

TOWN OF SWAN RIVER

**Consolidated Financial Statements
For the Year Ended December 31, 2009**

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 Canadian Institute of Chartered Accountants.

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.

Pacak Kowal Hardie & Company, as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The 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 generally accepted accounting principles.



Ms. Shirley Bateman
Chief Administrative Officer

AUDITOR'S REPORT

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

We have audited the consolidated statement of financial position of the Town of Swan River as of December 31, 2009 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended. These consolidated financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Swan River as of December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Swan River, Manitoba
June 24, 2011

Pacat Kowal Hurdie & Company
Chartered Accountants

TOWN OF SWAN RIVER

Consolidated Financial Statements

For the Year Ended December 31, 2009

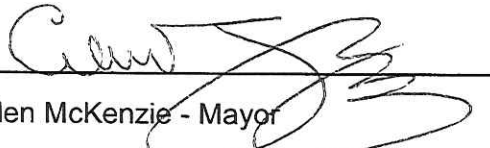
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TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 4,453,641	\$ 5,549,550
Amounts receivable (Note 4)	1,036,985	708,949
Loans and advances	20,667	20,667
Real estate properties held for sale	145,243	138,240
Other inventories for sale (Note 5)	713	862
Swan Valley Credit Union patronage equity shares	1,101	1,134
	<u>\$ 5,658,350</u>	<u>\$ 6,419,402</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 648,048	\$ 788,359
Pre-retirement bonus entitlement (Note 7)	162,321	147,697
Deferred revenue (Note 8)	183,070	229,228
Landfill closure liability (Note 9)	22,290	20,391
Long-term debt (Note 10)	424,767	583,597
	<u>1,440,496</u>	<u>1,769,272</u>
NET FINANCIAL ASSETS	<u>\$ 4,217,854</u>	<u>\$ 4,650,130</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 17,758,575	\$ 16,716,088
Inventories (Note 5)	283,122	306,687
Prepaid expenses	33,795	47,489
	<u>18,075,492</u>	<u>17,070,264</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 22,293,346</u>	<u>\$ 21,720,394</u>

COMMITMENTS (Note 12)
CONTINGENCIES (Note 13)
SUBSEQUENT EVENTS (Note 16)

Approved on behalf of Council:


Glen McKenzie - Mayor


Brent Scales - Councillor

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2009

	<u>2009 Budget (Note 17)</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
REVENUE			
Property taxes	\$ 2,962,037	\$ 2,991,340	\$ 2,870,713
Grants in lieu of taxation	145,291	145,291	138,646
User fees	337,040	541,416	539,187
Grants - Province of Manitoba	736,459	896,262	798,507
Grants - other	311,306	375,500	243,698
Permits, licences and fines	37,644	42,863	46,635
Investment income	12,325	28,262	151,660
Other revenue	14,782	42,971	153,580
Water and sewer	881,800	951,200	980,515
Total revenue (Schedules 2, 4 and 5)	<u>5,438,684</u>	<u>6,015,105</u>	<u>5,923,141</u>
EXPENSES			
General government services	653,014	622,517	600,310
Protective services	1,085,150	1,037,396	980,020
Transportation services	1,064,541	1,091,028	989,466
Environmental health services	538,300	517,196	497,216
Public health and welfare services	163,590	164,198	153,970
Regional planning and development services	61,802	52,361	42,419
Resource conservation and industrial development services	124,265	137,559	93,347
Recreation and cultural services	683,605	956,238	889,036
Water and sewer services	940,791	863,660	935,781
Total expenses (Schedules 3, 4 and 5)	<u>5,315,058</u>	<u>5,442,153</u>	<u>5,181,565</u>
ANNUAL SURPLUS	<u>\$ 123,626</u>	<u>572,952</u>	<u>741,576</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 18)		<u>21,720,394</u>	<u>20,978,818</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 22,293,346</u>	<u>\$ 21,720,394</u>

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2009

	<u>2009 Budget (Note 17)</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
ANNUAL SURPLUS	\$ 123,626	\$ 572,952	\$ 741,576
Acquisition of tangible capital assets	(4,855,400)	(1,979,899)	(707,920)
Amortization of tangible capital assets	900,000	929,304	891,939
Loss (gain) on sale of tangible capital assets	-	(18,633)	2,999
Proceeds on sale of tangible capital assets	-	26,741	253
Decrease (increase) in inventories	-	23,565	(50,414)
Decrease (increase) in prepaid expense	-	13,694	(29,810)
	<u>(3,955,400)</u>	<u>(1,005,228)</u>	<u>107,047</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (3,831,774)</u>	(432,276)	848,623
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>4,650,130</u>	<u>3,801,507</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 4,217,854</u>	<u>\$ 4,650,130</u>

TOWN OF SWAN RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 572,952	\$ 741,576
Changes in non-cash items:		
Amounts receivable	(328,036)	154,850
Inventories	23,714	(50,820)
Prepaid expenses	13,694	(29,810)
Accounts payable and accrued liabilities	(140,311)	110,155
Deferred revenue	(46,158)	9,200
Pre-retirement bonus entitlement	14,624	(28,630)
Landfill closure liability	1,899	1,755
Loss (gain) on sale of tangible capital assets	(18,633)	2,999
Gain on sale of real estate properties	-	(38,791)
Amortization	929,304	891,939
Cash provided by operating transactions	<u>1,023,049</u>	<u>1,764,423</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	26,741	253
Cash used to acquire tangible capital assets	(1,979,899)	(707,920)
Cash applied to capital transactions	<u>(1,953,158)</u>	<u>(707,667)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of real estate properties	-	44,691
Change in Swan Valley Credit Union Limited patronage shares	33	(154)
Acquisition of real estate properties	(7,003)	(51,200)
Loans and advances issued	-	(20,667)
Cash applied to investing transactions	<u>(6,970)</u>	<u>(27,330)</u>
FINANCING TRANSACTIONS		
Debt repayment	(158,830)	(149,799)
Cash applied to financing transactions	<u>(158,830)</u>	<u>(149,799)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(1,095,909)	879,627
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>5,549,550</u>	<u>4,669,923</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 4,453,641</u>	<u>\$ 5,549,550</u>

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

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, airport, parks and recreation, library 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 and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants 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 include:

Swan River Parks and Recreation Commission
Swan River Municipal Developers Ltd.
Swan River Handi Transit Van
The War Veterans Community Hall Inc. (operating as Veterans Community Hall)

The Town has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the 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.

