
RURAL MUNICIPALITY OF BRITANNIA NO. 502

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018



Vantage

CHARTERED PROFESSIONAL ACCOUNTANTS

Management's Responsibility

To the Ratepayers of Rural Municipality of Britannia No. 502
Lloydminster, Saskatchewan

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

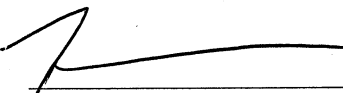
In discharging its responsibilities for the integrity and fair presentation of the consolidated financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Council is composed of elected officials who are not employees of the municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

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



Reeve



Administrator

March 27, 2019

INDEPENDENT AUDITORS' REPORT

To the Council of
Rural Municipality of Britannia No. 502
Lloydminster, Saskatchewan

Opinion

We have audited the accompanying financial statements of Rural Municipality of Britannia No. 502, which comprise the statement of financial position as at December 31, 2018, the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rural Municipality of Britannia No. 502 as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Rural Municipality of Britannia No. 502 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing Rural Municipality of Britannia No. 502's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Vantage Chartered Professional Accountants, featuring the word "Vantage" in a stylized, cursive script font.

Chartered Professional Accountants

North Battleford, Saskatchewan
March 27, 2019

Municipality of Britannia
Consolidated Statement of Financial Position
As at December 31, 2018

Statement 1

	2018	2017
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	8,104,334	6,376,704
Taxes Receivable - Municipal (Note 3)	266,209	272,227
Other Accounts Receivable (Note 4)	491,155	454,775
Land for Resale (Note 5)	8,500	13,837
Long-Term Investments (Note 6)	184,543	170,696
Debt Charges Recoverable		
Other		
Total Financial Assets	9,054,741	7,288,239
LIABILITIES		
Bank Indebtedness (Note 7)		
Accounts Payable	1,741,246	129,291
Accrued Liabilities Payable		
Deposits	10,300	16,855
Deferred Revenue (Note 8)	11	2,373
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Long-Term Debt (Note 9)	116,546	230,000
Lease Obligations		
Total Liabilities	1,868,103	378,519
NET FINANCIAL ASSETS (DEBT)	7,186,638	6,909,720
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	61,310,120	60,492,861
Prepayments and Deferred Charges	152,366	148,243
Stock and Supplies	1,525,096	1,071,024
Other		
Total Non-Financial Assets	62,987,582	61,712,128
ACCUMULATED SURPLUS (DEFICIT) (Schedule 8)	70,174,220	68,621,848

Municipality of Britannia
Consolidated Statement of Operations
For the year ended December 31, 2018

Statement 2

	2018 Budget	2018	2017
REVENUES			
Taxes and Other Unconditional Revenue (Schedule 1)	6,745,980	6,714,601	6,566,458
Fees and Charges (Schedule 4, 5)	789,740	514,991	485,600
Conditional Grants (Schedule 4, 5)	11,020	19,656	12,844
Tangible Capital Asset Sales - Gain (Schedule 4, 5)		(228,505)	(43,045)
Land Sales - Gain (Schedule 4, 5)		122,914	
Investment Income and Commissions (Schedule 4, 5)	47,010	125,025	66,255
Other Revenues (Schedule 4, 5)	3,000,010	2,484,875	2,893,239
Total Revenues	10,593,760	9,753,557	9,981,351
EXPENSES			
General Government Services (Schedule 3)	901,690	926,111	856,905
Protective Services (Schedule 3)	463,000	441,758	487,536
Transportation Services (Schedule 3)	9,592,570	7,163,348	8,610,717
Environmental and Public Health Services (Schedule 3)	177,110	174,059	176,801
Planning and Development Services (Schedule 3)	91,710	110,720	89,548
Recreation and Cultural Services (Schedule 3)	80,820	156,047	140,521
Utility Services (Schedule 3)	413,410	160,089	133,545
Total Expenses	11,720,310	9,132,132	10,495,573
Surplus (Deficit) of Revenues over Expenses before Other Capital Contribution	(1,126,550)	621,425	(514,222)
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	930,430	930,947	780,427
Surplus (Deficit) of Revenues over Expenses	(196,120)	1,552,372	266,205
Accumulated Surplus (Deficit), Beginning of Year	68,621,848	68,621,848	68,355,643
Accumulated Surplus (Deficit), End of Year	68,425,728	70,174,220	68,621,848

