

# **RURAL MUNICIPALITY OF STANLEY**

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

# **RURAL MUNICIPALITY OF STANLEY**

## **Consolidated Financial Statements**

**For the Year Ended December 31, 2018**

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## STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the Rural Municipality of Stanley and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

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

Council of the Municipality met with management and the auditor 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.

BDO Canada LLP as the Municipality's appointed external auditor, have audited the consolidated financial statements. The auditor's report is addressed to the Reeve and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



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Dale Toews, Chief Administrative Officer

September 19, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of the Rural Municipality of Stanley

### Opinion

We have audited the consolidated financial statements of the Rural Municipality of Stanley ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, consolidated statement of change in net debt and consolidated statement of 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 consolidated financial position of the Municipality as at December 31, 2018, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### 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 Municipality's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Municipality 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
September 19, 2019

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

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 4,385,836	\$ 3,610,034
Amounts receivable (Note 3)	957,245	1,062,675
Other assets	730	-
	<u>5,343,811</u>	<u>4,672,709</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	1,065,201	694,651
Sick leave payable (Note 7)	38,907	25,435
Deferred revenue	119,036	77,093
Landfill closure and post closure liabilities (Note 8)	480	435
Long-term debt (Note 9)	4,943,753	4,984,225
	<u>6,167,377</u>	<u>5,781,839</u>
<b>NET DEBT</b>	<u>(823,566)</u>	<u>(1,109,130)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	26,450,904	24,735,321
Inventories (Note 4)	1,937,508	2,040,208
Prepaid expenses	7,993	11,845
	<u>28,396,405</u>	<u>26,787,374</u>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<u>\$ 27,572,839</u>	<u>\$ 25,678,244</u>

Approved on behalf of Council:

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

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

	<u>2018 Budget</u> (Note 12)	<u>2018 Actual</u>	<u>2017 Actual</u>
<b>REVENUE</b>			
Property taxes	\$ 5,489,334	\$ 5,531,799	\$ 5,444,249
Grants in lieu of taxation	52,967	52,967	54,377
User fees	664,408	1,158,978	860,722
Permits, licences and fines	14,000	21,102	14,083
Investment income	56,137	161,355	106,311
Other revenue	47,771	68,316	88,896
Water and sewer	1,524,456	1,772,926	1,639,133
Grants - Province of Manitoba	525,673	4,740,701	727,848
Grants - other	537,180	815,395	547,472
Total revenue (Schedules 2, 4 and 5)	<u>8,911,926</u>	<u>14,323,539</u>	<u>9,483,091</u>
<b>EXPENSES</b>			
General government services	1,118,513	1,169,337	1,068,667
Protective services	631,800	4,793,393	678,977
Transportation services	3,196,398	3,347,413	3,206,378
Environmental health services	78,440	89,419	60,103
Public health and welfare services	59,059	73,598	176,198
Regional planning and development	448,108	463,899	366,035
Resource conservation and industrial development	294,767	270,052	276,121
Recreation and cultural services	334,191	314,415	285,752
Water and sewer services	1,770,708	1,907,418	1,686,013
Total expenses (Schedules 3, 4 and 5)	<u>7,931,984</u>	<u>12,428,944</u>	<u>7,804,244</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 979,942</u>	1,894,595	1,678,847
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>25,678,244</u>	<u>23,999,397</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 15)</b>		<u>\$27,572,839</u>	<u>\$ 25,678,244</u>

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

**RURAL MUNICIPALITY OF STANLEY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**For the Year Ended December 31, 2018**

	<u>2018 Budget (Note 12)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 979,942</b>	<b>\$ 1,894,595</b>	<b>\$ 1,678,847</b>
Acquisition of tangible capital assets	(2,947,436)	(2,947,436)	(3,363,880)
Amortization of tangible capital assets	1,018,062	1,018,062	970,698
Loss on sale of tangible capital assets	22,791	22,791	11,941
Proceeds on sale of tangible capital assets	191,000	191,000	600,439
Decrease in inventories	102,700	102,700	27,816
Decrease in prepaid expenses	3,852	3,852	566
	<u>(1,609,031)</u>	<u>(1,609,031)</u>	<u>(1,752,420)</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	<b>(629,089)</b>	<b>285,564</b>	<b>(73,573)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<u><b>(1,109,130)</b></u>	<u><b>(1,109,130)</b></u>	<u><b>(1,035,557)</b></u>
<b>NET DEBT, END OF YEAR</b>	<u><b>\$ (1,738,219)</b></u>	<u><b>\$ (823,566)</b></u>	<u><b>\$ (1,109,130)</b></u>

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



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

	<u>2018</u>	<u>2017</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 1,894,595	\$ 1,678,847
Changes in non-cash items		
Amounts receivable	105,430	(222,316)
Inventories	102,700	27,816
Prepaid expenses	3,852	566
Other assets	(730)	-
Accounts payable and accrued liabilities	370,550	(91,728)
Sick leave payable	13,472	6,655
Deferred revenue	41,943	(14,532)
Landfill closure and post closure liabilities	45	41
Loss on sale of tangible capital assets	22,791	11,941
Amortization	1,018,062	970,698
Net cash provided by operating transactions	<u>3,572,710</u>	<u>2,367,988</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	191,000	600,439
Acquisition of tangible capital assets	<u>(2,947,436)</u>	<u>(3,363,880)</u>
Net cash applied to capital transactions	<u>(2,756,436)</u>	<u>(2,763,441)</u>
<b>INVESTING TRANSACTIONS</b>	<u>-</u>	<u>-</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	1,568,750	490,020
Long-term debt repayment	<u>(1,609,222)</u>	<u>(376,093)</u>
Net cash provided by (applied) to financing transactions	<u>(40,472)</u>	<u>113,927</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>775,802</b>	<b>(281,526)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,610,034</u>	<u>3,891,560</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 4,385,836</u></u>	<u><u>\$ 3,610,034</u></u>

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

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

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**1. Status of the Rural Municipality of Stanley**

The incorporated Rural Municipality of Stanley (the "Municipality") is a municipal government that was created in 1890 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, library and other general government operations. The Municipality owns two utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and culture.

