

RURAL MUNICIPALITY OF LAC DU BONNET

**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 Lac du Bonnet 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 Canada.

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

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

Exchange Chartered Professional Accountants, 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.



Cameron Bell
Chief Administrative Officer



INDEPENDENT AUDITORS' REPORT

To the Reeve and members of Council of the
RURAL MUNICIPALITY OF LAC DU BONNET

Opinion

We have audited the accompanying consolidated financial statements of the Rural Municipality of Lac du Bonnet, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba
June 27, 2019

1-554 St. Mary's Road, Winnipeg, Manitoba R2M 3L5
Telephone (204) 943-4584 Fax (204) 957-5195
E-mail: info@exg.ca Website: www.exg.ca

RURAL MUNICIPALITY OF LAC DU BONNET

Consolidated Financial Statements

For the Year Ended December 31, 2018

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RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 6,341,886	\$ 6,093,733
Amounts receivable (Note 4)	774,875	1,098,517
	<u>7,116,761</u>	<u>7,192,250</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	856,995	919,363
	<u>856,995</u>	<u>919,363</u>
NET FINANCIAL ASSETS	<u>6,259,766</u>	<u>6,272,887</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	8,960,405	8,557,105
Inventories (Note 5)	368,897	551,658
Prepaid expenses	8,952	24,654
	<u>9,338,254</u>	<u>9,133,417</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 15,598,020</u>	<u>\$ 15,406,304</u>

CONTINGENCIES (NOTE 16)

Approved on behalf of Council:

Reeve

Councillor

The accompanying notes are an integral part of this financial statement

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018

	<u>2018 Budget (Note 10)</u>	<u>2018 Actual</u>	<u>2017 Actual (Note 15)</u>
REVENUE			
Property taxes	\$ 3,476,938	\$ 3,613,457	\$ 3,423,416
Grants in lieu of taxation	360,583	272,883	271,030
User fees	397,847	532,869	488,728
Permits, licences and fines	450	615	561
Investment income	15,000	124,459	87,479
Other revenue	117,080	195,371	648,325
Water and sewer	10,859	45,071	35,857
Grants - Province of Manitoba	352,040	462,108	418,069
Grants - other	165,773	225,728	203,464
Total revenue (Schedules 2, 4 and 5)	<u>4,896,570</u>	<u>5,472,561</u>	<u>5,576,929</u>
EXPENSES			
General government services	1,026,628	948,035	1,039,785
Protective services	505,031	370,597	371,758
Transportation services	2,745,522	2,618,048	2,486,784
Environmental health services	788,342	506,118	473,734
Public health and welfare services	121,633	102,940	55,038
Regional planning and development	129,820	151,131	148,797
Resource conservation and industrial development	70,735	192,843	150,224
Recreation and cultural services	278,340	374,507	401,705
Water and sewer services	17,673	16,626	15,930
Total expenses (Schedules 3, 4 and 5)	<u>5,683,724</u>	<u>5,280,845</u>	<u>5,143,755</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (787,154)</u>	191,716	433,174
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>15,406,304</u>	<u>14,973,130</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 15,598,020</u>	<u>\$ 15,406,304</u>

The accompanying notes are an integral part of this financial statement

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018

	<u>2018 Budget (Note 10)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ (787,154)	\$ 191,716	\$ 433,174
Acquisition of tangible capital assets	(1,368,905)	(1,083,661)	(989,419)
Amortization of tangible capital assets	549,994	556,807	572,126
Loss (Gain) on sale of tangible capital assets	-	(1,945)	(288,082)
Proceeds on sale of tangible capital assets	-	125,500	409,914
Decrease (increase) in inventories	-	182,761	(393,989)
Decrease (increase) in prepaid expense	-	15,701	(71)
	<u>(818,911)</u>	<u>(204,837)</u>	<u>(689,521)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (1,606,065)</u>	(13,121)	(256,347)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>6,272,887</u>	<u>6,529,234</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 6,259,766</u>	<u>\$ 6,272,887</u>

The accompanying notes are an integral part of this financial statement

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 191,716	\$ 433,174
Changes in non-cash items:		
Amounts receivable	323,642	(89,756)
Inventories	182,761	(393,989)
Prepays	15,701	(71)
Accounts payable and accrued liabilities	(62,368)	171,144
Severance and vested sick leave payable	-	-
Landfill closure and post closure liabilities	-	-
Environmental liabilities	-	-
Loss (Gain) on sale of tangible capital asset	(1,945)	(288,082)
Amortization	556,807	572,126
	<u>1,206,314</u>	<u>404,546</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	125,500	409,914
Cash used to acquire tangible capital assets	(1,083,661)	(989,419)
	<u>(958,161)</u>	<u>(579,505)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	-	-
Proceeds on sale of real estate properties	-	-
Loans and advances repaid	-	-
Purchase of portfolio investments	-	-
Acquisition of real estate properties	-	-
Loans and advances issued	-	-
	<u>-</u>	<u>-</u>
Cash applied to investing transactions	-	-
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	-
Debt repayment	-	-
Obligation under capital lease	-	-
Repayment of obligation under capital lease	-	-
	<u>-</u>	<u>-</u>
Cash applied to financing transactions	-	-
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	248,153	(174,959)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	6,093,733	6,268,692
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 6,341,886	\$ 6,093,733

The accompanying notes are an integral part of this financial statement

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

1. Status of the Rural Municipality of Lac du Bonnet

The incorporated Rural Municipality of Lac du Bonnet ("The Municipality") is a municipality that was formed in 1917 pursuant to The Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, planning, airport, parks and recreation, library and other general government operations. The Municipality owns two utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The 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. There were no controlled organizations in 2018.

