			
Total Transportation Services	210,050	155,175	150,114

	2016 Budget	2016	2015
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits			
Professional/Contractual services	33,400	35,618	31,663
Utilities			
Maintenance, materials and supplies		227	29
Grants and contributions - operating			
o Waste disposal			
o Public Health			
- capital			
o Waste disposal			
o Public Health			
Amortization			
Interest			
Other (<i>Specify</i>)			
Total Environmental and Public Health Services	33,400	35,845	31,692

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits			
Professional/Contractual Services	10,200	4,722	4,897
Grants and contributions - operating	5,000	5,000	
- capital			
Amortization			
Interest			
Other (<i>Specify</i>)			
Total Planning and Development Services	15,200	9,722	4,897

RECREATION AND CULTURAL SERVICES

Wages and benefits	39,000	29,859	33,628
Professional/Contractual services	16,950	7,421	7,073
Utilities	3,000	2,295	2,243
Maintenance, materials and supplies	27,800	17,742	17,037
Grants and contributions - operating		250	250
- capital			
Amortization		8,764	8,764
Interest			
Allowance for uncollectibles			
Other (<i>Specify</i>)			
Total Recreation and Cultural Services	86,750	66,331	68,995

Municipality of SHIELDS
 Total Expenses by Function
 As at December 31, 2016

Schedule 3 - 3

	2016 Budget	2016	2015
UTILITY SERVICES			
Wages and benefits	8,700	5,776	5,852
Professional/Contractual services	95,600	101,287	92,888
Utilities	7,200	8,800	7,001
Maintenance, materials and supplies	6,400	5,193	12,240
Grants and contributions - operating			
- capital			
Amortization	45,200	45,218	44,862
Interest	13,650	13,617	18,092
Allowance for uncollectibles			
Other (<i>Specify</i>)			
Total Utility Services	176,750	179,891	180,935
TOTAL EXPENSES BY FUNCTION	652,550	584,908	562,187

Municipality of SHIELDS
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2016

Schedule 4

Revenues (Schedule 2)		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Fees and Charges		455	5,181	3,300	25,506	-	67,444	157,176	259,062
Tangible Capital Asset Sales - Gain		-	-	-	-	-	-	-	-
Land Sales - Gain		-	-	-	-	-	-	-	-
Investment Income and Commissions		2,515	-	-	-	-	-	-	2,515
Other Revenues		-	-	-	-	-	-	-	-
Grants - Conditional		-	1,000	-	1,007	-	5,816	12,169	12,169
- Capital		-	-	-	-	-	16,100	-	7,823
		-	-	-	-	-	-	12,804	28,904
Total Revenues		2,970	6,181	3,300	26,513	-	89,360	182,149	310,473
Expenses (Schedule 3)									
Wages & Benefits		62,336	-	87,387	-	-	29,859	5,776	185,358
Professional/ Contractual Services		27,383	28,249	35,208	35,618	4,722	7,421	101,287	239,888
Utilities		567	-	2,942	-	-	2,295	8,800	14,604
Maintenance Materials and Supplies		8,973	128	18,139	227	-	17,742	5,193	50,402
Grants and Contributions		-	10,150	-	-	5,000	250	-	15,400
Amortization		158	-	11,499	-	-	8,764	45,218	65,639
Interest		-	-	-	-	-	-	13,617	13,617
Allowance for Uncollectibles		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
Total Expenses		99,417	38,527	155,175	35,845	9,722	66,331	179,891	584,908
Surplus (Deficit) by Function		(96,447)	(32,346)	(151,875)	(9,332)	(9,722)	23,029	2,258	(274,435)

Taxes and other unconditional revenue (Schedule 1)

348,435

Net Surplus (Deficit)

74,000

Municipality of SHIELDS
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2015

Schedule 5

Revenues (Schedule 2)							
General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
290	6,400	4,755	25,405	-	60,326	149,155	246,331
-	-	12,700	-	-	-	-	12,700
103,950	-	-	-	-	-	-	103,950
3,305	-	-	-	-	-	-	3,305
886	-	-	-	-	-	18,010	18,896
400	1,720	2,856	200	-	5,346	-	10,522
-	-	-	-	-	-	12,496	12,496
108,831	8,120	20,311	25,605	-	65,672	179,661	408,200
Expenses (Schedule 3)							
Wages & Benefits	-	79,769	-	-	33,628	5,852	181,211
Professional/ Contractual Services	26,516	39,191	31,663	4,897	7,073	92,888	228,969
Utilities	566	2,749	-	-	2,243	7,001	12,559
Maintenance Materials and Supplies	7,703	18,189	29	-	17,037	12,240	55,198
Grants and Contributions	-	-	-	-	250	-	250
Amortization	346	10,216	-	-	8,764	44,862	64,188
Interest	-	-	-	-	-	18,092	18,092
Allowance for Uncollectibles	-	-	-	-	-	-	-
Other	1,720	-	-	-	-	-	1,720
97,318	28,236	150,114	31,692	4,897	68,995	180,935	562,187
11,513	(20,116)	(129,803)	(6,087)	(4,897)	(3,323)	(1,274)	(153,987)
Surplus (Deficit) by Function							

