Town of Watson

Consolidated Financial Statements

For the year ended December 31, 2021

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Management's Responsibility

To the Ratepayers of the Town of Watson (the "Municipality"):

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

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

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

HSA Chartered Professional Accountants LLP, 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.

March 10, 2022

Mayor

Administrator

HSA Chartered Professional Accountants

Independent Auditor's Repor

To the Mayor and Councillors of the Town of Watson (the "Municipality"):

Qualified Opinion

We have audited the consolidated financial statements of Town of Watson, which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Watson as at December 31, 2021, and the results of consolidated operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many municipalities, the Town of Watson controls entities that derive receipts from the general public from the sale of goods, donations, and admissions to events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary with respect to:

- revenues, surplus, change in consolidated net financial assets, and cash flows from operations for the years ended December 31, 2021 and 2020;
- assets as at December 31, 2021 and 2020;
- net financial assets and accumulated surplus as at January 1 and December 31 for 2021 and 2020.

Our audit opinion on the consolidated financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on April 8, 2021, because the completeness of revenues was not susceptible to satisfactory audit verification, as described in the *Basis for Qualified Opinion* section.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal controls 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 Municipality'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 Municipality’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants
Humboldt, Saskatchewan

March 15, 2022

Town of Watson
Consolidated Statement of Financial Position
As at December 31, 2021 Statement 1

	2021	2020
FINANCIAL ASSETS		
Cash and Temporary Investments (note 2)	**859,824**	1,318,221
Taxes Receivable - Municipal (note 3)	**16,881**	46,857
Other Accounts Receivable (note 4)	**101,835**	128,902
Land for Resale (note 5)	**43,042**	43,042
Long-Term Investments (note 6)	**450,000**	103,300
Total Financial Assets	**1,471,582**	1,640,322
LIABILITIES		
Accounts Payable	**66,021**	273,944
Deposits	**23,504**	22,439
Deferred Revenue (note 8)	**2,857**	-
Other Liabilities	**133,605**	94,907
Long-Term Debt (note 9)	**687,462**	807,553
Total Liabilities	**913,449**	1,198,843
NET FINANCIAL ASSETS	**558,133**	441,479
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	**5,065,035**	5,004,176
Prepayments and Deferred Charges	**686**	35,257
Stock and Supplies	**33,175**	37,679
Total Non-Financial Assets	**5,098,896**	5,077,112
ACCUMULATED SURPLUS (Schedule 8)	**5,657,029**	5,518,591

Contingent Liabilities (note 10)
Commitments (note 13)

Approved on behalf of Council:

Mayor

Councillor

Town of Watson
Consolidated Statement of Operations
For the year ended December 31, 2021

Statement 2

	2021 Budget	2021	2020
REVENUES	*(unaudited)*		
Taxes and Other Unconditional Revenue (Schedule 1)	**837,560**	**864,033**	928,199
Fees and Charges (Schedule 4, 5)	**463,500**	**508,885**	483,429
Conditional Grants (Schedule 4, 5)	**77,990**	**76,604**	129,246
Tangible Capital Asset Sales - (Loss) (Schedule 4, 5)	**380**	**36,510**	(11,788)
Land Sales - Gain (Loss) (Schedule 4, 5)	**-**	**1,000**	-
Investment Income and Commissions (Schedule 4, 5)	**5,000**	**7,015**	12,805
Donations (Schedule 4, 5)	**-**	**116,721**	86,824
Other Revenues (Schedule 4, 5)	**59,730**	**89,129**	64,524
Total Revenues	**1,444,160**	**1,699,897**	1,693,239
EXPENSES			
General Government Services (Schedule 3)	**328,930**	**339,960**	266,409
Protective Services (Schedule 3)	**96,800**	**89,976**	84,513
Transportation Services (Schedule 3)	**478,080**	**417,959**	523,137
Environmental and Public Health Services (Schedule 3)	**76,330**	**55,785**	51,713
Planning and Development Services (Schedule 3)	**30,000**	**20,937**	11,074
Recreation and Cultural Services (Schedule 3)	**202,770**	**224,231**	211,971
Utility Services (Schedule 3)	**495,610**	**497,540**	382,603
Total Expenses	**1,708,520**	**1,646,388**	1,531,420
Surplus of Revenues over Expenses before Other Capital Contributions	**(264,360)**	**53,509**	161,819
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	**272,470**	**84,929**	388,337
Surplus of Revenues over Expenses	**8,110**	**138,438**	550,156
Accumulated Surplus, Beginning of Year	**5,518,591**	**5,518,591**	4,968,435
Accumulated Surplus, End of Year	**5,526,701**	**5,657,029**	5,518,591

