

Town of Arborg

**Consolidated Financial Statements
Year ended December 31, 2018**

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Arborg and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by Public Sector Accounting Board of The Chartered Professional Accountants Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Chambers Fraser as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.

Arborg, Manitoba


Lorraine Bardarson
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Reeve and members of Council of the
Town of Arborg

Opinion

We have audited the accompanying consolidated financial statements of the Town of Arborg, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Winnipeg, Canada
December 11, 2019

Chambers Fraser
Chartered Professional Accountants

Town of Arborg

Consolidated Financial Statements

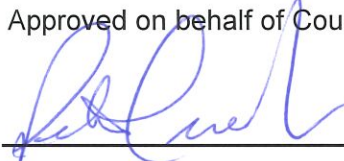
Year ended December 31, 2018

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Town of Arborg
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 1,504,885	\$ 1,023,033
Amounts receivable (Note 4)	695,770	398,535
Inventories for sale (Note 5)	<u>133,676</u>	<u>119,583</u>
	<u>\$ 2,334,331</u>	<u>\$ 1,541,151</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 728,089	\$ 444,961
Deferred revenue (Note 7)	139,368	76,992
Landfill closure and post closure liabilities (Note 8)	19,355	21,657
Long-term debt (Note 9)	1,358,542	1,502,858
Obligations under capital lease (Note 10)	<u>76,773</u>	<u>-</u>
	<u>2,322,127</u>	<u>2,046,468</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 12,204</u>	<u>\$ (505,318)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 9,060,260	\$ 9,031,950
Prepaid expenses	<u>15,404</u>	<u>13,788</u>
	<u>9,075,664</u>	<u>9,045,738</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 9,087,868</u>	<u>\$ 8,540,421</u>

Approved on behalf of Council:



Peter Dueck - Mayor



Ron Johnston - Deputy Mayor

Town of Arborg
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2018

	<u>2018 Budget (Note 13)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
REVENUE			
Property taxes	\$ 1,041,963	\$ 1,069,469	\$ 1,030,614
Grants in lieu of taxation	84,400	80,280	72,451
User fees	87,899	294,843	321,807
Permits, licences and fines	3,050	4,018	3,826
Investment income	5,000	31,257	11,706
Other revenue	14,450	147,391	117,897
Water and sewer	447,065	529,496	434,351
Grants - Province of Manitoba	517,621	549,327	307,615
Grants - other	67,372	2,194	188,125
	<u>2,268,820</u>	<u>2,708,275</u>	<u>2,488,392</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	311,855	293,012	274,759
Protective services	298,236	287,401	267,666
Transportation services	426,339	417,526	422,797
Environmental health services	116,906	153,708	151,047
Public health and welfare services	49,195	49,544	147,360
Regional planning and development	21,700	18,239	18,911
Resource conservation and industrial development	45,955	21,653	101,664
Recreation and cultural services	255,374	456,140	481,098
Water and sewer services	509,357	463,605	468,603
	<u>2,034,917</u>	<u>2,160,828</u>	<u>2,333,905</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	<u>\$ 233,903</u>	547,447	154,487
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>8,540,421</u>	<u>8,385,934</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 9,087,868</u>	<u>\$ 8,540,421</u>

The accompanying notes are an integral part of this financial statement

Town of Arborg
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2018

	<u>2018 Budget (Note 13)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS	\$ 233,903	\$ 547,447	\$ 154,487
Acquisition of tangible capital assets	(679,117)	(546,640)	(220,999)
Amortization of tangible capital assets	518,330	518,330	504,012
Decrease (increase) in prepaid expense	(160,787)	(1,615)	10,076
	<u>(160,787)</u>	<u>(29,925)</u>	<u>293,089</u>
CHANGE IN NET FINANCIAL ASSETS	\$ 73,116	517,522	447,576
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>(505,318)</u>	<u>(952,894)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR		<u><u>\$ 12,204</u></u>	<u><u>\$ (505,318)</u></u>

The accompanying notes are an integral part of this financial statement

Town of Arborg
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 547,447	\$ 154,487
Changes in non-cash items:		
Amounts receivable	(297,235)	228,372
Prepays	(1,616)	10,077
Accounts payable and accrued liabilities	283,128	(345,315)
Deferred revenue	62,376	(48,148)
Landfill closure and post closure liabilities	(2,302)	885
Amortization	518,330	504,012
Cash provided by operating transactions	<u>1,096,035</u>	<u>504,370</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(546,640)</u>	<u>(220,999)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	34,600
Debt repayment	<u>(144,317)</u>	<u>(150,120)</u>
Cash applied to financing transactions	<u>(221,090)</u>	<u>(115,520)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	328,305	167,851
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>1,023,033</u>	<u>855,183</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 1,351,339</u></u>	<u><u>\$ 1,023,033</u></u>
CASH ,TEMPORARY INVESTMENTS AND TEMPORARY BORROWINGS CONSIST OF:		
Cash and temporary investments (Note 3)	<u><u>\$ 1,504,885</u></u>	<u><u>\$ 1,023,033</u></u>

The accompanying notes are an integral part of this financial statement

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

1. Status of the Town of Arborg

The incorporated Town of Arborg is a municipal government that was first created as a Village in 1964 pursuant to the Manitoba Municipal Act. The Municipality continued as a Town as of October 25, 1997. The Town provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, library and other general government operations. The Municipality owns a utility, has several designated special purpose reserves and provides funding support for other financial entities involved in environmental health, recreation and cultural services.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality.