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 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:

Agassiz Weed Control District (42%) (2017 - 42%)
Lac du Bonnet Planning District (75%) (2017 - 75%)
Lac du Bonnet Regional Library (74%) (2017 - 74%)
Lac du Bonnet Airport Authority (69%) (2017 - 69%)
Lac du Bonnet Community Development Corporation (75%) (2017 - 75%)
Winnipeg River Recreation District (53%) (2017 - 53%)

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. There were no trust funds administered by the Municipality as of 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.

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

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

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

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.

I) Measurement Uncertainty

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

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

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,923,260	\$ 1,548,761
Temporary investments	<u>4,418,626</u>	<u>4,544,972</u>
	<u>\$ 6,341,886</u>	<u>\$ 6,093,733</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Municipality has designated \$4,599,799 (2017 - \$5,235,982) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances.

The Municipality has access to a \$500,000 line of credit at Sunova Credit Union at an interest rate of 3.325%. \$500,000 was available at December 31, 2018 (2017 - \$500,000).

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 11)	\$ 534,685	\$ 766,720
Government grants	72,559	120,709
Utility customers	-	-
Organizations and individuals	90,700	121,868
Other governments	<u>96,716</u>	<u>111,046</u>
	794,660	1,120,343
Less allowances for doubtful amounts	<u>(19,785)</u>	<u>(21,826)</u>
	<u>\$ 774,875</u>	<u>\$ 1,098,517</u>

5. Inventories

Inventories for use:

	<u>2018</u>	<u>2017</u>
Chemicals, herbicides, insecticides	\$ -	\$ -
Fuel	10,939	10,836
Culverts	2,261	10,142
Aggregate	350,000	525,000
Other supplies	<u>5,697</u>	<u>5,680</u>
	<u>\$ 368,897</u>	<u>\$ 551,658</u>

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 307,864	\$ 198,240
Wages payable	31,064	19,491
Vacation liability	12,032	8,678
Accrued expenses	17,024	29,752
Accrued interest payable	-	-
School levies	348,997	494,113
Other governments	140,014	169,089
	<u>\$ 856,995</u>	<u>\$ 919,363</u>

7. Long Term Debt

Schedule of Debenture Pending

Authority	Purpose	Amount Authorized
Sunova Credit Union	Whitemouth Rural Water Pipeline	\$ 476,000

8. 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 \$77,025 (2017 - \$81,332) 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.

9. 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.

10. Budget

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

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

11. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal	\$ 1,832,872	\$ 1,398,123
Utility operating fund(s) - Nominal	(20,463)	13,321
TCA net of related borrowings	8,904,350	8,495,718
Reserve funds	<u>4,599,799</u>	<u>5,235,982</u>
Accumulated surplus of municipality unconsolidated	15,316,558	15,143,144
Accumulated surpluses of consolidated entities	<u>281,462</u>	<u>263,160</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 15,598,020</u>	<u>\$ 15,406,304</u>

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 exceeding \$75,000 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 \$120,700 in aggregate.
- b) There were no members of council receiving compensation in excess of \$75,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Reeve - Loren Schinkel	\$ 26,645	\$ 8,821	\$ 35,466
Deputy Reeve - Doug Marks	19,623	3,960	23,583
Deputy Reeve - Scott Jones	4,615	865	5,480
Councillor - Cindy Kellendonk	16,669	3,678	20,347
Councillor - Rob McLachlan	11,352	-	11,352
Councillor - Frank Terra	9,007	1,540	10,547
Councillor - Robert Doyle	4,106	858	4,964
Councillor - Grant Hein	3,809	639	4,448
Councillor - Darrell Scheirich	<u>3,821</u>	<u>692</u>	<u>4,513</u>
	<u>\$ 99,647</u>	<u>\$ 21,053</u>	<u>\$ 120,700</u>

- c) The following officers received compensation in excess of \$75,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
<i>Greg Mandzuk</i>	<i>Public Works Manager</i>	\$ 75,691

13. Segmented Information

The Rural Municipality of Lac du Bonnet 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.

14. 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	\$ 358,086	\$ 293,202
Liabilities	140,014	98,496
Net financial assets (liabilities)	<u>218,072</u>	194,706
Non-financial assets	<u>63,390</u>	68,454
Accumulated surplus	<u>\$ 281,462</u>	<u>\$ 263,160</u>
Result of Operations		
Revenues	\$ 454,170	\$ 409,269
Expenses	<u>435,868</u>	389,694
Annual surplus	18,302	19,575
Elimination of revenues(expenses) upon consolidation	<u>152,961</u>	145,698
Consolidated annual surplus (deficit)	<u>\$ (134,659)</u>	<u>\$ (126,123)</u>

15. Comparative Figures

Some of the comparative figures have been reclassified to conform with the current year's presentation.

16. Contingencies

Lawsuits have been filed against the Municipality for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending is not determinable. Should any loss result from the resolution of these claims, such losses will be charged to operation in the year of resolution.