**2. Significant Accounting Policies**

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

**a) Reporting Entity**

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

5959544 Manitoba Ltd. (24.00%) (2017 - 24.00%)  
M.S.T.W Planning District (30.39%) (2017 - 30.39%)  
Morden Veterinary Services District (25.11%) (2017 - 25.11%)  
Pembina Valley Water Cooperative Inc. (7.7%) (2017 - 7.7%)  
Solid Waste Authority Management Project (10.35%) (2017 - 10.35%)  
South Central Regional Library (15.05%) (2017 - 15.05%)

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

Trust funds and their related operations administered by the Municipality are not consolidated in these financial statements. The trust funds administered by the Municipality are presented in Note 17 Trust Funds.

**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 Cash Equivalents**

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

**d) Investments**

Portfolio investments are accounted for at cost. The portfolio investments owned by the Municipality within themselves have been eliminated upon consolidation.

**e) Landfill Closure and Post-closure Liabilities**

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used

**f) Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net debt for the year.

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

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**g) Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize internal finance charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its useful life. Assets under construction are not amortized until the asset is put into use.

General Tangible Capital Assets

Land	Indefinite
Land Improvements	30 years
Buildings and Leasehold Improvements	
Buildings	25 to 40 years
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 to 15 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Roads, Streets and Bridges	
Land	Indefinite
Road surface	20 years
Road grade	40 years
Bridges	40 years
Water and Sewer	
Land	Indefinite
Land improvements	30 years
Buildings	25 years
Underground networks	50 years
Machinery and equipment	10 years

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

**h) Leases**

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

**i) Inventories**

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

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

**j) Revenue Recognition**

Taxation revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

User fees are recognized as revenue when services are rendered or when consumption occurs. Permits and licenses are recognized as revenue when issued. Fines are recognized as revenue when assessed. Investment revenue is recognized in the period earned.

**k) Measurement Uncertainty**

Estimates are used to accrue revenue and expenses in circumstances where the actual accrued revenue and expenses are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

**3. Amounts Receivable**

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 10)	\$ 469,240	\$ 505,972
Government grants	92,413	113,084
Utility customers	233,922	236,291
Organizations and individuals	125,073	136,233
Other governments	<u>36,597</u>	<u>71,095</u>
	<u>\$ 957,245</u>	<u>\$ 1,062,675</u>

**4. Inventories**

	<u>2018</u>	<u>2017</u>
Culverts	\$ 106,989	\$ 116,728
Aggregate and embedded rock	1,759,542	1,829,990
Other supplies	<u>70,977</u>	<u>93,490</u>
	<u>\$ 1,937,508</u>	<u>\$ 2,040,208</u>

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

**5. Credit Facilities**

The Municipality has at its disposition a line of credit authorized to a maximum of \$2,000,000 due on demand. The line of credit bears interest at prime less .75% being 3.20% effective December 31, 2018, and is secured by a general security agreement and an assignment of certain receivables. The line of credit was unutilized at December 31, 2018.

5959544 Manitoba Ltd. has an approved line of credit with an authorized maximum of \$75,000 with interest at effective 3.95% at December 31, 2018 secured by a general security agreement.

Morden Veterinary Services District has an approved line of credit with an authorized maximum of \$10,000 with interest at effective 4.95% at December 31, 2018 secured by a general security agreement.

The Pembina Valley Water Cooperative Inc. has an approved line of credit with an authorized maximum of \$250,000 with interest at effective 3.70% at December 31, 2018 secured by a general security agreement over accounts receivable and all property owned by the Cooperative. The line of credit was unutilized at December 31, 2018.

The Pembina Valley Water Cooperative Inc. has an authorized revolving capital loan an authorized maximum of \$250,000 to fund ongoing capital repairs and improvements with interest at effective 3.95% at December 31, 2018. The loan is secured by a general security agreement over accounts receivable and all property owned by the Cooperative. The loan was unutilized at December 31, 2018.

Solid Waste Authority Management Project has an approved line of credit with an authorized maximum of \$100,000 with interest at effective 3.95% at December 31, 2018 secured by investments held at the financial

**6. Accounts Payable and Accrued Liabilities**

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 580,050	\$ 246,768
Accrued liabilities	143,347	111,804
School levies	<u>341,804</u>	<u>336,079</u>
	<u>\$ 1,065,201</u>	<u>\$ 694,651</u>

**7. Sick Leave Payable**

The employees can accumulate a maximum of eighty-four (84) sick days. As at December 31, 2018, the Municipality has a liability of \$38,907 (\$25,435 at December 31, 2017) for sick leave presented as a liability on the consolidated statement of financial position.

