

TOWN OF SWAN RIVER

**Consolidated Financial Statements
For the Year Ended December 31, 2019**



THE TOWN OF SWAN RIVER

Phone: (204) 734-4586; Fax: (204) 734-5166
PO Box 879, Swan River MB R0L 1Z0

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Swan River 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.

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

Patricia Henkelman, BRS
Acting Chief Administrative Officer

PKHC

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the Town of Swan River

Opinion

We have audited the consolidated financial statements of the Town of Swan River ("the Town"), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town 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 these 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 misstatements, whether due to fraud or error.

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

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

(continues)

Independent Auditor's Report (continued)

Auditor's 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 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 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 the Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Town 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.

Swan River, Manitoba
July 21, 2020


Chartered Professional Accountants

TOWN OF SWAN RIVER

Consolidated Financial Statements

For the Year Ended December 31, 2019

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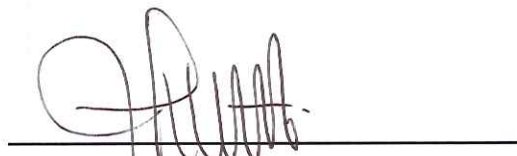
TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | \$ 2,049,306 | \$ 1,644,149 |
| Amounts receivable (Note 4) | 1,482,648 | 2,054,955 |
| Portfolio investments (Note 5) | 2,573 | 1,370 |
| Real estate properties held for sale | 485,908 | 452,072 |
| Other inventories for sale (Note 6) | 14,405 | 13,373 |
| | <u>\$ 4,034,840</u> | <u>\$ 4,165,919</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 7) | 1,135,473 | 1,241,304 |
| Pre-retirement bonus entitlement (Note 8) | 382,498 | 349,712 |
| Unearned revenue (Note 9) | 225,718 | 218,269 |
| Landfill closure liability (Note 10) | 52,015 | 47,929 |
| Long-term debt (Note 11) | 6,799,320 | 7,058,511 |
| Prepaid local improvement district levies (Note 12) | 258,686 | 274,854 |
| Deferred government transfers (Note 13) | 3,190,000 | 3,190,000 |
| | <u>12,043,710</u> | <u>12,380,579</u> |
| NET DEBT | <u>\$ (8,008,869)</u> | <u>\$ (8,214,660)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | \$ 35,622,372 | \$ 35,801,790 |
| Inventories (Note 6) | 431,661 | 433,608 |
| Prepaid expenses | 122,521 | 81,049 |
| | <u>36,176,554</u> | <u>36,316,447</u> |
| ACCUMULATED SURPLUS (Note 14) | <u>\$ 28,167,685</u> | <u>\$ 28,101,787</u> |

COMMITMENTS (Note 15)

Approved on behalf of Council:


Lance Jacobson - Mayor


Johnny Wintoniw - Deputy Mayor

The accompanying notes are an integral part of this financial statement.

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2019

| | 2019 Budget (Note 18) | 2019 Actual | 2018 Actual |
|--|-----------------------------|----------------|----------------|
| REVENUE | | | |
| Property taxes | \$ 4,749,029 | \$ 4,737,691 | \$ 4,188,836 |
| Grants in lieu of taxation | 238,608 | 238,608 | 202,917 |
| User fees | 1,152,117 | 997,721 | 1,071,187 |
| Permits, licences and fines | 54,210 | 44,178 | 55,350 |
| Investment income | 22,914 | 67,631 | 50,661 |
| Other revenue | 66,444 | 122,967 | 236,957 |
| Water and sewer | 1,437,170 | 1,402,015 | 2,537,812 |
| Grants - Province of Manitoba | 859,348 | 876,848 | 891,501 |
| Grants - other | 790,366 | 792,554 | 566,438 |
| Total revenue (Schedules 2, 4 and 5) | 9,370,206 | 9,280,213 | 9,801,659 |
| EXPENSES | | | |
| General government services | 921,356 | 894,305 | 933,492 |
| Protective services | 1,583,996 | 1,652,982 | 1,555,343 |
| Transportation services | 1,455,039 | 1,420,753 | 1,414,944 |
| Environmental health services | 1,205,150 | 1,121,010 | 1,076,626 |
| Public health and welfare services | 162,407 | 170,919 | 196,251 |
| Regional planning and development | 46,902 | 40,444 | 43,824 |
| Resource conservation and industrial development | 181,391 | 147,809 | 156,788 |
| Recreation and cultural services | 2,448,113 | 2,308,922 | 2,351,548 |
| Water and sewer services | 1,326,050 | 1,457,171 | 1,475,163 |
| Total expenses (Schedules 3, 4 and 5) | 9,330,404 | 9,214,315 | 9,203,979 |
| ANNUAL SURPLUS | \$ 39,802 | 65,898 | 597,680 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | | 28,101,787 | 27,504,107 |
| ACCUMULATED SURPLUS, END OF YEAR | | \$ 28,167,685 | \$ 28,101,787 |

The accompanying notes are an integral part of this financial statement.

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

| | 2019 Budget (Note 18) | 2019 Actual | 2018 Actual |
|---|-----------------------------|------------------------------|-----------------------|
| ANNUAL SURPLUS | <u>\$ 39,802</u> | <u>\$ 65,898</u> | <u>\$ 597,680</u> |
| Acquisition of tangible capital assets | (2,309,905) | (1,483,768) | (2,205,066) |
| Amortization of tangible capital assets | 1,718,658 | 1,658,186 | 1,591,573 |
| Loss on sale of tangible capital assets | - | 5,000 | 2,300 |
| Proceeds on sale of tangible capital assets | - | - | 1,700 |
| Decrease (increase) in inventories | - | 1,947 | (15,812) |
| Increase in prepaid expense | - | (41,472) | (12,920) |
| | <u>(591,247)</u> | <u>139,893</u> | <u>(638,225)</u> |
| CHANGE IN NET FINANCIAL ASSETS | <u>\$ (551,445)</u> | 205,791 | (40,545) |
| NET DEBT, BEGINNING OF YEAR | | <u>(8,214,660)</u> | <u>(8,174,115)</u> |
| NET DEBT, END OF YEAR | | <u>\$ (8,008,869)</u> | <u>\$ (8,214,660)</u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus | \$ 65,898 | \$ 597,680 |
| Changes in non-cash items: | | |
| Amounts receivable | 572,307 | (1,033,433) |
| Inventories | 915 | (15,143) |
| Prepaid expenses | (41,472) | (12,920) |
| Accounts payable and accrued liabilities | (105,831) | 357,985 |
| Unearned revenue | 7,449 | 41,521 |
| Pre-retirement bonus entitlement | 32,786 | 25,222 |
| Prepaid local improvement district levies | (16,168) | (16,167) |
| Landfill closure liability | 4,086 | 3,789 |
| Loss on sale of tangible capital assets | 5,000 | 2,300 |
| Loss (gain) on sale of real estate properties | (500) | 7,792 |
| Amortization | 1,658,186 | 1,591,573 |
| Cash provided by operating transactions | <u>2,182,656</u> | <u>1,550,199</u> |
| CAPITAL TRANSACTIONS | | |
| Proceeds on sale of tangible capital assets | - | 1,700 |
| Cash used to acquire tangible capital assets | <u>(1,483,768)</u> | <u>(2,205,066)</u> |
| Cash applied to capital transactions | <u>(1,483,768)</u> | <u>(2,203,366)</u> |
| INVESTING TRANSACTIONS | | |
| Proceeds on sale of real estate properties | 500 | 35,400 |
| Acquisition of real estate properties | (33,837) | (78,039) |
| Acquisition of portfolio investments | (1,269) | (445) |
| Disposition of portfolio investments | 66 | 23,625 |
| Cash applied to investing transactions | <u>(34,540)</u> | <u>(19,459)</u> |
| FINANCING TRANSACTIONS | | |
| Proceeds of long-term debt | 64,470 | 190,640 |
| Debt repayment | (323,661) | (308,446) |
| Cash applied to financing transactions | <u>(259,191)</u> | <u>(117,806)</u> |
| INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS | 405,157 | (790,432) |
| Cash and temporary investments, beginning of year | <u>1,644,149</u> | <u>2,434,581</u> |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR | <u><u>\$ 2,049,306</u></u> | <u><u>\$ 1,644,149</u></u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

1. Status of the Town of Swan River

The incorporated Town of Swan River ("the Town") is a municipal government that was created in 1908 pursuant to the Manitoba Municipal Act. The Town provides or funds municipal services such as police, fire, public works, urban planning, conservation, parks and recreation, and other general government operations. The Town owns a utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation, tourism, airport, handi transit and library.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants 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 Town. 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 Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations are:

Swan River Handi Transit Van
Swan River Municipal Developers Ltd.

The Town 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 Town'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 are:

G7 Physician Retention and Recruitment Fund (consolidated 40%, 2018 - 40%)
North-West Regional Library (consolidated 54%, 2018 - 54%)
Swan Valley District Recreation Commission (consolidated 46%, 2018 - 46%)
Swan Valley Municipal Airport Commission (consolidated 37%, 2018 - 37%)
Swan Valley Planning District (consolidated 40%, 2018 - 40%)
Swan Valley Regional Initiative for a Strong Economy (consolidated 45%, 2018 - 45%)

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

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

b) Basis of Accounting

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

c) Cash and Temporary Investments

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

d) Investments

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

Portfolio investments are accounted for at cost.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

2. Significant Accounting Policies (continued)

e) Real Estate Properties Held for Sale

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

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

f) Landfill Closure and Post Closure Liabilities

The estimated costs 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 Town does not capitalize internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

| | |
|---|----------------|
| Land | Indefinite |
| Land improvements | 10 to 30 years |
| Buildings and leasehold improvements | |
| Buildings | 25 to 40 years |
| Leasehold improvements | Life of lease |
| Vehicles and equipment | |
| Vehicles | 5 years |
| Machinery, equipment and furniture | 10 years |
| Maintenance and road construction equipment | 15 years |
| Computer hardware and software | 4 years |

Infrastructure Assets

| | |
|---|----------------|
| Transportation | |
| Land | Indefinite |
| Road surface | 20 to 30 years |
| Road grade | 40 years |
| Bridges | 25 to 50 years |
| Traffic lights, signage 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 |

(continues)

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

2. Significant Accounting Policies *(continued)*

h) Tangible Capital Assets *(continued)*

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

i) Leases

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

j) Inventories

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

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

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the 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 be used only 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 amortization of tangible capital assets and the accruals of the landfill closure liability and the pre-retirement bonus entitlement, as follows:

- The amortization of tangible capital assets is based on estimates of useful lives for groupings of similar assets.
- The accrual of the landfill closure liability is based on estimated future cash flow using an assumed rate of inflation to the expected date of closure discounted to the financial statement date using an assumed long term average borrowing rate.
- The accrual of the pre-retirement bonus entitlement is based on estimated future cash flows using an assumed rate of inflation to the expected dates of retirement, discounted to the financial statement date using an assumed long term average borrowing rate.