Town of Watson
Consolidated Statement of Changes in Net Financial Assets
For the year ended December 31, 2021

Statement 3

	2021 Budget	2021	2020
	(unaudited)		
Annual Surplus	**8,110**	**138,438**	550,156
Acquisition of tangible capital assets	**(385,000)**	**(268,459)**	(727,495)
Amortization of tangible capital assets	**227,100**	**202,832**	226,813
Proceeds on disposal of tangible capital assets	**-**	**41,278**	-
Loss (gain) on the disposal of tangible capital assets	**-**	**(36,510)**	11,788
Deficit of capital expenses over expenditures	**(157,900)**	**(60,859)**	(488,894)
Consumption (acquisition) of supplies inventories	**-**	**4,504**	(30,442)
Consumption (acquisition) of prepaid expense	**-**	**34,571**	(35,246)
Surplus (Deficit) of expenses of other non-financial over expenditures	**-**	**39,075**	(65,688)
Increase (Decrease) in Net Financial Assets	**(149,790)**	**116,654**	(4,426)
Net Financial Assets - Beginning of Year	**441,479**	**441,479**	445,905
Net Financial Assets - End of Year	**291,689**	**558,133**	441,479

Town of Watson
Consolidated Statement of Cash Flows
For the year ended December 31, 2021

Statement 4

	2021	2020
Cash provided by (used for) the following activities		
Operating:		
Surplus	**138,438**	550,156
Amortization	**202,832**	226,813
Loss (gain) on disposal of tangible capital assets	**(36,510)**	11,788
	304,760	788,757
Change in assets/liabilities		
Taxes Receivable - Municipal	**29,976**	580
Other Accounts Receivable	**27,067**	(46,878)
Land for Resale	**-**	-
Accounts Payable	**(207,923)**	210,466
Due to Federal Government	**-**	(31,308)
Deposits	**1,065**	(618)
Deferred Revenue	**2,857**	-
Other Liabilities	**38,698**	(33,944)
Stock and Supplies	**4,504**	(30,442)
Prepayments and Deferred Charges	**34,571**	(35,246)
Cash provided by operating transactions	**235,575**	821,367
Capital:		
Acquisition of tangible capital assets	**(268,459)**	(727,495)
Proceeds from the disposal of tangible capital assets	**41,278**	-
Cash applied to capital transactions	**(227,181)**	(727,495)
Investing:		
Long-term investments	**(346,700)**	(103,300)
Cash applied to investing transactions	**(346,700)**	(103,300)
Financing:		
Long-term debt issued	**-**	-
Long-term debt repaid	**(120,091)**	(116,041)
Cash provided by (applied to) financing transactions	**(120,091)**	(116,041)
Change in Cash and Temporary Investments during the year	**(458,397)**	(125,469)
Cash and Temporary Investments - Beginning of Year	**1,318,221**	1,443,690
Cash and Temporary Investments - End of Year	**859,824**	1,318,221

1. Significant accounting policies

The consolidated financial statements of the Municipality are 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:

a) **Basis of accounting:** The consolidated 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.

b) **Reporting entity:** The consolidated 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 consolidated financial statements are as follows:

Entity	
Watson Recreation Board	100%
Watson and District Arena Association	100%
Watson and District Heritage Museum	100%

All inter-organizational transactions and balances have been eliminated.

c) **Collection of funds for other authorities:** Collection of funds by the Municipality for the school boards are collected and remitted in accordance with relevant legislation.

d) **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.

Government transfer amounts received but not earned are recorded as deferred revenue.
Earned government transfer amounts not received are recorded as an amount receivable.

e) **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.

f) **Local improvement charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

g) **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.

h) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide Municipality services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.

i) **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.

1. Significant accounting policies - continued

j) **Property tax revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation an 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.

k) **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.

l) **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.

m) **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:

Asset	***Useful Life***
General Assets	
Land	Indefinite
Buildings	40 Yrs
Vehicles & Equipment	
Vehicles	10 Yrs
Machinery and Equipment	5 to 20 Yrs
Infrastructure Assets	
Infrastructure Assets	15 to 40 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.

n) **Employee benefit plans:** Contributions to the Municipality's defined benefit plan are expensed when contributions are made. Under the defined benefit plan, the Municipality's obligations are limited to their contributions.

o) **Measurement uncertainty:** The preparation of consolidated 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 consolidated 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.

