

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

Rural Municipality of St Francois Xavier
1060 Hwy #26
St. Francois Xavier, Manitoba
R4L 1A5

STATEMENT OF RESPONSIBILITY

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

Reid & Associates Chartered Professional Accountants Inc. as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Reeve 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.

Lynne Chapellaz-Krantz
Acting CAO



Independent Auditors' Report

To the Reeve and members of Council of the
Rural Municipality of St Francois Xavier

We have audited the accompanying financial statements of Rural Municipality of St Francois Xavier, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion these financial statements present fairly, in all material respects, the financial position of Rural Municipality of St Francois Xavier as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

August 21, 2018
Winnipeg, Manitoba

Reid & Associates

Chartered Professional Accountants Inc.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	2017	2016
	Actual	Actual
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments <i>(note 3)</i>	2,277,065	1,954,069
Accounts receivable <i>(note 4)</i>	657,708	921,046
Portfolio investments <i>(note 5)</i>	177,619	187,552
	<u>3,112,392</u>	<u>3,062,667</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 9)</i>	2,255,520	2,342,114
Long-term debt <i>(note 10)</i>	577,780	648,949
	<u>2,833,300</u>	<u>2,991,063</u>
NET FINANCIAL ASSETS	<u>279,092</u>	<u>71,604</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	14,679,075	14,764,717
Inventories <i>(note 6)</i>	36,586	19,045
Prepaid expenses <i>(note 7)</i>	28,291	44,967
	<u>14,743,952</u>	<u>14,828,729</u>
ACCUMULATED SURPLUS <i>(note 19)</i>	<u>15,023,044</u>	<u>14,900,333</u>

Approved on Behalf of the Council

_____ Reeve

_____ Councillor

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER**CONSOLIDATED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2017**

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Property taxes	1,144,881	1,161,914	1,175,874
Grants in lieu of taxation	8,815	8,815	9,292
User fees	67,385	126,809	66,214
Grants - Province of Manitoba	82,675	85,010	82,246
Grants - Other	69,500	70,281	259,659
Permits, licences and fees	5,000	16,719	5,367
Investment revenue	7,200	46,550	46,892
Other revenue	18,000	54,405	19,832
Water and sewer	693,573	813,755	1,076,602
Total revenue (<i>schedules 2, 4 and 5</i>)	<u>2,097,029</u>	<u>2,384,258</u>	<u>2,741,978</u>
EXPENSES			
General government services	453,422	448,239	401,751
Protective services	187,185	158,756	153,994
Transportation services	454,045	430,012	404,085
Environmental health services	88,120	79,640	77,983
Public health and welfare services	900	905	905
Regional planning and development	65,300	51,579	63,530
Resource conservation and industrial development	60,750	54,581	42,090
Recreation and cultural services	40,200	34,257	72,243
Water and sewer	813,354	1,003,578	896,469
Total expenses (<i>schedules 3, 4 and 5</i>)	<u>2,163,276</u>	<u>2,261,547</u>	<u>2,113,050</u>
ANNUAL SURPLUS	(66,247)	122,711	628,928
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>14,900,333</u>	<u>14,900,333</u>	<u>14,271,405</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>14,834,086</u></u>	<u><u>15,023,044</u></u>	<u><u>14,900,333</u></u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS

For the Year Ended December 31, 2017

	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
ANNUAL SURPLUS	(66,247)	122,711	628,928
Acquisition of tangible capital assets	-	(353,906)	(1,295,947)
Proceeds on disposal of tangible capital assets	-	-	129,991
Amortization of tangible capital assets	323,250	438,929	377,792
Loss on sale of tangible capital assets	-	619	52,772
Increase in inventories	-	(17,541)	8,835
Decrease in prepaid expense	-	16,676	(17,990)
CHANGE IN SURPLUS (DEFICIT)	257,003	207,488	(115,619)
NET FINANCIAL ASSETS BEGINNING OF YEAR	71,604	71,604	187,223
NET FINANCIAL ASSETS END OF YEAR	328,607	279,092	71,604

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER**CONSOLIDATED STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2017**

	2017 Actual \$	2016 Actual \$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING TRANSACTIONS		
Annual surplus	122,711	628,928
Changes in non-cash items:		
Amortization	438,929	377,792
Loss on disposal of tangible capital assets	619	52,772
	<u>562,259</u>	<u>1,059,492</u>
Net changes in non-cash working capital affecting operations <i>(note 22)</i>	<u>175,879</u>	<u>387,572</u>
	<u>738,138</u>	<u>1,447,064</u>
CAPITAL TRANSACTIONS		
Proceeds from sale of tangible capital assets	-	129,991
Cash used to acquire tangible capital assets	<u>(353,906)</u>	<u>(1,295,947)</u>
	<u>(353,906)</u>	<u>(1,165,956)</u>
INVESTING		
Proceeds on sale of portfolio investments	9,933	20,838
FINANCING		
Reduction in long-term debt	<u>(71,169)</u>	<u>(78,879)</u>
INCREASE IN CASH AND TEMPORARY INVESTMENTS	322,996	223,067
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>1,954,069</u>	<u>1,731,002</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>2,277,065</u></u>	<u><u>1,954,069</u></u>
CASH AND TEMPORARY INVESTMENTS IS REPRESENTED BY:		
Cash	380,163	320,782
Temporary investments	939,059	922,194
Internally restricted cash	722,841	513,428
Externally restricted cash	<u>235,002</u>	<u>197,665</u>
	<u><u>2,277,065</u></u>	<u><u>1,954,069</u></u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