The Municipality has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Arborg Bifrost Parks & Recreation Commission (consolidated 50%) (2017 – consolidated 50%)
BAR Waste Authority Co-op Inc. (consolidated 38%) (2017 – consolidated 38%)
Evergreen Public Library (consolidated 10%) (2017 – consolidated 10%)

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these financial statements.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Investments

Temporary investments are accounted for at the lower of cost and market.

Portfolio investments are accounted for at cost.

e) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition per acceptance by Town. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize interest charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over its useful life. Assets under construction are not amortized until put into use.

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 40 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 years
Road grade	40 years
Water and Sewer	
Land	Indefinite
Land improvements	30 years
Buildings	25 to 40 years
Underground networks	40 to 50 years
Machinery and equipment	5 to 10 years

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

i) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Certain government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition of tangible capital assets. In addition, certain user charges and fees are collected for which the related service have yet to be performed. Revenue is recognized in the fiscal year when the related costs are incurred, services performed or the tangible capital assets are acquired.

In accordance with PSAB guidelines, government transfers, as well as revenue from contributed assets, are required to be recognized as revenue in the consolidated financial statements in the fiscal year in which the tangible capital assets are acquired.

j) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

These financial statements include the existence of measurement uncertainty in the accrual of the landfill closure, post closure and environmental liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,504,885	\$ 1,023,033
Temporary Investments	-	-
	<u>\$ 1,504,885</u>	<u>\$ 1,023,033</u>

The Municipality has designated the following cash to reserves for commitments and tangible capital asset acquisitions.

Designated Reserve Funds	<u>\$ 1,220,648</u>	<u>\$ 588,802</u>
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4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 11)	\$ 136,323	\$ 104,696
Government grants	328,184	118,040
Utility customers	93,158	90,332
Organizations and individuals	26,379	28,832
Other governments	115,131	63,829
	<u>699,175</u>	<u>405,729</u>
Less allowances for doubtful amounts	<u>(3,405)</u>	<u>(7,194)</u>
	<u>\$ 695,770</u>	<u>\$ 398,535</u>

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

5. Inventories

Inventories for sale:

	<u>2018</u>	<u>2017</u>
Land	<u>\$ 133,676</u>	<u>\$ 119,583</u>
	<u>\$ 133,676</u>	<u>\$ 119,583</u>

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	<u>\$ 638,963</u>	\$ 370,914
Accrued expenses	<u>52,171</u>	44,306
School levies	<u>36,955</u>	29,741
Other governments	<u>-</u>	-
	<u>\$ 728,089</u>	<u>\$ 444,961</u>

7. Deferred Revenue:

	<u>2018</u>	<u>2017</u>
Federal Gas Tax Funding	<u>\$ 82,009</u>	\$ 19,239
Handi-Transit Vehicle Replacement Funding	<u>18,045</u>	16,027
	<u>100,054</u>	35,266
Other	<u>39,314</u>	41,726
	<u>\$ 139,368</u>	<u>\$ 76,992</u>

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Municipality is currently operating a Class 2 landfill site through the government partnership, BAR Waste Authority Co-op Inc. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

For the year ended December 31,2018, a discount rate of 2.00% (2017 - 1.125%) was applied to future cash outflows related to the closure and post-closure costs to calculate the liability.

	<u>2018</u>	<u>2017</u>
Total landfill closure and post closure liabilities	<u>\$ 19,355</u>	<u>\$ 21,657</u>

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

9. Long Term Debt

	<u>2018</u>	<u>2017</u>
General Authority:		
Debenture for paving, at 5.38%, \$36,161 annually including interest, maturing December, 2020	\$ 66,882	\$ 97,787
Debenture for paving, at 3.75%, \$72,733 annually including interest, maturing December, 2030	692,618	737,688
	<u>\$ 759,500</u>	<u>\$ 835,475</u>
Utility Funds:		
Debenture for water and sewer, at 2.75%, \$7,501 annually including interest, maturing December, 2021	\$ 21,320	\$ 28,050
Debenture for water and sewer, at 3.75%, \$34,391 annually including interest, maturing December, 2030	327,496	348,806
	<u>\$ 348,816</u>	<u>\$ 376,856</u>
Debenture long term debt	\$ 1,108,316	\$ 1,212,331
The debentures of the Municipality have been issued with terms ranging from 5 to 20 years to maturity.		
For proportionate consolidated government partnerships:		
Term promissory note with Noventis Credit Union, \$2,355 monthly plus interest at 3.25%, maturing September, 2034.	196,967	232,052
Term promissory note with Noventis Credit Union, \$20,750 annual plus interest at 4.0%, maturing November 2020. During the year addition principle payments were made.	53,259	58,475
	<u>\$ 1,358,542</u>	<u>\$ 1,502,858</u>

