

City of Estevan
Consolidated Financial Statements
December 31, 2017

City of Estevan

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For the year ended December 31, 2017

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Management's Responsibility

To the Council of the City of Estevan:

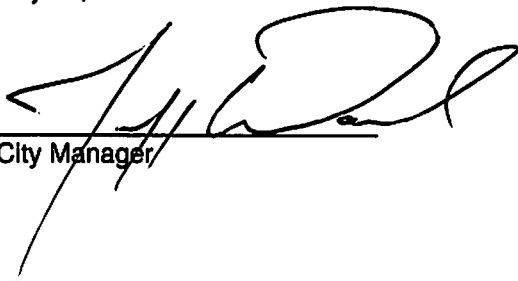
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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.

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

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

July 16, 2018



City Manager

Independent Auditors' Report

To the Council of the City of Estevan:

We have audited the accompanying consolidated financial statements of the City of Estevan, which comprises the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of operations, change in net debt, cash flows and accompanying schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The City is required to accrue landfill closure and post-closure costs. Since we have been unable to verify information with respect to these costs and associated liabilities, we have not been able to determine the related effect on assets, liabilities, expenses, opening accumulated surplus and accumulated surplus for the year ended December 31, 2017.

Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Estevan as at December 31, 2017 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Estevan, Saskatchewan

July 16, 2018

Chartered Professional Accountants

City of Estevan
 Consolidated Statement of Financial Position
 As at December 31, 2017

Statement 1

	2017	2016
ASSETS		
Financial Assets		
Cash (Note 2)	4,954,582	2,686,653
Taxes receivable - municipal (Note 3)	1,808,814	1,189,120
Other accounts receivable (Note 4)	2,119,687	2,475,861
Land for resale (Note 5)	2,632,645	2,713,451
Local improvement receivable (Note 6)	1,057,613	1,345,092
Total Financial Assets	12,573,341	10,410,177

LIABILITIES		
Accounts payable	3,351,252	3,531,289
Utility deposits	586,391	574,576
Deferred revenue (Note 8)	81,000	171,870
Long-term debt (Note 9)	30,396,109	30,997,004
Capital lease obligations (Note 10)	1,089,346	1,027,269
Total Liabilities	35,504,098	36,302,008

NET DEBT	(22,930,757)	(25,891,831)
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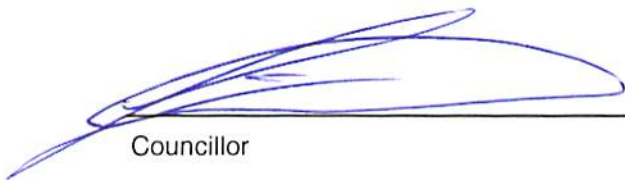
Non-Financial Assets		
Tangible capital assets (Schedule 6, 7)	112,439,440	110,184,599
Prepayments and deferred charges	66,383	283,252
Stock and supplies	969,418	1,312,596
Patronage equity	82,359	82,068
Total Non-Financial Assets	113,557,600	111,862,515

Accumulated Surplus (Schedule 8)	90,626,843	85,970,684
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See accompanying notes to the consolidated financial statements.



 Mayor



 Councillor

City of Estevan
Consolidated Statement of Operations
For The Year Ended December 31, 2017

Statement 2

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Taxes and other unconditional revenue (Schedule 1)	20,978,049	21,424,341	20,346,948
Fees and charges (Schedule 4, 5)	9,384,416	10,515,679	9,735,943
Conditional grants (Schedule 4, 5)	881,494	1,048,473	2,446,209
Tangible capital asset sales - loss (Schedule 4, 5)	-	152,054	1,287
Land sales - gain (Schedule 4, 5)	-	124,439	297,169
Investment income and commissions (Schedule 4, 5)	12,500	32,140	17,435
Other revenue (Schedule 4, 5)	304,500	332,993	349,909
Total Revenue	31,560,959	33,630,119	33,194,900
Expenses			
General government services (Schedule 3)	6,260,794	6,165,047	6,637,761
Protective services (Schedule 3)	6,155,631	5,897,071	5,263,457
Transportation services (Schedule 3)	6,001,138	6,408,167	5,836,849
Environmental and public health services (Schedule 3)	1,096,598	1,069,366	1,037,357
Planning and development services (Schedule 3)	384,260	264,907	431,946
Recreation and cultural services (Schedule 3)	6,440,406	6,224,856	6,303,289
Utility services (Schedule 3)	4,780,915	5,000,989	4,692,990
Total Expenses	31,119,742	31,030,403	30,203,649
Surplus of Revenues over Expenses before Other Capital Contributions	441,217	2,599,716	2,991,251
Provincial/Federal capital grants and contributions (Schedule 4, 5)	2,117,000	2,056,443	1,009,886
Annual Surplus	2,558,217	4,656,159	4,001,137
Accumulated Surplus, Beginning of Year	85,970,684	85,970,684	81,969,547
Accumulated Surplus, End of Year	88,528,901	90,626,843	85,970,684

