

RURAL MUNICIPALITY OF SIFTON

**Consolidated Financial Statements
For the Year Ended December 31, 2018**

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Rural Municipality of Sifton 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.

The Council is composed of individuals who are neither management nor employees of the Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' 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.

Lon Turner

Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Reeve and members of Council of the
RURAL MUNICIPALITY OF SIFTON

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Rural Municipality of Sifton, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets, cash flows and supporting schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Rural Municipality of Sifton as at December 31, 2018, and the results of its consolidated operations, change in net financial assets, cash flows and supporting schedules 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Rural Municipality of Sifton in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITORS' REPORT

- 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 Rural Municipality of Sifton'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 Rural Municipality of Sifton's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Rural Municipality of Sifton to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

September 12, 2019
Brandon, Manitoba



Chartered Professional Accountants

RURAL MUNICIPALITY OF SIFTON

Consolidated Financial Statements

For the Year Ended December 31, 2018

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**RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 2,756,304	\$ 2,471,859
Amounts receivable (Note 4)	278,903	277,805
Real estate properties held for sale	<u>37,286</u>	<u>37,286</u>
	<u>\$ 3,072,493</u>	<u>\$ 2,786,950</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 343,831	\$ 158,122
Long-term debt (Note 7)	-	33,000
	<u>343,831</u>	<u>191,122</u>
NET FINANCIAL ASSETS	<u>\$ 2,728,662</u>	<u>\$ 2,595,828</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 6,893,857	\$ 6,224,560
Inventories (Note 5)	23,134	30,742
Prepaid expenses	<u>8,010</u>	<u>7,940</u>
	<u>6,925,001</u>	<u>6,263,242</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 9,653,663</u>	<u>\$ 8,859,070</u>

COMMITMENTS AND CONTINGENCIES (NOTES 8 AND 9)

Approved on behalf of Council:

Reeve

Councillor

The accompanying notes are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018

	<u>2018 Budget (Note 13)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
REVENUE			
Property taxes	\$ 2,014,475	\$ 2,046,352	\$ 1,956,113
Grants in lieu of taxation	59,596	59,596	55,491
User fees	489,187	193,405	153,748
Permits, licences and fines	7,460	6,679	15,032
Investment income	8,046	35,666	18,348
Other revenue	87,097	382,696	269,944
Water and sewer	65,082	63,072	77,410
Grants - Province of Manitoba	166,442	145,543	140,224
Grants - other	139,040	158,564	147,689
Total revenue (Schedules 2, 4 and 5)	<u>3,036,425</u>	<u>3,091,573</u>	<u>2,833,999</u>
EXPENSES			
General government services	626,065	529,077	530,322
Protective services	415,485	167,347	183,007
Transportation services	1,232,092	943,901	1,037,784
Environmental health services	119,108	111,404	108,419
Public health and welfare services	2,017	959	4,291
Regional planning and development	22,961	22,462	20,625
Resource conservation and industrial development	192,775	176,641	158,833
Recreation and cultural services	588,994	200,799	165,073
Water and sewer services	158,466	144,390	138,425
Total expenses (Schedules 3, 4 and 5)	<u>3,357,963</u>	<u>2,296,980</u>	<u>2,346,779</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (321,538)</u>	<u>794,593</u>	<u>487,220</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>8,859,070</u>	<u>8,371,850</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 9,653,663</u>	<u>\$ 8,859,070</u>

The accompanying notes are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	<u>2018 Budget (Note 13)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ (321,538)	\$ 794,593	\$ 487,220
Acquisition of tangible capital assets	(2,639,280)	(921,081)	(443,074)
Amortization of tangible capital assets	247,094	247,094	258,239
Loss (Gain) on sale of tangible capital assets	-	490	7,805
Proceeds on sale of tangible capital assets	-	4,200	55,000
Decrease (increase) in inventories	-	7,608	(4,385)
Decrease (increase) in prepaid expense	-	(70)	(731)
	<u>(2,392,186)</u>	<u>(661,759)</u>	<u>(127,146)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (2,713,724)</u>	132,834	360,074
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>2,595,828</u>	<u>2,235,754</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 2,728,662</u>	<u>\$ 2,595,828</u>

The accompanying notes are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 794,593	\$ 487,220
Changes in non-cash items:		
Amounts receivable	(1,098)	(60,555)
Inventories	7,608	(4,385)
Prepays	(70)	(731)
Accounts payable and accrued liabilities	185,709	(179,358)
Loss on sale of tangible capital asset	490	7,805
Amortization	247,094	258,239
Cash provided by operating transactions	<u>1,234,326</u>	<u>508,235</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	4,200	55,000
Cash used to acquire tangible capital assets	<u>(921,081)</u>	<u>(443,074)</u>
Cash applied to capital transactions	<u>(916,881)</u>	<u>(388,074)</u>
INVESTING TRANSACTIONS		
Acquisition of real estate properties	<u>-</u>	<u>(18,474)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(33,000)</u>	<u>(33,000)</u>
INCREASE IN CASH AND TEMPORARY INVESTMENTS	284,445	68,687
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>2,471,859</u>	<u>2,403,172</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 2,756,304</u></u>	<u><u>\$ 2,471,859</u></u>

The accompanying notes are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. Status of the Rural Municipality of Sifton

The incorporated Rural Municipality of Sifton is a Municipality that was established as of January 1, 2015 pursuant to The Municipal Amalgamations Act. The Rural Municipality of Sifton reflects the amalgamation of the former Town of Oak Lake and Rural Municipality of Sifton. The Municipality provides or funds municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations. The Municipality owns one utility, 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 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, revenue 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 controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Oak Lake & Area Handi-Transit
Oak Lake - Sifton Fire Board

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

Oak Lake Arena Board (85%) (2017 - 85%)
Dennis County Planning District (33.33%) (2017 - 33.33%)
Southwest Weed District (25%) (2017 - 25%)

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

Trust funds and their related operations administered by the Municipality are not consolidated in these consolidated 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.

