

TOWN OF THE PAS

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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of the Council of
The Town of The Pas

Opinion

We have audited the accompanying consolidated financial statements of the Town of The Pas, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of The Pas and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis of 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 Financial Statements section of our report. We are independent of the Town of The Pas in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continued.....)

Auditors' Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of The Pas's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town of The Pas'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town of The Pas to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly HMA LLP
Chartered Professional Accountants

The Pas, Manitoba
September 9, 2019

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of The Pas and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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

Council of the Town 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.

Baker Tilly HMA LLP as the Town'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 Town in accordance with Canadian public sector accounting standards.


Randi Salamanowicz
Chief Administrative Officer

TOWN OF THE PAS

Consolidated Financial Statements

For the Year Ended December 31, 2018

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**TOWN OF THE PAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 7,020,554	\$ 6,563,663
Amounts receivable (Note 4)	2,153,027	2,515,339
Real estate properties held for sale	236,404	224,792
Other inventories for sale (Note 5)	154,856	118,133
	<u>\$ 9,564,841</u>	<u>\$ 9,421,927</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 1,719,963	\$ 1,954,713
Severance and sick leave payable	43,133	64,411
Unearned revenue (Note 7)	2,995,568	2,599,299
Landfill closure and post closure liabilities (Note 8)	289,125	267,611
Long-term debt (Note 9)	3,710,827	4,223,593
Other liabilities	74,792	59,675
	<u>8,833,408</u>	<u>9,169,302</u>
NET FINANCIAL ASSETS	<u>\$ 731,433</u>	<u>\$ 252,625</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 28,911,074	\$ 28,670,945
Inventories (Note 5)	276,350	259,909
Prepaid expenses	65,197	65,355
	<u>29,252,621</u>	<u>28,996,209</u>
ACCUMULATED SURPLUS	<u>\$ 29,984,054</u>	<u>\$ 29,248,834</u>

CONTINGENCY AND COMMITMENTS (NOTES 11 AND 12)

Approved on behalf of Council:

Herb Jacques
Mayor

Andre Murphy
Deputy Mayor and Councillor

The accompanying notes are an integral part of this financial statement

TOWN OF THE PAS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018

	<u>2018 Budget (Note 15)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
REVENUE			
Property taxes	\$ 5,970,651	\$ 5,969,406	\$ 5,806,683
Grants in lieu of taxation	904,721	904,721	865,177
User fees	2,709,016	2,542,296	2,604,921
Permits, licences and fines	134,000	136,792	138,812
Investment income	51,000	107,861	63,354
Other revenue	431,930	979,385	747,400
Water and sewer	2,128,274	1,955,078	1,848,937
Grants - Province of Manitoba	982,253	1,540,328	1,196,492
Grants - other	1,482,081	1,044,369	2,342,459
	<u>14,793,926</u>	<u>15,180,236</u>	<u>15,614,235</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	1,618,526	1,578,422	1,652,677
Protective services	3,026,030	2,906,714	3,030,971
Transportation services	3,011,376	3,070,920	2,983,190
Environmental health services	493,859	635,274	616,957
Public health and welfare services	96,612	101,097	93,448
Regional planning and development	69,129	8,260	5,148
Resource conservation and industrial development	561,014	704,986	561,855
Recreation and cultural services	2,867,488	2,968,677	2,990,856
Water and sewer services	2,295,752	2,470,666	2,217,460
	<u>14,039,786</u>	<u>14,445,016</u>	<u>14,152,562</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	<u>\$ 754,140</u>	<u>735,220</u>	<u>1,461,673</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>29,248,834</u>	<u>27,787,161</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$29,984,054</u>	<u>\$ 29,248,834</u>

The accompanying notes are an integral part of this financial statement

TOWN OF THE PAS
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)
For the Year Ended December 31, 2018

	<u>2018 Budget (Note 15)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 754,140	\$ 735,220	\$ 1,461,673
Acquisition of tangible capital assets	(1,937,922)	(1,937,922)	(3,486,275)
Amortization of tangible capital assets	1,697,793	1,697,793	1,755,603
Loss on sale of tangible capital assets			221,649
Proceeds on sale of tangible capital assets			74,250
Decrease (increase) in inventories	(16,441)	(16,441)	55,722
Decrease (increase) in prepaid expense	158	158	(1,582)
	<u>(256,412)</u>	<u>(256,412)</u>	<u>(1,380,633)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ 497,728</u>	478,808	81,040
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>252,625</u>	<u>171,585</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 731,433</u>	<u>\$ 252,625</u>

The accompanying notes are an integral part of this financial statement

TOWN OF THE PAS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 735,220	\$ 1,461,673
Changes in non-cash items:		
Amounts receivable	362,312	(863,602)
Inventories	(53,164)	8,014
Prepays	158	(1,582)
Accounts payable and accrued liabilities	(234,750)	375,342
Severance and sick leave payable	(21,278)	26,165
Landfill closure and post closure liabilities	21,514	17,773
Unearned revenue	396,269	(81,736)
Other liabilities	15,117	(27,928)
Loss on sale of tangible capital asset	-	221,649
Amortization	1,697,793	1,755,603
Cash provided by operating transactions	<u>2,919,191</u>	<u>2,891,371</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	-	74,250
Cash used to acquire tangible capital assets	<u>(1,937,922)</u>	<u>(3,486,275)</u>
Cash applied to capital transactions	<u>(1,937,922)</u>	<u>(3,412,025)</u>
INVESTING TRANSACTIONS		
Disposal (acquisition) of real estate properties	<u>(11,612)</u>	-
Cash applied to investing transactions	<u>(11,612)</u>	-
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	-
Debt repayment	<u>(512,766)</u>	<u>(488,025)</u>
Cash applied to financing transactions	<u>(512,766)</u>	<u>(488,025)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS	456,891	(1,008,679)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>6,563,663</u>	<u>7,572,342</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 7,020,554</u></u>	<u><u>\$ 6,563,663</u></u>

The accompanying notes are an integral part of this financial statement

TOWN OF THE PAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. Status of the Town of The Pas

The incorporated Town of The Pas (“the Town”) is a municipal government that was created in 1912 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 public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the 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:

Sam Waller Museum
The Pas Regional Library
The Pas Community Development (1996) Corporation

As of January 1, 2017, Kelsey Recreation Commission was disbanded and became the Town of The Pas Recreation Department. Prior to this date Kelsey Recreation Commission and The Pas Wellness Centre were accounted for as controlled organizations.

