

**MUNICIPALITY OF NORTH CYPRESS-
LANGFORD**

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

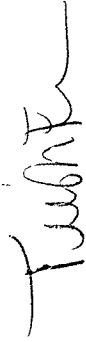
STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Municipality of North Cypress-Langford 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 Municipality. 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 Municipality's external auditors.

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



Trish Fraser

Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Reeve and members of Council of the
MUNICIPALITY OF NORTH CYPRESS-LANGFORD

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of the Municipality of North Cypress-Langford, which comprise the consolidated statement of financial position as at December 31, 2018, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of North Cypress-Langford as at December 31, 2018, 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 Qualified Opinion

We were unable to observe the count of physical inventory at December 31, 2018 nor satisfy ourselves concerning the opening or closing inventory quantity by alternative means. Accordingly, we were unable to determine whether any adjustments might have been necessary in regard to inventories, expenses, accumulated surplus, changes in net financial assets, and cash flows.

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality of North Cypress-Langford'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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of North Cypress-Langford's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality of North Cypress-Langford's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Municipality of North Cypress-Langford 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.

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.

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.

January 13, 2020
Brandon, Manitoba

MNP *LLP*

Chartered Professional Accountants

MUNICIPALITY OF NORTH CYPRESS-LANGFORD

Consolidated Financial Statements

For the Year Ended December 31, 2018

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**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 4,839,832	\$ 4,132,411
Amounts receivable (Note 4)	1,330,752	1,372,604
Loans and advances	37,488	37,488
Real estate properties held for sale	9,071	9,071
Other inventories for sale (Note 5)	3,480	3,480
	\$ 6,220,623	\$ 5,555,054
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 1,113,112	\$ 637,853
Unearned revenue	11,953	68,802
Landfill closure and post closure liabilities (Note 7)	5,611	4,990
Long-term debt (Note 9)	85,079	111,543
	1,215,755	823,188
	\$ 5,004,868	\$ 4,731,866
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 12,082,040	\$ 11,979,675
Inventories (Note 5)	416,058	156,732
Prepaid expenses	41,459	63,547
	12,539,557	12,199,954
	\$ 17,544,425	\$ 16,931,820

COMMITMENTS AND CONTINGENCIES (NOTES 8 AND 12)

Approved on behalf of Council:

Reeve

Councillor

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

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018**

	2018 Budget (Note 13)	2018 Actual	2017 Actual
REVENUE			
Property taxes	\$ 2,962,858	\$ 3,007,852	\$ 3,019,459
Grants in lieu of taxation	580,730	580,730	601,311
User fees	529,499	541,187	530,626
Permits, licences and fines	33,092	31,192	28,365
Investment income	44,069	133,174	103,341
Other revenue	82,046	271,626	218,988
Water and sewer	100,800	207,059	107,618
Grants - Province of Manitoba	313,872	223,962	427,882
Grants - other	228,541	254,868	223,058
Total revenue (Schedules 2, 4 and 5)	<u>4,875,507</u>	<u>5,251,650</u>	<u>5,260,648</u>
EXPENSES			
General government services	604,925	611,722	639,998
Protective services	175,286	162,028	183,730
Transportation services	2,064,406	2,101,482	2,268,568
Environmental health services	419,094	395,850	319,770
Public health and welfare services	139,908	142,098	143,113
Regional planning and development	69,046	69,446	62,770
Resource conservation and industrial development	129,935	131,301	109,470
Recreation and cultural services	853,141	889,917	944,422
Water and sewer services	135,365	135,201	152,155
Total expenses (Schedules 3, 4 and 5)	<u>4,591,106</u>	<u>4,639,045</u>	<u>4,823,996</u>
ANNUAL SURPLUS	<u>\$ 284,401</u>	<u>612,605</u>	<u>436,652</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>16,931,820</u>	<u>16,495,168</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 17,544,425</u>	<u>\$ 16,931,820</u>

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

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2018</u>	<u>2017</u>
	Budget	Actual	Actual
	(Note 13)		
ANNUAL SURPLUS	\$ 284,401	\$ 612,605	\$ 436,652
Acquisition of tangible capital assets	(377,000)	(731,567)	(2,226,414)
Amortization of tangible capital assets	589,409	589,409	538,628
Loss (Gain) on sale of tangible capital assets	-	(65,015)	148,392
Proceeds on sale of tangible capital assets	-	104,796	531,618
Change in ownership of gov't partnerships	-	12	(23)
Decrease (increase) in inventories	-	(259,326)	116,980
Decrease (increase) in prepaid expense	-	22,088	(5,606)
	<u>212,409</u>	<u>(339,603)</u>	<u>(896,425)</u>
CHANGE IN NET FINANCIAL ASSETS	\$ 496,810	273,002	(459,773)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		4,731,866	5,191,639
NET FINANCIAL ASSETS, END OF YEAR		\$ 5,004,868	\$ 4,731,866

