

# **TOWN OF MELITA**

**Consolidated Financial Statements  
For the Year Ended December 31, 2020**

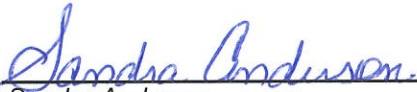
## STATEMENT OF RESPONSIBILITY

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

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

The Council is composed of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Town's external auditors.

*MNP 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.



Sandra Anderson

Chief Administrative Officer

## INDEPENDENT AUDITOR'S REPORT

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To the Mayor and Members of Council of the  
**TOWN OF MELITA**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of the Town of Melita, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial debt, cash flows and supporting schedules 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 Town of Melita as at December 31, 2020, and the results of its consolidated operations, change in net financial debt, cash flows and supporting schedules for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town of Melita 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 Town of Melita'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 Melita to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town of Melita'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:

## INDEPENDENT AUDITOR'S REPORT

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Melita'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 Melita's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Town of Melita 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 Town 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

November 9, 2021  
Brandon, Manitoba

  
Chartered Professional Accountants

# **TOWN OF MELITA**

## **Consolidated Financial Statements For the Year Ended December 31, 2020**


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**TOWN OF MELITA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	\$ 1,679,598	\$ 759,613
Amounts receivable (Note 4)	946,025	1,261,717
Real estate properties held for sale	19,303	26,800
	<u>\$ 2,644,926</u>	<u>\$ 2,048,130</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 6)	\$ -	\$ 772,089
Accounts payable and accrued liabilities (Note 7)	532,927	600,501
Unearned revenue	9,912	3,425
Long-term debt (Note 8)	3,169,980	2,107,152
	<u>3,712,819</u>	<u>3,483,167</u>
<b>NET DEBT</b>	<u>\$ (1,067,893)</u>	<u>\$ (1,435,037)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 22,762,065	\$ 23,065,352
Inventories (Note 5)	18,873	19,753
Prepaid expenses	17,798	13,197
	<u>22,798,736</u>	<u>23,098,302</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u><u>\$ 21,730,843</u></u>	<u><u>\$ 21,663,265</u></u>

Approved on behalf of council:



Mayor



Councillor

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

**TOWN OF MELITA**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2020**

	<b>2020 Budget (Note 11)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>REVENUE</b>			
Property taxes	\$ 1,610,338	\$ 1,612,056	\$ 1,507,125
Grants in lieu of taxation	28,805	28,805	27,016
User fees	147,898	100,829	169,449
Permits, licences and fines	1,125	4,388	3,509
Investment income	1,717	9,078	9,429
Other revenue	50,375	179,219	1,190,112
Water and sewer	581,769	801,450	922,327
Grants - Province of Manitoba	292,369	347,448	549,041
Grants - other	191,394	197,726	562,607
Total revenue (Schedules 2, 4 and 5)	<u>2,905,790</u>	<u>3,280,999</u>	<u>4,940,615</u>
<b>EXPENSES</b>			
General government services	400,678	359,315	369,537
Protective services	499,784	494,917	441,380
Transportation services	681,798	647,428	525,237
Environmental health services	77,272	81,775	97,790
Public health and welfare services	24,689	8,516	8,516
Regional planning and development	16,594	18,858	15,845
Resource conservation and industrial development	60,401	52,694	70,823
Recreation and cultural services	498,401	527,671	536,280
Water and sewer services	1,009,047	1,022,247	735,706
Total expenses (Schedules 3, 4 and 5)	<u>3,268,664</u>	<u>3,213,421</u>	<u>2,801,114</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (362,874)</u>	<b>67,578</b>	<b>2,139,501</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>21,663,265</u>	<u>19,523,764</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<u><u>\$ 21,730,843</u></u>	<u><u>\$ 21,663,265</u></u>

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

**TOWN OF MELITA**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**For the Year Ended December 31, 2020**

	<b>2020 Budget (Note 11)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (362,874)</b>	<b>\$ 67,578</b>	<b>\$ 2,139,501</b>
Acquisition of tangible capital assets	(1,320,303)	(513,949)	(2,257,074)
Amortization of tangible capital assets	817,236	817,236	604,031
Loss (Gain) on sale of tangible capital assets	-	-	(2,625)
Proceeds on sale of tangible capital assets	-	-	2,625
Decrease (increase) in inventories	-	880	(1,986)
Decrease (increase) in prepaid expenses	-	(4,601)	6,121
	<b>(503,067)</b>	<b>299,566</b>	<b>(1,648,908)</b>
<b>CHANGE IN NET DEBT</b>	<b>\$ (865,941)</b>	<b>367,144</b>	<b>490,593</b>
<b>NET DEBT, BEGINNING OF YEAR</b>		<b>(1,435,037)</b>	<b>(1,925,630)</b>
<b>NET DEBT, END OF YEAR</b>		<b>\$ (1,067,893)</b>	<b>\$ (1,435,037)</b>

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



**TOWN OF MELITA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 67,578	\$ 2,139,501
Changes in non-cash items:		
Amounts receivable	315,692	2,460,424
Inventories	880	(1,986)
Prepays	(4,601)	6,121
Accounts payable and accrued liabilities	(67,574)	(3,801,694)
Unearned revenue	6,487	(4,175)
Landfill closure and post closure liabilities	-	(22,999)
Loss (Gain) on real estate properties held for sale	5,789	-
Loss (Gain) on sale of tangible capital asset	-	(2,625)
Amortization	817,236	604,031
Cash provided by operating transactions	<u>1,141,487</u>	<u>1,376,598</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	-	2,625
Cash used to acquire tangible capital assets	<u>(513,949)</u>	<u>(2,257,074)</u>
Cash provided by (applied to) capital transactions	<u>(513,949)</u>	<u>(2,254,449)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of real estate properties	4,000	-
Acquisition of real estate properties	<u>(2,292)</u>	<u>(13,679)</u>
Cash provided by (applied to) investing transactions	<u>1,708</u>	<u>(13,679)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	1,200,000	1,216,158
Debt repayment	<u>(137,172)</u>	<u>(186,508)</u>
Cash provided by financing transactions	<u>1,062,828</u>	<u>1,029,650</u>
<b>INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<u>1,692,074</u>	<u>138,120</u>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>(12,476)</u>	<u>(150,596)</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u><u>\$ 1,679,598</u></u>	<u><u>\$ (12,476)</u></u>
<b>CASH CONSISTS OF:</b>		
Cash and temporary investments	1,679,598	759,613
Bank indebtedness	<u>-</u>	<u>(772,089)</u>
	<u><u>\$ 1,679,598</u></u>	<u><u>\$ (12,476)</u></u>