The Municipality has partnership agreements in place, and as such, consistent with Canadian public sector accounting standards for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Municipality’s pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Kelsey Planning District (50%) (2017 - N/A)

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

Trust funds and their related operations administered by the Town are not consolidated in these financial statements. The trust funds administered by the Town are detailed in the notes to consolidated financial statements.

b) Basis of Accounting

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

c) Cash and Temporary Investments

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

d) Investments

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

Portfolio investments are accounted for at cost.

e) Real Estate Properties Held for Sale

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

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

f) Landfill Closure and Post Closure Liabilities

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

g) Non-Financial Assets

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

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

h) Tangible Capital Assets

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

General Tangible Capital Assets

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

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 years
Road grade	40 years
Water and Sewer	
Land	Indefinite
Land improvements	10 to 30 years
Buildings	10 to 40 years
Underground networks	50 years
Machinery and equipment	10 to 15 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 or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

j) Inventories

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

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

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government Transfers

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

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

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

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 7,007,222	\$ 6,550,466
Temporary investments	13,332	13,197
	<u>\$ 7,020,554</u>	<u>\$ 6,563,663</u>

Temporary investments are comprised of guaranteed investment certificates which have a market value approximating cost.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 11)	\$ 875,115	\$ 996,455
Government grants	747,448	771,771
Utility customers	484,362	363,393
Organizations and individuals	318,021	327,757
Other governments	17,556	-
Debenture proceeds	-	-
Other (miscellaneous)	81,486	379,543
	<u>2,523,988</u>	<u>2,838,919</u>
Less allowances for doubtful amounts	<u>(370,961)</u>	<u>(323,580)</u>
	<u>\$ 2,153,027</u>	<u>\$ 2,515,339</u>

5. Inventories

Inventories for sale:

	<u>2018</u>	<u>2017</u>
Aviation fuel	\$ 83,690	\$ 47,346
Other	71,166	70,787
	<u>\$ 154,856</u>	<u>\$ 118,133</u>

Inventories for use:

	<u>2018</u>	<u>2017</u>
Fuel	\$ 20,375	\$ 19,429
Aggregate	81,622	58,112
Other supplies (general inventories)	<u>174,353</u>	<u>182,368</u>
	<u>\$ 276,350</u>	<u>\$ 259,909</u>

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 963,325	\$ 1,141,732
Accrued expenses	537,000	489,633
School levies	<u>219,638</u>	<u>323,348</u>
	<u>\$ 1,719,963</u>	<u>\$ 1,954,713</u>

7. Unearned Revenue

	<u>2018</u>	<u>2017</u>
Gas Tax balance, beginning of year	\$ 2,177,568	\$ 2,058,816
Funding received during the year	311,914	301,353
Interest earned	51,437	31,682
Recognized as revenue during the year	<u>(137,384)</u>	<u>(214,283)</u>
Gas Tax balance, end of year	<u>2,403,535</u>	<u>2,177,568</u>
Other deferred revenue	<u>592,033</u>	<u>421,731</u>
	<u>\$ 2,995,568</u>	<u>\$ 2,599,299</u>

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Town is currently operating a Class 1 landfill site. 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 20 years	<u>\$ 334,576</u>	<u>\$ 330,206</u>
Discount rate	<u>5.00%</u>	<u>5.00%</u>
Discounted costs	<u>\$ 303,471</u>	<u>\$ 285,244</u>
Expected year capacity will be reached	2020	2020
Capacity (ha):		
Used to date	5.24	5.16
Remaining	0.26	0.34
Total	5.50	5.50
Percent utilized	<u>95.27%</u>	<u>93.82%</u>
Liability based on percentage	<u>\$ 289,125</u>	<u>\$ 267,611</u>

At the time of initial recognition of the landfill closure and post closure liability the Town expected that the landfill would reach its capacity in 2015. As a result of improvements in waste management practices, including compaction and additional recycling, the expected closure date for the facility has been extended to 2020.

9. Long Term Debt

	2018	2017
General Authority:		
Debenture, interest at 5.75%, payable at \$150,918 annually including interest, maturing December 1, 2019	\$ 142,713	\$ 277,665
Debenture, interest at 5.63%, payable at \$169,100 annually including interest, maturing December 1, 2025	956,685	1,065,831
Debenture, interest at 4.625%, payable at \$206,615 annually including interest, maturing December 31, 2025	1,211,968	1,355,874
Debenture, interest at 4.375%, payable at \$191,447 annually including interest, maturing December 31, 2027	1,399,461	1,524,223
	\$ 3,710,827	\$ 4,223,593
	\$ 3,710,827	\$ 4,223,593

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

2019	538,779
2020	415,213
2021	435,294
2022	456,358
2023	478,453
Thereafter	1,386,730

Schedule of Debentures Pending

Authority	Purpose	Amount Authorized
N/A	N/A	\$ -

10. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. The municipality:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

The Town does not believe that it is currently liable for contaminated sites which meet the criteria for recognition.

11. Contingency

In common with other municipalities the Town is subject to possible or actual claims from time to time. Management reviews the status of these matters as required and exercises judgement in resolving them in such manner as is believed to be in the Town's best interests. Management considers that the aggregate liability, to the extent that it is able to be assessed, will not be material to the Town's financial position or results of operations.