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

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 612,605	\$ 436,652
Changes in non-cash items:		
Amounts receivable	41,852	(72,285)
Inventories	(259,326)	116,980
Prepays	22,088	(5,606)
Accounts payable and accrued liabilities	475,259	(130,026)
Unearned revenue	(56,849)	2,466
Landfill closure and post closure liabilities	621	571
Change in ownership of gov't partnerships	12	(23)
Loss (Gain) on sale of tangible capital asset	(65,015)	148,392
Amortization	589,409	538,628
Cash provided by operating transactions	<u>1,360,656</u>	<u>1,035,749</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	104,796	531,618
Cash used to acquire tangible capital assets	<u>(731,567)</u>	<u>(2,226,414)</u>
Cash applied to capital transactions	<u>(626,771)</u>	<u>(1,694,796)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(26,464)</u>	<u>(49,597)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	707,421	(708,644)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>4,132,411</u>	<u>4,841,055</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 4,839,832</u>	<u>\$ 4,132,411</u>

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

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. Status of the Municipality of North Cypress-Langford

The incorporated Municipality of North Cypress-Langford is a municipality that was established as of January 1, 2015 pursuant to The Municipal Amalgamations Act. The "Municipality of North Cypress-Langford" reflects the amalgamation of the former "Rural Municipality of North-Cypress" and the "Rural Municipality of Langford". The Municipality provides or funds municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations. The Municipality 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 Municipality. 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 Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Municipality. Inter-fund and inter-company balances and transactions have been eliminated. There are no controlled organizations.

The Municipality 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 Municipality'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:

Carberry Community Memorial Hall (50%) (2017 – 50%)
Carberry Plains Archives (50%) (2017 – 50%)
Carberry Plains Arts Council (50%) (2017 – 50%)
Carberry Plains Community Centre Capital Fund (50%) (2017 - 50%)
Carberry Plains Community Centre Operating Fund (50%) (2017 - 50%)
Carberry Plains Cemetery Inc. (50%) (2017 - 50%)
Carberry Plains Cultural Centre - Museum (50%) (2017 - 50%)
Carberry Plains Service for Seniors (50%) (2017 - 50%)
Carberry Handi-Van Service (50%) (2017 - 50%)
The Cypress Planning District (41.46%) (2017 - 41.46%)
Evergreen Environmental Technologies Ltd. (21.25%) (2017 - 21.25%)
Western Manitoba Regional Library (3.79%) (2017 - 3.87%)

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

Trust funds and their related operations administered by the Municipality are not consolidated in these 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.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

2. Significant Accounting Policies (continued)

d) Investments

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

Portfolio investments are accounted for at cost.

e) Real Estate Properties Held for Sale

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

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

f) Landfill Closure and Post Closure Liabilities

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

g) Non-Financial Assets

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

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

h) Tangible Capital Assets

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

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 Municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

i) Leases

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

j) Inventories

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

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

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the 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.

l) 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.

m) 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. Early adoption is permitted.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

2. Significant Accounting Policies (continued)

m) 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 exists, 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.

In September 2015, the effective date for governments was extended by three years. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. 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, Proposed Section (PS 3280)

The Public Sector Accounting Board (PSAB) issued this Exposure Draft (ED) in March 2017 to propose a new Section on asset retirement obligations (ARO liabilities), and withdraw PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The main features of this ED include the following:

- ARO liabilities represent 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.
- Asset retirement costs are expensed when they are associated with an asset that is no longer in productive use.
- 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.
- ARO liabilities include costs directly attributable to retirement activities, such as post-retirement operation, maintenance and monitoring.
- The best method to estimate the liability is often a present value technique.

The section is proposed to be effective for fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	2018	2017
Cash	\$ 2,638,333	\$ 4,039,299
Temporary investments	2,201,499	93,112
	\$ 4,839,832	\$ 4,132,411

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Municipality has designated \$2,703,949 (2017 - \$2,542,996) 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 \$2,703,949 (2017 - \$2,542,996).