The useful lives, future cash flows, inflation and borrowing rates, and closure and retirement dates described in the foregoing are based upon management's best estimates. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. The actual numbers may differ significantly.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

| | 2019 | 2018 |
|-----------------------|---------------------|---------------------|
| Cash | \$ 1,992,646 | \$ 1,624,453 |
| Temporary investments | 56,660 | 19,696 |
| | <u>\$ 2,049,306</u> | <u>\$ 1,644,149</u> |

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost.

The Town has designated \$2,209,573 (2018 \$1,339,008) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 - *Schedule of Change in Reserve Fund Balances*.

The balance of cash reported above includes \$634,368 (2018 \$633,074) held by controlled entities and government partnerships.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

| | 2019 | 2018 |
|--------------------------------------|---------------------|---------------------|
| Taxes on roll (<i>Schedule 11</i>) | \$ 530,270 | \$ 241,872 |
| Government grants | 68,189 | 1,213,090 |
| Utility customers | 299,362 | 306,957 |
| Organizations and individuals | 178,368 | 169,606 |
| Other governments | 435,926 | 152,868 |
| Accrued interest | 4,356 | 3,356 |
| | <u>1,516,471</u> | <u>2,087,749</u> |
| Less allowances for doubtful amounts | <u>(33,823)</u> | <u>(32,794)</u> |
| | <u>\$ 1,482,648</u> | <u>\$ 2,054,955</u> |

5. Portfolio Investments

| | | |
|------------------------------------|-----------------|-----------------|
| Patronage shares | | |
| Swan Valley Consumers Co-operative | \$ 196 | \$ 156 |
| Swan Valley Credit Union | 712 | 778 |
| Westman Communications Group | 1,666 | 436 |
| | <u>\$ 2,573</u> | <u>\$ 1,370</u> |

6. Inventories

| | 2019 | 2018 |
|------------------------------|------------------|------------------|
| Inventories for sale: | | |
| Airport fuel | \$ 13,368 | \$ 12,073 |
| Concession supplies | 531 | 569 |
| Swimming supplies | 506 | 731 |
| | <u>\$ 14,405</u> | <u>\$ 13,373</u> |

(continues)

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

6. Inventories (continued)

Inventories for use:

General

| | | |
|-------------------------|----------------|----------------|
| Fuel | \$ 3,492 | \$ 3,800 |
| Granulars | 43,492 | 47,567 |
| Dust control | 1,788 | 2,050 |
| Sidewalk unistone | 12,936 | 12,936 |
| Culverts | 12,741 | 15,122 |
| Traffic services | 10,247 | 8,944 |
| Janitorial supplies | 4,985 | 6,417 |
| Landfill cover material | 11,199 | 11,199 |
| Chemicals and reagents | 5,022 | 11,245 |
| Programming supplies | 1,724 | 1,137 |
| | <u>107,626</u> | <u>120,417</u> |

Utility

| | | |
|-------------------------------|-------------------|-------------------|
| Connections | 33,088 | 40,418 |
| Water treatment chemicals | 7,592 | 5,813 |
| Sewage collection | 97,008 | 100,607 |
| Water meters | 33,323 | 27,603 |
| Transmission and distribution | 153,024 | 138,750 |
| | <u>324,035</u> | <u>313,191</u> |
| | <u>\$ 431,661</u> | <u>\$ 433,608</u> |

7. Accounts Payable and Accrued Liabilities

| | <u>2019</u> | <u>2018</u> |
|------------------------------------|---------------------|---------------------|
| Trade accounts payable | \$ 192,224 | \$ 512,863 |
| Contractor holdbacks | 134,478 | 48,180 |
| Employee remittances payable | 1,911 | 1,856 |
| Other governments | 304,971 | 397 |
| Accrued vacation liability | 185,063 | 164,256 |
| Accrued salaries and wages payable | 58,429 | 76,964 |
| Other accrued expenses | 50,865 | 25,996 |
| School levies | 207,532 | 410,792 |
| | <u>\$ 1,135,473</u> | <u>\$ 1,241,304</u> |

8. Pre-Retirement Bonus Entitlement

Each employee of the Town will be receive a pre-retirement bonus in a lump sum to a maximum of 100 days upon his or her death, retirement or termination of service, calculated as follows:

- Four days per year of seniority for a permanent employee retiring at age 55 or over, with at least five years of seniority.
- Four days per year of seniority for a permanent employee terminating employment after completing ten years of seniority.
- Pro-rata calculation as follows for a seasonal employee either retiring at age 55 or over with at least five years of seniority, or terminating employment after completing ten years of seniority:
Average annual hours actually worked from last date of employment,
divided by annual full-time hours, multiplied by entitlement of a permanent employee.

Each employee's entitlement liability has been calculated as the net present value of his or her entitlement upon retiring at the later of age 55 or five years of seniority, assuming 1.5% inflation applied to his or her current daily rate of pay, discounted to the end of the current fiscal year using an assumed long term average borrowing rate of 4.5%.

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Beginning balance | \$ 349,712 | \$ 324,490 |
| Earned during the year | 41,219 | 83,828 |
| Paid out during the year | (8,433) | (20,889) |
| Relinquished on termination of employment | - | (37,717) |
| Ending balance | <u>\$ 382,498</u> | <u>\$ 349,712</u> |

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

9. Unearned Revenue

| | 2019 | 2018 |
|--|-------------------|-------------------|
| Prepaid taxes | \$ 33,052 | \$ 39,320 |
| Prepaid utility | 1,978 | 2,231 |
| Water meter deposits | 126,269 | 122,952 |
| Unused grants (<i>See following explanation</i>) | 52,834 | 41,855 |
| Rental prepayments and deposits | 11,585 | 11,911 |
| | <u>\$ 225,718</u> | <u>\$ 218,269</u> |

Unused grants consists of government transfers towards programs that have not yet commenced or tangible capital assets that have not yet been put into use. The grants will be recognized as revenue in the year when the programs are undertaken or the tangible capital assets are put into use, respectively.

10. Landfill Closure Liability

The Town is currently operating a Class 2 landfill site together with, and located in, the Municipality of Swan Valley West. Legislation requires closure of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill.

| | 2019 | 2018 |
|--|-------------------|-------------------|
| Estimated closure costs over the next 67 years | \$ 6,600,000 | \$ 6,600,000 |
| Discount rate | 6.00% | 6.00% |
| Discounted costs | <u>\$ 133,061</u> | <u>\$ 125,529</u> |
| Expected year capacity will be reached | 2086 | 2086 |
| Capacity (years): | | |
| Used to date | 43 | 42 |
| Remaining | 67 | 68 |
| Total | <u>110</u> | <u>110</u> |
| Percent utilized | 39.09% | 38.18% |
| Liability based on percentage | <u>\$ 52,015</u> | <u>\$ 47,929</u> |

11. Long Term Debt

General Authority:

| | 2019 | 2018 |
|--|--------------|--------------|
| Debenture for new municipal office building, held by RBC Life Insurance Company, issued December 31, 2013, payable \$112,937 annually including interest at 4.14%, maturing December 31, 2032 | \$ 1,118,017 | \$ 1,182,019 |
| Debenture for Richardson Recreation & Wellness Centre, held by RBC Life Insurance Company, issued February 29, 2016, payable \$368,322 annually including interest at 3.79%, maturing December 31, 2035 | 4,359,055 | 4,554,752 |
| Debenture for fire fighter equipment, held by Province of Manitoba, issued November 30, 2017, payable \$16,977 annually including interest at 3.875%, maturing December 31, 2032 | 171,049 | 181,030 |
| Debenture for 12th Avenue and 3rd St South local improvement, held by Birchwood Cemetery Perpetual Care Fund, issued February 6, 2019, payable \$5,849 annually including interest at 4.125%, maturing December 31, 2033 | 61,280 | - |

(continues)

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

11. Long Term Debt (continued)

Utility Fund:

| | | |
|--|---------------------|---------------------|
| Debenture for Ross Street wastewater pumping station, demand loan held by RBC Royal Bank, issued December 31, 2014 payable at \$64,789 annually including interest at 4.13%, maturing December 31, 2034 | 713,844 | 747,751 |
| Debenture for Heyes Street wastewater pumping station, demand loan held by RBC Royal Bank, issued February 29, 2016 payable at \$31,777 annually including interest at 3.79%, maturing December 31, 2035 | 376,075 | 392,959 |
| | \$ 6,799,320 | \$ 7,058,511 |

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

| | |
|------------|---------------------|
| 2020 | \$ 336,286 |
| 2021 | 349,404 |
| 2022 | 363,036 |
| 2023 | 377,199 |
| 2024 | 391,917 |
| Thereafter | 4,981,478 |
| | \$ 6,799,320 |

Schedule of Debentures Pending

| Authority | Purpose | Amount Authorized |
|-----------|---|-------------------|
| Utility | 6th Ave N Lift Station upgrade | \$ 250,000 |
| Utility | Well control building construction | 963,779 |
| General | Centennial Arena ice surface floor | 300,000 |
| General | Firefighting FleetNet radio replacement | 62,000 |

12. Prepaid Local Improvement District Levies

Prepaid local improvement district levies represent the total payments received from taxpayers who chose to prepay the local improvement district levy for debenture borrowing by the Town of Swan River for construction of the Richardson Recreation and Wellness Centre. These prepayments will be amortized to revenue on a straight-line basis over the 20-year term of the debenture. The change in prepaid levies is as follows:

| | 2019 | 2018 |
|-------------------|-------------------|-------------------|
| Beginning balance | \$ 274,854 | \$ 291,021 |
| Amortization | (16,168) | (16,167) |
| Ending balance | \$ 258,686 | \$ 274,854 |

13. Deferred Government Transfers

Deferred government transfers consist of government transfers for which there are stipulations by the transferor that give rise to an obligation that meets the definition of a liability. For transfers with stipulations, an equivalent amount of revenue is recognized as the liability is settled.

