

TOWN OF MELITA

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

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 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.

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

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, 2019, and the consolidated statements of operations, change in net financial assets, 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, 2019, and the results of its consolidated operations, change in net financial assets, 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.



INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town 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 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.

November 10, 2020
Brandon, Manitoba

A stylized, handwritten-style signature of 'MNP LLP' in a dark grey or black ink.

Chartered Professional Accountants

TOWN OF MELITA

Consolidated Financial Statements For the Year Ended December 31, 2019

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

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 759,613	\$ 695,067
Amounts receivable (Note 4)	1,261,717	3,722,141
Real estate properties held for sale	<u>26,800</u>	<u>13,121</u>
	<u>\$ 2,048,130</u>	<u>\$ 4,430,329</u>
LIABILITIES		
Bank indebtedness (Note 6)	\$ 772,089	\$ 845,663
Accounts payable and accrued liabilities (Note 7)	600,501	4,402,195
Unearned revenue	3,425	7,600
Landfill closure and post closure liabilities (Note 8)	-	22,999
Long-term debt (Note 9)	<u>2,107,152</u>	<u>1,077,502</u>
	<u>3,483,167</u>	<u>6,355,959</u>
NET DEBT	<u>\$ (1,435,037)</u>	<u>\$ (1,925,630)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 23,065,352	\$ 21,412,309
Inventories (Note 5)	19,753	17,767
Prepaid expenses	<u>13,197</u>	<u>19,318</u>
	<u>23,098,302</u>	<u>21,449,394</u>
ACCUMULATED SURPLUS (Note 14)	<u><u>\$ 21,663,265</u></u>	<u><u>\$ 19,523,764</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, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
REVENUE			
Property taxes	\$ 1,513,927	\$ 1,507,125	\$ 1,506,666
Grants in lieu of taxation	20,302	27,016	27,069
User fees	168,193	169,449	161,360
Permits, licences and fines	1,475	3,509	1,885
Investment income	1,937	9,429	10,612
Other revenue	77,389	1,190,112	214,779
Water and sewer	516,295	922,327	3,159,990
Grants - Province of Manitoba	291,349	549,041	611,222
Grants - other	128,741	562,607	528,345
Total revenue (Schedules 2, 4 and 5)	<u>2,719,608</u>	<u>4,940,615</u>	<u>6,221,928</u>
EXPENSES			
General government services	388,802	369,537	425,910
Protective services	445,193	441,380	430,085
Transportation services	664,962	525,237	507,404
Environmental health services	119,631	97,790	79,865
Public health and welfare services	25,689	8,516	15,516
Regional planning and development	14,044	15,845	12,853
Resource conservation and industrial development	64,806	70,823	56,900
Recreation and cultural services	456,983	536,280	552,831
Water and sewer services	742,380	735,706	943,418
Total expenses (Schedules 3, 4 and 5)	<u>2,922,490</u>	<u>2,801,114</u>	<u>3,024,782</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (202,882)</u>	2,139,501	3,197,146
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>19,523,764</u>	<u>16,326,618</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 21,663,265</u>	<u>\$ 19,523,764</u>

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

TOWN OF MELITA
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
ANNUAL SURPLUS (DEFICIT)	\$ (202,882)	\$ 2,139,501	\$ 3,197,146
Acquisition of tangible capital assets	(128,214)	(2,257,074)	(4,102,694)
Amortization of tangible capital assets	604,031	604,031	557,835
Loss (Gain) on sale of tangible capital assets	-	(2,625)	10,502
Proceeds on sale of tangible capital assets	-	2,625	5,400
Change in gov't partnership ownership	-	-	(18,831)
Decrease (increase) in inventories	-	(1,986)	16,144
Decrease (increase) in prepaid expense	-	6,121	8,278
	475,817	(1,648,908)	(3,523,366)
CHANGE IN NET DEBT	\$ 272,935	490,593	(326,220)
NET DEBT, BEGINNING OF YEAR		(1,925,630)	(1,599,410)
NET DEBT, END OF YEAR		\$ (1,435,037)	\$ (1,925,630)

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, 2019

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,139,501	\$ 3,197,146
Changes in non-cash items:		
Amounts receivable	2,460,424	(1,219,158)
Inventories	(1,986)	16,144
Prepays	6,121	8,278
Accounts payable and accrued liabilities	(3,801,694)	2,095,457
Unearned revenue	(4,175)	(595)
Landfill closure and post closure liabilities	(22,999)	804
Change in gov't partnership ownership	-	(18,831)
Loss (Gain) on sale of tangible capital asset	(2,625)	10,502
Amortization	604,031	557,835
	<u>1,376,598</u>	<u>4,647,582</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	2,625	5,400
Cash used to acquire tangible capital assets	(2,257,074)	(4,102,694)
	<u>(2,254,449)</u>	<u>(4,097,294)</u>
INVESTING TRANSACTIONS		
Acquisition of real estate properties	(13,679)	(13,121)
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,216,158	-
Debt repayment	(186,508)	(80,801)
	<u>1,029,650</u>	<u>(80,801)</u>
INCREASE IN CASH AND TEMPORARY INVESTMENTS	138,120	456,366
BANK INDEBTEDNESS, BEGINNING OF YEAR	<u>(150,596)</u>	<u>(606,962)</u>
BANK INDEBTEDNESS, END OF YEAR	<u>\$ (12,476)</u>	<u>\$ (150,596)</u>
CASH CONSISTS OF:		
Cash and temporary investments	759,613	695,067
Bank indebtedness	(772,089)	(845,663)
	<u>\$ (12,476)</u>	<u>\$ (150,596)</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, 2019