**8. Landfill Closure and Post-closure Liabilities**

The Municipality is currently operating a Class 1 landfill site in partnership with the City of Morden and the City of Winkler. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	<u>2018</u>	<u>2017</u>
Estimated closure and post closure costs over the next 115 years	\$ 9,228,288	\$ 9,228,288
Discount rate	<u>5.25%</u>	<u>5.25%</u>
Discounted costs	<u>\$ 28,446</u>	<u>\$ 27,027</u>
Expected year capacity will be reached	2131	2131
Capacity (in years)		
Used to date	22	21
Remaining	<u>113</u>	<u>114</u>
Total	135	135
Percent utilized	<u>16.30%</u>	<u>15.56%</u>
Liability based on percentage	<u>\$ 4,636</u>	<u>\$ 4,204</u>
Rural Municipality of Stanley's share (10.35%)	<u>\$ 480</u>	<u>\$ 435</u>

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

**9. Long-term Debt**

	<u>2018</u>	<u>2017</u>
<u>General Authority</u>		
Debenture, interest at 3.50%, payable at \$37,515 annually including interest, maturing December 2026	\$ 257,845	\$ 285,372
Debenture, interest at 4.73%, payable at \$23,648 annually including interest, maturing November 2025	138,185	154,524
Debenture, interest at 5.31%, payable at \$35,582 annually including interest, maturing June 2031	328,088	345,333
Commercial loan, interest at 4.25%, payable at \$15,431 monthly including interest, maturing January 2032	1,691,232	1,801,983
Debenture, interest at 3.75%, payable at \$33,606 annually including interest, maturing December 1, 2025	203,583	228,616
Debenture, interest at 3.89%, payable at \$32,861 annually including interest, maturing December 1, 2027	246,706	268,000
Debenture, interest at 4.19%, payable at \$43,312 annually including interest, maturing December 1, 2028	348,000	-
	<u>3,213,639</u>	<u>3,083,828</u>
<u>Government Partnerships</u>		
Loan, repaid during the year	\$ -	\$ 44,908
Loan, repaid during the year	-	284,949
Loan, repaid during the year	-	623,405
Loan, repaid during the year	-	314,632
Demand facility with 30 day Bankers' Acceptances reducing by \$7,959 principal and interest installments per month, with monthly interest payments fixed through interest rate swaps at 3.560% including stamping fee of 0.810% until July 2023, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, matures July 2033	1,085,312	-
Demand facility with 30 day Bankers' Acceptances reducing by \$622 principal installments per month, plus interest at the CIBC Bankers' Acceptance floating rate of 2.300% at December 31, 2018 plus stamping fee of 0.810% until July 2023, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, matures July 2033.	110,706	-
Derivative contract, Interest rate swap locked in a fixed interest rate of through July 2023.	21,858	-
Debenture, interest at prime plus .25%, payable at \$226 monthly including principle and interest, maturing September 2022.	4,820	8,271
	<u>1,222,696</u>	<u>1,276,165</u>
<u>Utility Funds</u>		
Debenture, interest at 3.35%, payable at \$12,149 annually including interest, maturing December 2021	32,540	43,240
Debenture, interest at 4.73%, payable at \$70,944 annually including interest, maturing November 2025	414,556	463,573
Debenture, interest at 5.375%, payable at \$63,484 annually including interest, maturing December 2019	60,322	117,419
	<u>507,418</u>	<u>624,232</u>
	<u>\$ 4,943,753</u>	<u>\$ 4,984,225</u>

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

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

2018	\$	469,870
2019		402,837
2020		415,389
2021		422,059
2022		439,488

**10. Contractual Obligations**

Pembina Valley Water Cooperative Inc. ("Cooperative") has entered into numerous contracts, with expiry dates as noted, with the following cooperative members: The Town of Carman (2021), the City of Winkler (2028), and City of Morden (2023). The contracts with the Town of Carman, the City of Winkler and City of Morden are volume based, identifying the amount of water that each Municipality must purchase from the Cooperative in any given year.

Pembina Valley Water Cooperative is currently upgrading the Morris water treatment plant and building a pipeline from Morris to St. Jean-Baptiste. As part of the upgrade and pipeline, the Cooperative has entered into a contract for engineering services and project management to a maximum of \$342,997, a contract for a reverse osmosis system for a maximum of \$687,100 and a contract for the supply of two catalytic media filtration systems for a maximum of \$471,970. As at December 31, 2018 there had not been any costs incurred under these contracts.

**11. Retirement Benefits**

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$99,483 (2017 - \$87,094) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2017 indicated the plan was 100.8% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2017.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

**12. Budget**

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

The reconciliation between the financial plan and the budget figures used in these consolidated financial statements is disclosed in Schedule 9 - Reconciliation of the Financial Plan to the Budget.

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

**13. Compensation to Council**

Compensation to members of Council for the year ended December 31, 2018 was as follows:

<u>Council Members</u>	<u>Position</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
P. Froese	Councillor	\$ 20,336	\$ 861	\$ 21,197
R. Giesbrecht	Councillor	17,352	1,146	18,498
D. Fehr	Councillor	12,886	921	13,807
M. Olafson	Reeve	27,536	3,652	31,188
D. Falk	Councillor	18,192	2,005	20,197
A. Loewen	Councillor	17,641	826	18,467
W. Penner	Councillor	14,765	856	15,621
R. Unrau	Councillor	3,462	354	3,816
I. Friesen	Councillor	3,668	356	4,024
		<u>\$ 135,838</u>	<u>\$ 10,977</u>	<u>\$ 146,815</u>

**14. 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 PSAS.

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

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

Water Services

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Stanley	\$ 3,797,296	\$ -	\$ 148,476	\$ 3,648,820

**15. Accumulated Surplus**

Accumulated surplus consists of the following:

	<u>2018</u>	<u>2017</u>
General Operating Fund - Nominal surplus	\$ 1,369,883	\$ 1,369,883
Utility Operating Fund - Nominal surplus	371,326	371,326
Tangible capital assets net of related borrowings	19,049,412	17,639,898
Reserve funds	<u>4,141,743</u>	<u>3,818,761</u>
Accumulated surplus of Municipality - Unconsolidated	<u>24,932,364</u>	23,199,868
Accumulated surpluses of consolidated government partnerships	<u>2,640,475</u>	<u>2,478,376</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 27,572,839</u>	<u>\$ 25,678,244</u>