According to the terms of the Contribution Agreements with The Government of Manitoba under the Communities Component of the Canada-Manitoba Building Canada Fund and under the Canada-Manitoba Municipal Rural Infrastructure Fund for the Swan Valley Recreation and Wellness Centre Project, the Town must own, use or permit to be used, operate and maintain the Wellness Centre for ten years after the project completion date of December 31, 2015 or else repay The Government of Manitoba as follows:

| Date of Disposition or Ceasing to Operate, Maintain and Use the Wellness Centre | Reimbursed Costs to be Repaid Percentage | Amount |
|---|--|--------------|
| Before December 31, 2017 | 100% | \$ 5,800,000 |
| On or after December 31, 2017 but before December 31, 2020 | 55% | 3,190,000 |
| On or after December 31, 2020 but before December 31, 2025 | 10% | 580,000 |

(continues)

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

13. Deferred Government Transfers (continued)

Accordingly, the aforementioned government transfers have been deferred as follows:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Canada-Manitoba | | |
| Building Canada Fund Communities Component | \$ 4,000,000 | \$ 4,000,000 |
| Municipal Rural Infrastructure Fund | 800,000 | 800,000 |
| Province of Manitoba – Building Manitoba Fund | <u>1,000,000</u> | <u>1,000,000</u> |
| | 5,800,000 | 5,800,000 |
| Revenue recognized upon settlement of liability | <u>(2,610,000)</u> | <u>(2,610,000)</u> |
| | <u><u>\$ 3,190,000</u></u> | <u><u>\$ 3,190,000</u></u> |

14. Accumulated Surplus

Accumulated surplus consists of the following:

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------------|-----------------------------|
| General operating fund - Nominal surplus | \$ 1,116,116 | \$ 898,391 |
| Utility operating fund - Nominal surplus | 85,962 | 85,962 |
| Tangible capital assets net of related borrowings (see below) | 23,196,863 | 24,167,263 |
| Reserve funds (Schedule 6) | <u>2,209,573</u> | <u>1,339,008</u> |
| Accumulated surplus of municipality unconsolidated | 26,608,514 | 26,490,624 |
| Accumulated surpluses of consolidated entities | <u>1,559,171</u> | <u>1,611,163</u> |
| Accumulated surplus per Consolidated Statement of Financial Position | <u><u>\$ 28,167,685</u></u> | <u><u>\$ 28,101,787</u></u> |

Tangible capital assets net of related borrowings consists of the following:

| | | |
|---|-----------------------------|-----------------------------|
| Tangible capital assets | \$ 35,032,495 | \$ 35,119,241 |
| Long term debt (Note 11) | (6,799,320) | (7,058,511) |
| Accounts payable | (1,535,611) | (380,684) |
| Deferred government transfers (Note 13) | (3,190,000) | (3,190,000) |
| Prepaid local improvement district levies (Note 12) | (258,686) | (274,854) |
| Landfill closure liability (Note 10) | <u>(52,015)</u> | <u>(47,929)</u> |
| | <u><u>\$ 23,196,863</u></u> | <u><u>\$ 24,167,263</u></u> |

Section 324 of The Municipal Act states "If the taxes collected by a municipality to pay for a local improvement or special service exceed its actual cost of undertaking the improvement or providing the service, the municipality must: place the excess in a fund that may be used only for the benefit of the properties and businesses in respect of which they were imposed; or refund the excess to the taxpayers." Accordingly, since the taxes collected for the police protection special service exceeded the actual cost as indicated below, the excess will be used to reduce the special service levy in future years.

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| Excess brought forward | \$ 638,010 | \$ 288,549 |
| Taxes collected by special service levy | 414,778 | 921,967 |
| Policing and bylaw enforcement fines | 8,703 | 16,439 |
| Province of Manitoba Urban Policing Grant | 451,288 | 451,288 |
| Actual cost of police protection and bylaw enforcement | <u>(1,170,895)</u> | <u>(1,040,233)</u> |
| Excess carried forward to next year | <u><u>\$ 341,884</u></u> | <u><u>\$ 638,010</u></u> |

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

15. Commitments

Municipal Police Service

The Town entered into an agreement dated April 1, 2012 with the Government of Canada to provide and maintain a Municipal Police Service within the Town until March 31, 2032. Under the terms of the agreement, the Town is responsible to pay, on a quarterly basis, 70 percent of the cost of operating and maintaining the Municipal Police Service, including salaries and wages, transportation and travel, information, professional services, rentals, repairs, utilities and supplies as well as providing accommodation of office space, jail cell facilities and garage space. Under the agreement, the Town incurred costs in the 2019 fiscal year of \$1,148,726 (2018 - \$1,018,829).

Municipal Services Agreements

The Town entered into a Municipal Fire Protection Agreement dated December 13, 2016 with the Municipality of Swan Valley West. Under the terms of the agreement, Swan Valley West pays, in each of the fiscal years 2017 through 2019, a portion of the yearly Fire Department costs determined by using the percentage of total portioned assessment in Swan Valley West that is covered by the agreement multiplied by the previous fiscal year's net operating costs.

The Town entered into Purchased Services Agreements dated December 13, 2016 with the Municipality of Swan Valley West. Under the terms of the agreements, Swan Valley West pays, in each of the fiscal years 2017 through 2019, the following portions of the previous fiscal year's net operating costs:

| | |
|---------------------|---|
| Birchwood Cemetery | 12% of net operating costs |
| Aquatics | 25% of net operating costs to a maximum of \$100,000 |
| Arena | Percentage of previous year's total usage times net operating costs |
| Parks | Percentage of previous year's total usage times net operating costs |
| Waste Disposal Site | Percentage of previous year's total usage times net operating costs |

The Town entered into Municipal Fire Protection and Purchased Services Agreements dated October 4, 2017 with the Municipality of Minitonas-Bowsman. Under the terms of the agreements, Minitonas-Bowsman pays \$17,500 in 2017, \$35,900 in 2018 and \$36,800 in 2019 for services provided by the Town, including use of Swan River Waste Disposal Site, all Swan River Recreation Department services, various Public Works services and Municipal Finances services.

Swan Valley Employment and Training Project

The Town entered into agreements expiring June 28, 2020 with The Government of Manitoba – Ministry of Jobs and the Economy to act as the "Service Provider" for the *Swan Valley Employment and Training Project* Employment Partnership. The objective of the partnership is to provide work experience, job search assistance and employment supports for individuals in the Swan Valley area.

Since the Province pays a financial contribution to the Town equal to the Eligible Costs incurred by the Town in carrying out the Project and the Town has not made any financial investment in the Partnership, the assets, liabilities, revenues and expenses of the Project have not been consolidated into these financial statements. The Town received financial contributions from the Province and disbursed the contributions to the Partnership for Eligible Costs in the amount of \$287,475 (2018 \$234,956).

Well Control Building

The Town commenced construction of a well control building in 2019 at an estimated cost of \$1.1 million. The Town expected to receive funding of \$136,221 from the Manitoba Water Services Board and to borrow the remaining cost of \$963,779.

In 2020, the Town completed construction at a total cost of \$1,218,376, received funding of \$136,850 from the Manitoba Water Services Board, borrowed \$963,779 from RBC Life Insurance Company repayable over 20 years at 3.40% rate of interest, and paid the remaining cost of \$117,747 from utility operating nominal surplus.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

16. Retirement Benefits

The majority of the employees of the Town 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) pensionable earnings times years of service, plus 2.0% 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 Canada Public Sector Accounting 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 Town on behalf of its employees are expected to be \$149,618 (2018 - \$150,103) 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, 2018 indicated the plan was 101.3% funded on a going concern basis and had an unfunded solvency liability of \$229.8 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, 2018.

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.

17. Financial Instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion that the Town 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.

18. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Town 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*.

19. 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 Town. For the year ended December 31, 2019:

a) There were no members of council receiving compensation in excess of \$75,000 individually.