Principal payments required in each of the next five years are as follows:

2019	\$ 137,085
2020	138,998
2021	95,995
2022	92,174
2023	95,751

10. Obligation Under Capital Lease(s)

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

	<u>2018</u>	<u>2017</u>
2019	\$ 18,156	\$ -
2020	18,156	-
2021	18,156	-
2022	18,156	-
2023	15,123	-
Remainder of lease	-	-
Total minimum lease payments	<u>\$ 87,747</u>	<u>\$ -</u>
Less amount representing future interest at 5.6%	<u>(10,974)</u>	<u>-</u>
Balance of obligation	<u>\$ 76,773</u>	<u>\$ -</u>

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

Interest expense includes \$ 729 with respect to this obligation.

Assets under capital lease includes fire equipment.

	<u>2018</u>	<u>2017</u>
Cost of leased tangible capital asset(s)	\$ 79,070	\$ -
Accumulated amortization of leased tangible capital asset(s)	<u>(2,297)</u>	<u>-</u>
	<u>\$ 76,773</u>	<u>\$ -</u>

Amortization expense includes \$2,297 on leased tangible capital assets.

11. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees are expected to be \$19,009 (2017 - \$18,391) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2017 indicated the plan was 100.8% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2017.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

12. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

13. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by council.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

14. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	136,698	134,551
Utility operating fund - Nominal surplus	65,129	61,947
General capital fund - Capital surplus	2,785,072	2,854,411
Utility capital fund - Capital surplus	4,767,563	4,537,846
Reserve funds	1,254,388	835,739
	<u>9,008,850</u>	<u>8,424,494</u>
Deferred revenue - Reserves	<u>(100,054)</u>	<u>(35,266)</u>
Accumulated surplus of municipality unconsolidated	8,908,796	8,389,228
Accumulated surplus (deficit) of consolidated entities	<u>179,072</u>	<u>151,193</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u><u>\$ 9,087,868</u></u>	<u><u>\$ 8,540,421</u></u>

15. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2018:

- a) Compensation paid to members of council amounted to \$26,577 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor - Randy Sigurdson	\$ 5,294	\$ 3,984	\$ 9,278
Mayor - Peter Dueck	1,283	1,247	2,530
Councillor - Larry Speiss	3,981	2,918	6,899
Councillor - John Crackle	697	428	1,125
Councillor - Ron Johnson	1,022	892	1,914
Councillor - Ron Rogowsky	1,039	916	1,955
Councillor - Rob Thorsteinson	4,940	3,793	8,733
Councillor - Vivian Leduchowski	4,038	3,090	7,128
Councillor - Susan Bauernhuber	4,283	3,351	7,634
	<u>\$ 26,577</u>	<u>\$ 20,619</u>	<u>\$ 47,196</u>

- c) The following officers received compensation in excess of \$50,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lorraine Bardarson	Chief Administrative Officer	\$ 68,929
Bruce Swanson	Public Works Foreman	63,725

Town of Arborg
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

16. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

For information purposes, the Municipality has deferred the capital grants it has received in the past for its utilities and amortized them over the useful life of the related tangible capital asset.

No capital grants have been deferred and amortized in these financial statements.

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water services	\$ 2,730,784	\$ 266,667	\$ 108,572	\$ 2,888,879
Sewer services	220,164	-	14,697	205,467
	\$ 2,950,948	\$ 266,667	\$ 123,269	\$ 3,094,346

17. Segmented Information

The Town of Arborg provides a wide ranges of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health
- Public Health and Welfare Services
- Regional Planning and Development
- Resources Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies of the segments are consistent with those followed in the preparation of the financial statements as described in the summary of significant accounting policies.