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

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**1. Status of the Town of Melita**

The incorporated Town of Melita is a Town that was formed on May 1902 pursuant to The Municipal Act. The Town provides or funds municipal services such as police, fire, public works, planning, airport, parks and recreation, library and other general government operations. The Town also owns one 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, revenue 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 Town has no controlled organizations.

The Town has several partnership agreements in place, and as such, consistent with Canadian Public Sector Accounting Standards for government partnerships, the following local agencies, boards and commissions are accounted for on a proportionate consolidation basis whereby the Town's pro-rata share of each of the assets, liabilities, revenue and expenses are combined on a line by line basis in the consolidated financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

*Southwestern Manitoba Regional Library (46.59%) (2019 - 46.59%)*  
*Antler River Recreation District (34.18%) (2019 - 34.18%)*  
*Melita and Area Fire Protection Board (45.00%) (2019 - 45.00%)*  
*Melita Curling Club (80.65%) (2019 - 80.65%)*  
*Melita and Area Arena Board (50.00%) (2019 - 50.00%)*  
*Melita and Area Handivan Committee Inc. (50.00%) (2019 - 50.00%)*  
*Southwest Regional Water Co-op (25.00%) (2019 - 25.00%)*

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

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant accounting policies (continued)**

**e) Real estate properties held for sale**

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

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

**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 financial assets (debt) 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.

**g) Tangible capital assets**

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

**General Tangible Capital Assets**

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

**Infrastructure Assets**

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

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

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant accounting policies (continued)**

**h) 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.

**i) Revenue recognition**

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds 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.

**j) Measurement uncertainty**

Estimates are used to accrue revenue and expenses in circumstances where the actual accrued amounts 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.

**k) Recent accounting pronouncements**

*Portfolio Investments (PS 3041)*

In March 2012, as a result of the issuance of PS 3450 Financial Instruments, the Public Sector Accounting Board (PSAB) issued new PS 3041 Portfolio Investments, which revises and replaces PS 3030 Temporary Investments and PS 3040 Portfolio Investments. The main features of the new standard are:

- PS 3041 does not make a distinction between temporary and portfolio investments, and is cross referenced and conformed to the requirements of PS 3450.
- Investments previously within the scope of PS 3030, which are not cash equivalents, are now accounted for within the scope of PS 3041.

This Section is effective in the same period PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation and PS 3450 are adopted. PS 1201, PS 2601 and PS 3450 are to be adopted together and were to be effective for fiscal years beginning on or after April 1, 2019. In March 2018, the Public Sector Accounting Board (PSAB) approved an extension of the effective date to fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant accounting policies (continued)**

**k) Recent accounting pronouncements (continued)**

*Financial Instruments (PS 3450)*

In June 2011, the Public Sector Accounting Board (PSAB) issued new PS 3450 Financial Instruments. The new standard establishes requirements for recognition, measurement, derecognition, presentation and disclosure of financial assets and financial liabilities, including derivatives. The main features of the new standard are:

- Financial instruments are classified into two measurement categories: fair value, or cost or amortized cost.
  - Almost all derivatives, including embedded derivatives not closely related to the host contract, are measured at fair value.
  - Portfolio investments in equity instruments quoted in an active market are measured at fair value.
  - Other financial assets and financial liabilities are generally measured at cost or amortized cost.
  - An entity may elect to measure any group of financial assets or financial liabilities (or both) at fair value when the entity has a risk management or investment strategy to manage those items on a fair value basis.
- Remeasurement gains and losses on financial instruments measured at fair value are reported in the statement of remeasurement gains and losses until the financial instrument is derecognized.
- Budget to actual comparisons are not required within the statement of remeasurement gains and losses;
- Financial liabilities are derecognized when, and only when, they are extinguished.
- Financial assets and financial liabilities are only offset and reported on a net basis if a legally enforceable right to set off the recognized amounts exist, and the entity intends to settle on a net basis or realize/settle the amounts simultaneously.

In May 2012, the transitional provisions for this Section were amended, effective at the time the standard is initially applied, to clarify that the measurement provisions are applied prospectively. Adjustments to previous carrying amounts are recognized in opening accumulated remeasurement gains or losses. Additionally, a new transitional provision has been added that applies to government organizations transitioning from the standards in Part V of the CPA Canada Handbook – Accounting with items classified as available for sale. Accumulated other comprehensive income (OCI) from items classified as available for sale is recognized in accumulated remeasurement gains or losses on transition.

PS 3450 was to be effective for fiscal years beginning on or after April 1, 2019. In March 2018, the Public Sector Accounting Board (PSAB) approved an extension of the effective date to fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section and amendments are now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted. In the period that a public sector entity applies PS 3450, it also applies PS 1201 and PS 2601.

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**2. Significant accounting policies (continued)**

**k) Recent accounting pronouncements (continued)**

*Asset Retirement Obligations (PS 3280)*

In August 2018, new PS 3280 Asset Retirement Obligations was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

**3. Cash and temporary investments**

Cash and temporary investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,653,947	\$ 671,035
Temporary investments	<u>25,651</u>	<u>88,578</u>
	<u><u>\$ 1,679,598</u></u>	<u><u>\$ 759,613</u></u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Municipality has designated **\$1,592,092** (2019 - \$1,433,242) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances. Included in the reserve is cash of **\$898,754** (2019 - \$430,729).