1. Significant accounting policies - continued

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.

p) **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: Comprises 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

	2021	2020
Cash	**859,824**	1,318,221
Temporary Investments	**-**	-
Total Cash and Temporary Investments	**859,824**	1,318,221

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.

3. Taxes Receivable - Municipal

		2021	2020
Municipal	- Current	**29,573**	46,532
	- Arrears	**616**	15,208
		30,189	61,740
	- Less Allowance for Uncollectibles	**(13,308)**	(14,883)
Total Municipal Taxes Receivable		**16,881**	46,857

School	- Current	**5,945**	9,985
	- Arrears	**120**	3,059
Total School Taxes Receivable		**6,065**	13,044
Total Taxes and Grants In Lieu Receivable		**22,946**	59,901
Deduct Taxes Receivable to be Collected on Behalf of Other Organizations		**(6,065)**	(13,044)
Total Taxes Receivable - Municipal		**16,881**	46,857

4. Other Accounts Receivable

	2021	2020
Federal Government	**19,024**	29,944
Provincial Government	**-**	-
Utility	**73,172**	68,819
Trade	**9,639**	30,139
Total Other Accounts Receivable	**101,835**	128,902
Less: Allowance for Uncollectibles	**-**	-
Net Other Accounts Receivable	**101,835**	128,902

5. Land for Resale

	2021	2020
Tax Title Property	**56,493**	53,880
Allowance for Market Value Adjustment	**(47,676)**	(45,123)
Deduct: portion due to other tax authority (school)	**(8,817)**	(8,757)
Net Tax Title Property	**-**	-
Other Land	**43,042**	43,042
Allowance for Market Value Adjustment	**-**	-
Net Other Land	**43,042**	43,042
Total Land for Resale	**43,042**	43,042

6. Long-Term Investments

	2021	2020
Affinity Credit Union Term Deposit	**450,000**	103,300
Total Long-Term Investments	**450,000**	103,300

Long-term investments includes a one year term deposit with Affinity Credit Union bearing interest at 0.85% and matures on January 25, 2022.

7. Bank Indebtedness

As at December 31, 2021, the Watson and District Arena Association had an approved line of credit totaling $10,000, none of which has been drawn.

8. Deferred Revenue

	2021	2020
Sale of Land	**2,857**	
Total Deferred Revenue	**2,857**	-

9. Long-Term Debt

The debt limit of the Municipality is $1,236,272. 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)).

Water treatment plant expansion debenture repayable in annual instalments of $68,403 including interest at 4.20%. The debenture matures in 2026.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2022	55,684	12,719	68,403	53,440
2023	58,023	10,380	68,403	55,684
2024	60,460	7,943	68,403	58,023
2025	63,000	5,403	68,403	60,460
2026	65,645	2,758	68,403	63,000
Thereafter			-	65,645
Balance	**302,812**	**39,203**	**342,015**	**356,252**

Well development debenture repayable in annual instalments of $28,787 including interest at 2.65%. The debenture matures in 2025.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2022	25,927	2,860	28,787	25,258
2023	26,614	2,173	28,787	25,927
2024	27,320	1,467	28,787	26,614
2025	28,043	744	28,787	27,320
2026			-	28,043
Thereafter				
Balance	**107,904**	**7,244**	**115,148**	**133,162**

Sewer upgrade debenture repayable in annual instalments of $51,256 including interest at 3.10%. The debenture matures in 2027.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2022	42,677	8,579	51,256	41,393
2023	44,000	7,256	51,256	42,677
2024	45,364	5,892	51,256	44,000
2025	46,770	4,486	51,256	45,364
2026	48,220	3,036	51,256	46,770
Thereafter	49,715	1,541	51,256	97,935
Balance	**276,746**	**30,790**	**307,536**	**318,139**

Total Long-Term Debt	**687,462**	**77,237**	**764,699**	**807,553**

10. Contingent Liabilities

The Municipality, together with a number of other rural and urban municipalities, is a member of the Regional Authority of Carlton Trail - Waste Management District Ltd. ("REACT"). REACT is governed by the Department of Saskatchewan Environment and Resource Management ("SERM") and is responsible for waste collection, landfill operations and future site restoration costs. Expenditures that relate to on-going environmental and reclamation programs are charged against revenues as incurred. Future site restoration costs are recognized based on assumptions, engineering studies and estimates to the costs of future removal and site restoration. Changes to the underlying assumptions or legislative change in the future could have a material impact on the consolidated financial statements. As these costs are not readily determinable, the Municipality has not provided for future site restoration costs.