Swan Valley District Recreation Commission (consolidated 46.0%, 2008 - 46.0%)
Swan Valley Municipal Airport Commission (consolidated 37.0%, 2008 - 37.0%)
North-West Regional Library (consolidated 54.0%, 2008 - 54.0%)
Swan Valley Planning District (consolidated 14.3%, 2008 - 14.3%)
G7 Physician Retention and Recruitment Fund (consolidated 42.0%, 2008 - 42.0%)

The Town also has several shared services agreements in place with the Rural Municipality of Swan River. Jointly-owned tangible capital assets have been reported at only the Town's portion. Shared operating expenses have been reported in total, with the portion recovered from the RM reported as sales of service revenue. The shared services agreements are as follows:

Swan River Fire Department (65.0% share with RM, 2008 - 65.0%)
Swan River Landfill Site (74.0% share with RM, 2008 - 74.0%)
Birchwood Cemetery (75.0% share with RM, 2008 - 75.0%)
Swan River Centennial Arena (70.0% share with RM, 2008 - 70.0%)
Swan River Kinsmen Pool (72.0% share with RM, 2008 - 72.0%)

The taxation with respect to the operations of the school division are 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. The trust funds administered by the Town are presented in Schedule 7 - *Schedule of Trust Funds*.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

2. **Significant Accounting Policies** *(continued)*

b) Basis of Accounting

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

c) Cash and Temporary Investments

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

d) Investments

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

Portfolio investments are accounted for at cost.

e) Real Estate Properties Held for Sale

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

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

f) Landfill Closure and Post Closure Liabilities

The estimated 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 interest 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

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

2. Significant Accounting Policies (continued)

h) Tangible Capital Assets (continued)

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

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 in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

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

l) Measurement Uncertainty

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

Measurement uncertainty in these financial statements exists in the amortization of tangible capital assets and in the accrual of the landfill closure liability. 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 to close the landfill discounted to the financial statement date. The estimated useful lives of tangible capital assets and future cash flow and closure date of the landfill are based upon management's best estimates, which may differ significantly from actual results.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2009</u>	<u>2008</u>
Cash	\$ 4,429,131	\$ 5,519,640
Temporary investments	<u>24,510</u>	<u>29,910</u>
	<u>\$ 4,453,641</u>	<u>\$ 5,549,550</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Town has designated \$3,481,341 (2008 \$3,904,874) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – *Schedule of Change in Reserve Fund Balances*.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2009</u>	<u>2008</u>
Taxes on roll (<i>Schedule 11</i>)	\$ 596,971	\$ 418,132
Government grants	67,888	17,057
Utility customers	185,508	176,801
Organizations and individuals	116,012	92,604
Other governments	107,346	48,286
Accrued interest	30	136
	<u>1,073,755</u>	<u>753,016</u>
Less allowances for doubtful amounts	<u>(36,770)</u>	<u>(44,067)</u>
	<u>\$ 1,036,985</u>	<u>\$ 708,949</u>

5. Inventories

	<u>2009</u>	<u>2008</u>
Inventories for sale:		
Concession supplies	<u>\$ 713</u>	<u>\$ 862</u>
Inventories for use:		
<u>General</u>		
Fuel	\$ 11,563	\$ 11,343
Granulars	42,666	44,317
Dust control	8,470	26,451
Sidewalk unistone	14,269	18,669
Culverts	10,605	10,730
Traffic services	9,823	7,190
Janitorial supplies	178	-
	<u>97,574</u>	<u>118,700</u>
<u>Utility</u>		
Connections	20,823	27,958
Water treatment chemicals	11,584	8,834
Sewage collection	50,638	55,946
Water meters	11,123	11,619
Transmission and distribution	91,380	83,630
	<u>185,548</u>	<u>187,987</u>
	<u>\$ 283,122</u>	<u>\$ 306,687</u>

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

6. Accounts Payable and Accrued Liabilities

	<u>2009</u>	<u>2008</u>
Trade accounts payable	\$ 377,899	\$ 376,532
Employee remittances payable	193	438
School levies (<i>Schedule 13</i>)	-	131,900
Other governments	2,616	1,660
Accrued vacation liability	120,188	111,760
Accrued salaries and wages payable	4,445	40,449
Other accrued expenses	17,633	14,348
Trust funds (<i>Schedule 7</i>)	125,074	111,272
	<u>\$ 648,048</u>	<u>\$ 788,359</u>

7. Pre-Retirement Bonus Entitlement

Each employee of the Town will be paid 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.

The change in pre-retirement bonus entitlement during the year is shown below.

	<u>2009</u>	<u>2008</u>
Opening balance	\$ 147,697	\$ 176,327
Earned during the year	27,176	21,359
Paid out during the year	(12,552)	(49,989)
Ending balance	<u>\$ 162,321</u>	<u>\$ 147,697</u>

8. Deferred Revenue

	<u>2009</u>	<u>2008</u>
Land sale deposits	\$ 3,586	\$ 3,586
Prepaid taxes	11,792	10,589
Prepaid utility	73,559	72,232
Water meter deposits	87,814	80,902
Unused grants	1,419	59,119
Rental prepayments and deposits	4,900	2,800
	<u>\$ 183,070</u>	<u>\$ 229,228</u>

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

9. Landfill Closure Liability

The Town is currently operating a Class 2 landfill site together with, and located in, the Rural Municipality of Swan River. Legislation requires closure of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill. The Town has reported the entire landfill closure liability in these financial statements, as the liability was not addressed in either the joint-ownership or shared services agreements.