1. STATUS OF THE RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

The incorporated Rural Municipality of St Francois Xavier is a municipal government that was created on February 14, 1880 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Municipality owns two utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada 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. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to 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:

	Consolidated	
	<u>2017</u>	<u>2016</u>
Cartier Regional Water Co-op Inc	14.29 %	14.29 %
White Horse Plains Planning District	50.00 %	50.00 %

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

Trust funds and their related operations administered by the Municipality are not consolidated in these financial statements. The trust funds administered by the Municipality are presented in Schedule 7 - Schedule of Trust Funds.

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) REAL ESTATE PROPERTIES HELD FOR SALE

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

f) 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.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

g) 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.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

h) 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. 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.

General Tangible Capital Assets

Land and land improvements	Indefinite
Buildings and leasehold improvements	10 to 40 years
Vehicles and equipment	
Vehicles	10 to 20 years
Machinery and equipment	10 to 20 years
Computer hardware and software	4 to 10 years

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

Infrastructure Assets

Roads, Streets, and Bridges	
Land	Indefinite
Road surface	25 to 40 years
Road grade	40 Years
Traffic lights and equipment	10 years
Land	Indefinite
Land improvements	30 to 50 years
Underground networks	40 to 60 years
Machinery & equipment	10 to 20 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.

i) 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.

j) INVENTORIES

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at the lower of cost and replacement value.

As at December 31, 2017

k) REVENUE RECOGNITION

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

l) 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.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure 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.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments are comprised of the following:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	380,163	320,782
Temporary investments	939,059	922,194
Internally restricted cash	722,841	513,428
Externally restricted cash	235,002	197,665
	<u>2,277,065</u>	<u>1,954,069</u>

Temporary investments are comprised of term deposits and have a market value approximating cost.

4. ACCOUNTS RECEIVABLE

Amounts receivable are valued at their net realizable value.

	<u>2017</u>	<u>2016</u>
	\$	\$
Tax assets (<i>schedule 10</i>)	174,308	159,887
Government grants and receivables	238,036	197,121
Utility customers	90,280	68,070
Organizations and individuals	28,942	84,259
Other governments	138,044	422,560
	<u>669,610</u>	<u>931,897</u>
Allowance for doubtful accounts	<u>(11,902)</u>	<u>(10,851)</u>
	<u>657,708</u>	<u>921,046</u>

5. PORTFOLIO INVESTMENTS

	<u>2017</u>	<u>2016</u>
	\$	\$
Marketable securities		
Municipal debenture, bearing interest at 6.000% with principal and interest payments paid annually, due December 31, 2029.	89,175	94,162
Municipal debenture, bearing interest at 6.000% with principal and interest payments paid annually, due December 31, 2029.	88,444	93,390
	<u>177,619</u>	<u>187,552</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2017

6. INVENTORIES

	<u>2017</u>	<u>2016</u>
	\$	\$
Gravel	14,693	6,630
Culverts	2,189	874
Fuel	4,316	3,389
Other	15,388	8,152
	<u>36,586</u>	<u>19,045</u>

7. PREPAID EXPENSES

	<u>2017</u>	<u>2016</u>
	\$	\$
Insurance	7,552	6,992
Vehicle insurance	110	108
Software licences	-	17,911
Other	20,629	19,956
	<u>28,291</u>	<u>44,967</u>

8. BANK INDEBTEDNESS

The Municipality has an authorized line of credit of a maximum of \$500,000 bearing interest at a rate of 3.5%. As at December 31, 2017 the balance owing was \$ nil (2016 - \$ nil).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables	1,968,167	1,083,140
Government payables	146,261	1,091,558
Accrued expenses	28,019	52,526
School levies	18,416	26,943
Other governments	-	1,124
Deposits	90,374	81,952
Other	4,283	4,871
	<u>2,255,520</u>	<u>2,342,114</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

10. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
	\$	\$
General Authority:		
Municipal debenture payable in annual instalments of \$25,466 including interest at 5.375%, due December 31, 2021.	89,519	109,120
Municipal debenture payable in annual instalments of \$22,825 including interest at 5.500%, due December 31, 2018.	21,635	42,143
	<u>111,154</u>	<u>151,263</u>
Utility Funds:		
Municipal debenture payable in annual instalments of \$36,927 including interest at 5.625%, due December 31, 2027.	276,677	296,903
Municipal debenture payable in annual instalments of \$1,646 including interest at 5.625%, due December 31, 2027.	12,330	13,231
Municipal debenture payable in annual instalments of \$21,186 including interest at 6.000%, due December 31, 2029.	177,619	187,552
	<u>466,626</u>	<u>497,686</u>
	<u><u>577,780</u></u>	<u><u>648,949</u></u>