1. Status of the Town of Melita

The incorporated Town of Melita (the "Town") 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 or more utilities, 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%) (2018 - 46.59%)
Antler River Recreation District (34.18%) (2018 - 34.18%)
Melita and Area Fire Protection Board (45.00%) (2018 - 45.00%)
Melita Curling Club (80.65%) (2018 - 80.65%)
Melita and Area Arena Board (50.00%) (2018 - 50.00%)
Melita and Area Handivan Committee Inc. (50.00%) (2018 - 50.00%)
Southwest Regional Water Co-op (25.00%) (2018- 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, 2019

2. Significant Accounting Policies (continued)

e) Real Estate Properties Held for Sale

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

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

f) Landfill Closure and Post Closure Liabilities

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

g) Non-Financial Assets

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

h) Tangible Capital Assets

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

General Tangible Capital Assets

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

Infrastructure Assets

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

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

2. Significant Accounting Policies (continued)

h) Tangible Capital Assets (continued)

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

i) 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.

j) Revenue Recognition

Revenues are recognized as they are earned and measurable.

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

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.

k) 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.

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

l) 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 are 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. Early adoption is permitted.

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

2. Significant Accounting Policies (continued)

I) 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. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. Early adoption is permitted.

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 matter.
- 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 is effective for fiscal years beginning on or after April 1, 2021. Early adoption is permitted.

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 671,035	\$ 599,010
Temporary investments	<u>88,578</u>	<u>96,057</u>
	<u>\$ 759,613</u>	<u>\$ 695,067</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Town has designated \$1,433,242 (2018 - \$1,350,113) 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 \$430,729 (2018 - \$394,998).

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2019</u>	<u>2018</u>
Taxes on roll (Schedule 11)	\$ 524,562	\$ 476,810
Government grants	203,596	151,980
Utility customers	107,686	53,008
Accrued interest	764	562
Organizations and individuals	406,216	2,880,851
Other governments	<u>35,199</u>	<u>175,320</u>
	1,278,023	3,738,531
Less allowances for doubtful amounts	<u>(16,306)</u>	<u>(16,390)</u>
	<u>\$ 1,261,717</u>	<u>\$ 3,722,141</u>

5. Inventories

Inventories for use:

	<u>2019</u>	<u>2018</u>
Other supplies	<u>\$ 19,753</u>	<u>\$ 17,767</u>

6. Bank Indebtedness

The Town has available a line of credit of \$5,200,000 for general operating, bearing interest at 3.50%. The Town has drawn \$772,089 (2018 - \$845,663) of the line of credit available.

7. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 524,183	\$ 4,319,715
Accrued expenses	23,946	234
School levies	39,729	81,838
Other governments	<u>12,643</u>	<u>408</u>
	<u>\$ 600,501</u>	<u>\$ 4,402,195</u>

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Town is currently operating a Class 2 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>2019</u>	<u>2018</u>
Capacity was reached in 2019 and closure and post closure costs were incurred in the year	\$ -	\$ 26,520
Discount rate	<u>3.63%</u>	<u>3.63%</u>
Discounted costs	<u>\$ -</u>	<u>\$ 22,999</u>
Expected year capacity will be reached	2019	2022
Liability based on percentage	<u><u>\$ -</u></u>	<u><u>\$ 22,999</u></u>

9. Long-Term Debt

	<u>2019</u>	<u>2018</u>
General Authority:		
Debenture, interest at 3.25%, payable at \$44,305 annually including interest, maturing 2026	\$ 273,451	\$ 307,754
Debenture, interest at 2.50%, payable at \$24,837 annually including interest, maturing 2021	47,870	70,934
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	6,793
Sunrise Credit Union mortgage, interest at 3.967%, payable at \$240 monthly including interest, secured by building and lot, repaid in full in February 2019. Melita and Area Handivan Committee Inc. (50.00%)	-	3,285
	<u>\$ 326,553</u>	<u>\$ 388,766</u>
Utility Funds:		
Manitoba Water Services Board, monthly payments based on actual water usage	\$ 172,975	208,825
Debenture, interest at 5.800%, payable at \$64,588 annually including interest, maturing 2028	443,158	479,911
Debenture, interest at 4.25%, payable at \$73,947 annually including interest, maturing 2028	950,914	-
Debenture, interest at 3.875%, payable at \$28,558 annually including interest, maturing 2028	<u>213,552</u>	<u>-</u>
	<u>\$ 1,780,599</u>	<u>\$ 688,736</u>
	<u><u>\$ 2,107,152</u></u>	<u><u>\$ 1,077,502</u></u>

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. Long-Term Debt (continued)

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

2020	\$ 153,420
2021	\$ 159,703
2022	\$ 471,449
2023	\$ 145,762
2024	\$ 152,196

Schedule of Debenture Pending

Authority	Purpose	Amount Authorized
By-law # 2019-001	Water & sewer renewals	\$ 1,200,000

10. Retirement Benefits

The majority of the employees of the Town are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) 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 Town on behalf of its employees are expected to be **\$37,902** (2018 - \$33,568) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2018 indicated the plan was 101.3% funded on a going concern basis and had an unfunded solvency liability of \$229.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2018.