	<u>2009</u>	<u>2008</u>
Estimated closure costs over the next 77 years	<u>\$ 6,600,000</u>	<u>\$ 6,600,000</u>
Discount rate	<u>6.00%</u>	<u>6.00%</u>
Discounted costs	<u>\$ 74,301</u>	<u>\$ 70,095</u>
Expected year capacity will be reached	<u>2086</u>	<u>2086</u>
Capacity (years):		
Used to date	<u>33</u>	<u>32</u>
Remaining	<u>77</u>	<u>78</u>
Total	<u>110</u>	<u>110</u>
Percent utilized	<u>30.00%</u>	<u>29.09%</u>
Liability based on percentage	<u>\$ 22,290</u>	<u>\$ 20,391</u>

10. Long Term Debt

	<u>2009</u>	<u>2008</u>
General Authority:		
Debenture for natural gas transmission and distribution system, demand loan held by Royal Bank of Canada, payable at \$53,881 annually including interest at 7.14%, maturing November 30, 2010	<u>\$ 50,290</u>	<u>\$ 97,229</u>
Utility Fund:		
Debenture for water treatment plant and water/sewer system upgrade, demand loan held by Royal Bank of Canada, payable at \$138,982 annually including interest at 5.57%, maturing November 30, 2012	<u>374,477</u>	<u>486,368</u>
	<u>\$ 424,767</u>	<u>\$ 583,597</u>

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

2010	\$ 168,414
2011	124,704
2012	131,649

11. Accumulated Surplus (Deficit)

	<u>2009</u>	<u>2008</u>
Equity in tangible capital assets	<u>\$ 17,384,098</u>	<u>\$ 16,229,720</u>
Restricted for reserves (<i>Schedule 6</i>)	<u>3,495,353</u>	<u>3,923,079</u>
Unrestricted	<u>1,413,895</u>	<u>1,567,595</u>
	<u>\$ 22,293,346</u>	<u>\$ 21,720,394</u>

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

12. Commitments

Swan Valley Employment and Training Project

The Town has entered into an agreement with The Government of Manitoba - *Competitiveness, Training and Trade* - dated June 26, 2009 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 up to 20 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 receipts of financial contributions from the Province and the disbursements for Eligible Costs are presented in Schedule 7 - *Schedule of Trust Funds*.

Fire Truck Purchase

The Town has entered into a contract dated November 5, 2009 with a supplier to purchase a fire truck in the amount of \$445,347 plus GST, with delivery expected within one year.

Swan Valley Recreation and Wellness Centre

The Town has begun to plan for the construction of a Recreation and Wellness Centre to serve the residents of the Swan River Valley. The project is expected to cost approximately \$12 million. The Town has received approval for grants under the Province of Manitoba - *Building Canada Fund* for \$6 million expiring March 31, 2012 and Infrastructure Canada - *Municipal Rural Infrastructure Fund* for \$1.2 million expiring September 30, 2015, both of which are to be funded one-third each by the Government of Canada, Government of Manitoba and the Town. The Town is pursuing additional sources of funding including fundraising and additional grants from the federal and provincial governments as well as other municipalities in the Valley.

In the 2009 fiscal year, the Town incurred costs of \$49,295 included in *Assets under Construction* on Schedule 1 - *Consolidated Schedule of Tangible Capital Assets*. Subsequent to the yearend, the Town has obtained land for the proposed site by donation with the condition that it be used for a recreation and wellness centre by December 31, 2014, hired a Construction Manager, a Project Manager and an Architect, and incurred additional costs totaling \$737,386 to date.

New Municipal Office Building

The Town has begun to plan for the construction of a new municipal office building, expected to cost \$2.5 million. By-Law 5/2010 dated July 20, 2010 authorizes the construction and borrowing of \$1.5 million, with the remainder of the cost to be funded from the Office Building Reserve Fund. Subsequent to the yearend, the Town has incurred design costs totaling \$66,597.

13. Contingencies

During the 2006 fiscal year, the Town incurred costs of \$28,997 to bring certain equipment up to required standards. Management believed the costs would be reimbursed by the installation contractor under warranty, and setup an account receivable from the contractor accordingly. However, the account receivable has not yet been collected. The Town's engineering consultant is attempting to seek reconciliation with the contractor. As well, the Town has a holdback payable to the contractor for \$5,000.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

14. 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 Canadian Institute of Chartered Accountants Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP requires that employees contribute 5.8% of basic annual earnings up to the CPP ceiling plus 7.0% 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 amounted to \$79,128 (2008 - \$64,436) and are included in the statement of operations.

Any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2008 indicates the plan is fully funded on a going concern basis but has an unfunded solvency liability of \$1.1 million. The solvency position of the plan is determined by comparing the solvency of the plan assets to the actuarial present value of the benefits accrued in respect of credited service prior to the valuation date, calculated as if the plan were wound up on December 31, 2008. Effective January 2010, employee and employer contributions will increase to 6.3% of basic annual earnings up to the CPP ceiling, plus 7.5% of basic earnings in excess of the CPP ceiling. The new contribution rates are sufficient to fund the solvency liability by December 2013.

15. 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.

16. Subsequent Events

On February 2, 2010, the Town approved the quotation from a contractor for the replacement of two rooftop heat/cool units at the War Veterans Community Hall in the amount of \$38,275 plus taxes. The replacement commenced March 30. In addition, the Town received approval for a \$10,000 grant from the Province of Manitoba Community Places Program for this improvement.

On June 2, 2010, the Town approved the quotation in the amount of \$271,497 plus taxes from a contractor for the installation of underground services, roadway and associated works for a new subdivision.

17. 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*.

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

18. Changes in Accounting Policies

The Town has restated its financial statements to comply with the adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

Section PS3150 requires governments to record and amortize their tangible capital assets on their financial statements. In addition, leases, which substantially transfer all of the risks and benefits of ownership to the government, should be treated as capital leases.

PS3270 requires governments to accrue their landfill closure and post closure costs as the landfill is used.

Finally, PSAB also requires that the government reporting entity include all the organizations controlled by the government. PSAB also requires governments to account for government partnerships on a proportional consolidation basis whereby the government consolidates its pro-rata share of the partnership's assets, liabilities, revenues and expenses.