City of Estevan
Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2017

Statement 3

	2017 Budget	2017 Actual	2016 Actual
Annual Surplus	<u>2,558,217</u>	<u>4,656,159</u>	<u>4,001,137</u>
(Acquisition) of tangible capital assets	(6,770,793)	(7,945,083)	(6,669,014)
Amortization of tangible capital assets	5,400,500	5,636,447	5,403,814
Proceeds on disposal of tangible capital assets	-	205,850	12,000
(Gain) loss on the disposal of tangible capital assets	-	(152,055)	(1,287)
Deficit of capital expenses over expenditures	(1,370,293)	(2,254,841)	(1,254,487)
Net consumption (acquisition) of supplies inventories	-	343,178	3,284
Net acquisition of prepayments / deferred charges	-	216,869	(218,198)
Increase in patronage equity	-	(291)	(2,637)
Surplus (deficit) of expenses of other non-financial over expenditures	-	559,756	(217,551)
Decrease in Net Debt	<u>1,187,924</u>	<u>2,961,074</u>	<u>2,529,099</u>
Net Debt - Beginning of Year	<u>(25,891,831)</u>	<u>(25,891,831)</u>	<u>(28,420,930)</u>
Net Debt - End of Year	<u><u>(24,703,907)</u></u>	<u><u>(22,930,757)</u></u>	<u><u>(25,891,831)</u></u>

See accompanying notes to the consolidated financial statements.

**City of Estevan
Consolidated Statement of Cash Flow
For The Year Ended December 31, 2017**

Statement 4

	2017	2016
Cash provided by (used for) the following activities		
Operating:		
Annual surplus	4,656,159	4,001,137
Amortization	5,636,447	5,403,814
Gain on disposal of tangible capital assets	(152,055)	(1,287)
	<u>10,140,551</u>	<u>9,403,664</u>
Change in net financial and non financial assets		
Taxes Receivable - municipal	(619,694)	(292,696)
Other accounts receivables	356,174	(11,212)
Land for resale	80,806	249,080
Local improvement receivable	287,479	337,098
Accounts payable	(180,037)	192,593
Utility deposits	11,815	5,038
Deferred revenue	(90,870)	(67,800)
Stock and supplies for use	343,178	3,284
Patronage equity	(291)	(2,637)
Prepayments and deferred charges	216,869	(218,198)
Net cash from operations	10,545,980	9,598,214
Capital:		
Acquisition of capital assets	(7,945,083)	(7,218,962)
Proceeds from the disposal of capital assets	205,850	12,000
Net cash used for capital	(7,739,233)	(7,206,962)
Financing:		
Long-term debt issued	3,500,000	1,600,000
Long-term debt and capital lease obligations repaid	(4,038,818)	(3,244,553)
Net cash from financing	(538,818)	(1,644,553)
Increase in cash resources	2,267,929	746,699
Cash - Beginning of Year	<u>2,686,653</u>	<u>1,939,954</u>
Cash - End of Year	<u>4,954,582</u>	<u>2,686,653</u>

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

1. Significant accounting policies

The City of Estevan ("the City") is a municipality in the Province of Saskatchewan and operates under provisions of the Municipal Government Act. The consolidated financial statements of the City are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies 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 revenue 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
- b) **Reporting Entity:** The consolidated financial statements presents 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

Estevan Police Department

Souris Valley Aquatic & Leisure Centre

All inter-organizational transactions and balances have been eliminated.

- c) **Collection of Funds for Other Authorities:** Collection of funds by the City for the school board, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in note 3.
- d) **Revenue Recognition:** The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognized revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

The City recognizes revenue for non-government funding as it becomes available under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

The City recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred. Taxes related to unreported taxable events or unidentified economic events that would be taxable events if disclosed or known to the government are recognized when such events are known, the related taxes are quantifiable, and amounts are collectible. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of the acquisition. At each financial statement date, the City evaluates the tax receivable for collectability and records a valuation allowance to best reflect the tax receivable at its net recoverable amount, if necessary.

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.

Investment income is recognized as it is earned.