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	2018	2017
Taxes on roll (Schedule 11)	\$ 264,030	\$ 310,245
Government grants	252,534	452,429
Utility customers	24,079	9,699
Accrued interest	38,160	34,270
Organizations and individuals	248,569	96,541
Other governments	514,574	482,208
	1,341,946	1,385,392
Less allowances for doubtful amounts	(11,194)	(12,788)
	\$ 1,330,752	\$ 1,372,604

5. Inventories

Inventories for sale:

	2018	2017
History books	\$ 3,480	\$ 3,480

Inventories for use:

	2018	2017
Chemicals, herbicides, insecticides	-	-
Fuel	6,247	12,436
Culverts	-	-
Aggregate	404,125	137,788
Other supplies	5,686	6,508
	\$ 416,058	\$ 156,732

6. Accounts Payable and Accrued Liabilities

	2018	2017
Accounts payable	\$ 1,085,697	\$ 515,827
Accrued expenses	69,798	66,942
Accrued interest payable	-	-
School levies	81,774	18,301
Other governments	(124,157)	36,783
	\$ 1,113,112	\$ 637,853

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

Evergreen Environmental Technologies Ltd. is currently operating a Class 1 landfill site in the Rural Municipality of Minto-Odanah. 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.

	2018	2017
Estimated closure and post closure costs over the next 76 years	\$ 677,680	\$ 677,680
Discount rate	6.00%	6.00%
Discounted costs	\$ 31,565	\$ 29,939
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	22,100	20,718
Remaining	102,212	103,594
Total	124,312	124,312
Percent utilized	17.78%	16.67%
Liability based on percentage	\$ 5,611	\$ 4,990

8. Commitments

During 2018 Evergreen Environmental Technologies Corporation forwarded \$42,500 to the Rural Municipality of Minto-Odanah towards the Zero Waste Project in partnership with the Rural Municipality of Minto-Odanah, Celtic Power, Eco West and the Federation of Canadian Municipalities. The goal of the project is to reduce green house gas emissions through the reduction of garbage into the cells. The project is expected to commence in 2019.

Evergreen Environmental Technologies Corporation entered into a five year lease agreement beginning January 1, 2017 where 195 acres of land is leased at \$18/acre equal to \$3,522 per year. The lease agreement expires January 1, 2022.

The Western Manitoba Regional Library leases premises in Brandon, Hartney, Carberry, Glenboro and Neepawa including a five year agreement ending December 31, 2020 with the City of Brandon. Rental commitments with the City of Brandon for 2019 and 2020 are \$9,407, and \$9,830.

The Municipality is committed to purchase gravel under an existing purchase contract for a total of 60,000 yards of gravel for a three year term, ending in 2019. The commitment for 2019 is \$20,000.

The Municipality has committed to an annual contribution of \$60,000 to the North Cypress/ Carberry Recreation Reserve Fund held with the Carberry and Area Community Foundation. Encroachment of capital is permitted upon receipt of a letter of resolution signed by both Reeve and Mayor on behalf of joint Councils. The balance in this fund is \$911,189 as per the 2018 Financial Statements of the Carberry and Area Community Foundation.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

9. Long-Term Debt

	2018	2017
General Authority:		
Bank of Montreal Inc., loan with annual payments of \$30,512, interest at a rate of 3.70%. Secured by a GSA, matures December 2021.	\$ 85,079	\$ 111,543

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

2019	\$ 27,361
2020	\$ 28,374
2021	\$ 29,344

10. Retirement Benefits

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees are expected to be \$162,685 (2017 - \$111,824) and are included in the statement of operations.

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

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

11. Financial Instruments

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

12. Soil Farm Payable

The payable is set up to pay the Rural Municipality of Minto-Odanah 20% of the profits of the completed soil farm projects, as per the signed agreement. During the year the projects that were completed had a total profit of \$2,576 (2017 - \$6,151) which resulted in a payable of \$515 (2017 - \$1,307).

13. 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.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

14. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2018</u>	<u>2017</u>
General operating fund - Nominal surplus	\$ 1,851,748	\$ 1,557,835
Utility operating fund - Deficit	(60,910)	(67,723)
TCA net of related borrowings	11,626,598	11,470,096
Reserve funds	<u>2,703,949</u>	<u>2,542,996</u>
Accumulated surplus of municipality unconsolidated	16,121,385	15,503,204
Accumulated surpluses of consolidated entities	<u>1,423,040</u>	<u>1,428,616</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 17,544,425</u>	<u>\$ 16,931,820</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 \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2018:

- a) Compensation paid to members of council amounted to \$85,218 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Reeve - Bob Adriaansen	\$ 14,623	\$ 5,071	\$ 19,694
Deputy Reeve - Ray Drayson	11,956	2,980	14,936
Councillor - Harold Tolton	11,251	1,802	13,053
Councillor - Fred Jackson	11,191	2,337	13,528
Councillor - Gerond Davidson	9,510	917	10,427
Councillor - Don Hockin	9,593	1,386	10,979
Councillor - Norm Campbell	10,865	3,231	14,096
Councillor - Malcom Murray	2,205	1,413	3,618
Councillor - Dallis Olmstead	2,201	1,266	3,467
Councillor - David Blair	<u>1,823</u>	<u>150</u>	<u>1,973</u>
	<u>\$ 85,218</u>	<u>\$ 20,553</u>	<u>\$ 105,771</u>