The effect of these changes in accounting policies on accumulated surplus is as follows:

	<u>2009</u>	<u>2008</u>
Opening fund balances:		
Nominal Surplus - General Operating Fund	\$ 947,260	\$ 898,181
General Reserve Funds	2,975,345	2,697,244
Surplus - General Capital Fund	6,074,674	5,801,454
Nominal Surplus - Utility Operating Fund	300,488	288,038
Utility Reserve Funds	798,327	701,419
Surplus - Utility Capital Fund	<u>54,232</u>	<u>19,346</u>
Opening accumulated surplus, all funds, as previously reported	\$ 11,150,326	\$ 10,405,682
Adjustments:		
Tangible capital assets	15,061,096	15,178,381
Fixed assets in the capital funds	(6,536,072)	(6,576,375)
Land tangible capital assets previously in tax titles	(33,992)	(33,992)
Landfill closure liability	(20,391)	(18,636)
Pre-retirement bonus entitlement	<u>(147,697)</u>	<u>(176,327)</u>
Opening non-consolidated accumulated surplus, as restated	\$ 19,473,270	\$ 18,778,733
Consolidation of controlled entities and government partnerships	<u>2,247,124</u>	<u>2,200,085</u>
Opening consolidated accumulated surplus, as restated	\$ 21,720,394	\$ 20,978,818
Consolidated annual surplus	<u>572,952</u>	<u>741,576</u>
Consolidated accumulated surplus, end of year	<u>\$ 22,293,346</u>	<u>\$ 21,720,394</u>

TOWN OF SWAN RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

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 \$50,000 annually to any member of council, officer or employee of the Town. For the year ended December 31, 2009:

- a) Compensation paid to members of council amounted to \$59,675 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:	Compensation	Expenses	Total
Mayor - Glen McKenzie	\$ 12,020	\$ 3,175	\$ 15,195
Deputy Mayor - Phyllis Friesen	8,725	1,457	10,182
Councillor - Don Bobick	9,151	2,664	11,815
Councillor - Jason Delaurier	3,503	13	3,516
Councillor - Ken Doleman	7,529	86	7,615
Councillor - Ron McRae	2,866	460	3,326
Councillor - Louise Oberton	7,529	110	7,639
Councillor - Duane Whyte	8,352	1,527	9,879
	<u>\$ 59,675</u>	<u>\$ 9,492</u>	<u>\$ 69,167</u>

- c) The officers who received compensation in excess of \$50,000 have been reported separately.

20. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

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

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

Description of Project	Source of Grant or Contribution	Water Services	Sewer Services
<u>Unamortized balance, beginning</u>			
1974 Water plant	Manitoba Water Services Board	\$ 92,853	\$ -
1974 Water plant	Agricultural Service Centres	92,853	-
1976 Lagoon	Manitoba Water Services Board	-	11,552
1976 Lagoon	Canada Mortgage & Housing	-	30,213
1976 Water/sewer extension	Agricultural Service Centres	21,542	21,542
1976 Water/sewer extension	Agricultural Service Centres	7,744	7,744
1980 Sewer main renewal	Province of Manitoba	-	8,875
1983 Swan River Dr	Development Agreement	55,153	64,247
1994 Dale Av & Crescent Dr	Canada/Manitoba Infrastructure	15,498	15,498
1994 Southeast portions	Canada/Manitoba Infrastructure	23,090	23,090
1995 Dixie Rd Lift Station	Canada/Manitoba Infrastructure	-	37,944
1997 Pine Cove	Development Agreement	20,266	15,923
2002 10th Ave N renewal	Manitoba Infrastructure	89,722	89,722
2002 Willow Av replacement	Manitoba Water Services Board	93,974	-
2002 Water plant expansion	Manitoba Water Services Board	1,495,148	-
2002 Backup generator	Manitoba Water Services Board	13,554	13,554
2003 6th Ave N renewal	Manitoba Water Services Board	30,730	30,730
2003 Duncan Cr renewal	Manitoba Water Services Board	37,900	37,900
2008 Currie Rd	Development Agreement	4,986	4,986
		<u>2,095,013</u>	<u>413,520</u>
<u>Additions during the year</u>			
2009 6th Ave W	Development Agreement	21,775	21,774
Amortization during the year		<u>(86,646)</u>	<u>(14,920)</u>
Unamortized balance, ending		<u>\$ 2,030,142</u>	<u>\$ 420,374</u>

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2009

	General Tangible Capital Assets						Infrastructure Tangible Capital Assets			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles, Equipment and Furniture	Computer Hardware and Software	Assets under Construction	Roads, Streets and Bridges	Water and Sewer	Assets under Construction	2009	2008	
Cost											
Opening balance	\$ 1,730,258	\$ 3,530,356	\$ 3,276,373	\$ 131,380	\$ -	\$ 7,824,860	\$ 16,212,079	\$ 21,730	\$ 32,727,036	\$ 32,096,800	
Additions during the year	169,648	-	369,411	3,587	54,732	473,052	888,457	42,742	2,001,629	895,674	
Disposals and write downs	-	-	(142,357)	(2,135)	-	(62,000)	(49,000)	(21,730)	(277,222)	(265,438)	
Closing balance	<u>1,899,906</u>	<u>3,530,356</u>	<u>3,503,427</u>	<u>132,832</u>	<u>54,732</u>	<u>8,235,912</u>	<u>17,051,536</u>	<u>42,742</u>	<u>34,451,443</u>	<u>32,727,036</u>	
Accumulated Amortization											
Opening balance	363,043	1,411,394	1,903,495	85,543	-	5,153,643	7,093,830	-	16,010,948	15,193,439	
Amortization	51,149	119,123	206,744	20,210	-	224,271	307,807	-	929,304	891,939	
Disposals and write downs	-	-	(134,249)	(2,135)	-	(62,000)	(49,000)	-	(247,384)	(74,430)	
Closing balance	<u>414,192</u>	<u>1,530,517</u>	<u>1,975,990</u>	<u>103,618</u>	<u>-</u>	<u>5,315,914</u>	<u>7,352,637</u>	<u>-</u>	<u>16,692,868</u>	<u>16,010,948</u>	
Net Book Value of Tangible Capital Assets	\$ <u>1,485,714</u>	\$ <u>1,999,839</u>	\$ <u>1,527,437</u>	\$ <u>29,214</u>	\$ <u>54,732</u>	\$ <u>2,919,998</u>	\$ <u>9,698,899</u>	\$ <u>42,742</u>	\$ <u>17,758,575</u>	\$ <u>16,716,088</u>	