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2018

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2018	2017
Cost										
Opening costs	\$ 1,665,749	\$ 1,242,286	\$ 5,132,696	\$ 291,428	\$ 586,073	\$ 13,102,868	\$ 1,736,450	\$ 2,259	\$ 23,759,809	\$ 22,956,845
Additions during the year	100,370	185,664	686,148	87,966	50,092	609,586	-	-	1,719,826	989,419
Disposals and write downs	-	-	(260,535)	-	(636,165)	-	-	-	(896,700)	(186,455)
Closing costs	1,766,119	1,427,950	5,558,309	379,394	-	13,712,454	1,736,450	2,259	24,582,935	23,759,809
Accumulated Amortization										
Opening accum'd amortization	224,370	857,355	2,895,028	211,686	-	10,566,307	447,958	-	15,202,704	14,695,201
Amortization	13,858	27,170	418,516	18,777	-	24,087	54,399	-	556,807	572,126
Disposals and write downs	-	-	(136,981)	-	-	-	-	-	(136,981)	(64,623)
Closing accum'd amortization	238,228	884,525	3,176,563	230,463	-	10,590,394	502,357	-	15,622,530	15,202,704
Net Book Value of Tangible Capital Assets	\$ 1,527,891	\$ 543,425	\$ 2,381,746	\$ 148,931	\$ -	\$ 3,122,060	\$ 1,234,093	\$ 2,259	\$ 8,960,405	\$ 8,557,105

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2018

SCHEDULE 2

	2018 Actual	2017 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 3,504,665	\$ 3,339,228
Taxes added	108,792	84,188
	<u>3,613,457</u>	<u>3,423,416</u>
Grants in lieu of taxation:		
Federal government	-	-
Federal government enterprises	-	-
Provincial government	272,883	173,997
Provincial government enterprises	-	97,033
Other municipal governments	-	-
Non-government organizations	-	-
	<u>272,883</u>	<u>271,030</u>
User fees		
Parking meters	-	-
Sales of service	492,545	426,293
Sales of goods	5,322	8,052
Rentals	8,770	6,120
Development charges	-	20,400
Facility use fees	26,232	27,863
	<u>532,869</u>	<u>488,728</u>
Permits, licences and fines		
Permits	-	156
Licences	615	405
Fees	-	-
Fines	-	-
	<u>615</u>	<u>561</u>
Investment income:		
Cash and temporary investments	124,459	87,479
Marketable securities	-	-
Municipal debentures	-	-
Other (specify):	-	-
	<u>124,459</u>	<u>87,479</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	1,945	20,568
Gain on sale of land	-	267,514
Contributed assets	-	-
Penalties and interest	78,286	87,130
Miscellaneous (specify):		
Cemetery income	26,301	-
Insurance rebates	6,679	5,991
Donations	1,293	2,073
Miscellaneous	80,867	265,049
	<u>195,371</u>	<u>648,325</u>
Water and sewer		
Municipal utility(ies) (Schedule 9)	45,071	35,857
Consolidated water co-operatives	-	-
	<u>45,071</u>	<u>35,857</u>
Grants - Province of Manitoba		
Municipal operating grants	170,835	165,053
Other unconditional grants	-	-
Conditional grants	291,273	253,016
	<u>462,108</u>	<u>418,069</u>
Grants - other		
Federal government - gas tax funding	165,773	160,160
Federal government - other	-	-
Other municipal governments	59,955	43,304
	<u>225,728</u>	<u>203,464</u>
Total revenue	<u>\$ 5,472,561</u>	<u>\$ 5,576,929</u>

RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 3

	2018 Actual	2017 Actual (Note 15)
General government services:		
Legislative	\$ 129,006	\$ 107,165
General administrative	551,612	402,290
Other	267,417	530,330
	948,035	1,039,785
Protective services:		
Police	62,269	82,807
Fire	220,162	211,254
Emergency measures	34,416	26,610
Other	53,750	51,087
	370,597	371,758
Transportation services:		
Road transport		
Administration and engineering	1,875	11,220
Road and street maintenance	2,594,594	2,438,301
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	-	-
Street lighting	15,079	14,480
Other	6,500	22,783
Air transport	-	-
Public transit	-	-
Other	-	-
	2,618,048	2,486,784
Environmental health services:		
Waste collection and disposal	352,645	297,258
Recycling	55,913	56,717
Other	97,560	119,759
	506,118	473,734
Public health and welfare services:		
Public health	-	-
Medical care	66,315	21,665
Social assistance	3,096	3,096
Other	33,529	30,277
	102,940	55,038
Regional planning and development		
Planning and zoning	151,131	148,797
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	151,131	148,797
Resource conservation and industrial development		
Rural area weed control	118,322	113,973
Drainage of land	-	-
Veterinary services	-	-
Water resources and conservation	-	-
Regional development	36,008	7,342
Industrial development	-	-
Tourism	1,050	1,471
Other	37,463	27,438
	192,843	150,224
Sub-totals forward	\$ 4,889,712	\$ 4,726,120