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Significant Accounting Policies (continued)

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 statement of financial position 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.

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 revenue over expenses, provides the change in net financial assets (debt) 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 internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 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 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Significant Accounting Policies (continued)

h) Tangible Capital Assets (continued)

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 of 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.

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the consolidated 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.

Unearned 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 revenue and expenses in circumstances where the actual accrued amounts are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated 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 consolidated 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 consolidated 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 SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements

Portfolio Investments (PS 3041)

In March 2012, as a result of the issuance of PS 3450 Financial Instruments, the Public Sector Accounting Board (PSAB) issued new PS 3041 Portfolio Investments, which revises and replaces PS 3030 Temporary Investments and PS 3040 Portfolio Investments. The main features of the new standard are:

- PS 3041 does not make a distinction between temporary and portfolio investments, and is cross referenced and conformed to the requirements of PS 3450.
- Investments previously within the scope of PS 3030, which are not cash equivalents, are now accounted for within the scope of PS 3041.

This Section is effective in the same period PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation and PS 3450 are adopted. PS 1201, PS 2601 and PS 3450 are to be adopted together and are effective for fiscal years beginning on or after April 1, 2019. Early adoption is permitted.

Financial Instruments (PS 3450)

In June 2011, the Public Sector Accounting Board (PSAB) issued new PS 3450 Financial Instruments. The new standard establishes requirements for recognition, measurement, derecognition, presentation and disclosure of financial assets and financial liabilities, including derivatives. The main features of the new standard are:

- Financial instruments are classified into two measurement categories: fair value, or cost or amortized cost.
- Almost all derivatives, including embedded derivatives not closely related to the host contract, are measured at fair value.
- Portfolio investments in equity instruments quoted in an active market are measured at fair value.
- Other financial assets and financial liabilities are generally measured at cost or amortized cost.

Financial Instruments (PS 3450) (continued)

- An entity may elect to measure any group of financial assets or financial liabilities (or both) at fair value when the entity has a risk management or investment strategy to manage those items on a fair value basis.
- Remeasurement gains and losses on financial instruments measured at fair value are reported in the statement of remeasurement gains and losses until the financial instrument is derecognized.
- Budget to actual comparisons are not required within the statement of remeasurement gains and losses.
- Financial liabilities are derecognized when, and only when, they are extinguished.
- Financial assets and financial liabilities are only offset and reported on a net basis if a legally enforceable right to set off the recognized amounts exists, and the entity intends to settle on a net basis or realize/settle the amounts simultaneously.

In May 2012, the transitional provisions for this Section were amended, effective at the time the standard is initially applied, to clarify that the measurement provisions are applied prospectively. Adjustments to previous carrying amounts are recognized in opening accumulated remeasurement gains or losses. Additionally, a new transitional provision has been added that applies to government organizations transitioning from the standards in Part V of the CPA Canada Handbook – Accounting with items classified as available for sale. Accumulated other comprehensive income (OCI) from items classified as available for sale is recognized in accumulated remeasurement gains or losses on transition.

In September 2015, the effective date for governments was extended by three years. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. Early adoption is permitted.

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements (continued)

Asset Retirement Obligations, Proposed Section (PS 3280)

The Public Sector Accounting Board (PSAB) issued this Exposure Draft (ED) in March 2017 to propose a new Section on asset retirement obligations (ARO liabilities) and withdraw PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The main features of this ED include the following:

- ARO liabilities represent a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- Asset retirement costs are expensed when they are associated with an asset that is no longer in productive use.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- ARO liabilities include costs directly attributable to retirement activities, such as post-retirement operation, maintenance and monitoring.
- The best method to estimate the liability is often a present value technique.

The section is proposed to be effective for fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 2,756,304	\$ 2,471,859
Temporary investments	<u>-</u>	<u>-</u>
	<u>\$ 2,756,304</u>	<u>\$ 2,471,859</u>

The Municipality has designated \$1,170,459 (2017 - \$1,257,500) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances. Included in the reserve is cash of \$972,778 (2017 - \$1,252,865).

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 11)	\$ 238,219	\$ 261,986
Government grants	64,963	57,012
Utility customers	260	414
Accrued interest	-	-
Organizations and individuals	53,239	39,990
Other governments	23,343	35,108
	<u>380,024</u>	<u>394,510</u>
Less allowances for doubtful amounts	<u>(101,121)</u>	<u>(116,705)</u>
	<u>\$ 278,903</u>	<u>\$ 277,805</u>

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. Inventories

Inventories for use:

	<u>2018</u>	<u>2017</u>
Chemicals, herbicides, insecticides	\$ 8,984	\$ 11,227
Fuel	1,862	2,578
Culverts	6,647	7,841
Aggregate	-	-
Other supplies	5,641	9,096
	<u>\$ 23,134</u>	<u>\$ 30,742</u>

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 303,731	\$ 55,893
Accrued expenses	1,116	6,319
Accrued interest payable	-	-
School levies	155,449	37,105
Other governments	(116,465)	58,805
	<u>\$ 343,831</u>	<u>\$ 158,122</u>

7. Long-Term Debt

	<u>2018</u>	<u>2017</u>
General Authority:		
Mortgage, non-interest bearing, payable to Morcombe Holdings Ltd. with annual payments of \$33,000, maturing 2018.	<u>\$ -</u>	<u>\$ 33,000</u>

Schedule of Debentures Pending

Authority	Purpose	Amount Authorized
By-law 03-2019	For the development of a joint sewage collection and treatment facility as a Local Improvement	\$ 374,121

8. Commitments

The Municipality has outstanding contractual obligations of approximately **\$209,294** at December 31, 2018 (2017 - \$Nil) for capital works.

