

TWIGG & COMPANY
CHARTERED PROFESSIONAL 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, 2017

Management's Responsibility

L.D. SAFINUK B. Comm., CPA, CA
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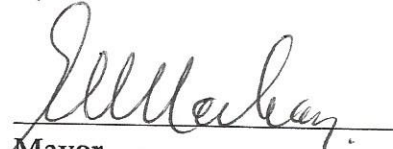
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Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. 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, and for approving the financial information included in the annual report. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters and external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

Twigg & Company, an independent firm of Chartered Professional 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 the administration to discuss their audit findings.


Mayor


Administrator

L.D. SAFINUK B. Comm., CPA, CA
M. LINGARD B. Comm., MPAcc., CPA, CA

Independent Auditors' Report

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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, 2017 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, 2017, 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 18, 2018

Twigg & Company
Chartered Professional Accountants

Municipality of SHIELDS
Consolidated Statement of Financial Position
As at December 31, 2017

Statement 1

	2017	2016
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	687,127	461,847
Taxes Receivable - Municipal (Note 3)	51,675	36,692
Other Accounts Receivable (Note 4)	108,310	236,427
Land for Resale (Note 5)	266,343	266,343
Long-Term Investments (Note 6)	894,276	864,682
Debt Charges Recoverable (Note 7)	-	-
Other (Specify)	-	-
	2,007,731	1,865,991
Total Financial Assets		
LIABILITIES		
Bank Indebtedness (Note 8)	73,593	48,394
Accounts Payable		
Accrued Liabilities Payable	67,350	68,653
Deposits	150	-
Deferred Revenue (Note 9)	-	-
Accrued Landfill Costs (Note 10)		
Liability for Contaminated Sites (Note 11)	5,192	5,192
Other Liabilities	269,442	293,555
Long-Term Debt (Note 12)		
Lease Obligations (Note 13)		
	415,727	415,794
Total Liabilities		
NET FINANCIAL ASSETS (DEBT)	1,592,004	1,450,197
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	2,561,473	2,564,827
Prepayments and Deferred Charges	45	92
Stock and Supplies		
Other (Note 14)	-	-
	2,561,518	2,564,919
Total Non-Financial Assets		
ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)	4,153,522	4,015,116

Municipality of SHIELDS
Consolidated Statement of Operations
As at December 31, 2017

Statement 2

	2017 Budget	2017	2016
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	402,375	408,386	348,435
Fees and Charges (Schedule 4, 5)	253,450	268,377	259,062
Conditional Grants (Schedule 4, 5)	5,438	10,529	7,823
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	-
Land Sales - Gain (Schedule 4, 5)	-	2,500	-
Investment Income and Commissions (Schedule 4, 5)	2,000	3,310	2,515
Other Revenues (Schedule 4, 5)	6,102	6,102	12,169
Total Revenues	669,365	699,204	630,004
EXPENSES			
General Government Services (Schedule 3)	106,247	100,157	99,417
Protective Services (Schedule 3)	36,450	37,625	38,527
Transportation Services (Schedule 3)	193,792	119,922	155,175
Environmental and Public Health Services (Schedule 3)	37,450	38,715	35,845
Planning and Development Services (Schedule 3)	10,000	1,326	9,722
Recreation and Cultural Services (Schedule 3)	87,337	84,776	66,331
Utility Services (Schedule 3)	195,786	191,653	179,891
Total Expenses	667,062	574,174	584,908
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	2,303	125,030	45,096
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	13,112	13,376	28,904
Surplus (Deficit) of Revenues over Expenses	15,415	138,406	74,000
Accumulated Surplus (Deficit), Beginning of Year	4,015,116	4,015,116	3,941,116
Accumulated Surplus (Deficit), End of Year	4,030,531	4,153,522	4,015,116

Municipality of SHIELDS

Consolidated Statement of Change in Net Financial Assets

As at December 31, 2017

Statement 3

	2017 Budget	2017	2016
Surplus (Deficit)	15,415	138,406	74,000
(Acquisition) of tangible capital assets		(65,560)	(68,719)
Amortization of tangible capital assets		68,914	65,639
Proceeds on disposal of tangible capital assets			
Loss (gain) on the disposal of tangible capital assets		-	-
Surplus (Deficit) of capital expenses over expenditures	-	3,354	(3,080)
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense		47	
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures	-	47	-
Increase/Decrease in Net Financial Assets	15,415	141,807	70,920
Net Financial Assets (Debt) - Beginning of Year	1,450,197	1,450,197	1,379,277
Net Financial Assets (Debt) - End of Year	1,465,612	1,592,004	1,450,197