**RURAL MUNICIPALITY OF LAC DU BONNET
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018**

SCHEDULE 3

	<u>2018 Actual</u>	<u>2017 Actual (Note 15)</u>
Sub-totals forward	<u>\$ 4,889,712</u>	<u>\$ 4,726,120</u>
Recreation and cultural services:		
Administration	19,570	-
Community centers and halls	23,097	22,756
Swimming pools and beaches	26,922	27,627
Golf courses	-	-
Skating and curling rinks	46,133	110,743
Parks and playgrounds	16,488	28,740
Other recreational facilities	126,556	101,998
Museums	4,261	4,193
Libraries	105,512	99,722
Other cultural facilities	5,968	5,926
	<u>374,507</u>	<u>401,705</u>
Water and sewer services (Schedule 9)		
Municipal utility(ies) (Schedule 9)	16,626	15,930
Consolidated water co-operatives	-	-
	<u>16,626</u>	<u>15,930</u>
Total expenses	<u><u>\$ 5,280,845</u></u>	<u><u>\$ 5,143,755</u></u>

RURAL MUNICIPALITY OF LAC DU BONNET

SCHEDULE 4

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	\$3,613,457	\$ 3,423,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	272,883	271,030	-	-	-	-	-	-	-	-
User fees	226,632	213,181	100,444	56,117	550	-	26,232	35,321	-	-
Grants - other	165,773	160,160	-	-	-	-	-	-	-	-
Permits, licences and fines	615	561	-	-	-	-	-	-	-	-
Investment income	52,271	26,329	13,486	9,210	16,509	16,473	9,449	11,789	22,148	16,404
Other revenue	111,215	511,681	-	200	54,984	79,085	-	-	26,301	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	170,835	165,053	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	159,691	121,454	-	-	-	-	76,358	85,152	-	-
Total revenue	\$ 4,773,372	\$ 4,892,865	\$ 113,930	\$ 65,527	\$ 72,043	\$ 95,558	\$ 112,039	\$ 132,262	\$ 48,449	\$ 16,404
EXPENSES										
Personnel services	\$ 492,147	\$ 526,610	\$ 61,160	\$ 71,840	\$ 953,735	\$ 925,098	\$ 234,975	\$ 190,606	\$ 17,670	\$ -
Contract services	333,244	389,496	159,597	155,233	249,779	450,142	158,821	183,868	50,024	54,935
Utilities	13,882	17,177	16,825	10,370	44,449	43,787	6,598	5,771	-	-
Maintenance materials and supplies	60,182	55,285	83,709	70,713	979,060	646,256	25,460	13,346	-	-
Grants and contributions	24,765	28,085	-	16,015	-	-	-	-	35,000	-
Amortization	23,137	12,526	49,306	47,587	384,525	415,001	80,264	80,143	246	103
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Other	678	10,606	-	-	6,500	6,500	-	-	-	-
Total expenses	\$ 948,035	\$ 1,039,785	\$ 370,597	\$ 371,758	\$ 2,618,048	\$ 2,486,784	\$ 506,118	\$ 473,734	\$ 102,940	\$ 55,038
Surplus (Deficit)	\$ 3,825,337	\$ 3,853,080	\$ (256,667)	\$ (306,231)	\$ (2,546,005)	\$ (2,391,226)	\$ (394,079)	\$ (341,472)	\$ (54,491)	\$ (38,634)

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

RURAL MUNICIPALITY OF LAC DU BONNET

SCHEDULE 4

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,613,457	\$ 3,423,416
Grants in lieu of taxation	-	-	-	-	-	-	-	-	272,883	271,030
User fees	75,558	85,339	62,240	59,794	41,213	38,976	-	-	532,869	488,728
Grants - other	6,284	6,750	28,066	11,410	25,605	25,144	-	-	225,728	203,464
Permits, licences and fines	-	-	-	-	-	-	-	-	615	561
Investment income	5,251	3,490	1,659	1,528	3,686	2,256	-	-	124,459	87,479
Other revenue	209	3,254	780	456	1,882	53,649	-	-	195,371	648,325
Water and sewer	-	-	-	-	-	-	45,071	35,857	45,071	35,857
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	170,835	165,053
Prov of MB - Conditional Grants	-	-	1,656	1,656	53,568	44,754	-	-	291,273	253,016
Total revenue	\$ 87,302	\$ 98,833	\$ 94,401	\$ 74,844	\$ 125,954	\$ 164,779	\$ 45,071	\$ 35,857	\$ 5,472,561	\$ 5,576,929
EXPENSES										
Personnel services	\$ 108,796	\$ 86,387	\$ 54,548	\$ 38,532	\$ 151,207	\$ 132,227	\$ -	\$ -	\$2,074,238	\$ 1,971,300
Contract services	18,228	40,546	49,820	29,998	33,671	30,593	12,918	13,964	1,066,102	1,348,775
Utilities	2,320	1,856	3,419	1,676	6,871	6,210	-	-	94,364	86,847
Maintenance materials and supplies	2,884	9,912	59,024	59,149	71,466	47,919	-	-	1,281,785	902,580
Grants and contributions	18,830	9,800	14,713	10,703	104,468	178,253	-	-	197,776	242,856
Amortization	-	-	9,303	8,731	6,318	6,069	3,708	1,966	556,807	572,126
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Other	73	296	2,016	1,435	506	434	-	-	9,773	19,271
Total expenses	\$ 151,131	\$ 148,797	\$ 192,843	\$ 150,224	\$ 374,507	\$ 401,705	\$ 16,626	\$ 15,930	\$5,280,845	\$ 5,143,755
Surplus (Deficit)	\$ (63,829)	\$ (49,964)	\$ (98,442)	\$ (75,380)	\$ (248,553)	\$ (236,926)	\$ 28,445	\$ 19,927	\$ 191,716	\$ 433,174