The Town owns properties which may require future site reclamation. The amount of any such obligation is not determinable.

12. Commitments

Lakefront Subdivision

The Town has committed to developing a lakefront subdivision. Budgeted capital expenditures are \$846,052 of which \$549,152 has been incurred.

Airport Management Contract

On October 11, 2016, the Town entered into a five year agreement to purchase airport management services. The total cost of the agreement over the five year term is anticipated to be \$394,035 plus travel, meals and accommodations. The agreement can be terminated by either party with 90 days written notice.

Forestry Stabilization Grant

On May 8, 2017, the Council passed a bylaw to provide conditional financial assistance to the registered owner of certain properties containing a major local industrial facility which had previously been slated for permanent closure. This financial assistance will be conditionally provided in the years 2017, 2018 and 2019 in an amount equal to the municipal and debenture taxes levied on the properties in the given year. The amount of assistance provided in 2018 was \$436,482. (2017 - \$451,003)

13. Retirement Benefits

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$257,051 (2017 - \$268,613) 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.

14. Financial Instruments

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

15. 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.

16. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ (107,643)	\$ (315,376)
Utility operating fund - Nominal surplus	(385,594)	(82,589)
TCA net of related borrowings	25,192,343	24,434,932
Reserve funds	5,128,205	4,952,265
Accumulated surplus of Town unconsolidated	29,827,311	28,989,232
Accumulated surpluses of consolidated entities	156,743	259,602
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 29,984,054</u>	<u>\$ 29,248,834</u>

17. 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 Municipality. For the year ended December 31, 2017:

- a) Compensation paid to members of council amounted to \$80,090 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Mayor - Herb Jaques	\$ 2,805	\$ -	\$ 2,805
Mayor - James Scott	14,402	1,916	16,318
Councillor - Carrie Atkinson	1,680	-	1,680
Councillor - Margaret Commodore	8,482	-	8,482
Councillor - Larry Forster	2,394	1,342	3,736
Councillor - Andrew Forward	8,482	-	8,482
Councillor - Alan Gibb	9,478	-	9,478
Councillor - Trevor Lane	1,680	-	1,680
Councillor - Crystal Morrish	8,482	-	8,482
Councillor - Andre Murphy	1,880	-	1,880
Councillor - Brian Roque	8,482	-	8,482
Councillor - Bill Ward	1,680	-	1,680
Councillor - Chad Zolinski	10,163	-	10,163
	<u>\$ 80,090</u>	<u>\$ 3,258</u>	<u>\$ 83,348</u>

To view the Town's comprehensive disclosure report please contact the Town of The Pas and request the audited Public Sector Compensation Disclosure Report.

18. 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 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 capital asset.

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

Water services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Ending Balance
Water & sewer study	\$ -	\$ -	-	\$ -
Water plant upgrades	46,388	-	46,388	-
Water treatment study	9,211	-	837	8,374
Lagoon study	35,461	-	2,086	33,375
Sewage lagoon	1,625	-	125	1,500
Bell Ave. lift station	313,600	-	19,600	294,000
Water treatment plant	292,775	-	20,913	271,862
LaRose Ave. renewal	886,269	400,418	66,667	1,220,020
Water treatment plant	1,160,126	-	82,866	1,077,260
	<u>\$ 2,745,455</u>	<u>\$ 400,418</u>	<u>\$ 239,482</u>	<u>\$ 2,906,391</u>

19. Trust Funds

The Town administers the following trusts:

	Balance, beg. of the year	Excess of Receipts over Disbursements	Balance, end of the year
Handivan	<u>\$ 59,675</u>	<u>\$ 15,117</u>	<u>\$ 74,792</u>

20. Contingent assets

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

For the years ended December 31, 2018 and 2017 the Town did not have any contingent assets.

21. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

They arise out of a contract or agreement that is binding between two or more parties, has clear economic consequences and is enforceable by law.

Contractual rights arise from, but are not limited to:

- Sales contracts;
- Lease contracts;
- License agreements;
- Sales contracts;

In considering which contractual rights to disclose the Town applies judgement and considers the duration of rights as well as the relationship to its financial position and normal municipal operations.

For the years ended December 31, 2018 and 2017 the Town did not have any contractual rights which meet its criteria for disclosure.

22. Related party disclosures

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

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

Disclosure is generally required when:

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

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

For the years ended December 31, 2018 and 2017 the Town did not have any related party transactions which met its criteria for disclosure.

23. Comparative Figures

Certain comparative figures for the prior year have been reclassified in order to conform with the financial statement presentation adopted for the current year.

TOWN OF THE PAS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2018

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2018	2017
Cost										
Opening costs	\$ 2,324,815	\$ 18,151,724	\$ 6,338,985	\$ 332,778	\$ -	\$ 8,962,271	\$ 18,868,747	\$ 3,233,853	\$ 58,213,173	\$ 55,038,598
Additions during the year	-	200,881	377,513	19,656	33,961	-	14,376	1,291,535	1,937,922	4,266,842
Disposals and write downs	-	-	-	-	-	-	-	-	-	(1,092,267)
Closing costs	2,324,815	18,352,605	6,716,498	352,434	33,961	8,962,271	18,883,123	4,525,388	60,151,095	58,213,173
Accumulated Amortization										
Opening accum'd amortization	(337,048)	(6,699,675)	(3,547,184)	(290,319)	-	(6,722,838)	(11,945,164)	-	(29,542,228)	(27,802,427)
Amortization	(36,736)	(417,686)	(411,642)	(20,024)	-	(272,138)	(539,567)	-	(1,697,793)	(1,755,603)
Disposals and write downs	-	-	-	-	-	-	-	-	-	15,802
Closing accum'd amortization	(373,784)	(7,117,361)	(3,958,826)	(310,343)	-	(6,994,976)	(12,484,731)	-	(31,240,021)	(29,542,228)
Net Book Value of Tangible Capital Assets	\$ 1,951,031	\$ 11,235,244	\$ 2,757,672	\$ 42,091	\$ 33,961	\$ 1,967,295	\$ 6,398,392	\$ 4,525,388	\$ 28,911,074	\$ 28,670,945