11. Budget

On February 10, 2021, Council approved its operating budget on planned expenses relating to the current year funding and other current year sources of revenue for the Municipality only. Budget information is not available for the Watson Recreation Board, Watson Economic Development Association, Watson & District Arena Association, and Watson & District Heritage Museum and has not been included in the budgeted figures presented. The budget amounts have not been audited.

12. 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 2021 was $29,986 (2020 - $24,981). 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.

The most recent valuation for the Municipal Pension Plan as of December 31, 2018, indicated a $494.3 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available 2022.

13. Commitments

During 2017, The Municipality entered into an arrangement with REACT to aid in funding a new regional landfill. The Municipality committed to pay REACT a $155 per-capita levy in the total amount of $21,607, over a period of five years commencing in 2017.

During 2018, The Municipality entered into a contract with All-Net Municipal Solutions to provide website design and contract services at a cost of $2,995 plus applicable taxes per year, for a period of four years, commencing in 2019.

During 2018, The Municipality committed a total of $90,000 to the Quill Plains Health Foundation over a period of five years. The funding is to assist with renovations and the expansion of the Quill Plains Centennial Lodge in Watson. As of December 31, 2021, $450,000 of the committed amount is appropriated to the Quill Plains Health Care Centre reserve.

13. Related Parties

The consolidated financial statements include transactions with related parties. The municipality is related to Meridian Surveys and Venlaw Manufacturing Ltd. under the common control of the Council.

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

Town of Watson

Schedule of Taxes and Other Unconditional Revenue

For the year ended December 31, 2021

Schedule 1

	2021 Budget	2021	2020
TAXES	*(unaudited)*		
General municipal tax levy	**671,290**	**671,289**	689,404
Abatements and adjustments	**(15,000)**	**(23,132)**	(10,779)
Discount on current year taxes	**(25,410)**	**(24,230)**	(25,411)
Net Municipal Taxes	**630,880**	**623,927**	653,214
Penalties on tax arrears	**5,020**	**6,423**	6,263
Total Taxes	**635,900**	**630,350**	659,477
UNCONDITIONAL GRANTS			
Revenue Sharing	**144,240**	**158,397**	159,822
Care A Van Grant	**10,000**	**6,156**	-
Safe Restart	**-**	**-**	41,579
Total Unconditional Grants	**154,240**	**164,553**	201,401
GRANTS IN LIEU OF TAXES			
Federal	**1,090**	**1,126**	1,093
Provincial			
SaskEnergy Gas	**-**	**19,558**	19,935
Other	**2,690**	**2,741**	2,693
Other Government Transfers			
S.P.C. Surcharge	**43,640**	**45,705**	43,600
Total Grants in Lieu of Taxes	**47,420**	**69,130**	67,321
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	**837,560**	**864,033**	928,199

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021 Schedule 2 - 1

	2021 Budget	2021	2020
GENERAL GOVERNMENT SERVICES	*(unaudited)*		
Operating			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	**-**	**3,263**	139
- Other (Fees, permits, licenses, tax certificates)	**5,880**	**5,491**	12,641
Total Fees and Charges	**5,880**	**8,754**	12,780
- Land sales - gain	**-**	**1,000**	-
- Investment income and commissions	**5,000**	**7,015**	12,805
- Donations	**56,470**	**86,177**	36,846
Total Other Segmented Revenue	**67,350**	**102,946**	62,431
Total Operating	**67,350**	**102,946**	62,431
Total General Government Services	**67,350**	**102,946**	62,431
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Policing & fire fees, fines)	**12,000**	**22,528**	19,990
Total Fees and Charges	**12,000**	**22,528**	19,990
-Tangible capital asset sales - gain	**-**	**15,498**	-
- Donations	**380**	**-**	379
Total Other Segmented Revenue	**12,380**	**38,026**	20,369
Conditional Grants			
- Local government	**11,000**	**4,000**	16,000
Total Conditional Grants	**11,000**	**4,000**	16,000
Total Operating	**23,380**	**42,026**	36,369
Total Protective Services	**23,380**	**42,026**	36,369