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	\$ 3,613,457	\$ 3,410,310	\$ -	\$ -	\$ -	\$ -	\$ 3,613,457	\$ 3,423,416
Grants in lieu of taxation	272,883	335,278	-	-	-	-	272,883	271,030
User fees	353,858	213,780	-	-	179,011	163,709	532,869	488,728
Grants - other	165,773	150,703	-	-	59,955	43,304	225,728	203,464
Permits, licences and fines	615	561	-	-	-	-	615	561
Investment income	120,309	74,892	-	-	4,150	2,437	124,459	87,479
Other revenue	192,500	360,650	-	-	2,871	7,711	195,371	648,325
Water and sewer	45,071	2,436	-	-	-	-	45,071	35,857
Prov of MB - Unconditional Grants	170,835	116,199	-	-	-	-	170,835	165,053
Prov of MB - Conditional Grants	236,049	165,643	-	-	55,224	46,410	291,273	253,016
Total revenue	\$ 5,171,350	\$ 4,830,452	\$ -	\$ -	\$ 301,211	\$ 263,571	\$ 5,472,561	\$ 5,576,929
EXPENSES								
Personnel services	\$ 1,806,059	\$ 1,739,288	\$ -	\$ -	\$ 268,179	\$ 232,012	\$ 2,074,238	\$ 1,971,300
Contract services	997,512	1,295,151	-	-	68,590	53,624	1,066,102	1,348,775
Utilities	81,754	77,105	-	-	12,610	9,742	94,364	86,847
Maintenance materials and supplies	1,204,703	816,462	-	-	77,082	86,118	1,281,785	902,580
Grants and contributions	197,776	242,856	-	-	-	-	197,776	242,856
Amortization	549,994	566,092	-	-	6,813	6,034	556,807	572,126
Interest on long term debt	-	-	-	-	-	-	-	-
Other	7,177	17,107	-	-	2,596	2,164	9,773	19,271
Total expenses	\$ 4,844,975	\$ 4,754,061	\$ -	\$ -	\$ 435,870	\$ 389,694	\$ 5,280,845	\$ 5,143,755
Surplus (Deficit)	\$ 326,375	\$ 76,391	\$ -	\$ -	\$ (134,659)	\$ (126,123)	\$ 191,716	\$ 433,174

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2018

	2018							
	General Reserve	Capital Reserve	Fire Fighting Reserve	Handi-Van Reserve	Machinery Reserve	Mun Office Reserve	Recreation Reserve	Flood Condition Reserve
REVENUE								
Investment income	\$ 9,223	\$ 2,345	\$ 8,914	\$ -	\$ 12,763	\$ 256	\$ 2,666	\$ 4,572
Other income	-	-	-	-	-	-	-	-
Total revenue	<u>9,223</u>	<u>2,345</u>	<u>8,914</u>	<u>-</u>	<u>12,763</u>	<u>256</u>	<u>2,666</u>	<u>4,572</u>
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES	9,223	2,345	8,914	-	12,763	256	2,666	4,572
TRANSFERS								
Transfers from general operating fund	-	-	-	5,000	170,000	-	-	-
Transfers to general operating fund	(31,444)	(130,165)	(38,182)	-	(405,913)	-	(21,153)	-
Transfer from nominal surplus	-	-	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	(22,221)	(127,820)	(29,268)	5,000	(223,150)	256	(18,487)	4,572
FUND SURPLUS, BEGINNING OF YEAR	446,444	170,289	425,774	20,000	556,466	13,551	135,887	229,527
FUND SURPLUS, END OF YEAR	\$ 424,223	\$ 42,469	\$ 396,506	\$ 25,000	\$ 333,316	\$ 13,807	\$ 117,400	\$ 234,099

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

SCHEDULE 6

	2018						Liquid/Solid Waste Reserve
	Rd. Constr. Reserve	Public Works Reserve	Airport Reserve	Economic Reserve	Gas Tax Reserve	Building Reserve	
REVENUE							
Investment income	\$ 8,011	\$ 370	\$ 1,964	\$ 1,179	\$ 5,376	\$ 665	\$ 9,449
Other income	-	-	-	-	-	-	-
Total revenue	<u>8,011</u>	<u>370</u>	<u>1,964</u>	<u>1,179</u>	<u>5,376</u>	<u>665</u>	<u>9,449</u>
EXPENSES							
Investment charges	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES	8,011	370	1,964	1,179	5,376	665	9,449
TRANSFERS							
Transfers from general operating fund	100,000	-	60,000	10,000	165,773	-	-
Transfers to general operating fund	(462,422)	(9,084)	(4,000)	(30,000)	(23,980)	-	(46,302)
Transfer from nominal surplus	-	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	(354,411)	(8,714)	57,964	(18,821)	147,169	665	(36,853)
FUND SURPLUS, BEGINNING OF YEAR	983,684	22,492	100,159	107,346	295,515	35,174	587,581
FUND SURPLUS, END OF YEAR	\$ 629,273	\$ 13,778	\$ 158,123	\$ 88,525	\$ 442,684	\$ 35,839	\$ 550,728