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

| Employee | Position | Amount |
|--------------------|--|-------------|
| Derek Poole | Superintendent of Public Works and Interim CAO | \$ 102,844 |
| Terence Gnida | Chief Financial Officer | 79,918 |
| Jordan Rooks | Utility Operator II | 79,247 |
| Patricia Henkelman | General Manager of Recreation | 75,438 |
| | | (continues) |

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

19. Public Sector Compensation Disclosure (continued)

It is a requirement of *The Municipal Act* that the annual financial statements disclose the amount of compensation, expenses and any other payment made to council or committee members by the type of each payment and the total amount of payment to each member of council of the Town. For the year ended December 31, 2019:

c) Compensation paid to members of council amounted to \$105,098 in aggregate.

| Council Member | Compensation | Expenses | Total |
|----------------------------|-------------------|------------------|-------------------|
| Mayor Lance Jacobson | \$ 19,192 | \$ 2,576 | \$ 21,768 |
| Councillor Jason Delaurier | 13,841 | 975 | 14,816 |
| Councillor Phyllis Friesen | 14,217 | 2,044 | 16,261 |
| Councillor David Gray | 13,562 | 614 | 14,176 |
| Councillor David Moriaux | 15,245 | 2,905 | 18,150 |
| Councillor Duane Whyte | 14,591 | 1,564 | 16,155 |
| Councillor Johnny Wintoniw | 14,450 | 2,008 | 16,458 |
| | <u>\$ 105,098</u> | <u>\$ 12,686</u> | <u>\$ 117,784</u> |

20. Trust Funds

The Town of Swan River administers the following trust funds:

| | Balance, Beginning of Year | Excess of Receipts over Disbursements | Balance, End of Year |
|-----------------------------------|----------------------------------|---|-------------------------|
| Birchwood Cemetery Perpetual Care | \$ 195,878 | \$ 6,602 | \$ 202,480 |
| Swan Valley Christmas Cheer Board | 1,445 | 1,409 | 2,854 |
| Swan River Skateboard Union | 396 | - | 396 |
| Swan River Fire Department | 1,395 | 2,500 | 3,895 |
| Swan Valley Splash Park Committee | 5,100 | - | 5,100 |
| Swan Valley Youth Soccer | 597 | (597) | - |
| | <u>\$ 204,811</u> | <u>\$ 9,914</u> | <u>\$ 214,725</u> |

21. Segmented Information

The Town of Swan River provides a wide range of services to its residents. Segment information has been provided in Schedule 4 for the following services:

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

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

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

22. Condensed Supplementary Financial Information for Consolidated Entities

Controlled Organizations

The Town controls several organizations that provide municipal services. The consolidated financial statements include these entities as disclosed in note 2(a). The aggregate financial statements of the controlled entities, in condensed summary, are as follows:

| | Unadjusted | Adjustments | Total 2019 | Total 2018 |
|------------------------------|-------------|-------------|-------------|-------------|
| Financial Position | | | | |
| Financial assets | \$ 344,045 | \$ - | \$ 344,045 | \$ 353,086 |
| Liabilities | 3,374 | - | 3,374 | 3,309 |
| Net financial assets | 340,671 | - | 340,671 | 349,777 |
| Non-financial assets | 137,953 | - | 137,953 | 149,612 |
| Accumulated surplus | \$ 478,624 | \$ - | \$ 478,624 | \$ 499,389 |
| Results of Operations | | | | |
| Revenue | \$ 63,621 | \$ (29,875) | \$ 33,746 | \$ 23,137 |
| Expenses | 83,886 | (29,875) | 54,011 | 55,366 |
| Annual deficit | \$ (20,265) | \$ - | \$ (20,265) | \$ (32,229) |

Government Partnerships

The Town has several partnership agreements for municipal services. The consolidated financial statements include the Town's proportionate interest, as disclosed in note 2(a). The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

| | Unadjusted | Adjustments | Total 2019 | Total 2018 |
|------------------------------|-------------|--------------|--------------|--------------|
| Financial Position | | | | |
| Financial assets | \$ 696,201 | \$ (2,852) | \$ 693,349 | \$ 651,540 |
| Liabilities | 398,838 | (303,609) | 95,229 | 83,264 |
| Net financial assets | 297,363 | 300,757 | 598,120 | 568,276 |
| Non-financial assets | 458,615 | 23,812 | 482,427 | 543,498 |
| Accumulated surplus | \$ 755,978 | \$ 324,569 | \$ 1,080,547 | \$ 1,111,774 |
| Results of Operations | | | | |
| Revenue | \$ 342,552 | \$ (129,771) | \$ 212,781 | \$ 286,331 |
| Expenses | 386,358 | (142,349) | 244,009 | 245,335 |
| Annual surplus (deficit) | \$ (43,806) | \$ 12,578 | \$ (31,228) | \$ 40,996 |

23. Contingent Assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset (PS 3320.03).

The existence of a contingent asset at the date of the financial statements must be disclosed when the occurrence of the confirming future event is likely, provided that the sensitivity or confidentiality of the information should also be considered to avoid adverse effect.

Disclosures of the contingent assets should include the nature, including a description of the circumstances giving rise to the uncertainty and information about the anticipated resolution of the uncertainty; the extent, including an estimate of the amount or a range of possible amounts; the reason(s), if the extent can't be disclosed; and the basis for the estimate.

The Town is a plaintiff in a certain legal action in which a monetary award has been sought. The amount sought has not been disclosed as doing so could be expected to have an adverse effect on the outcome. The settlement will be recognized as revenue in the year in which the amount is determinable.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

24. Related Party Disclosures (PS 2200)

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel and close family members and the entities they control.

Related Party Transactions are transfers of economic resources or obligations between related parties, or the provision of services by one party to a related party. These transfers are related party transactions whether or not there is an exchange of considerations or transactions have been given accounting recognition. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Disclosure is generally required when:

- A transaction occurs between related parties at a value different from that which would have been arrived at if the parties were unrelated; and
- The transaction has or could have a material financial effect on the financial statements.

Determining which items to disclose is based on an assessment of the terms and conditions underlying the transactions, the financial materiality of the transactions, relevance of the information to the decisions of users, and the need for the information to enable users' understanding of the financial statements and for making comparisons to other entities.

As per *PS 2200.17* a municipality should disclose the following where a transaction meets the requirements for disclosure.

- Adequate information about the nature of the relationship with related parties involved in related party transactions;
- The types of related party transactions that have been recognized;
- The amounts of the transactions recognized classified by financial statement category;
- The basis of measurement used;
- The amount of outstanding balances and the terms and conditions attached to them;
- Contractual obligations with related parties, separate from other contractual obligations;
- Contingent liabilities involving related parties, separate from other contingent liabilities; and
- The types of related party transactions that have occurred for which no amount has been recognized.

Following is a list of significant related party transactions:

| Description of Transaction | Type of Transaction | Basis of Measurement | Amount before Consolidation | Net after Consolidation |
|---|---------------------|----------------------|-----------------------------|-------------------------|
| Swan Valley Municipal Airport Commission (government partnership) | | | | |
| • Administration fee | Revenue | As tendered | \$ 18,000 | \$ 11,340 |
| • Sale of service | Revenue | Stipulated rate | 53,134 | 33,474 |
| • Funding | Expense | Assessment | 27,557 | 17,361 |
| • Amount receivable | Asset | As invoiced | 6,891 | 4,341 |
| Swan Valley District Recreation Commission (government partnership) | | | | |
| • Facility/program grant | Revenue | Population | \$ 22,418 | \$ 12,106 |
| • Administration fee | Revenue | As tendered | 7,700 | 4,158 |
| • Funding | Expense | Population | 22,176 | 11,975 |
| North-West Regional Library (government partnership) | | | | |
| • Funding | Expense | Population | \$ 86,903 | \$ 39,975 |
| Swan Valley Regional Initiative for a Strong Economy (government partnership) | | | | |
| • Funding | Expense | Funding formula | \$ 50,970 | \$ 28,034 |
| G7 Physician Retention and Recruitment Fund (government partnership) | | | | |
| • Funding | Expense | Population | \$ 8,182 | \$ 4,909 |

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

25. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and wastewater utilities, except the City of Winnipeg Utility and wholesale water rates set by the Manitoba Water Services Board. The PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. The PUB's prescribed accounting policies on tangible or contributed capital assets and government transfers allow for adjustments to be made, for rate setting purposes, which do not meet PSAB standards.

For information purposes, the Town has deferred the capital grants and/or contributed assets it has received in the past for its utilities and amortized them over the useful lives of the related tangible or contributed capital assets.

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

The following table provides historical information on capital grants for tangible or contributed capital assets with a remaining Net Book Value.

| | <u>Water Services</u> | <u>Sewer Services</u> |
|-------------------------------|-----------------------|-----------------------|
| Unamortized beginning balance | \$ 2,551,606 | \$ 2,188,754 |
| Amortization during the year | <u>(90,516)</u> | <u>(58,938)</u> |
| Unamortized ending balance | <u>\$ 2,461,090</u> | <u>\$ 2,129,816</u> |

TOWN OF SWAN RIVER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2019

| | General Tangible Capital Assets | | | | | Infrastructure Tangible Capital Assets | | | Totals | |
|---|---------------------------------|--------------------------------------|-----------------------------------|------------------------------|---------------------------|--|-----------------|---------------------------|---------------|---------------|
| | Land and Land Improvements | Buildings and Leasehold Improvements | Vehicles, Equipment and Furniture | Computer Hardware & Software | Assets under Construction | Roads, Streets and Bridges | Water and Sewer | Assets under Construction | 2019 | 2018 |
| Cost | | | | | | | | | | |
| Opening balance (restated) | \$ 3,241,779 | \$ 19,913,413 | \$ 5,291,488 | \$ 171,047 | \$ 77,515 | \$ 9,502,576 | \$ 23,840,504 | \$ 182,363 | \$ 62,220,685 | \$ 60,147,993 |
| Additions during the year | 40,511 | 359,166 | 109,996 | 7,128 | 14,207 | - | 39,053 | 913,707 | 1,483,768 | 2,205,066 |
| Transfers during the year | - | 375 | - | - | (375) | - | 24,504 | (24,504) | - | - |
| Disposals and write downs | - | - | (55,520) | (9,675) | - | (3,000) | - | - | (68,195) | (132,374) |
| Closing balance | 3,282,290 | 20,272,954 | 5,345,964 | 168,500 | 91,347 | 9,499,576 | 23,904,061 | 1,071,566 | 63,636,258 | 62,220,685 |
| Accumulated Amortization | | | | | | | | | | |
| Opening balance (restated) | 1,030,437 | 4,423,647 | 3,181,739 | 140,523 | - | 7,131,581 | 10,510,968 | - | 26,418,895 | 24,955,696 |
| Amortization | 97,545 | 538,282 | 285,669 | 15,014 | - | 215,389 | 506,287 | - | 1,658,186 | 1,591,573 |
| Disposals and write downs | - | - | (50,520) | (9,675) | - | (3,000) | - | - | (63,195) | (128,374) |
| Closing balance | 1,127,982 | 4,961,929 | 3,416,888 | 145,862 | - | 7,343,970 | 11,017,255 | - | 28,013,886 | 26,418,895 |
| Net Book Value of Tangible Capital Assets | \$ 2,154,308 | \$ 15,311,025 | \$ 1,929,076 | \$ 22,638 | \$ 91,347 | \$ 2,155,606 | \$ 12,886,806 | \$ 1,071,566 | \$ 35,622,372 | \$ 35,801,790 |