**4. Amounts receivable**

Amounts receivable are valued at their net realizable value.

	<u>2020</u>	<u>2019</u>
Taxes on roll (Schedule 11)	\$ 680,021	\$ 524,562
Government grants	13,889	203,596
Utility customers	154,393	107,686
Accrued interest	599	764
Organizations and individuals	74,857	406,216
Other governments	<u>36,090</u>	<u>35,199</u>
	959,849	1,278,023
Less allowances for doubtful amounts	<u>(13,824)</u>	<u>(16,306)</u>
	<u><u>\$ 946,025</u></u>	<u><u>\$ 1,261,717</u></u>

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**5. Inventories**

**Inventories for use:**

	<u>2020</u>	<u>2019</u>
Aggregate	\$ 240	\$ -
Other supplies	18,633	19,753
	<u>\$ 18,873</u>	<u>\$ 19,753</u>

**6. Bank indebtedness**

The Municipality has available a line of credit of \$1,200,000 for general operating, bearing interest at 3.45%. The Municipality has drawn **\$nil** (2019 - \$772,089) of the line of credit available.

**7. Accounts payable and accrued liabilities**

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 435,882	\$ 524,183
Accrued expenses	19,823	23,946
School levies	76,580	39,729
Other governments	642	12,643
	<u>\$ 532,927</u>	<u>\$ 600,501</u>

**8. Long-term debt**

	<u>2020</u>	<u>2019</u>
<b>General authority:</b>		
Debenture, interest at 3.25%, payable at \$44,305 annually including interest, maturing 2026	\$ 238,033	\$ 273,451
Debenture, interest at 2.50%, payable at \$24,837 annually including interest, maturing 2021	24,231	47,870
Sunrise Credit Union loan, interest at 4.500%, payable at \$1,895 including interest, secured by GIC, maturing 2022. Melita and Area Arena Board (50.00%)	5,232	5,232
	<u>\$ 267,496</u>	<u>\$ 326,553</u>
<b>Utility funds:</b>		
Manitoba Water Services Board, monthly payments based on actual water usage	187,561	172,975
Debenture, interest at 5.800%, payable at \$64,588 annually including interest, maturing 2028	404,273	443,158
Debenture, interest at 4.25%, payable at \$73,947 annually including interest, maturing 2038	917,381	950,914
Debenture, interest at 3.875%, payable at \$28,558 annually including interest, maturing 2028	193,269	213,552
Debenture, interest at 3.125%, payable at \$101,431 annually including interest, maturing 2035	1,200,000	-
	<u>\$ 2,902,484</u>	<u>\$ 1,780,599</u>
	<u>\$ 3,169,980</u>	<u>\$ 2,107,152</u>

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**8. Long-term debt (continued)**

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

2021	\$ 223,559
2022	\$ 207,278
2023	\$ 215,586
2024	\$ 222,309
2025	\$ 231,233

**9. 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 2020 by the Municipality on behalf of its employees are expected to be **\$36,617** (2019 - \$37,902) 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, 2019 indicated the plan was 99.7% funded on a going concern basis and had an unfunded solvency liability of \$288.8 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, 2019.

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.

**10. Financial instruments**

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

**11. 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 statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.



**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**12. Accumulated surplus**

	<u>2020</u>	<u>2019</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ (6,267)	\$ (263,878)
Utility operating fund - Nominal surplus	269,718	(738,477)
TCA net of related borrowings	16,564,017	17,809,578
Reserve funds	<u>1,592,092</u>	<u>1,433,242</u>
Accumulated surplus of Municipality unconsolidated	18,419,560	18,240,465
Accumulated surpluses of consolidated entities	<u>3,311,283</u>	<u>3,422,800</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u><u>\$ 21,730,843</u></u>	<u><u>\$ 21,663,265</u></u>

**13. Public Sector Compensation Disclosure**

It is a requirement of The Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of Council, and of individual compensation in an amount exceeding \$75,000 annually to any member of Council, officer or employee of the Municipality. For the year ended December 31, 2020:

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
<i>Brock Bolton</i>	<i>Water Treatment Plant Manager</i>	\$ 93,480

It is a requirement of The Municipal Act that the annual consolidated financial statement disclose the amount of compensation, expenses and any other payment made to council or committee members by the type of each payment and the total amount of payment to each member of Council of the Municipality. For the year ended December 31, 2020:

c) Compensation paid to members of Council amounted to \$50,606 in aggregate.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor - William Holden	\$ 14,845	\$ 606	\$ 15,451
Councillor - Jocelyn Skelton	5,997	105	6,102
Councillor - Brian Teetaert	11,197	180	11,377
Councillor - Eric Leslie-Forster	2,749	404	3,153
Councillor - Grant Hume	10,745	259	11,004
Councillor - Cara Redpath	2,474	45	2,519
Councillor - Rhonda Verplanche	<u>2,599</u>	<u>45</u>	<u>2,644</u>
	<u><u>\$ 50,606</u></u>	<u><u>\$ 1,644</u></u>	<u><u>\$ 52,250</u></u>

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**14. Segmented information**

The Town of Melita provides a wide range of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

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

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

**15. Government partnerships**

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

	<u>2020</u>	<u>2019</u>
<b>Financial Position</b>		
Financial assets	\$ 284,368	\$ 287,802
Financial liabilities	<u>199,413</u>	<u>197,916</u>
Net financial assets	\$ 84,955	\$ 89,886
Non-financial assets	<u>3,226,328</u>	<u>3,332,914</u>
Accumulated surplus	<u>\$ 3,311,283</u>	<u>\$ 3,422,800</u>
<b>Result of Operations</b>		
Revenue	\$ 305,933	\$ 360,659
Expenses	<u>417,450</u>	<u>414,761</u>
Annual deficit	<u>\$ (111,517)</u>	<u>\$ (54,102)</u>

**16. Public Utilities Board**

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

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

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

**TOWN OF MELITA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**17. COVID-19 impact on operations**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Municipality's operations were impacted by COVID-19 due to closure of facilities to the public for normal operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**18. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year presentation.