9. Contingencies

The Municipality owns properties that may contain environmental contamination and require site reclamation. The amount of any such obligation has not been determined.

10. Subsequent events

Previously the Weed Districts did not have to tender for the contracts it received from the Province of Manitoba - Infrastructure. In July 2019, this changed and the Weed Districts were required to tender for this contract. The Weed District was not successful in the tender process. This was a significant customer for the organization. The effect this subsequent event will have to the Southwest Weed District is unknown at this time.

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 **\$48,271** (2017 - \$44,301) 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 values of these financial instruments approximate 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 consolidated 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.

14. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 3,403,555	\$ 3,240,031
Utility operating fund - Deficit	(2,037,100)	(2,049,166)
TCA net of related borrowings	6,874,920	6,172,669
Reserve funds	1,170,459	1,257,500
Accumulated surplus of municipality unconsolidated	9,411,834	8,621,034
Accumulated surpluses of consolidated entities	241,829	238,036
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 9,653,663</u>	<u>\$ 8,859,070</u>

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 \$86,686 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Reeve - Cyril Druwe	\$ 12,481	\$ 2,984	\$ 15,465
Councillor - Clement Gervais	7,130	1,562	8,692
Councillor - Dave Roulette	9,490	780	10,270
Councillor - Jeff Sigurdson	6,250	749	6,999
Councillor - Larry Wallace	12,235	2,258	14,493
Councillor - Rick Gabrielle	7,510	1,252	8,762
Councillor - Scott Phillips	9,680	2,791	12,471
Councillor - Stan Cochrane	9,650	2,123	11,773
Councillor - Wilson Davis	8,560	2,498	11,058
Councillor - Russell Thiesen	1,950	697	2,647
Councillor - Mark Houston	1,750	572	2,322
	<u>\$ 86,686</u>	<u>\$ 18,266</u>	<u>\$ 104,952</u>

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

Name	Position	Amount
<i>Cody Denbow</i>	<i>Equipment Operator - Foreman</i>	\$ 68,580
<i>Lon Turner</i>	<i>CAO</i>	\$ 66,197
<i>David Houston</i>	<i>Dennis County Dev. Officer</i>	\$ 64,054
<i>Keith Paul</i>	<i>Grader Operator</i>	\$ 59,587
<i>Mike Roulette</i>	<i>Equipment Operator</i>	\$ 52,999
<i>Julie Gibson</i>	<i>Assistant CAO</i>	\$ 52,500

16. Trust Funds

The Rural Municipality of Sifton administers the following trusts:

	Balance, beg. of the year	Excess of Receipts over Disbursements	Balance, end of the year
<i>Harvey/Heapy Scholarships Trust</i>	\$ 6,946	\$ (366)	\$ 6,580
<i>Oakwood War Memorial Trust</i>	20,242	132	20,374
	<u>\$ 27,188</u>	<u>\$ (234)</u>	<u>\$ 26,954</u>

RURAL MUNICIPALITY OF SIFTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

17. Segmented Information

The Rural Municipality of Sifton 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
- Resource Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenue 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 consolidated financial statements as described in the summary of significant accounting policies.

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 2(a). The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	<u>2018</u>	<u>2017</u>
Financial Position		
Financial assets	\$ 74,228	\$ 65,751
Financial liabilities	<u>(50,736)</u>	<u>(36,668)</u>
Net financial assets	\$ 124,964	\$ 102,419
Non-financial assets	<u>26,151</u>	<u>27,589</u>
Accumulated surplus	<u>\$ 151,115</u>	<u>\$ 130,008</u>
Result of Operations		
Revenues	\$ 153,994	\$ 134,526
Expenses	<u>132,887</u>	<u>100,448</u>
Annual surplus	<u>\$ 21,107</u>	<u>\$ 34,078</u>

19. 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.

Sewer services:

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Oak Lake Utility	<u>\$ 2,223,605</u>	<u>\$ -</u>	<u>\$ 45,761</u>	<u>\$ 2,177,844</u>

RURAL MUNICIPALITY OF SIFTON
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	Assets Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2018	2017
Cost										
Opening costs	136,484	1,863,276	2,008,190	28,947	-	9,322,224	4,830,365	-	18,189,486	18,097,041
Additions during the year	-	91,082	437,858	-	297,314	94,827	-	-	921,081	443,074
Transfer during the year	-	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(15,258)	-	-	-	-	-	(15,258)	(350,629)
Closing costs	136,484	1,954,358	2,430,790	28,947	297,314	9,417,051	4,830,365	-	19,095,309	18,189,486
Accumulated Amortization										
Opening accum'd amortization	41,359	1,252,332	1,126,185	28,052	-	9,215,029	301,969	-	11,964,926	11,994,511
Amortization	1,467	38,896	103,688	704	-	6,955	95,384	-	247,094	258,239
Disposals and write downs	-	-	(10,568)	-	-	-	-	-	(10,568)	(287,824)
Closing accum'd amortization	42,826	1,291,228	1,219,305	28,756	-	9,221,984	397,353	-	12,201,452	11,964,926
Net Book Value of Tangible Capital Assets	93,658	663,130	1,211,485	191	297,314	195,067	4,433,012	-	6,893,857	6,224,560

RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2018

SCHEDULE 2

	2018	2017
	Actual	Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 2,009,475	\$ 1,925,191
Taxes added	36,877	30,922
	<u>2,046,352</u>	<u>1,956,113</u>
Grants in lieu of taxation:		
Federal government	-	-
Federal government enterprises	1,641	1,539
Provincial government	1,703	1,325
Provincial government enterprises	8,969	7,765
Other municipal governments	-	-
Non-government organizations	47,283	44,862
	<u>59,596</u>	<u>55,491</u>
User fees		
Parking meters	-	-
Sales of service	111,992	41,033
Sales of goods	13,250	30,754
Rentals	39,225	57,775
Development charges	-	-
Facility use fees	28,938	24,186
	<u>193,405</u>	<u>153,748</u>
Permits, licences and fines		
Permits	6,110	13,711
Licences	569	1,321
Fees	-	-
Fines	-	-
	<u>6,679</u>	<u>15,032</u>
Investment income:		
Cash and temporary investments	35,666	18,348
Marketable securities	-	-
Municipal debentures	-	-
	<u>35,666</u>	<u>18,348</u>
Other revenue:		
Gain on sale of tangible capital assets	900	5,000
Gain on sale of real estate held for sale	-	-
Contributed assets	35,097	182,500
Penalties and interest	22,402	21,393
Miscellaneous	324,297	61,051
	<u>382,696</u>	<u>269,944</u>
Water and sewer		
Municipal utility (Schedule 9)	63,072	77,410
Consolidated water co-operatives	-	-
	<u>63,072</u>	<u>77,410</u>
Grants - Province of Manitoba		
Municipal operating grants	74,354	74,411
Other unconditional grants	-	-
Conditional grants	71,189	65,813
	<u>145,543</u>	<u>140,224</u>
Grants - other		
Federal government - gas tax funding	66,309	64,064
Federal government - other	50,000	1,935
Other municipal governments	42,255	81,690
	<u>158,564</u>	<u>147,689</u>
Total revenue	<u>\$ 3,091,573</u>	<u>\$ 2,833,999</u>

RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 3

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
General government services:		
Legislative	\$ 140,158	\$ 138,487
General administrative	338,251	351,983
Other	50,668	39,852
	<u>529,077</u>	<u>530,322</u>
Protective services:		
Police	30,000	30,000
Fire	96,100	94,061
Flood control	-	20,058
Emergency measures	13,803	11,939
Other	27,444	26,949
	<u>167,347</u>	<u>183,007</u>
Transportation services:		
Road transport		
Administration and engineering	1,942	4,328
Road and street maintenance	880,811	917,507
Bridge maintenance	-	3,814
Sidewalk and boulevard maintenance	8,790	57,823
Street lighting	40,144	40,747
Other	2,143	4,262
Air transport	-	-
Public transit	10,071	9,303
Other	-	-
	<u>943,901</u>	<u>1,037,784</u>
Environmental health services:		
Waste collection and disposal	105,068	105,863
Recycling	-	-
Other	6,336	2,556
	<u>111,404</u>	<u>108,419</u>
Public health and welfare services:		
Public health	142	3,474
Medical care	-	-
Social assistance	817	817
Other	-	-
	<u>959</u>	<u>4,291</u>
Regional planning and development		
Planning and zoning	22,231	20,406
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	231	219
Other	-	-
	<u>22,462</u>	<u>20,625</u>
Resource conservation and industrial development		
Rural area weed control	135,141	122,472
Drainage of land	-	-
Veterinary services	5,625	5,587
Water resources and conservation	14,322	15,762
Regional development	19,238	13,693
Industrial development	-	-
Tourism	-	-
Other	2,315	1,319
	<u>176,641</u>	<u>158,833</u>
Sub-totals forward	<u>1,951,791</u>	<u>2,043,281</u>

RURAL MUNICIPALITY OF SIFTON
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 3

	2018 Actual	2017 Actual
Sub-totals forward	1,951,791	2,043,281
Recreation and cultural services:		
Administration	33,251	16,401
Community centers and halls	24,456	24,234
Swimming pools and beaches	-	-
Golf courses	-	-
Skating and curling rinks	115,586	103,889
Parks and playgrounds	13,242	9,644
Other recreational facilities	14,264	10,905
Museums	-	-
Libraries	-	-
Other cultural facilities	-	-
	200,799	165,073
Water and sewer services		
Municipal utility (Schedule 9)	144,390	138,425
Consolidated water co-operatives	-	-
	144,390	138,425
Total expenses	\$ 2,296,980	\$ 2,346,779