Town of Arborg
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2018

SCHEDULE 1

	General Capital Assets				Infrastructure				Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2018	2017
Cost										
Opening costs	2,974,931	1,715,695	1,324,954	6,517	-	2,321,143	8,529,652	-	16,872,892	16,659,195
Additions during the year	8,268	-	93,371	-	-	-	445,001	-	546,640	220,999
Transfer during the year	-	-	-	-	-	-	-	-	-	-
Disposals and adjustments	-	-	(343)	(383)	-	-	-	-	(726)	(7,302)
Closing costs	<u>2,983,200</u>	<u>1,715,695</u>	<u>1,417,982</u>	<u>6,134</u>	<u>-</u>	<u>2,321,143</u>	<u>8,974,653</u>	<u>-</u>	<u>17,418,806</u>	<u>16,872,892</u>
Accumulated Amortization										
Opening accum'd amortization	1,155,685	1,259,118	756,482	1,819	-	1,052,889	3,614,950	-	7,840,942	7,344,232
Amortization	88,328	27,405	66,501	1,415	-	91,356	243,324	-	518,330	504,012
Disposals and adjustments	-	-	(245)	(481)	-	-	-	-	(726)	(7,302)
Closing accum'd amortization	<u>1,244,013</u>	<u>1,286,522</u>	<u>822,738</u>	<u>2,753</u>	<u>-</u>	<u>1,144,246</u>	<u>3,858,274</u>	<u>-</u>	<u>8,358,546</u>	<u>7,840,942</u>
Net Book Value of Tangible Capital Assets	<u><u>1,739,186</u></u>	<u><u>429,173</u></u>	<u><u>595,244</u></u>	<u><u>3,382</u></u>	<u><u>-</u></u>	<u><u>1,176,897</u></u>	<u><u>5,116,379</u></u>	<u><u>-</u></u>	<u><u>9,060,260</u></u>	<u><u>9,031,950</u></u>

CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2018

	2018 Actual	2017 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 1,045,692	\$ 1,022,992
Taxes added	23,777	7,622
	<u>1,069,469</u>	<u>1,030,614</u>
Grants in lieu of taxation:		
Federal government	1,899	2,888
Federal government enterprises	2,411	-
Provincial government	14,012	13,764
Provincial government enterprises	61,958	55,799
	<u>80,280</u>	<u>72,451</u>
User fees		
Sales of service	234,423	241,408
Sales of goods	-	19,825
Rentals	60,420	60,574
	<u>294,843</u>	<u>321,807</u>
Permits, licences and fines		
Licences	2,054	2,273
Fines	1,964	1,553
	<u>4,018</u>	<u>3,826</u>
Investment income:		
Cash and temporary investments	31,257	11,706
	<u>31,257</u>	<u>11,706</u>
Other revenue:		
Penalties and interest	17,216	15,815
Miscellaneous (specify):		
Donations	12,453	86,477
Expense recoveries	78,662	-
Sundry income	39,060	15,605
	<u>147,391</u>	<u>117,897</u>
Water and sewer (Schedule 4)	<u>529,496</u>	<u>434,351</u>
Grants - Province of Manitoba		
General assistance payment	206,637	184,225
Municipal program grants	-	22,681
Conditional grants	342,690	100,709
	<u>549,327</u>	<u>307,615</u>
Grants - other		
Federal government - gas tax funding	-	131,465
Federal government - other	-	52,664
Other local governments	2,194	3,996
	<u>2,194</u>	<u>188,125</u>
Total revenue	<u><u>2,708,275</u></u>	<u><u>2,488,392</u></u>

Town of Arborg
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2018

SCHEDULE 3

	2018	2017
	Actual	Actual
General government services:		
Legislative	23,413	\$ 22,881
General administrative	206,089	188,683
Other	63,510	63,195
	<u>293,012</u>	<u>274,759</u>
Protective services:		
Police	149,794	149,794
Fire	105,516	89,796
Emergency measures	6,187	7,490
Other protection	25,904	20,586
	<u>287,401</u>	<u>267,666</u>
Transportation services:		
Road transport		
Road and street maintenance	392,608	396,930
Street lighting	24,918	25,867
	<u>417,526</u>	<u>422,797</u>
Environmental health services:		
Waste collection and disposal	131,063	137,400
Other	22,645	13,647
	<u>153,708</u>	<u>151,047</u>
Public health and welfare services:		
Public health	45,528	143,344
Social assistance	4,016	4,016
	<u>49,544</u>	<u>147,360</u>
Regional planning and development		
Planning and zoning	10,200	10,700
Urban renewal	4,625	4,532
Beautification and land rehabilitation	3,414	3,679
	<u>18,239</u>	<u>18,911</u>
Resource conservation and industrial development		
Rural area weed control	2,629	2,676
Drainage of land	846	2,131
Veterinary services	2,500	2,500
Regional development	12,209	92,905
Other	3,469	1,452
	<u>21,653</u>	<u>101,664</u>
Recreation and cultural services:		
Parks and playgrounds	6,580	9,414
Other recreational facilities	415,365	423,054
Libraries	34,195	48,630
	<u>456,140</u>	<u>481,098</u>
Water and sewer services (Schedule 4)	<u>463,605</u>	468,603
Total expenses	<u><u>2,160,828</u></u>	<u><u>2,333,905</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2018

