

RURAL MUNICIPALITY OF PINEY
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Rural Municipality of Piney
PO Box 48
Vassar, Manitoba
R0A 2J0

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the Rural Municipality of Piney 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 & Miller Chartered Professional Accountants Inc. as the Municipality's appointed external auditors, have audited the Financial Statements. The Auditor's report is addressed to the 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 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.



Martin Van Osch
Chief Administrative Officer

Independent Auditors' Report

To the Members and members of Council of the
Rural Municipality of Piney

Opinion

We have audited the accompanying consolidated financial statements of Rural Municipality of Piney, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended, and notes to the 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 Piney as at December 31, 2018, and the results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

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.
- 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 Rural Municipality of Piney'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 Rural Municipality of Piney'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 Rural Municipality of Piney 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.

July 9, 2019
Winnipeg, Manitoba

Reid & Miller
Chartered Professional Accountants Inc.

RURAL MUNICIPALITY OF PINEY
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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RURAL MUNICIPALITY OF PINEY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	2018	2017
	Actual	Actual
	\$	\$
<hr/>		
FINANCIAL ASSETS		
Cash and temporary investments	2,562,751	2,572,162
Accounts receivable <i>(note 3)</i>	<u>248,529</u>	<u>394,353</u>
	<u>2,811,280</u>	<u>2,966,515</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 5)</i>	<u>291,016</u>	<u>486,049</u>
NET FINANCIAL ASSETS	<u>2,520,264</u>	<u>2,480,466</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	2,414,670	2,384,458
Inventories <i>(note 4)</i>	234,424	258,700
Prepaid expenses	<u>17,874</u>	<u>17,101</u>
	<u>2,666,968</u>	<u>2,660,259</u>
ACCUMULATED SURPLUS <i>(note 11)</i>	<u>5,187,232</u>	<u>5,140,725</u>

Approved on Behalf of the Council

_____ Reeve

_____ Councillor

The accompanying notes are an integral part of these financial statements

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

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Property taxes	1,078,568	1,067,951	1,018,850
Grants in lieu of taxation	66,479	66,479	41,259
User fees	236,770	140,384	82,554
Grants - Province of Manitoba	470,150	432,683	502,253
Grants - Other	141,500	174,958	148,209
Permits, licences and fees	22,200	20,203	11,704
Investment revenue	17,500	43,812	36,441
Other revenue	122,774	337,155	154,559
Total revenue (<i>schedules 2, 4 and 5</i>)	<u>2,155,941</u>	<u>2,283,625</u>	<u>1,995,829</u>
EXPENSES			
General government services	430,086	428,673	423,485
Protective services	292,489	287,026	285,559
Transportation services	783,750	1,054,819	751,354
Environmental health services	174,100	159,854	167,337
Public health and welfare services	17,916	17,636	17,642
Regional planning and development	11,000	9,351	2,293
Resource conservation and industrial development	158,675	194,803	153,424
Recreation and cultural services	105,000	84,956	77,071
Total expenses (<i>schedules 3, 4 and 5</i>)	<u>1,973,016</u>	<u>2,237,118</u>	<u>1,878,165</u>
ANNUAL SURPLUS	182,925	46,507	117,664
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>5,140,725</u>	<u>5,140,725</u>	<u>5,023,061</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>5,323,650</u></u>	<u><u>5,187,232</u></u>	<u><u>5,140,725</u></u>

The accompanying notes are an integral part of these financial statements

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

	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
ANNUAL SURPLUS	182,925	46,507	117,664
Acquisition of tangible capital assets	-	(239,128)	(410,184)
Proceeds on disposal of tangible capital assets	225,000	258,593	150,584
Amortization of tangible capital assets	203,900	204,043	222,395
Gain on sale of tangible capital assets	-	(253,720)	(50,056)
Decrease (increase) in inventories	-	24,276	(177,885)
Increase in prepaid expense	-	(773)	(3,121)
CHANGE IN SURPLUS (DEFICIT)	611,825	39,798	(150,603)
NET FINANCIAL ASSETS BEGINNING OF YEAR	2,480,466	2,480,466	2,631,069
NET FINANCIAL ASSETS END OF YEAR	3,092,291	2,520,264	2,480,466