Municipality of Britannia
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2018

Statement 3

	2018 Budget	2018	2017
Surplus (Deficit)	(196,120)	1,552,372	266,205
(Acquisition) of tangible capital assets		(5,726,095)	(6,010,964)
Amortization of tangible capital assets		4,110,460	4,241,975
Proceeds on disposal of tangible capital assets		569,870	291,513
Loss (gain) on the disposal of tangible capital assets		228,505	43,045
Surplus (Deficit) of capital expenses over expenditures		(817,260)	(1,434,431)
(Acquisition) of supplies inventories		(454,072)	290,484
(Acquisition) of prepaid expense		(4,122)	(147,545)
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures		(458,194)	142,939
Increase/Decrease in Net Financial Assets	(196,120)	276,918	(1,025,287)
Net Financial Assets (Debt) - Beginning of Year	6,909,720	6,909,720	7,935,007
Net Financial Assets (Debt) - End of Year	6,713,600	7,186,638	6,909,720

Municipality of Britannia
Consolidated Statement of Cash Flow
For the year ended December 31, 2018

Statement 4

	2018	2017
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	1,552,372	266,205
Amortization	4,110,460	4,241,975
Loss (gain) on disposal of tangible capital assets	228,505	43,045
	<u>5,891,337</u>	<u>4,551,225</u>
Change in assets/liabilities		
Taxes Receivable - Municipal	6,018	(66,512)
Other Receivables	(36,380)	369,430
Land for Resale	5,337	(4,693)
Other Financial Assets		
Accounts and Accrued Liabilities Payable	1,611,953	(228,763)
Deposits	(6,555)	4,950
Deferred Revenue	(2,362)	2,362
Accrued Landfill Costs		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies	(454,067)	290,484
Prepayments and Deferred Charges	(4,123)	(147,547)
Other (Specify)		
Cash provided by operating transactions	7,011,158	4,770,936
Capital:		
Acquisition of capital assets	(5,726,095)	(6,010,964)
Proceeds from the disposal of capital assets	569,870	291,513
Other capital		
Cash applied to capital transactions	(5,156,225)	(5,719,451)
Investing:		
Long-term investments	(13,848)	(4,274)
Other investments		
Cash provided by (applied to) investing transactions	(13,848)	(4,274)
Financing:		
Debt charges recovered		
Long-term debt issued		230,000
Long-term debt repaid	(113,455)	
Other financing		
Cash provided by (applied to) financing transactions	(113,455)	230,000
Change in Cash and Temporary Investments during the year	1,727,630	(722,789)
Cash and Temporary Investments - Beginning of Year	<u>6,376,704</u>	<u>7,099,493</u>
Cash and Temporary Investments - End of Year	8,104,334	6,376,704

Municipality of Britannia
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

1. Significant Accounting Policies

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

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

- a) **Reporting Entity:** The consolidated financial statements consolidate the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.
- b) **Collection of funds for other authorities:** Collection of funds by the municipality for school boards, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation.
- c) **Government Transfers:** Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occur, providing:
 - a) the transfers are authorized
 - b) any eligibility criteria have been met; and
 - c) reasonable estimates of the amounts can be made.Unearned government transfer amounts received will be recorded as deferred revenue.
Earned government transfer amounts not received will be recorded as an amount receivable.
- d) **Deferred Revenue - Fees and charges:** Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.
- e) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- f) **Net Financial Assets:** Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- g) **Non-financial Assets:** Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.
- h) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.
- i) **Property Tax Revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- j) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment. The long term investments in the Saskatchewan Association of Rural Municipalities - Self insurance fund are accounted for on the equity basis.