- c) The following officers and employees received compensation in excess of \$50,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Greg Kuypp	NCL Public Works Laborer	\$ 53,873
David Chandler	Operator	\$ 61,934
Mathew Kuypp	Public Works Laborer	\$ 51,799
Brett Campbell	Operator	\$ 51,297
Glen Campbell	Operator	\$ 50,481

16. Trust Funds

The Municipality of North Cypress-Langford administers the following trust:

	<u>Balance, beg. of the year</u>	<u>Excess of Receipts over Disbursements</u>	<u>Balance, end of the year</u>
Search & Rescue Trust	\$ 19,472	\$ 317	\$ 19,789

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

17. Segmented Information

The Municipality of North Cypress-Langford 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.

18. 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:

	2018	2017
Financial Position		
Financial assets	\$ 646,077	\$ 620,747
Financial liabilities	(404,461)	(347,371)
Net financial assets (liabilities)	\$ 1,050,538	\$ 968,118
Non-financial assets	372,502	400,278
Accumulated surplus	<u>\$ 1,423,040</u>	<u>\$ 1,368,396</u>
Result of Operations		
Revenues	\$ 561,284	\$ 570,408
Expenses	<u>506,640</u>	<u>454,924</u>
Annual surplus	<u>\$ 54,644</u>	<u>\$ 115,484</u>

19. Public Utilities Board

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

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

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

Water services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water Supply Pipeline	<u>\$ 462,513</u>	<u>\$ 29,883</u>	<u>\$ 14,649</u>	<u>\$ 477,747</u>

20. Comparative Figures

Certain comparative figures have been revised to confirm with current year's presentation.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2018**

SCHEDULE 2

	2018 Actual	2017 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 2,942,858	\$ 2,947,420
Taxes added	64,994	72,039
	<u>3,007,852</u>	<u>3,019,459</u>
Grants in lieu of taxation:		
Federal government	533,393	549,147
Federal government enterprises	-	-
Provincial government	5,949	5,124
Provincial government enterprises	18,816	21,038
Other municipal governments	-	-
Non-government organizations	22,572	26,002
	<u>580,730</u>	<u>601,311</u>
User fees		
Parking meters	-	-
Sales of service	288,622	223,342
Sales of goods	10,695	21,207
Rentals	64,111	69,247
Development charges	-	-
Facility use fees	177,759	216,830
	<u>541,187</u>	<u>530,626</u>
Permits, licences and fines		
Permits	27,590	27,328
Licences	-	-
Fees	3,568	1,002
Fines	34	35
	<u>31,192</u>	<u>28,365</u>
Investment income:		
Cash and temporary investments	133,174	103,341
Marketable securities	-	-
Municipal debentures	-	-
	<u>133,174</u>	<u>103,341</u>
Other revenue:		
Gain on sale of tangible capital assets	65,015	3,037
Gain on sale of real estate held for sale	-	-
Contributed assets	-	52,867
Penalties and interest	29,848	28,899
Miscellaneous	176,763	134,185
	<u>271,626</u>	<u>218,988</u>
Water and sewer		
Municipal utility (Schedule 9)	207,059	107,618
Consolidated water co-operatives	-	-
	<u>207,059</u>	<u>107,618</u>
Grants - Province of Manitoba		
Municipal operating grants	150,647	150,771
Other unconditional grants	-	-
Conditional grants	73,315	277,111
	<u>223,962</u>	<u>427,882</u>
Grants - other		
Federal government - gas tax funding	148,630	143,598
Federal government - other	22,843	428
Other municipal governments	83,395	79,032
	<u>254,868</u>	<u>223,058</u>
Total revenue	<u>\$ 5,251,650</u>	<u>\$ 5,260,648</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018

SCHEDULE 3

	2018	2017
	Actual	Actual
General government services:		
Legislative	\$ 119,679	\$ 106,302
General administrative	401,533	369,261
Other	90,510	164,435
	<u>611,722</u>	<u>639,998</u>
Protective services:		
Police	4,524	4,288
Fire	143,112	162,938
Emergency measures	11,645	14,583
Other	2,747	1,921
	<u>162,028</u>	<u>183,730</u>
Transportation services:		
Road transport		
Administration and engineering	1,895	4,156
Road and street maintenance	1,966,541	2,127,809
Bridge maintenance	-	6,197
Sidewalk and boulevard maintenance	-	-
Street lighting	5,887	7,467
Other	89,556	86,551
Air transport	-	-
Public transit	37,603	36,388
Other	-	-
	<u>2,101,482</u>	<u>2,268,568</u>
Environmental health services:		
Waste collection and disposal	388,052	300,746
Recycling	866	-
Other	6,932	19,024
	<u>395,850</u>	<u>319,770</u>
Public health and welfare services:		
Public health	134,218	140,030
Medical care	-	-
Social assistance	3,083	3,083
Other	4,797	-
	<u>142,098</u>	<u>143,113</u>
Regional planning and development		
Planning and zoning	69,446	62,770
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	<u>69,446</u>	<u>62,770</u>
Resource conservation and industrial development		
Rural area weed control	30,837	12,388
Drainage of land	-	-
Veterinary services	3,270	3,270
Water resources and conservation	49,918	48,656
Regional development	27,613	24,473
Industrial development	-	-
Tourism	-	-
Other	19,663	20,683
	<u>131,301</u>	<u>109,470</u>
Sub-totals forward	<u>3,613,927</u>	<u>3,727,419</u>