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

SCHEDULE 6

	2018		2017	
	P.C. Home Reserve	Stead Glen Reserve	Total	Total
REVENUE				
Investment income	\$ 22,148	\$ 788	\$ 90,689	\$ 70,313
Other income	-	-	-	-
Total revenue	22,148	788	90,689	70,313
EXPENSES				
Investment charges	-	-	-	-
Other expenses	-	-	-	-
Total expenses	-	-	-	-
NET REVENUES	22,148	788	90,689	70,313
TRANSFERS				
Transfers from general operating fund	-	-	510,773	1,257,716
Transfers to general operating fund	(35,000)	-	(1,237,645)	(1,019,213)
Transfer from nominal surplus	-	-	-	-
Transfers from utility operating fund	-	-	-	-
Transfers from accumulated surplus	-	-	-	230,406
Transfers to utility operating fund	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	(12,852)	788	(636,183)	539,222
FUND SURPLUS, BEGINNING OF YEAR	1,064,426	41,667	5,235,982	4,696,760
FUND SURPLUS, END OF YEAR	\$ 1,051,574	\$ 42,455	\$ 4,599,799	\$ 5,235,982

RURAL MUNICIPALITY OF LAC DU BONNET
SCHEDULE OF L.U.D. OPERATIONS - Name of L.U.D.
For the Year Ended December 31, 2018

SCHEDULE 7

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue			
Taxation	\$ -	\$ -	\$ -
Other Revenue	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
General Government:			
Indemnities	-	-	-
Transportation Services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
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>-</u>	<u>-</u>	<u>-</u>
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	<u>\$ -</u>	-	-
Unexpended balance, beginning of year		<u>-</u>	<u>-</u>
Unexpended balance, end of year		<u>\$ -</u>	<u>\$ -</u>

RURAL MUNICIPALITY OF LAC DU BONNET
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
 December 31, 2018

SCHEDULE 8

	2018			2017
	Tanco Utility	Whitemouth Utility	Total	Total
FINANCIAL ASSETS				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Amounts receivable	-	-	-	-
Portfolio investments	-	-	-	-
Due from other funds	-	35,000	35,000	13,321
	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 13,321</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Long-term debt	-	-	-	-
Due to other funds	55,463	-	55,463	-
	<u>\$ 55,463</u>	<u>\$ -</u>	<u>\$ 55,463</u>	<u>-</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (55,463)</u>	<u>\$ 35,000</u>	<u>\$ (20,463)</u>	<u>\$ 13,321</u>
NON-FINANCIAL ASSETS				
Tangible capital assets (Schedule 1)	\$ 149,396	\$ -	\$ 149,396	\$ 87,167
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
	<u>\$ 149,396</u>	<u>\$ -</u>	<u>\$ 149,396</u>	<u>\$ 87,167</u>
FUND SURPLUS (DEFICIT)	<u>\$ 93,933</u>	<u>\$ 35,000</u>	<u>\$ 128,933</u>	<u>\$ 100,488</u>

RURAL MUNICIPALITY OF LAC DU BONNET
 SCHEDULE OF UTILITY OPERATIONS - Tanco Utility
 For the Year Ended December 31, 2018

SCHEDULE 9

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUE			
Water			
Water fees	\$ 1,468	\$ 3,136	\$ 3,631
Bulk Water fees	-	-	-
sub-total- water	<u>1,468</u>	<u>3,136</u>	<u>3,631</u>
Sewer			
Sewer fees	9,390	6,910	6,644
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>9,390</u>	<u>6,910</u>	<u>6,644</u>
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Government transfers			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	<u>-</u>	<u>-</u>	<u>-</u>
Other			
Hydrant rentals	-	-	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	506
Gain on sale of tangible capital assets	-	-	-
Other income	-	25	25,076
sub-total- other	<u>-</u>	<u>25</u>	<u>25,582</u>
Total revenue	<u>\$ 10,858</u>	<u>\$ 10,071</u>	<u>\$ 35,857</u>

RURAL MUNICIPALITY OF LAC DU BONNET
 SCHEDULE OF UTILITY OPERATIONS (cont'd) - Tanco Utility
 For the Year Ended December 31, 2018

SCHEDULE 9

EXPENSES	<u>Budget</u>	<u>2018</u>	<u>2017</u>
General			
Administration	\$ -	\$ 547	\$ 707
Training costs	-	-	-
Billing and collection	707	-	-
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>707</u>	<u>547</u>	<u>707</u>
Water General			
Purification and treatment	-	-	-
Water purchases	1,498	891	1,498
Transmission and distribution	-	-	-
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- water general	<u>1,498</u>	<u>891</u>	<u>1,498</u>
Water Amortization & Interest			
Amortization	-	1,313	979
Interest on long term debt	-	-	-
sub-total- water amortization & interest	<u>-</u>	<u>1,313</u>	<u>979</u>
Sewer General			
Collection system costs	11,759	11,480	11,759
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>11,759</u>	<u>11,480</u>	<u>11,759</u>
Sewage Amortization & Interest			
Amortization	-	2,395	987
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>2,395</u>	<u>987</u>
Total expenses	<u>13,964</u>	<u>16,626</u>	<u>15,930</u>
NET OPERATING SURPLUS	(3,106)	(6,555)	19,927
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
CHANGE IN UTILITY FUND BALANCE	<u>\$ (3,106)</u>	<u>(6,555)</u>	19,927
FUND SURPLUS, BEGINNING OF YEAR		<u>100,488</u>	<u>80,561</u>
FUND SURPLUS, END OF YEAR		<u>\$ 93,933</u>	<u>\$ 100,488</u>