Municipality of Britannia
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

1. Significant Accounting Policies - continued

- k) **Inventories:** Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.
- l) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant deflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. Tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The municipality's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<i>General Assets</i>	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	10 to 50 Yrs
<i>Vehicles & Equipment</i>	
Vehicles	5 to 10 Yrs
Machinery and Equipment	5 to 10 Yrs
<i>Infrastructure Assets</i>	
Infrastructure Assets	30 to 75 Yrs

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

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

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

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

- m) **Landfill Liability:**
The municipality does not maintain a waste disposal site.
- n) **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.
- o) **Liability for Contaminated Sites:** Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:
- a) an environmental standard exists;
 - b) contamination exceeds the environmental standard;
 - c) the municipality:
 - i. is directly responsible; or
 - ii. accepts responsibility;
 - d) it is expected that future economic benefits will be given up; and
 - e) a reasonable estimate of the amount can be made.

1. Significant Accounting Policies - continued

- p) **Measurement Uncertainty:** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

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

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

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

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

- q) **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.

- r) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on January 24, 2018.

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

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

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

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

PS 3320 Contingent Assets defines and establishes disclosure standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. Disclosure is required when the occurrence of the confirming future event is likely. The adoption of this standard has no impact on the consolidated financial statements.

PS 3380 Contractual Rights defines and establishes disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Adoption of this standard has resulted in additional disclosures for the 2018 fiscal year.

PS 3420 Inter-Entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This standard has no impact on the consolidated financial statements.

Municipality of Britannia
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

2. Cash and Temporary Investments

	2018	2017
Cash	8,067,149	6,354,824
Temporary Investments		
Restricted Cash	37,185	21,880
Total Cash and Temporary Investments	8,104,334	6,376,704

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

3. Taxes Receivable - Municipal

	2018	2017
Municipal - Current	235,359	208,417
- Arrears	36,962	69,922
	272,321	278,339
- Less Allowance for Uncollectible	(6,112)	(6,112)
Total municipal taxes receivable	266,209	272,227
School - Current	168,986	200,641
- Arrears	51,859	65,734
Total school taxes receivable	220,845	266,375
Other	9,277	13,137
Total taxes and grants in lieu receivable	496,331	551,739
Deduct taxes receivable to be collected on behalf of other organizations	(230,122)	(279,512)
Total Taxes Receivable - Municipal	266,209	272,227

Municipality of Britannia
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

4. Other Accounts Receivable	2018	2017
Federal Government	52,393	17,435
Provincial Government	28,355	5,601
Local Government	300	
Utility	2,068	1,855
Trade	524,953	545,033
Other	7,485	9,250
Total Other Accounts Receivable	615,554	579,174
Less: Allowance for Uncollectible	(124,399)	(124,399)
Net Other Accounts Receivable	491,155	454,775

5. Land for Resale	2018	2017
Tax Title Property		5,337
Allowance for market value adjustment		
Net Tax Title Property		5,337
Other Land	8,500	8,500
Allowance for market value adjustment		
Net Other Land	8,500	8,500
Total Land for Resale	8,500	13,837

6. Long-Term Investments	2018	2017
Sask Assoc. of Rural Municipalities - Self Insurance Fund	146,339	132,497
Synergy Credit Union and Co-op Equity	38,204	38,199
Total Long-Term Investments	184,543	170,696

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

7. Bank Indebtedness

Credit arrangements: At year-end, the municipality had lines of credit totalling 1,300,000, none of which were drawn, bearing interest at 3.2% secured by a general security agreement.

8. Deferred Revenue

	2018	2017
Overpaid taxes and Servicing Agreement	11	2,373
Total Deferred Revenue	11	2,373

Municipality of Britannia

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

9. Long-Term Debt

The debt limit of the municipality is \$10,748,303. 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)).