Estimated principal repayments for the next five years are as follows:

2018	75,134
2019	56,495
2020	59,661
2021	63,004
2022	41,068

11. DEBT CHARGES - FRONTAGE

<u>Purpose and By-law</u>	<u>2017</u>	<u>2016</u>
	Levy	Levy
	\$	\$
Water and Sewer Bylaw 7-2005A	38,572	38,572
Water and Sewer Bylaw 7-2005B	21,186	21,186
	<u>59,758</u>	<u>59,758</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2017

12. DEBT CHARGES - AT LARGE

Purpose and By-law	Assessment	Mill Rate	2017 Levy	2016 Levy
			\$	\$
Public Works Building ByLaw 3-2007	114,826,290	0.220	25,262	25,319
Lagoon Expansion ByLaw 2-2007			-	12,016
Fire Vehicles By-law 2-2008	114,826,290	0.197	22,621	22,594
			<u>47,883</u>	<u>59,929</u>

13. RESERVES

Purpose and By-law	Assessment	Mill Rate	2017 Levy	2016 Levy
			\$	\$
General Reserve	114,826,290	0.086	9,875	9,991
Public Works and Environment Reserve	114,826,290	0.562	64,532	58,585
Protective Services Reserve	114,826,290	0.259	29,740	29,746
Recreation and Culture Reserve	114,826,290	0.069	7,923	7,948
Buildings and Land Reserve	114,826,290	0.190	21,817	21,799
			<u>133,887</u>	<u>128,069</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

14. 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 Canadian Institute of Chartered Accountants 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 \$21,946 (2016 - \$48,141) 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, 2016 indicated the plan was 98.0% 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, 2016.

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.

15. 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.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

16. 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 9 - Reconciliation of the Financial Plan to the Budget*.

The budget numbers are unaudited and, accordingly, I express no assurance in respect to the budget.

17. SEGMENTED INFORMATION

The Rural Municipality of St Francois Xavier 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.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

18. GOVERNMENT PARTNERSHIPS

The municipality has several partnership agreements for municipal services. The consolidated financial statements include the municipality's proportionate interest, as disclosed in note . The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Financial Position		
Financial Assets	1,371,022	3,142,658
Liabilities	14,602,039	14,727,511
	(13,231,017)	(11,584,853)
Non-financial Assets	59,193,993	58,333,912
Accumulated Surplus	45,962,976	46,749,059
Result of Operations		
Revenue	3,374,743	5,334,965
Expenses	4,160,826	3,685,475
Annual Surplus (Deficit)	(786,083)	1,649,490

19. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
	\$	\$
Accumulated surplus consists of the following:		
General Operating Fund - Nominal Surplus, excluding Tangible Capital Assets	1,089,130	1,080,889
Utility Operating Funds - Nominal Deficit, excluding Tangible Capital Assets	(8,407,334)	(8,299,856)
General Operating Tangible Capital Assets, net of related borrowings	2,606,310	2,684,159
Tangible Capital Assets, net of related borrowings	11,494,985	11,431,609
Reserve Funds	1,801,479	1,457,349
Accumulated surplus of municipality unconsolidated	8,584,570	8,354,150
Accumulated surpluses of consolidated government partnerships	6,438,474	6,546,183
Accumulated Surplus per Statement of Financial Position	15,023,044	14,900,333

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

20. 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 in exceeding \$50,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2017:

- (a) Compensation paid to members of council amounted to \$50,895 in aggregate;
- (b) There were no members of council receiving compensation in excess of \$50,000 individually. The breakdown of compensation and expenses paid to members of council are as follows:

Council Member	Compensation	Expenses	Total
Dwayne Clark	15,230	1,032	16,262
Yvonne Wood	9,372	18	9,390
Rick Van Wyk	8,935	118	9,053
Matt Janzen	8,481	316	8,797
Delmer Nott	8,877	1,841	10,718
	<u>50,895</u>	<u>3,325</u>	<u>54,220</u>

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

Name	Position	Amount
Holly Krysko	Chief Administrative Officer	72,496
Lynne Chapellaz-Krantz	Assistant Chief Administrative Officer	53,253
Kelly Ducharme	Public works	56,871
Grant Combot	Public works	50,055

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

21. PUBLIC UTILITY 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 does not have any capital grants that require deferral.

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

Sewer Services:	Unamortized			Unamortized
Description of Utility	Opening	Additions	Amortization	Ending
	Balance	During Year	During Year	Balance
St Francois Xavier Utility Operating Fund	377,408	-	9,435	367,973

22. CHANGES IN WORKING CAPITAL

	2017	2016
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	263,338	2,205,076
Inventories	(17,541)	8,835
Prepaid expenses	16,676	(17,990)
Accounts payable and accrued liabilities	(86,594)	(1,614,632)
Deferred revenue	-	(190,191)
Landfill closure and post closure liabilities	-	(3,526)
	<u>175,879</u>	<u>387,572</u>

