

Town of Watson
Consolidated Financial Statements
December 31, 2020

Town of Watson
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For the year ended December 31, 2020

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Management's Responsibility

To the Ratepayers of the Town of Watson:


Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

Council is composed entirely of council members who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the annual consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information and discussing relevant matters with management. Council is also responsible for the appointment of the Town's external auditors.

MNP LLP is appointed by 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 with both management and Council to discuss their audit findings.

April 8, 2021



Mayor



Administrator

To the Mayor and Councillors of the Town of Watson:

Qualified Opinion

We have audited the consolidated financial statements of the Town of Watson (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets, cash flows and the related schedules 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 our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many towns, the Town of Watson controls certain organizations 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 these organizations and we were not able to determine whether any adjustments might be necessary to revenues, surplus, change in net financial assets and cash flows from operations for the years ended December 31, 2020 and 2019, assets as at December 31, 2020 and 2019, and net financial assets and accumulated surplus as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the consolidated financial statements for the year ended December 31, 2019 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 Town 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 opinion.

Responsibilities of Management, Mayor and Council 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

The Mayor and council are responsible for overseeing the Town'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 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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Mayor and council 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.

Humboldt, Saskatchewan

April 8, 2021


MNP LLP

Chartered Professional Accountants

Town of Watson
Consolidated Statement of Financial Position
As at December 31, 2020

Statement 1

	2020	2019
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	1,318,221	1,443,690
Taxes Receivable - Municipal (Note 3)	46,857	47,437
Other Accounts Receivable (Note 4)	128,902	82,024
Land for Resale (Note 5)	43,042	43,042
Long-Term Investments (Note 6)	103,300	-
Total Financial Assets	1,640,322	1,616,193
LIABILITIES		
Accounts Payable	273,944	63,478
Due to Federal Government	-	31,308
Deposits	22,439	23,057
Other Liabilities	94,907	128,851
Long-Term Debt (Note 8)	807,553	923,594
Total Liabilities	1,198,843	1,170,288
NET FINANCIAL ASSETS	441,479	445,905
Non-Financial Assets		
Tangible Capital Assets (Schedule 6, 7)	5,004,176	4,515,282
Prepayments and Deferred Charges	35,257	11
Stock and Supplies	37,679	7,237
Total Non-Financial Assets	5,077,112	4,522,530
Accumulated Surplus (Schedule 8)	5,518,591	4,968,435



 Mayor



 Councillor

Town of Watson
Consolidated Statement of Operations
For the year ended December 31, 2020

Statement 2

	2020 Budget	2020	2019
Revenues			
Taxes and Other Unconditional Revenue (Schedule 1)	863,810	928,199	873,549
Fees and Charges (Schedule 4, 5)	450,530	483,429	478,208
Conditional Grants (Schedule 4, 5)	23,180	129,246	23,572
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)	-	(11,788)	(3,067)
Land Sales - Gain (Loss) (Schedule 4, 5)	-	-	(3,407)
Investment Income and Commissions (Schedule 4, 5)	8,910	12,805	10,852
Donations (Schedule 4, 5)	82,470	86,824	84,068
Other Revenues (Schedule 4, 5)	180	64,524	123,768
Total Revenues	1,429,080	1,693,239	1,587,543
Expenses			
General Government Services (Schedule 3)	311,040	266,409	349,967
Protective Services (Schedule 3)	100,630	84,513	88,443
Transportation Services (Schedule 3)	500,520	523,137	416,976
Environmental and Public Health Services (Schedule 3)	87,320	51,713	57,860
Planning and Development Services (Schedule 3)	22,690	11,074	4,687
Recreation and Cultural Services (Schedule 3)	148,150	211,971	241,756
Utility Services (Schedule 3)	515,450	382,603	343,702
Total Expenses	1,685,800	1,531,420	1,503,391
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(256,720)	161,819	84,152
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	337,470	388,337	105,419
Surplus of Revenues over Expenses	80,750	550,156	189,571
Accumulated Surplus, Beginning of Year	4,968,435	4,968,435	4,778,864
Accumulated Surplus, End of Year	5,049,185	5,518,591	4,968,435