TOWN OF MELITA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2020

SCHEDULE 1

Cost	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	2020	2019
Opening costs	6,953,405	3,058,847	1,180,593	47,046	2,570,540	1,640,392	8,360,304	5,768,341	29,579,468	27,362,354
Additions during the year	30,526	2,565,904	19,127	448	(2,550,343)	-	6,216,628	(5,768,341)	513,949	2,257,074
Disposals and write downs	-	-	-	(281)	-	-	-	-	(281)	(39,960)
Closing costs	6,983,931	5,624,751	1,199,720	47,213	20,197	1,640,392	14,576,932	-	30,093,136	29,579,468
Accumulated Amortization										
Opening accum'd amortization	1,207,259	2,000,119	807,550	33,627	-	550,414	1,915,147	-	6,514,116	5,950,045
Amortization	222,883	66,497	82,665	4,377	-	70,154	370,660	-	817,236	604,031
Disposals and write downs	-	-	-	(281)	-	-	-	-	(281)	(39,960)
Closing accum'd amortization	1,430,142	2,066,616	890,215	37,723	-	620,568	2,285,807	-	7,331,071	6,514,116
Net Book Value of Tangible Capital Assets	5,553,789	3,558,135	309,505	9,490	20,197	1,019,824	12,291,125	-	22,762,065	23,065,352

The Town has 17 km of roads that are capitalized at a nominal value of \$296,820.

**TOWN OF MELITA**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
**For the Year Ended December 31, 2020**

**SCHEDULE 2**

	2020 Actual	2019 Actual
<b>Property taxes</b>		
Municipal taxes levied (Schedule 12)	\$ 1,611,862	\$ 1,504,207
Taxes added	194	2,918
	<u>1,612,056</u>	<u>1,507,125</u>
<b>Grants in lieu of taxation</b>		
Federal government	2,863	2,871
Federal government enterprises	3,696	3,295
Provincial government	807	813
Provincial government enterprises	21,439	20,037
Other municipal governments	-	-
Non-government organizations	-	-
	<u>28,805</u>	<u>27,016</u>
<b>User fees</b>		
Parking meters	-	-
Sales of service	50,976	86,887
Sales of goods	35,325	36,942
Rentals	8,285	24,591
Development charges	-	-
Facility use fees	6,243	21,029
	<u>100,829</u>	<u>169,449</u>
<b>Permits, licences and fines</b>		
Permits	3,491	2,920
Licences	362	547
Fees	535	-
Fines	-	42
	<u>4,388</u>	<u>3,509</u>
<b>Investment income</b>		
Cash and temporary investments	9,078	9,429
Marketable securities	-	-
Municipal debentures	-	-
	<u>9,078</u>	<u>9,429</u>
<b>Other revenue</b>		
Gain on sale of tangible capital assets	-	2,625
Gain on sale of real estate held for sale	-	-
Contributed assets	-	-
Penalties and interest	66,002	53,019
Miscellaneous	113,217	1,134,468
	<u>179,219</u>	<u>1,190,112</u>
<b>Water and sewer</b>		
Municipal utility (Schedule 9)	689,281	811,032
Consolidated water co-operatives	112,169	111,295
	<u>801,450</u>	<u>922,327</u>
<b>Grants - Province of Manitoba</b>		
Municipal operating grants	95,750	95,750
Other unconditional grants	-	-
Conditional grants	251,698	453,291
	<u>347,448</u>	<u>549,041</u>
<b>Grants - other</b>		
Federal government - gas tax funding	56,077	111,773
Federal government - other	63,101	269,766
Other municipal governments	78,548	181,068
	<u>197,726</u>	<u>562,607</u>
<b>Total revenue</b>	<u>\$ 3,280,999</u>	<u>\$ 4,940,615</u>

## TOWN OF MELITA

## SCHEDULE 3

## CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2020

	2020 Actual	2019 Actual
<b>General government services</b>		
Legislative	\$ 57,361	\$ 69,105
General administrative	238,092	216,442
Other	63,862	83,990
	<u>359,315</u>	<u>369,537</u>
<b>Protective services</b>		
Police	149,795	149,795
Fire	85,241	86,184
Emergency measures	259,881	205,401
Other	-	-
	<u>494,917</u>	<u>441,380</u>
<b>Transportation services</b>		
Road transport		
Administration and engineering	-	-
Road and street maintenance	577,711	452,645
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	9,136	8,381
Street lighting	37,480	35,702
Other	-	-
Air transport	-	-
Public transit	23,101	28,509
Other	-	-
	<u>647,428</u>	<u>525,237</u>
<b>Environmental health services</b>		
Waste collection and disposal	43,710	56,955
Recycling	38,065	40,835
Other	-	-
	<u>81,775</u>	<u>97,790</u>
<b>Public health and welfare services</b>		
Public health	8,000	8,000
Medical care	-	-
Social assistance	516	516
Other	-	-
	<u>8,516</u>	<u>8,516</u>
<b>Regional planning and development</b>		
Planning and zoning	594	1,041
Urban renewal	16,457	12,924
Beautification and land rehabilitation	1,807	1,880
Urban area weed control	-	-
Other	-	-
	<u>18,858</u>	<u>15,845</u>
<b>Resource conservation and industrial development</b>		
Rural area weed control	-	-
Drainage of land	-	-
Veterinary services	2,000	2,000
Water resources and conservation	-	-
Regional development	46,964	55,343
Industrial development	-	-
Tourism	3,730	13,183
Other	-	297
	<u>52,694</u>	<u>70,823</u>
<b>Sub-totals forward</b>	<u>1,663,503</u>	<u>1,529,128</u>