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 2

	2021 Budget	2021	2020
TRANSPORTATION SERVICES	*(unaudited)*		
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	**980**	**740**	980
- Sales of supplies	**-**	**-**	2,700
Total Fees and Charges	**980**	**740**	3,680
- Tangible capital asset sales - gain	**-**	**2,014**	-
Total Other Segmented Revenue	**980**	**2,754**	3,680
Conditional Grants			
- Student Employment	**2,500**	**2,406**	3,170
- Municipal Economic Enhancement Program	**-**	**-**	100,179
Total Conditional Grants	**2,500**	**2,406**	103,349
Total Operating	**3,480**	**5,160**	107,029
Total Transportation Services	**3,480**	**5,160**	107,029
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Cemetery Fees	**1,000**	**2,500**	2,700
Total Fees and Charges	**1,000**	**2,500**	2,700
- Tangible capital asset sales - gain	**-**	**11,999**	-
Total Other Segmented Revenue	**1,000**	**14,499**	2,700
Conditional Grants			
- Transit Assistance for People with Disabilities	**56,000**	**56,178**	1,409
Total Conditional Grants	**56,000**	**56,178**	1,409
Total Operating	**57,000**	**70,677**	4,109
Total Environmental and Public Health Services	**57,000**	**70,677**	4,109

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 3

	2021 Budget	2021	2020
RECREATION AND CULTURAL SERVICES	*(unaudited)*		
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Civic Centre rental fees)	**3,390**	**5,748**	3,385
Total Fees and Charges	**3,390**	**5,748**	3,385
- Tangible capital asset sales - gain	**-**	**6,999**	-
- Donations	**3,260**	**30,544**	49,599
- Subsidiary entities	**-**	**89,129**	64,524
Total Other Segmented Revenue	**6,650**	**132,420**	117,508
Conditional Grants			
- Saskatchewan Parks and Recreation Grant	**-**	**5,500**	-
- Saskatchewan Lotteries Community Grant	**8,490**	**8,520**	8,488
Total Conditional Grants	**8,490**	**14,020**	8,488
Total Operating	**15,140**	**146,440**	125,996
Total Recreation and Cultural Services	**15,140**	**146,440**	125,996

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2021

Schedule 2 - 4

	2021 Budget	2021	2020
UTILITY SERVICES	*(unaudited)*		
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	**142,520**	**159,485**	142,958
- Sewer	**122,880**	**128,139**	122,959
- Infrastructure fees	**173,100**	**172,991**	173,102
- Other (sale of supplies, etc.)	**1,750**	**8,000**	1,875
Total Fees and Charges	**440,250**	**468,615**	440,894
- Tangible capital asset sales - gain (loss)	**-**	**-**	(11,788)
Total Other Segmented Revenue	**440,250**	**468,615**	429,106
Total Operating	**440,250**	**468,615**	429,106
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)	**47,470**	**84,929**	61,685
- Clean Water and Wastewater Fund	**225,000**	**-**	326,652
Total Capital	**272,470**	**84,929**	388,337
Total Utility Services	**712,720**	**553,544**	817,443
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	**879,070**	**920,793**	1,153,377

SUMMARY

Total Other Segmented Revenue	**528,610**	**759,260**	635,794
Total Conditional Grants	**77,990**	**76,604**	129,246
Total Capital Grants and Contributions	**272,470**	**84,929**	388,337
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	**879,070**	**920,793**	1,153,377

Town of Watson

Total Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 1

	2021 Budget	2021	2020
GENERAL GOVERNMENT SERVICES	*(unaudited)*		
Council remuneration and travel	**19,960**	**19,609**	21,242
Wages and benefits	**148,000**	**148,826**	132,283
Professional/Contractual services	**62,530**	**55,170**	45,942
Utilities	**5,250**	**6,225**	5,728
Maintenance, materials and supplies	**29,600**	**19,414**	17,386
Grants and contributions - operating	**2,090**	**1,035**	7,752
Amortization	**2,480**	**1,753**	3,797
Donations	**57,780**	**87,255**	30,403
Interest and bank charges	**1,240**	**673**	1,876
Total Government Services	**328,930**	**339,960**	266,409
PROTECTIVE SERVICES			
Police protection			
Professional/Contractual services	**38,570**	**40,396**	37,315
Fire protection			
Professional/Contractual services	**19,000**	**15,090**	12,379
Utilities	**4,200**	**4,902**	4,768
Maintenance, material and supplies	**21,980**	**16,778**	14,255
Amortization	**13,050**	**12,810**	15,796
Total Protective Services	**96,800**	**89,976**	84,513
TRANSPORTATION SERVICES			
Wages and benefits	**160,180**	**175,039**	132,306
Professional/Contractual Services	**128,020**	**50,856**	212,750
Utilities	**30,690**	**32,157**	33,514
Maintenance, materials, and supplies	**39,810**	**53,645**	43,340
Gravel	**49,000**	**42,917**	25,854
Amortization	**70,380**	**63,345**	75,373
Total Transportation Services	**478,080**	**417,959**	523,137