TOWN OF SWAN RIVER
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2009

SCHEDULE 2

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
Property taxes:		
Municipal taxes levied (<i>Schedule 12</i>)	\$ 2,903,271	\$ 2,730,075
Taxes added	39,323	100,345
Discounts	(20,289)	(21,822)
Penalties and interest	67,275	59,571
Excess of school tax levy over requirement	1,760	2,544
	<u>2,991,340</u>	<u>2,870,713</u>
Grants in lieu of taxation:		
Federal government enterprises	13,832	14,492
Provincial government	33,456	31,130
Provincial government enterprises	98,003	93,024
	<u>145,291</u>	<u>138,646</u>
User fees		
Sales of service	315,932	308,583
Sales of goods	26,275	14,534
Rentals	14,454	15,826
Trailer park	15,795	15,892
Development charges	857	282
Facility use fees	164,128	176,219
Concessions	3,975	7,851
	<u>541,416</u>	<u>539,187</u>
Grants - Province of Manitoba		
General assistance payment	578,452	580,133
General support grant	10,170	16,743
VLT revenues	83,146	82,057
Conditional grants	224,494	119,574
	<u>896,262</u>	<u>798,507</u>
Grants - other		
Federal government - gas tax funding	227,508	113,754
Federal government - other	3,531	3,430
Other local governments	144,461	126,514
	<u>375,500</u>	<u>243,698</u>
Permits, licences and fines		
Permits	6,848	6,565
Licences	10,110	9,157
Fines	21,011	26,032
Business fees	4,894	4,881
	<u>42,863</u>	<u>46,635</u>
Investment income:		
Cash and temporary investments	28,262	151,660
Other revenue:		
Gain on sale of tangible capital assets	18,633	203
Gain on sale of real estate held for sale	-	38,791
Contributed assets	-	28,744
Donations and contributions	19,485	68,972
Administration fees	-	570
Supplier rebates	4,853	16,300
	<u>42,971</u>	<u>153,580</u>
Water and sewer (<i>Schedule 9</i>)	<u>951,200</u>	<u>980,515</u>
Total revenue	<u>\$ 6,015,105</u>	<u>\$ 5,923,141</u>

TOWN OF SWAN RIVER
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2009

SCHEDULE 3

	<u>2009</u> Actual	<u>2008</u> Actual
General government services:		
Legislative	\$ 60,026	\$ 60,771
General administrative	479,349	448,521
Other	83,142	91,018
	<u>622,517</u>	<u>600,310</u>
Protective services:		
Police	735,943	684,231
Fire	186,452	182,133
Emergency measures	1,038	1,000
Building, electrical and plumbing inspections	19,948	20,109
Bylaw enforcement	15,267	14,953
Animal and pest control	22,434	21,556
Safety officer	56,314	56,038
	<u>1,037,396</u>	<u>980,020</u>
Transportation services:		
Road transport		
Administration and engineering	111,282	52,278
Roads and streets	376,364	304,249
Sidewalks and boulevards	48,063	35,902
Ditches and road drainage	8,180	18,430
Storm sewers	64,071	68,345
Street cleaning	22,322	25,122
Snow and ice removal	83,587	88,233
Street lighting	61,349	66,319
Traffic services	28,638	28,892
Unallocated workshop and yard	138,791	128,793
Unallocated equipment operators	(21,721)	21,593
Other	810	893
Air transport	123,513	112,533
Public transit	45,779	37,884
	<u>1,091,028</u>	<u>989,466</u>
Environmental health services:		
Garbage collection	200,201	194,798
Nuisance grounds	253,163	242,888
Recycling	59,208	58,861
Other	4,624	669
	<u>517,196</u>	<u>497,216</u>
Public health and welfare services:		
Cemeteries	90,808	76,547
Physician retention and recruitment	28,635	32,668
Social welfare and assistance	43,755	43,755
Other	1,000	1,000
	<u>164,198</u>	<u>153,970</u>
Regional planning and development services:		
Planning and zoning	4,840	3,042
General land assembly	-	2,457
Beautification and land rehabilitation	19,620	10,018
Urban area weed control	19,268	16,106
Christmas lights, decorations, flags	8,633	10,796
	<u>52,361</u>	<u>42,419</u>
Subtotals forward	<u>\$ 3,484,696</u>	<u>\$ 3,263,401</u>

TOWN OF SWAN RIVER
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2009

SCHEDULE 3

Subtotals forward	<u>\$ 3,484,696</u>	<u>\$ 3,263,401</u>
Resource conservation and industrial development services:		
Veterinary services	5,423	5,423
Water resources and conservation	15,015	9,204
Regional development	42,422	35,661
Industrial development	10,499	14,628
Incentive program for construction development	35,281	-
Trailer court	15,348	10,216
Tourism	9,315	11,440
Public receptions	4,256	6,775
	<u>137,559</u>	<u>93,347</u>
Recreation and cultural services:		
Recreation commission and administration	73,744	70,801
Community centers and halls	79,611	73,799
Swimming pools and beaches	93,164	82,543
Skating and curling rinks and arenas	387,842	379,263
Parks and playgrounds	146,493	121,136
Other recreational facilities	6,935	7,047
Museums	7,251	7,251
Libraries	158,698	147,196
Other cultural facilities	2,500	-
	<u>956,238</u>	<u>889,036</u>
Water and sewer services (Schedule 9)	<u>863,660</u>	<u>935,781</u>
Total expenses	<u><u>\$ 5,442,153</u></u>	<u><u>\$ 5,181,565</u></u>