**TOWN OF MELITA**  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
**For the Year Ended December 31, 2020**

**SCHEDULE 3**

	2020 Actual	2019 Actual
<b>Sub-totals forward</b>	<b>1,663,503</b>	<b>1,529,128</b>
<b>Recreation and cultural services</b>		
Administration	39,259	46,444
Community centers and halls	24,346	29,187
Swimming pools and beaches	82,516	109,210
Golf courses	4,175	5,000
Skating and curling rinks	184,165	176,286
Parks and playgrounds	31,619	28,929
Other recreational facilities	78,843	62,762
Museums	5,000	-
Libraries	77,748	78,462
Other cultural facilities	-	-
	<b>527,671</b>	<b>536,280</b>
<b>Water and sewer services</b>		
Municipal utility (Schedule 9)	831,725	555,416
Consolidated water co-operatives	190,522	180,290
	<b>1,022,247</b>	<b>735,706</b>
<b>Total expenses</b>	<b>\$ 3,213,421</b>	<b>\$ 2,801,114</b>

TOWN OF MELITA

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
For the Year Ended December 31, 2020

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>REVENUE</b>										
Property taxes	\$ 1,444,963	\$ 1,348,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	28,805	27,016	-	-	-	-	-	-	-	-
User fees	5,390	3,655	-	-	8,644	13,304	-	-	-	-
Grants - other	62,384	-	24,750	24,750	56,327	112,023	-	-	-	-
Permits, licences and fines	282	72	615	517	-	-	-	-	-	-
Investment income	4,428	3,157	1,476	1,697	2,456	3,525	-	-	-	-
Other revenue	70,330	65,097	1,227	56,980	1,097	15,734	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	95,750	95,750	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	-	-	173,202	117,151	4,785	10,013	22,021	25,293	-	-
Total revenue	\$ 1,712,332	\$ 1,543,132	\$ 201,270	\$ 201,095	\$ 73,309	\$ 154,599	\$ 22,021	\$ 25,293	\$ -	\$ -
<b>EXPENSES</b>										
Personnel services	\$ 184,371	\$ 199,862	\$ 9,057	\$ 8,316	\$ 223,517	\$ 198,738	\$ -	\$ -	\$ -	\$ -
Contract services	82,284	76,832	220,721	162,955	181,991	99,575	80,087	93,099	516	516
Utilities	12,005	12,164	4,804	4,622	45,380	44,893	-	-	-	-
Maintenance materials and supplies	34,359	34,586	7,514	11,072	56,265	42,692	-	-	-	-
Grants and contributions	3,649	6,092	27,093	29,814	-	-	-	-	8,000	8,000
Amortization	7,657	7,295	222,933	222,455	130,489	128,572	1,661	4,631	-	-
Interest on long term debt	-	-	1,197	1,773	8,887	10,123	-	-	-	-
Other	34,990	32,706	1,598	373	899	644	27	60	-	-
Total expenses	\$ 359,315	\$ 369,537	\$ 494,917	\$ 441,380	\$ 647,428	\$ 525,237	\$ 81,775	\$ 97,790	\$ 8,516	\$ 8,516
Surplus (Deficit)	\$ 1,353,017	\$ 1,173,595	\$ (293,647)	\$ (240,285)	\$ (574,119)	\$ (370,638)	\$ (59,754)	\$ (72,497)	\$ (8,516)	\$ (8,516)

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



CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2020

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,093	\$ 158,740	\$ 1,612,056	\$ 1,507,125
Grants in lieu of taxation	-	-	-	-	-	-	-	-	28,805	27,016
User fees	-	-	-	-	86,795	152,490	-	-	100,829	169,449
Grants - other	-	-	-	-	54,265	425,834	-	-	197,726	562,607
Permits, licences and fines	3,491	2,920	-	-	-	-	-	-	4,388	3,509
Investment income	-	-	-	-	330	359	388	691	9,078	9,429
Other revenue	-	-	-	-	106,565	1,052,301	-	-	179,219	1,190,112
Water and sewer	-	-	-	-	-	-	801,450	922,327	801,450	922,327
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	95,750	95,750
Prov of MB - Conditional Grants	-	-	-	-	51,690	300,834	-	-	251,698	453,291
Total revenue	\$ 3,491	\$ 2,920	\$ -	\$ -	\$ 299,645	\$ 1,931,818	\$ 968,931	\$ 1,081,758	\$ 3,280,999	\$ 4,940,615
EXPENSES										
Personnel services	\$ -	\$ -	\$ 43,053	\$ 51,027	\$ 79,038	\$ 99,000	\$ 40,000	\$ 52,501	\$ 579,036	\$ 609,444
Contract services	6,225	2,643	5,529	15,246	71,126	74,006	407,872	367,702	1,056,351	892,574
Utilities	-	447	220	80	72,454	68,635	48,877	38,402	183,740	169,243
Maintenance materials and supplies	82	111	1,592	3,670	137,257	88,340	79,683	43,234	316,752	223,705
Grants and contributions	-	-	2,300	300	77,961	116,905	-	-	119,003	161,111
Amortization	594	594	-	-	83,242	77,563	370,660	162,921	817,236	604,031
Interest on long term debt	-	-	-	-	-	314	74,392	70,708	84,476	82,918
Other	11,957	12,050	-	500	6,593	11,517	763	238	56,827	58,088
Total expenses	\$ 18,858	\$ 15,845	\$ 52,694	\$ 70,823	\$ 527,671	\$ 536,280	\$ 1,022,247	\$ 735,706	\$ 3,213,421	\$ 2,801,114
Surplus (Deficit)	\$ (15,367)	\$ (12,925)	\$ (52,694)	\$ (70,823)	\$ (228,026)	\$ 1,395,538	\$ (53,316)	\$ 346,052	\$ 67,578	\$ 2,139,501