Municipality of SHIELDS
Consolidated Statement of Cash Flow
As at December 31, 2017

Statement 4

Cash provided by (used for) the following activities

Operating:

	2017	2016
Surplus (Deficit)	138,406	74,000
Amortization	68,914	65,639
Loss (gain) on disposal of tangible capital assets	-	-
	207,320	139,639

Change in assets/liabilities

Taxes Receivable - Municipal	(14,983)	(9,310)
Other Receivables	128,117	327
Land for Resale	-	(6,354)
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	25,199	30,976
Deposits	(1,303)	953
Deferred Revenue	150	(3,624)
Accrued Landfill Costs	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	-	-
Stock and Supplies	-	-
Prepayments and Deferred Charges	47	-
Other (Specify)	-	-
	344,547	152,607

Cash provided by operating transactions

Capital:

Acquisition of capital assets	(65,560)	(68,719)
Proceeds from the disposal of capital assets	-	-
Other capital	-	-
	(65,560)	(68,719)

Cash applied to capital transactions

Investing:

Long-term investments	(29,594)	(29,596)
Other investments	-	-
	(29,594)	(29,596)

Cash provided by (applied to) investing transactions

Financing:

Debt charges recovered	-	-
Long-term debt issued	(24,113)	(23,118)
Long-term debt repaid	-	-
Other financing	-	-
	(24,113)	(23,118)

Cash provided by (applied to) financing transactions

Change in Cash and Temporary Investments during the year

Cash and Temporary Investments - Beginning of Year

Cash and Temporary Investments - End of Year

225,280	31,174
461,847	430,673
687,127	461,847

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/does not maintain] a waste disposal site. [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, 2017

- 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

	2017	2016
Cash	687127	461847
Temporary Investments		
Restricted Cash		
Total Cash and Temporary Investments	687,127	461,847

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

	2017	2016
Municipal - Current	37476	23759
- Arrears	14199	12933
	51,675	36,692
- Less Allowance for Uncollectibles		
Total municipal taxes receivable	51,675	36,692
School - Current	16245	9643
- Arrears	6180	4337
Total school taxes receivable	22,425	13,980
Other		
Total taxes and grants in lieu receivable	74,100	50,672
Deduct taxes receivable to be collected on behalf of other organizations	(22,425)	(13,980)
Total Taxes Receivable - Municipal	51,675	36,692

Municipality of SHIELDS
Notes to the Consolidated Financial Statements
As at December 31, 2017

4. Other Accounts Receivable

	2017	2016
Federal Government	6633	4800
Provincial Government		
Local Government Fire Dept Loan	62500	
Utility	38662	35745
Trade		
Other (Specify)	515	195882
Total Other Accounts Receivable	108,310	236,427
Less: Allowance for Uncollectibles		
Net Other Accounts Receivable	108,310	236,427

5. Land for Resale

	2017	2016
Tax Title Property		
Allowance for market value adjustment		
Net Tax Title Property	-	-
Other Land	266,343	266,343
Allowance for market value adjustment		
Net Other Land	266,343	266,343
Total Land for Resale	266,343	266,343

6. Long-Term Investments

	2017	2016
DAWWU	669276	639682
DRWU	225000	225000
Total Long-Term Investments	894,276	864,682

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

	2017	2016
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
2018			-
2019			-
2020			-
2021			-
2022			-
Thereafter			-
Balance	-	-	-

Municipality of SHIELDS

Notes to the Consolidated Financial Statements

As at December 31, 2017

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

	2017	2016
Prepaid Golf	150	
Total Deferred Revenue	150	-

10. Accrued Landfill Costs

	2017	2016
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, 2017****12. Long-Term Debt**

a) The debt limit of the municipality is \$660,000. 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
2018	25149	11586	36,735	36735
2019	26230	10505	36,735	36735
2020	27358	9377	36,735	36735
2021	28535	8200	36,735	36375
2022	29762	6973	36,735	36375
Thereafter	132408	14533	146,941	183677
Balance	269,442	61,174	330,616	367,352

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
2018			-	
2019			-	
2020			-	
2021			-	
2022			-	
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	
2018	-	
2019	-	
2020	-	
2021	-	
2022	-	
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, 2017

14. Other Non-financial Assets

2017

2016

(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 2017 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, 2017