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$1,027,577	\$ 988,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	80,280	72,451	-	-	-	-	-	-	-	-
User fees	61,388	61,729	11,822	1,645	2,550	3,210	71,782	53,863	-	-
Permits, licences and fines	184	183	2,134	1,803	-	-	-	-	-	-
Investment income	26,938	9,267	1,345	500	2,635	1,739	-	-	-	-
Other revenue	26,874	33,228	-	-	78,662	-	1,930	2,092	-	19,825
Water and sewer										
Prov of MB - Unconditional Grants	206,637	206,906	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	-	-	-	-	40,940	33,202	6,316	11,506	-	26,332
Grants - other	-	-	-	-	-	131,465	-	-	-	52,664
Total revenue	\$ 1,429,878	\$ 1,372,566	\$ 15,301	\$ 3,948	\$ 124,787	\$ 169,616	\$ 80,028	\$ 67,461	\$ -	\$ 98,821
EXPENSES										
Personnel services	\$ 126,399	\$ 122,995	\$ 13,107	\$ 19,462	\$ 107,250	\$ 103,705	\$ 28,627	\$ 26,184	\$ -	\$ -
Contract services	101,242	82,210	157,785	180,347	612	472	46,333	52,909	234	530
Utilities	14,163	12,918	2,066	5,493	32,432	33,230	1,232	965	-	-
Maintenance materials and supplies	15,363	18,918	70,691	18,975	78,267	86,702	45,994	48,586	-	-
Grants and contributions	16,523	18,515	1,000	1,000	-	-	22,645	13,647	49,170	146,739
Amortization	2,899	2,584	22,751	19,746	166,045	162,811	8,877	8,757	-	-
Interest on long term debt	-	-	-	-	32,919	35,878	-	-	-	-
Other	16,423	16,615	20,000	22,644	-	-	-	-	140	91
Total expenses	\$ 293,012	\$ 274,755	\$ 287,400	\$ 267,667	\$ 417,525	\$ 422,798	\$ 153,708	\$ 151,048	\$ 49,544	\$ 147,360
Surplus (Deficit)	\$ 1,136,866	\$ 1,097,811	\$ (272,099)	\$ (263,719)	\$ (292,738)	\$ (253,182)	\$ (73,680)	\$ (83,587)	\$ (49,544)	\$ (48,539)

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2018

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,892	\$ 41,811	\$ 1,069,469	\$ 1,030,613
Grants in lieu of taxation	-	-	-	-	-	-	-	-	80,280	72,451
User fees	-	-	-	-	147,301	181,535	-	-	294,843	301,982
Permits, licences and fines	-	-	1,700	1,840	-	-	-	-	4,018	3,826
Investment income	339	201	-	-	-	-	-	-	31,257	11,707
Other revenue	-	-	-	-	39,925	82,577	-	-	147,391	137,722
Water and sewer	-	-	-	-	-	-	529,496	434,351	529,496	434,351
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	206,637	206,906
Prov of MB - Conditional Grants	-	-	-	-	28,767	29,669	266,667	-	342,690	100,709
Grants - other	-	-	2,194	2,056	-	1,940	-	-	2,194	188,125
Total revenue	\$ 339	\$ 201	\$ 3,894	\$ 3,896	\$ 215,993	\$ 295,721	\$ 838,055	\$ 476,162	\$ 2,708,275	\$ 2,488,392
EXPENSES										
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ 180,909	\$ 184,589	\$ 132,175	\$ 127,203	\$ 588,467	\$ 584,138
Contract services	3,414	3,679	2,791	2,707	42,595	43,353	23,803	22,222	378,809	388,429
Utilities	-	-	-	-	63,814	66,495	17,462	17,075	131,169	136,176
Maintenance materials and supplies	-	-	1,902	1,077	80,161	99,294	26,304	28,109	318,682	301,661
Grants and contributions	14,825	15,232	15,594	88,298	1,569	3,103	-	-	121,326	286,534
Amortization	-	-	-	-	74,433	70,696	243,324	251,337	518,329	515,931
Interest on long term debt	-	-	-	-	-	-	13,852	14,721	46,771	50,599
Other	-	-	1,367	9,582	12,658	13,569	6,687	7,936	57,275	70,437
Total expenses	\$ 18,239	\$ 18,911	\$ 21,654	\$ 101,664	\$ 456,139	\$ 481,099	\$ 463,607	\$ 468,603	\$ 2,160,828	\$ 2,333,905
Surplus (Deficit)	\$ (17,900)	\$ (18,710)	\$ (17,760)	\$ (97,768)	\$ (240,146)	\$ (185,378)	\$ 374,448	\$ 7,559	\$ 547,447	\$ 154,487