Town of Watson

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2020

Statement 3

	2020 Budget	2020	2019
Surplus	80,750	550,156	189,571
(Acquisition) of tangible capital assets	(685,000)	(727,495)	(64,462)
Amortization of tangible capital assets	183,080	226,813	209,012
Proceeds on disposal of tangible capital assets	-	-	5,830
Loss on the disposal of tangible capital assets	-	11,788	3,067
Surplus (Deficit) of capital expenses over expenditures	(501,920)	(488,894)	153,447
Consumption (acquisition) of supplies inventory	-	(30,442)	(1,495)
Use (acquisition) of prepaid expense	-	(35,246)	13
Surplus (Deficit) of expenses of other non-financial over expenditures	-	(65,688)	(1,482)
Increase (Decrease) in Net Financial Assets	(421,170)	(4,426)	341,536
Net Financial Assets - Beginning of Year	445,905	445,905	104,369
Net Financial Assets - End of Year	24,735	441,479	445,905

Town of Watson
Consolidated Statement of Cash Flow
For the year ended December 31, 2020

Statement 4

	2020	2019
Cash provided by (used for) the following activities		
Operating:		
Surplus	550,156	189,571
Amortization	226,813	209,012
Loss (gain) on disposal of tangible capital assets	11,788	3,067
	<u>788,757</u>	<u>401,650</u>
Change in assets/liabilities		
Taxes Receivable - Municipal	580	29,810
Other Receivables	(46,878)	268,955
Land for Resale	-	-
Accounts Payable	210,466	(72,210)
Due to Federal Government	(31,308)	(1,265)
Deposits	(618)	(623)
Other Liabilities	(33,944)	(4,532)
Stock and Supplies	(30,442)	(1,495)
Prepayments and Deferred Charges	(35,246)	13
Net cash from operations	821,367	620,303
Capital:		
Acquisition of capital assets	(727,495)	(64,462)
Proceeds from the disposal of capital assets	-	5,830
Net cash used for capital	(727,495)	(58,632)
Investing:		
Long-term investments	(103,300)	-
Net cash used for investing	(103,300)	-
Financing:		
Long-term debt repaid	(116,041)	(112,131)
Long-term debt issued	-	-
Net cash used for financing	(116,041)	(112,131)
Increase (Decrease) in Cash Resources	(125,469)	449,540
Cash and Investments - Beginning of Year	1,443,690	994,150
Cash and Investments - End of Year	1,318,221	1,443,690

The accompanying notes are an integral part of these financial statements

Town of Watson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies

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

- a) **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.
- b) **Reporting Entity:** The consolidated financial statements consolidate the assets, liabilities and flow of resources of the Town. The entity is comprised of all of the organizations that are owned or controlled by the Town 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
Watson and District Arena Association
Watson and District Heritage Museum

All inter-organizational transactions and balances have been eliminated.

- c) **Collection of Funds for Other Authorities:** Collection of funds by the Town for the school board are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in note 3.
- 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 occur, providing:
 - a) the transfer is authorized;
 - b) eligibility criteria have been met; and
 - c) a reasonable estimate of the amount can be made.

Government transfer amounts received but not earned will be recorded as deferred revenue.

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

- 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 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.
- 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.

Town of Watson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. Significant Accounting Policies - continued

- j) **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.
- 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 Town 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 tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. 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 Town's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Buildings	40 Yrs
Vehicles and 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 Town's defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the Town's obligations are limited to their contributions.
- o) **Measurement Uncertainty:** The preparation of the consolidated financial statements in conformity with 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.

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.

1. Significant Accounting Policies - continued

- p) **Basis of Segmentation/Segment Report:** The Town 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: The General Government segment provides for the administration of the Town.

Protective Services: Protective Services is comprised of expenses for Police and Fire protection.

Transportation services: The Transportation Services segment is 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 Town.

Planning and Development: The Planning and Development segment provides for neighbourhood development and sustainability.

Recreation and Culture: The Recreation and Culture segment provides for community services through the provision of recreation and leisure services and through subsidiary entities as indicated in Note 1(b).