- e) **Expenditure recognition:** Expenditures are recognized in the period the goods and services are acquired and a liability is incurred. They also include grants and contributions made when no direct goods or services were acquired. Expenditures include amounts for interest on debt outstanding but do not include any amounts for principal repayments.

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

1. Significant accounting policies - continued

- f) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- g) **Net Debt:** Net Debt 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.
- j) **Inventories:** Inventories of materials and supplies expected to be used by the City are valued at the lower of cost or replacement cost. Inventories of 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.

Land inventory, comprising land held for future development and resale, is valued at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare for sale or servicing. Land is available for resale when approved for sale by the engineering department and when all municipal services have been completed.

- k) **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 City's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>	<u>Useful Life</u>
General Assets		Infrastructure Assets
Land	Indefinite	
Land Improvements	15 Yrs	Water & Sewer
Buildings	20 to 40 Yrs	Road Network Assets
Vehicles & Equipment		
Vehicles	15 Yrs	
Machinery and Equipment	5 to 20 Yrs	

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

1. Significant accounting policies - continued

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.

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

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

l) **Landfill liability:** The Saskatchewan Environmental Protection Acts sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The City of Estevan maintains a waste disposal site. The City is unable to estimate closure and post-closure costs. No amount has been recorded as an asset or a liability.

m) **Measurement Uncertainty:** The preparation of 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. The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available. Amortization is based on the estimated useful lives of tangible capital assets.

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

n) **Basis of Segmentation:** 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 City.

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 City.

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.

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

1. Significant accounting policies - continued

n) **Basis of Segmentation (continued from previous page)**

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

o) **Liability for contaminated sites**: Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognised when all the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) The City:
 - i. is directly responsible; or
 - ii. accepts responsibility;
- d) it is expected that future economic benefit will be given up; and
- e) a reasonable estimate of the amount can be made.

p) **Defined contribution plan**: Employees make contributions equal to the following percentages of their salary:

Civic Employees	8.15% (2016 - 8.15%)
Emergency services	11.35 % (2016 - 11.35%)

The City contributes an equal amount to the plan. The total amount recognized as an expense during the period is \$1,746,637 (2016 - \$1,740,917).

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

2. Cash

The City of Estevan has restricted cash to provide upkeep of the cemetery amounting to \$264,700 (2016 - \$264,700) and \$686,151 (2016 - \$440,000) for the new nursing home in Estevan.

3. Taxes and grants in lieu receivable

	2017	2016
Municipal - Current	1,293,547	967,996
- Arrears	515,267	221,124
	1,808,814	1,189,120
- Less Allowance for Uncollectibles	-	-
Total municipal taxes receivable	1,808,814	1,189,120
School - Current	566,140	430,012
- Arrears	220,846	92,176
Total school taxes receivable	786,986	522,188
Other	-	-
Total taxes and grants in lieu receivable	2,595,800	1,711,308
Deduct taxes receivable to be collected on behalf of other organizations	(786,986)	(522,188)
Municipal and grants in lieu taxes receivable	1,808,814	1,189,120

4. Other accounts receivable

	2017	2016
Federal government	128,373	192,060
Utility	1,127,129	1,155,217
Trade	864,185	1,128,584
Other	-	-
Total other accounts receivable	2,119,687	2,475,861
Less Allowance for Uncollectibles	-	-
Net other accounts receivable	2,119,687	2,475,861

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

5. Land for resale

	2017	2016
Tax Title Property	-	-
Allowance for market value adjustment	-	-
Net Tax Title Property	-	-
Other Land	2,632,645	2,713,451
Allowance for market value adjustment	-	-
Net Other Land	2,632,645	2,713,451
Total Land for Resale	2,632,645	2,713,451

6. Local improvement receivable

Local improvements that were paid in full by the City and will be repaid at the total cost plus interest at a rate of 7% (2016 - 7%) by rate payers are as follows:

Year	Current Total
2018	203,836
2019	203,836
2020	201,703
2021	108,408
2022	106,102
Thereafter	233,728
Balance	1,057,613

7. Bank indebtedness

Bank indebtedness includes an operating loan with a maximum limit of \$9,000,000 (2016 - \$9,000,000) cumulative of both cash and bank indebtedness that is bearing interest at prime less 0.5% (2016 - prime less 0.5%) with assets are pledged as collateral.