Bank loans are repayable over 2 years, with a fixed interest rate is fixed at 3.35%. Repayment is payable in quarterly blended payments of principle and interest of \$29,844, based on amortization of twenty-four months, secured by a 2007 CAT D7R XR with a net book value of \$230 950.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Principal
2019	116,546	2,126	118,672	230,000
2020				
2021				
2022				
2023				
Thereafter				
Balance	116,546	2,126	118,672	230,000

Debt covenants cover available credit and loan include:

- A minimum debt service ratio of 1.25:1
- A maximum combined debt/equity ratio of 3:1
- A current ratio of 1.25:1

The municipality was in compliance with all covenants.

10. 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.

11. Pension Plan

The municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multiemployer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits. The municipality's pension expense in 2018 was \$ 208,779 (2017 - \$179,981). 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.

12. Comparative Figures

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

Municipality of Britannia
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

13. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in an asset and revenue in the future. Significant contractual rights of the municipality are as follows:

Contractual Rights Type	Describe Nature Time and Extent	2018	2019	2020	2021	2022	Thereafter	No Fixed Maturity Date	Current Year Total	Prior Year Total
R/O System Update	2/3 Grant from Government		235,366					44,012	279,378	
Total			235,366					44,012	279,378	

Municipality of Britannia
 Schedule of Taxes and Other Unconditional Revenue
 For the year ended December 31, 2018

Schedule 1

	2018 Budget	2018	2017
TAXES			
General municipal tax levy	6,331,550	6,300,197	6,147,141
Abatements and adjustments	(2,000)	(4,154)	(917)
Discount on current year taxes			(351)
Net Municipal Taxes	6,329,550	6,296,043	6,145,873
Potash tax share			
Trailer license fees			
Penalties on tax arrears	12,000	16,503	15,849
Special tax levy			
Other (<i>Specify</i>)			
Total Taxes	6,341,550	6,312,546	6,161,722

UNCONDITIONAL GRANTS

Revenue Sharing (Organized Hamlet)	376,930	354,691	376,933
Total Unconditional Grants	376,930	354,691	376,933

GRANTS IN LIEU OF TAXES

Federal			
Provincial			
S.P.C. Electrical	9,500	29,364	9,803
SaskEnergy Gas			
TransGas	18,000	18,000	18,000
Central Services			
SaskTel			
Other (<i>Specify</i>)			
Local/Other			
Housing Authority			
C.P.R. Mainline			
Treaty Land Entitlement			
Other (<i>Specify</i>)			
Other Government Transfers			
S.P.C. Surcharge			
Sask Energy Surcharge			
Other (<i>Specify</i>)			
Total Grants in Lieu of Taxes	27,500	47,364	27,803

TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE **6,745,980** **6,714,601** **6,566,458**

Municipality of Britannia
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2018

Schedule 2 - 1

	2018 Budget	2018	2017
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	10,000	9,502	11,734
- Sales of supplies	5,000	902	4,133
- Other (<i>Specify</i>)	74,620	65,594	80,579
Total Fees and Charges	89,620	75,998	96,446
- Tangible capital asset sales - gain (loss)			
- Land sales - gain		122,914	
- Investment income and commissions	47,010	125,025	66,255
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	136,630	323,937	162,701
Conditional Grants			
- Student Employment			3,500
- Other (<i>Specify</i>)			
Total Conditional Grants			3,500
Total Operating	136,630	323,937	166,201
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Total General Government Services	136,630	323,937	166,201

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (<i>Specify</i>)	20,800	60,367	25,800
Total Fees and Charges	20,800	60,367	25,800
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			25,766
Total Other Segmented Revenue	20,800	60,367	51,566
Conditional Grants			
- Student Employment			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	20,800	60,367	51,566

Capital

Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Local government			
- Other (<i>Specify</i>)			
Total Capital			
Total Protective Services	20,800	60,367	51,566

Municipality of Britannia
 Schedule of Operating and Capital Revenue by Function
 For the year ended December 31, 2018