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2017

	General Capital Assets					Infrastructure			2017	2016
	Land and Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets under Construction	Actual	Actual
Cost										
Balance, beginning of year	2,077,579	792,926	1,702,114	82,351	-	530,290	13,004,065	819,093	19,008,418	17,974,190
Asset purchases	-	-	86,847	10,580	6,710	-	1,068,862	(819,093)	353,906	1,295,947
Disposals and write downs	-	-	49,986	30,318	-	-	-	-	80,304	261,719
Balance, end of year	2,077,579	792,926	1,738,975	62,613	6,710	530,290	14,072,927	-	19,282,020	19,008,418
Accumulated Amortization										
Balance, beginning of year	854,272	435,076	755,787	75,920	-	228,783	1,893,863	-	4,243,701	3,944,865
Amortization	51,227	25,386	122,650	5,583	-	16,630	217,453	-	438,929	377,792
Disposals and write downs	-	-	49,367	30,318	-	-	-	-	79,685	78,956
Balance, end of year	905,499	460,462	829,070	51,185	-	245,413	2,111,316	-	4,602,945	4,243,701
Net book value	1,172,080	332,464	909,905	11,428	6,710	284,877	11,961,611	-	14,679,075	14,764,717

CONSOLIDATED SCHEDULE OF REVENUES

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
PROPERTY TAXES			
Municipal taxes levied (<i>schedule 11</i>)	1,117,381	1,117,309	1,105,861
Taxes added	27,500	44,605	70,013
	<u>1,144,881</u>	<u>1,161,914</u>	<u>1,175,874</u>
GRANTS IN LIEU OF TAXATION			
Provincial government	3,427	3,427	3,923
Provincial government enterprises	5,388	5,388	5,369
	<u>8,815</u>	<u>8,815</u>	<u>9,292</u>
USER FEES			
Sales of service	67,385	126,809	66,214
GRANTS - PROVINCE OF MANITOBA			
General assistance payment	49,175	46,254	49,176
VLT revenues	22,900	31,106	22,960
Conditional grants	10,600	7,650	10,110
	<u>82,675</u>	<u>85,010</u>	<u>82,246</u>
GRANTS - OTHER			
Federal government - gas tax funding	67,000	67,781	257,159
Other local governments	2,500	2,500	2,500
	<u>69,500</u>	<u>70,281</u>	<u>259,659</u>
PERMITS, LICENCES AND FEES			
Permits	4,500	15,698	4,812
Licences	450	1,021	555
Fines	50	-	-
	<u>5,000</u>	<u>16,719</u>	<u>5,367</u>
INVESTMENT REVENUE			
Interest	7,000	45,611	47,134
Other interest	200	939	(242)
	<u>7,200</u>	<u>46,550</u>	<u>46,892</u>
OTHER REVENUE			
Loss on sale of tangible capital assets	-	(619)	(52,772)
Miscellaneous	6,000	36,788	56,489
Penalties and interest	12,000	18,236	16,115
	<u>18,000</u>	<u>54,405</u>	<u>19,832</u>
WATER AND SEWER			
Municipal utility (<i>schedule 8</i>)	277,850	343,307	330,412
Consolidated water co-operatives	415,723	470,448	746,190
	<u>693,573</u>	<u>813,755</u>	<u>1,076,602</u>
TOTAL REVENUE	<u><u>2,097,029</u></u>	<u><u>2,384,258</u></u>	<u><u>2,741,978</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	58,750	54,338	56,440
General administrative	394,672	393,901	345,311
	<u>453,422</u>	<u>448,239</u>	<u>401,751</u>
PROTECTIVE SERVICES			
Fire	152,525	138,506	136,502
Emergency measures	34,660	20,250	17,492
	<u>187,185</u>	<u>158,756</u>	<u>153,994</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	13,000	13,018	13,018
Road and street maintenance	409,545	386,362	361,013
Street lighting	13,700	13,615	12,943
Traffic services	1,100	382	(222)
Other	16,700	16,635	17,333
	<u>454,045</u>	<u>430,012</u>	<u>404,085</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	61,120	56,045	51,925
Recycling	27,000	23,335	25,473
Lagoons and wells	-	260	585
	<u>88,120</u>	<u>79,640</u>	<u>77,983</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	900	905	905
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	60,300	39,341	59,251
Urban renewal	5,000	12,238	4,279
	<u>65,300</u>	<u>51,579</u>	<u>63,530</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	5,150	1,443	1,725
Drainage of land	50,700	49,253	36,257
Pest control	4,900	3,885	4,108
	<u>60,750</u>	<u>54,581</u>	<u>42,090</u>
RECREATION AND CULTURAL SERVICES			
Administration	9,500	9,591	37,103
Community centers and halls	13,600	11,766	13,134
Parks and playgrounds	13,100	11,750	12,821
Other recreational facilities	3,000	-	8,300
Libraries	1,000	1,150	885
	<u>40,200</u>	<u>34,257</u>	<u>72,243</u>

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
WATER AND SEWER			
Municipal utility (<i>schedule 8</i>)	375,200	422,167	382,462
Consolidated water co-operatives	438,154	581,411	514,007
	<u>813,354</u>	<u>1,003,578</u>	<u>896,469</u>
TOTAL EXPENSES	<u>2,163,276</u>	<u>2,261,547</u>	<u>2,113,050</u>