City of Estevan

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2017

8. Deferred revenue

	2017	2016
Land sales option deposits	-	20,600
Security deposits	81,000	151,270
Total deferred revenue	81,000	171,870

9. Long-term debt

The debt limit of the City is \$55,000,000 (2016 - \$55,000,000) of which 55% (2016 - 56%) has been utilized as of December 31, 2017.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2018	4,040,003	854,085	4,894,088	4,998,692
2019	4,179,504	734,640	4,914,144	4,566,889
2020	4,320,689	612,695	4,933,384	4,586,945
2021	3,546,583	495,544	4,042,127	4,606,184
2022	3,347,210	402,579	3,749,789	3,714,927
Thereafter	10,962,120	1,326,341	12,288,461	12,764,265
Balance	30,396,109	4,425,884	34,821,993	35,237,902

Bank loans are repayable in monthly installments ranging from \$43,196 to \$98,925 (2016 - \$7,490 to \$98,170) or annual payments of \$137,442 to \$428,586 (2016 - 137,442 to \$428,586), bearing interest rates that range from prime less 0.5% to fixed rates of 5.5% (2016 - prime less 0.5% to fixed rates of 5.5%), matures from March 2017 to August 2032 (2016 - matures from March 2017 to August 2032). Long-term debt is subject to certain financial covenants with respect to annual audited statements to be provided to the bank 120 days after year end. The City is not compliant with this requirement.

10. Lease obligations

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

Year	
2018	419,854
2019	308,110
2020	197,797
2021	166,218
2022	61,005
Total future minimum lease payments	1,152,984
Amounts representing interest at a weighted average rate of 6.06%	(63,638)
Capital lease liability	1,089,346

Lease obligations repayable in monthly installments ranging from \$1,545 to \$18,504 (2016 - \$1,545 to \$18,504), bearing interest ranging from 3.00% to 6.40% (2016 - 3.00% to 6.40%), and maturing from June 2019 to July 2022 (2016 - May 2017 to June 2022).

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

11. Intergovernmental Transactions

Intergovernmental transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2017	2016
CAPITAL GRANTS		
Government of Saskatchewan		
GTF (Gas Tax Program)	672,083	643,343
Transit assistance	55,000	-
Saskatchewan infrastructure Growth	-	219,475
Other Governments		
RM of Estevan	70,000	70,000
	797,083	932,818
OPERATING GRANTS: Unconditional		
Municipal Government Revenue Sharing	2,163,889	2,414,046
OPERATING GRANTS: Conditional		
Government of Saskatchewan		
Transit assistance	74,250	77,068
Sask. Justice		
Funded Police Officers	330,000	330,000
Sask. Municipal Affairs		
Grants In Lieu	54,104	53,342
Sask. Corrections & Public Safety		
P.D.A.P - Flooding	55,216	1,483,620
	439,320	1,866,962
Total	2,603,209	4,281,008

City of Estevan
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2017

12. Comparative figures

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

13. Contingent Liabilities

In the ordinary course of business, various claims and lawsuits are brought against The City. It is the opinion of management that settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond payments already made to affected property owners. Any payments made by The City pursuant to expropriation settlement is charged to the surplus of revenues over expenses in the year of settlement.

14. Budget Information

On January 30, 2017, the Council approved the operating budget based on planned expenses and current year revenue.

15. Guarantees

As part of an agreement with the Estevan TS&M Woodlawn Golf Course the City has a residual value guarantee on the mortgage of the land and buildings of the golf course. The maximum amount payable under the guarantee is \$500,000 (2016 - \$500,000).

As at December 31, 2017 no liability has been recorded associated with this guarantee.

City of Estevan
 Schedule of Taxes and Other Unconditional Revenue
 For The Year Ended December 31, 2017

Schedule 1

	2017 Budget	2017 Actual	2016 Actual
TAXES			
General municipal tax levy	15,901,003	16,669,649	15,200,965
Abatements and adjustments	(15,000)	(136,441)	(23,119)
Discount on current year taxes	(50,000)	(52,049)	(47,433)
Net Municipal Taxes	15,836,003	16,481,159	15,130,413
Trailer license fees	170,000	74,444	100,010
Penalties on tax arrears	125,000	333,625	272,331
Other	-	109,106	116,622
Total Taxes	16,131,003	16,998,334	15,619,376
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	2,414,046	2,163,889	2,414,046
Total Unconditional Grants	2,414,046	2,163,889	2,414,046
GRANTS IN LIEU OF TAXES			
Federal	3,000	-	320
Provincial			
S.P.C. Electrical	640,000	177,329	471,649
SaskEnergy Gas	300,000	121,373	258,689
Local/Other			
Housing Authority	150,000	237,804	174,229
Other Government Transfers			
S.P.C. Surcharge	1,320,000	1,566,407	1,408,639
Other	20,000	159,205	-
Total Grants in Lieu of Taxes	2,433,000	2,262,118	2,313,526
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	20,978,049	21,424,341	20,346,948