Schedule 2 - 2

	2018 Budget	2018	2017
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work		4,215	42,788
- Sales of supplies	3,960		
- Road Maintenance and Restoration Agreements			1,500
- Sale/Trade In of Machinery	403,750		
- Other (<i>Specify</i>)	174,700	226,612	210,662
Total Fees and Charges	582,410	230,827	254,950
- Tangible capital asset sales - gain (loss)		(228,505)	(43,045)
- Other (<i>Specify</i>)	3,000,010	2,484,875	2,867,473
Total Other Segmented Revenue	3,582,420	2,487,197	3,079,378
Conditional Grants			
- MREP (CTP)			
- Student Employment			
- Other (<i>Specify</i>)			1,821
Total Conditional Grants			1,821
Total Operating	3,582,420	2,487,197	3,081,199
Capital			
Conditional Grants			
- Federal Gas Tax	105,430	105,947	105,427
- MREP (Heavy Haul, CTP, Municipal Bridges)	825,000	825,000	675,000
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital	930,430	930,947	780,427
Total Transportation Services	4,512,850	3,418,144	3,861,626

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees			3,168
- Other (<i>Specify</i>)			
Total Fees and Charges			3,168
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue			3,168
Conditional Grants			
- Student Employment			
- TAPD			
- Local government	1,500	12,074	
- Other (<i>Specify</i>)	9,520	7,582	7,523
Total Conditional Grants	11,020	19,656	7,523
Total Operating	11,020	19,656	10,691

Capital

Conditional Grants			
- Federal Gas Tax			
- TAPD			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Total Environmental and Public Health Services	11,020	19,656	10,691

Municipality of Britannia
 Schedule of Operating and Capital Revenue by Function
 For the year ended December 31, 2018

Schedule 2 - 3

	2018 Budget	2018	2017
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	26,000	73,145	24,702
- Other (<i>Specify</i>)	5,000	3,222	15,682
Total Fees and Charges	31,000	76,367	40,384
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	31,000	76,367	40,384
Conditional Grants			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	31,000	76,367	40,384
Capital			
Conditional Grants			
- Federal Gas Tax			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Total Planning and Development Services	31,000	76,367	40,384

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (<i>Specify</i>)	11,010	11,011	11,011
Total Fees and Charges	11,010	11,011	11,011
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	11,010	11,011	11,011
Conditional Grants			
- Student Employment			
- Local government			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	11,010	11,011	11,011
Capital			
Conditional Grants			
- Federal Gas Tax			
- Local government			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Total Recreation and Cultural Services	11,010	11,011	11,011

Municipality of Britannia
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2018

Schedule 2 - 4

	2018 Budget	2018	2017
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	27,200	29,107	22,343
- Sewer	27,200	29,106	22,342
- Other (<i>Specify</i>)	500	2,208	9,156
Total Fees and Charges	54,900	60,421	53,841
- Tangible capital asset sales - gain (loss)			
- Other (<i>Specify</i>)			
Total Other Segmented Revenue	54,900	60,421	53,841
Conditional Grants			
- Student Employment			
- Other (<i>Specify</i>)			
Total Conditional Grants			
Total Operating	54,900	60,421	53,841
Capital			
Conditional Grants			
- Federal Gas Tax			
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- Other (<i>Specify</i>)			
Total Capital			
Total Utility Services	54,900	60,421	53,841
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	4,778,210	3,969,903	4,195,320
SUMMARY			
Total Other Segmented Revenue	3,836,760	3,019,300	3,402,049
Total Conditional Grants	11,020	19,656	12,844
Total Capital Grants and Contributions	930,430	930,947	780,427
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	4,778,210	3,969,903	4,195,320

Municipality of Britannia

Total Expenses by Function

For the year ended December 31, 2018

Schedule 3 - 1

	2018 Budget	2018	2017
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	122,600	120,963	122,299
Wages and benefits	439,380	457,719	417,374
Professional/Contractual services	240,810	217,187	200,239
Utilities	23,900	22,820	24,104
Maintenance, materials and supplies	54,000	49,374	63,501
Grants and contributions - operating	10,000	6,006	4,625
- capital			
Amortization		52,042	24,663
Interest			
Allowance for uncollectible			
Other (<i>Specify</i>)	11,000		100
Total Government Services	901,690	926,111	856,905