TOWN OF SWAN RIVER

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2009

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE										
Property taxes	\$ 2,852,358	\$ 2,731,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	145,291	138,646	-	-	-	-	-	-	-	-
User fees	25,324	13,467	68,904	57,913	69,451	61,127	117,347	128,565	47,502	54,837
Prov of MB - Unconditional Grants	671,768	678,933	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	-	-	-	1,930	121,019	18,645	-	-	-	-
Grants - other	-	-	-	-	238,187	124,403	-	-	13,856	13,816
Permits, licences and fines	20,967	19,806	21,891	26,794	5	35	-	-	-	-
Investment income	12,086	67,907	1,999	9,680	5,038	29,197	-	-	194	1,077
Other revenue	3,299	11,492	-	15,240	18,544	7,804	-	-	-	47,804
Water and sewer	-	-	-	-	-	-	-	-	-	-
Total revenue	3,731,093	3,661,982	92,794	111,557	452,244	241,211	117,347	128,565	61,552	117,534
EXPENSES										
Personnel services	368,811	339,556	190,747	186,510	151,921	119,832	168,890	159,753	50,084	54,828
Contract services	182,703	183,841	742,423	684,177	201,433	150,711	322,904	309,132	72,377	75,447
Utilities	13,032	12,244	38,010	37,000	90,746	99,337	7,687	10,988	824	743
Maintenance materials and supplies	22,907	21,837	25,217	36,921	240,479	229,276	11,628	11,581	9,202	3,362
Grants and contributions	4,508	9,845	1,000	1,000	10,709	10,614	-	-	28,730	18,677
Amortization	14,480	19,938	39,999	34,412	395,740	379,696	4,188	4,007	2,981	913
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Bad debts	15,175	12,108	-	-	-	-	-	-	-	-
Other	901	941	-	-	-	-	1,899	1,755	-	-
Total expenses	622,517	600,310	1,037,396	980,020	1,091,028	989,466	517,196	497,216	164,198	153,970
Annual surplus (deficit)	\$ 3,108,576	\$ 3,061,672	\$ (944,602)	\$ (868,463)	\$ (638,784)	\$ (748,255)	\$ (399,849)	\$ (368,651)	\$ (102,646)	\$ (36,436)

* 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, 2009

	Regional Planning and Development		Resource Conservation and Industrial Development		Recreation and Cultural Services		Water and Sewer Services		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,982	\$ 138,982	\$ 2,991,340	\$ 2,870,713
Grants in lieu of taxation	-	-	-	-	-	-	-	-	145,291	138,646
User fees	1,275	282	-	15,892	211,613	207,104	-	-	541,416	539,187
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	671,768	678,933
Prov of MB - Conditional Grants	-	-	-	-	103,475	98,999	-	-	224,494	119,574
Grants - other	858	858	-	-	122,599	104,621	-	-	375,500	243,698
Permits, licences and fines	-	-	-	-	-	-	-	-	42,863	46,635
Investment income	5	56	711	4,672	3,906	17,163	4,323	21,908	28,262	151,660
Other revenue	6,967	5,963	-	43,861	14,161	21,416	-	-	42,971	153,580
Water and sewer	-	-	-	-	-	-	951,200	980,515	951,200	980,515
Total revenue	9,105	7,159	711	64,425	455,754	449,303	1,094,505	1,141,405	6,015,105	5,923,141
EXPENSES										
Personnel services	25,244	18,865	-	-	436,946	399,873	289,495	280,818	1,682,138	1,560,035
Contract services	18,471	12,111	8,455	7,752	86,142	84,050	115,093	158,154	1,750,001	1,665,375
Utilities	239	148	11,782	10,027	124,298	120,130	40,681	40,620	327,299	331,237
Maintenance materials and supplies	6,241	7,894	4,256	6,921	87,619	99,062	83,493	108,519	491,042	525,373
Grants and contributions	2,095	857	104,441	56,588	55,085	40,403	-	-	206,568	137,984
Amortization	71	-	1,683	982	162,355	138,715	307,807	314,676	929,304	893,339
Interest on long term debt	-	-	6,942	10,070	-	-	27,091	32,994	34,033	43,064
Bad debts	-	-	-	-	-	-	-	-	15,175	12,108
Other	-	2,544	-	1,007	3,793	6,803	-	-	6,593	13,050
Total expenses	52,361	42,419	137,559	93,347	956,238	889,036	863,660	935,781	5,442,153	5,181,565
Annual surplus (deficit)	\$ (43,256)	\$ (35,260)	\$ (136,848)	\$ (28,922)	\$ (500,484)	\$ (439,733)	\$ 230,845	\$ 205,624	\$ 572,952	\$ 741,576

TOWN OF SWAN RIVER

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
For the Year Ended December 31, 2009

	Core Government		Controlled Entities		Government Partnerships		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE								
Property taxes	\$ 2,991,340	\$ 2,870,713	\$ -	\$ -	\$ -	\$ -	\$ 2,991,340	\$ 2,870,713
Grants in lieu of taxation	145,291	138,646	-	-	-	-	145,291	138,646
User fees	302,021	314,471	193,220	190,887	46,175	33,829	541,416	539,187
Prov of MB - Unconditional Grants	671,768	678,933	-	-	-	-	671,768	678,933
Prov of MB - Conditional Grants	91,717	35,983	78,044	28,213	54,733	55,378	224,494	119,574
Grants - other	227,508	113,754	84,466	76,561	63,526	53,383	375,500	243,698
Permits, licences and fines	42,863	46,635	-	-	-	-	42,863	46,635
Investment income	26,358	143,215	1,023	6,266	881	2,179	28,262	151,660
Other revenue	18,786	43,699	18,033	52,020	6,152	57,861	42,971	153,580
Water and sewer	951,200	980,515	-	-	-	-	951,200	980,515
Total revenue	5,468,852	5,366,564	374,786	353,947	171,467	202,630	6,015,105	5,923,141
EXPENSES								
Personnel services	1,291,500	1,192,183	278,311	266,092	112,327	101,760	1,682,138	1,560,035
Contract services	1,636,079	1,554,328	46,673	48,043	67,249	63,004	1,750,001	1,665,375
Utilities	204,294	213,241	114,032	109,485	8,973	8,511	327,299	331,237
Maintenance materials and supplies	395,565	417,686	62,771	79,354	32,706	28,333	491,042	525,373
Grants and contributions	443,668	449,992	(187,804)	(263,926)	(49,296)	(48,082)	206,568	137,984
Amortization	815,536	786,950	21,473	14,119	92,295	92,270	929,304	893,339
Interest on long term debt	34,033	43,064	-	-	-	-	34,033	43,064
Bad debts	15,175	12,108	-	-	-	-	15,175	12,108
Other	2,800	5,378	1,856	4,217	1,937	3,455	6,593	13,050
Total expenses	4,838,650	4,674,930	337,312	257,384	266,191	249,251	5,442,153	5,181,565
Annual surplus (deficit)	\$ 630,202	\$ 691,634	\$ 37,474	\$ 96,563	\$ (94,724)	\$ (46,621)	\$ 572,952	\$ 741,576