Utility Services: The Utility Services segment provides for delivery of water, collecting and treating of wastewater and collection and disposal of solid waste.

- q) **New Standards and Amendments to Standards:
Effective for Fiscal Years Beginning On or After April 1, 2022:**

PS 1201 Financial Statement Presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of re-measurement gains and losses separate from the statement of operations arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign Currency Translation, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses.

PS 3041 Portfolio Investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instrument that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

Effective for Fiscal Years Beginning On or After April 1, 2023:

PS 3400 Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

The extent of the impact on adoption of these future standards is not known at this time.

Town of Watson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

	2020	2019
2. Cash and Temporary Investments		
Cash	1,318,221	1,105,867
Temporary investments	-	337,823
Total Cash and Temporary Investments	1,318,221	1,443,690

Cash and temporary investments include balances with banks and term deposits with maturities of three months or less.

3. Taxes and Grants in Lieu Receivable

Municipal - Current	46,532	45,580
- Arrears	15,208	16,739
	61,740	62,319
- Less Allowance for Uncollectibles	(14,883)	(14,882)
Total municipal taxes receivable	46,857	47,437
School - Current	9,985	9,212
- Arrears	3,059	4,266
Total school taxes receivable	13,044	13,478
Total taxes and grants in lieu receivable	59,901	60,915
Deduct taxes receivable to be collected on behalf of other organizations	(13,044)	(13,478)
Municipal and Grants in Lieu Taxes Receivable	46,857	47,437

4. Other Accounts Receivable

Federal government	29,944	-
Provincial government	-	-
Utility	68,819	58,689
Trade	30,139	23,335
Total Other Accounts Receivable	128,902	82,024
Less: Allowance for Uncollectibles	-	-
Net Other Accounts Receivable	128,902	82,024

5. Land for Resale

Tax Title Property	53,880	54,180
Allowance for market value adjustment	(45,123)	(45,123)
Deduct portion due to other tax authority (school)	(8,757)	(9,057)
Net Tax Title Property	-	-
Other Land	43,042	43,042
Net Other Land	43,042	43,042
Total Land for Resale	43,042	43,042

6. Long-Term Investments

Affinity Credit Union Term Deposit	103,300	-
Total Long-Term Investments	103,300	-

Long-Term Investments includes a one year term deposit with Affinity Credit Union bearing interest at 0.55% and matures on January 24, 2021.

Town of Watson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

7. Bank Indebtedness

Credit Arrangements

As at December 31, 2020, the Watson and District Arena Association had an approved line of credit totaling \$10,000, none of which was drawn.

8. Long-Term Debt

The debt limit of the Town is \$1,150,103. 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 repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2020			-	51,286
2021	53,440	14,963	68,403	53,440
2022	55,684	12,719	68,403	55,684
2023	58,023	10,380	68,403	58,023
2024	60,460	7,943	68,403	60,460
Thereafter	128,645	8,160	136,805	128,645
Balance	356,252	54,165	410,417	407,538

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

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2020			-	24,606
2021	25,258	3,529	28,787	25,258
2022	25,927	2,860	28,787	25,927
2023	26,614	2,173	28,787	26,614
2024	27,320	1,467	28,787	27,320
Thereafter	28,043	744	28,787	28,043
Balance	133,162	10,773	143,935	157,768

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

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Principal
2020			-	40,149
2021	41,393	9,863	51,256	41,393
2022	42,677	8,579	51,256	42,677
2023	44,000	7,256	51,256	44,000
2024	45,364	5,892	51,256	45,364
Thereafter	144,705	9,063	153,768	144,705
Balance	318,139	40,653	358,792	358,288

Total Long-Term Debt	807,553	105,591	913,144	923,594
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Town of Watson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

9. Contingent Liabilities

The Town, 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 financial statements. As these costs are not readily determinable, the Town has not provided for future site restoration costs.

10. Budget

On February 13, 2020, the Council approved its operating budget on planned expenses relating to the current year funding and other current year sources of revenue for the Town only. Budget information is not available for the reporting entities consolidated into the financial statements and has not been included in the budgeted figures presented.