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	190,000	121,131	153,538
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Other (<i>Specify</i>)			

Fire protection

Wages and benefits	74,400	85,490	73,604
Professional/Contractual services	38,000	38,000	38,000
Utilities	14,200	12,564	12,720
Maintenance, material and supplies			
Grants and contributions - operating	116,400	82,679	107,631
- capital	30,000		
Amortization		101,894	102,043
Interest			
Other (<i>Specify</i>)			

Total Protective Services	463,000	441,758	487,536
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TRANSPORTATION SERVICES

Wages and benefits	2,390,920	1,857,332	2,153,804
Professional/Contractual Services	3,283,450	117,331	103,484
Utilities	22,700	17,722	23,260
Maintenance, materials, and supplies	1,652,000	1,197,002	1,809,853
Gravel	750,000	75,537	297,738
Grants and contributions - operating			
- capital	1,356,000		
Amortization		3,849,731	4,008,370
Interest			
Other (<i>Specify</i>)	137,500	48,693	214,208

Total Transportation Services	9,592,570	7,163,348	8,610,717
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Municipality of Britannia

Total Expenses by Function

For the year ended December 31, 2018

Schedule 3 - 2

	2018 Budget	2018	2017
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	81,710	95,325	87,452
Professional/Contractual services	70,180	61,337	59,966
Utilities	2,500	2,734	2,429
Maintenance, materials and supplies			12,415
Grants and contributions - operating			
o Waste disposal			
o Public Health			
- capital			
o Waste disposal			
o Public Health			
Amortization		14,539	14,539
Interest			
Other (<i>Specify</i>)	22,720	124	
Total Environmental and Public Health Services	177,110	174,059	176,801

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits	90,710	107,409	87,589
Professional/Contractual Services	1,000	1,539	187
Grants and contributions - operating			
- capital			
Amortization		1,772	1,772
Interest			
Other (<i>Specify</i>)			
Total Planning and Development Services	91,710	110,720	89,548

RECREATION AND CULTURAL SERVICES

Wages and benefits			
Professional/Contractual services			
Utilities	400	347	337
Maintenance, materials and supplies			
Grants and contributions - operating	72,880	104,410	89,347
- capital			
Amortization		43,293	43,293
Interest			
Allowance for uncollectible			
Other (<i>Specify</i>)	7,540	7,997	7,544
Total Recreation and Cultural Services	80,820	156,047	140,521

Municipality of Britannia

Total Expenses by Function

For the year ended December 31, 2018

Schedule 3 - 3

	2018 Budget	2018	2017
UTILITY SERVICES			
Wages and benefits	50,350	43,534	40,905
Professional/Contractual services	42,740	40,240	23,103
Utilities			
Maintenance, materials and supplies	20,320	29,126	22,242
Grants and contributions - operating			
- capital	300,000		
Amortization		47,189	47,295
Interest			
Allowance for Uncollectible			
Other (<i>Specify</i>)			
Total Utility Services	413,410	160,089	133,545
TOTAL EXPENSES BY FUNCTION	11,720,310	9,132,132	10,495,573

Municipality of Britannia
Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2018