Town of Watson

Total Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 2

	2021 Budget	2021	2020
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES	*(unaudited)*		
Professional/Contractual services	**24,180**	**25,571**	22,075
Maintenance, materials and supplies	**20,180**	**3,299**	3,847
Grants and contributions - capital			
○ Waste disposal	**21,610**	**21,607**	21,607
○ Public Health	**1,500**	**5,308**	4,184
Amortization	**8,860**	**-**	-
Total Environmental and Public Health Services	**76,330**	**55,785**	51,713
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual Services	**10,000**	**4,155**	5,909
Maintenance, materials and supplies	**10,000**	**8,132**	5,165
Grants and contributions - operating	**10,000**	**8,650**	-
Total Planning and Development Services	**30,000**	**20,937**	11,074
RECREATION AND CULTURAL SERVICES			
Wages and benefits	**-**	**24,078**	-
Professional/Contractual services	**118,390**	**28,594**	31,940
Utilities	**17,900**	**20,727**	20,073
Maintenance, materials and supplies	**6,450**	**18,338**	5,580
Grants and contributions - operating	**42,850**	**42,863**	41,850
Amortization	**17,180**	**(7,347)**	17,175
Subsidiary entities	**-**	**96,978**	95,353
Total Recreation and Cultural Services	**202,770**	**224,231**	211,971

Town of Watson

Total Expenses by Function

For the year ended December 31, 2021

Schedule 3 - 3

	2021 Budget	2021	2020
UTILITY SERVICES	*(unaudited)*		
Wages and benefits	**87,380**	**87,866**	94,160
Professional/Contractual services	**109,790**	**125,266**	19,726
Utilities	**35,640**	**37,270**	35,856
Maintenance, materials and supplies	**118,800**	**88,716**	85,018
Amortization	**115,150**	**132,271**	114,672
Interest	**28,350**	**26,352**	33,171
Allowance for uncollectibles	**500**	**(201)**	-
Total Utility Services	**495,610**	**497,540**	382,603
TOTAL EXPENSES BY FUNCTION	**1,708,520**	**1,646,388**	1,531,420

Town of Watson
Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2021

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	8,754	22,528	740	2,500	-	5,748	468,615	508,885
Tangible Capital Asset Sales - Gain	-	15,498	2,014	11,999	-	6,999	-	36,510
Land Sales - Gain	1,000	-	-	-	-	-	-	1,000
Investment Income and Commissions	7,015	-	-	-	-	-	-	7,015
Donations	86,177	-	-	-	-	30,544	-	116,721
Other Revenues	-	-	-	-	-	89,129	-	89,129
Grants - Conditional	-	4,000	2,406	56,178	-	14,020	-	76,604
- Capital	-	-	-	-	-	-	84,929	84,929
Total Revenues	**102,946**	**42,026**	**5,160**	**70,677**	**-**	**146,440**	**553,544**	**920,793**
Expenses (Schedule 3)								
Wages & Benefits	168,435	-	175,039	-	-	24,078	87,866	455,418
Professional/ Contractual Services	55,170	55,486	50,856	25,571	4,155	28,594	125,266	345,098
Utilities	6,225	4,902	32,157	-	-	20,727	37,270	101,281
Maintenance Materials and Supplies	19,414	16,778	96,562	3,299	8,132	18,338	88,716	251,239
Grants and Contributions	1,035	-	-	26,915	8,650	42,863	-	79,463
Amortization	1,753	12,810	63,345	-	-	(7,347)	132,271	202,832
Donations	87,255	-	-	-	-	-	-	87,255
Interest	673	-	-	-	-	-	26,352	27,025
Allowance for Uncollectibles	-	-	-	-	-	-	(201)	(201)
Other	-	-	-	-	-	96,978	-	96,978
Total Expenses	**339,960**	**89,976**	**417,959**	**55,785**	**20,937**	**224,231**	**497,540**	**1,646,388**
Surplus (Deficit) by Function	**(237,014)**	**(47,950)**	**(412,799)**	**14,892**	**(20,937)**	**(77,791)**	**56,004**	**(725,595)**
Taxes and Other Unconditional Revenue (Schedule 1)								864,033
Net Surplus								**138,438**