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

11. Financial Instruments

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

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

12. Subsequent Events

Subsequent to year-end, 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 Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town 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.

13. 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 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.

14. Accumulated Surplus

	2019	2018
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ (263,878)	\$ (457,458)
Utility operating fund - Nominal surplus	(738,477)	(1,960,443)
TCA net of related borrowings	17,809,578	17,114,650
Reserve funds	<u>1,433,242</u>	<u>1,350,113</u>
Accumulated surplus of Town unconsolidated	18,240,465	16,046,862
Accumulated surpluses of consolidated entities	<u>3,422,800</u>	<u>3,476,902</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u><u>\$ 21,663,265</u></u>	<u><u>\$ 19,523,764</u></u>

15. Public Sector Compensation Disclosure

It is a requirement of The Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$75,000 annually to any member of council, officer or employee of the Town. For the year ended December 31, 2019:

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

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

Name	Position	Amount
Brock Bolton	Water Treatment Plant Manager	\$ 87,512

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 Town. For the year ended December 31, 2019:

c) Compensation paid to members of council amounted to \$60,768 in aggregate.

Council Members:

	Compensation	Expenses	Total
Mayor - William Holden	\$ 16,095	\$ 1,506	\$ 17,601
Councillor - Jocelyn Skelton	10,720	340	11,060
Councillor - Brian Teetaert	11,198	-	11,198
Councillor - Eric Leslie-Forster	11,960	2,065	14,025
Councillor - Grant Hume	<u>10,795</u>	<u>194</u>	<u>10,989</u>
	<u><u>\$ 60,768</u></u>	<u><u>\$ 4,105</u></u>	<u><u>\$ 64,873</u></u>

TOWN OF MELITA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

16. 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.

17. Government Partnerships

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

	<u>2019</u>	<u>2018</u>
Financial Position		
Financial assets	\$ 287,802	\$ 265,631
Financial liabilities	<u>197,916</u>	<u>230,691</u>
Net financial assets	\$ 89,886	\$ 34,940
Non-financial assets	<u>3,332,914</u>	<u>3,441,962</u>
Accumulated surplus	<u><u>\$ 3,422,800</u></u>	<u><u>\$ 3,476,902</u></u>
Result of Operations		
Revenue	\$ 360,659	\$ 500,635
Expenses	<u>414,761</u>	<u>391,303</u>
Annual surplus (deficit)	<u><u>\$ (54,102)</u></u>	<u><u>\$ 109,332</u></u>

18. 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.

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

TOWN OF MELITA
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2019

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2019	2018	
Cost										
Opening costs	6,953,405	3,040,880	1,196,631	29,638	829,661	1,640,392	7,903,406	5,768,341	27,362,354	23,278,250
Additions during the year	-	17,967	23,922	17,408	1,740,879	-	456,898	-	2,257,074	4,102,694
Change in gov't partnership	-	-	-	-	-	-	-	-	-	29,512
Disposals and write downs	-	-	(39,960)	-	-	-	-	-	(39,960)	(48,102)
Closing 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
Accumulated Amortization										
Opening account'd amortization	984,754	1,939,388	763,866	29,551	-	480,260	1,752,226	-	5,950,045	5,413,729
Amortization	222,505	60,731	83,644	4,076	-	70,154	162,921	-	604,031	557,835
Change in gov't partnership	-	-	-	-	-	-	-	-	-	10,681
Disposals and write downs	-	-	(39,960)	-	-	-	-	-	(39,960)	(32,200)
Closing account'd amortization	1,207,259	2,000,119	807,550	33,627	-	550,414	1,915,147	-	6,514,116	5,950,045
Net Book Value of Tangible Capital Assets	5,746,146	1,058,728	373,043	13,419	2,570,540	1,089,978	6,445,157	5,768,341	23,065,352	21,412,309