Schedule 1

	2017 Budget	2017	2016
TAXES			
General municipal tax levy	391,983	391,983	339,904
Abatements and adjustments	(6,900)	(7,504)	(5,722)
Discount on current year taxes	(50,000)	(45,611)	(42,344)
Net Municipal Taxes	335,083	338,868	291,838
Potash tax share			
Trailer license fees			
Penalties on tax arrears	4,000	6,226	4,093
Special tax levy			
Other (Specify)			
Total Taxes	339,083	345,094	295,931
UNCONDITIONAL GRANTS			
Revenue Sharing (Organized Hamlet)	63,292	63,292	52,504
Total Unconditional Grants	63,292	63,292	52,504
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	-	-	-
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	402,375	408,386	348,435

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2017

Schedule 2 - 1

	2017 Budget	2017	2016
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	250	490	455
- Sales of supplies			
- Other (Specify) appeal fee		50	
Total Fees and Charges	250	540	455
- Tangible capital asset sales - gain (loss)			
- Land sales - gain		2,500	
- Investment income and commissions	2,000	3,310	2,515
- Other (Specify)			
Total Other Segmented Revenue	2,250	6,350	2,970
Conditional Grants			
- Student Employment			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	2,250	6,350	2,970
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total General Government Services	2,250	6,350	2,970

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (Building Permits fines)		3,605	5,181
Total Fees and Charges	-	3,605	5,181
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	3,605	5,181
Conditional Grants			
- Student Employment			
- Local government			
- Other donations)			1,000
Total Conditional Grants	-	-	1,000
Total Operating	-	3,605	6,181
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Local government			
- Other (Specify)			
Total Capital	-	-	-
Total Protective Services	-	3,605	6,181

Municipality of SHIELDS

Schedule of Operating and Capital Revenue by Function

As at December 31, 2017

Schedule 2 - 2

	2017 Budget	2017	2016
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work		75	
- Sales of supplies			
- Road Maintenance and Restoration Agreements			
- Frontage			
- Other (Storage fees)	3,000	3,600	3,300
Total Fees and Charges	3,000	3,675	3,300
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	3,000	3,675	3,300
Conditional Grants			
- MREP (CTP)			
- Student Employment		1,930	
- Other (Specify)			
Total Conditional Grants	-	1,930	-
Total Operating	3,000	5,605	3,300
Capital			
Conditional Grants			
- Federal Gas Tax			
- MREP (Heavy Haul, CTP, Municipal Bridges)			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total Transportation Services	3,000	5,605	3,300

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	25,000	26,021	25,212
- Other (Specify)			294
Total Fees and Charges	25,000	26,021	25,506
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	25,000	26,021	25,506
Conditional Grants			
- Student Employment			
- TAPD			
- Local government	372	1,008	1,007
- Other (Specify)			
Total Conditional Grants	372	1,008	1,007
Total Operating	25,372	27,029	26,513
Capital			
Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	-	-	-
Total Environmental and Public Health Services	25,372	27,029	26,513

Municipality of SHIELDS

Schedule of Operating and Capital Revenue by Function

As at December 31, 2017

Schedule 2 - 3

	2017 Budget	2017	2016
PLANNING AND DEVELOPMENT SERVICES			
Operating			
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			
- Other (Specify)	64,000	69,685	67,444
Total Fees and Charges	64,000	69,685	67,444
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	64,000	69,685	67,444
Conditional Grants			
- Student Employment	3,000	3,000	
- Local government donations		675	1,000
- Other (TIP)	2,066	1,850	2,750
Total Conditional Grants	5,066	2,066	2,066
Total Operating	69,066	77,591	5,816
Total Operating	69,066	77,276	73,260

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	69,066	77,276	89,360

Municipality of SHIELDS
Schedule of Operating and Capital Revenue by Function
As at December 31, 2017

Schedule 2 - 4

	2017 Budget	2017	2016
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	121,800	125,727	118,224
- Sewer	39,400	39,124	38,952
- Other (Specify)			
Total Fees and Charges	161,200	164,851	157,176
- Tangible capital asset sales - gain (loss)			
- Other (Interest)	6,102	6,102	12,169
Total Other Segmented Revenue	167,302	170,953	169,345
Conditional Grants			
- Student Employment			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	167,302	170,953	169,345
Capital			
Conditional Grants			
- Federal Gas Tax	13,112	13,376	12,804
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- Other (Specify)			
Total Capital	13,112	13,376	12,804
Total Utility Services	180,414	184,329	182,149
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	280,102	304,194	310,473
SUMMARY			
Total Other Segmented Revenue	261,552	280,289	273,746
Total Conditional Grants	5,438	10,529	7,823
Total Capital Grants and Contributions	13,112	13,376	28,904
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	280,102	304,194	310,473