SCHEDULE OF UTILITY OPERATIONS - Whitemouth 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	-	-	-
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>-</u>	<u>-</u>	<u>-</u>
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Government transfers			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	<u>-</u>	<u>-</u>	<u>-</u>
Other			
Hydrant rentals	-	-	-
Connection charges	-	35,000	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	-	-	-
sub-total- other	<u>-</u>	<u>35,000</u>	<u>-</u>
Total revenue	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ -</u>

RURAL MUNICIPALITY OF LAC DU BONNET
 SCHEDULE OF UTILITY OPERATIONS (cont'd) - Whitemouth Utility
 For the Year Ended December 31, 2018

SCHEDULE 9

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
EXPENSES			
General			
Administration	\$ -	\$ -	\$ -
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	-	-
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	-	-	-
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	-	-	-
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>-</u>	<u>-</u>	<u>-</u>
Sewage Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
NET OPERATING SURPLUS	-	35,000	-
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
CHANGE IN UTILITY FUND BALANCE	<u><u>\$ -</u></u>	35,000	-
FUND SURPLUS, BEGINNING OF YEAR		<u>-</u>	<u>-</u>
FUND SURPLUS, END OF YEAR		<u><u>\$ 35,000</u></u>	<u><u>\$ -</u></u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2018

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 3,476,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,476,938
Grants in lieu of taxation	360,583	-	-	-	-	-	-	360,583
User fees	397,847	-	-	-	-	-	-	397,847
Permits, licences and fines	450	-	-	-	-	-	-	450
Investment income	15,000	-	-	-	-	-	-	15,000
Other revenue	117,080	-	-	-	-	-	-	117,080
Water and sewer	-	10,859	-	-	-	-	-	10,859
Grants - Province of Manitoba	352,040	-	-	-	-	-	-	352,040
Grants - other	165,773	-	-	-	-	-	-	165,773
Transfers from accumulated surplus	-	-	-	-	-	-	-	-
Transfers from reserves	2,120,232	-	-	-	(2,120,232)	-	-	-
Total revenue	\$ 7,005,943	\$ 10,859	\$ -	\$ -	\$ (2,120,232)	\$ -	\$ -	\$ 4,896,570
EXPENSES								
General government services	\$ 1,002,813	\$ -	\$ 23,137	\$ -	\$ 678	\$ -	\$ -	\$ 1,026,628
Protective services	455,725	-	49,306	-	-	-	-	505,031
Transportation services	2,360,997	-	384,525	-	-	-	-	2,745,522
Environmental health services	708,078	-	80,264	-	-	-	-	788,342
Public health and welfare services	121,387	-	246	-	-	-	-	121,633
Regional planning and development	129,820	-	-	-	-	-	-	129,820
Resource cons and industrial dev	67,895	-	2,840	-	-	-	-	70,735
Recreation and cultural services	272,372	-	5,968	-	-	-	-	278,340
Water and sewer services	-	13,965	3,708	-	-	-	-	17,673
Fiscal services:								
Transfer to capital	1,368,905	-	-	-	(1,368,905)	-	-	-
Transfer to utility	-	-	-	-	-	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Other	6,500	-	-	-	(6,500)	-	-	-
Transfer to reserves	510,773	-	-	-	(510,773)	-	-	-
Allowance for tax assets	678	-	-	-	(678)	-	-	-
Total expenses	\$ 7,005,943	\$ 13,965	\$ 549,994	\$ -	\$ (1,886,178)	\$ -	\$ -	\$ 5,683,724
Surplus (Deficit)	\$ -	\$ (3,106)	\$ (549,994)	\$ -	\$ (234,054)	\$ -	\$ -	\$ (787,154)