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2017

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	1,161,914	1,175,874	-	-	-	-	-	-	-	-
Grants in lieu of taxation	8,815	9,292	-	-	-	-	-	-	-	-
User fees	1,470	2,271	8,231	6,572	349	505	22,064	25,816	-	-
Grants - Province of Manitoba	80,328	82,246	-	-	-	-	-	-	-	-
Grants - Other	67,781	257,159	-	-	-	-	-	-	-	-
Permits, licences and fees	-	-	-	-	-	-	1,021	555	-	-
Investment revenue	46,550	46,892	-	-	-	-	-	-	-	-
Other revenue	55,006	72,586	-	-	(619)	(52,772)	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Consolidated water co-operatives	-	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,421,864</u>	<u>1,646,320</u>	<u>8,231</u>	<u>6,572</u>	<u>(270)</u>	<u>(52,267)</u>	<u>23,085</u>	<u>26,371</u>	<u>-</u>	<u>-</u>
EXPENSES										
Personnel services	281,573	250,058	42,604	42,238	131,418	116,754	14,170	13,401	-	-
Contract services	28,717	24,061	20,249	17,177	14,912	13,950	59,052	57,797	905	905
Utilities	9,716	10,805	9,700	11,315	4,035	3,495	-	-	-	-
Maintenance materials & supplies	105,283	92,991	35,084	32,290	133,042	150,291	339	1,381	-	-
Grants & contributions	425	797	-	-	-	-	-	-	-	-
Amortization	21,474	19,431	48,801	47,587	140,740	112,730	6,079	4,831	-	-
Interest on long term debt	-	-	2,318	3,387	5,865	6,865	-	573	-	-
Other operating expense	1,051	3,608	-	-	-	-	-	-	-	-
Other operating expense	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>448,239</u>	<u>401,751</u>	<u>158,756</u>	<u>153,994</u>	<u>430,012</u>	<u>404,085</u>	<u>79,640</u>	<u>77,983</u>	<u>905</u>	<u>905</u>
SURPLUS (DEFICIT)	<u>973,625</u>	<u>1,244,569</u>	<u>(150,525)</u>	<u>(147,422)</u>	<u>(430,282)</u>	<u>(456,352)</u>	<u>(56,555)</u>	<u>(51,612)</u>	<u>(905)</u>	<u>(905)</u>

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

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2017

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	-	-	-	-	-	-	-	-	1,161,914	1,175,874
Grants in lieu of taxation	-	-	-	-	-	-	-	-	8,815	9,292
User fees	78,995	8,740	-	-	-	-	15,700	22,310	126,809	66,214
Grants - Province of Manitoba	4,682	-	-	-	-	-	-	-	85,010	82,246
Grants - Other	2,500	2,500	-	-	-	-	-	-	70,281	259,659
Permits, licences and fees	15,698	4,812	-	-	-	-	-	-	16,719	5,367
Investment revenue	-	-	-	-	-	-	-	-	46,550	46,892
Other revenue	18	18	-	-	-	-	-	-	54,405	19,832
Water and sewer	-	-	-	-	-	-	343,307	330,412	343,307	330,412
Consolidated water co-operatives	-	-	-	-	-	-	470,448	746,190	470,448	746,190
Total revenue	101,893	16,070	-	-	-	-	829,455	1,098,912	2,384,258	2,741,978
EXPENSES										
Personnel services	29,914	32,669	-	-	-	-	43,485	50,167	645,642	607,601
Contract services	321	12,576	50,974	35,455	5,068	7,380	80,622	43,045	281,562	224,302
Utilities	-	-	-	-	2,300	2,917	-	-	93,591	73,160
Maintenance materials & supplies	18,770	14,565	3,607	6,635	21,034	54,802	166,610	176,824	763,793	778,029
Grants & contributions	2,500	3,594	-	-	2,050	2,075	-	-	4,975	6,466
Amortization	74	126	-	-	3,805	5,069	102,052	82,041	438,929	377,792
Interest on long term debt	-	-	-	-	-	-	28,698	30,385	31,304	42,092
Other operating expense	-	-	-	-	-	-	-	-	1,051	3,608
Other operating expense	-	-	-	-	-	-	700	-	700	-
Total expenses	51,579	63,530	54,581	42,090	34,257	72,243	422,167	382,462	2,261,547	2,113,050
SURPLUS (DEFICIT)	50,314	(47,460)	(54,581)	(42,090)	(34,257)	(72,243)	407,288	716,450	122,711	628,928