**16. Government Partnerships**

The Municipality has various partnerships as listed in note 2(a) that are consolidated using the proportionate consolidation method. The condensed supplementary financial information of government partnerships, in aggregate, is as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial Position</u>		
Assets	<u>\$ 4,176,069</u>	<u>\$ 4,015,502</u>
Liabilities	\$ 1,535,592	\$ 1,537,123
Accumulated surplus	<u>2,640,475</u>	<u>2,478,376</u>
Total liabilities and accumulated surplus	<u>\$ 4,176,067</u>	<u>\$ 4,015,499</u>
<u>Statement of Operations</u>		
Revenue	\$ 1,019,450	\$ 1,024,115
Expenses	<u>857,351</u>	<u>749,895</u>
Annual surplus	<u>\$ 162,099</u>	<u>\$ 274,220</u>



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

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**17. Trust Funds**

The Rural Municipality of Stanley administers the following trust:

	Balance, beginning of the year	Excess of Receipts over Disbursements	Balance, end of the year
Cheval Utility	\$ 15,704	\$ 792	\$ 16,496

**SCHEDULE 1**

**RURAL MUNICIPALITY OF STANLEY  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
For the Year Ended December 31, 2018**

	General Capital Assets						Infrastructure			Totals
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2018	2017
<b>Cost</b>										
Opening costs	\$ 3,644,394	\$ 3,578,744	\$ 4,701,697	\$ 344,429	\$ 55,338	\$ 14,901,833	\$ 15,878,936	\$ -	\$ 43,105,371	\$ 40,646,094
Additions during the year	1,013,447	-	792,828	39,026	11,020	234,631	549,779	362,043	3,002,774	3,363,880
Disposals and write downs	-	-	(367,045)	(13,753)	(55,338)	-	(2,207)	-	(438,343)	(904,603)
Closing costs	4,657,841	3,578,744	5,127,480	369,702	11,020	15,136,464	16,426,508	362,043	45,669,802	43,105,371
<b>Accumulated Amortization</b>										
Opening accum'd amortization	259,373	544,334	1,566,329	258,412	-	11,823,784	3,917,818	-	18,370,050	17,691,575
Amortization	106,413	79,624	304,100	38,693	-	142,351	346,881	-	1,018,062	970,698
Disposals and write downs	-	-	(154,337)	(13,143)	-	-	(1,734)	-	(169,214)	(292,223)
Closing accum'd amortization	365,786	623,958	1,716,092	283,962	-	11,966,135	4,262,965	-	19,218,898	18,370,050
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 4,292,055</b>	<b>\$ 2,954,786</b>	<b>\$ 3,411,388</b>	<b>\$ 85,740</b>	<b>\$ 11,020</b>	<b>\$ 3,170,329</b>	<b>\$ 12,163,543</b>	<b>\$ 362,043</b>	<b>\$ 26,450,904</b>	<b>\$ 24,735,321</b>

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

**SCHEDULE 2**

	<u>2018 Actual</u>	<u>2017 Actual</u>
<b>Property taxes</b>		
Municipal taxes levied (Schedule 11)	\$ 5,414,334	\$ 5,265,272
Taxes added	117,465	178,977
	<u>5,531,799</u>	<u>5,444,249</u>
<b>Grants in lieu of taxation</b>		
Provincial government	<u>52,967</u>	<u>54,377</u>
<b>User fees</b>		
Sales of service	836,906	663,259
Sales of goods	31,672	36,463
Rentals	1,000	1,000
Development charges	289,400	160,000
	<u>1,158,978</u>	<u>860,722</u>
<b>Permits, licences and fines</b>		
Permits	<u>21,102</u>	<u>14,083</u>
<b>Investment income</b>		
Cash and temporary investments	<u>161,355</u>	<u>106,311</u>
<b>Other revenue</b>		
Loss on sale of tangible capital assets	(22,791)	(11,941)
Penalties and interest	34,430	37,976
Miscellaneous	56,677	62,861
	<u>68,316</u>	<u>88,896</u>
<b>Water and sewer</b>		
Municipal utilities	1,331,312	1,210,529
Consolidated water co-operatives	441,614	428,604
	<u>1,772,926</u>	<u>1,639,133</u>
<b>Grants - Province of Manitoba</b>		
Municipal operating grants	464,594	468,493
Conditional grants	4,276,107	259,355
	<u>4,740,701</u>	<u>727,848</u>
<b>Grants - other</b>		
Federal government - Gas Tax funding	472,765	456,758
Federal government - Other	259,383	2,701
Other municipal governments	83,247	88,013
	<u>815,395</u>	<u>547,472</u>
<b>Total revenue</b>	<u>\$ 14,323,539</u>	<u>\$ 9,483,091</u>

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

**SCHEDULE 3**

	<u>2018 Actual</u>	<u>2017 Actual</u>
<b>General government services</b>		
Legislative	\$ 107,769	\$ 79,243
General administrative	683,091	652,914
Other	378,477	336,510
	<u>1,169,337</u>	<u>1,068,667</u>
<b>Protective services</b>		
Fire	654,495	472,704
Emergency measures	4,091,723	163,315
Other protection	47,175	42,958
	<u>4,793,393</u>	<u>678,977</u>
<b>Transportation services</b>		
Road transport		
Administration and engineering	55,012	61,980
Road and street maintenance	2,544,868	2,437,467
Bridge maintenance	69,321	84,755
Sidewalk and boulevard maintenance	15,373	18,389
Street lighting	66,381	64,685
Other	596,458	539,102
	<u>3,347,413</u>	<u>3,206,378</u>
<b>Environmental health services</b>		
Waste collection and disposal	-	-
Other	89,419	60,103
	<u>89,419</u>	<u>60,103</u>
<b>Public health and welfare services</b>		
Public health	-	100,000
Medical care	66,077	74,077
Social assistance	7,521	2,121
	<u>73,598</u>	<u>176,198</u>
<b>Regional planning and development</b>		
Planning and zoning	463,899	366,035
Other	-	-
	<u>463,899</u>	<u>366,035</u>
<b>Resource conservation and industrial development</b>		
Rural area weed control	1,890	19,682
Drainage of land	193,145	189,985
Veterinary services	22,267	22,581
Water resources and conservation	47,951	42,230
Regional development	-	-
Other	4,799	1,643
	<u>270,052</u>	<u>276,121</u>
<b>Sub-totals forward</b>	<u>\$ 10,207,111</u>	<u>\$ 5,832,479</u>