11. Commitments

During 2017, the Town entered into an agreement with REACT to aid in funding a new regional landfill. The Town committed to pay REACT a \$155 per-capita levy in the total amount of \$108,035 (\$21,607 per year), over a period of five years commencing in 2017.

During 2018, the Town 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 Town 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, 2020, \$90,000 of the committed amount is appropriated to the Quill Plains Health Care Centre reserve.

During the year, the Town committed to the purchase of a 2021 Ford E-450 Caravan. A deposit of \$35,000 has been made prior to December 31, 2020 with the remaining balance of \$63,426 due on delivery of the vehicle.

12. Pension Plan

The Town 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 Town pension expense in 2020 was \$24,981 (2019 - \$20,432). The benefits accrued to the Town's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate.

13. Significant Event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Town of Watson

Schedule of Taxes and Other Unconditional Revenue

For the year ended December 31, 2020

Schedule 1

	2020 Budget	2020	2019
TAXES			
General municipal tax levy	687,630	689,404	687,626
Abatements and adjustments	(11,470)	(10,779)	(11,473)
Discount on current year taxes	(23,940)	(25,411)	(23,939)
Net Municipal Taxes	652,220	653,214	652,214
Penalties on tax arrears	8,570	6,263	8,570
Special tax levy	-	-	-
Total Taxes	660,790	659,477	660,784
UNCONDITIONAL GRANTS			
Revenue Sharing	144,240	159,822	144,240
Safe Restart	-	41,579	-
Total Unconditional Grants	144,240	201,401	144,240
GRANTS IN LIEU OF TAXES			
Federal	1,090	1,093	1,093
Provincial			
S.P.C. Electrical	16,000	19,935	20,900
Other	1,690	2,693	2,693
Other Government Transfers			
S.P.C. Surcharge	40,000	43,600	43,839
Total Grants in Lieu of Taxes	58,780	67,321	68,525
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	863,810	928,199	873,549

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	540	139	543
- Other - rentals, licenses, permits, etc.	5,590	12,641	19,505
Total Fees and Charges	6,130	12,780	20,048
- Tangible capital asset sales - gain (loss)	-	-	(6,707)
- Land sales - gain (loss)	-	-	(3,407)
- Investment income and commissions	8,910	12,805	10,852
- Donations	79,120	36,846	80,392
- Other	180	-	259
Total Other Segmented Revenue	94,340	62,431	101,437
Total Operating	94,340	62,431	101,437
Total General Government Services	94,340	62,431	101,437

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other - policing & fire fees and fines	11,690	19,990	19,976
Total Fees and Charges	11,690	19,990	19,976
- Donations	500	379	-
Total Other Segmented Revenue	12,190	20,369	19,976
Conditional Grants			
- Local government	10,000	16,000	10,000
Total Conditional Grants	10,000	16,000	10,000
Total Operating	22,190	36,369	29,976
Total Protective Services	22,190	36,369	29,976

TRANSPORTATION SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Custom work	830	980	1,022
- Sales of supplies	-	2,700	-
Total Fees and Charges	830	3,680	1,022
- Tangible capital asset sales - gain (loss)	-	-	3,640
Total Other Segmented Revenue	830	3,680	4,662
Conditional Grants			
- Student Employment	1,600	3,170	3,097
- Municipal Economic Enhancement Program	-	100,179	-
Total Conditional Grants	1,600	103,349	3,097
Total Operating	2,430	107,029	7,759
Total Transportation Services	2,430	107,029	7,759

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 2

	2020 Budget	2020	2019
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Cemetery Fees	1,000	2,700	2,200
Total Fees and Charges	1,000	2,700	2,200
Total Other Segmented Revenue	1,000	2,700	2,200
Conditional Grants			
- Transit Assistance for People with Disabilities	1,100	1,409	-
Total Conditional Grants	1,100	1,409	-
Total Operating	2,100	4,109	2,200
Total Environmental and Public Health Services	2,100	4,109	2,200