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS  
For the Year Ended December 31, 2020

	Core Government		Controlled Entities		Government Partnerships		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>REVENUE</b>								
Property taxes	\$ 1,612,056	\$ 1,507,125	\$ -	\$ -	\$ -	\$ -	\$ 1,612,056	\$ 1,507,125
Grants in lieu of taxation	28,805	27,016	-	-	-	-	28,805	27,016
User fees	44,680	72,956	-	-	-	96,493	100,829	169,449
Grants - other	118,461	486,943	-	-	-	75,664	197,726	562,607
Permits, licences and fines	4,388	3,509	-	-	-	-	4,388	3,509
Investment income	7,361	7,492	-	-	-	1,937	9,078	9,429
Other revenue	164,595	1,152,723	-	-	-	37,389	179,219	1,190,112
Water and sewer	689,281	811,032	-	-	-	111,295	801,450	922,327
Prov of MB - Unconditional Grants	95,750	95,750	-	-	-	-	95,750	95,750
Prov of MB - Conditional Grants	209,689	415,410	-	-	-	37,881	251,698	453,291
Total revenue	\$ 2,975,066	\$ 4,579,956	\$ -	\$ -	\$ -	\$ 360,659	\$ 3,280,999	\$ 4,940,615
<b>EXPENSES</b>								
Personnel services	\$ 511,899	\$ 487,277	\$ -	\$ -	\$ 67,137	\$ 122,167	\$ 579,036	\$ 609,444
Contract services	945,375	832,426	-	-	110,976	60,148	1,056,351	892,574
Utilities	117,321	112,962	-	-	66,419	56,281	183,740	169,243
Maintenance materials and supplies	200,530	110,845	-	-	116,222	112,860	316,752	223,705
Grants and contributions	183,400	224,141	-	-	(64,397)	(63,030)	119,003	161,111
Amortization	699,496	485,883	-	-	117,740	118,148	817,236	604,031
Interest on long term debt	84,476	82,070	-	-	-	848	84,476	82,918
Other	53,474	50,749	-	-	3,353	7,339	56,827	58,088
Total expenses	\$ 2,795,971	\$ 2,386,353	\$ -	\$ -	\$ 417,450	\$ 414,761	\$ 3,213,421	\$ 2,801,114
Surplus (Deficit)	\$ 179,095	\$ 2,193,603	\$ -	\$ -	\$ (111,517)	\$ (54,102)	\$ 67,578	\$ 2,139,501

TOWN OF MELITA

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
For the Year Ended December 31, 2020

SCHEDULE 6

	2020							2019
	General Reserve	Recreation Reserve	Equipment Replacement Reserve	Pool Reserve	Gas Tax Reserve	Lodge Reserve	Utility Replacement Reserve	Total
REVENUE								
Investment income	\$ 1,604	\$ 79	\$ 1,061	\$ 10	\$ 1,395	\$ -	\$ 388	\$ 6,336
Other income	-	-	-	-	-	-	-	-
Total revenue	1,604	79	1,061	10	1,395	-	388	6,336
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	1,604	79	1,061	10	1,395	-	388	6,336
TRANSFERS								
Transfers from general operating fund	50,000	50,000	50,000	-	56,077	-	-	241,773
Transfers to general operating fund	(50,000)	-	-	(1,764)	-	(20,000)	-	-
Transfer from nominal surplus	-	-	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	20,000	-
Transfers to utility operating fund	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-	-	(164,980)
CHANGE IN RESERVE FUND BALANCES	1,604	50,079	51,061	(1,754)	57,472	(20,000)	20,388	83,129
FUND SURPLUS, BEGINNING OF YEAR	678,200	156,519	111,838	1,755	338,204	20,000	126,726	1,350,113
FUND SURPLUS, END OF YEAR	\$ 679,804	\$ 206,598	\$ 162,899	\$ 1	\$ 395,676	\$ -	\$ 147,114	\$ 1,433,242

**TOWN OF MELITA**  
**SCHEDULE OF L.U.D. OPERATIONS**  
**For the Year Ended December 31, 2020**

**SCHEDULE 7**

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Revenue</b>			
Taxation	\$ -	\$ -	\$ -
Other revenue	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>			
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	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net revenue (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers:</b>			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other (specify):	-	-	-
<b>Change in L.U.D. balances</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>Unexpended balance, beginning of year</b>		<b>-</b>	<b>-</b>
<b>Unexpended balance, end of year</b>		<b>\$ -</b>	<b>\$ -</b>

**TOWN OF MELITA**  
**SCHEDULE OF FINANCIAL POSITION FOR UTILITY**  
**As at December 31, 2020**

**SCHEDULE 8**

	<u>2020</u>	<u>2019</u>
	<u>Total</u>	<u>Total</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 195	\$ 193
Amounts receivable	214,822	491,049
Due from other funds	195,741	-
	<u>\$ 410,758</u>	<u>\$ 491,242</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 66,048	\$ 422,215
Long-term debt (Note 8)	2,714,923	1,607,624
Due to other funds	90,924	827,257
	<u>2,871,895</u>	<u>2,857,096</u>
<b>NET DEBT</b>	<u>\$ (2,461,137)</u>	<u>\$ (2,365,854)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 9,347,928	\$ 9,194,175
Inventories	15,932	19,753
	<u>9,363,860</u>	<u>9,213,928</u>
<b>FUND SURPLUS</b>	<u><u>\$ 6,902,723</u></u>	<u><u>\$ 6,848,074</u></u>