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2018**

SCHEDULE 3

	2018 Actual	2017 Actual
Sub-totals forward	3,613,927	3,727,419
Recreation and cultural services:		
Administration	144,313	250,537
Community centers and halls	137,445	31,307
Swimming pools and beaches	-	-
Golf courses	2,000	2,000
Skating and curling rinks	151,621	216,674
Parks and playgrounds	204,616	193,109
Other recreational facilities	103,597	78,172
Museums	18,690	24,914
Libraries	85,776	94,138
Other cultural facilities	41,859	53,571
	<u>889,917</u>	<u>944,422</u>
Water and sewer services		
Municipal utility (Schedule 9)	135,201	152,155
Consolidated water co-operatives	-	-
	<u>135,201</u>	<u>152,155</u>
Total expenses	\$ 4,639,045	\$ 4,823,996

MUNICIPALITY OF NORTH CYPRESS-LANGFORD

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Public Health and Welfare Services	Environmental Health Services	Transportation Services	Protective Services	General Government*	Protective Services	Transportation Services	Environmental Health Services	Welfare Services	Public Health and Welfare Services
REVENUE										
Property taxes	\$ 3,007,852	\$ 3,019,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	580,730	601,311	-	-	-	-	-	-	-	-
User fees	17,335	17,847	38,454	12,500	-	91,482	74,422	227,983	39,087	29,419
Grants - other	-	-	-	-	-	153,451	148,290	-	16,004	11,375
Permits, licences and fines	-	-	-	-	-	-	-	-	-	-
Investment income	78,941	51,428	3,843	1,923	-	19,580	27,839	3,880	3,519	1,672
Other revenue	93,410	123,136	27,000	-	-	64,170	679	2,526	7,365	3,677
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	150,647	150,771	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	2,223	-	-	-	-	11,019	209,384	-	15,207	14,325
Total revenue	\$ 3,931,138	\$ 3,963,952	\$ 69,297	\$ 14,423	\$ 339,702	\$ 460,614	\$ 234,389	\$ 270,672	\$ 81,182	\$ 60,468
EXPENSES										
Personnel services	\$ 242,219	\$ 207,794	\$ -	\$ 546,412	\$ 494,170	\$ 81,040	\$ 94,710	\$ 44,998	\$ 41,097	\$ 41,097
Contract services	248,912	240,868	91,686	103,036	782,645	943,945	173,250	4,541	11,411	854
Utilities	7,334	6,729	5,194	4,861	25,179	24,055	7,228	811	19,046	854
Maintenance materials and supplies	7,848	7,948	16,635	28,018	401,101	338,007	33,072	9,970	16,972	854
Grants and contributions	37,575	19,176	-	5,320	4,108	(28,137)	(28,314)	32,220	16,972	19,046
Amortization	6,316	6,907	46,386	46,386	340,186	310,404	27,511	44,185	16,972	19,046
Interest on long-term debt	-	-	-	-	-	-	640	-	-	-
Other	61,518	150,576	2,127	1,429	639	153,879	10,305	5,873	9,548	9,548
Total expenses	\$ 611,722	\$ 639,998	\$ 162,028	\$ 183,730	\$ 2,101,482	\$ 2,268,568	\$ 319,770	\$ 142,098	\$ 143,113	\$ 143,113
Surplus (Deficit)	\$ 3,319,416	\$ 3,323,954	\$ (92,731)	\$ (1,761,780)	\$ (1,807,954)	\$ (161,461)	\$ (49,098)	\$ (60,916)	\$ (82,645)	\$ (82,645)

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

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 For the Year Ended December 31, 2018