Municipality of SHIELDS
Consolidated Schedule of Tangible Capital Assets by Object
As at December 31, 2016

Schedule 6

2016

2015

	General Assets					Infrastructure Assets	General/ Infrastructure Assets Under Construction
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment		
Asset cost							
Opening Asset costs	7,500	120,270	675,907		392,338	1,997,159	
Additions during the year			35,230		33,489		
Disposals and write-downs during the year							
Transfers (from) assets under construction							
Closing Asset Costs	7,500	120,270	711,137	-	425,827	1,997,159	-
Accumulated Amortization Cost							
Opening Accumulated Amortization Costs		20,224	214,792		133,799	262,612	
Add: Amortization taken		5,221	15,019		17,508	27,891	
Less: Accumulated amortization on disposals							
Closing Accumulated Amortization Costs	-	25,445	229,811	-	151,307	290,503	-
Net Book Value	7,500	94,825	481,326	-	274,520	1,706,656	-

1. Total contributed/donated assets received in 2016: \$ -

2. List of assets recognized at nominal value in 2016 are:

- Infrastructure Assets \$ -
- Vehicles \$ -
- Machinery and Equipment \$ -

3. Amount of interest capitalized in 2016 \$ -

Municipality of SHIELDS
Consolidated Schedule of Tangible Capital Assets by Function
As at December 31, 2016

Schedule 7

2016

Assets	2016					
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture
Asset cost						
Opening Asset costs	5,730		409,799			177,145
Additions during the year			18,050			35,230
Disposals and write-downs during the year						15,439
Closing Asset Costs	5,730	-	427,849	-	-	212,375
						2,615,939

2015

Assets	2015	
	Total	Total
Asset cost		
Opening Asset costs	3,180,431	3,193,174
Additions during the year	42,055	68,719
Disposals and write-downs during the year	(29,312)	-
Closing Asset Costs	3,193,174	3,261,893

Amortization

Accumulated Amortization Cost						
Opening Accumulated Amortization Costs	5,572		108,033			52,414
Add: Amortization taken	158		12,198			8,764
Less: Accumulated amortization on disposals						
Closing Accumulated Amortization Costs	5,730	-	120,231	-	-	61,178
						509,927

Amortization		
Opening Accumulated Amortization Costs	582,771	631,427
Add: Amortization taken	64,188	65,639
Less: Accumulated amortization on disposals	(15,532)	-
Closing Accumulated Amortization Costs	631,427	697,066

Net Book Value	-	-	307,618	-	-	151,197
						2,106,012

Net Book Value	2,561,747	2,564,827
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Municipality of SHIELDS
Consolidated Schedule of Accumulated Surplus
As at December 31, 2016

Schedule 8

	2015	Changes	2016
UNAPPROPRIATED SURPLUS	819,869	3,122	822,991
APPROPRIATED RESERVES			
Machinery and Equipment	70,009	21,120	91,129
Public Reserve			-
Capital Trust			-
Utility	281,033	44,519	325,552
Other (Specify)	208,458	2,159	210,617
Total Appropriated	559,500	67,798	627,298
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)			-
Total Organized Hamlets	-	-	-
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6)	2,561,747	3,080	2,564,827
Less: Related debt			-
Net Investment in Tangible Capital Assets	2,561,747	3,080	2,564,827
Total Accumulated Surplus	3,941,116	74,000	4,015,116

Schedule 9

	PROPERTY CLASS					
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)
Taxable Assessment		30,279,130		17,076,150	596,900	
Regional Park Assessment						
Total Assessment						47,952,180
Mill Rate Factor(s)						
Total Base/Minimum Tax (generated for each property class)						47,952,180
Total Municipal Tax Levy (include base and/or minimum tax and special levies)		136,000		104,000	4,000	244,000
		196,558		138,152	5,194	339,904

MILL RATES: MILLS

Average Municipal*	7.08
Average School*	5.07
Potash Mill Rate	
Uniform Municipal Mill Rate	2.00

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

Municipality of SHIELDS
Schedule of Council Remuneration
As at December 31, 2016

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve/Mayor	Eldon Mackay	3,915	648	4,563
Councillor/Alderman	Dwayne Heidt	3,600	669	4,269
Councillor/Alderman	Grace Strasser	2,400	200	2,600
Councillor/Alderman	Cheryl Robson	1,630		1,630
Councillor/Alderman	Angela Larson	2,820	272	3,092
Councillor/Alderman	Ryan Pasitney	660	75	735
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Total		15,025	1,864	16,889