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

SCHEDULE 3

	<u>2018 Actual</u>	<u>2017 Actual</u>
<b>Sub-totals forward</b>	<b><u>\$ 10,207,111</u></b>	<b><u>\$ 5,832,479</u></b>
<b>Recreation and cultural services</b>		
Community centers and halls	16,500	14,250
Parks and playgrounds	50,611	45,093
Other recreational facilities	7,666	20,238
Museums	10,469	-
Libraries	224,169	206,171
Other cultural facilities	5,000	-
	<u>314,415</u>	<u>285,752</u>
<b>Water and sewer services</b>		
Municipal utilities (Schedule 8)	1,466,737	1,312,195
Consolidated water co-operatives	440,681	373,818
	<u>1,907,418</u>	<u>1,686,013</u>
<b>Total expenses</b>	<b><u>\$ 12,428,944</u></b>	<b><u>\$ 7,804,244</u></b>

RURAL MUNICIPALITY OF STANLEY  
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
 For the Year Ended December 31, 2018

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>REVENUE</b>										
Property taxes	\$ 5,146,397	\$ 5,084,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	52,967	54,377	-	-	-	-	-	-	-	-
User fees	449,245	323,754	880	243	320,435	196,546	116,222	121,045	-	-
Grants - other	259,383	2,701	-	-	472,765	456,758	-	-	-	-
Permits, licences and fines	21,102	14,083	-	-	-	-	-	-	-	-
Investment income	83,498	70,793	-	-	26,248	16,628	9,016	8,688	-	-
Other revenue	46,863	64,420	-	-	(22,618)	(86,721)	2,411	84,386	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	464,594	468,493	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	111,477	-	4,095,957	187,997	-	-	-	-	-	-
Total revenue	6,635,526	6,083,062	4,096,837	188,240	796,830	583,211	127,649	214,119	-	-
<b>EXPENSES</b>										
Personnel services	515,254	467,935	-	-	845,570	847,602	28,588	25,787	-	-
Contract services	286,569	288,548	718,639	536,606	1,049,793	953,421	1,399	2,438	7,521	2,121
Utilities	2,768	2,752	-	-	48,536	52,224	9,149	6,573	-	-
Maintenance materials and supplies	156,299	120,321	4,074,754	142,371	810,794	815,452	22,479	13,194	-	-
Grants and contributions	16,386	43,677	-	-	-	-	-	-	66,077	174,077
Amortization	85,647	88,556	-	-	543,760	485,631	22,541	8,781	-	-
Interest on long-term debt	104,555	79,026	-	-	25,646	27,254	-	-	-	-
Other	1,859	(22,148)	-	-	23,314	24,794	5,263	3,330	-	-
Total expenses	1,169,337	1,068,667	4,793,393	678,977	3,347,413	3,206,378	89,419	60,103	73,598	176,198
<b>Surplus (Deficit)</b>	\$ 5,466,189	\$ 5,014,395	\$ (696,556)	\$ (490,737)	\$ (2,550,583)	\$ (2,623,167)	\$ 38,230	\$ 154,016	\$ (73,598)	\$ (176,198)

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

**RURAL MUNICIPALITY OF STANLEY  
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
For the Year Ended December 31, 2018**

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total
	2018	2017	2018	2017	2018	2017	2018	2017	
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,402	\$ 359,808	\$ 5,531,799
Grants in lieu of taxation	-	-	-	-	-	-	-	-	52,967
User fees	264,069	210,698	-	-	8,127	8,436	-	-	1,158,978
Grants - other	-	-	16,149	10,888	67,098	55,141	-	21,984	815,395
Permits, licences and fines	-	-	-	-	-	-	-	-	21,102
Investment income	8,260	4,234	-	-	11,315	206	23,018	5,762	161,355
Other revenue	23,646	23,658	-	-	8,956	1,262	9,058	1,891	68,316
Water and sewer	-	-	-	-	-	-	1,772,926	1,639,133	1,772,926
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	464,594
Prov of MB - Conditional Grants	-	-	-	-	65,353	54,920	3,320	16,438	4,276,107
<b>Total revenue</b>	<b>295,975</b>	<b>238,590</b>	<b>16,149</b>	<b>10,888</b>	<b>160,849</b>	<b>119,965</b>	<b>2,193,724</b>	<b>2,045,016</b>	<b>14,323,539</b>
<b>EXPENSES</b>									
Personnel services	344,641	297,414	515	515	103,477	88,117	367,640	334,698	2,205,685
Contract services	72,074	30,549	199,825	190,583	2,228	2,147	708,099	587,742	3,046,147
Utilities	2,642	969	9,013	9,169	-	-	36,388	33,983	108,496
Maintenance materials and supplies	14,141	13,610	1,918	19,702	113,230	96,389	293,419	226,882	5,487,034
Grants and contributions	-	-	54,410	51,888	72,268	65,994	-	-	209,141
Amortization	18,346	8,149	3,133	3,312	9,434	22,155	346,881	354,114	1,029,742
Interest on long-term debt	-	-	266	296	-	-	117,570	135,842	248,037
Other	12,055	15,344	972	656	13,778	10,950	37,421	12,752	94,662
<b>Total expenses</b>	<b>463,899</b>	<b>366,035</b>	<b>270,052</b>	<b>276,121</b>	<b>314,415</b>	<b>285,752</b>	<b>1,907,418</b>	<b>1,686,013</b>	<b>12,428,944</b>
<b>Surplus (Deficit)</b>	<b>\$ (167,924)</b>	<b>\$ (127,445)</b>	<b>\$ (253,903)</b>	<b>\$ (265,233)</b>	<b>\$ (153,566)</b>	<b>\$ (165,787)</b>	<b>\$ 286,306</b>	<b>\$ 359,003</b>	<b>\$ 1,894,595</b>
									<b>\$ 1,678,847</b>