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2018

	Core Government		Government Partnerships		Total	
	2018	2017	2018	2017	2018	2017
REVENUE						
Property taxes	\$ 1,069,469	\$ 1,030,613	\$ -	\$ -	\$ 1,069,469	\$ 1,030,613
Grants in lieu of taxation	80,280	72,451	-	-	80,280	72,451
User fees	94,905	76,731	199,938	225,251	294,843	301,982
Permits, licences and fines	4,018	3,826	-	-	4,018	3,826
Investment income	31,257	11,707	-	-	31,257	11,707
Other revenue	105,536	53,053	41,855	84,669	147,391	137,722
Water and sewer	529,496	434,351	-	-	529,496	434,351
Prov of MB - Unconditional Grants	206,637	206,906	-	-	206,637	206,906
Prov of MB - Conditional Grants	313,923	71,040	28,767	29,669	342,690	100,709
Grants - other	2,194	186,185	-	1,940	2,194	188,125
Total revenue	\$ 2,437,715	\$ 2,146,863	\$ 270,560	\$ 341,529	\$ 2,708,275	\$ 2,488,392
EXPENSES						
Personnel services	\$ 420,610	\$ 412,149	\$ 167,857	\$ 171,989	\$ 588,467	\$ 584,138
Contract services	315,053	317,700	63,756	70,729	378,809	388,429
Utilities	69,588	71,873	61,581	64,303	131,169	136,176
Maintenance materials and supplies	247,534	225,342	71,148	76,319	318,682	301,661
Grants and contributions	121,326	286,409	-	125	121,326	286,534
Amortization	487,090	486,669	31,239	29,262	518,329	515,931
Interest on long term debt	46,771	50,599	-	-	46,771	50,599
Other	50,414	62,849	6,861	7,588	57,275	70,437
Total expenses	\$ 1,758,386	\$ 1,913,590	\$ 402,442	\$ 420,315	\$ 2,160,828	\$ 2,333,905
Surplus (Deficit)	\$ 679,329	\$ 233,273	\$ (131,882)	\$ (78,786)	\$ 547,447	\$ 154,487

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2018

	2018							
	General	Economic Development	Gas Tax	Building	Sidewalk Renewal	Equipment Replacement	Fire	Paving
REVENUE								
Investment income	\$ 3,517	\$ 339	\$ 804	\$ 342	\$ -	\$ 2,629	\$ 784	\$ 5
Other income	-	-	-	-	-	-	-	-
NET REVENUES	3,517	339	804	342	-	2,629	784	5
TRANSFERS								
Transfers from general operating	20,000	20,000	65,178	54,500	-	20,000	20,000	12,500
Transfers to general operating	-	-	-	-	-	-	-	-
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	23,517	20,339	65,981	54,842	-	22,629	20,784	12,505
FUND SURPLUS, BEGINNING OF YEAR	199,328	20,455	16,027	20,645	-	149,050	42,502	306
FUND SURPLUS, END OF YEAR	\$ 222,845	\$ 40,794	\$ 82,009	\$ 75,487	\$ -	\$ 171,679	\$ 63,286	\$ 12,812

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2018

	2018							2017
	Walking	Handi-van	ABFD	PCH Building	Age Friendly Initiative	Utility Replacement	Total	Total
REVENUE								
Investment income	\$ 1	\$ 252	\$ 299	\$ 1,202	\$ -	\$ 4,518	\$ 14,691	\$ 3,806
Other income	-	-	11,822	1,915	-	-	13,737	12,262
NET REVENUES	1	252	12,121	3,117	-	4,518	28,428	16,068
TRANSFERS								
Transfers from general operating	-	-	-	-	50,000	-	262,178	138,407
Transfers to general operating	-	(1,446)	(12,323)	-	-	-	(13,769)	(31,970)
Transfers from utility operating	-	-	-	-	-	141,550	141,550	-
Acquisition of tangible capital assets	-	-	-	-	-	-	-	(2,700)
CHANGE IN RESERVE FUND BALANCES	1	(1,194)	(202)	3,117	50,000	146,068	418,387	119,805
FUND SURPLUS, BEGINNING OF YEAR	68	19,239	19,534	17,494	25,000	272,613	802,261	468,997
FUND SURPLUS, END OF YEAR	\$ 69	\$ 18,045	\$ 19,332	\$ 20,611	\$ 75,000	\$ 418,681	\$ 1,220,648	\$ 588,802

Town of Arborg
SCHEDULE OF TRUST FUNDS
Year Ended December 31, 2018

SCHEDULE 7

	Total	
	2018	2017
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	-	-
	<u>\$ -</u>	<u>\$ -</u>
REVENUES		
Contributions and donations	\$ -	\$ -
Investment income	-	-
	<u>-</u>	<u>-</u>
EXPENDITURES		
Cemetery maintenance	-	-
Distribution to beneficiaries	-	-
Other	-	-
	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 359,824	\$ 90,333
Due from other funds	-	-
	<u>\$ 359,824</u>	<u>\$ 90,333</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,390	\$ 14,769
Long-term debt (Note 10)	348,816	376,857
Due to other funds	277,305	13,617
	<u>643,511</u>	<u>405,243</u>
NET DEBT	<u>\$ (283,687)</u>	<u>\$ (314,910)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>\$ 5,116,379</u>	<u>\$ 4,914,702</u>
FUND SURPLUS	<u>\$ 4,832,692</u>	<u>\$ 4,599,792</u>