## SCHEDULE OF UTILITY OPERATIONS - Melita

For the Year Ended December 31, 2020

	Budget	2020	2019
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ 350,000	\$ 364,869	\$ 349,872
Bulk water fees	10,100	4,053	8,979
sub-total - water	360,100	368,922	358,851
<b>Sewer</b>			
Sewer fees	95,000	85,477	89,920
Lagoon tipping fees	-	-	-
sub-total - sewer	95,000	85,477	89,920
<b>Property taxes</b>	-	167,093	158,740
<b>Recovery</b>			
Deficit recovery	-	-	-
Debenture recovery	-	-	-
sub-total - recovery	-	-	-
<b>Government transfers</b>			
Operating	-	-	-
Capital	-	205,534	326,860
sub-total - government transfers	-	205,534	326,860
<b>Other</b>			
Hydrant rentals	7,500	7,500	7,500
Connection charges	-	-	-
Installation service	-	-	-
Penalties	7,000	8,227	6,634
Contributed tangible capital assets	-	-	-
Investment income	-	11,815	21,267
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	-	1,806	-
sub-total - other	14,500	29,348	35,401
<b>Total revenue</b>	<b>469,600</b>	<b>856,374</b>	<b>969,772</b>

## TOWN OF MELITA

## SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS (cont'd) - Melita  
For the Year Ended December 31, 2020

EXPENSES	Budget	2020	2019
<b>General</b>			
Administration	40,000	40,161	10,074
Training costs	-	3,753	4,092
Billing and collection	1,000	2,350	6,228
Utilities (telephone, electricity, etc.)	-	-	-
Other	-	-	-
sub-total - general	41,000	46,264	20,394
<b>Water general</b>			
Purification and treatment	4,338	2,715	2,106
Water purchases	285,000	280,954	280,961
Transmission and distribution	36,602	33,434	33,966
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other water costs	-	-	-
sub-total - water general	325,940	317,103	317,033
<b>Water amortization &amp; interest</b>			
Amortization	57,145	57,145	56,948
Interest on long term debt	25,703	25,703	27,835
sub-total - water amortization & interest	82,848	82,848	84,783
<b>Sewer general</b>			
Collection system costs	47,982	66,766	44,885
Treatment and disposal cost	-	-	-
Lift Station costs	15,928	26,268	16,014
Transportation services	-	-	-
Connection costs	18,750	-	-
Other sewage & disposal costs	-	6,399	-
sub-total - sewer general	82,660	99,433	60,899
<b>Sewage amortization &amp; interest</b>			
Amortization	237,388	237,388	29,847
Interest on long term debt	48,689	48,689	42,460
sub-total - sewer amortization & interest	286,077	286,077	72,307
<b>Total expenses</b>	818,525	831,725	555,416
<b>NET OPERATING SURPLUS (DEFICIT)</b>	(348,925)	24,649	414,356
<b>TRANSFERS</b>			
Transfers from operating fund	217,093	50,000	50,000
Transfers to reserve funds	(20,000)	(20,000)	-
<b>CHANGE IN UTILITY FUND BALANCE</b>	\$ (151,832)	54,649	464,356
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		6,848,074	6,383,718
<b>FUND SURPLUS, END OF YEAR</b>		\$ 6,902,723	\$ 6,848,074

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
For the Year Ended December 31, 2020

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 1,610,338	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 1,610,338
Grants in lieu of taxation	28,805	-	-	-	-	-	-	28,805
User fees	91,749	-	-	-	-	-	-	147,898
Permits, licences and fines	1,125	-	-	-	-	-	56,149	1,125
Investment income	-	-	-	-	-	-	-	1,717
Other revenue	35,751	-	-	-	-	-	1,717	50,375
Water and sewer	-	469,600	-	-	-	-	14,624	581,769
Grants - Province of Manitoba	250,360	-	-	-	-	-	112,169	292,369
Grants - other	112,129	-	-	-	-	-	42,009	191,394
Transfers from accumulated surplus	-	-	-	-	-	-	79,265	-
Transfers from reserves/general	50,000	217,093	-	-	(267,093)	-	-	-
Total revenue	\$ 2,180,257	\$ 686,693	\$ -	\$ -	\$ (267,093)	\$ -	\$ 305,933	\$ 2,905,790
EXPENSES								
General government services	\$ 392,971	\$ -	\$ 7,657	\$ -	50	\$ -	-	\$ 400,678
Protective services	271,804	-	207,846	1,197	-	-	18,937	499,784
Transportation services	530,443	-	119,367	8,887	-	-	23,101	681,798
Environmental health services	75,611	-	1,661	-	-	-	-	77,272
Public health and welfare services	24,689	-	-	-	-	-	-	24,689
Regional planning and development	16,000	-	594	-	-	-	-	16,594
Resource cons and industrial dev	60,401	-	-	-	-	-	-	60,401
Recreation and cultural services	245,673	-	67,838	-	-	-	184,890	498,401
Water and sewer services	-	449,600	294,533	74,392	-	-	190,522	1,009,047
Fiscal services:								
Transfer to capital	70,303	50,000	-	-	(120,303)	-	-	-
Debt charges	69,142	167,093	-	(236,235)	-	-	-	-
Transfer to utility	217,093	-	-	-	(217,093)	-	-	-
Transfer to reserves	206,077	20,000	-	-	(226,077)	-	-	-
Allowance for tax assets	50	-	-	-	(50)	-	-	-
Total expenses	\$ 2,180,257	\$ 686,693	\$ 699,496	\$ (151,759)	\$ (563,473)	\$ -	\$ 417,450	\$ 3,268,664
Surplus (Deficit)	\$ -	\$ -	\$ (699,496)	\$ 151,759	\$ 296,380	\$ -	\$ (111,517)	\$ (362,874)



TOWN OF MELITA  
ANALYSIS OF TAXES ON ROLL  
December 31, 2020

SCHEDULE 11

	2020	2019
<b>Balance, beginning of year</b>	<b>\$ 524,562</b>	<b>\$ 476,810</b>
<b>Add:</b>		
Tax levy (Schedule 12)	2,112,637	2,073,048
Taxes added	194	2,918
Penalties or interest	66,002	53,019
Other accounts added	43,589	26,986
<b>Sub-total</b>	<b>2,222,422</b>	<b>2,155,971</b>
<b>Deduct:</b>		
Cash collections - current	1,584,347	1,494,248
Cash collections - arrears	286,332	396,277
Writeoffs	2,534	83
Tax sale	-	13,679
E.P.T.C. - cash advance	193,750	203,932
<b>Sub-total</b>	<b>2,066,963</b>	<b>2,108,219</b>
<b>Balance, end of year</b>	<b>\$ 680,021</b>	<b>\$ 524,562</b>