Town of Watson
Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2020

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	12,780	19,990	3,680	2,700	-	3,385	440,894	483,429
Tangible Capital Asset Sales - Gain (Loss)	-	-	-	-	-	-	(11,788)	(11,788)
Land Sales - Gain	-	-	-	-	-	-	-	-
Investment Income and Commissions	12,805	-	-	-	-	-	-	12,805
Donations	36,846	379	-	-	-	49,599	-	86,824
Other Revenues	-	-	-	-	-	64,524	-	64,524
Grants - Conditional	-	16,000	103,349	1,409	-	8,488	-	129,246
- Capital	-	-	-	-	-	-	388,337	388,337
Total Revenues	**62,431**	**36,369**	**107,029**	**4,109**	**-**	**125,996**	**817,443**	**1,153,377**
Expenses (Schedule 3)								
Wages & Benefits	153,525	-	132,306	-	-	-	94,160	379,991
Professional/ Contractual Services	45,942	49,694	212,750	22,075	5,909	31,940	19,726	388,036
Utilities	5,728	4,768	33,514	-	-	20,073	35,856	99,939
Maintenance Materials and Supplies	17,386	14,255	69,194	3,847	5,165	5,580	85,018	200,445
Grants and Contributions	7,752	-	-	25,791	-	41,850	-	75,393
Amortization	3,797	15,796	75,373	-	-	17,175	114,672	226,813
Donations	30,403	-	-	-	-	-	-	30,403
Interest	1,876	-	-	-	-	-	33,171	35,047
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	95,353	-	95,353
Total Expenses	**266,409**	**84,513**	**523,137**	**51,713**	**11,074**	**211,971**	**382,603**	**1,531,420**
Surplus (Deficit) by Function	**(203,978)**	**(48,144)**	**(416,108)**	**(47,604)**	**(11,074)**	**(85,975)**	**434,840**	**(378,043)**
Taxes and Other Unconditional Revenue (Schedule 1)								928,199
Net Surplus								**550,156**

Town of Watson
Consolidated Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2021

Schedule 6

		2021								2020
		General Assets					Infrastructure Assets		General/ Infrastructure	
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets		Assets Under Construction	Total	Total
Assets	**Asset cost**										
	Opening Asset costs	40,328	37,806	2,359,206	162,691	833,026	6,164,175		-	9,597,232	8,882,835
	Additions during the year	31,356	-	-	135,714	101,389	-		-	268,459	727,495
	Disposals and write-downs during the year	-	-	-	(108,368)	(68,516)	-		-	(176,884)	(13,098)
	Transfers (from) assets under construction	-	-	-	-	-	-		-	-	-
	Closing Asset Costs	**71,684**	**37,806**	**2,359,206**	**190,037**	**865,899**	**6,164,175**		**-**	**9,688,807**	**9,597,232**
Amortization	**Accumulated Amortization Cost**										
	Opening Accumulated Amortization Costs	-	7,660	1,283,343	137,676	556,650	2,607,727		-	4,593,056	4,367,553
	Add: Amortization taken	-	994	24,565	(1,005)	48,625	129,653		-	202,832	226,813
	Less: Accumulated amortization on disposals	-	-	-	(103,604)	(68,512)	-		-	(172,116)	(1,310)
	Closing Accumulated Amortization Cost	**-**	**8,654**	**1,307,908**	**33,067**	**536,763**	**2,737,380**		**-**	**4,623,772**	**4,593,056**
	Net Book Value	**71,684**	**29,152**	**1,051,298**	**156,970**	**329,136**	**3,426,795**		**-**	**5,065,035**	**5,004,176**

1. Total contributed/donated assets received in 2021: $ -

2. List of assets recognized at nominal value in 2021 are:

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

3. Amount of interest capitalized in 2021 $ -

Town of Watson
Consolidated Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2021