Municipality of SHIELDS

Total Expenses by Function

As at December 31, 2017

Schedule 3 - 1

	2017 Budget	2017	2016
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	18,000	19,848	16,689
Wages and benefits	39,835	39,760	45,647
Professional/Contractual services	33,312	28,968	27,383
Utilities	600	685	567
Maintenance, materials and supplies	14,500	10,896	8,973
Grants and contributions - operating			
- capital			
Amortization			158
Interest			
Allowance for uncollectibles			
Other (Specify)			
Total Government Services	106,247	100,157	99,417

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	13,050	11,937	14,549
Utilities			
Maintenance, material and supplies	500		128
Grants and contributions - operating			
- capital			
Other (Specify)			

Fire protection

Wages and benefits			
Professional/Contractual services	12,700	25,688	13,700
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital	10,200		10,150
Amortization			
Interest			
Other (Specify)			
Total Protective Services	36,450	37,625	38,527

TRANSPORTATION SERVICES

Wages and benefits	90,308	81,198	87,387
Professional/Contractual Services	59,500	9,865	35,208
Utilities	3,480	3,241	2,942
Maintenance, materials, and supplies	12,200	8,754	7,542
Gravel	15,000	3,560	10,597
Grants and contributions - operating			
- capital			
Amortization	13,304	13,304	11,499
Interest			
Other (Specify)			
Total Transportation Services	193,792	119,922	155,175

Municipality of SHIELDS

Total Expenses by Function

As at December 31, 2017

Schedule 3 - 2

	2017 Budget	2017	2016
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits			
Professional/Contractual services	37,450	38,542	35,618
Utilities			
Maintenance, materials and supplies		173	227
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	37,450	38,715	35,845

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits			
Professional/Contractual Services	10,000	1,326	4,722
Grants and contributions - operating			5,000
- capital			
Amortization			
Interest			
Other (<i>Specify</i>)			
Total Planning and Development Services	10,000	1,326	9,722

RECREATION AND CULTURAL SERVICES

Wages and benefits	34,700	28,959	29,859
Professional/Contractual services	12,228	15,747	7,421
Utilities	2,684	3,304	2,295
Maintenance, materials and supplies	25,678	20,725	17,742
Grants and contributions - operating			250
- capital	2,500	6,494	
Amortization	9,547	9,547	8,764
Interest			
Allowance for uncollectibles			
Other (<i>Specify</i>)			
Total Recreation and Cultural Services	87,337	84,776	66,331

Municipality of SHIELDS

Total Expenses by Function

As at December 31, 2017

Schedule 3 - 3

	2017 Budget	2017	2016
UTILITY SERVICES			
Wages and benefits	15,000	11,090	5,776
Professional/Contractual services	104,800	106,944	101,287
Utilities	10,500	7,705	8,800
Maintenance, materials and supplies	6,800	4,268	5,193
Grants and contributions - operating			
- capital		2,960	
Amortization	46,063	46,063	45,218
Interest	12,623	12,623	13,617
Allowance for uncollectibles			
Other (<i>Specify</i>)			
Total Utility Services	195,786	191,653	179,891
TOTAL EXPENSES BY FUNCTION			
	667,062	574,174	584,908

Municipality of SHIELDS
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2017

Schedule 4

Revenues (Schedule 1)		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Fees and Charges		540	3,605	3,675	26,021	-	69,685	164,851	268,377
Tangible Capital Asset Sales - Gain		-	-	-	-	-	-	-	-
Land Sales - Gain		2,500							2,500
Investment Income and Commissions		3,310							3,310
Other Revenues		-	-	-	-	-	-	6,102	6,102
Grants - Conditional		-	-	1,930	1,008	-	7,591	-	10,529
- Capital		-	-	-	-	-	-	13,376	13,376
Total Revenues		6,350	3,605	5,605	27,029	-	77,276	184,329	304,194
Expenses (Schedule 1)									
Wages & Benefits		59,608	-	81,198	-	-	28,959	11,090	180,855
Professional/ Contractual Services		28,968	37,625	9,865	38,542	1,326	15,747	106,944	239,017
Utilities		685	-	3,241	-	-	3,304	7,705	14,935
Maintenance Materials and Supplies		10,896	-	12,314	173	-	20,725	4,268	48,376
Grants and Contributions		-	-	-	-	-	6,494	2,960	9,454
Amortization		-	-	13,304	-	-	9,547	46,063	68,914
Interest		-	-	-	-	-	-	12,623	12,623
Allowance for Uncollectibles		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
Total Expenses		100,157	37,625	119,922	38,715	1,326	84,776	191,653	574,174
Surplus (Deficit) by Function		(93,807)	(34,020)	(114,317)	(11,686)	(1,326)	(7,500)	(7,324)	(269,980)
Taxes and other unconditional revenue (Schedule 1)									408,386
Net Surplus (Deficit)									138,406