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

For the 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	\$ 2,046,352	\$ 1,956,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	59,596	55,491	-	-	-	-	-	-	-	-
User fees	7,297	2,456	14,850	25,027	66,003	37,258	-	-	-	-
Grants - other	3,485	-	(29,377)	17,489	66,309	65,999	-	-	-	-
Permits, licences and fines	569	8,820	-	391	-	-	-	-	-	-
Investment income	27,932	12,677	1,422	3,669	4,811	898	-	-	-	-
Other revenue	51,401	42,246	92,030	24,047	1,250	187,880	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	74,354	74,411	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	14,266	3,047	-	-	36,917	62,766	-	-	-	-
Total revenue	\$ 2,285,252	\$ 2,155,261	\$ 78,925	\$ 70,623	\$ 175,290	\$ 354,801	\$ -	\$ -	\$ -	\$ -
EXPENSES										
Personnel services	\$ 355,255	\$ 280,158	\$ 23,043	\$ 6,842	\$ 299,518	\$ 311,555	\$ 35,001	\$ 33,512	\$ -	\$ -
Contract services	119,217	168,140	64,333	63,450	297,270	307,816	68,461	63,990	959	4,291
Utilities	9,086	8,671	3,933	2,910	60,514	60,008	594	523	-	-
Maintenance materials and supplies	6,909	6,566	33,275	44,556	199,249	230,621	3,720	6,766	-	-
Grants and contributions	36,326	59,692	26,900	56,249	-	-	-	-	-	-
Amortization	2,333	2,948	15,071	9,000	103,082	114,934	3,628	3,628	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Other	(49)	4,147	792	-	(15,732)	12,850	-	-	-	-
Total expenses	\$ 529,077	\$ 530,322	\$ 167,347	\$ 183,007	\$ 943,901	\$ 1,037,784	\$ 111,404	\$ 108,419	\$ 959	\$ 4,291
Surplus (Deficit)	\$ 1,756,175	\$ 1,624,939	\$ (88,422)	\$ (112,384)	\$ (768,611)	\$ (682,983)	\$ (111,404)	\$ (108,419)	\$ (959)	\$ (4,291)

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

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

For the 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,046,352	\$ 1,956,113
Grants in lieu of taxation	-	-	-	-	-	-	-	-	59,596	55,491
User fees	2,100	2,100	31,314	27,958	71,841	58,949	-	-	193,405	153,748
Grants - other	18,606	18,606	37,277	40,159	62,264	5,436	-	-	158,564	147,689
Permits, licences and fines	6,110	5,821	-	-	-	-	-	-	6,679	15,032
Investment income	231	114	934	825	94	54	242	111	35,666	18,348
Other revenue	-	3,500	112	164	237,903	12,107	-	-	382,696	269,944
Water and sewer	-	-	-	-	-	-	63,072	77,410	63,072	77,410
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	74,354	74,411
Prov of MB - Conditional Grants	-	-	-	-	20,006	-	-	-	71,189	65,813
Total revenue	\$ 27,047	\$ 30,141	\$ 69,637	\$ 69,106	\$ 392,108	\$ 76,546	\$ 63,314	\$ 77,521	\$ 3,091,573	\$ 2,833,999
EXPENSES										
Personnel services	\$ 24,442	\$ 23,782	\$ 34,721	\$ 28,151	\$ 37,552	\$ 35,216	\$ 31,538	\$ 25,451	\$ 841,070	\$ 744,667
Contract services	4,884	3,747	1,445	3,011	26,369	23,126	-	672	582,938	638,243
Utilities	547	538	441	444	42,488	35,526	2,686	4,594	120,289	113,214
Maintenance materials and supplies	162	106	53,564	48,318	56,718	34,187	13,464	11,482	367,061	382,602
Grants and contributions	(7,804)	(7,803)	80,204	75,419	10,698	5,435	-	-	146,324	188,992
Amortization	-	-	2,694	3,490	24,902	28,854	95,384	95,384	247,094	258,238
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Other	231	255	3,572	-	2,072	2,729	1,318	842	(7,796)	20,823
Total expenses	\$ 22,462	\$ 20,625	\$ 176,641	\$ 158,833	\$ 200,799	\$ 165,073	\$ 144,390	\$ 138,425	\$ 2,296,980	\$ 2,346,779
Surplus (Deficit)	\$ 4,585	\$ 9,516	\$ (107,004)	\$ (89,727)	\$ 191,309	\$ (88,527)	\$ (81,076)	\$ (60,904)	\$ 794,593	\$ 487,220

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2018

	Core Government		Controlled Entities		Government Partnerships		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE								
Property taxes	\$ 2,046,352	\$ 1,956,113	\$ -	\$ -	\$ -	\$ -	\$ 2,046,352	\$ 1,956,113
Grants in lieu of taxation	59,596	55,491	-	-	-	-	59,596	55,491
User fees	114,087	88,242	8,404	6,633	70,914	58,873	193,405	153,748
Grants - other	163,933	77,999	(66,688)	5,489	61,319	64,201	158,564	147,689
Permits, licences and fines	569	9,211	-	-	6,110	5,821	6,679	15,032
Investment income	34,520	17,337	212	186	934	825	35,666	18,348
Other revenue	310,599	240,711	57,380	24,427	14,717	4,806	382,696	269,944
Water and sewer	63,072	77,410	-	-	-	-	63,072	77,410
Prov of MB - Unconditional Grants	74,354	74,411	-	-	-	-	74,354	74,411
Prov of MB - Conditional Grants	68,096	63,199	3,093	2,614	-	-	71,189	65,813
Total revenue	\$ 2,935,178	\$ 2,660,124	\$ 2,401	\$ 39,349	\$ 153,994	\$ 134,526	\$ 3,091,573	\$ 2,833,999
EXPENSES								
Personnel services	\$ 737,620	\$ 664,283	\$ 25,929	\$ 8,946	\$ 77,521	\$ 71,438	\$ 841,070	\$ 744,667
Contract services	548,950	594,930	18,962	28,509	15,026	14,804	582,938	638,243
Utilities	83,128	82,685	3,933	2,910	33,228	27,619	120,289	113,214
Maintenance materials and supplies	283,286	319,683	35,664	28,112	48,111	34,807	367,061	382,602
Grants and contributions	261,986	288,420	(66,325)	(44,953)	(49,337)	(54,475)	146,324	188,992
Amortization	243,640	253,662	760	1,086	2,694	3,490	247,094	258,238
Interest on long-term debt	-	-	-	-	-	-	-	-
Other	(14,232)	18,058	792	-	5,644	2,765	(7,796)	20,823
Total expenses	\$ 2,144,378	\$ 2,221,721	\$ 19,715	\$ 24,610	\$ 132,887	\$ 100,448	\$ 2,296,980	\$ 2,346,779
Surplus (Deficit)	\$ 790,800	\$ 438,403	\$ (17,314)	\$ 14,739	\$ 21,107	\$ 34,078	\$ 794,593	\$ 487,220