The accompanying notes are an integral part of these financial statements

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

	2018	2017
	Actual	Actual
	\$	\$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING TRANSACTIONS		
Annual surplus	46,507	117,664
Changes in non-cash items:		
Amortization	204,043	222,395
Gain on disposal of tangible capital assets	<u>(253,720)</u>	<u>(50,056)</u>
	(3,170)	290,003
Net changes in non-cash working capital affecting operations <i>(note 13)</i>	<u>(25,706)</u>	<u>229,582</u>
	<u>(28,876)</u>	<u>519,585</u>
CAPITAL TRANSACTIONS		
Proceeds from sale of tangible capital assets	258,593	150,584
Cash used to acquire tangible capital assets	<u>(239,128)</u>	<u>(410,184)</u>
	<u>19,465</u>	<u>(259,600)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(9,411)	259,985
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>2,572,162</u>	<u>2,312,177</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>2,562,751</u></u>	<u><u>2,572,162</u></u>
CASH AND TEMPORARY INVESTMENTS IS REPRESENTED BY:		
Cash and temporary investments	952,191	1,025,111
Temporary investments	<u>1,610,560</u>	<u>1,547,051</u>
	<u><u>2,562,751</u></u>	<u><u>2,572,162</u></u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

1. STATUS OF THE RURAL MUNICIPALITY OF PINEY

The incorporated Rural Municipality of Piney is a municipal government that was created on January 1, 1945 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 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 generally accepted accounting principles 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>2018</u>	<u>2017</u>
Piney Stuartburn Weed Control District	50.00 %	50.00 %
Vita Veterinary Services Board	29.00 %	29.00 %

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

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

RURAL MUNICIPALITY OF PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

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 PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

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 internal finance 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 PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

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.

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.

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 revenues and expenses in circumstances where the actual accrued amounts 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 PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

3. ACCOUNTS RECEIVABLE

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
	\$	\$
Tax assets (<i>schedule 8</i>)	166,722	171,428
Government grants and receivables	43,346	84,588
Accrued interest	-	16,418
Organizations and individuals	45,131	136,289
	<u>255,199</u>	<u>408,723</u>
Allowance for doubtful accounts	(6,670)	(14,370)
	<u><u>248,529</u></u>	<u><u>394,353</u></u>

4. INVENTORIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Culverts	42,850	18,719
Gravel	158,547	212,862
Other supplies	24,031	20,881
Other	8,996	6,238
	<u>234,424</u>	<u>258,700</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade payables	137,885	266,506
Government payables	1,430	1,881
Accrued expenses	13,079	10,813
School levies	82,763	165,925
Deposits	47,283	32,261
Property tax overpayments	8,576	8,663
	<u>291,016</u>	<u>486,049</u>

RURAL MUNICIPALITY OF PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

6. 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 amounted to \$20,483 (2017 - \$19,378) 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.

7. 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 PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

8. 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 7 - Reconciliation of the Financial Plan to the Budget*.

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

9. SEGMENTED INFORMATION

The Rural Municipality of Piney 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 PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

10. 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	56,623	43,509
Liabilities	<u>4,866</u>	<u>6,202</u>
	51,757	37,307
Non-financial Assets	<u>75,628</u>	<u>33,154</u>
Accumulated Surplus	<u><u>127,385</u></u>	<u><u>70,461</u></u>
Result of Operations		
Revenue	235,080	171,795
Expenses	<u>178,155</u>	<u>175,192</u>
Annual Surplus (Deficit)	<u><u>56,925</u></u>	<u><u>(3,397)</u></u>

11. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
	\$	\$
Accumulated surplus consists of the following:		
General Operating Fund - Nominal Surplus, excluding Tangible Capital Assets	1,202,518	1,198,501
General Operating Tangible Capital Assets, net of related borrowings	2,414,670	2,384,458
Reserve Funds	<u>1,515,087</u>	<u>1,531,210</u>
Accumulated surplus of municipality unconsolidated	<u>5,132,275</u>	<u>5,114,169</u>
Accumulated surpluses of consolidated government partnerships	<u>54,957</u>	<u>26,556</u>
Accumulated Surplus per Statement of Financial Position	<u><u>5,187,232</u></u>	<u><u>5,140,725</u></u>

Prior year comparatives have been reclassified to conform with the current year presentation, this has not resulted in a change to net income or surplus.