Town of Arborg
SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2018

SCHEDULE 9

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
REVENUE			
Water			
Water fees	\$ 290,500	\$ 310,313	\$ 290,392
sub-total- water	<u>290,500</u>	<u>310,313</u>	<u>290,392</u>
Sewer			
Sewer fees	71,140	72,115	71,123
Lagoon tipping fees	30,450	88,699	15,449
sub-total- sewer	<u>101,590</u>	<u>160,814</u>	<u>86,572</u>
Property taxes	<u>41,892</u>	<u>41,892</u>	<u>41,811</u>
Government transfers			
Government transfers - capital	266,667	266,667	-
sub-total- government transfers	<u>266,667</u>	<u>266,667</u>	<u>-</u>
Other			
Hydrant rentals	20,000	20,000	19,400
Connection charges	-	395	792
Penalties	1,500	1,882	1,867
Other income	33,475	36,092	35,328
sub-total- other	<u>54,975</u>	<u>58,369</u>	<u>57,387</u>
 Total revenue	 <u>755,624</u>	 <u>838,055</u>	 <u>476,162</u>
EXPENSES			
General			
Administration	110,360	84,049	79,961
Training costs	1,700	1,098	1,227
Billing and collection	3,531	3,075	3,861
sub-total- general	<u>115,591</u>	<u>88,222</u>	<u>85,049</u>
Water			
Purification and treatment	28,475	28,176	25,600
Transmission and distribution	11,380	8,108	4,904
Service and other supply costs	49,875	49,599	47,231
Connection costs	500	-	158
sub-total- water general	<u>90,230</u>	<u>85,883</u>	<u>77,893</u>
Water Amortization & Interest			
Amortization	204,294	204,294	211,505
sub-total- water amortization & interest	<u>204,294</u>	<u>204,294</u>	<u>211,505</u>
Sewer			
Collection system costs	33,915	27,545	28,575
Treatment and disposal cost	5,200	715	858
Lift Station costs	7,245	4,064	10,170
sub-total- sewer general	<u>46,360</u>	<u>32,324</u>	<u>39,603</u>
Sewer Amortization & Interest			
Amortization	39,030	39,030	39,832
Interest on long term debt	13,852	13,852	14,721
sub-total- sewer amortization & interest	<u>52,882</u>	<u>52,882</u>	<u>54,553</u>
 Total expenses	 <u>509,357</u>	 <u>463,605</u>	 <u>468,603</u>
 NET REVENUES	 <u>246,267</u>	 <u>374,450</u>	 <u>7,559</u>
TRANSFERS			
Transfers from (to) operating fund		-	-
Transfers from (to) reserve funds	(61,550)	(141,550)	(225,000)
 CHANGE IN UTILITY FUND BALANCE	 <u>\$ 184,717</u>	 <u>232,900</u>	 <u>(217,441)</u>
 FUND SURPLUS, BEGINNING OF YEAR		 <u>4,599,792</u>	 <u>4,817,233</u>
FUND SURPLUS, END OF YEAR		<u>\$ 4,832,692</u>	<u>\$ 4,599,792</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year Ended December 31, 2018

	<u>Financial Plan General</u>	<u>Financial Plan Utility(ies)</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Long Term Accruals</u>	<u>Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE								
Property taxes	\$ 1,041,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041,963
Grants in lieu of taxation	84,400	-	-	-	-	-	-	84,400
User fees	87,899	-	-	-	-	-	-	87,899
Permits, licences and fines	3,050	-	-	-	-	-	-	3,050
Investment income	5,000	-	-	-	-	-	-	5,000
Other revenue	14,450	-	-	-	-	-	-	14,450
Water and sewer		447,065	-	-	-	-	-	447,065
Grants - Province of Manitoba	250,955	266,666	-	-	-	-	-	517,621
Grants - other	67,372	-	-	-	-	-	-	67,372
Transfers from General		41,892			(41,892)			-
Transfers from reserves	99,750	-	-	-	(99,750)	-	-	-
Total revenue	\$ 1,654,839	\$ 755,623	\$ -	\$ -	\$ (141,642)	\$ -	\$ -	\$ 2,268,820
EXPENSES								
General government services	\$ 300,175	\$ -	\$ 2,899	\$ 4,492	\$ 4,289	\$ -	\$ -	\$ 311,855
Protective services	275,485	-	22,751	-	-	-	-	298,236
Transportation services	227,375	-	166,045	32,919	-	-	-	426,339
Environmental health services	116,906	-	-	-	-	-	-	116,906
Public health and welfare services	49,195	-	-	-	-	-	-	49,195
Regional planning and development	21,700	-	-	-	-	-	-	21,700
Resource cons and industrial dev	45,955	-	-	-	-	-	-	45,955
Recreation and cultural services	203,303	-	52,071	-	-	-	-	255,374
Water and sewer services		252,181	243,324	13,852	-	-	-	509,357
Fiscal services:								-
Transfer to capital	90,000	400,000	(490,000)	-	-	-	-	-
Debt charges	108,894	41,892	-	(150,786)	-	-	-	-
Short term interest	4,492	-	-	(4,492)	-	-	-	-
Transfer to Utility	41,892				(41,892)			-
Transfer to reserves	165,178	61,550	-	-	(226,728)	-	-	-
Allowance for tax assets	4,289	-	-	-	(4,289)	-	-	-
Total expenses	\$ 1,654,839	\$ 755,623	\$ (2,910)	\$ (104,015)	\$ (268,620)	\$ -	\$ -	\$ 2,034,917
Surplus (Deficit)	\$ -	\$ -	\$ 2,910	\$ 104,015	\$ 126,978	\$ -	\$ -	\$ 233,903