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2018

	2018							
	General Reserve	Equipment Replacement Reserve	Public Parks Reserve	Protection Reserve	Gas Tax Reserve	Cherry Point Reserve	Sifton Fire Board Reserve	Sub-total
REVENUE								
Investment income	\$ 10,154	\$ 2,267	\$ 94	\$ 261	\$ 2,332	\$ 81	\$ 1,161	\$ 16,350
Other income	-	35,000	-	-	-	-	-	35,000
Total revenue	10,154	37,267	94	261	2,332	81	1,161	51,350
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	10,154	37,267	94	261	2,332	81	1,161	51,350
TRANSFERS								
Transfers from general operating fund	-	-	154,441	-	66,309	-	21,211	241,961
Transfers to general operating fund	-	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	(23,638)	-	-	23,638	-
Transfers from utility operating fund	-	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(215,534)	-	-	-	-	(175,000)	(390,534)
CHANGE IN RESERVE FUND BALANCES	10,154	(178,267)	154,535	(23,377)	68,641	81	(128,990)	(97,223)
FUND SURPLUS, BEGINNING OF YEAR	629,963	254,851	5,852	23,377	128,480	5,056	179,401	1,226,980
FUND SURPLUS, END OF YEAR	\$ 640,117	\$ 76,584	\$ 160,387	\$ -	\$ 197,121	\$ 5,137	\$ 50,411	\$ 1,129,757

RURAL MUNICIPALITY OF SIFTON
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2018

SCHEDULE 6

	2018					2017
	Griswold Reserve	Centennial Flower Bed Reserve	Oak Lake Resort Development Reserve	Oak Lake Utility Reserve	Total	Total
REVENUE						
Investment income	\$ 102	\$ 84	\$ 150	\$ 242	\$ 16,928	\$ 9,773
Other income	-	-	-	-	35,000	3,500
Total revenue	102	84	150	242	51,928	13,273
EXPENSES						
Investment charges	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-
NET REVENUES	102	84	150	242	51,928	13,273
TRANSFERS						
Transfers from general operating fund	15,242	-	-	-	257,203	376,064
Transfers to general operating fund	-	(7,638)	-	-	(7,638)	-
Transfers between reserves	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	2,000	2,000	2,000
Transfers to utility operating fund	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	(390,534)	(399,299)
CHANGE IN RESERVE FUND BALANCES	15,344	(7,554)	150	2,242	(87,041)	(7,962)
FUND SURPLUS, BEGINNING OF YEAR	-	7,554	9,285	13,681	1,257,500	1,265,462
FUND SURPLUS, END OF YEAR	\$ 15,344	\$ -	\$ 9,435	\$ 15,923	\$ 1,170,459	\$ 1,257,500

SCHEDULE OF L.U.D. OPERATIONS - L.U.D. of Oak Lake
For the Year Ended December 31, 2018

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue			
Taxation	\$ 225,120	\$ 225,120	\$ 215,263
Other Revenue	25,000	-	-
Total revenue	<u>250,120</u>	<u>225,120</u>	<u>215,263</u>
Expenses			
General Government:			
Indemnities	3,600	3,000	3,600
Transportation Services			
Road and street maintenance	167,970	63,292	77,374
Bridge maintenance	-	-	-
Sidewalk and boulevard maintenance	47,500	8,790	57,823
Street lighting	24,450	8,563	26,603
Other	-	-	-
Protective Service			
Fire	6,600	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
Total expenses	<u>250,120</u>	<u>83,645</u>	<u>165,400</u>
Net revenue (expenses)	-	141,475	49,863
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	(82,192)	(10,260)
Other	-	-	-
Change in L.U.D. balances	<u>\$ -</u>	59,283	39,603
Unexpended balance, beginning of year		<u>177,156</u>	<u>137,553</u>
Unexpended balance, end of year		<u>\$ 236,439</u>	<u>\$ 177,156</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITY - OAK LAKE

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
	Total	Total
FINANCIAL ASSETS		
Cash and temporary investments	\$ 86,030	\$ 74,396
Amounts receivable	<u>260</u>	<u>414</u>
	<u>\$ 86,290</u>	<u>\$ 74,810</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 189	\$ 15,513
Due to other funds	<u>2,123,301</u>	<u>2,109,923</u>
	<u>2,123,490</u>	<u>2,125,436</u>
NET DEBT	<u>\$ (2,037,200)</u>	<u>\$ (2,050,626)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 4,433,012	\$ 4,528,396
Inventories	<u>100</u>	<u>1,460</u>
	<u>4,433,112</u>	<u>4,529,856</u>
FUND SURPLUS	<u>\$ 2,395,912</u>	<u>\$ 2,479,230</u>