City of Estevan
 Schedule of Operating and Capital Revenue by Function
 For The Year Ended December 31, 2017

Schedule 2 - 1

2017 Budget	2017 Actual	2016 Actual
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GENERAL GOVERNMENT SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Custom work	20,000	89,590	32,273
- Sales of supplies	35,000	76,717	44,994
- Other (Fees & permits)	105,000	967,135	238,029
Total Fees and Charges	160,000	1,133,442	315,296
- Land sales - gain	-	124,439	297,169
- Investment income and commissions	12,500	32,140	17,435
- Other (Rentals)	76,000	119,311	121,398
Total Other Segmented Revenue	248,500	1,409,332	751,298
Conditional Grants			
- Other (Building Canada Fund)	-	-	-
- Other (PDAP funding)	-	55,216	1,483,620
Total Conditional Grants	-	55,216	1,483,620
Total Operating	248,500	1,464,548	2,234,918

Capital

Conditional Grants			
- Gas Tax	627,000	672,083	643,343
- Other (SIGI Loan Interest Refunded)	150,000	-	219,475
Total Capital	777,000	672,083	862,818
Total General Government Services	1,025,500	2,136,631	3,097,736

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other	381,400	520,570	435,704
Total Fees and Charges	381,400	520,570	435,704
- Investment income and commissions	-	-	-
- Other (Court, violations & enforcement)	228,500	213,682	228,511
Total Other Segmented Revenue	609,900	734,252	664,215
Conditional Grants			
- Other (Special constable)	330,000	330,000	330,000
Total Conditional Grants	330,000	330,000	330,000
Total Operating	939,900	1,064,252	994,215
Total Protective Services	939,900	1,064,252	994,215

City of Estevan
 Schedule of Operating and Capital Revenue by Function
 For The Year Ended December 31, 2017

Schedule 2 - 2

	2017 Budget	2017 Actual	2016 Actual
TRANSPORTATION SERVICES			
Operating			
Total Fees and Charges			
- Tangible capital asset sales - gain (loss)	-	152,054	1,287
- Other (Specify)	-	-	-
Total Operating	-	152,054	1,287
Capital			
Conditional Grants			
- Other (Hwy 47)	-	-	-
Total Transportation Services	-	152,054	1,287

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	894,916	878,107	977,859
- Other (Cemetery fees)	36,000	25,427	43,033
Total Fees and Charges	930,916	903,534	1,020,892
- Tangible capital asset sales - gain (loss)	-	-	-
- Transit for disabled	76,876	74,250	-
- Other (Specify)	-	-	-
Total Other Segmented Revenue	1,007,792	977,784	1,020,892
Total Operating	1,007,792	977,784	1,020,892
Capital			
Conditional Grants			
- Transit for Disabled	-	55,000	77,068
Total Capital	-	55,000	77,068
Total Environmental and Public Health Services	1,007,792	1,032,784	1,097,960

City of Estevan
 Schedule of Operating and Capital Revenue by Function
 For The Year Ended December 31, 2017

Schedule 2 - 3

	2017 Budget	2017 Actual	2016 Actual
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	73,500	61,470	71,407
- Other (Specify)	-	-	-
Total Fees and Charges	73,500	61,470	71,407
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Donations)	-	-	-
Total Other Segmented Revenue	73,500	61,470	71,407
Total Operating	73,500	61,470	71,407
Total Planning and Development Services	73,500	61,470	71,407

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other	1,419,600	1,518,871	1,583,785
Total Other Segmented Revenue	1,419,600	1,518,871	1,583,785
Conditional Grants			
- Donations	355,000	373,415	335,705
- Other (Provincial agencies)	196,494	215,592	296,884
Total Conditional Grants	551,494	589,007	632,589
Total Operating	1,971,094	2,107,878	2,216,374
Capital			
Conditional Grants			
- Local government	70,000	70,000	70,000
Total Capital	70,000	70,000	70,000
Total Recreation and Cultural Services	2,041,094	2,177,878	2,286,374

City of Estevan
Schedule of Operating and Capital Revenue by Function
For The Year Ended December 31, 2017

Schedule 2 - 4

	2017 Budget	2017 Actual	2016 Actual
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water and sewer	6,419,000	6,377,792	6,308,859
Total Operating	6,419,000	6,377,792	6,308,859
Capital			
Conditional Grants			
- Other (Provincial water and sewer grant)	1,270,000	1,259,360	-
Total Capital	1,270,000	1,259,360	-
Total Utility Services	7,689,000	7,637,152	6,308,859
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	12,776,786	14,262,221	13,857,838