Town of Arborg
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2018

SCHEDULE 11

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 104,696	\$ 98,301
Add:		
Tax levy (Schedule 12)	1,653,034	1,606,278
Taxes added	23,777	7,622
Penalties or interest	17,216	12,109
Other accounts added	7,650	6,574
Sub-total	1,701,677	1,632,583
Deduct:		
Cash collections	1,443,428	1,402,859
Writeoffs	8,078	3,209
M.P.T.C. - cash advance	218,544	220,120
Sub-total	1,670,050	1,626,188
Balance, end of year	\$ 136,323	\$ 104,696

Town of Arborg
ANALYSIS OF TAX LEVY
Year Ended December 31, 2018

SCHEDULE 12

	2018			2017
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D. General & Utility	56,622,110	2.510	142,121	148,883
Reserves:				
Machinery replacement	46,987,110	0.400	18,795	18,764
Fire	46,987,110	0.200	9,397	7,148
Building	46,987,110	1.000	46,987	23,231
General	46,987,110	0.400	18,795	-
General municipal	46,987,110	17.221	809,165	824,533
Special levies:				
Cable fees	-	-	433	433
Rounding			-	
Total municipal taxes (Schedule 2)			1,045,693	1,022,992
Education support levy	11,570,480	9.770	113,044	115,869
Special levy:				
Evergreen SD #22	45,001,520	10.984	494,297	467,417
Adjustments of school levy to municipal taxes			-	
Total education taxes			607,341	583,286
			\$ 1,653,034	\$ 1,606,278

SCHEDULE OF GENERAL OPERATING FUND EXPENSES
Year Ended December 31, 2018

	2018 Actual	2017 Actual
General government services:		
Legislative	\$ 23,413	\$ 22,881
General administrative	206,089	188,683
Other	63,508	63,192
	<u>293,010</u>	<u>274,756</u>
Protective services:		
Police	149,794	149,794
Fire	105,516	89,796
Emergency measures	6,187	7,490
Other protection	25,904	20,586
	<u>287,401</u>	<u>267,666</u>
Transportation services:		
Road transport		
Road and street maintenance	392,608	396,930
Street lighting	24,918	25,867
	<u>417,526</u>	<u>422,797</u>
Environmental health services:		
Waste collection and disposal	96,218	92,206
Other	22,645	13,647
	<u>118,863</u>	<u>105,853</u>
Public health and welfare services:		
Public health	45,528	143,344
Social assistance	4,016	4,016
	<u>49,544</u>	<u>147,360</u>
Regional planning and development		
Planning and zoning	10,200	10,700
Urban renewal	4,625	4,532
Beautification and land rehabilitation	3,414	3,679
	<u>18,239</u>	<u>18,911</u>
Resource conservation and industrial development		
Rural area weed control	2,629	2,676
Drainage of land	846	2,131
Veterinary services	2,500	2,500
Regional development	12,209	92,905
Other	3,469	1,452
	<u>21,653</u>	<u>101,664</u>
Recreation and cultural services:		
Parks and playgrounds	6,580	9,414
Other recreational facilities	219,547	212,061
Libraries	22,177	37,248
Other cultural facilities	-	-
	<u>248,304</u>	<u>258,723</u>
Total expenses	<u><u>1,454,540</u></u>	<u><u>1,597,730</u></u>

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2018

	General	2018 Utility	Total	2017 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 2,146	\$ 3,183	\$ 5,329	\$ 4,214
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase expense - amortization of tangible capital assets	(243,766)	(243,324)	(487,090)	(486,668)
Eliminate expense - acquisitions of tangible capital assets	17,492	445,001	462,493	173,330
Reserve:				
Increase revenue - reserve funds interest	14,953		14,953	6,322
Eliminate expense - transfers to reserves	264,093	141,550	405,643	375,987
Eliminate revenue - transfers from reserves to operating funds	(1,446)	-	(1,446)	(168,898)
Deferred Revenue:				
Decrease revenue - increase in deferred revenue - Gas tax	(65,981)		(65,981)	67,617
Increase revenue - decrease in deferred revenue - Handi Van	1,194		1,194	112
Other:				
Eliminate expense - repayment of principal portion of long term debt	78,272	28,040	106,312	106,211
Increase expense - expense net of revenue from shared fire reserve	(501)		(501)	
Increase revenue - write off municipal capital fund holdback payable	78,662		78,662	
	145,118	374,450	519,568	78,227
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	27,879	-	27,879	76,260
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 172,997	\$ 374,450	\$ 547,447	\$ 154,487