RURAL MUNICIPALITY OF PINEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

12. 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, 2018:

- (a) Compensation paid to members of council amounted to \$48,945 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
Wayne Anderson	10,098	2,543	12,641
Ken Prociw	10,535	4,749	15,284
Dale Edbom	9,159	2,436	11,595
David Beaudry	8,974	1,823	10,797
Melanie Parent	10,179	3,987	14,166
	<u>48,945</u>	<u>15,538</u>	<u>64,483</u>

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

Name	Position	Amount
Martin Van Osch	C.A.O.	74,282
Harold Grawberger	Public Works Foreman	63,217

13. CHANGES IN WORKING CAPITAL

	2018	2017
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	145,824	172,931
Inventories	24,276	(177,885)
Prepaid expenses	(773)	(3,121)
Accounts payable and accrued liabilities	(195,033)	237,657
	<u>(25,706)</u>	<u>229,582</u>

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2018

	General Capital Assets					Infrastructure			2018	2017
	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	1,415,746	800,099	841,706	42,647	-	8,878,237	-	-	11,978,435	11,686,489
Asset purchases	16,952	11,296	52,253	-	158,626	-	-	-	239,127	410,184
Disposals and write downs	4,872	-	-	-	-	-	-	-	4,872	118,238
Balance, end of year	1,427,826	811,395	893,959	42,647	158,626	8,878,237	-	-	12,212,690	11,978,435
Accumulated Amortization										
Balance, beginning of year	312,583	385,869	599,084	40,779	-	8,255,662	-	-	9,593,977	9,389,292
Amortization	40,791	20,042	109,514	1,118	-	32,578	-	-	204,043	222,395
Disposals and write downs	-	-	-	-	-	-	-	-	-	17,710
Balance, end of year	353,374	405,911	708,598	41,897	-	8,288,240	-	-	9,798,020	9,593,977
Net book value	1,074,452	405,484	185,361	750	158,626	589,997	-	-	2,414,670	2,384,458

RURAL MUNICIPALITY OF PINEY
CONSOLIDATED SCHEDULE OF REVENUES

Schedule 2

For the Year Ended December 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
PROPERTY TAXES			
Municipal taxes levied (<i>schedule 9</i>)	1,038,568	1,038,568	986,764
Taxes added	40,000	29,383	32,086
	<u>1,078,568</u>	<u>1,067,951</u>	<u>1,018,850</u>
GRANTS IN LIEU OF TAXATION			
Federal government	5,953	5,953	5,964
Federal government enterprises	-	-	615
Provincial government	49,728	49,728	21,754
Provincial government enterprises	10,798	10,798	12,926
	<u>66,479</u>	<u>66,479</u>	<u>41,259</u>
USER FEES			
Sales of service	81,751	132,311	74,863
Sales of goods	150,019	5,923	2,691
Rentals	5,000	2,150	5,000
	<u>236,770</u>	<u>140,384</u>	<u>82,554</u>
GRANTS - PROVINCE OF MANITOBA			
General assistance payment	94,000	85,344	56,580
Municipal program grants	-	-	36,934
Conditional grants	376,150	347,339	408,739
	<u>470,150</u>	<u>432,683</u>	<u>502,253</u>
GRANTS - OTHER			
Federal government - gas tax funding	-	97,314	94,019
Federal government - other	101,500	5,422	8,390
Other local governments	40,000	72,222	45,800
	<u>141,500</u>	<u>174,958</u>	<u>148,209</u>
PERMITS, LICENCES AND FEES			
Permits	21,500	20,129	11,599
Licences	500	74	105
Fines	200	-	-
	<u>22,200</u>	<u>20,203</u>	<u>11,704</u>
INVESTMENT REVENUE			
Interest	17,500	43,812	36,441
OTHER REVENUE			
Gain on sale of tangible capital assets	-	253,720	50,056
Miscellaneous	102,774	62,746	85,380
Penalties and interest	20,000	20,689	19,123
	<u>122,774</u>	<u>337,155</u>	<u>154,559</u>
TOTAL REVENUE	<u><u>2,155,941</u></u>	<u><u>2,283,625</u></u>	<u><u>1,995,829</u></u>