TOWN OF SWAN RIVER

SCHEDULE 2

CONSOLIDATED SCHEDULE OF REVENUES

For the Year Ended December 31, 2019

| | 2019 Actual | 2018 Actual |
|---|---------------------|---------------------|
| Property taxes | | |
| Municipal taxes levied (<i>Schedule 12</i>) | \$ 4,698,963 | \$ 4,145,552 |
| Taxes added | 38,663 | 43,274 |
| Excess of school tax levy over requirement | 65 | 10 |
| | <u>4,737,691</u> | <u>4,188,836</u> |
| Grants in lieu of taxation | | |
| Federal government enterprises | 13,889 | 11,836 |
| Provincial government | 46,211 | 39,612 |
| Provincial government enterprises | 178,508 | 151,469 |
| | <u>238,608</u> | <u>202,917</u> |
| User fees | | |
| Sales of service | 657,847 | 710,665 |
| Sales of goods | 35,431 | 69,008 |
| Rentals | 123,801 | 115,119 |
| Development charges | 1,910 | 2,235 |
| Facility use fees | 178,732 | 174,160 |
| | <u>997,721</u> | <u>1,071,187</u> |
| Permits, licences and fines | | |
| Permits | 21,608 | 21,100 |
| Licences | 6,644 | 10,553 |
| Fines | 9,446 | 17,237 |
| Fees | 6,480 | 6,460 |
| | <u>44,178</u> | <u>55,350</u> |
| Investment income | | |
| Cash and temporary investments | 67,631 | 50,661 |
| | <u>67,631</u> | <u>50,661</u> |
| Other revenue | | |
| Gain on sale of tangible capital assets | 2,512 | 1,700 |
| Gain (loss) on sale of real estate held for sale | 500 | (7,792) |
| Contributed assets | 6,174 | 80,380 |
| Penalties and interest | 43,260 | 37,556 |
| Other | | |
| Donations and contributions | 27,959 | 34,192 |
| Administration fees | 302 | 3,780 |
| Amortization of prepaid local improvement district levies | 16,168 | 16,168 |
| Gain from increase in share of government partnership | - | 40,666 |
| Supplier rebates | 26,092 | 30,307 |
| | <u>122,967</u> | <u>236,957</u> |
| Water and sewer (<i>Schedule 9</i>) | <u>1,402,015</u> | <u>2,537,812</u> |
| Grants - Province of Manitoba | | |
| Municipal operating grants | 324,830 | 273,596 |
| Conditional grants | 552,018 | 617,905 |
| | <u>876,848</u> | <u>891,501</u> |
| Grants - other | | |
| Federal government - gas tax funding | 430,571 | 221,050 |
| Federal government - other | 21,115 | 8,075 |
| Other municipal governments | 340,868 | 337,313 |
| | <u>792,554</u> | <u>566,438</u> |
| Total revenue | <u>\$ 9,280,213</u> | <u>\$ 9,801,659</u> |

TOWN OF SWAN RIVER
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2019

SCHEDULE 3

| | 2019 Actual | 2018 Actual |
|---|---------------------|---------------------|
| General government services | | |
| Legislative | \$ 133,498 | \$ 133,576 |
| General administrative | 732,812 | 768,216 |
| Elections, liability insurance, website, etc. | 27,995 | 31,700 |
| | <u>894,305</u> | <u>933,492</u> |
| Protective services | | |
| Police | 1,149,651 | 1,018,829 |
| Fire | 306,136 | 334,264 |
| Emergency measures | 8,190 | 8,959 |
| Flood control | - | - |
| Building, electrical and plumbing inspections | 35,036 | 35,615 |
| Bylaw enforcement | 21,244 | 21,404 |
| Animal and pest control | 29,110 | 28,698 |
| Safety inspections | 103,615 | 107,574 |
| | <u>1,652,982</u> | <u>1,555,343</u> |
| Transportation services | | |
| Road transport | | |
| Administration and engineering | 102,464 | 145,692 |
| Unallocated equipment and operators | 416,810 | 371,042 |
| Unallocated workshop and yard operations | 110,072 | 92,035 |
| Road and streets | 252,468 | 270,231 |
| Sidewalks | 25,374 | 29,078 |
| Boulevards | 3,713 | 5,373 |
| Tree trimming | 18,634 | 15,335 |
| Ditches and road drainage | 23,181 | 13,555 |
| Storm sewers | 36,436 | 46,476 |
| Street cleaning | 19,050 | 18,601 |
| Snow and ice removal | 97,999 | 95,472 |
| Street lighting | 75,804 | 74,402 |
| Traffic services | 28,718 | 39,886 |
| Other | 477 | - |
| Air transport | 144,507 | 137,282 |
| Public transit | 65,046 | 60,484 |
| | <u>1,420,753</u> | <u>1,414,944</u> |
| Environmental health services | | |
| Garbage collection | 339,264 | 322,390 |
| Nuisance grounds | 356,847 | 446,066 |
| Recycling | 424,899 | 308,170 |
| | <u>1,121,010</u> | <u>1,076,626</u> |
| Public health and welfare services | | |
| Cemeteries | 104,405 | 89,218 |
| Physician retention and recruitment | 19,309 | 56,845 |
| Social welfare and assistance | 43,755 | 50,163 |
| Other | 3,450 | 25 |
| | <u>170,919</u> | <u>196,251</u> |
| Regional planning and development | | |
| Planning and zoning | 12,847 | 12,805 |
| Beautification and land rehabilitation | 8,078 | 6,303 |
| Urban area weed control | 11,850 | 13,163 |
| Christmas lights, decorations, flags | 7,669 | 11,553 |
| | <u>40,444</u> | <u>43,824</u> |
| Subtotals forward | <u>\$ 5,300,413</u> | <u>\$ 5,220,480</u> |

TOWN OF SWAN RIVER

SCHEDULE 3

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2019

| | | |
|---|---------------------|---------------------|
| Subtotals forward | \$ 5,300,413 | \$ 5,220,480 |
| Resource conservation and industrial development | | |
| Veterinary services | 5,983 | 5,983 |
| Water resources and conservation | 13,442 | 10,081 |
| Regional development | 57,696 | 70,783 |
| Industrial development | 12,063 | 12,722 |
| Incentive program for construction development | 43,243 | 40,866 |
| Tourism | 11,237 | 13,269 |
| Public receptions | 4,145 | 3,084 |
| | 147,809 | 156,788 |
| Recreation and cultural services | | |
| District recreation commission | 41,599 | 37,143 |
| Community centers and halls | 147,363 | 128,566 |
| Swimming pools and beaches | 1,209,182 | 1,298,890 |
| Skating and curling rinks and arenas | 525,065 | 525,683 |
| Parks and playgrounds | 188,760 | 177,073 |
| Other recreational programs or facilities | 2,839 | 805 |
| Museums | 4,000 | 4,000 |
| Libraries | 183,155 | 167,724 |
| Other cultural programs or facilities | 6,959 | 11,664 |
| | 2,308,922 | 2,351,548 |
| Water and sewer services (Schedule 9) | 1,457,171 | 1,475,163 |
| Total expenses | \$ 9,214,315 | \$ 9,203,979 |

SCHEDULE 4

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2019

| | General Government* | | Protective Services | | Transportation Services | | Environmental Health Services | | Public Health and Welfare Services | |
|------------------------------------|---------------------|---------------------|-----------------------|---------------------|-------------------------|---------------------|-------------------------------|---------------------|------------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| REVENUE | | | | | | | | | | |
| Property taxes | \$ 4,737,691 | \$ 4,188,836 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grants in lieu of taxation | 238,608 | 202,917 | - | - | - | - | - | - | - | - |
| User fees | 45,584 | 44,266 | 104,607 | 89,028 | 78,989 | 94,698 | 341,675 | 438,691 | 62,861 | 52,883 |
| Permits, licences and fines | 11,850 | 15,790 | 31,585 | 38,762 | - | - | - | - | - | - |
| Investment income | 31,106 | 23,496 | 535 | 409 | 20,944 | 12,632 | 765 | 630 | 8,201 | 5,867 |
| Other revenue | 68,396 | 68,372 | - | 3,700 | 25 | 66,356 | - | - | - | 40,666 |
| Water and sewer | - | - | - | - | - | - | - | - | - | - |
| Prov of MB - Unconditional Grants | 324,830 | 273,596 | - | - | - | - | - | - | - | - |
| Prov of MB - Conditional Grants | - | - | 453,758 | 454,898 | 24,761 | 89,244 | - | - | - | - |
| Grants - other | - | - | - | - | 452,291 | 241,447 | - | - | 29,131 | 35,702 |
| Total revenue | 5,458,065 | 4,817,273 | 590,485 | 586,797 | 577,010 | 504,377 | 342,440 | 439,321 | 100,193 | 135,118 |
| EXPENSES | | | | | | | | | | |
| Personnel services | 407,654 | 416,058 | 325,713 | 321,132 | 564,214 | 571,899 | 255,041 | 238,121 | 71,987 | 57,145 |
| Contract services | 220,692 | 286,401 | 1,140,120 | 1,031,541 | 129,525 | 121,945 | 741,180 | 632,183 | 59,918 | 62,971 |
| Utilities | 29,264 | 28,151 | 47,049 | 47,277 | 106,863 | 103,106 | 19,274 | 20,738 | 1,087 | 1,040 |
| Maintenance materials and supplies | 41,628 | 36,063 | 56,835 | 68,746 | 315,712 | 321,569 | 10,072 | 6,925 | 7,851 | 13,248 |
| Grants and contributions | - | 14 | - | - | 17,361 | 14,818 | - | 56,042 | 14,961 | 49,740 |
| Amortization | 95,135 | 93,688 | 75,216 | 76,739 | 421,859 | 404,568 | 24,353 | 24,234 | 5,980 | 5,980 |
| Equipment cost allocation | 166 | 101 | 2,218 | 419 | (139,514) | (127,001) | 67,004 | 67,489 | 9,135 | 6,127 |
| Loss on disposal of capital assets | 2,700 | - | - | - | 2,300 | 4,000 | - | - | - | - |
| Interest on long term debt | 48,936 | 51,480 | 7,015 | 8,039 | 2,390 | - | - | - | - | - |
| Bad debts (recovered) | 47,145 | 20,934 | (1,184) | 1,450 | - | - | - | 27,105 | - | - |
| Other | 985 | 602 | - | - | 43 | 40 | 4,086 | 3,789 | - | - |
| Total expenses | 894,305 | 933,492 | 1,652,982 | 1,555,343 | 1,420,753 | 1,414,944 | 1,121,010 | 1,076,626 | 170,919 | 196,251 |
| Annual surplus (deficit) | \$ 4,563,760 | \$ 3,883,781 | \$ (1,062,497) | \$ (968,546) | \$ (843,743) | \$ (910,567) | \$ (778,570) | \$ (637,305) | \$ (70,726) | \$ (61,133) |