**TOWN OF THE PAS
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2018**

SCHEDULE 2

	<u>2018 Actual</u>	<u>2017 Actual</u>
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 5,919,548	\$ 5,772,581
Taxes added (cancelled)	49,858	34,102
	<u>5,969,406</u>	<u>5,806,683</u>
Grants in lieu of taxation:		
Federal government	76,388	72,918
Federal government enterprises	5,697	5,521
Provincial government	217,265	210,568
Provincial government enterprises	605,371	576,170
	<u>904,721</u>	<u>865,177</u>
User fees		
Sales of service	935,692	1,005,464
Sales of goods	1,039,981	1,010,790
Facility use fees	566,624	588,667
	<u>2,542,297</u>	<u>2,604,921</u>
Permits, licences and fines		
Permits	41,031	34,721
Fines	95,761	104,091
	<u>136,792</u>	<u>138,812</u>
Investment income:		
Cash and temporary investments	<u>107,861</u>	<u>63,354</u>
Other revenue:		
Miscellaneous	838,708	601,233
Penalties and interest	140,676	146,167
	<u>979,384</u>	<u>747,400</u>
Water and sewer		
Municipal utility (Schedule 9)	<u>1,955,078</u>	<u>1,848,937</u>
Grants - Province of Manitoba		
Municipal operating grants	370,732	975,534
Other unconditional grants	603,629	-
Conditional grants	565,967	220,958
	<u>1,540,328</u>	<u>1,196,492</u>
Grants - other		
Federal government - gas tax funding	136,383	214,284
Federal government - other	649,093	1,901,154
Other municipal governments	258,893	227,021
	<u>1,044,369</u>	<u>2,342,459</u>
Total revenue	<u><u>\$ 15,180,236</u></u>	<u><u>\$ 15,614,235</u></u>

TOWN OF THE PAS
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 3

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
General government services:		
Legislative	\$ 79,077	\$ 79,186
General administrative	1,036,367	1,120,362
Other (miscellaneous)	462,978	453,129
	<u>1,578,422</u>	<u>1,652,677</u>
Protective services:		
Police	2,389,238	2,486,296
Fire	446,882	425,575
Emergency measures	36,830	30,368
Other (animal control)	33,764	88,732
	<u>2,906,714</u>	<u>3,030,971</u>
Transportation services:		
Road transport		
Administration and engineering	333,706	342,750
Road and street maintenance	804,672	849,406
Street lighting	148,135	141,796
Other (signage, marking and festive lighting)	165,483	181,723
Air transport	1,618,924	1,467,515
	<u>3,070,920</u>	<u>2,983,190</u>
Environmental health services:		
Waste collection and disposal	386,584	380,404
Recycling	129,664	130,013
Other (miscellaneous)	119,026	106,540
	<u>635,274</u>	<u>616,957</u>
Public health and welfare services:		
Public health	<u>101,097</u>	<u>93,448</u>
Regional planning and development		
Urban area weed control	<u>8,260</u>	<u>5,148</u>
Resource conservation and industrial development		
Regional development	677,729	531,208
Tourism	27,257	30,647
	<u>704,986</u>	<u>561,855</u>
Recreation and cultural services:		
Administration	157,737	194,307
Swimming pools and beaches	588,515	568,335
Skating and curling rinks	388,387	403,163
Parks and playgrounds	167,111	227,079
Other recreational facilities	1,074,403	1,023,157
Museums	312,377	290,463
Libraries	280,147	284,352
	<u>2,968,677</u>	<u>2,990,856</u>
Water and sewer services (Schedule 9)		
Municipal utility (Schedule 9)	<u>2,470,666</u>	<u>2,217,460</u>
Total expenses	<u><u>\$ 14,445,016</u></u>	<u><u>\$ 14,152,562</u></u>

TOWN OF THE PAS

SCHEDULE 4

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

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ 5,969,406	\$ 5,806,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	904,721	865,177	-	-	-	-	-	-	-	-
User fees	83,262	37,239	104,392	89,379	1,338,945	1,390,349	231,477	234,547	46,009	61,000
Grants - other	541,911	1,147,199	-	-	209,677	-	-	-	-	-
Permits, licences and fines	136,792	138,812	-	-	-	-	-	-	-	-
Investment income	107,727	63,124	-	-	-	-	-	-	-	-
Other revenue	859,817	675,196	-	-	1,998	3,308	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	974,361	975,534	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	426,297	97,164	-	-	-	-	-	-	-	-
Total revenue	10,004,294	9,806,128	104,392	89,379	1,550,620	1,393,657	231,477	234,547	46,009	61,000
EXPENSES										
Personnel services	731,322	767,675	239,463	278,999	917,042	1,009,945	336,737	333,511	86,859	78,624
Contract services	151,283	136,448	2,160,856	2,129,149	163,796	159,904	33,843	13,561	-	600
Utilities	100,947	96,352	47,467	47,819	280,593	257,175	4,934	4,399	-	-
Maintenance materials and supplies	66,841	92,798	139,255	124,954	896,352	717,682	41,820	35,281	8,821	8,806
Grants and contributions	162,009	224,394	-	-	-	-	129,664	130,013	-	-
Amortization	20,711	21,839	65,387	61,418	589,308	652,070	23,396	32,664	5,418	5,418
Interest on long term debt	205,313	232,764	-	-	-	-	-	-	-	-
Other	139,996	80,407	254,286	388,632	223,830	186,414	64,879	67,528	-	-
Total expenses	1,578,422	1,652,677	2,906,714	3,030,971	3,070,921	2,983,190	635,273	616,957	101,098	93,448
Surplus (Deficit)	\$ 8,425,872	\$ 8,153,451	\$ (2,802,322)	\$ (2,941,592)	\$ (1,520,301)	\$ (1,589,533)	\$ (403,796)	\$ (382,410)	\$ (55,089)	\$ (32,448)