SUMMARY

Total Other Segmented Revenue	9,778,292	11,157,305	10,401,743
Total Conditional Grants	881,494	1,048,473	2,446,209
Total Capital Grants and Contributions	2,117,000	2,056,443	1,009,886
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	12,776,786	14,262,221	13,857,838

City of Estevan
 Schedule of Expenses by Function
 For The Year Ended December 31, 2017

Schedule 3 - 1

	2017 Budget	2017 Actual	2016 Actual
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	190,400	181,034	154,766
Wages and benefits	1,664,570	1,416,888	1,553,662
Professional/Contractual services	1,156,550	1,167,040	938,444
Utilities	83,740	143,837	93,068
Maintenance, materials and supplies	280,000	538,562	1,349,433
Grants and contributions - operating	1,064,619	1,110,732	1,037,068
Amortization	310,000	336,752	310,434
Interest	1,072,264	1,201,607	1,128,021
Other	438,651	68,595	72,865
Total Government Services	6,260,794	6,165,047	6,637,761

PROTECTIVE SERVICES

Police protection

Wages and benefits	4,063,130	3,991,305	3,724,119
Professional/Contractual services	544,544	299,859	265,503
Utilities	28,000	24,301	28,172
Maintenance, material and supplies	354,500	408,803	435,360

Fire protection

Wages and benefits	421,836	400,020	372,017
Professional/Contractual services	80,470	34,649	34,617
Utilities	21,000	26,817	13,425
Maintenance, material and supplies	390,151	396,881	138,372
Amortization	252,000	314,436	251,872

Total Protective Services	6,155,631	5,897,071	5,263,457
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TRANSPORTATION SERVICES

Wages and benefits	1,669,811	1,680,671	1,505,670
Professional/Contractual Services	619,414	983,746	851,542
Utilities	368,237	376,455	339,583
Maintenance, materials and supplies	1,208,676	1,198,439	1,004,335
Amortization	2,135,000	2,168,856	2,135,719

Total Transportation Services	6,001,138	6,408,167	5,836,849
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City of Estevan
 Schedule of Expenses by Function
 For The Year Ended December 31, 2017

Schedule 3 - 2

	2017 Budget	2017 Actual	2016 Actual
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	168,698	119,627	162,716
Professional/Contractual services	728,900	722,168	691,125
Utilities	5,000	7,935	6,520
Maintenance, materials and supplies	40,000	63,747	22,538
Amortization	154,000	155,889	154,458
Total Environmental and Public Health Services	1,096,598	1,069,366	1,037,357

PLANNING AND DEVELOPMENT SERVICES			
Wages and benefits	230,100	154,170	292,355
Professional/Contractual Services	84,100	41,262	69,630
Amortization	68,500	68,515	68,515
Other	1,560	960	1,446
Total Planning and Development Services	384,260	264,907	431,946

RECREATION AND CULTURAL SERVICES			
Wages and benefits	3,268,075	3,130,698	3,215,202
Professional/Contractual services	706,584	551,091	396,886
Utilities	615,175	616,928	646,176
Maintenance, materials and supplies	940,071	1,090,783	889,075
Amortization	701,000	708,857	701,623
Other	209,501	126,499	454,327
Total Recreation and Cultural Services	6,440,406	6,224,856	6,303,289

City of Estevan
 Schedule of Expenses by Function
 For The Year Ended December 31, 2017

Schedule 3 - 3

	2017 Budget	2017 Actual	2016 Actual
UTILITY SERVICES			
Wages and benefits	1,499,765	1,350,011	1,359,443
Professional/Contractual services	388,250	703,076	491,442
Utilities	305,400	256,142	298,844
Maintenance, materials and supplies	807,500	808,618	762,068
Amortization	1,780,000	1,883,142	1,781,193
Total Utility Services	4,780,915	5,000,989	4,692,990
TOTAL EXPENSES BY FUNCTION	31,119,742	31,030,403	30,203,649

City of Estevan
Schedule of Segment Disclosure by Function
For The Year Ended December 31, 2017