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

TOWN OF SWAN RIVER

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2019

| | Regional Planning and Development | | Resource Conservation and Industrial Development | | Recreation and Cultural Services | | Water and Sewer Services | | Total |
|------------------------------------|--------------------------------------|--------------------|---|---------------------|-------------------------------------|-----------------------|-----------------------------|---------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | |
| REVENUE | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,188,836 |
| Grants in lieu of taxation | - | - | - | - | - | - | - | - | 202,917 |
| User fees | 1,910 | 2,235 | - | - | 362,095 | 349,386 | - | - | 1,071,187 |
| Permits, licences and fines | - | - | - | - | 743 | 798 | - | - | 55,350 |
| Investment income | 149 | 87 | 112 | 135 | 443 | 671 | 5,376 | 6,734 | 50,661 |
| Other revenue | 1,600 | 1,165 | 46 | (7,147) | 52,900 | 63,845 | - | - | 236,957 |
| Water and sewer | - | - | - | - | - | - | 1,402,015 | 2,537,812 | 2,537,812 |
| Prov of MB - Unconditional Grants | - | - | - | - | - | - | - | - | 273,596 |
| Prov of MB - Conditional Grants | - | - | 750 | 10,602 | 72,749 | 63,161 | - | - | 617,905 |
| Grants - other | 3,832 | 3,868 | 20,032 | 21,030 | 287,268 | 264,391 | - | - | 566,438 |
| Total revenue | 7,491 | 7,355 | 20,940 | 24,620 | 776,198 | 742,252 | 1,407,391 | 2,544,546 | 9,801,659 |
| EXPENSES | | | | | | | | | |
| Personnel services | 13,996 | 13,935 | 18,791 | 25,331 | 913,289 | 940,121 | 431,573 | 424,898 | 3,008,640 |
| Contract services | 9,663 | 10,989 | 25,419 | 30,989 | 185,813 | 199,178 | 162,457 | 215,501 | 2,591,698 |
| Utilities | 220 | 260 | 722 | 612 | 235,743 | 235,774 | 54,362 | 56,640 | 493,598 |
| Maintenance materials and supplies | 4,272 | 6,865 | 3,070 | 2,335 | 175,863 | 169,703 | 207,227 | 245,235 | 870,689 |
| Grants and contributions | 4,091 | 3,977 | 92,408 | 90,353 | 78,224 | 73,444 | - | - | 288,388 |
| Amortization | 3,013 | 3,084 | 5,795 | 5,117 | 545,725 | 550,213 | 481,110 | 427,948 | 1,591,571 |
| Equipment cost allocation | 5,098 | 4,714 | - | 76 | 1,196 | 1,502 | 54,697 | 46,573 | - |
| Loss on disposal of capital assets | - | - | - | - | - | - | - | - | 4,000 |
| Interest on long term debt | - | - | - | - | 172,625 | 179,771 | 45,775 | 47,737 | 287,027 |
| Bad debts | - | - | - | - | - | 1,148 | 1,601 | 572 | 51,209 |
| Other | 91 | - | 1,604 | 1,975 | 444 | 694 | 18,369 | 10,059 | 17,159 |
| Total expenses | 40,444 | 43,824 | 147,809 | 156,788 | 2,308,922 | 2,351,548 | 1,457,171 | 1,475,163 | 9,203,979 |
| Annual surplus (deficit) | \$ (32,953) | \$ (36,469) | \$ (126,869) | \$ (132,168) | \$ (1,532,724) | \$ (1,609,296) | \$ (49,780) | \$ 1,069,383 | \$ 597,680 |

TOWN OF SWAN RIVER

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2019

| | Core Government | | Controlled Entities | | Government Partnerships | | Total | |
|------------------------------------|-----------------|--------------|---------------------|-------------|-------------------------|-----------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| REVENUE | | | | | | | | |
| Property taxes | \$ 4,737,691 | \$ 4,188,836 | \$ - | \$ - | \$ - | \$ - | \$ 4,737,691 | \$ 4,188,836 |
| Grants in lieu of taxation | 238,608 | 202,917 | - | - | - | - | 238,608 | 202,917 |
| User fees | 966,521 | 1,016,970 | 9,716 | 9,906 | 21,484 | 44,311 | 997,721 | 1,071,187 |
| Permits, licences and fines | 43,435 | 54,552 | - | - | 743 | 798 | 44,178 | 55,350 |
| Investment income | 57,667 | 43,774 | 1,041 | 310 | 8,923 | 6,577 | 67,631 | 50,661 |
| Other revenue | 113,330 | 195,787 | 4 | (7,147) | 9,633 | 48,317 | 122,967 | 236,957 |
| Water and sewer | 1,402,015 | 2,537,812 | - | - | - | - | 1,402,015 | 2,537,812 |
| Prov of MB - Unconditional Grants | 324,830 | 273,596 | - | - | - | - | 324,830 | 273,596 |
| Prov of MB - Conditional Grants | 472,500 | 534,182 | 22,985 | 20,068 | 56,533 | 63,655 | 552,018 | 617,905 |
| Grants - other | 677,090 | 443,765 | - | - | 115,464 | 122,673 | 792,554 | 566,438 |
| Total revenue | 9,033,687 | 9,492,191 | 33,746 | 23,137 | 212,780 | 286,331 | 9,280,213 | 9,801,659 |
| EXPENSES | | | | | | | | |
| Personnel services | 2,863,734 | 2,878,191 | 28,264 | 26,894 | 110,260 | 103,555 | 3,002,258 | 3,008,640 |
| Contract services | 2,563,301 | 2,490,990 | 30,015 | 27,829 | 81,471 | 72,879 | 2,674,787 | 2,591,698 |
| Utilities | 481,488 | 480,777 | 997 | 1,038 | 12,099 | 11,783 | 494,584 | 493,598 |
| Maintenance materials and supplies | 771,666 | 807,001 | 4,196 | 4,556 | 46,668 | 59,132 | 822,530 | 870,689 |
| Grants and contributions | 324,696 | 396,820 | (22,724) | (17,840) | (94,927) | (90,592) | 207,045 | 288,388 |
| Amortization | 1,558,665 | 1,492,813 | 11,659 | 11,658 | 87,862 | 87,100 | 1,658,186 | 1,591,571 |
| Equipment cost allocation | - | - | - | - | - | - | - | - |
| Loss on disposal of capital assets | 5,000 | 4,000 | - | - | - | - | 5,000 | 4,000 |
| Interest on long term debt | 276,741 | 287,027 | - | - | - | - | 276,741 | 287,027 |
| Bad debts | 47,562 | 51,209 | - | - | - | - | 47,562 | 51,209 |
| Other | 23,443 | 14,450 | 1,604 | 1,231 | 575 | 1,478 | 25,622 | 17,159 |
| Total expenses | 8,916,296 | 8,903,278 | 54,011 | 55,366 | 244,008 | 245,335 | 9,214,315 | 9,203,979 |
| Annual surplus (deficit) | \$ 117,391 | \$ 588,913 | \$ (20,265) | \$ (32,229) | \$ (31,228) | \$ 40,996 | \$ 65,898 | \$ 597,680 |

TOWN OF SWAN RIVER

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2019

| | 2019 | | | | | |
|--|-----------------------|--|------------------------------------|---|--|--|
| | General BL 20/1983 | Equipment Replacement BL 01/1997 | Employee Benefits BL 09/1993 | Fire Truck Replacement BL 05/1997 | Recreation Facilities BL 04/2000 | Landfill Closure BL 14/2012 |
| | | | | | | Federal Gas Tax Funding BL 02/2006 |
| REVENUE | | | | | | |
| Investment income | \$ 3,598 | \$ 8,459 | \$ 8,107 | \$ 535 | \$ 131 | \$ 766 |
| | | | | | | \$ 8,624 |
| TRANSFERS | | | | | | |
| Transfers from general operating fund | - | 167,800 | - | 21,000 | 17,500 | - |
| Transfers from utility operating fund | - | - | - | - | - | - |
| Transfers to general operating fund | - | - | (41,219) | - | - | - |
| Transfers to utility operating fund | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | (65,731) | - | - | - | (35,737) |
| CHANGE IN RESERVE FUND BALANCES | 3,598 | 110,528 | (33,112) | 21,535 | 17,631 | 766 |
| | | | | | | 403,458 |
| FUND SURPLUS, BEGINNING OF YEAR | 176,364 | 378,695 | 78,778 | 19,160 | 539 | 37,527 |
| | | | | | | 253,733 |
| FUND SURPLUS, END OF YEAR | \$ 179,962 | \$ 489,223 | \$ 45,666 | \$ 40,695 | \$ 18,170 | \$ 38,293 |
| | | | | | | \$ 657,191 |