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	75,998	60,367	230,827		76,367	11,011	60,421	514,991
Tangible Capital Asset Sales - Gain			(228,505)					(228,505)
Land Sales - Gain	122,914							122,914
Investment Income and Commissions	125,025							125,025
Other Revenues			2,484,875					2,484,875
Grants - Conditional				19,656				19,656
- Capital			930,947					930,947
Total Revenues	323,937	60,367	3,418,144	19,656	76,367	11,011	60,421	3,969,903
Expenses (Schedule 3)								
Wages & Benefits	578,682	85,490	1,857,332	95,325	107,409		43,534	2,767,772
Professional/ Contractual Services	217,187	159,131	117,331	61,337	1,539		40,240	596,765
Utilities	22,820	12,564	17,722	2,734		347		56,187
Maintenance Materials and Supplies	49,374		1,272,539				29,126	1,351,039
Grants and Contributions	6,006	82,679				104,410		193,095
Amortization	52,042	101,894	3,849,731	14,539	1,772	43,293	47,189	4,110,460
Interest								
Allowance for Uncollectible								
Other			48,693	124		7,997		56,814
Total Expenses	926,111	441,758	7,163,348	174,059	110,720	156,047	160,089	9,132,132
Surplus (Deficit) by Function	(602,174)	(381,391)	(3,745,204)	(154,403)	(34,353)	(145,036)	(99,668)	(5,162,229)
Taxes and other unconditional revenue (Schedule 1)								6,714,601
Net Surplus (Deficit)								1,552,372

Municipality of Britannia
Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2017

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	96,446	25,800	254,950	3,168	40,384	11,011	53,841	485,600
Tangible Capital Asset Sales - Gain			(43,045)					(43,045)
Land Sales - Gain								
Investment Income and Commissions	66,255							66,255
Other Revenues		25,766	2,867,473					2,893,239
Grants - Conditional	3,500		1,821	7,523				12,844
- Capital			780,427					780,427
Total Revenues	166,201	51,566	3,861,626	10,691	40,384	11,011	53,841	4,195,320
Expenses (Schedule 3)								
Wages & Benefits	539,673	73,604	2,153,804	87,452	87,589		40,905	2,983,027
Professional/ Contractual Services	200,239	191,538	103,484	59,966	187		23,103	578,517
Utilities	24,104	12,720	23,260	2,429		337		62,850
Maintenance Materials and Supplies	63,501		2,107,591	12,415			22,242	2,205,749
Grants and Contributions	4,625	107,631				89,347		201,603
Amortization	24,663	102,043	4,008,370	14,539	1,772	43,293	47,295	4,241,975
Interest								
Allowance for Uncollectible								
Other	100		214,208			7,544		221,852
Total Expenses	856,905	487,536	8,610,717	176,801	89,548	140,521	133,545	10,495,573
Surplus (Deficit) by Function	(690,704)	(435,970)	(4,749,091)	(166,110)	(49,164)	(129,510)	(79,704)	(6,300,253)

Taxes and other unconditional revenue (Schedule 1)

6,566,458

Net Surplus (Deficit)

266,205

Municipality of Britannia
Consolidated Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2018

Schedule 6

		2018						2017		
		General Assets				Infrastructure Assets	General/Infrastructure Assets Under Construction	Total	Total	
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets			
Assets	Asset cost									
	Opening Asset costs	1,815,505	1,473,592	3,885,833	2,085,894	8,019,690	80,881,560	1,469,137	99,631,211	94,250,555
	Additions during the year			15,247	34,827	1,144,646	681,260	3,850,115	5,726,095	6,010,964
	Disposals and write-downs during the year	(143,717)			(31,844)	(1,456,138)	14,005		(1,617,694)	(630,308)
	Transfers (from) assets under construction						874,991	(874,991)	Nil	
	Closing Asset Costs	1,671,788	1,473,592	3,901,080	2,088,877	7,708,198	82,451,816	4,444,261	103,739,612	99,631,211
Amortization	Accumulated Amortization Cost									
	Opening Accumulated Amortization Costs		384,195	923,990	935,286	3,528,524	33,366,355		39,138,350	35,192,123
	Add: Amortization taken		51,821	107,138	141,519	367,695	3,442,287		4,110,460	4,241,975
	Less: Accumulated amortization on disposals				(15,922)	(803,396)			(819,318)	(295,748)
		Closing Accumulated		436,016	1,031,128	1,060,883	3,092,823	36,808,642		42,429,492
	Net Book Value	1,671,788	1,037,576	2,869,952	1,027,994	4,615,375	45,643,174	4,444,261	61,310,120	60,492,861