RURAL MUNICIPALITY OF STANLEY

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2018

	Core Government		Controlled Entities		Government Partnerships		Total
	2018	2017	2018	2017	2018	2017	
<b>REVENUE</b>							
Property taxes	\$ 5,531,799	\$ 5,444,249	\$ -	\$ -	\$ -	\$ -	\$ 5,444,249
Grants in lieu of taxation	52,967	54,377	-	-	-	-	54,377
User fees	768,470	524,406	-	-	390,508	336,316	860,722
Grants - other	732,148	459,459	-	-	83,247	88,013	547,472
Permits, licences and fines	21,102	14,083	-	-	-	-	14,083
Investment income	146,718	95,334	-	-	14,637	10,977	106,311
Other revenue	47,545	49	-	-	20,771	88,847	88,896
Water and sewer	1,331,312	1,210,529	-	-	441,614	428,604	1,639,133
Prov of MB - Unconditional Grants	464,594	468,493	-	-	-	-	468,493
Prov of MB - Conditional Grants	4,207,434	187,997	-	-	68,673	71,358	259,355
<b>Total revenue</b>	<b>13,304,089</b>	<b>8,458,976</b>	<b>-</b>	<b>-</b>	<b>1,019,450</b>	<b>1,024,115</b>	<b>9,483,091</b>
<b>EXPENSES</b>							
Personnel services	1,826,312	1,714,990	-	-	379,373	347,078	2,062,068
Contract services	2,999,966	2,559,901	-	-	46,181	34,254	2,594,155
Utilities	44,121	47,714	-	-	64,375	57,956	105,670
Maintenance materials and supplies	5,313,893	1,278,847	-	-	173,141	169,074	1,447,921
Grants and contributions	208,541	334,238	-	-	600	1,398	335,636
Amortization	896,894	856,900	-	-	132,848	113,798	970,698
Interest on long-term debt	182,425	187,569	-	-	65,612	54,849	242,418
Other	24,903	2,686	-	-	69,759	42,992	45,678
<b>Total expenses</b>	<b>11,497,055</b>	<b>6,982,845</b>	<b>-</b>	<b>-</b>	<b>931,889</b>	<b>821,399</b>	<b>7,804,244</b>
<b>Surplus</b>	<b>\$ 1,807,034</b>	<b>\$ 1,476,131</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,561</b>	<b>\$ 202,716</b>	<b>\$ 1,678,847</b>



RURAL MUNICIPALITY OF STANLEY  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year Ended December 31, 2018

SCHEDULE 6

	2018					2017	
	General	Equipment Replacement	Gas Tax	Lagoon	Capital Lot Levy	Utility	Total
<b>REVENUE</b>							
Interest earned	\$ 39,171	\$ 26,248	\$ 14,127	\$ 3,641	\$ 11,207	\$ 22,124	\$ 61,119
Other income	-	-	-	-	-	-	51,136
Total revenue	39,171	26,248	14,127	3,641	11,207	22,124	112,255
<b>EXPENSES</b>							
Investment charges	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-
<b>NET REVENUE</b>	39,171	26,248	14,127	3,641	11,207	22,124	112,255
<b>TRANSFERS</b>							
Transfers from (to) operating fund	786,709	541,020	472,765	-	37,800	-	1,838,294
Transfers from (to) utility fund	-	-	-	-	-	(9,072)	73,100
Transfers from nominal surplus	-	-	-	-	-	-	-
Acquisition of tangible capital assets	(182,877)	(502,221)	(612,155)	-	(325,505)	-	(1,288,493)
<b>CHANGE IN RESERVE FUND BALANCES</b>	643,003	65,047	(125,263)	3,641	(276,498)	13,052	393
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	959,816	859,303	531,112	146,948	512,976	808,606	3,818,368
<b>FUND SURPLUS, END OF YEAR</b>	\$ 1,602,819	\$ 924,350	\$ 405,849	\$ 150,589	\$ 236,478	\$ 821,658	\$ 3,818,761

RURAL MUNICIPALITY OF STANLEY  
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES  
 For the Year Ended December 31, 2018

SCHEDULE 7

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Amounts receivable	233,922	236,291
Portfolio investments	-	-
Due from other funds	-	-
	<u>233,922</u>	<u>236,291</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,176	3,215
Long-term debt (Note 9)	507,416	624,232
Due to other funds	916,104	448,778
	<u>1,431,696</u>	<u>1,076,225</u>
<b>NET DEBT</b>	<u>(1,197,774)</u>	<u>(839,934)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	9,937,494	9,320,605
Inventories	-	-
Prepaid expenses	-	-
	<u>9,937,494</u>	<u>9,320,605</u>
<b>FUND SURPLUS</b>	<u>\$ 8,739,720</u>	<u>\$ 8,480,671</u>

RURAL MUNICIPALITY OF STANLEY  
SCHEDULE OF UTILITY OPERATIONS  
For the Year Ended December 31, 2018