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, 2019

SCHEDULE 2

	2019 Actual	2018 Actual
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 1,504,207	\$ 1,506,644
Taxes added	2,918	22
	<u>1,507,125</u>	<u>1,506,666</u>
Grants in lieu of taxation		
Federal government	2,871	2,739
Federal government enterprises	3,295	3,287
Provincial government	813	655
Provincial government enterprises	20,037	20,388
Other municipal governments	-	-
Non-government organizations	-	-
	<u>27,016</u>	<u>27,069</u>
User fees		
Parking meters	-	-
Sales of service	86,887	81,404
Sales of goods	36,942	34,145
Rentals	24,591	23,371
Development charges	-	-
Facility use fees	21,029	22,440
	<u>169,449</u>	<u>161,360</u>
Permits, licences and fines		
Permits	2,920	1,060
Licences	547	494
Fees	-	-
Fines	42	331
	<u>3,509</u>	<u>1,885</u>
Investment income		
Cash and temporary investments	9,429	10,612
Marketable securities	-	-
Municipal debentures	-	-
	<u>9,429</u>	<u>10,612</u>
Other revenue		
Gain on sale of tangible capital assets	2,625	-
Gain on sale of real estate held for sale	-	-
Contributed assets	-	-
Penalties and interest	53,019	54,175
Miscellaneous	1,134,468	160,604
	<u>1,190,112</u>	<u>214,779</u>
Water and sewer		
Town utility (Schedule 9)	811,032	2,950,787
Consolidated water co-operatives	111,295	209,203
	<u>922,327</u>	<u>3,159,990</u>
Grants - Province of Manitoba		
Municipal operating grants	95,750	175,540
Other unconditional grants	-	-
Conditional grants	453,291	435,682
	<u>549,041</u>	<u>611,222</u>
Grants - other		
Federal government - gas tax funding	111,773	60,482
Federal government - other	269,766	230,234
Other municipal governments	181,068	237,629
	<u>562,607</u>	<u>528,345</u>
Total revenue	<u>\$ 4,940,615</u>	<u>\$ 6,221,928</u>

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

	2019 Actual	2018 Actual
General government services		
Legislative	\$ 69,105	\$ 59,901
General administrative	216,442	202,521
Other	83,990	163,488
	<u>369,537</u>	<u>425,910</u>
Protective services		
Police	149,795	149,795
Fire	86,184	79,193
Emergency measures	205,401	200,764
Other	-	333
	<u>441,380</u>	<u>430,085</u>
Transportation services		
Road transport		
Administration and engineering	-	-
Road and street maintenance	452,645	440,594
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	8,381	19
Street lighting	35,702	36,965
Other	-	-
Air transport	-	-
Public transit	28,509	29,826
Other	-	-
	<u>525,237</u>	<u>507,404</u>
Environmental health services		
Waste collection and disposal	56,955	61,136
Recycling	40,835	17,925
Other	-	804
	<u>97,790</u>	<u>79,865</u>
Public health and welfare services		
Public health	8,000	8,000
Medical care	-	7,000
Social assistance	516	516
Other	-	-
	<u>8,516</u>	<u>15,516</u>
Regional planning and development		
Planning and zoning	1,041	1,065
Urban renewal	12,924	9,244
Beautification and land rehabilitation	1,880	2,544
Urban area weed control	-	-
Other	-	-
	<u>15,845</u>	<u>12,853</u>
Resource conservation and industrial development		
Rural area weed control	-	-
Drainage of land	-	-
Veterinary services	2,000	2,000
Water resources and conservation	-	-
Regional development	55,343	54,730
Industrial development	-	-
Tourism	13,183	100
Other	297	70
	<u>70,823</u>	<u>56,900</u>
Sub-totals forward	<u>1,529,128</u>	<u>1,528,533</u>

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

SCHEDULE 3

	2019 Actual	2018 Actual
Sub-totals forward	1,529,128	1,528,533
Recreation and cultural services		
Administration	46,444	45,251
Community centers and halls	29,187	25,200
Swimming pools and beaches	109,210	100,336
Golf courses	5,000	-
Skating and curling rinks	176,286	160,941
Parks and playgrounds	28,929	34,144
Other recreational facilities	62,762	100,707
Museums	-	10,000
Libraries	78,462	76,252
Other cultural facilities	-	-
	536,280	552,831
Water and sewer services		
Town utility (Schedule 9)	555,416	770,997
Consolidated water co-operative	180,290	172,421
	735,706	943,418
Total expenses	\$ 2,801,114	\$ 3,024,782

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

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ 1,348,385	\$ 1,412,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	27,016	27,069	-	-	-	-	-	-	-	-
User fees	3,655	1,480	-	-	13,304	9,845	-	-	-	-
Grants - other	-	-	24,750	24,750	112,023	61,157	-	-	-	-
Permits, licences and fines	72	64	517	761	-	-	-	-	-	-
Investment income	3,157	4,284	1,697	1,252	3,525	2,791	-	-	-	-
Other revenue	65,097	68,932	56,980	1,877	15,734	5,360	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	95,750	175,540	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	-	-	117,151	-	10,013	147,603	25,293	25,529	-	-
Total revenue	\$ 1,543,132	\$ 1,689,512	\$ 201,095	\$ 28,640	\$ 154,599	\$ 226,756	\$ 25,293	\$ 25,529	\$ -	\$ -
EXPENSES										
Personnel services	\$ 199,862	\$ 173,069	\$ 8,316	\$ 8,677	\$ 198,738	\$ 174,524	\$ -	\$ -	\$ -	\$ -
Contract services	76,832	74,443	162,955	155,248	99,575	13,673	93,099	74,375	516	516
Utilities	12,164	11,336	4,622	4,958	44,893	45,810	-	-	-	-
Maintenance materials and supplies	34,586	38,972	11,072	11,391	42,692	133,037	-	804	-	-
Grants and contributions	6,092	12,604	29,814	24,750	-	-	-	-	8,000	15,000
Amortization	7,295	3,903	222,455	222,010	128,572	117,275	4,631	4,631	-	-
Interest on long term debt	-	-	1,773	2,336	10,123	11,262	-	-	-	-
Other	32,706	111,583	373	715	644	11,823	60	55	-	-
Total expenses	\$ 369,537	\$ 425,910	\$ 441,380	\$ 430,085	\$ 525,237	\$ 507,404	\$ 97,790	\$ 79,865	\$ 8,516	\$ 15,516
Surplus (Deficit)	\$ 1,173,595	\$ 1,263,602	\$ (240,285)	\$ (401,445)	\$ (370,638)	\$ (280,648)	\$ (72,497)	\$ (54,336)	\$ (8,516)	\$ (15,516)