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other - Civic Center rental fees	5,500	3,385	8,443
Total Fees and Charges	5,500	3,385	8,443
- Donations	2,850	49,599	3,676
- Subsidiary entities	-	64,524	123,509
Total Other Segmented Revenue	8,350	117,508	135,628
Conditional Grants			
- Community Rink Affordability Grant	1,500	-	1,500
- Saskatchewan Lotteries Community Grant Program	8,980	8,488	8,975
Total Conditional Grants	10,480	8,488	10,475
Total Operating	18,830	125,996	146,103
Total Recreation and Cultural Services	18,830	125,996	146,103

Town of Watson
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2020

Schedule 2 - 3

	2020 Budget	2020	2019
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	133,820	142,958	133,943
- Sewer	118,350	122,959	119,113
- Infrastructure fees	173,210	173,102	173,219
- Other - sale of supplies, etc.	-	1,875	244
Total Fees and Charges	425,380	440,894	426,519
- Tangible capital asset sales - gain (loss)	-	(11,788)	-
Total Other Segmented Revenue	425,380	429,106	426,519
Total Operating	425,380	429,106	426,519
Capital			
Conditional Grants			
- Clean Water and Wastewater Fund	290,000	326,652	11,120
- Federal Gas Tax	47,470	61,685	94,299
Total Conditional Grants	337,470	388,337	105,419
Total Capital	337,470	388,337	105,419
Total Utility Services	762,850	817,443	531,938

TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	902,740	1,153,377	819,413
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SUMMARY

Total Other Segmented Revenue	542,090	635,794	690,422
Total Conditional Grants	23,180	129,246	23,572
Total Capital Grants and Contributions	337,470	388,337	105,419
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	902,740	1,153,377	819,413

Town of Watson

Schedule of Expenses by Function

For the year ended December 31, 2020

Schedule 3 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	21,900	21,242	27,220
Wages and benefits	129,720	132,283	152,611
Professional/Contractual services	50,560	45,942	65,668
Utilities	5,500	5,728	5,570
Maintenance, materials and supplies	19,600	17,386	16,670
Grants and contributions - operating	1,950	7,752	1,985
Amortization	2,480	3,797	2,481
Donations	77,750	30,403	76,507
Interest and bank charges	1,580	1,876	2,992
Allowance for (recovery of) uncollectibles	-	-	(2,209)
Other	-	-	472
Total Government Services	311,040	266,409	349,967

PROTECTIVE SERVICES

Police protection

Professional/Contractual services	37,430	37,315	37,429
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Fire protection

Professional/Contractual services	20,880	12,379	14,352
Utilities	5,120	4,768	5,071
Maintenance, materials and supplies	24,160	14,255	18,547
Amortization	13,040	15,796	13,044

Total Protective Services	100,630	84,513	88,443
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TRANSPORTATION SERVICES

Wages and benefits	141,260	132,306	118,605
Professional/Contractual Services	151,700	212,750	105,889
Utilities	36,600	33,514	36,436
Maintenance, materials and supplies	49,790	43,340	43,925
Gravel	50,800	25,854	49,224
Amortization	70,370	75,373	62,897

Total Transportation Services	500,520	523,137	416,976
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Town of Watson

Schedule of Expenses by Function

For the year ended December 31, 2020

Schedule 3 - 2

	2020 Budget	2020	2019
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Professional/Contractual services	22,730	22,075	24,658
Maintenance, materials and supplies	12,620	3,847	6,993
Grants and contributions - capital			
- Public Health	21,500	4,184	4,602
- Waste Disposal	21,610	21,607	21,607
Amortization	8,860	-	-
Total Environmental and Public Health Services	87,320	51,713	57,860
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual Services	4,690	5,909	4,687
Grants and contributions - operating	-	-	-
Maintenance, materials and supplies	18,000	5,165	-
Total Planning and Development Services	22,690	11,074	4,687
RECREATION AND CULTURAL SERVICES			
Wages and benefits	-	-	-
Professional/Contractual services	41,880	31,940	36,224
Utilities	17,520	20,073	16,768
Maintenance, materials and supplies	11,200	5,580	4,049
Grants and contributions - operating	60,360	41,850	43,107
Amortization	17,190	17,175	17,147
Subsidiary entities	-	95,353	124,461
Total Recreation and Cultural Services	148,150	211,971	241,756
UTILITY SERVICES			
Wages and benefits	80,160	94,160	78,304
Professional/Contractual services	193,230	19,726	41,604
Utilities	35,200	35,856	31,571
Maintenance, materials and supplies	98,900	85,018	45,537
Amortization	71,140	114,672	113,443
Interest	36,320	33,171	33,243
Allowance for uncollectibles	500	-	-
Total Utility Services	515,450	382,603	343,702
TOTAL EXPENSES BY FUNCTION	1,685,800	1,531,420	1,503,391