TOWN OF SWAN RIVER

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2009

	2009						
	General BL 20/1983	Equipment Replacement BL 01/1997	Employee Benefits BL 09/1993	Fire Truck Replacement BL 05/1997	Fire Fighting Equipment BL 06/1992	Office Building BL 18/1997	Recreation Facilities BL 04/2000
REVENUE							
Investment income	\$ 2,394	\$ 2,324	\$ 769	\$ 1,968	\$ 31	\$ 4,777	\$ 3,356
TRANSFERS							
Transfers from operating fund	1,400	100,000	5,000	90,000	-	60,000	75,000
Transfers from utility fund	-	-	-	-	-	-	-
Transfers to operating fund	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(39,500)	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	3,794	62,824	5,769	91,968	31	64,777	78,356
FUND SURPLUS, BEGINNING OF YEAR	276,173	389,386	140,200	325,626	5,538	859,167	600,175
FUND SURPLUS, END OF YEAR	\$ 279,967	\$ 452,210	\$ 145,969	\$ 417,594	\$ 5,569	\$ 923,944	\$ 678,531

TOWN OF SWAN RIVER

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2009

	2009				2008
	Federal Gas Tax Funding BL 02/2006	Utility Replacement BL 25/1995	Handi Transit Replacement	Total	Total
REVENUE					
Investment income	\$ 2,428	\$ 4,323	\$ 843	\$ 23,213	\$ 114,961
TRANSFERS					
Transfers from operating fund	227,508	-	15,000	573,908	434,754
Transfers from utility fund	-	75,000	-	75,000	75,000
Transfers to operating fund	-	-	-	-	(194,636)
Acquisition of tangible capital assets	(512,831)	(539,516)	(8,000)	(1,099,847)	(57,973)
CHANGE IN RESERVE FUND BALANCES	(282,895)	(460,193)	7,843	(427,726)	372,106
FUND SURPLUS, BEGINNING OF YEAR	379,080	798,327	149,407	3,923,079	3,550,973
FUND SURPLUS, END OF YEAR	\$ 96,185	\$ 338,134	\$ 157,250	\$ 3,495,353	\$ 3,923,079

SCHEDULE 7

TOWN OF SWAN RIVER
SCHEDULE OF TRUST FUNDS
For the Year Ended December 31, 2009

	Birchwood Cemetery Perpetual Care	Swan Valley Community Round Table	Swan Valley Recreation & Wellness Centre Inc.	Community Foundation of Swan Valley Inc.	Swan Valley Christmas Cheer Board	Swan Valley Employment & Training Project	Swan Valley Stampede Junior "A" Hockey	Total
								2009
								2008
ASSETS								
Due from municipality	\$ 123,614	\$ 1,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,074
FUND BALANCES	\$ 123,614	\$ 1,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,074
REVENUES								
Contributions and donations	\$ -	\$ -	\$ 3,089	\$ 1,550	\$ 4,005	\$ 171,626	\$ 5,700	\$ 185,970
Cemetery plot sales	13,795	-	-	-	-	-	-	13,795
Investment income	-	7	-	-	-	-	-	7
	13,795	7	3,089	1,550	4,005	171,626	5,700	199,772
EXPENDITURES								
Distribution to beneficiaries	-	-	3,089	1,550	4,005	171,626	5,700	185,970
EXCESS OF REVENUES OVER EXPENDITURES	13,795	7	-	-	-	-	-	13,802
FUND BALANCE, BEGINNING OF YEAR	109,819	1,453	-	-	-	-	-	111,272
FUND BALANCE, END OF YEAR	\$ 123,614	\$ 1,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,074
								\$ 111,272

TOWN OF SWAN RIVER
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
As at December 31, 2009

SCHEDULE 8

	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 185,508	\$ 182,631
Due from general operating fund	<u>583,121</u>	<u>83,004</u>
	<u>\$ 768,629</u>	<u>\$ 265,635</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,000	\$ -
Deferred revenue	161,373	153,134
Long-term debt (Note 10)	<u>374,477</u>	<u>486,368</u>
	<u>537,850</u>	<u>639,502</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 230,779</u>	<u>\$ (373,867)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (<i>Schedule 1</i>)	\$ 9,741,641	\$ 9,139,979
Inventories	<u>185,548</u>	<u>187,987</u>
	<u>9,927,189</u>	<u>9,327,966</u>
FUND SURPLUS	<u>\$ 10,157,968</u>	<u>\$ 8,954,099</u>
SUBSEQUENT EVENTS (Note 16)		

TOWN OF SWAN RIVER

SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Water fees	\$ 520,000	\$ 505,969	\$ 517,201
Sewer fees	260,000	252,124	256,373
Property taxes	138,982	138,982	138,982
Lagoon tipping fees	12,000	8,710	12,490
Hydrant rentals	12,800	12,800	12,800
Installation service	2,000	1,640	1,910
Connection charges	10,000	61,567	48,233
Penalties	1,500	1,447	1,552
Government transfers - operating	-	-	-
Government transfers - capital	-	-	25,000
Investment income	-	1,306	6,332
Administration fees	60,000	60,860	60,450
Contributed assets	-	43,549	37,667
Other income	3,500	1,228	507
Total revenue	<u>1,020,782</u>	<u>1,090,182</u>	<u>1,119,497</u>
EXPENSES			
General			
Administration	79,300	69,956	69,601
Training costs	-	13,160	6,321
Billing and collection	12,000	8,747	9,393
	<u>91,300</u>	<u>91,863</u>	<u>85,315</u>
Water			
Purification and treatment	131,800	114,283	112,111
Transmission and distribution	115,000	87,333	154,253
Service of supply	14,025	7,891	11,142
Connection costs	63,000	103,539	81,391
Amortization	175,000	179,343	174,269
Interest on long term debt	27,091	27,091	32,994
Other	38,000	21,683	24,788
	<u>563,916</u>	<u>541,163</u>	<u>590,948</u>
Sewer			
Collection system costs	76,500	48,887	78,881
Treatment and disposal cost	32,200	22,815	12,926
Lift Station costs	36,875	30,468	27,304
Amortization	140,000	128,464	140,407
	<u>285,575</u>	<u>230,634</u>	<u>259,518</u>
Total expenses	<u>940,791</u>	<u>863,660</u>	<u>935,781</u>
NET OPERATING SURPLUS	79,991	226,522	183,716
TRANSFERS			
Transfers to operating fund	-	-	(45,454)
Transfers from reserve funds	-	1,052,347	-
Transfers to reserve funds	(75,000)	(75,000)	(75,000)
CHANGE IN UTILITY FUND BALANCE	<u>\$ 4,991</u>	<u>1,203,869</u>	<u>63,262</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>8,954,099</u>	<u>8,890,837</u>
FUND SURPLUS, END OF YEAR		<u>\$ 10,157,968</u>	<u>\$ 8,954,099</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2009