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

TOWN OF MELITA

SCHEDULE 4

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

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,740	\$ 94,523	\$ 1,507,125	\$ 1,506,666
Grants in lieu of taxation	-	-	-	-	-	-	-	-	27,016	27,069
User fees	-	-	-	-	152,490	150,035	-	-	169,449	161,360
Grants - other	-	-	-	-	425,834	442,438	-	-	562,607	528,345
Permits, licences and fines	2,920	1,060	-	-	-	-	-	-	3,509	1,885
Investment income	-	-	-	-	359	1,750	691	535	9,429	10,612
Other revenue	-	-	-	-	1,052,301	138,610	-	-	1,190,112	214,779
Water and sewer	-	-	-	-	-	-	922,327	3,159,990	922,327	3,159,990
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	95,750	175,540
Prov of MB - Conditional Grants	-	-	-	-	300,834	262,550	-	-	453,291	435,682
Total revenue	\$ 2,920	\$ 1,060	\$ -	\$ -	\$ 1,931,818	\$ 995,383	\$ 1,081,758	\$ 3,255,048	\$ 4,940,615	\$ 6,221,928
EXPENSES										
Personnel services	\$ -	\$ -	\$ 51,027	\$ 48,437	\$ 99,000	\$ 94,758	\$ 52,501	\$ 53,637	\$ 609,444	\$ 553,102
Contract services	2,643	9,715	15,246	3,181	74,006	75,708	367,702	332,149	892,574	739,008
Utilities	447	-	80	-	68,635	59,851	38,402	20,683	169,243	142,638
Maintenance materials and supplies	111	2,544	3,670	5,112	88,340	86,673	43,234	106,763	223,705	385,296
Grants and contributions	-	-	300	170	116,905	160,669	-	257,528	161,111	470,721
Amortization	594	594	-	-	77,563	73,615	162,921	135,807	604,031	557,835
Interest on long term debt	-	-	-	-	314	427	70,708	36,512	82,918	50,537
Other	12,050	-	500	-	11,517	1,130	238	339	58,088	125,645
Total expenses	\$ 15,845	\$ 12,853	\$ 70,823	\$ 56,900	\$ 536,280	\$ 552,831	\$ 735,706	\$ 943,418	\$ 2,801,114	\$ 3,024,782
Surplus (Deficit)	\$ (12,925)	\$ (11,793)	\$ (70,823)	\$ (56,900)	\$ 1,395,538	\$ 442,552	\$ 346,052	\$ 2,311,630	\$ 2,139,501	\$ 3,197,146

TOWN OF MELITA

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
For the Year Ended December 31, 2019

	Core Government		Controlled Entities		Government Partnerships		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Property taxes	\$ 1,507,125	\$ 1,506,666	\$ -	\$ -	\$ -	\$ -	\$ 1,507,125	\$ 1,506,666
Grants in lieu of taxation	27,016	27,069	-	-	-	-	27,016	27,069
User fees	72,956	69,513	-	-	96,493	91,847	169,449	161,360
Grants - other	486,943	452,487	-	-	75,664	75,858	562,607	528,345
Permits, licences and fines	3,509	1,885	-	-	-	-	3,509	1,885
Investment income	7,492	9,116	-	-	1,937	1,496	9,429	10,612
Other revenue	1,152,723	167,911	-	-	37,389	46,868	1,190,112	214,779
Water and sewer	811,032	2,950,787	-	-	111,295	209,203	922,327	3,159,990
Prov of MB - Unconditional Grants	95,750	175,540	-	-	-	-	95,750	175,540
Prov of MB - Conditional Grants	415,410	360,319	-	-	37,881	75,363	453,291	435,682
Total revenue	\$ 4,579,956	\$ 5,721,293	\$ -	\$ -	\$ 360,659	\$ 500,635	\$ 4,940,615	\$ 6,221,928
EXPENSES								
Personnel services	\$ 487,277	\$ 427,080	\$ -	\$ -	\$ 122,167	\$ 126,022	\$ 609,444	\$ 553,102
Contract services	832,426	683,398	-	-	60,148	55,610	892,574	739,008
Utilities	112,962	90,309	-	-	56,281	52,329	169,243	142,638
Maintenance materials and supplies	110,845	259,390	-	-	112,860	125,906	223,705	385,296
Grants and contributions	224,141	534,348	-	-	(63,030)	(63,627)	161,111	470,721
Amortization	485,883	471,977	-	-	118,148	85,858	604,031	557,835
Interest on long term debt	82,070	44,693	-	-	848	5,844	82,918	50,537
Other	50,749	122,284	-	-	7,339	3,361	58,088	125,645
Total expenses	\$ 2,386,353	\$ 2,633,479	\$ -	\$ -	\$ 414,761	\$ 391,303	\$ 2,801,114	\$ 3,024,782
Surplus (Deficit)	\$ 2,193,603	\$ 3,087,814	\$ -	\$ -	\$ (54,102)	\$ 109,332	\$ 2,139,501	\$ 3,197,146