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

TOWN OF THE PAS

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2018

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,969,406	\$ 5,806,683
Grants in lieu of taxation	-	-	-	-	-	-	-	-	904,721	865,177
User fees	-	-	-	12,263	738,211	780,144	-	-	2,542,296	2,604,921
Grants - other	-	-	61,872	30,000	230,909	232,345	-	932,915	1,044,369	2,342,459
Permits, licences and fines	-	-	-	-	-	-	-	-	136,792	138,812
Investment income	-	-	-	-	134	230	-	-	107,861	63,354
Other revenue	-	-	4,714	234	112,856	68,662	-	-	979,385	747,400
Water and sewer	-	-	-	-	-	-	1,955,078	1,848,937	1,955,078	1,848,937
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	974,361	975,534
Prov of MB - Conditional Grants	-	-	-	-	139,670	123,794	-	-	565,967	220,958
Total revenue	-	-	66,586	42,497	1,221,780	1,205,175	1,955,078	2,781,852	15,180,236	15,614,235
EXPENSES										
Personnel services	-	-	83,118	31,134	1,652,064	1,664,713	855,141	854,526	4,901,746	5,019,127
Contract services	4,500	-	28,759	9,035	94,203	127,330	64,960	13,999	2,702,200	2,590,026
Utilities	-	-	3,423	4,905	351,054	327,945	369,700	336,792	1,158,118	1,075,387
Maintenance materials and supplies	3,511	4,779	3,476	4,995	175,919	169,306	648,556	470,062	1,984,551	1,628,663
Grants and contributions	-	-	442,944	451,003	-	-	-	-	734,617	805,410
Amortization	-	-	46,649	39,442	434,342	428,926	512,583	513,826	1,697,794	1,755,603
Interest on long term debt	-	-	-	-	-	-	-	-	205,313	232,764
Other	249	369	96,618	21,341	261,092	272,636	19,727	28,255	1,060,677	1,045,582
Total expenses	8,260	5,148	704,987	561,855	2,968,674	2,990,856	2,470,667	2,217,460	14,445,016	14,152,562
Surplus (Deficit)	\$ (8,260)	\$ (5,148)	\$ (638,401)	\$ (519,358)	\$ (1,746,894)	\$ (1,785,681)	\$ (515,589)	\$ 564,392	\$ 735,220	\$ 1,461,673

TOWN OF THE PAS

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	2018	2017
REVENUE								
Property taxes	\$ 5,969,406	\$ 5,806,683	\$ -	\$ -	\$ -	\$ -	\$ 5,969,406	5,806,683
Grants in lieu of taxation	904,721	865,177	-	-	-	-	904,721	865,177
User fees	2,508,216	2,559,689	34,080	45,232	-	-	2,542,296	2,604,921
Grants - other	902,177	2,233,733	142,192	108,726	-	-	1,044,369	2,342,459
Permits, licences and fines	136,792	138,812	-	-	-	-	136,792	138,812
Investment income	107,727	63,125	134	229	-	-	107,861	63,354
Other revenue	935,352	696,579	44,033	50,821	-	-	979,385	747,400
Water and sewer	1,955,078	1,848,937	-	-	-	-	1,955,078	1,848,937
Prov of MB - Unconditional Grants	974,361	975,534	-	-	-	-	974,361	975,534
Prov of MB - Conditional Grants	462,273	140,401	103,694	80,557	-	-	565,967	220,958
Total revenue	<u>14,856,103</u>	<u>15,328,670</u>	<u>324,133</u>	<u>285,565</u>	<u>-</u>	<u>-</u>	<u>15,180,236</u>	<u>15,614,235</u>
EXPENSES								
Personnel services	4,508,734	4,678,479	393,012	340,648	-	-	4,901,746	5,019,127
Contract services	2,660,025	2,552,479	42,175	37,547	-	-	2,702,200	2,590,026
Utilities	1,104,542	1,023,710	53,576	51,677	-	-	1,158,118	1,075,387
Maintenance materials and supplies	1,912,231	1,567,036	72,320	61,627	-	-	1,984,551	1,628,663
Grants and contributions	734,617	805,410	-	-	-	-	734,617	805,410
Amortization	1,693,277	1,750,260	4,517	5,343	-	-	1,697,794	1,755,603
Interest on long term debt	205,313	232,764	-	-	-	-	205,313	232,764
Other	914,903	978,225	145,774	67,357	-	-	1,060,677	1,045,582
Total expenses	<u>13,733,642</u>	<u>13,588,363</u>	<u>711,374</u>	<u>564,199</u>	<u>-</u>	<u>-</u>	<u>14,445,016</u>	<u>14,152,562</u>
Surplus (Deficit)	<u>\$ 1,122,461</u>	<u>\$ 1,740,307</u>	<u>\$ (387,241)</u>	<u>\$ (278,634)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735,220</u>	<u>\$ 1,461,673</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