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 2,847,055	\$ 138,982	\$ -	\$ -	\$ (24,000)	\$ -	\$ -	\$ 2,962,037
Grants in lieu of taxation	145,291	-	-	-	-	-	-	145,291
User fees	266,575	-	-	-	-	-	70,465	337,040
Grants - Province of Manitoba	663,300	-	-	-	-	-	73,159	736,459
Grants - other	246,508	-	-	-	-	-	64,798	311,306
Permits, licences and fines	37,644	-	-	-	-	-	-	37,644
Investment income	12,000	-	-	(1,001)	-	-	1,326	12,325
Other revenue	4,000	-	-	-	-	-	10,782	14,782
Water and sewer	-	881,800	-	-	-	-	-	881,800
Transfers from accumulated surplus	-	25,000	-	-	(25,000)	-	-	-
Transfers from reserves	25,000	-	-	-	(25,000)	-	-	-
Total revenue	4,247,373	1,045,782	-	(1,001)	(74,000)	-	220,530	5,438,684
EXPENSES								
General government services	592,839	-	20,000	-	15,175	25,000	-	653,014
Protective services	1,050,150	-	35,000	-	-	-	-	1,085,150
Transportation services	634,071	-	305,000	-	-	-	125,470	1,064,541
Environmental health services	534,300	-	4,000	-	-	-	-	538,300
Public health and welfare services	157,981	-	1,000	-	-	-	4,609	163,590
Regional planning and development	59,800	-	-	-	-	-	2,002	61,802
Resource conservation and industrial development services	116,323	-	1,000	6,942	-	-	-	124,265
Recreation and cultural services	385,151	-	105,000	-	-	-	193,454	683,605
Water and sewer services	-	598,700	315,000	27,091	-	-	-	940,791
Fiscal services:								
Transfer to capital	86,000	233,100	(319,100)	-	-	-	-	-
Debt charges	59,075	138,982	-	(198,057)	-	-	-	-
Tax discount and short term interest	24,000	-	-	-	(24,000)	-	-	-
Transfers to reserves	532,508	75,000	-	-	(607,508)	-	-	-
Allowance for tax assets	15,175	-	-	-	(15,175)	-	-	-
Total expenses	4,247,373	1,045,782	466,900	(164,024)	(631,508)	25,000	325,535	5,315,058
Annual surplus (deficit)	\$ -	\$ -	\$ (466,900)	\$ 163,023	\$ 557,508	\$ (25,000)	\$ (105,005)	\$ 123,626

**TOWN OF SWAN RIVER
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2009**

SCHEDULE 11

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 418,132	\$ 364,393
Add:		
Tax levy (<i>Schedule 12</i>)	5,539,741	5,322,621
Taxes added	39,323	100,345
Penalties or interest	67,275	59,571
Other accounts added	6,316	13,563
Taxes overpaid	10,105	48,120
Tax sale costs	2,483	3,219
	<u>5,665,243</u>	<u>5,547,439</u>
Deduct:		
Cash collections - current	4,458,692	4,476,894
Cash collections - arrears	316,053	321,438
Cancellations and writeoffs	22,473	56,631
Tax discounts	20,289	21,822
Manitoba Education Property Tax Credit - cash advance	664,997	614,381
Manitoba Education Property Tax Credit - additional	3,900	2,534
	<u>5,486,404</u>	<u>5,493,700</u>
Balance, end of year	\$ 596,971	\$ 418,132

TOWN OF SWAN RIVER
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2009

SCHEDULE 12

	2009			2008
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Mill Rate (At Large)	\$ 120,635,180	1.560	\$ 188,191	\$ 186,361
Mill Rate (L.I.D.)	-	0.000	-	-
Frontage			5,194	5,194
Intergovernmental Affairs	91,185,180	0.610	55,623	54,901
Reserves:				
Machinery replacement (01/1997)	91,185,180	1.060	96,656	143,104
Employee benefits (09/1993)	91,185,180	0.060	5,471	5,400
Fire truck replacement (05/1997)	91,185,180	0.950	86,626	38,701
Office building (18/1997)	91,185,180	0.640	58,359	57,601
Recreation facilities (04/2000)	91,185,180	0.530	48,328	48,601
General Municipal	91,185,180	21.300	1,942,244	1,780,242
Special levies:				
Police, fire and street services	120,635,180	2.820	340,191	336,884
Business tax (rate%)	4,774,200	1.60%	76,387	73,086
Total municipal taxes (Schedule 2)			2,903,271	2,730,075
Education support levy	30,776,860	16.090	495,200	480,576
Special levy:				
Swan Valley School Division	85,173,850	25.140	2,141,271	2,111,970
Total education taxes			2,636,470	2,592,546
Total tax levy (Schedule 11)			\$ 5,539,741	\$ 5,322,621

TOWN OF SWAN RIVER
ANALYSIS OF SCHOOL ACCOUNTS
For the Year Ended December 31, 2009

SCHEDULE 13

	2009			2008
	Opening Balance	Current Requirement	Current Payment	Ending Balance
Education support levy	\$ 24,648	\$ 528,768	\$ 553,416	\$ 24,648
Special levies				
Swan Valley School Division	107,252	2,263,525	2,370,777	107,252
Total	\$ 131,900	\$ 2,792,293	\$ 2,924,193	\$ 131,900

TOWN OF SWAN RIVER
SCHEDULE OF DEBENTURES PENDING
As at December 31, 2009

SCHEDULE 14

Authority	Purpose	Source of Funds	Authorized	Expended
05\2007	Local improvement - water and sewer main extensions, base work and related works	Frontage levies and special rate over LID No. 1	\$ 75,000	\$ -