Schedule 7

	2021								2020
	General Government	**Protective Services**	**Transportation Services**	**Environmental & Public Health**	**Planning & Development**	**Recreation & Culture**	**Water & Sewer**	**Total**	Total
Assets									
Asset cost									
Opening Asset costs	209,879	476,302	2,156,206	88,639	10,408	649,061	6,006,737	9,597,232	8,882,835
Additions during the year	6,700	-	56,827	139,512	-	65,420	-	268,459	727,495
Disposals and write-downs during the year	-	(63,515)	(19,736)	(88,633)	-	(5,000)	-	(176,884)	(13,098)
Closing Asset Costs	**216,579**	**412,787**	**2,193,297**	**139,518**	**10,408**	**709,481**	**6,006,737**	**9,688,807**	**9,597,232**
Amortization									
Accumulated Amortization Cost									
Opening Accumulated Amortization Costs	202,114	247,423	1,837,800	88,631	-	545,030	1,672,058	4,593,056	4,367,553
Add: Amortization taken	1,753	12,810	63,345	-	-	(7,347)	132,271	202,832	226,813
Less: Accumulated amortization on disposals	-	(63,513)	(14,972)	(88,632)	-	(4,999)	-	(172,116)	(1,310)
Closing Accumulated Amortization Costs	**203,867**	**196,720**	**1,886,173**	**(1)**	**-**	**532,684**	**1,804,329**	**4,623,772**	**4,593,056**
Net Book Value	**12,712**	**216,067**	**307,124**	**139,519**	**10,408**	**176,797**	**4,202,408**	**5,065,035**	**5,004,176**

Town of Watson
Consolidated Schedule of Accumulated Surplus
For the year ended December 31, 2021

Schedule 8

	2020	Changes	**2021**
UNAPPROPRIATED SURPLUS	193,960	2,112	**196,072**
APPROPRIATED RESERVES			
Future Expenditures	205,000	115,000	**320,000**
Valve and Hydrant Replacement	47,110	(47,110)	**-**
Sand Seal	158,000	(68,000)	**90,000**
Recreation Facilities	80,000	(48,000)	**32,000**
Quill Plains Health Care Centre	95,300	354,700	**450,000**
Protective Services	20,000	20,000	**40,000**
Water	60,000	(30,000)	**30,000**
Sewer	310,000	(280,000)	**30,000**
Environmental and Public Health Services	8,000	(8,000)	**-**
Planning and Development Services	23,000	10,000	**33,000**
Watson Recreation Board	13,407	(499)	**12,908**
Watson Economic Development Association	13,542	(4,385)	**9,157**
Watson & District Arena Association	65,889	(43,939)	**21,950**
Watson & District Heritage Museum	28,760	(14,391)	**14,369**
Total Appropriated	1,128,008	(44,624)	**1,083,384**
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6)	5,004,176	60,859	**5,065,035**
Less: Related debt	(807,553)	120,091	**(687,462)**
Net Investment in Tangible Capital Assets	4,196,623	180,950	**4,377,573**
Total Accumulated Surplus	5,518,591	138,438	**5,657,029**

Town of Watson
Schedule of Mill Rates and Assessments
For the year ended December 31, 2021

Schedule 9

	PROPERTY CLASS						
	Agriculture	**Residential**	**Residential Condominium**	**Seasonal Residential**	**Commercial & Industrial**	**Potash Mine(s)**	**Total**
Taxable Assessment	217,360	30,999,040	-	-	5,437,875	-	36,654,275
Regional Park Assessment							-
Total Assessment							36,654,275
Mill Rate Factor(s)	1.0000	1.0000	-	-	3.30		
Total Base/Minimum Tax (generated for each property class)	1,430	407,865	-	-	31,250		440,545
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	2,517	562,860	-	-	105,912		671,289

MILL RATES:	**MILLS**
Average Municipal*	18.3141
Average School*	4.7814
Potash Mill Rate	-
Uniform Municipal Mill Rate	5.0000

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

Town of Watson
Schedule of Council Remuneration
For the year ended December 31, 2021

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Norma Weber	5,400		5,400
Councillor	Mike Brost	2,430		2,430
Councillor	Rebecca Paszt	2,270		2,270
Councillor	Glenn Pastl	2,140		2,140
Councillor	Aron Friesen	1,980		1,980
Councillor	Lindsey Sobchyshyn	1,980		1,980
Councillor	Rene Beaudry	1,180		1,180
Councillor	Jeff Turchyn	800		800
Total		**18,180**	**-**	**18,180**