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,019,459	\$ 601,311
Grants in lieu of taxation	-	-	-	-	-	-	-	-	580,730	530,626
User fees	-	-	20,062	111,921	-	-	-	-	541,187	223,058
Grants - other	11,650	11,650	-	51,743	-	-	-	-	254,868	28,365
Permits, licenses and fines	31,158	27,328	-	1,037	-	-	-	-	31,192	107,618
Investment income	1,354	1,253	78	14,753	-	-	3,314	-	133,174	218,988
Other revenue	-	-	-	86,360	-	-	-	-	271,626	150,771
Water and sewer	-	-	-	-	-	-	-	-	207,059	150,771
Prov of MB - Unconditional Grants	-	-	-	-	-	-	107,618	-	150,647	277,111
Prov of MB - Conditional Grants	3,545	1,575	-	51,827	-	-	-	-	73,315	5,260,648
Total revenue	\$ 47,707	\$ 41,806	\$ 23,856	\$ 313,174	\$ 317,641	\$ 211,205	\$ 110,932	\$ 5,251,650	\$ 5,260,648	\$ 5,260,648
EXPENSES										
Personnel services	\$ 39,622	\$ 38,506	\$ 22,918	\$ 269,673	\$ 261,079	\$ 8,944	\$ 5,000	\$ 1,255,326	\$ 1,163,851	\$ 1,163,851
Contract services	31,458	29,458	33,345	55,631	51,875	3,082	2,749	1,514,628	1,571,054	1,571,054
Utilities	1,265	1,317	353	48,877	47,983	2,524	2,626	99,972	96,005	96,005
Maintenance materials and supplies	2,663	-	3,149	73,400	85,378	92,004	113,827	637,226	625,308	625,308
Grants and contributions	(8,251)	(8,251)	51,774	351,865	427,134	-	-	442,366	482,078	482,078
Amortization	-	-	15,517	80,661	58,397	28,647	27,953	589,409	538,628	538,628
Interest on long-term debt	-	-	4,145	-	-	-	-	4,145	5,806	5,806
Other	2,689	1,740	100	9,810	12,576	-	-	95,973	341,266	341,266
Total expenses	\$ 69,446	\$ 62,770	\$ 131,301	\$ 889,917	\$ 944,422	\$ 135,201	\$ 152,155	\$ 4,639,045	\$ 4,823,996	\$ 4,823,996
Surplus (Deficit)	\$ (21,739)	\$ (20,964)	\$ (107,445)	\$ (576,743)	\$ (626,781)	\$ 76,004	\$ (41,223)	\$ 612,605	\$ 436,652	\$ 436,652

SCHEDULE 6

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2018**

2018							
REVENUE	\$	\$	\$	\$	\$	\$	\$
Investment income	8,645	5,070	5,941	9,002	1,853	156	1,507
Other income	-	-	-	-	-	-	-
Total revenue	8,645	5,070	5,941	9,002	1,853	156	1,507
EXPENSES							
Investment charges	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-
NET REVENUES	8,645	5,070	5,941	9,002	1,853	156	1,507
TRANSFERS							
Transfers from general operating fund	-	400,000	77,000	148,630	22,500	3,585	-
Transfers to general operating fund	-	(7,694)	(7,781)	-	(2,387)	-	(16,357)
Transfer from other reserves	-	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(132,603)	-	(405,480)	-	-	-
CHANGE IN RESERVE FUND BALANCES	8,645	264,773	75,160	(247,848)	21,966	3,741	(14,850)
FUND SURPLUS, BEGINNING OF YEAR	349,793	107,809	181,636	494,788	54,200	6,842	68,121
FUND SURPLUS, END OF YEAR	\$ 358,438	\$ 372,582	\$ 256,796	\$ 246,940	\$ 76,166	\$ 10,583	\$ 53,271
Sub-total	\$ 32,174	\$ 32,174	\$ 32,174	\$ 32,174	\$ 32,174	\$ 32,174	\$ 1,374,776

MUNICIPALITY OF NORTH CYPRESS-LANGFORD

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2018

	2018							
REVENUE								
Investment income	\$	17,442	\$	2,012	\$	21	\$	3,123
Other income	-	-	-	-	-	-	-	-
Total revenue		17,442		2,012		21		3,123
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses		-		-		-		-
NET REVENUES		17,442		2,012		21		3,123
TRANSFERS								
Transfers from general operating fund	136,281	10,000	-	-	-	-	-	-
Transfers to general operating fund	(87,356)	-	-	(3,927)	-	(33,666)	-	-
Transfer from/to other reserves	-	-	-	127,832	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	(6,861)	-	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	59,506	12,012	21	127,028	(32,588)	11,990	(587)	288,969
FUND SURPLUS, BEGINNING OF YEAR	699,383	68,928	835	46,716	42,204	68,035	52,946	2,242,236
FUND SURPLUS, END OF YEAR	\$ 758,889	\$ 80,940	\$ 856	\$ 173,744	\$ 9,616	\$ 80,025	\$ 52,359	\$ 2,531,205