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

Schedule 5

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	-	-	-	-	-	-	12,169	2,515
Other Revenues	-	-	-	-	-	-	5,816	-	12,169
Grants - Conditional	-	1,000	-	1,007	-	-	16,100	-	7,823
- Capital	-	-	-	-	-	-	-	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	-	5,000	17,742	5,193	50,402
Grants and Contributions	-	10,150	-	-	-	-	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)

348,435

74,000

Taxes and other unconditional revenue (Schedule 1)

Net Surplus (Deficit)

Municipality of SHIELDS
Consolidated Schedule of Tangible Capital Assets by Object
As at December 31, 2017

Schedule 6

2017

2016

	General Assets					Infrastructure Assets	General/Infrastructure Assets Under Construction	Total	Total
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment				
Asset cost									
Opening Asset costs	7,500	120,270	711,137		425,827	1,997,159		3,261,893	3,193,174
Additions during the year					47,715		17,845	65,560	68,719
Disposals and write-downs during the year								-	
Transfers (from) assets under construction									
Closing Asset Costs	7,500	120,270	711,137	-	473,542	1,997,159	17,845	3,327,453	3,261,893
Accumulated Amortization Cost									
Opening Accumulated Amortization Costs		25,445	229,811		151,307	290,503		697,066	631,427
Add: Amortization taken		5,221	15,943		19,859	27,891		68,914	65,639
Less: Accumulated amortization on disposals								-	
Closing Accumulated Amortization Costs	-	30,666	245,754	-	171,166	318,394	-	765,980	697,066
Net Book Value	7,500	89,604	465,383	-	302,376	1,678,765	17,845	2,561,473	2,564,827

1. Total contributed/donated assets received in 2017: \$ -

2. List of assets recognized at nominal value in 2017 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, 2017

Schedule 7

	2017						2016	
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total
Assets								
Asset cost								
Opening Asset costs	5,730		427,849			212,375	2,615,939	3,193,174
Additions during the year			38,794			26,766		68,719
Disposals and write-downs during the year								-
Closing Asset Costs	5,730	-	466,643	-	-	239,141	2,615,939	3,327,453
Amortization								
Accumulated Amortization Cost								
Opening Accumulated Amortization Costs	5,730		119,532			61,178	510,626	631,427
Add: Amortization taken			13,304			9,547	46,063	65,639
Less: Accumulated amortization on disposals								-
Closing Accumulated Amortization Costs	5,730	-	132,836	-	-	70,725	556,689	765,980
Net Book Value	-	-	333,807	-	-	168,416	2,059,250	2,561,473
								2,564,827

Municipality of SHIELDS

Consolidated Schedule of Accumulated Surplus

As at December 31, 2017

Schedule 8

	2016	Changes	2017
UNAPPROPRIATED SURPLUS	822,991	82,991	905,982

APPROPRIATED RESERVES

Machinery and Equipment	91,129	22,851	113,980
Public Reserve			-
Capital Trust			-
Utility	325,552	46,063	371,615
Other (Specify)	210,617	(10,145)	200,472
Total Appropriated	627,298	58,769	686,067

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)	2,564,827	(3,354)	2,561,473
Less: Related debt			-
Net Investment in Tangible Capital Assets	2,564,827	(3,354)	2,561,473

Total Accumulated Surplus	4,015,116	138,406	4,153,522
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Schedule 9

	PROPERTY CLASS						
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	Total
Taxable Assessment		55,239,360			452,100		55,691,460
Regional Park Assessment							
Total Assessment							55,691,460
Mill Rate Factor(s)							
Total Base/Minimum Tax (generated for each property class)		276,000			4,600		280,600
Total Municipal Tax Levy (include base and/or minimum tax and special levies)		386,479			5,504		391,983

MILL J. RATES:

MILL RATES:	
Average Municipal*	7.03
Average School*	4.13
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, 2017

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve/Mayor	Eldon Mackay	5,350	996	6,346
Councillor/Alderman	Dwayne Heidt	5,240	333	5,573
Councillor/Alderman	Grace Strasser	2,860	100	2,960
Councillor/Alderman	Angie Larson	3,000		3,000
Councillor/Alderman	Ryan Pasitney	1,960	75	2,035
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Councillor/Alderman				-
Total		18,410	1,504	19,914