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

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	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 (Loss)	-	-	-	-	-	-	-	-
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	-	5,580	85,018	195,280
Grants and Contributions	7,752	-	-	25,791	5,165	41,850	-	80,558
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 (Recoveries)	-	-	-	-	-	-	-	-
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)

Taxation and other unconditional revenue (Schedule 1)

928,199

Net Surplus

550,156

Town of Watson
Consolidated Schedule of Segment Disclosure by Function
For the year ended December 31, 2019

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	20,048	19,976	1,022	2,200	-	8,443	426,519	478,208
Tangible Capital Asset Sales - Gain (Loss)	(6,707)		3,640	-	-	-	-	(3,067)
Land Sales - Gain (Loss)	(3,407)	-	-	-	-	-	-	(3,407)
Investment Income and Commissions	10,852	-	-	-	-	-	-	10,852
Donations	80,392	-	-	-	-	3,676	-	84,068
Other Revenues	259	-	-	-	-	123,509	-	123,768
Grants - Conditional	-	10,000	3,097	-	-	10,475	-	23,572
- Capital	-	-	-	-	-	-	105,419	105,419
Total revenues	101,437	29,976	7,759	2,200	-	146,103	531,938	819,413
Expenses (Schedule 3)								
Wages & Benefits	179,831	-	118,605	-	-	-	78,304	376,740
Professional/ Contractual Services	65,668	51,781	105,889	24,658	4,687	36,224	41,604	330,511
Utilities	5,570	5,071	36,436	-	-	16,768	31,571	95,416
Maintenance, Materials and Supplies	16,670	18,547	93,149	6,993	-	4,049	45,537	184,945
Grants and Contributions	1,985	-	-	26,209	-	43,107	-	71,301
Amortization	2,481	13,044	62,897	-	-	17,147	113,443	209,012
Donations	76,507	-	-	-	-	-	-	76,507
Interest	2,992	-	-	-	-	-	33,243	36,235
Allowance for Uncollectibles (Recoveries)	(2,209)	-	-	-	-	-	-	(2,209)
Other	472	-	-	-	-	124,461	-	124,933
Total expenses	349,967	88,443	416,976	57,860	4,687	241,756	343,702	1,503,391
Surplus (Deficit) by Function	(248,530)	(58,467)	(409,217)	(55,660)	(4,687)	(95,653)	188,236	(683,978)

Taxation and other unconditional revenue (Schedule 1)

873,549

Net Surplus

189,571

Town of Watson
Consolidated Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2020

Schedule 6

		2020					2019		
		General Assets					General/ Infrastructure Assets Under Construction	Total	Total
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets		
Assets	Asset cost								
	Opening Asset costs	40,328	37,806	2,359,206	162,691	829,737	5,438,243	14,824	8,882,835
	Additions during the year	-	-	-	-	9,000	718,495	-	64,462
	Disposals and write-downs during the year	-	-	-	-	(13,098)	-	(13,098)	(28,602)
	Transfers (from) assets under construction	-	-	-	-	-	14,824	(14,824)	-
	Closing Asset Costs	40,328	37,806	2,359,206	162,691	825,639	6,171,562	-	8,882,835
Amortization	Accumulated Amortization Cost								
	Opening Accumulated Amortization Costs	-	6,665	1,231,819	133,217	501,640	2,494,212	-	4,367,553
	Add: Amortization taken	-	995	51,524	4,459	56,320	113,515	-	209,012
	Less: Accumulated amortization on disposals	-	-	-	-	(1,310)	-	-	(19,705)
	Closing Accumulated Amortization Costs	-	7,660	1,283,343	137,676	556,650	2,607,727	-	4,593,056
	Net Book Value	40,328	30,146	1,075,863	25,015	268,989	3,563,835	-	4,515,282