TOWN OF MELITA

SCHEDULE 6

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

	2019										2018	
	General Reserve	Recreation Reserve	Equipment Replacement Reserve	Pool Reserve	Gas Tax Reserve	Lodge Reserve	Utility Replacement Reserve	Total	Total			
REVENUE												
Investment income	\$ 2,002	\$ 95	\$ 1,422	\$ 24	\$ 2,102	\$ -	\$ 691	\$ 6,336	\$ 8,944			
Other income	-	-	-	-	-	-	-	-	-			
Total revenue	2,002	95	1,422	24	2,102	-	691	6,336	8,944			
EXPENSES												
Investment charges	-	-	-	-	-	-	-	-	-			
Other expenses	-	-	-	-	-	-	-	-	-			
Total expenses	-	-	-	-	-	-	-	-	-			
NET REVENUES	2,002	95	1,422	24	2,102	-	691	6,336	8,944			
TRANSFERS												
Transfers from general operating fund	65,000	50,000	15,000	-	111,773	-	-	241,773	150,096			
Transfers to general operating fund	-	-	-	-	-	-	-	-	-			
Transfer from nominal surplus	-	-	-	-	-	-	-	-	-			
Transfers from utility operating fund	-	-	-	-	-	-	-	-	-			
Transfers to utility operating fund	-	-	-	-	-	-	-	-	-			
Acquisition of tangible capital assets	-	-	(14,980)	-	(150,000)	-	-	(164,980)	(358,506)			
CHANGE IN RESERVE FUND BALANCES	67,002	50,095	1,442	24	(36,125)	-	691	83,129	(199,466)			
FUND SURPLUS, BEGINNING OF YEAR	611,198	106,424	110,396	1,731	374,329	20,000	126,035	1,350,113	1,549,579			
FUND SURPLUS, END OF YEAR	\$ 678,200	\$ 156,519	\$ 111,838	\$ 1,755	\$ 338,204	\$ 20,000	\$ 126,726	\$ 1,433,242	\$ 1,350,113			

TOWN OF MELITA
SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2019

SCHEDULE 7

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Revenue			
Taxation	\$ -	\$ -	\$ -
Other Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
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	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Transfers			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in L.U.D. balances	<u><u>\$ -</u></u>	<u>-</u>	<u>-</u>
Unexpended balance, beginning of year		<u>-</u>	<u>-</u>
Unexpended balance, end of year		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF MELITA
SCHEDULE OF FINANCIAL POSITION FOR UTILITY
As at December 31, 2019

SCHEDULE 8

	<u>2019</u>	<u>2018</u>
	<u>Total</u>	<u>Total</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 193	\$ 86
Amounts receivable	<u>491,049</u>	<u>2,901,584</u>
	<u>\$ 491,242</u>	<u>\$ 2,901,670</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 422,215	\$ 4,201,740
Long-term debt (Note 9)	1,607,624	479,911
Due to other funds	<u>827,257</u>	<u>683,791</u>
	<u>2,857,096</u>	<u>5,365,442</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$(2,365,854)</u>	<u>\$ (2,463,772)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 9,194,175	\$ 8,824,072
Inventories	19,753	17,767
Prepaid expenses	<u>-</u>	<u>5,651</u>
	<u>9,213,928</u>	<u>8,847,490</u>
FUND SURPLUS	<u>\$ 6,848,074</u>	<u>\$ 6,383,718</u>

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

SCHEDULE 9

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
REVENUE			
Water			
Water fees	\$ 304,425	\$ 349,872	\$ 356,565
Bulk Water fees	75	8,979	4,660
sub-total- water	<u>304,500</u>	<u>358,851</u>	<u>361,225</u>
Sewer			
Sewer fees	86,000	89,920	-
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>86,000</u>	<u>89,920</u>	<u>-</u>
Property taxes	<u>-</u>	<u>158,740</u>	<u>94,523</u>
Government transfers			
Operating	-	-	-
Capital	-	326,860	2,293,849
sub-total- government transfers	<u>-</u>	<u>326,860</u>	<u>2,293,849</u>
Other			
Hydrant rentals	7,500	7,500	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	7,000	6,634	7,164
Contributed tangible capital assets	-	-	-
Investment income	-	21,267	86
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	-	-	288,463
sub-total- other	<u>14,500</u>	<u>35,401</u>	<u>295,713</u>
Total revenue	<u>405,000</u>	<u>969,772</u>	<u>3,045,310</u>