	2018							
	General	Equipment Replacement	Winton Pool	Fire Equipment	Computer Replacement	Land Development	Arena Renovations	Civic Centre
REVENUE								
Investment income	\$ 1,852	\$ 16,732	\$ 1,208	\$ 5,371	\$ 145	\$ 363	\$ 1,639	\$ 470
Other income	-	-	-	-	-	-	-	-
Total revenue	1,852	16,732	1,208	5,371	145	363	1,639	470
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	1,852	16,732	1,208	5,371	145	363	1,639	470
TRANSFERS								
Transfers to reserve fund	-	200,000	12,732	22,927	6,602	-	11,563	7,500
Transfers from reserve fund	-	(73,973)	(32,586)	(54,050)	(19,657)	(10,220)	-	-
CHANGE IN RESERVE FUND BALANCES	1,852	142,759	(18,646)	(25,752)	(12,910)	(9,857)	13,202	7,970
FUND SURPLUS, BEGINNING OF YEAR	81,526	673,562	63,088	252,015	12,907	21,102	66,390	16,958
FUND SURPLUS, END OF YEAR	\$ 83,378	\$ 816,321	\$ 44,442	\$ 226,263	\$ (3)	\$ 11,245	\$ 79,592	\$ 24,928

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

	2018							
	Utility Replacement	Infrastructure	Lakeside Develop.	Airport Capital Improvement	Library	Fuel Tank Replacement	Sidewalk Renewal	Cemetary Improvement
REVENUE								
Investment income	\$ 28,950	\$ 14,218	\$ 2,975	\$ 9,700	\$ 949	\$ 59	\$ 1,812	\$ 452
Other income	-	-	-	-	-	-	-	-
Total revenue	28,950	14,218	2,975	9,700	949	59	1,812	452
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	28,950	14,218	2,975	9,700	949	59	1,812	452
TRANSFERS								
Transfers to reserve fund	300,000	250,000	-	-	5,000	-	-	-
Transfers from reserve fund	(301,647)	(249,777)	(475)	-	-	(5,347)	-	(16,800)
CHANGE IN RESERVE FUND BALANCES	27,303	14,441	2,500	9,700	5,949	(5,288)	1,812	(16,348)
FUND SURPLUS, BEGINNING OF YEAR	1,275,275	625,788	131,218	426,991	39,295	5,285	79,782	28,303
FUND SURPLUS, END OF YEAR	\$ 1,302,578	\$ 640,229	\$ 133,718	\$ 436,691	\$ 45,244	\$ (3)	\$ 81,594	\$ 11,955

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

	2018							
		Columbarium	Parks and Playgrounds	Waste Dispo- sal Grounds	Community Enhancement	Destination Marketing	Wellness Equipment	Sask River Waterfront
REVENUE								
Investment income	\$ -	\$ 422	\$ 930	\$ 14,584	\$ 122	\$ 4,634	\$ 78	\$ 907
Other income	-	-	-	-	-	-	-	-
Total revenue	-	422	930	14,584	122	4,634	78	907
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	-	422	930	14,584	122	4,634	78	907
TRANSFERS								
Transfers to reserve fund	-	-	-	73,253	95,874	47,937	44,607	-
Transfers from reserve fund	-	-	-	-	(95,874)	(82,842)	(20,470)	-
CHANGE IN RESERVE FUND BALANCES	-	422	930	87,837	122	(30,271)	24,215	907
FUND SURPLUS, BEGINNING OF YEAR	-	18,587	40,935	605,367	58,675	333,559	(8,656)	39,910
FUND SURPLUS, END OF YEAR	\$ -	\$ 19,009	\$ 41,865	\$ 693,204	\$ 58,797	\$ 303,288	\$ 15,559	\$ 40,817

TOWN OF THE PAS

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

	2018						2017	
	Municipal Election	Sam Waller Museum	Rec Infrastructure				Total	
REVENUE								
Investment income	\$ 138	\$ 257	\$ 46	\$ -	\$ -	\$ -	\$ 109,013	\$ 70,660
Other income	-	-	-	-	-	-	-	-
Total revenue	138	257	46	-	-	-	109,013	70,660
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	138	257	46	-	-	-	109,013	70,660
TRANSFERS								
Transfers to reserve fund	2,500	4,000	47,937	-	-	-	1,132,432	1,499,526
Transfers from reserve fund	(5,560)	(1,602)	(94,625)	-	-	-	(1,065,505)	(1,354,712)
CHANGE IN RESERVE FUND BALANCES	(2,922)	2,655	(46,642)	-	-	-	175,940	215,474
FUND SURPLUS, BEGINNING OF YEAR	7,598	10,117	46,688	-	-	-	4,952,265	4,736,791
FUND SURPLUS, END OF YEAR	\$ 4,676	\$ 12,772	\$ 46	\$ -	\$ -	\$ -	\$ 5,128,205	\$ 4,952,265

TOWN OF THE PAS
SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2018

SCHEDULE 7

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue			
Taxation	\$ -	\$ -	\$ -
Other Revenue	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
General Government:			
Indemnities	-	-	-
Transportation Services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	<u>-</u>	-	-
Unexpended balance, beginning of year		<u>-</u>	<u>-</u>
Unexpended balance, end of year		<u>-</u>	<u>-</u>

TOWN OF THE PAS
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
December 31, 2018

SCHEDULE 8

	2018						2017	
	Water and Sewer						Total	Total
FINANCIAL ASSETS								
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts receivable	478,492	-	-	-	-	-	478,492	357,523
Portfolio investments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
	<u>\$ 478,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,492</u>	<u>\$ 357,523</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-
Long-term debt (Note 8)	-	-	-	-	-	-	-	-
Due to other funds	1,500,705	-	-	-	-	-	1,500,705	874,271
	<u>1,500,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,705</u>	<u>874,271</u>
NET FINANCIAL ASSETS	<u>\$ (1,022,213)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022,213)</u>	<u>\$ (516,748)</u>
NON-FINANCIAL ASSETS								
Tangible capital assets (Schedule 1)	8,676,990	-	-	-	-	-	8,676,990	8,540,510
FUND SURPLUS	<u>\$ 7,654,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,654,777</u>	<u>\$ 8,023,762</u>