RURAL MUNICIPALITY OF PINEY
CONSOLIDATED SCHEDULE OF EXPENSES

Schedule 3

For the Year Ended December 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	61,500	65,207	61,153
General administrative	368,586	363,466	362,332
	<u>430,086</u>	<u>428,673</u>	<u>423,485</u>
PROTECTIVE SERVICES			
Police	7,176	946	172
Fire	233,750	232,063	248,261
Emergency measures	14,063	21,509	9,984
Other protective services	37,500	32,508	27,142
	<u>292,489</u>	<u>287,026</u>	<u>285,559</u>
TRANSPORTATION SERVICES			
Road transport			
Road and street maintenance	732,250	1,005,196	704,608
Bridge maintenance	5,000	-	-
Street lighting	36,000	37,192	35,282
Air transport	10,500	12,431	11,464
	<u>783,750</u>	<u>1,054,819</u>	<u>751,354</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	145,600	136,723	140,664
Recycling	27,000	22,788	26,233
Lagoons and wells	1,500	343	440
	<u>174,100</u>	<u>159,854</u>	<u>167,337</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	17,916	17,636	17,642
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	5,000	295	927
Urban renewal	500	-	-
Beautification and land rehabilitation	500	320	365
Other	5,000	8,736	1,001
	<u>11,000</u>	<u>9,351</u>	<u>2,293</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	101,675	132,721	102,407
Veterinary services	6,000	17,189	18,758
Water resources and conservation	6,000	5,800	6,115
Industrial development	17,500	7,202	1,995
Tourism	27,500	31,891	24,149
	<u>158,675</u>	<u>194,803</u>	<u>153,424</u>
RECREATION AND CULTURAL SERVICES			
Community centers and halls	105,000	84,956	77,071
TOTAL EXPENSES	<u><u>1,973,016</u></u>	<u><u>2,237,118</u></u>	<u><u>1,878,165</u></u>

CONSOLIDATED SCHEDULE 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	1,067,951	1,018,850	-	-	-	-	-	-	-	-
Grants in lieu of taxation	66,479	41,259	-	-	-	-	-	-	-	-
User fees	21,725	16,978	47,187	31,368	39,499	6,790	500	1,250	-	-
Grants - Province of Manitoba	432,683	502,253	-	-	-	-	-	-	-	-
Grants - Other	108,536	108,209	-	-	-	-	-	-	-	-
Permits, licences and fees	74	105	-	-	-	-	-	-	-	-
Investment revenue	43,812	36,441	-	-	-	-	-	-	-	-
Other revenue	296,461	106,715	-	-	-	-	-	-	-	-
Total revenue	<u>2,037,721</u>	<u>1,830,810</u>	<u>47,187</u>	<u>31,368</u>	<u>39,499</u>	<u>6,790</u>	<u>500</u>	<u>1,250</u>	<u>-</u>	<u>-</u>
EXPENSES										
Personnel services	237,027	211,065	53,656	44,254	116,803	113,210	108	372	-	-
Contract services	137,588	152,291	98,557	85,496	810,222	482,583	104,362	101,524	1,720	2,726
Utilities	11,920	11,262	27,229	24,166	-	-	-	-	-	-
Maintenance materials & supplies	16,557	17,591	10,811	15,097	86,138	107,334	2,224	12,684	1,000	-
Grants & contributions	750	-	-	172	-	-	-	-	14,916	14,916
Amortization	4,843	6,564	96,773	110,685	41,656	48,227	53,160	52,757	-	-
Bad debts expense	17,552	24,117	-	5,689	-	-	-	-	-	-
Other operating expense	2,436	595	-	-	-	-	-	-	-	-
Total expenses	<u>428,673</u>	<u>423,485</u>	<u>287,026</u>	<u>285,559</u>	<u>1,054,819</u>	<u>751,354</u>	<u>159,854</u>	<u>167,337</u>	<u>17,636</u>	<u>17,642</u>
SURPLUS (DEFICIT)	<u>1,609,048</u>	<u>1,407,325</u>	<u>(239,839)</u>	<u>(254,191)</u>	<u>(1,015,320)</u>	<u>(744,564)</u>	<u>(159,354)</u>	<u>(166,087)</u>	<u>(17,636)</u>	<u>(17,642)</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, 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	-	-	-	-	-	-	-	-	1,067,951	1,018,850
Grants in lieu of taxation	-	-	-	-	-	-	-	-	66,479	41,259
User fees	12,980	9,336	18,493	16,832	-	-	-	-	140,384	82,554
Grants - Province of Manitoba	-	-	-	-	-	-	-	-	432,683	502,253
Grants - Other	-	-	66,422	40,000	-	-	-	-	174,958	148,209
Permits, licences and fees	20,129	11,599	-	-	-	-	-	-	20,203	11,704
Investment revenue	-	-	-	-	-	-	-	-	43,812	36,441
Other revenue	40,694	47,844	-	-	-	-	-	-	337,155	154,559
Total revenue	73,803	68,779	84,915	56,832	-	-	-	-	2,283,625	1,995,829
EXPENSES										
Personnel services	-	-	40,731	41,559	-	-	-	-	448,325	410,460
Contract services	4,351	2,185	57,755	44,438	7,591	1,611	-	-	1,222,146	872,854
Utilities	-	-	3,597	3,481	-	-	-	-	42,746	38,909
Maintenance materials & supplies	-	-	27,808	27,560	-	-	-	-	144,538	180,266
Grants & contributions	-	-	57,301	32,224	77,365	75,460	-	-	150,332	122,772
Amortization	-	-	7,611	4,162	-	-	-	-	204,043	222,395
Bad debts expense	-	-	-	-	-	-	-	-	17,552	29,806
Other operating expense	5,000	108	-	-	-	-	-	-	7,436	703
Total expenses	9,351	2,293	194,803	153,424	84,956	77,071	-	-	2,237,118	1,878,165
SURPLUS (DEFICIT)	64,452	66,486	(109,888)	(96,592)	(84,956)	(77,071)	-	-	46,507	117,664