SCHEDULE 6

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2018**

	2018		2017	
REVENUE				
Investment income	\$ 1,305	\$ 283	\$ 4,123	\$ 23
Other income	-	-	-	-
Total revenue	1,305	283	4,123	23
EXPENSES				
Investment charges	-	-	-	-
Other expenses	-	-	-	-
Total expenses	-	-	-	-
NET REVENUES	1,305	283	4,123	23
TRANSFERS				
Transfers from general operating fund	-	-	-	-
Transfers to general operating fund	-	-	-	-
Transfer from/to other reserves	(127,832)	-	-	-
Transfers from utility operating fund	-	-	-	-
Transfers to utility operating fund	-	-	(5,918)	-
Acquisition of tangible capital assets	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	(126,527)	283	(1,795)	23
FUND SURPLUS, BEGINNING OF YEAR	126,527	11,906	161,452	875
FUND SURPLUS, END OF YEAR	\$ -	\$ 12,189	\$ 159,657	\$ 898
REVENUE				
Bridges & Culverts Reserve				
PCH/Lake Irwin Reserve				
Water Reserve				
Capital Water Reserve				
Total	\$ 1,305	\$ 283	\$ 4,123	\$ 23
EXPENSES				
Total revenue	1,305	283	4,123	23
Investment charges	-	-	-	-
Other expenses	-	-	-	-
Total expenses	-	-	-	-
NET REVENUES	1,305	283	4,123	23
TRANSFERS				
Transfers from general operating fund	-	-	-	-
Transfers to general operating fund	-	-	-	-
Transfer from/to other reserves	(127,832)	-	-	-
Transfers from utility operating fund	-	-	-	-
Transfers to utility operating fund	-	-	(5,918)	-
Acquisition of tangible capital assets	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	(126,527)	283	(1,795)	23
FUND SURPLUS, BEGINNING OF YEAR	126,527	11,906	161,452	875
FUND SURPLUS, END OF YEAR	\$ -	\$ 12,189	\$ 159,657	\$ 898

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF L.U.D. OPERATIONS
 For the Year Ended December 31, 2018

SCHEDULE 7

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

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF FINANCIAL POSITION FOR UTILITY
 As at December 31, 2018

SCHEDULE 8

	2018	2017
	Total	Total
FINANCIAL ASSETS		
Cash and temporary investments	-	\$ -
Amounts receivable	53,963	9,699
Portfolio investments	-	-
Due from other funds	5,562	-
	<u>\$ 59,525</u>	<u>\$ 9,699</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	\$ 20,602
Unearned revenue	-	-
Long-term debt (Note 9)	-	-
Due to other funds	120,435	56,820
	<u>120,435</u>	<u>77,422</u>
NET DEBT	<u>\$ (60,910)</u>	<u>\$ (67,723)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 1,008,287	\$ 937,324
Inventories	-	-
Prepaid expenses	-	-
	<u>1,008,287</u>	<u>937,324</u>
FUND SURPLUS	<u>\$ 947,377</u>	<u>\$ 869,601</u>

COMMITMENTS AND CONTINGENCIES (NOTES 8 and 12)

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF UTILITY OPERATIONS
 For the Year Ended December 31, 2018

SCHEDULE 9

	Budget	2018	2017
REVENUE			
Water			
Water fees	\$ 100,000	\$ 91,125	\$ 83,562
Bulk Water fees	-	-	-
sub-total- water	<u>100,000</u>	<u>91,125</u>	<u>83,562</u>
Sewer			
Sewer fees	-	-	-
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>-</u>	<u>-</u>	<u>-</u>
Property taxes			
	-	-	-
Government transfers			
Operating	-	-	-
Capital	-	29,883	-
sub-total- government transfers	<u>-</u>	<u>29,883</u>	<u>-</u>
Other			
Hydrant rentals	-	-	-
Connection charges	-	85,303	23,200
Installation service	-	-	-
Penalties	500	748	856
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	300	-	-
sub-total- other	<u>800</u>	<u>86,051</u>	<u>24,056</u>
Total revenue	<u>100,800</u>	<u>207,059</u>	<u>107,618</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF UTILITY OPERATIONS
 For the Year Ended December 31, 2018