TOWN OF SWAN RIVER

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2019

SCHEDULE 6

| | 2019 | | | | 2018 | |
|--|--------------------------------------|--|------|------|--------------|--------------|
| | Utility Replacement BL 25/1995 | Handi Transit Replacement BL 30/1988 | | | Total | Total |
| REVENUE | | | | | | |
| Investment income | \$ 5,376 | \$ 2,670 | \$ - | \$ - | \$ 38,266 | \$ 25,216 |
| TRANSFERS | | | | | | |
| Transfers from general operating fund | - | 500 | - | - | 637,371 | 377,468 |
| Transfers from utility operating fund | 337,615 | - | - | - | 337,615 | 224,164 |
| Transfers to general operating fund | - | - | - | - | (41,219) | (44,318) |
| Transfers to utility operating fund | - | - | - | - | - | (150,000) |
| Acquisition of tangible capital assets | - | - | - | - | (101,468) | (651,008) |
| CHANGE IN RESERVE FUND BALANCES | 342,991 | 3,170 | - | - | 870,565 | (218,478) |
| FUND SURPLUS, BEGINNING OF YEAR | 263,506 | 130,706 | - | - | 1,339,008 | 1,557,486 |
| FUND SURPLUS, END OF YEAR | \$ 606,497 | \$ 133,876 | \$ - | \$ - | \$ 2,209,573 | \$ 1,339,008 |

TOWN OF SWAN RIVER
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
 As at December 31, 2019

SCHEDULE 8

| | 2019 | 2018 (Restated) |
|--|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Amounts receivable | \$ 299,362 | \$ 1,420,736 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 6,086 | \$ - |
| Unearned revenue | 128,247 | \$ 125,183 |
| Long-term debt (Note 11) | 1,089,920 | 1,140,710 |
| Due to General Operating Fund | 1,633,021 | 1,838,994 |
| | 2,857,274 | 3,104,887 |
| NET DEBT | \$ (2,557,912) | \$ (1,684,151) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | \$ 13,519,174 | \$ 13,047,525 |
| Inventories (Note 6) | 324,035 | 313,191 |
| | 13,843,209 | 13,360,716 |
| FUND SURPLUS | \$ 11,285,297 | \$ 11,676,565 |

TOWN OF SWAN RIVER
SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2019

SCHEDULE 9

| | <u>2019 Budget</u> | <u>2019 Actual</u> | <u>2018 Actual (Restated)</u> |
|-----------------------------|------------------------|-------------------------|-----------------------------------|
| REVENUE | | | |
| Water | | | |
| Water fees | <u>\$ 623,000</u> | <u>\$ 590,811</u> | <u>\$ 602,334</u> |
| Sewer | | | |
| Sewer fees | 639,000 | 605,602 | 617,562 |
| Lagoon tipping fees | <u>10,000</u> | <u>9,930</u> | <u>12,235</u> |
| | <u>649,000</u> | <u>615,532</u> | <u>629,797</u> |
| Government transfers | | | |
| Operating | - | - | - |
| Capital | <u>-</u> | <u>-</u> | <u>1,113,779</u> |
| | <u>-</u> | <u>-</u> | <u>1,113,779</u> |
| Other | | | |
| Hydrant rentals | 14,170 | 14,170 | 14,170 |
| Connection charges | 35,000 | 55,341 | 46,507 |
| Installation service | 2,000 | 1,630 | 2,100 |
| Penalties | 2,000 | 2,595 | 2,564 |
| Administration fees | 118,000 | 118,295 | 117,643 |
| Other income | <u>4,500</u> | <u>3,641</u> | <u>8,918</u> |
| | <u>175,670</u> | <u>195,672</u> | <u>191,902</u> |
| Total revenue | <u>1,447,670</u> | <u>1,402,015</u> | <u>2,537,812</u> |

TOWN OF SWAN RIVER
SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2019

SCHEDULE 9

| | 2019 Budget | 2019 Actual | 2018 Actual (Restated) |
|--|---------------------|----------------------|---------------------------|
| EXPENSES | | | |
| General | | | |
| Administration | 91,860 | 83,461 | 69,755 |
| Training costs | 14,500 | 6,797 | 9,564 |
| Billing and collection | 15,450 | 15,049 | 23,014 |
| | <u>121,810</u> | <u>105,307</u> | <u>102,333</u> |
| Water General | | | |
| Administration and engineering | 52,870 | 59,353 | 58,249 |
| Purification and treatment | 146,600 | 147,500 | 167,765 |
| Transmission and distribution | 103,700 | 145,318 | 83,642 |
| Service of supply | 13,900 | 11,726 | 30,065 |
| Connection costs | 125,500 | 192,969 | 169,690 |
| Water meters | 19,500 | 15,271 | 17,645 |
| Local state of emergency | - | - | 155,417 |
| | <u>462,070</u> | <u>572,137</u> | <u>682,473</u> |
| Water Amortization and Interest | | | |
| Amortization | 245,500 | 282,748 | 245,640 |
| Interest on long term debt | - | - | - |
| | <u>245,500</u> | <u>282,748</u> | <u>245,640</u> |
| Sewer General | | | |
| Administration and engineering | 52,870 | 59,353 | 58,249 |
| Collection system costs | 40,650 | 9,947 | 11,056 |
| Treatment and disposal costs | 110,875 | 122,055 | 99,878 |
| Lift station costs | 64,000 | 61,487 | 45,489 |
| | <u>268,395</u> | <u>252,842</u> | <u>214,672</u> |
| Sewer Amortization and Interest | | | |
| Amortization | 182,500 | 198,362 | 182,308 |
| Interest on long term debt | 56,275 | 45,775 | 47,737 |
| | <u>238,775</u> | <u>244,137</u> | <u>230,045</u> |
| Total expenses | <u>1,336,550</u> | <u>1,457,171</u> | <u>1,475,163</u> |
| NET OPERATING SURPLUS (DEFICIT) | 111,120 | (55,156) | 1,062,649 |
| TRANSFERS | | | |
| Transfers from reserve funds | - | 1,504 | 349,529 |
| Transfers to reserve funds | (392,699) | (337,616) | (224,164) |
| Transfers to general operating fund | - | - | (4,479) |
| CHANGE IN UTILITY FUND BALANCE | <u>\$ (281,579)</u> | <u>(391,268)</u> | 1,183,535 |
| FUND SURPLUS, BEGINNING OF YEAR | | <u>11,676,565</u> | 10,493,030 |
| FUND SURPLUS, END OF YEAR | | <u>\$ 11,285,297</u> | <u>\$ 11,676,565</u> |

TOWN OF SWAN RIVER
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the Year Ended December 31, 2019

| | Financial Plan General | Financial Plan Utility | Amortization (TCA) | Interest Expense | Transfers | Consolidated Entities | PSAB Budget |
|--|---------------------------|---------------------------|-----------------------|---------------------|--------------|--------------------------|----------------|
| REVENUE | | | | | | | |
| Property taxes | \$ 4,749,029 | \$ - | \$ - | \$ - | \$ - | - | \$ 4,749,029 |
| Grants in lieu of taxation | 238,608 | - | - | - | - | - | 238,608 |
| User fees | 1,112,732 | - | - | - | - | 39,385 | 1,152,117 |
| Permits, licences and fines | 54,210 | - | - | - | - | - | 54,210 |
| Investment income | 16,000 | - | - | - | - | 6,914 | 22,914 |
| Other revenue | 66,000 | - | - | - | - | 444 | 66,444 |
| Water and sewer | - | 1,437,170 | - | - | - | - | 1,437,170 |
| Grants - Province of Manitoba | 782,830 | - | - | - | - | 76,518 | 859,348 |
| Grants - other | 657,488 | - | - | - | - | 132,878 | 790,366 |
| Transfers from reserves | - | - | - | - | - | - | - |
| Transfers from accumulated surplus | - | - | - | - | - | - | - |
| Total revenue | 7,676,897 | 1,437,170 | - | - | - | 256,139 | 9,370,206 |
| EXPENSES | | | | | | | |
| General government services | 757,442 | - | 94,000 | 48,936 | 20,978 | - | 921,356 |
| Protective services | 1,499,981 | - | 77,000 | 7,015 | - | - | 1,583,996 |
| Transportation services | 976,346 | - | 323,000 | 2,390 | - | 153,303 | 1,455,039 |
| Environmental health services | 1,181,150 | - | 24,000 | - | - | - | 1,205,150 |
| Public health and welfare services | 141,687 | - | 6,000 | - | - | 14,720 | 162,407 |
| Regional planning and development | 37,670 | - | 3,000 | - | - | 6,232 | 46,902 |
| Resource conservation & industrial development | 133,005 | - | 2,000 | - | - | 46,386 | 181,391 |
| Recreation and cultural services | 1,621,857 | - | 536,000 | 172,625 | - | 117,631 | 2,448,113 |
| Water and sewer services | - | 841,775 | 428,000 | 56,275 | - | - | 1,326,050 |
| Fiscal services: | | | | | | | |
| Transfer to capital | 127,667 | 75,000 | (202,667) | - | - | - | - |
| Debt charges | 503,835 | 127,696 | - | (631,531) | - | - | - |
| Transfers to reserves | 635,570 | 392,699 | - | - | (1,028,269) | - | - |
| Transfers to prior year's deficit | 39,709 | - | - | - | (39,709) | - | - |
| Allowance for tax assets | 20,978 | - | - | - | (20,978) | - | - |
| Total expenses | 7,676,897 | 1,437,170 | 1,290,333 | (344,290) | (1,067,978) | 338,272 | 9,330,404 |
| Annual surplus (deficit) | \$ - | \$ - | \$ (1,290,333) | \$ 344,290 | \$ 1,067,978 | \$ (82,133) | \$ 39,802 |