SCHEDULE 8

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ 975,000	\$ 1,086,513	\$ 1,011,548
<b>Property Taxes</b>	-	385,402	359,808
<b>Government Transfers</b>			
Operating	-	-	-
Capital	-	-	-
sub-total - government transfers	-	-	-
<b>Other</b>			
Connection charges, net	100,000	239,391	194,833
Penalties	5,000	5,408	4,148
Other income	2,842	-	-
Sub-total - Other	107,842	244,799	198,981
<b>Total revenue</b>	<u>1,082,842</u>	<u>1,716,714</u>	<u>1,570,337</u>
<b>EXPENSES</b>			
<b>General</b>			
Administration	103,208	99,728	101,087
Training costs	-	3,787	-
Billing and collection	7,500	3,333	6,289
Utilities (telephone, electricity, etc.)	-	-	-
Sub-total - General	<u>110,708</u>	<u>106,848</u>	<u>107,376</u>
<b>Water General</b>			
Purification and treatment	176,529	201,937	150,302
Water purchases	656,605	704,240	618,930
Transmission and distribution	89,000	156,527	91,823
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Sub-total - Water general	<u>922,134</u>	<u>1,062,704</u>	<u>861,055</u>
<b>Water Amortization &amp; Interest</b>			
Amortization	244,961	244,961	262,475
Interest on long-term debt	52,224	52,224	81,289
Sub-total - Water amortization and interest	<u>297,185</u>	<u>297,185</u>	<u>343,764</u>
<b>Total expenses</b>	<u>1,330,027</u>	<u>1,466,737</u>	<u>1,312,195</u>
<b>NET OPERATING (DEFICIT) SURPLUS</b>	(247,185)	249,977	258,142
<b>TRANSFERS</b>			
Transfers from operating fund	-	-	-
Transfers to reserve funds	(50,000)	9,072	(73,100)
<b>NET CHANGE IN UTILITY FUND BALANCE</b>	<u>\$ (297,185)</u>	<u>259,049</u>	<u>185,042</u>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		<u>8,480,671</u>	<u>8,295,629</u>
<b>FUND SURPLUS, END OF YEAR</b>		<u>\$ 8,739,720</u>	<u>\$ 8,480,671</u>

RURAL MUNICIPALITY OF STANLEY

SCHEDULE 9

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2018

	Financial Plan General	Financial Plan Utilities	Amortization (TCA)	Interest Expense	Transfers	Consolidated Entities	PSAS Budget
<b>REVENUE</b>							
Property taxes	\$ 5,351,983	\$ -	\$ -	\$ -	\$ 137,351	\$ -	\$ 5,489,334
Grants in lieu of taxation	190,318	-	-	-	(137,351)	-	52,967
User fees	273,900	-	-	-	-	390,508	664,408
Permits, licences and fines	14,000	-	-	-	-	-	14,000
Investment income	41,500	-	-	-	-	14,637	56,137
Other revenue	27,000	-	-	-	-	20,771	47,771
Water and sewer	-	1,082,842	-	-	-	441,614	1,524,456
Grants - Province of Manitoba	457,000	-	-	-	-	68,673	525,673
Grants - other	453,933	-	-	-	-	83,247	537,180
Transfers from LUDs	-	-	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-	-	-
Transfers from reserves	-	-	-	-	-	-	-
Total revenue	<u>6,809,634</u>	<u>1,082,842</u>	-	-	-	<u>1,019,450</u>	<u>8,911,926</u>
<b>EXPENSES</b>							
General government services	904,393	-	85,647	104,555	1,183	22,735	1,118,513
Protective services	631,800	-	-	-	-	-	631,800
Transportation services	2,841,992	-	543,760	25,646	(215,000)	-	3,196,398
Environmental health services	11,500	-	-	-	(4,415)	71,355	78,440
Public health and welfare services	59,059	-	-	-	-	-	59,059
Regional planning and development	258,102	-	14,860	-	-	175,146	448,108
Resource cons and industrial dev	68,311	-	-	-	212,285	14,171	294,767
Recreation and cultural services	180,835	-	7,666	-	(11,811)	157,501	334,191
Water and sewer services	-	1,032,842	244,961	52,224	(50,300)	490,981	1,770,708
Fiscal services:							
Transfer to capital	-	-	-	-	-	-	-
Debt charges	629,809	-	-	(629,809)	-	-	-
Deferred surplus/deficit	-	-	-	-	-	-	-
Transfer to reserves	1,217,353	50,000	-	-	(1,267,353)	-	-
Allowance for tax assets	6,480	-	-	-	(6,480)	-	-
Total expenses	<u>6,809,634</u>	<u>1,082,842</u>	<u>896,894</u>	<u>(447,384)</u>	<u>(1,341,891)</u>	<u>931,889</u>	<u>7,931,984</u>
<b>Surplus (Deficit)</b>	\$ -	\$ -	\$ (896,894)	\$ 447,384	\$ 1,341,891	\$ 87,561	\$ 979,942

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

**SCHEDULE 10**

	<u>2018</u>	<u>2017</u>
<b>Balance, beginning of year</b>	<b>\$ 505,972</b>	<b>\$ 404,205</b>
<b>Add:</b>		
Tax levy (Schedule 11)	14,500,567	13,953,160
Taxes added	117,465	178,977
Penalties or interest	34,163	37,976
Other accounts added	-	-
Taxes overpaid	-	-
Tax adjustments	-	-
<b>Sub-total</b>	<b><u>14,652,195</u></b>	<b><u>14,170,113</u></b>
<b>Deduct:</b>		
Cash collections - current	12,818,048	12,286,235
Cash collections - arrears	540,136	442,181
Writeoffs	27,434	37,933
Tax discounts	-	-
M.P.T.C. - cash advance	1,274,400	1,253,971
Other credits - M.P.T.C. adjustment	28,909	48,026
<b>Sub-total</b>	<b><u>14,688,927</u></b>	<b><u>14,068,346</u></b>
<b>Balance, end of year</b>	<b><u><u>\$ 469,240</u></u></b>	<b><u><u>\$ 505,972</u></u></b>