**SCHEDULE OF UTILITY OPERATIONS - Water and Sewer
For the Year Ended December 31, 2018**

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUE			
Water			
Water fees	\$ 1,567,141	\$ 1,419,958	\$ 1,342,182
Bulk water sales	-	6,833	6,134
sub-total- water	<u>1,567,141</u>	<u>1,426,791</u>	<u>1,348,316</u>
Sewer			
Sewer fees	504,615	457,066	449,213
Lagoon tipping fees	-	4,815	4,815
sub-total- sewer	<u>504,615</u>	<u>461,881</u>	<u>454,028</u>
Government transfers			
Capital	490,209	400,418	932,915
sub-total- government transfers	<u>490,209</u>	<u>400,418</u>	<u>932,915</u>
Other			
Hydrant rentals	28,038	26,700	26,700
Penalties	22,719	38,856	19,248
Other income (miscellaneous)	5,811	850	645
sub-total- other	<u>56,568</u>	<u>66,406</u>	<u>46,593</u>
Total revenue	<u>2,618,533</u>	<u>2,355,496</u>	<u>2,781,852</u>

TOWN OF THE PAS
SCHEDULE OF UTILITY OPERATIONS (cont'd) - Water and Sewer
For the Year Ended December 31, 2018

EXPENSES	Budget	2018	2017
General			
Administration	\$ 383,389	\$ 321,544	\$ 335,688
Training costs	-	884	8,578
Billing and collection	31,834	30,174	36,039
sub-total- general	<u>415,223</u>	<u>352,602</u>	<u>380,305</u>
Water General			
Purification and treatment	504,857	749,840	540,999
Transmission and distribution	546,506	548,313	558,642
sub-total- water general	<u>1,051,363</u>	<u>1,298,153</u>	<u>1,099,641</u>
Water Amortization & Interest			
Amortization	354,696	354,696	355,939
sub-total- water amortization & interest	<u>354,696</u>	<u>354,696</u>	<u>355,939</u>
Sewer General			
Collection system costs	152,912	93,746	84,315
Treatment and disposal cost	66,317	103,026	56,120
Lift Station costs	97,354	110,556	83,253
sub-total- sewer general	<u>316,583</u>	<u>307,328</u>	<u>223,688</u>
Sewage Amortization & Interest			
Amortization	157,887	157,887	157,887
sub-total- sewer amortization & interest	<u>157,887</u>	<u>157,887</u>	<u>157,887</u>
Total expenses	<u>2,295,752</u>	<u>2,470,666</u>	<u>2,217,460</u>
NET OPERATING DEFICIT	322,781	(115,170)	564,392
TRANSFERS			
Transfers from (to) operating fund		46,185	184,285
Transfers from (to) reserve funds	(300,000)	(300,000)	(325,000)
CHANGE IN UTILITY FUND BALANCE	<u>\$ 22,781</u>	(368,985)	423,677
FUND SURPLUS, BEGINNING OF YEAR		<u>8,023,762</u>	<u>7,600,085</u>
FUND SURPLUS, END OF YEAR		<u>\$ 7,654,777</u>	<u>\$ 8,023,762</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2018

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 5,970,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,970,651
Grants in lieu of taxation	904,721	-	-	-	-	-	-	904,721
User fees	2,688,764	-	-	-	-	-	20,252	2,709,016
Permits, licences and fines	134,000	-	-	-	-	-	-	134,000
Investment income	51,000	-	-	-	-	-	-	51,000
Other revenue	396,000	-	-	-	-	-	35,930	431,930
Water and sewer	-	2,128,274	-	-	-	-	-	2,128,274
Grants - Province of Manitoba	896,817	-	-	-	-	-	85,436	982,253
Grants - other	1,357,551	-	-	-	-	-	124,530	1,482,081
Transfers from accumulated surplus	-	105,876	-	-	(116,642)	-	10,766	-
Transfers from reserves	666,244	490,209	-	-	(1,156,453)	-	-	-
Total revenue	13,065,748	2,724,359	-	-	(1,273,095)	-	276,914	14,793,926
EXPENSES								
General government services	\$ 1,392,502	\$ -	\$ 20,711	\$ 205,313	\$ -	\$ -	\$ -	\$ 1,618,526
Protective services	2,960,643	-	65,387	-	-	-	-	3,026,030
Transportation services	2,422,068	-	589,308	-	-	-	-	3,011,376
Environmental health services	448,949	-	23,396	-	-	21,514	-	493,859
Public health and welfare services	91,194	-	5,418	-	-	-	-	96,612
Regional planning and development	44,700	-	-	-	-	-	24,429	69,129
Resource cons and industrial dev	478,357	-	46,649	-	-	-	36,008	561,014
Recreation and cultural services	2,216,728	-	434,342	-	-	-	216,418	2,867,488
Water and sewer services	-	1,783,169	512,583	-	-	-	-	2,295,752
Fiscal services:								
Transfer to capital	803,202	490,209	-	-	(1,293,411)	-	-	-
Debt charges	718,079	-	-	(718,079)	-	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Deficit recovery	123,852	150,981	-	-	(274,833)	-	-	-
Transfer to reserves	1,355,014	300,000	-	-	(1,655,014)	-	-	-
Allowance for tax assets	10,460	-	-	-	(10,460)	-	-	-
Total expenses	13,065,748	2,724,359	1,697,794	(512,766)	(3,233,718)	21,514	276,855	14,039,786
Surplus (Deficit)	\$ -	\$ -	\$ (1,697,794)	\$ 512,766	\$ 1,960,623	\$ (21,514)	\$ 59	\$ 754,140