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

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2017

	Core Government		Government Partnerships		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
REVENUE						
Property taxes	1,161,914	1,175,874	-	-	1,161,914	1,175,874
Grants in lieu of taxation	8,815	9,292	-	-	8,815	9,292
User fees	126,809	66,214	-	-	126,809	66,214
Grants - Province of Manitoba	80,328	82,246	4,682	-	85,010	82,246
Grants - Other	67,781	257,159	2,500	2,500	70,281	259,659
Permits, licences and fees	16,719	5,367	-	-	16,719	5,367
Investment revenue	46,550	46,892	-	-	46,550	46,892
Other revenue	54,387	19,814	18	18	54,405	19,832
Water and sewer	343,307	330,412	-	-	343,307	330,412
Consolidated water co-operatives	-	-	470,448	746,190	470,448	746,190
Total revenue	1,906,610	1,993,270	477,648	748,708	2,384,258	2,741,978
EXPENSES						
Personnel services	538,081	500,384	107,561	107,217	645,642	607,601
Contract services	260,499	209,770	21,063	14,532	281,562	224,302
Utilities	25,751	28,532	67,840	44,628	93,591	73,160
Maintenance materials & supplies	482,802	527,886	280,991	250,143	763,793	778,029
Grants & contributions	7,475	8,966	(2,500)	(2,500)	4,975	6,466
Amortization	322,951	271,689	115,978	106,103	438,929	377,792
Interest on long term debt	36,881	41,210	(5,577)	882	31,304	42,092
Other operating expense	1,051	3,608	-	-	1,051	3,608
Other operating expense	700	-	-	-	700	-
Total expenses	1,676,191	1,592,045	585,356	521,005	2,261,547	2,113,050
SURPLUS (DEFICIT)	230,419	401,225	(107,708)	227,703	122,711	628,928

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2017

	General Reserve \$	Public Works and Environmenta l Reserve \$	Protective Services Reserve \$	Fire Department Equipment Reserve \$	Gas Tax Reserve \$	Recreation and Culture Reserve \$	Buildings and Land Reserve \$
FINANCIAL ASSETS							
Cash and temporary investments	501,680	121,788	179,323	63	235,002	22,079	245,499
Portfolio investments	88,444	-	-	-	-	-	-
Due from other funds	-	-	-	1	65,373	60,001	-
	<u>514,330</u>	<u>121,788</u>	<u>179,323</u>	<u>64</u>	<u>300,375</u>	<u>82,080</u>	<u>245,499</u>
REVENUE							
Investment revenue	<u>12,124</u>	<u>1,062</u>	<u>2,457</u>	<u>2</u>	<u>3,040</u>	<u>533</u>	<u>3,816</u>
TRANSFERS							
Transfers from operating fund	-	-	-	-	-	-	-
Transfers from utility fund	-	-	-	-	-	-	-
Transfer to operating fund	93,806	65,000	30,000	-	67,781	8,000	22,000
	<u>93,806</u>	<u>65,000</u>	<u>30,000</u>	<u>-</u>	<u>67,781</u>	<u>8,000</u>	<u>22,000</u>
CHANGE IN FUND BALANCES	<u>105,930</u>	<u>66,062</u>	<u>32,457</u>	<u>2</u>	<u>70,821</u>	<u>8,533</u>	<u>25,816</u>
FUND SURPLUS, BEGINNING OF YEAR	<u>408,400</u>	<u>55,726</u>	<u>146,866</u>	<u>62</u>	<u>229,554</u>	<u>73,547</u>	<u>219,683</u>
FUND SURPLUS, END OF YEAR	<u>514,330</u>	<u>121,788</u>	<u>179,323</u>	<u>64</u>	<u>300,375</u>	<u>82,080</u>	<u>245,499</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Schedule 6

For the Year Ended December 31, 2017

	Special Events Reserve \$	Utility Reserve \$	2017 Actual \$	2016 Actual \$
FINANCIAL ASSETS				
Cash and temporary investments	262	243,584	1,549,280	1,291,907
Portfolio investments	-	89,175	177,619	187,552
Due from other funds	-	25,000	74,581	(22,110)
	<u>262</u>	<u>357,759</u>	<u>1,801,480</u>	<u>1,457,349</u>
REVENUE				
Investment revenue	<u>4</u>	<u>9,506</u>	<u>32,544</u>	<u>33,705</u>
TRANSFERS				
Transfers from operating fund	-	-	-	(244,262)
Transfers from utility fund	-	(25,000)	25,000	-
Transfer to operating fund	-	-	286,587	87,242
	<u>-</u>	<u>25,000</u>	<u>311,587</u>	<u>(157,020)</u>
CHANGE IN FUND BALANCES	4	34,506	344,131	(123,315)
FUND SURPLUS, BEGINNING OF YEAR	<u>258</u>	<u>323,253</u>	<u>1,457,349</u>	<u>1,580,664</u>
FUND SURPLUS, END OF YEAR	<u>262</u>	<u>357,759</u>	<u>1,801,480</u>	<u>1,457,349</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Schedule 7

For the Year Ended December 31, 2017

	2017	2016
	Actual	Actual
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments <i>(note 3)</i>	277,345	256,642
Accounts receivable <i>(note 4)</i>	90,214	68,135
Due from other funds	<u>(519,622)</u>	<u>(478,427)</u>
	<u>(152,063)</u>	<u>(153,650)</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 9)</i>	-	3,451
Long-term debt <i>(note 10)</i>	<u>466,626</u>	<u>497,686</u>
	<u>466,626</u>	<u>501,137</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	3,695,081	3,782,524
Inventories <i>(note 6)</i>	<u>11,259</u>	<u>4,016</u>
	<u>3,706,340</u>	<u>3,786,540</u>
FUND SURPLUS	<u><u>3,087,651</u></u>	<u><u>3,131,753</u></u>

SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
WATER			
Water fees	169,380	198,923	166,426
Bulk water fees	-	1,101	67,835
	<u>169,380</u>	<u>200,024</u>	<u>234,261</u>
SEWER			
Sewer fees	<u>84,750</u>	<u>88,694</u>	<u>72,636</u>
GOVERNMENT TRANSFERS			
Capital	-	-	<u>3,451</u>
OTHER REVENUE			
Hydrant rentals	1,300	1,750	1,300
Connection charges	2,000	4,850	1,000
Penalties	1,800	4,274	1,954
Investment income	120	4,636	3,580
Administration fees	12,500	12,051	12,230
Other income	6,000	27,028	-
	<u>23,720</u>	<u>54,589</u>	<u>20,064</u>
TOTAL REVENUE	<u>277,850</u>	<u>343,307</u>	<u>330,412</u>
EXPENSES			
GENERAL			
Administration	<u>38,900</u>	<u>20,503</u>	<u>29,968</u>
WATER			
Transmission and distribution	48,700	78,471	37,924
Water purchases	128,000	166,610	176,824
Amortization	55,400	55,334	55,592
Interest and long-term debt	28,700	28,698	30,385
	<u>260,800</u>	<u>329,113</u>	<u>300,725</u>
SEWER			
Collection system costs	20,350	22,982	20,199
Treatment and disposal costs	5,400	2,151	5,121
Other sewer expense	3,000	700	-
	<u>28,750</u>	<u>25,833</u>	<u>25,320</u>

SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
SEWER AMORTIZATION AND INTEREST			
Amortization	<u>46,750</u>	<u>46,718</u>	26,449
TOTAL EXPENSES	<u>375,200</u>	<u>422,167</u>	382,462
EXCESS OF EXPENSES OVER REVENUE	(97,350)	(78,860)	(52,050)
TRANSFERS			
Transfers from utility fund	<u>-</u>	<u>34,758</u>	59,758
CHANGE IN UTILITY FUND BALANCE	(97,350)	(44,102)	7,708
FUND SURPLUS, BEGINNING OF YEAR	<u>3,131,753</u>	<u>3,131,753</u>	3,124,045
FUND SURPLUS, END OF YEAR	<u><u>3,034,403</u></u>	<u><u>3,087,651</u></u>	<u>3,131,753</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2017

	Financial Plan General \$	Financial Plan Utility \$	Amortization (TCA) \$	Interest Expense \$	Transfers \$	Long Term Accruals \$	Government Partnerships \$	PSAB Budget \$
REVENUE								
Property taxes	1,144,881	-	-	-	-	-	-	1,144,881
Grants in lieu of taxation	8,815	-	-	-	-	-	-	8,815
User fees	67,385	-	-	-	-	-	-	67,385
Grants - Province of Manitoba	75,075	-	-	-	-	-	7,600	82,675
Grants - Other	67,000	-	-	-	-	-	2,500	69,500
Permits, licences and fees	5,000	-	-	-	-	-	-	5,000
Investment revenue	7,200	-	-	-	-	-	-	7,200
Other revenue	18,000	-	-	-	-	-	-	18,000
Transfers	95,015	-	-	-	(95,015)	-	-	-
Transfers	220,900	34,760	-	-	(255,660)	-	-	-
Water and sewer	-	277,850	-	-	-	-	415,723	693,573
	<u>1,709,271</u>	<u>312,610</u>	<u>-</u>	<u>-</u>	<u>(350,675)</u>	<u>-</u>	<u>425,823</u>	<u>2,097,029</u>
EXPENSES								
General government services	425,155	-	21,500	-	6,767	-	-	453,422
Protective services	135,985	-	48,800	2,400	-	-	-	187,185
Transportation services	307,245	-	140,900	5,900	-	-	-	454,045
Environmental health services	82,020	-	6,100	-	-	-	-	88,120
Public health and welfare services	900	-	-	-	-	-	-	900
Regional planning and development	55,200	-	-	-	-	-	10,100	65,300
Resource conservation and industrial development	60,750	-	-	-	-	-	-	60,750
Recreation and cultural services	36,400	-	3,800	-	-	-	-	40,200
Fiscal services	102,858	-	-	-	(102,858)	-	-	-
Transfers	59,758	93,260	-	-	(153,018)	-	-	-
Water and sewer	-	219,350	102,150	28,700	25,000	-	438,154	813,354
	<u>1,266,271</u>	<u>312,610</u>	<u>323,250</u>	<u>37,000</u>	<u>(224,109)</u>	<u>-</u>	<u>448,254</u>	<u>2,163,276</u>
SURPLUS (DEFICIT)	<u>443,000</u>	<u>-</u>	<u>(323,250)</u>	<u>(37,000)</u>	<u>(126,566)</u>	<u>-</u>	<u>(22,431)</u>	<u>(66,247)</u>