1. Total contributed/donated assets received in 2020: \$ -

2. List of assets recognized at nominal value in 2020 are:

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

3. Amount of interest capitalized in 2020 \$ -

Town of Watson
Consolidated Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2020

Schedule 7

		2020						2019		
		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	2,147,206	88,639	10,408	649,061	5,301,340	8,882,835	8,846,975
	Additions during the year	-	-	9,000	-	-	-	718,495	727,495	64,462
	Disposals and write-downs during the year	-	-	-	-	-	-	(13,098)	(13,098)	(28,602)
	Closing Asset Costs	209,879	476,302	2,156,206	88,639	10,408	649,061	6,006,737	9,597,232	8,882,835
Amortization	Accumulated Amortization Cost									
	Opening Accumulated Amortization Costs	198,317	231,627	1,762,427	88,631	-	527,855	1,558,696	4,367,553	4,178,246
	Add: Amortization taken	3,797	15,796	75,373	-	-	17,175	114,672	226,813	209,012
	Less: Accumulated amortization on disposals	-	-	-	-	-	-	(1,310)	(1,310)	(19,705)
	Closing Accumulated Amortization Costs	202,114	247,423	1,837,800	88,631	-	545,030	1,672,058	4,593,056	4,367,553
Net Book Value		7,765	228,879	318,406	8	10,408	104,031	4,334,679	5,004,176	4,515,282

Town of Watson
Consolidated Schedule of Accumulated Surplus
For the year ended December 31, 2020

Schedule 8

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	233,842	(39,882)	193,960

APPROPRIATED RESERVES

Future Expenditures	-	205,000	205,000
Valve and Hydrant Replacement	64,000	(16,890)	47,110
Sand Seal	62,460	95,540	158,000
Recreation Facilities	61,350	18,650	80,000
Quill Plains Health Care Centre	103,300	(8,000)	95,300
Protective Services	9,300	10,700	20,000
Water	675,000	(615,000)	60,000
Sewer	-	310,000	310,000
Environmental and Public Health Services	8,000	-	8,000
Planning and Development Services	23,000	-	23,000
Watson Recreation Board	13,477	(70)	13,407
Watson Economic Development Association	19,110	(5,568)	13,542
Watson & District Arena Association	65,652	237	65,889
Watson & District Heritage Museum	38,256	(9,496)	28,760
Total Appropriated	1,142,905	(14,897)	1,128,008

NET INVESTMENT IN TANGIBLE CAPITAL ASSETS

Tangible capital assets (Schedule 6)	4,515,282	488,894	5,004,176
Less: Related debt	(923,594)	116,041	(807,553)
Net Investment in Tangible Capital Assets	3,591,688	604,935	4,196,623

Total Accumulated Surplus	4,968,435	550,156	5,518,591
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Town of Watson
Schedule of Mill Rates and Assessments
For the year ended December 31, 2020

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment	176,055	34,673,760	-	-	6,950,700	-	41,800,515
Regional Park Assessment							-
Total Assessment							41,800,515
Mill Rate Factor(s)	1.00	1.00	-	-	2.50		
Total Base/Minimum Tax (generated for each property class)	1,430	409,045	-	-	32,025		442,500
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	2,310	582,414	-	-	104,680		689,404

MILL RATES:

MILLS

Average Municipal*	16.4927
Average School*	4.4662
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, 2020

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Norma Weber	6,210	-	6,210
Judy Schmid	2,960	-	2,960
Myrna Lung	2,250	-	2,250
Mandy Green	2,220	-	2,220
Glenn Pastl	1,790	-	1,790
Lindsey Sobchyshyn	1,790	-	1,790
Dale Lung	1,600	-	1,600
Aaron Friesen	320	-	320
Mike Brost	320	-	320
Rebecca Paszt	320	-	320
Rene Beaudry	320	-	320
Total	20,100	-	20,100