SCHEDULE OF UTILITY OPERATIONS - Oak Lake Utility
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUE			
Water			
Water fees	\$ -	\$ -	\$ -
Bulk Water fees	-	-	-
sub-total- water	<u>-</u>	<u>-</u>	<u>-</u>
Sewer			
Sewer fees	32,482	32,425	32,060
Lagoon tipping fees	26,100	22,740	28,980
sub-total- sewer	<u>58,582</u>	<u>55,165</u>	<u>61,040</u>
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Government transfers			
Operating	-	-	-
Capital	-	-	15,222
sub-total- government transfers	<u>-</u>	<u>-</u>	<u>15,222</u>
Other			
Hydrant rentals	-	-	-
Connection charges	6,000	6,000	-
Installation service	-	-	-
Penalties	350	542	445
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	150	1,365	703
sub-total- other	<u>6,500</u>	<u>7,907</u>	<u>1,148</u>
Total revenue	<u>65,082</u>	<u>63,072</u>	<u>77,410</u>

RURAL MUNICIPALITY OF SIFTON
 SCHEDULE OF UTILITY OPERATIONS - Oak Lake Utility
 For the Year Ended December 31, 2018

SCHEDULE 9

	Budget	2018	2017
EXPENSES			
General			
Administration	-	-	-
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	-	-
Other	-	-	-
sub-total- general	<u>-</u>	<u>-</u>	<u>-</u>
Water General			
Purification and treatment	-	-	-
Water purchases	-	-	-
Transmission and distribution	-	-	-
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other	-	-	-
sub-total- water general	<u>-</u>	<u>-</u>	<u>-</u>
Water Amortization & Interest			
Amortization	-	-	-
Interest on long-term debt	-	-	-
sub-total- water amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Sewer General			
Collection system costs	28,300	33,761	26,222
Treatment and disposal cost	12,300	10,585	9,066
Lift Station costs	6,500	4,660	6,891
Transportation services	-	-	-
Connection costs	12,982	-	862
Other sewage & disposal costs	3,000	-	-
sub-total- sewer general	<u>63,082</u>	<u>49,006</u>	<u>43,041</u>
Sewage Amortization & Interest			
Amortization	95,384	95,384	95,384
Interest on long-term debt	-	-	-
sub-total- sewer amortization & interest	<u>95,384</u>	<u>95,384</u>	<u>95,384</u>
Total expenses	<u>158,466</u>	<u>144,390</u>	<u>138,425</u>
NET OPERATING SURPLUS (DEFICIT)	(93,384)	(81,318)	(61,015)
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>
CHANGE IN UTILITY FUND BALANCE	<u><u>\$ (95,384)</u></u>	<u><u>(83,318)</u></u>	<u><u>(63,015)</u></u>
FUND SURPLUS, BEGINNING OF YEAR		<u>2,479,230</u>	<u>2,542,245</u>
FUND SURPLUS, END OF YEAR		<u><u>\$ 2,395,912</u></u>	<u><u>\$ 2,479,230</u></u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2018

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Long-Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 2,014,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,014,475
Grants in lieu of taxation	59,596	-	-	-	-	-	-	59,596
User fees	409,869	-	-	-	-	-	79,318	489,187
Permits, licences and fines	1,350	-	-	-	-	-	6,110	7,460
Investment income	6,900	-	-	-	-	-	1,146	8,046
Other revenue	15,000	-	-	-	-	-	72,097	87,097
Water and sewer	-	65,082	-	-	-	-	-	65,082
Grants - Province of Manitoba	163,349	-	-	-	-	-	3,093	166,442
Grants - other	144,409	-	-	-	-	-	(5,369)	139,040
Transfers from accumulated surplus	150,000	19,435	-	-	(169,435)	-	-	-
Transfers from reserves	-	-	-	-	-	-	-	-
Total revenue	\$ 2,964,948	\$ 84,517	\$ -	\$ -	\$ (169,435)	\$ -	\$ 156,395	\$ 3,036,425
EXPENSES								
General government services	\$ 622,771	\$ -	\$ 2,333	\$ -	\$ 961	\$ -	\$ -	\$ 626,065
Protective services	390,770	-	15,071	-	-	-	9,644	415,485
Transportation services	1,119,699	-	102,322	-	-	-	10,071	1,232,092
Environmental health services	115,480	-	3,628	-	-	-	-	119,108
Public health and welfare services	2,017	-	-	-	-	-	-	2,017
Regional planning and development	2,230	-	-	-	-	-	20,731	22,961
Resource cons and industrial dev	135,067	-	-	-	-	-	57,708	192,775
Recreation and cultural services	509,644	-	24,902	-	-	-	54,448	588,994
Water and sewer services	-	63,082	95,384	-	-	-	-	158,466
Fiscal services:								
Transfer to capital	-	-	-	-	-	-	-	-
Debt charges/deficit recovery	-	19,435	-	-	(19,435)	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Transfer to reserves	66,309	2,000	-	-	(68,309)	-	-	-
Allowance for tax assets	961	-	-	-	(961)	-	-	-
Total expenses	\$ 2,964,948	\$ 84,517	\$ 243,640	\$ -	\$ (87,744)	\$ -	\$ 152,602	\$ 3,357,963
Surplus (Deficit)	\$ -	\$ -	\$ (243,640)	\$ -	\$ (81,691)	\$ -	\$ 3,793	\$ (321,538)