* 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, 2018

	Core Government		Government Partnerships		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
REVENUE						
Property taxes	1,067,951	1,018,850	-	-	1,067,951	1,018,850
Grants in lieu of taxation	66,479	41,259	-	-	66,479	41,259
User fees	108,911	56,386	31,473	26,168	140,384	82,554
Grants - Province of Manitoba	427,173	496,639	5,510	5,614	432,683	502,253
Grants - Other	102,736	102,409	72,222	45,800	174,958	148,209
Permits, licences and fees	20,203	11,704	-	-	20,203	11,704
Investment revenue	43,812	36,441	-	-	43,812	36,441
Other revenue	337,071	154,530	84	29	337,155	154,559
Total revenue	<u>2,174,336</u>	<u>1,918,218</u>	<u>109,289</u>	<u>77,611</u>	<u>2,283,625</u>	<u>1,995,829</u>
EXPENSES						
Personnel services	407,594	368,901	40,731	41,559	448,325	410,460
Contract services	1,221,006	871,246	1,140	1,608	1,222,146	872,854
Utilities	39,149	35,428	3,597	3,481	42,746	38,909
Maintenance materials & supplies	116,730	152,807	27,808	27,459	144,538	180,266
Grants & contributions	150,332	122,772	-	-	150,332	122,772
Amortization	196,432	218,233	7,611	4,162	204,043	222,395
Bad debts expense	17,552	29,806	-	-	17,552	29,806
Other operating expense	7,436	703	-	-	7,436	703
Total expenses	<u>2,156,231</u>	<u>1,799,896</u>	<u>80,887</u>	<u>78,269</u>	<u>2,237,118</u>	<u>1,878,165</u>
SURPLUS (DEFICIT)	<u>18,105</u>	<u>118,322</u>	<u>28,402</u>	<u>(658)</u>	<u>46,507</u>	<u>117,664</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2018