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

SCHEDULE 9

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
EXPENSES			
General			
Administration	10,000	10,074	100
Training costs	-	4,092	-
Billing and collection	1,300	6,228	5,752
Utilities (telephone, electricity, etc.)	-	-	-
Other	-	-	-
sub-total- general	<u>11,300</u>	<u>20,394</u>	<u>5,852</u>
Water General			
Purification and treatment	2,200	2,106	2,797
Water purchases	314,000	280,961	308,292
Transmission and distribution	5,500	33,966	40,685
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other	-	-	259,572
sub-total- water general	<u>321,700</u>	<u>317,033</u>	<u>611,346</u>
Water Amortization & Interest			
Amortization	56,948	56,948	56,844
Interest on long term debt	27,835	27,835	-
sub-total- water amortization & interest	<u>84,783</u>	<u>84,783</u>	<u>56,844</u>
Sewer General			
Collection system costs	25,000	44,885	(123)
Treatment and disposal cost	30,000	-	19,641
Lift Station costs	17,000	16,014	15,621
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	-	-	794
sub-total- sewer general	<u>72,000</u>	<u>60,899</u>	<u>35,933</u>
Sewage Amortization & Interest			
Amortization	29,847	29,847	29,747
Interest on long term debt	42,460	42,460	31,275
sub-total- sewer amortization & interest	<u>72,307</u>	<u>72,307</u>	<u>61,022</u>
Total expenses	<u>562,090</u>	<u>555,416</u>	<u>770,997</u>
NET OPERATING SURPLUS (DEFICIT)	<u>(157,090)</u>	<u>414,356</u>	<u>2,274,313</u>
TRANSFERS			
Transfers from (to) operating fund	50,000	50,000	-
Transfers from (to) reserve / capital funds	<u>(50,000)</u>	<u>-</u>	<u>-</u>
CHANGE IN UTILITY FUND BALANCE	<u>\$ (157,090)</u>	<u>464,356</u>	<u>2,274,313</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>6,383,718</u>	<u>4,109,405</u>
FUND SURPLUS, END OF YEAR		<u>\$ 6,848,074</u>	<u>\$ 6,383,718</u>

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

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 1,513,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,513,927
Grants in lieu of taxation	20,302	-	-	-	-	-	-	20,302
User fees	71,700	-	-	-	-	-	96,493	168,193
Permits, licences and fines	1,475	-	-	-	-	-	-	1,475
Investment income	-	-	-	-	-	-	1,937	1,937
Other revenue	40,000	-	-	-	-	-	37,389	77,389
Water and sewer	-	405,000	-	-	-	-	111,295	516,295
Grants - Province of Manitoba	253,468	-	-	-	-	-	37,881	291,349
Grants - other	53,077	-	-	-	-	-	75,664	128,741
Transfers from operating	-	208,740	-	-	(208,740)	-	-	-
Transfers from reserves	70,000	-	-	-	(70,000)	-	-	-
Total revenue	\$ 2,023,949	\$ 613,740	\$ -	\$ -	\$ (278,740)	\$ -	\$ 360,659	\$ 2,719,608
EXPENSES								
General government services	\$ 381,474	\$ -	\$ 7,295	\$ -	\$ 33	\$ -	\$ -	\$ 388,802
Protective services	215,694	-	207,846	1,773	-	-	19,880	445,193
Transportation services	509,000	-	117,451	10,002	-	-	28,509	664,962
Environmental health services	115,000	-	4,631	-	-	-	-	119,631
Public health and welfare services	25,689	-	-	-	-	-	-	25,689
Regional planning and development	13,450	-	594	-	-	-	-	14,044
Resource cons and industrial dev	64,806	-	-	-	-	-	-	64,806
Recreation and cultural services	209,630	-	61,271	-	-	-	186,082	456,983
Water and sewer services	-	405,000	86,795	70,295	-	-	180,290	742,380
Fiscal services:								
Transfer to capital	78,214	50,000	-	-	(128,214)	-	-	-
Debt charges	69,142	158,740	-	(227,882)	-	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Transfer to reserves / utility	341,817	-	-	-	(341,817)	-	-	-
Allowance for tax assets	33	-	-	-	(33)	-	-	-
Total expenses	\$ 2,023,949	\$ 613,740	\$ 485,883	\$ (145,812)	\$ (470,031)	\$ -	\$ 414,761	\$ 2,922,490
Surplus (Deficit)	\$ -	\$ -	\$ (485,883)	\$ 145,812	\$ 191,291	\$ -	\$ (54,102)	\$ (202,882)

**TOWN OF MELITA
ANALYSIS OF TAXES ON ROLL
December 31, 2019**

SCHEDULE 11

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 476,810	\$ 331,877
Add:		
Tax levy (Schedule 12)	2,073,048	2,072,139
Taxes added	2,918	22
Penalties or interest	53,019	54,175
Other accounts added	26,986	16,052
Sub-total	2,155,971	2,142,388
Deduct:		
Cash collections - current	1,494,248	1,429,416
Cash collections - arrears	396,277	250,608
Writeoffs	83	2,145
Tax sale	13,679	50,719
E.P.T.C. - cash advance	203,932	264,567
Sub-total	2,108,219	1,997,455
Balance, end of year	\$ 524,562	\$ 476,810