**TOWN OF THE PAS
ANALYSIS OF TAXES ON ROLL
December 31, 2018**

SCHEDULE 11

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 996,455	\$ 1,048,908
Add:		
Tax levy (Schedule 12)	9,191,533	9,124,849
Taxes added	49,858	34,102
Penalties or interest	80,710	109,530
Other accounts added	576	-
Municipal fees	-	-
Other added to taxes	17,851	5,938
Water added to taxes	81,534	116,514
Tax overpaid refunds	-	-
Sub-total	<u>9,422,062</u>	<u>9,390,933</u>
Deduct:		
Cash collections - current	8,269,436	7,976,794
Cash collections - arrears	406,626	574,297
Tax cancelled	(8,568)	15,157
Tax discounts	10,008	1,726
E.P.T.C. - cash advance	865,900	875,412
Other credits	-	-
Sub-total	<u>9,543,402</u>	<u>9,443,386</u>
Balance, end of year	<u>\$ 875,115</u>	<u>\$ 996,455</u>

**TOWN OF THE PAS
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2018**

SCHEDULE 12

	2018			2017
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D. #4358	\$ 190,982,820	\$ 0.70	\$ 133,688	\$ 135,011
LI.D. #4381	\$ 190,982,820	\$ 0.78	148,967	148,707
LI.D. #4435	\$ 190,982,820	\$ 0.95	181,434	181,971
LI.D. #4486	\$ 190,982,820	\$ 0.88	168,065	168,274
sub-total- Debt charges			<u>632,154</u>	<u>633,963</u>
Reserves:				
Infrastructure	\$ 166,386,440	\$ 1.30	216,302	
Machinery equip. repl.	\$ 166,386,440	\$ 1.04	173,042	
Municipal election	\$ 166,386,440	\$ 0.01	1,664	
Computer	\$ 166,386,440	\$ 0.03	4,992	
Arena reserve	\$ 166,386,440	\$ 0.05	8,319	
Museum	\$ 166,386,440	\$ 0.02	3,328	
Wellness equip.	\$ 166,386,440	\$ 0.13	21,630	
Winton pool	\$ 166,386,440	\$ 0.05	8,319	
Civic Centre	\$ 166,386,440	\$ 0.04	6,655	
Library	\$ 166,386,440	\$ 0.03	4,992	
			<u>449,243</u>	<u>-</u>
General municipal	\$ 166,386,440	\$ 28.36	4,718,719	5,125,672
Deficit recovery	\$ 166,386,440	\$ 0.64	106,487	-
At large			-	-
Business fees			12,945	12,946
Total municipal taxes (Schedule 2)			<u>5,919,548</u>	<u>5,772,581</u>
Education support levy			460,374	492,253
Special levies:				
Kelsey School Division #45			2,811,611	2,860,015
Total education taxes			<u>3,271,985</u>	<u>3,352,268</u>
Total tax levy (Schedule 11)			<u>\$ 9,191,533</u>	<u>\$ 9,124,849</u>

TOWN OF THE PAS
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ending December 31, 2018

SCHEDULE 13

	<u>2018 Actual</u>	<u>2017 Actual</u>
General government services:		
Legislative	\$ 79,077	\$ 79,186
General administrative	1,036,367	1,120,362
Other (miscellaneous)	462,977	453,129
	<u>1,578,421</u>	<u>1,652,677</u>
Protective services:		
Police	2,389,238	2,486,296
Fire	446,882	425,575
Emergency measures	36,830	30,368
Other (animal control)	33,764	88,732
	<u>2,906,714</u>	<u>3,030,971</u>
Transportation services:		
Road transport		
Administration and engineering	333,706	342,750
Road and street maintenance	804,672	849,406
Street lighting	148,135	141,796
Other (signage, marking and festive lighting)	165,483	181,723
Air transport	1,618,924	1,467,515
	<u>3,070,920</u>	<u>2,983,190</u>
Environmental health services:		
Waste collection and disposal	386,584	380,405
Recycling	129,664	130,013
Other (miscellaneous)	119,026	106,540
	<u>635,274</u>	<u>616,958</u>
Public health and welfare services:		
Public health	101,097	93,448
Regional planning and development		
Urban area weed control	8,260	5,148
Resource conservation and industrial development		
Regional development	497,932	480,771
Tourism	16,889	19,857
	<u>514,821</u>	<u>500,628</u>
Recreation and cultural services:		
Other recreational facilities	2,431,388	2,416,040
Museums	184,690	182,687
Libraries	143,742	149,788
	<u>2,759,820</u>	<u>2,748,515</u>
Total expenses	<u><u>\$ 11,575,327</u></u>	<u><u>\$ 11,631,535</u></u>

TOWN OF THE PAS
RECONCILIATION OF ANNUAL SURPLUS
December 31, 2018

SCHEDULE 14

	General	2018 Utility	Total	2017 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 118,716	\$ (303,006)	\$ (184,290)	\$ (735,737)
Adjustments for reporting under public sector accounting standards				
Eliminate expense - transfers to reserves	1,075,919	300,000	1,375,919	2,141,028
Eliminate revenue - transfers from reserves	(475,666)	-	(475,666)	(2,034,335)
Decrease revenue - loss on disposal of TCA	-	-	-	(295,898)
Increase revenue - reserve funds interest	168,264	-	168,264	108,783
Increase revenue - Net surplus (deficit) of consolidated entities	(102,862)	-	(102,862)	69,280
Eliminate revenue - transfer from / to nominal surpluses	123,852	-	123,852	-
Increase expense - amortization of tangible capital assets	(1,180,694)	(512,583)	(1,693,277)	(1,755,602)
Decrease expense - principal portion of debenture debt	512,766	-	512,766	488,025
Eliminate expense - acquisitions of tangible capital assets	610,096	400,418	1,010,514	3,476,129
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	<u>\$ 850,391</u>	<u>\$ (115,171)</u>	<u>\$ 735,220</u>	<u>\$ 1,461,673</u>