	General Reserve \$	Protective Reserve \$	Transportation Reserve \$	Environmental Health Reserve \$	Recreation Reserve \$	General Capital Reserve \$	Protective Capital \$
FINANCIAL ASSETS							
Cash and temporary investments	-	-	148,079	-	-	311,273	398,096
Due from other funds	8,427	11,916	-	3,197	3,197	-	-
	8,427	11,916	148,079	3,197	3,197	311,273	398,096
LIABILITIES							
Due to other funds	-	-	17,647	-	-	23,983	186,855
REVENUE							
Investment revenue	141	200	2,280	54	54	6,057	3,115
TRANSFERS							
Acquisition of tangible capital assets	-	-	-	-	-	60,000	(25,000)
Transfer to (from) reserve funds	-	-	-	-	-	-	-
	-	-	-	-	-	(60,000)	25,000
CHANGE IN FUND BALANCES	141	200	2,280	54	54	(53,943)	28,115
FUND SURPLUS, BEGINNING OF YEAR	8,286	11,716	128,152	3,143	3,143	341,233	183,126
FUND SURPLUS, END OF YEAR	8,427	11,916	130,432	3,197	3,197	287,290	211,241

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2018

	Waste Disposal Capital \$	Recreation Services Capital \$	Gas Tax Reserve \$	2018 Actual \$	2017 Actual \$
FINANCIAL ASSETS					
Cash and temporary investments	90,812	30,990	501,601	1,480,851	769,521
Due from other funds	188,808	-	48,796	264,341	1,522,924
	<u>279,620</u>	<u>30,990</u>	<u>550,397</u>	<u>1,745,192</u>	<u>2,292,445</u>
LIABILITIES					
Due to other funds	-	1,618	-	230,103	761,235
REVENUE					
Investment revenue	1,517	517	7,630	21,565	12,923
TRANSFERS					
Acquisition of tangible capital assets	-	-	-	35,000	-
Transfer to (from) reserve funds	-	-	(2,686)	(2,686)	91,019
	<u>-</u>	<u>-</u>	<u>(2,686)</u>	<u>(37,686)</u>	<u>91,019</u>
CHANGE IN FUND BALANCES	1,517	517	4,944	(16,121)	103,942
FUND SURPLUS, BEGINNING OF YEAR	<u>278,103</u>	<u>28,855</u>	<u>545,453</u>	<u>1,531,210</u>	<u>1,427,268</u>
FUND SURPLUS, END OF YEAR	<u>279,620</u>	<u>29,372</u>	<u>550,397</u>	<u>1,515,089</u>	<u>1,531,210</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 \$	Government Partnerships \$	PSAB Budget \$
REVENUE								
Property taxes	1,078,568	-	-	-	-	-	-	1,078,568
Grants in lieu of taxation	66,479	-	-	-	-	-	-	66,479
User fees	209,770	-	-	-	-	-	27,000	236,770
Grants - Province of Manitoba	470,150	-	-	-	-	-	-	470,150
Grants - Other	101,500	-	-	-	-	-	40,000	141,500
Permits, licences and fees	22,200	-	-	-	-	-	-	22,200
Investment revenue	17,500	-	-	-	-	-	-	17,500
Other revenue	122,774	-	-	-	-	-	-	122,774
Transfers	210,000	-	-	-	(210,000)	-	-	-
	2,298,941	-	-	-	(210,000)	-	67,000	2,155,941
EXPENSES								
General government services	425,186	-	4,900	-	-	-	-	430,086
Protective services	195,739	-	96,750	-	-	-	-	292,489
Transportation services	735,600	-	48,150	-	-	-	-	783,750
Environmental health services	120,000	-	54,100	-	-	-	-	174,100
Public health and welfare services	17,916	-	-	-	-	-	-	17,916
Regional planning and development	11,000	-	-	-	-	-	-	11,000
Resource conservation and industrial development	92,000	-	-	-	-	-	66,675	158,675
Recreation and cultural services	105,000	-	-	-	-	-	-	105,000
Transfers	596,500	-	-	-	(596,500)	-	-	-
	2,298,941	-	203,900	-	(596,500)	-	66,675	1,973,016
SURPLUS (DEFICIT)	-	-	(203,900)	-	386,500	-	325	182,925

RURAL MUNICIPALITY OF PINEY**Schedule 8****ANALYSIS OF TAXES ON ROLL****For the Year Ended December 31, 2018**