RURAL MUNICIPALITY OF STANLEY  
ANALYSIS OF TAX LEVY  
For the Year Ended December 31, 2018

SCHEDULE 11

	2018			2017
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage				
sub-total - Debt charges			\$ 302,309	\$ 277,015
Special levies:				
Fire protection	548,198,770	1.033%	620,867	620,660
Reserves				
General	548,705,770	0.406%	222,775	-
Machinery replacement	548,705,770	0.976%	535,537	562,156
Loan Charges				
A Sawatzky Loan	548,705,770	0.043%	23,594	12,231
Thornhill Water Loan	548,705,770	0.128%	70,234	23,484
Warkentin/Crown Land Loan	548,705,770	0.065%	35,666	70,453
Corridor Sewer Loan	548,705,770	0.022%	12,072	35,227
Admin Office Loan	548,705,770	0.334%	183,268	183,471
General municipal:				
At large	548,705,770	6.211%	<u>3,408,012</u>	<u>3,480,575</u>
<b>Total municipal taxes (Schedule 2)</b>			<u>5,414,334</u>	<u>5,265,272</u>
Education support levy	81,258,640	9.770%	793,897	812,747
Special levy:				
Prairie Rose SD	295,390	11.148%	3,293	3,441
Garden Valley SD	391,654,670	15.080%	5,906,152	5,638,532
Western SD	154,861,940	15.382%	2,382,086	2,232,332
Prairie Spirit SD	83,840	9.602%	805	836
sub-total - Special levies			<u>9,086,233</u>	<u>8,687,888</u>
<b>Total education taxes</b>			<u>9,086,233</u>	<u>8,687,888</u>
<b>Total tax levy (Schedule 10)</b>			<u>\$ 14,500,567</u>	<u>\$ 13,953,160</u>

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

SCHEDULE 12

	2018 Actual	2017 Actual
<b>General government services</b>		
Legislative	\$ 107,769	\$ 79,243
General administrative	683,091	652,914
Other	361,039	321,188
	<u>1,151,899</u>	<u>1,053,345</u>
<b>Protective services</b>		
Fire	654,495	472,704
Emergency measures	4,091,723	163,315
Other	47,175	42,958
	<u>4,793,393</u>	<u>678,977</u>
<b>Transportation services</b>		
Road transport		
Administration and engineering	55,012	61,980
Road and street maintenance	2,544,868	2,437,467
Bridge maintenance	69,321	84,755
Sidewalk and boulevard maintenance	15,373	18,389
Street lighting	66,381	64,685
Other	596,458	539,102
	<u>3,347,413</u>	<u>3,206,378</u>
<b>Environmental health services</b>		
Other	22,479	13,256
<b>Public health and welfare services</b>		
Public health	-	100,000
Medical care	66,077	74,077
Social assistance	7,521	2,121
	<u>73,598</u>	<u>176,198</u>
<b>Regional planning and development</b>		
Planning and zoning	288,753	194,135
<b>Resource conservation and industrial development</b>		
Rural area weed control	1,890	19,682
Drainage of land	193,145	189,985
Veterinary services	10,811	10,704
Water resources and conservation	47,951	42,230
Regional development	-	-
Other	4,799	1,643
	<u>258,596</u>	<u>264,244</u>
<b>Recreation and cultural services</b>		
Community centers and halls	16,500	14,250
Parks and playgrounds	50,611	45,093
Other recreational facilities	7,666	20,238
Museums	10,469	-
Libraries	78,479	76,040
Other cultural facilities	5,000	-
	<u>168,725</u>	<u>155,621</u>
<b>Total expenses</b>	<u>\$ 10,104,856</u>	<u>\$ 5,742,154</u>

RURAL MUNICIPALITY OF STANLEY  
 RECONCILIATION OF ANNUAL SURPLUS  
 December 31, 2018

SCHEDULE 13  
 (Unaudited)

	2018		2017	
	General	Utility	Total	Total
<b>MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT</b>	\$ -	\$ -	\$ -	\$ -
<b>Adjustments for reporting under Public Sector Accounting Standards</b>				
Eliminate expense - Transfers to reserves	1,838,294	-	1,838,294	1,276,348
Eliminate revenue - Transfers from reserves	(1,622,758)	(9,072)	(1,631,830)	(1,388,210)
Increase revenue - Reserve funds interest and capital levies	116,518	-	116,518	112,255
Increase revenue - Net surplus of consolidated entities	87,561	-	87,561	202,716
Eliminate revenue - Elimination of consolidated revenues and expenses	74,538	-	74,538	71,504
Increase revenue - Internal funds used to finance tangible capital assets	-	-	-	(106,556)
Decrease revenue - Debenture pending for tangible capital assets	-	(306,730)	(306,730)	-
Increase revenue - Repayment of internal funds by debenture issued	247,253	(167,924)	79,329	103,000
Increase expense - Amortization of tangible capital assets	(651,933)	(244,961)	(896,894)	(856,899)
(Increase) decrease expense - Principal portion of debenture debt, net of debt proceeds	(163,395)	116,814	(46,581)	319
Eliminate expense - Acquisitions of tangible capital assets	1,931,859	861,850	2,793,709	2,681,478
Decrease revenue - Net book value of disposed tangible capital assets	(213,319)	-	(213,319)	(417,108)
<b>NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS</b>	<b>\$ 1,644,618</b>	<b>\$ 249,977</b>	<b>\$ 1,894,595</b>	<b>\$ 1,678,847</b>