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	1,133,442	520,570	-	903,534	61,470	1,518,871	6,377,792	10,515,679
Tangible Capital Asset Sales - Gain (loss)	-	-	152,054	-	-	-	-	152,054
Land Sales - Gain	124,439	-	-	-	-	-	-	124,439
Investment Income and Commissions	32,140	-	-	-	-	-	-	32,140
Other Revenues	119,311	213,682	-	-	-	-	-	332,993
Grants - Conditional	55,216	330,000	-	74,250	-	589,007	-	1,048,473
- Capital	672,083	-	-	55,000	-	70,000	1,259,360	2,056,443
Total revenues	2,136,631	1,064,252	152,054	1,032,784	61,470	2,177,878	7,637,152	14,262,221
Expenses (Schedule 3)								
Wages & Benefits	1,597,922	4,391,325	1,680,671	119,627	154,170	3,130,698	1,350,011	12,424,424
Professional/ Contractual Services	1,167,040	334,508	983,746	722,168	41,262	551,091	703,076	4,502,891
Utilities	143,837	51,118	376,455	7,935	-	616,928	256,142	1,452,415
Maintenance Materials and Supplies	538,562	805,684	1,198,439	63,747	-	1,090,783	808,618	4,505,833
Grants and Contributions	1,110,732	-	-	-	-	-	-	1,110,732
Amortization	336,752	314,436	2,168,856	155,889	68,515	708,857	1,883,142	5,636,447
Interest	1,201,607	-	-	-	-	-	-	1,201,607
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	68,595	-	-	-	960	126,499	-	196,054
Total expenses	6,165,047	5,897,071	6,408,167	1,069,366	264,907	6,224,856	5,000,989	31,030,403
Surplus (Deficit) by Function	(4,028,416)	(4,832,819)	(6,256,113)	(36,582)	(203,437)	(4,046,978)	2,636,163	(16,768,182)

Taxation and other unconditional revenue (Schedule 1)

21,424,341

Annual Surplus

4,656,159

City of Estevan
Schedule of Segment Disclosure by Function
For The Year Ended December 31, 2016

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	315,296	435,704	-	1,020,892	71,407	1,583,785	6,308,859	9,735,943
Tangible Capital Asset Sales - Gain (loss)	-	-	1,287	-	-	-	-	1,287
Land Sales - Gain	297,169	-	-	-	-	-	-	297,169
Investment Income and Commissions	17,435	-	-	-	-	-	-	17,435
Other Revenues	121,398	228,511	-	-	-	-	-	349,909
Grants - Conditional	1,483,620	330,000	-	-	-	632,589	-	2,446,209
- Capital	862,818	-	-	77,068	-	70,000	-	1,009,886
Total revenues	3,097,736	994,215	1,287	1,097,960	71,407	2,286,374	6,308,859	13,857,838
Expenses (Schedule 3)								
Wages & Benefits	1,708,428	4,096,136	1,505,670	162,716	292,355	3,215,202	1,359,443	12,339,950
Professional/ Contractual Services	938,444	300,120	851,542	691,125	69,630	396,886	491,442	3,739,189
Utilities	93,068	41,597	339,583	6,520	-	646,176	298,844	1,425,788
Maintenance Materials and Supplies	1,349,433	573,732	1,004,335	22,538	-	889,075	762,068	4,601,181
Grants and Contributions	1,037,068	-	-	-	-	-	-	1,037,068
Amortization	310,434	251,872	2,135,719	154,458	68,515	701,623	1,781,193	5,403,814
Interest	1,128,021	-	-	-	-	-	-	1,128,021
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	72,865	-	-	-	1,446	454,327	-	528,638
Total expenses	6,637,761	5,263,457	5,836,849	1,037,357	431,946	6,303,289	4,692,990	30,203,649
Surplus (Deficit) by Function	(3,540,025)	(4,269,242)	(5,835,562)	60,603	(360,539)	(4,016,915)	1,615,869	(16,345,811)

Taxation and other unconditional revenue (Schedule 1)

20,346,948

Annual Surplus

4,001,137

City of Estevan
 Schedule of Tangible Capital Assets by Object
 For The Year Ended December 31, 2017

Schedule 6

		2017					2016		
		General Assets				Infrastructure Assets			
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets	Total	Total
Assets	Asset cost								
	Opening Asset costs	1,279,314	7,512,825	50,076,479	4,676,534	12,863,756	138,518,856	214,927,764	208,276,608
	Additions during the year	-	1,298,218	5,485,475	464,413	518,457	178,520	7,945,083	6,669,014
	Disposals and write-downs during the year	-	-	-	(52,120)	(409,681)	-	(461,801)	(17,858)
Closing Asset Costs		1,279,314	8,811,043	55,561,954	5,088,827	12,972,532	138,697,376	222,411,046	214,927,764
Amortization	Accumulated Amortization Cost								
	Opening Accumulated Amortization Costs	-	1,933,559	15,995,107	2,293,992	9,427,168	75,093,339	104,743,165	99,346,496
	Add: Amortization taken	-	344,444	964,614	346,080	625,346	3,355,963	5,636,447	5,403,814
	Less: Accumulated amortization on disposals	-	-	-	(39,293)	(368,713)	-	(408,006)	(7,145)
Closing Accumulated Amortization Costs		-	2,278,003	16,959,721	2,600,779	9,683,801	78,449,302	109,971,606	104,743,165
Net Book Value		1,279,314	6,533,040	38,602,233	2,488,048	3,288,731	60,248,074	112,439,440	110,184,599