**RURAL MUNICIPALITY OF LAC DU BONNET
ANALYSIS OF TAXES ON ROLL
December 31, 2018**

SCHEDULE 11

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 766,720	\$ 616,009
Add:		
Tax levy (Schedule 12)	8,438,594	8,002,780
Taxes added	108,792	84,188
Penalties or interest	78,155	86,415
Other accounts added	-	-
Tax Adjustments (specify)	-	-
Tax Adjustments (specify)	-	-
Sub-total	<u>8,625,541</u>	<u>8,173,383</u>
Deduct:		
Cash collections - current	7,544,093	6,975,229
Cash collections - arrears	608,540	349,049
Write-offs	-	-
Title value of land sales	-	-
Title value of tax title acquired	-	-
Tax discounts	-	-
M.P.T.C. - cash advance	704,943	698,394
Other credits (specify)	-	-
Sub-total	<u>8,857,576</u>	<u>8,022,672</u>
Balance, end of year	<u><u>\$ 534,685</u></u>	<u><u>\$ 766,720</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.):				
Name of LUD	\$ -	\$ -	\$ -	\$ -
Name of LUD	\$ -	\$ -	-	-
sub-total- L.U.D.			-	-
Debt charges:				
Frontage	\$ -	\$ -	-	-
L.I.D.	\$ -	\$ -	-	-
Other (specify)	\$ -	\$ -	-	-
sub-total- Debt charges			-	-
Deferred surplus	\$ -	\$ -	-	-
Reserves:				
Machinery/Handivan Replac. Res.	\$ 349,348,560	\$ 0.4550	158,954	275,406
Road Reconstr. Res. BL 44-06	\$ 349,348,560	\$ 0.2600	90,831	293,465
Recreation Res. BL 43-06	\$ 349,348,560	\$ -	-	90,297
Economic Dev. Res. BI 12-03	\$ 349,348,560	\$ 0.0260	9,083	9,063
Municipal Office Res. BL 12-03	\$ 349,348,560	\$ -	-	27,222
Airport Res. BL 42-06	\$ 349,348,560	\$ 0.1560	54,498	54,211
Building Res. BL 26-07	\$ 349,348,560	\$ -	-	9,063
Fire Fighting Res. BL 13-04	\$ 349,348,560	\$ -	-	99,327
Personal Care Res. BL 18-10	\$ 349,348,560	\$ -	-	-
Emergency Response Res. BL.....	\$ 349,348,560	\$ -	-	-
Capital Development Res.	\$ 349,348,560	\$ -	-	22,574
General Reserve BL 40-06	\$ 349,348,560	\$ -	-	22,574
sub-total- Reserves			313,366	903,202
General municipal	\$ 349,348,560	\$ 9.135	3,191,299	2,436,026
Special levies:				
BL 9-08	\$ -	\$ -	-	-
Tanco Crescent (Frontage)	\$ -	\$ -	-	-
Name of special levy	\$ -	\$ -	-	-
sub-total- Special levies			-	-
Business tax (rate%)	\$ -	\$ -	-	-
Total municipal taxes (Schedule 2)			3,504,665	3,339,228
Education support levy	\$ 9,983,410	\$ 9.771	97,548	109,365
Special levies:				
Sunrise School Division No. 13	\$ 349,348,560	\$ 13.844	4,836,381	4,554,187
Name of school division	\$ -	\$ -	-	-
sub-total- Special levies			4,836,381	4,554,187
Total education taxes			4,933,929	4,663,552
Total tax levy (Schedule 11)			\$ 8,438,594	\$ 8,002,780

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

SCHEDULE 13

	2018 Actual	2017 Actual
General government services:		
Legislative	\$ 129,006	\$ 107,165
General administrative	551,612	402,290
Other	267,417	530,330
	948,035	1,039,785
Protective services:		
Police	62,269	82,807
Fire	220,162	211,254
Emergency measures	34,416	26,610
Other	53,750	51,087
	370,597	371,758
Transportation services:		
Road transport		
Administration and engineering	1,875	11,220
Road and street maintenance	2,594,594	2,438,301
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	-	-
Street lighting	15,079	14,480
Other	6,500	22,783
Air transport	-	-
Public transit	-	-
Other	-	-
	2,618,048	2,486,784
Environmental health services:		
Waste collection and disposal	352,645	297,258
Recycling	55,913	56,717
Other	97,560	119,759
	506,118	473,734
Public health and welfare services:		
Public health	-	-
Medical care	66,315	21,665
Social assistance	3,096	3,096
Other	33,529	30,277
	102,940	55,038
Regional planning and development		
Planning and zoning	75,320	77,200
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	75,320	77,200
Resource conservation and industrial development		
Rural area weed control	51,252	51,271
Drainage of land	-	-
Veterinary services	-	-
Water resources and conservation	-	-
Regional development	30,000	6,250
Industrial development	-	-
Tourism	1,050	1,471
Other	24,600	27,096
	106,902	86,088
Sub-totals forward	\$ 4,727,960	\$ 4,590,387

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

SCHEDULE 13

	2018 Actual	2017 Actual
Sub-totals forward	\$ 4,727,960	\$ 4,590,387
Recreation and cultural services:		
Administration	19,570	-
Community centers and halls	23,097	22,756
Swimming pools and beaches	26,922	27,627
Golf courses	-	-
Skating and curling rinks	46,133	110,743
Parks and playgrounds	16,488	28,740
Other recreational facilities	66,955	47,577
Museums	4,261	4,193
Libraries	43,957	41,753
Other cultural facilities	5,968	5,926
	253,351	289,315
Total expenses	\$ 4,981,311	\$ 4,879,702

RURAL MUNICIPALITY OF LAC DU BONNET
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT) (UNAUDITED)
December 31, 2018

SCHEDULE 14

	General	2018 Utility	Total	2017 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 362,888	\$ 32,153	\$ 395,041	\$ 158,955
Adjustments for reporting under public sector accounting standards				
Eliminate expense - transfers to reserves	510,773	-	510,773	1,257,716
Eliminate revenue - transfers from reserves	(1,237,645)	-	(1,237,645)	(1,019,213)
Eliminate expense - transfers to accumulated surplus	-	-	-	230,406
Increase revenue - reserve funds interest	90,689	-	90,689	70,313
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(134,659)	-	(134,659)	(126,123)
Decrease expense - elimination of contributions to consolidated entities	152,961	-	152,961	145,698
Increase (decrease) revenue - gain (loss) on sale of tangible capital assets	1,945	-	1,945	288,082
Decrease revenue - proceeds from sale of tangible capital assets	(125,500)	-	(125,500)	(409,914)
Increase expense - amortization of tangible capital assets	(546,286)	(3,708)	(549,994)	(566,092)
Decrease expense - principal portion of debenture debt	-	-	-	-
Eliminate expense - acquisitions of tangible capital assets	1,088,105	-	1,088,105	403,346
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 163,271	\$ 28,445	\$ 191,716	\$ 433,174