## TOWN OF MELITA

## ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2020

## SCHEDULE 12

	2020			2019
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
By-Law 1687	per parcel		63,096	63,096
By-Law 2018-008 10 years	per parcel		28,275	26,805
By-Law 2018-008 20 years	per parcel		72,693	66,105
By-Law 17-003	per parcel		43,155	42,086
Dike - By-Law 2017-004	per parcel		24,133	23,664
sub-total - Debt charges			<u>231,352</u>	<u>221,756</u>
Reserves:				
Recreation	40,040,030	1.224	49,009	49,003
Equipment replacement	40,040,030	1.224	49,009	14,705
General	40,040,030	1.224	49,009	14,705
sub-total - Reserves			<u>147,027</u>	<u>78,413</u>
General municipal	40,040,030	23.121	<u>925,765</u>	<u>907,519</u>
Special levies:				
By-Law 2017-011	per parcel		234,399	230,131
Recycle and garbage	per parcel		71,675	65,208
sub-total - Special levies			<u>306,074</u>	<u>295,339</u>
Business tax fee			<u>1,644</u>	<u>1,180</u>
<b>Total municipal taxes (Schedule 2)</b>			<u><b>1,611,862</b></u>	<u><b>1,504,207</b></u>
Education support levy	12,266,060	8.828	<u>108,285</u>	<u>132,306</u>
Special levies:				
Southwest Horizon School Division	38,699,510	10.142	<u>392,490</u>	<u>436,535</u>
<b>Total education taxes</b>			<u><b>500,775</b></u>	<u><b>568,841</b></u>
<b>Total tax levy (Schedule 11)</b>			<u><b>\$ 2,112,637</b></u>	<u><b>\$ 2,073,048</b></u>

## TOWN OF MELITA

## SCHEDULE 13

## SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2020

	2020 Actual	2019 Actual
<b>General government services</b>		
Legislative	\$ 57,361	\$ 69,105
General administrative	238,092	216,442
Other	63,862	83,990
	<u>359,315</u>	<u>369,537</u>
<b>Protective services</b>		
Police	149,795	149,795
Fire	66,304	66,304
Emergency measures	259,881	205,401
Other	-	-
	<u>475,980</u>	<u>421,500</u>
<b>Transportation services</b>		
Road transport		
Administration and engineering	-	-
Road and street maintenance	577,711	452,645
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	9,136	8,381
Street lighting	37,480	35,702
Other	-	-
Air transport	-	-
Public transit	-	-
Other	-	-
	<u>624,327</u>	<u>496,728</u>
<b>Environmental health services</b>		
Waste collection and disposal	43,710	56,955
Recycling	38,065	40,835
Other	-	-
	<u>81,775</u>	<u>97,790</u>
<b>Public health and welfare services</b>		
Public health	8,000	8,000
Medical care	-	-
Social assistance	516	516
Other	-	-
	<u>8,516</u>	<u>8,516</u>
<b>Regional planning and development</b>		
Planning and zoning	594	1,041
Urban renewal	16,457	12,924
Beautification and land rehabilitation	1,807	1,880
Urban area weed control	-	-
Other	-	-
	<u>18,858</u>	<u>15,845</u>
<b>Resource conservation and industrial development</b>		
Rural area weed control	-	-
Drainage of land	-	-
Veterinary services	2,000	2,000
Water resources and conservation	-	-
Regional development	46,964	55,343
Industrial development	-	-
Tourism	3,730	13,183
Other	-	297
	<u>52,694</u>	<u>70,823</u>
<b>Sub-totals forward</b>	<u>1,621,465</u>	<u>1,480,739</u>

## TOWN OF MELITA

## SCHEDULE 13

## SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2020

	2020 Actual	2019 Actual
<b>Sub-totals forward</b>	<b>1,621,465</b>	<b>1,480,739</b>
<b>Recreation and cultural services</b>		
Administration	15,630	15,630
Community centers and halls	24,346	29,187
Swimming pools and beaches	82,516	109,210
Golf courses	4,175	5,000
Skating and curling rinks	63,417	63,480
Parks and playgrounds	31,619	28,929
Other recreational facilities	78,843	62,762
Museums	5,000	-
Libraries	37,235	36,000
Other cultural facilities	-	-
	<b>342,781</b>	<b>350,198</b>
<b>Total expenses</b>	<b>\$ 1,964,246</b>	<b>\$ 1,830,937</b>

TOWN OF MELITA

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2020

SCHEDULE 14

	2020		2019	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 257,610	\$ 1,008,194	\$ 1,265,804	\$ 163,540
Adjustments for reporting under public sector accounting standards				
Eliminate interfund transfers	217,093	(217,093)	-	-
Eliminate expense - transfers to reserves	206,077	20,000	226,077	241,773
Eliminate revenue - transfers from reserves	(71,764)	-	(71,764)	(164,980)
Increase revenue - reserve funds interest (and other income)	4,537	-	4,537	6,336
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(111,517)	-	(111,517)	(54,102)
Decrease expense - debenture debt proceeds	-	(1,200,000)	(1,200,000)	-
Increase expense - amortization of tangible capital assets	(404,963)	(294,533)	(699,496)	(485,883)
Decrease expense - principal portion of debenture debt	59,057	92,701	151,758	181,662
Eliminate expense - acquisitions of tangible capital assets	53,892	448,287	502,179	2,251,155
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 210,022	\$ (142,444)	\$ 67,578	\$ 2,139,501