	2018	2017
	Actual	Actual
	\$	\$
BALANCE, BEGINNING OF YEAR	<u>171,428</u>	<u>157,308</u>
Add:		
Tax Levy (<i>schedule 9</i>)	2,492,805	2,520,316
Taxes added	29,383	32,086
Penalties and interest	20,689	19,123
Sub-total	<u>2,714,305</u>	<u>2,728,833</u>
Deduct:		
Cash collections - current	2,053,134	2,064,059
Cash collections - arrears	130,075	126,471
Cancellations	16,382	9,747
Tax discounts	-	-
M.P.T.C. - cash advance	347,992	357,128
Sub-total	<u>2,547,583</u>	<u>2,557,405</u>
BALANCE, END OF YEAR	<u><u>166,722</u></u>	<u><u>171,428</u></u>

ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2018

	Assessment	2018 Mill Rate	Levy	2017 Levy
Other municipal levies:				
General municipal	85,903,080	12.063	<u>1,038,568</u>	<u>986,764</u>
Total municipal taxes (schedule 2)			<u>1,038,568</u>	<u>986,764</u>
Education Support Levy	21,479,700	9.770	209,857	218,366
Special levy:				
Border Land School Division	58,557,700	14.410	843,817	935,436
Seine River School Division	27,342,190	14.624	<u>400,563</u>	<u>379,750</u>
			<u>1,244,380</u>	<u>1,315,186</u>
Total education taxes			<u>1,454,237</u>	<u>1,533,552</u>
Total tax levy (schedule 8)			<u><u>2,492,805</u></u>	<u><u>2,520,316</u></u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	61,500	65,207	61,153
General administrative	368,586	363,466	362,332
	<u>430,086</u>	<u>428,673</u>	<u>423,485</u>
PROTECTIVE SERVICES			
Police	7,176	946	172
Fire	233,750	232,063	248,261
Emergency measures	14,063	21,509	9,984
Other protective services	37,500	32,508	27,142
	<u>292,489</u>	<u>287,026</u>	<u>285,559</u>
TRANSPORTATION SERVICES			
Road transport			
Road and street maintenance	732,250	1,005,196	704,608
Bridge maintenance	5,000	-	-
Street lighting	36,000	37,192	35,282
Air transport	10,500	12,431	11,464
	<u>783,750</u>	<u>1,054,819</u>	<u>751,354</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	145,600	136,723	140,664
Recycling	27,000	22,788	26,233
Lagoons and wells	1,500	343	440
	<u>174,100</u>	<u>159,854</u>	<u>167,337</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	17,916	17,636	17,642
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	5,000	295	927
Urban renewal	500	-	-
Beautification and land rehabilitation	500	320	365
Other	5,000	8,736	1,001
	<u>11,000</u>	<u>9,351</u>	<u>2,293</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	35,000	63,145	37,018
Veterinary services	6,000	5,878	5,878
Water resources and conservation	6,000	5,800	6,115
Industrial development	17,500	7,202	1,995
Tourism	27,500	31,891	24,149
	<u>92,000</u>	<u>113,916</u>	<u>75,155</u>
RECREATION AND CULTURAL SERVICES			
Community centers and halls	105,000	84,956	77,071
TOTAL EXPENSES	<u><u>1,906,341</u></u>	<u><u>2,156,231</u></u>	<u><u>1,799,896</u></u>

ESTIMATED RECONCILIATION OF ANNUAL SURPLUS

For the Year Ended December 31, 2018

	2018 Total \$	2017 Total \$
CONSOLIDATED ANNUAL SURPLUS <i>(statement 2)</i>	46,507	117,664
Elimination of appropriations from reserves	60,000	209,962
Elimination of appropriations to reserves	(27,686)	(392,000)
Consolidation of reserve operations	(21,565)	(25,846)
Elimination of consolidated entity operations	(28,402)	(2,846)
Elimination of nominal surplus transfers	-	162,000
Amortization of tangible capital assets	196,432	436,466
Proceeds on disposal of assets	259,985	301,336
Loss (gain) on disposal of assets	(255,113)	(100,282)
Acquisitions of capital assets from operating funds	(213,130)	(820,368)
ESTIMATED EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES FOR THE PURPOSES OF SECTION 165(1) AND (2) OF THE MUNICIPAL ACT***	<u>17,028</u>	<u>(113,914)</u>

R|M

REID & MILLER

CHARTERED PROFESSIONAL ACCOUNTANTS INC