TOWN OF SWAN RIVER
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2019

SCHEDULE 11

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Balance, beginning of year | \$ 241,872 | \$ 279,507 |
| Add: | | |
| Tax levy (<i>Schedule 12</i>) | 7,410,950 | 6,817,726 |
| Taxes added | 38,663 | 43,274 |
| Penalties or interest | 40,706 | 33,622 |
| Other accounts added | 28,009 | 855 |
| Taxes overpaid | 59,155 | 4,262 |
| Tax sale costs | 11,583 | 71,144 |
| Manitoba Education Property Tax Credit - cancelled | 158 | 1,400 |
| | <u>7,589,224</u> | <u>6,972,283</u> |
| Deduct: | | |
| Cash collections - current | 6,310,734 | 5,931,442 |
| Cash collections - arrears | 230,752 | 254,401 |
| Cancellations and writeoffs | 49,204 | 18,817 |
| Manitoba Education Property Tax Credit - cash advance | 693,327 | 725,845 |
| Manitoba Education Property Tax Credit - additional | - | - |
| Transfers re tax sale | 16,809 | 79,413 |
| | <u>7,300,826</u> | <u>7,009,918</u> |
| Balance, end of year | <u>\$ 530,270</u> | <u>\$ 241,872</u> |

TOWN OF SWAN RIVER
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2019

SCHEDULE 12

| | 2019 | | | 2018 |
|---|---------------------------|-----------|----------------------------|----------------------------|
| | Assessment | Mill Rate | Levy | Levy |
| Debt charges: | | | | |
| Municipal Office (at large) | \$ 170,742,870 | 0.626 | \$ 106,885 | \$ 106,971 |
| Wellness Centre (LID) | 207,767,500 | 1.189 | 247,036 | 246,583 |
| Wellness Centre (per parcel) | | | 106,738 | 107,156 |
| Fire fighter equipment (at large) | 170,742,870 | 0.095 | 16,221 | 16,704 |
| 12th & 3rd (LID frontage/flankage) | | | 5,580 | - |
| | | | <u>482,459</u> | <u>477,414</u> |
| Intergovernmental Affairs | 170,742,870 | 0.317 | <u>54,125</u> | <u>54,160</u> |
| Reserves: | | | | |
| General (20/1983) | 170,742,870 | 0.000 | - | 2,531 |
| Machinery replacement (01/1997) | 170,742,870 | 0.887 | 151,449 | 142,066 |
| Fire truck replacement (05/1997) | 170,742,870 | 0.117 | 19,977 | - |
| Recreation facilities (04/2000) | 170,742,870 | 0.097 | 16,562 | - |
| | | | <u>187,988</u> | <u>144,597</u> |
| General Municipal | 170,742,870 | 14.183 | <u>2,421,646</u> | <u>1,446,979</u> |
| Special levies: | | | | |
| Police protection | 207,767,500 | 1.914 | 397,667 | 883,436 |
| Fire, streets, emergency, doctor | 207,767,500 | 2.883 | 598,994 | 598,523 |
| Garbage, recycling, landfill | per residence or dumpster | | 482,906 | 467,252 |
| | | | <u>1,479,567</u> | <u>1,949,211</u> |
| Business tax (rate%) | 5,502,100 | 1.33% | <u>73,178</u> | <u>73,191</u> |
| Total municipal taxes (Schedule 2) | | | <u>4,698,963</u> | <u>4,145,552</u> |
| Education support levy | 49,131,080 | 9.778 | 480,404 | 480,359 |
| Special levy: | | | | |
| Swan Valley School Division | 161,428,190 | 13.824 | <u>2,231,583</u> | <u>2,191,815</u> |
| Total education taxes | | | <u>2,711,987</u> | <u>2,672,174</u> |
| Total tax levy (Schedule 11) | | | <u>\$ 7,410,950</u> | <u>\$ 6,817,726</u> |

TOWN OF SWAN RIVER

SCHEDULE 13

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2019

| | 2019 Actual | 2018 Actual |
|---|---------------------|---------------------|
| General government services | | |
| Legislative | \$ 133,498 | \$ 133,576 |
| General administrative | 581,991 | 623,049 |
| Other | 22,637 | 31,692 |
| | <u>738,126</u> | <u>788,317</u> |
| Protective services | | |
| Police | 1,148,726 | 1,018,829 |
| Fire | 225,034 | 250,921 |
| Emergency measures | 8,190 | 8,959 |
| Building, electrical and plumbing inspections | 35,036 | 35,615 |
| Bylaw enforcement | 20,963 | 21,404 |
| Animal and pest control | 28,829 | 28,698 |
| Safety inspections | 100,681 | 106,138 |
| | <u>1,567,459</u> | <u>1,470,564</u> |
| Transportation services | | |
| Road transport | | |
| Administration and engineering | 100,465 | 144,996 |
| Unallocated equipment and operators | 262,596 | 238,281 |
| Unallocated workshop and yard operations | 101,655 | 84,984 |
| Roads and streets | 105,377 | 106,129 |
| Sidewalks | 2,927 | 5,708 |
| Boulevards | 3,713 | 5,373 |
| Tree trimming | 18,634 | 15,335 |
| Ditches and road drainage | 23,181 | 13,555 |
| Storm sewers | 11,259 | 18,349 |
| Street cleaning | 19,050 | 18,601 |
| Snow and ice removal | 97,999 | 95,472 |
| Street lighting | 73,527 | 72,125 |
| Traffic services | 26,122 | 37,290 |
| Other | 477 | - |
| Air transport | 27,557 | 23,637 |
| Public transit | 22,724 | 17,840 |
| | <u>897,263</u> | <u>897,675</u> |
| Environmental health services | | |
| Garbage collection | 339,264 | 322,390 |
| Nuisance grounds | 338,795 | 428,268 |
| Recycling | 414,512 | 297,945 |
| | <u>1,092,571</u> | <u>1,048,603</u> |
| Public health and welfare services | | |
| Cemeteries | 98,425 | 83,238 |
| Physician retention and recruitment | 8,182 | 64,224 |
| Social welfare and assistance | 43,755 | 50,163 |
| Other | 3,450 | 25 |
| | <u>153,812</u> | <u>197,650</u> |
| Regional planning and development | | |
| Planning and zoning | 6,820 | 6,629 |
| Beautification and land rehabilitation | 8,078 | 6,303 |
| Urban area weed control | 11,850 | 13,163 |
| Christmas lights, decorations, flags | 4,656 | 8,469 |
| | <u>31,404</u> | <u>34,564</u> |
| Subtotals forward | <u>\$ 4,480,635</u> | <u>\$ 4,437,373</u> |

TOWN OF SWAN RIVER

SCHEDULE 13

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2019

| | | |
|---|---------------------|---------------------|
| Subtotals forward | \$ 4,480,635 | \$ 4,437,373 |
| Resource conservation and industrial development | | |
| Veterinary services | 5,983 | 5,983 |
| Water resources and conservation | 13,442 | 10,081 |
| Regional development | 58,270 | 37,740 |
| Incentive program for construction development | 43,243 | 40,866 |
| Tourism | 9,554 | 11,586 |
| Public receptions | 4,145 | 3,084 |
| | <u>134,637</u> | <u>109,340</u> |
| Recreation and cultural services | | |
| District recreation commission | 27,373 | 22,176 |
| Community centers and halls | 40,649 | 33,554 |
| Swimming pools and beaches | 409,854 | 478,535 |
| Skating and curling rinks and arenas | 204,085 | 230,081 |
| Parks and playgrounds | 128,123 | 117,067 |
| Other recreational facilities | 2,839 | 805 |
| Museums | 4,000 | 4,000 |
| Libraries | 86,903 | 82,840 |
| Other cultural facilities and programs | 6,959 | 11,664 |
| | <u>910,785</u> | <u>980,722</u> |
| Total expenses | \$ 5,526,057 | \$ 5,527,435 |

TOWN OF SWAN RIVER

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

For the Year Ended December 31, 2019

SCHEDULE 14

| | 2019 | | 2018 | |
|--|-------------------|--------------------|------------------|-------------------|
| | General | Utility | Total | Total |
| MUNICIPAL NET DEFICIT UNDER THE MUNICIPAL ACT | | | | |
| \$ | \$ - | \$ - | \$ - | \$ (220,825) |
| Adjustments for reporting under public sector accounting standards | | | | |
| Eliminate expense - transfers to reserves | 637,371 | 337,616 | 974,987 | 601,131 |
| Eliminate revenue - transfers from reserves | (141,184) | (1,504) | (142,688) | (845,327) |
| Eliminate expense - transfer to prior years' deficits | 217,726 | - | 217,726 | 352,495 |
| Eliminate revenue - transfer from accumulated surplus | - | - | - | (412,786) |
| Increase revenue - reserve funds interest | 32,890 | 5,376 | 38,266 | 25,217 |
| Increase (decrease) revenue - net surplus (deficit) of consolidated entities | (51,993) | - | (51,993) | 8,767 |
| Increase expense - amortization of tangible capital assets | (1,077,555) | (481,110) | (1,558,665) | (1,492,813) |
| Decrease revenue - proceeds from long term debt | - | - | - | (380,682) |
| Decrease expense - principal portion of debenture debt payments | 272,870 | 50,791 | 323,661 | 308,447 |
| Decrease revenue - capital grants receivable | (300,000) | (136,850) | (436,850) | 77,368 |
| Eliminate expense - acquisitions of tangible capital assets | 512,296 | 175,902 | 688,198 | 2,529,183 |
| Increase revenue - contribution of tangible capital assets | 6,174 | - | 6,174 | 73,135 |
| Eliminate proceeds from dispositions of tangible capital assets | (2,512) | - | (2,512) | (1,700) |
| Increase revenue - gain on sale of tangible capital assets | 2,512 | - | 2,512 | 1,700 |
| Increase expense - loss on dispositions of tangible capital assets | (5,000) | - | (5,000) | (4,000) |
| Increase revenue - operating revenues in capital fund | 16,168 | - | 16,168 | 16,168 |
| Increase expense - operating expenses in capital fund | (4,086) | - | (4,086) | (37,798) |
| NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS | \$ 115,677 | \$ (49,779) | \$ 65,898 | \$ 597,680 |