Included in capital assets are fully amortized assets with a cost of \$34,741,571 (2016 - \$37,257,807), accumulated amortization of \$18,169,015 (2016 - \$19,685,251), and residual value of \$17,572,556 (2016 - \$17,572,556).

Included in capital assets are leased assets with a NBV of \$1,762,607 (2016 - \$1,585,183).

Included in capital asset are contributed assets of \$nil (2016 - \$nil).

City of Estevan
 Schedule of Tangible Capital Assets by Function
 For The Year Ended December 31, 2017

Schedule 7

		2017							2016	
		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
Assets	Asset cost									
	Opening Asset costs	6,617,132	4,580,446	89,463,399	2,118,160	2,630,357	42,052,762	67,465,508	214,927,764	208,276,608
	Additions during the year	1,471,830	2,640,417	706,411	28,623	-	92,946	3,004,856	7,945,083	6,669,014
	Disposals and write-downs during the year	-	(250,701)	(211,100)	-	-	-	-	(461,801)	(17,858)
	Closing Asset Costs	8,088,962	6,970,162	89,958,710	2,146,783	2,630,357	42,145,708	70,470,364	222,411,046	214,927,764
Amortization	Accumulated Amortization Cost									
	Opening Accumulated Amortization Costs	1,212,666	2,515,488	58,413,143	942,767	154,323	10,429,607	31,075,171	104,743,165	99,346,496
	Add: Amortization taken	336,752	314,436	2,168,856	155,889	68,515	708,857	1,883,142	5,636,447	5,403,814
	Less: Accumulated amortization on disposals	-	(218,016)	(189,990)	-	-	-	-	(408,006)	(7,145)
	Closing Accumulated Amortization Costs	1,549,418	2,611,908	60,392,009	1,098,656	222,838	11,138,464	32,958,313	109,971,606	104,743,165
	Net Book Value	6,539,544	4,358,254	29,566,701	1,048,127	2,407,519	31,007,244	37,512,051	112,439,440	110,184,599

City of Estevan
 Schedule of Accumulated Surplus
 For The Year Ended December 31, 2017

Schedule 8

	2016	Changes	2017
UNAPPROPRIATED SURPLUS	7,523,098	1,862,500	9,385,598
APPROPRIATED RESERVES			
Utility	287,260	-	287,260
Total Appropriated	287,260	-	287,260
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6)	110,184,599	2,254,841	112,439,440
Less: Related debt	(32,024,273)	538,818	(31,485,455)
Net Investment in Tangible Capital Assets	78,160,326	2,793,659	80,953,985
Total Accumulated Surplus	85,970,684	4,656,159	90,626,843

City of Estevan
 Schedule of Mill Rates and Assessments
 For The Year Ended December 31, 2017

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment	610,935	837,018,940	208,720,880	-	501,929,520		1,548,280,275
Regional Park Assessment							-
Total Assessment							1,548,280,275
Mill Rate Factor(s)	0.85	0.80	0.8; 0.9	-	1.33; 1.45; 2.5; 3.0		
Total Base/Minimum Tax (generated for each property class)	-	42,700	-	-	2,100		44,800
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	5,322	5,972,626	1,359,808	-	9,331,893		16,669,649

MILL RATES:	MILLS
Average Municipal*	10.7666
Average School*	4.5258
Uniform Municipal Mill Rate	10.2000

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

City of Estevan
 Schedule of Council Remuneration - "unaudited"
 For The Year Ended December 31, 2017

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Carr, Lori			-
Frank, Travis	14,664	2,322	16,986
Hoffort, Greg	14,664	702	15,366
Knibbs, Trevor	14,664	1,619	16,283
Ludwig, Roy	43,992	3,551	47,543
Moore, Dennis	14,664	4,462	19,126
Veroba, Shelley	14,664	2,373	17,037
Yanish, Lyle	14,664	200	14,864
Total	131,976	15,229	147,205