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

SCHEDULE 12

	2019			2018
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
By-Law 1687	per parcel		63,096	63,096
By-Law 1687	per parcel		-	29,634
By-Law 2018-008 10 years	per parcel		26,805	-
By-Law 2018-008 20 years	per parcel		66,105	-
By-Law 17-003	per parcel		42,086	42,314
Dike - By-Law 2017-004	per parcel		23,664	23,613
sub-total - Debt charges			221,756	158,657
Reserves:				
Recreation	42,872,190	1.143	49,003	-
Equipment replacement	42,872,190	0.343	14,705	14,719
General	42,872,190	0.343	14,705	14,719
sub-total - Reserves			78,413	29,438
General municipal/deficit recovery	42,872,190	21.168	907,519	1,026,514
Special levies:				
By-Law 2017-011	per parcel		230,131	225,293
Recycle and garbage	per parcel		65,208	65,340
sub-total - Special levies			295,339	290,633
Business tax fees			1,180	1,402
Total municipal taxes (Schedule 2)			1,504,207	1,506,644
Education support levy	13,542,100	9.770	132,306	133,230
Special levies:				
Southwest Horizon School Division	41,389,520	10.547	436,535	432,265
Total education taxes			568,841	565,495
Total tax levy (Schedule 11)			\$ 2,073,048	\$ 2,072,139

TOWN OF MELITA

SCHEDULE 13

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2019

	2019 Actual	2018 Actual
General government services		
Legislative	\$ 69,105	\$ 59,901
General administrative	216,442	202,521
Other	83,990	163,488
	<u>369,537</u>	<u>425,910</u>
Protective services		
Police	149,795	149,795
Fire	66,304	58,804
Emergency measures	205,401	200,764
Other	-	333
	<u>421,500</u>	<u>409,696</u>
Transportation services		
Road transport		
Administration and engineering	-	-
Road and street maintenance	452,645	440,594
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	8,381	19
Street lighting	35,702	36,965
Other	-	-
Air transport	-	-
Public transit	-	-
Other	-	-
	<u>496,728</u>	<u>477,578</u>
Environmental health services		
Waste collection and disposal	56,955	61,136
Recycling	40,835	17,925
Other	-	804
	<u>97,790</u>	<u>79,865</u>
Public health and welfare services		
Public health	8,000	8,000
Medical care	-	7,000
Social assistance	516	516
Other	-	-
	<u>8,516</u>	<u>15,516</u>
Regional planning and development		
Planning and zoning	1,041	1,065
Urban renewal	12,924	9,244
Beautification and land rehabilitation	1,880	2,544
Urban area weed control	-	-
Other	-	-
	<u>15,845</u>	<u>12,853</u>
Resource conservation and industrial development		
Rural area weed control	-	-
Drainage of land	-	-
Veterinary services	2,000	2,000
Water resources and conservation	-	-
Regional development	55,343	54,730
Industrial development	-	-
Tourism	13,183	100
Other	297	70
	<u>70,823</u>	<u>56,900</u>
Sub-totals forward	<u>1,480,739</u>	<u>1,478,318</u>

TOWN OF MELITA
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2019

SCHEDULE 13

	2019 Actual	2018 Actual
Sub-totals forward	1,480,739	1,478,318
Recreation and cultural services		
Administration	15,630	15,109
Community centers and halls	29,187	25,200
Swimming pools and beaches	109,210	100,336
Golf courses	5,000	-
Skating and curling rinks	63,480	62,668
Parks and playgrounds	28,929	34,144
Other recreational facilities	62,762	100,707
Museums	-	10,000
Libraries	36,000	36,000
Other cultural facilities	-	-
	350,198	384,164
Total expenses	\$ 1,830,937	\$ 1,862,482

TOWN OF MELITA
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
December 31, 2019

SCHEDULE 14

	2019		2018	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ (136,378)	\$ (30,042)	\$ (166,420)	\$ 905,912
Adjustments for reporting under public sector accounting standards				
Eliminate interfund transfers	208,740	(208,740)	-	-
Eliminate expense - transfers to reserves	241,773	-	241,773	150,096
Eliminate revenue - transfers from reserves	164,980	-	164,980	(358,506)
Increase revenue - reserve funds interest (and other income)	6,336	-	6,336	8,944
Increase (decrease) revenue - Net surplus (deficit) of consolidated entities	14,893	(68,995)	(54,102)	109,332
Decrease revenue - proceeds on debentures	-	-	-	(1,216,158)
Increase expense - loss on sale of tangible capital assets	-	-	-	(10,502)
Increase expense - amortization of tangible capital assets	(399,088)	(86,795)	(485,883)	(471,977)
Decrease expense - principal portion of debenture debt	57,367	124,295	181,662	118,972
Eliminate expense - acquisitions of tangible capital assets (net proceeds)	1,794,257	456,898	2,251,155	3,961,033
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,952,880	\$ 186,621	\$ 2,139,501	\$ 3,197,146