1. Total contributed/donated assets received in 2018

Nil

2. List of assets recognized at nominal value in 2018 are:

- Infrastructure Assets

Nil

- Vehicles

Nil

- Machinery and Equipment

Nil

3. Amount of interest capitalized in Schedule 6

Nil

Municipality of Britannia
 Consolidated Schedule of Tangible Capital Assets by Function
 For the year ended December 31, 2018

Schedule 7

		2018							2017	
		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
Assets	Asset cost									
	Opening Asset costs	2,022,218	2,602,557	90,543,865	581,663	65,662	1,781,712	2,033,534	99,631,211	94,250,555
	Additions during the year			5,689,437				36,658	5,726,095	6,010,964
	Disposals and write-downs during the year	(143,717)		(1,473,977)					(1,617,694)	(630,308)
	Closing Asset Costs	1,878,501	2,602,557	94,759,325	581,663	65,662	1,781,712	2,070,192	103,739,612	99,631,211
Amortization	Accumulated									
	Opening Accumulated Amortization Costs	369,431	628,089	36,981,337	19,983	20,921	378,965	739,624	39,138,350	35,192,123
	Add: Amortization taken	52,042	101,894	3,849,731	14,539	1,772	43,293	47,189	4,110,460	4,241,975
	Less: Accumulated amortization on disposals			(819,318)					(819,318)	(295,748)
	Closing Accumulated Amortization Costs	421,473	729,983	40,011,750	34,522	22,693	422,258	786,813	42,429,492	39,138,350
	Net Book Value	1,457,028	1,872,574	54,747,575	547,141	42,969	1,359,454	1,283,379	61,310,120	60,492,861

Municipality of Britannia
Consolidated Schedule of Accumulated Surplus
For the year ended December 31, 2018

Schedule 8

	2017	Changes	2018
UNAPPROPRIATED SURPLUS	6,951,232	257,985	7,209,217
APPROPRIATED RESERVES			
Machinery and Equipment/ Public Reserve	500,000	(21,778)	478,222
Public reserve	56,856		56,856
Fire Department		129,508	129,508
Water/Sewer Reserve	174,783	13,001	187,784
Gas Tax	69,349	242,943	312,292
Gravel pit reclamation and roads	606,767		606,767
Total Appropriated	1,407,755	363,674	1,771,429
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6, 7)	60,492,861	817,259	61,310,120
Less: Related debt	(230,000)	113,454	(116,546)
Net Investment in Tangible Capital Assets	60,262,861	930,713	61,193,574
Total Accumulated Surplus	68,621,848	1,552,372	70,174,220

Municipality of Britannia
Schedule of Mill Rates and Assessments
For the year ended December 31, 2018

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment	119,198,245	175,066,400			144,520,000		438,784,645
Regional Park Assessment							
Total Assessment							438,784,645
Mill Rate Factor(s)	1.1000	1.0000			9.0000		
Total Base/Minimum Tax (generated for each property class)		33,400			883,800		917,200
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	439,246	619,874			5,241,077		6,300,197

MILL RATES:	MILLS
Average Municipal*	14.3583
Average School*	5.4700
Potash Mill Rate	
Uniform Municipal Mill Rate	3.3500

* 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 Britannia
Schedule of Council Remuneration
For the year ended December 31, 2018**

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve	John Light	11,014	4,302	15,316
Division 1 Councillor	Ed Noble	9,354	2,899	12,253
Division 2 Councillor	Wilfred Jurke	1,207	186	1,393
Division 2 Councillor	Dale Forland	5,901	1,778	7,679
Division 3 Councillor	Jim Collins	12,133	3,298	15,431
Division 4 Councillor	Kim Schindel	12,892	4,313	17,205
Division 5 Councillor	Cory McCall	9,159	3,769	12,928
Division 6 Councillor	Dale Crush	9,915	3,752	13,667
Total		71,575	24,297	95,872