RURAL MUNICIPALITY OF SIFTON
 ANALYSIS OF TAXES ON ROLL
 December 31, 2018

SCHEDULE 11

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 261,986	\$ 239,134
Add:		
Tax levy (Schedule 12)	3,496,344	3,427,182
Taxes added	36,877	30,922
Penalties or interest	22,402	21,393
Other accounts added	13,072	-
Sub-total	<u>3,568,695</u>	<u>3,479,497</u>
Deduct:		
Cash collections - current	3,100,972	2,990,058
Cash collections - arrears	241,792	199,722
Writeoffs	16,525	32,982
E.P.T.C. - cash advance	233,173	233,883
Sub-total	<u>3,592,462</u>	<u>3,456,645</u>
Balance, end of year	<u><u>\$ 238,219</u></u>	<u><u>\$ 261,986</u></u>

ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2018

	2018			2017
	Assessment	Mill Rate	Levy	Levy
Other governments (L.U.D.):				
L.U.D of Oak Lake	11,483,330	18.521	\$ 212,683	\$ 204,115
General municipal	134,189,110	7.000	939,324	885,047
Special levies:				
Rural Area	122,705,780	6.988	857,468	836,029
Total municipal taxes (Schedule 2)			2,009,475	1,925,191
Education support levy	38,670,930	9.770	377,815	411,330
Special levies:				
Fort La Bosse School Division	106,934,430	7.723	825,855	828,072
Southwest Horizon School Division	27,228,090	10.401	283,199	262,589
sub-total- Special levies			1,109,054	1,090,661
Total education taxes			1,486,869	1,501,991
Total tax levy (Schedule 11)			\$ 3,496,344	\$ 3,427,182

RURAL MUNICIPALITY OF SIFTON
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 13

	<u>2018 Actual</u>	<u>2017 Actual</u>
General government services:		
Legislative	\$ 140,158	\$ 138,487
General administrative	338,251	351,983
Other	50,668	39,852
	<u>529,077</u>	<u>530,322</u>
Protective services:		
Police	30,000	30,000
Fire	86,456	78,754
Emergency measures	13,803	11,939
Flood Control	-	20,058
Other	27,444	26,949
	<u>157,703</u>	<u>167,700</u>
Transportation services:		
Road transport		
Administration and engineering	1,942	4,328
Road and street maintenance	880,811	917,507
Bridge maintenance	-	3,814
Sidewalk and boulevard maintenance	8,790	57,823
Street lighting	40,144	40,747
Other	2,143	4,262
Air transport	-	-
Public transit	-	-
Other	-	-
	<u>933,830</u>	<u>1,028,481</u>
Environmental health services:		
Waste collection and disposal	105,068	105,863
Recycling	-	-
Other	6,336	2,556
	<u>111,404</u>	<u>108,419</u>
Public health and welfare services:		
Public health	142	3,474
Medical care	-	-
Social assistance	817	817
Other	-	-
	<u>959</u>	<u>4,291</u>
Regional planning and development		
Planning and zoning	1,500	1,500
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	231	219
Other	-	-
	<u>1,731</u>	<u>1,719</u>
Resource conservation and industrial development		
Rural area weed control	77,433	79,730
Drainage of land	-	-
Veterinary services	5,625	5,587
Water resources and conservation	14,322	15,762
Regional development	19,238	13,693
Industrial development	-	-
Tourism	-	-
Other	2,315	1,319
	<u>118,933</u>	<u>116,091</u>
Sub-totals forward	<u>1,853,637</u>	<u>1,957,023</u>

RURAL MUNICIPALITY OF SIFTON
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 13

	2018	2017
	Actual	Actual
Sub-totals forward	1,853,637	1,957,023
Recreation and cultural services:		
Administration	33,251	16,401
Community centers and halls	24,456	24,234
Swimming pools and beaches	-	-
Golf courses	-	-
Skating and curling rinks	61,138	65,089
Parks and playgrounds	13,242	9,644
Other recreational facilities	14,264	10,905
Museums	-	-
Libraries	-	-
Other cultural facilities	-	-
	146,351	126,273
Total expenses	\$ 1,999,988	\$ 2,083,296

RURAL MUNICIPALITY OF SIFTON

SCHEDULE 14

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2018

	General	2018 Utility	Total	2017 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	\$ 164,423	\$ 12,066	\$ 176,489	\$ 274,315
Adjustments for reporting under public sector accounting standards				
Eliminate interfund transfers	-	-	-	
Eliminate expense - transfers to reserves	257,203	2,000	259,203	378,064
Eliminate revenue - transfers from reserves	(398,172)	-	(398,172)	(399,299)
Increase revenue - reserve funds interest (and other income)	51,928	-	51,928	13,273
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	3,793	-	3,793	48,817
Eliminate revenue - transfer from nominal surplus	-	-	-	-
Increase expense - loss on sale of tangible capital assets	-	-	-	-
Increase expense - amortization of tangible capital assets	(148,256)	(95,384)	(243,640)	(253,662)
Decrease expense - principal portion of debenture debt	33,000	-	33,000	33,000
Eliminate expense - acquisitions of tangible capital assets (net proceeds)	911,992	-	911,992	392,712
	\$ 875,911	\$ (81,318)	\$ 794,593	\$ 487,220
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 875,911	\$ (81,318)	\$ 794,593	\$ 487,220