ANALYSIS OF TAXES ON ROLL

For the Year Ended December 31, 2017

	2017 Actual \$	2016 Actual \$
BALANCE, BEGINNING OF YEAR	<u>159,887</u>	<u>143,930</u>
Add:		
Tax Levy (<i>schedule 11</i>)	2,595,946	2,478,264
Taxes added	44,605	70,013
Penalties and interest	18,236	16,115
Accounts added to tax roll	17,681	24,963
Taxes overpaid (refunds)	4,238	-
Sub-total	<u>2,840,593</u>	<u>2,733,285</u>
Deduct:		
Cash collections - current	2,269,824	2,183,303
Cash collections - arrears	117,783	110,827
Cancellations	-	-
Tax discounts	5,953	6,002
M.P.T.C. - cash advance	272,725	273,266
Sub-total	<u>2,666,285</u>	<u>2,573,398</u>
BALANCE, END OF YEAR	<u><u>174,308</u></u>	<u><u>159,887</u></u>

ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2017

	Assessment	Mill Rate	2017 Levy	2016 Levy
Debt Charges:				
Frontage (note 11)			59,758	59,758
L.I.D.			-	-
At large (note 12)			47,883	59,929
			<u>107,641</u>	<u>119,687</u>
Reserves:				
Reserve (note 13)			133,887	128,069
			<u>133,887</u>	<u>128,069</u>
Other municipal levies:				
General municipal	14,826,290	7.627	875,781	858,105
Total municipal taxes (schedule 2)			<u>1,117,309</u>	<u>1,105,861</u>
Education Support Levy	4,503,970	10.500	47,292	48,030
Special levy:				
Prairie Rose School Division	08,004,100	12.375	1,336,551	1,233,511
Portage la Prairie School Division	6,822,190	13.895	94,794	90,862
			<u>1,431,345</u>	<u>1,324,373</u>
Total education taxes			<u>1,478,637</u>	<u>1,372,403</u>
Total tax levy (schedule 10)			<u>2,595,946</u>	<u>2,478,264</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	58,750	54,338	56,440
General administrative	394,672	393,901	345,311
	<u>453,422</u>	<u>448,239</u>	<u>401,751</u>
PROTECTIVE SERVICES			
Fire	152,525	138,506	136,502
Emergency measures	34,660	20,250	17,492
	<u>187,185</u>	<u>158,756</u>	<u>153,994</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	13,000	13,018	13,018
Road and street maintenance	409,545	386,362	361,013
Street lighting	13,700	13,615	12,943
Traffic services	1,100	382	(222)
Other	16,700	16,635	17,333
	<u>454,045</u>	<u>430,012</u>	<u>404,085</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	61,120	56,045	51,925
Recycling	27,000	23,335	25,473
Lagoons and wells	-	260	585
	<u>88,120</u>	<u>79,640</u>	<u>77,983</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	900	905	905
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	50,200	35,396	52,253
Urban renewal	5,000	12,238	4,279
	<u>55,200</u>	<u>47,634</u>	<u>56,532</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	5,150	1,443	1,725
Drainage of land	50,700	49,253	36,257
Pest control	4,900	3,885	4,108
	<u>60,750</u>	<u>54,581</u>	<u>42,090</u>
RECREATION AND CULTURAL SERVICES			
Administration	9,500	9,591	37,103
Community centers and halls	13,600	11,766	13,134
Parks and playgrounds	13,100	11,750	12,821
Other recreational facilities	3,000	-	8,300
Libraries	1,000	1,150	885
	<u>40,200</u>	<u>34,257</u>	<u>72,243</u>
TOTAL EXPENSES	<u><u>1,339,822</u></u>	<u><u>1,254,024</u></u>	<u><u>1,209,583</u></u>

ESTIMATED RECONCILIATION OF ANNUAL SURPLUS

For the Year Ended December 31, 2017

	General \$	Utility \$	2017 Total \$	2016 Total \$
CONSOLIDATED ANNUAL SURPLUS (<i>statement 2</i>)	166,813	(44,102)	122,711	628,928
Elimination of appropriations from reserves	-	-	-	244,262
Elimination of appropriations to reserves	(286,587)	(25,000)	(311,587)	(87,242)
Consolidation of reserve operations	(32,544)	-	(32,544)	(33,705)
Elimination of consolidated entity operations	107,708	-	107,708	(227,703)
Elimination of nominal surplus transfers	95,015	-	95,015	-
Amortization of tangible capital assets	220,897	102,052	322,949	271,690
Principal portion of long term debt	(40,108)	(31,060)	(71,168)	(78,978)
Change in unexpended Gas Tax funds	-	-	-	(190,191)
Acquisitions of capital assets from operating funds	(104,137)	(14,106)	(118,243)	(318,218)
ESTIMATED EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES FOR THE PURPOSES OF SECTION 165(1) AND (2) OF THE MUNICIPAL ACT***	<u>127,057</u>	<u>(12,216)</u>	<u>114,841</u>	<u>208,843</u>

*** Please note that this is an estimate based on the adjustments presented above since it is possible that not every required adjustment for PSAB purposes that is different from and affects the results based on the municipal budget has necessarily been reflected.