SCHEDULE 9

	Budget	2018	2017
EXPENSES			
General			
Administration	5,000	5,000	5,000
Training costs	-	-	-
Billing and collection	500	370	275
Utilities (telephone, electricity, etc.)	-	2,524	2,626
Other	-	-	-
sub-total- general	<u>5,500</u>	<u>7,894</u>	<u>7,901</u>
Water General			
Purification and treatment	1,500	7,025	2,540
Water purchases	76,000	81,814	75,572
Transmission and distribution	13,718	9,821	17,587
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	10,000	-	20,602
Other	-	-	-
sub-total- water general	<u>101,218</u>	<u>98,660</u>	<u>116,301</u>
Water Amortization & Interest			
Amortization	28,647	28,647	27,953
Interest on long-term debt	-	-	-
sub-total- water amortization & interest	<u>28,647</u>	<u>28,647</u>	<u>27,953</u>
Sewer General			
Collection system costs	-	-	-
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>-</u>	<u>-</u>	<u>-</u>
Sewage Amortization & Interest			
Amortization	-	-	-
Interest on long-term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>135,365</u>	<u>135,201</u>	<u>152,155</u>
NET OPERATING SURPLUS (DEFICIT)	<u>(34,565)</u>	<u>71,858</u>	<u>(44,537)</u>
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	5,918	5,918	-
CHANGE IN UTILITY FUND BALANCE	<u>\$ (28,647)</u>	<u>77,776</u>	<u>(44,537)</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>869,601</u>	<u>914,138</u>
FUND SURPLUS, END OF YEAR		<u>\$ 947,377</u>	<u>\$ 869,601</u>

SCHEDULE 10

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 For the Year Ended December 31, 2018

	Financial Plan	Financial Plan	Amortization	Interest	Transfers	Long-Term	Consolidated	PSAB
	General	Utility	(TCA)	Expense		Accruals	Entities	Budget
REVENUE								
Property taxes	\$ 2,962,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,962,858
Grants in lieu of taxation	580,730	-	-	-	-	-	-	580,730
User fees	203,535	-	-	-	-	-	-	529,499
Permits, licences and fines	1,900	-	-	-	-	-	-	33,092
Investment income	40,000	-	-	-	-	-	-	44,069
Other revenue	25,000	-	-	-	-	-	-	82,046
Water and sewer	-	100,800	-	-	-	-	-	100,800
Grants - Province of Manitoba	250,770	-	-	-	-	-	-	313,872
Grants - other	148,630	-	-	-	-	-	-	228,541
Transfers from accumulated surplus	54,450	-	-	-	(54,450)	-	-	-
Transfers from reserves	-	5,918	-	-	(5,918)	-	-	-
Total revenue	\$ 4,267,873	\$ 106,718	\$ -	\$ -	\$ (60,368)	\$ -	\$ 561,284	\$ 4,875,507
EXPENSES								
General government services	\$ 551,414	\$ -	\$ 6,316	\$ -	\$ 47,195	\$ -	\$ -	\$ 604,925
Protective services	128,900	-	46,386	-	-	-	-	175,286
Transportation services	1,710,182	-	326,762	-	-	-	-	2,064,406
Environmental health services	232,400	-	4,823	-	-	-	-	419,094
Public health and welfare services	52,000	-	44,185	-	-	-	-	139,908
Regional planning and development	19,900	-	-	-	-	-	-	69,046
Resource cons and industrial dev	110,273	-	15,517	4,145	-	-	-	129,935
Recreation and cultural services	568,593	-	80,110	-	-	-	-	853,141
Water and sewer services	-	106,718	28,647	-	-	-	-	135,365
Fiscal services:								
Transfer to capital	100,000	-	-	-	(100,000)	-	-	-
Debt charges	3,425	-	-	(3,425)	-	-	-	-
Deficit recovery and short term interest	58,852	-	-	-	(58,852)	-	-	-
Transfer to utility/reserves	731,739	-	-	-	(731,739)	-	-	-
Allowance for tax assets	195	-	-	-	(195)	-	-	-
Total expenses	\$ 4,267,873	\$ 106,718	\$ 552,746	\$ 720	\$ (843,591)	\$ -	\$ 506,640	\$ 4,591,106
Surplus (Deficit)	\$ -	\$ -	\$ (552,746)	\$ (720)	\$ 783,223	\$ -	\$ 54,644	\$ 284,401

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 ANALYSIS OF TAXES ON ROLL
 December 31, 2018

SCHEDULE 11

	2018	2017
Balance, beginning of year	\$ 310,245	\$ 209,073
Add:		
Tax levy (Schedule 12)	8,367,891	8,232,671
Taxes added	64,994	72,039
Penalties or interest	29,848	28,899
Other accounts added	29,733	12,446
Sub-total	8,492,466	8,346,055
Deduct:		
Cash collections - current	7,720,727	7,515,257
Cash collections - arrears	288,667	184,989
Writeoffs	1,809	11,393
Tax discounts	48,749	52,187
M.P.T.C. - cash advance	478,729	481,057
Sub-total	8,538,681	8,244,883
Balance, end of year	\$ 264,030	\$ 310,245

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2018

SCHEDULE 12

	2018		2017	
	Assessment	Mill Rate	Levy	Levy
Debt charges:			\$	\$
Brookdale Sewer			29,339	29,339
Deficit Recovery	405,982,470	0.024	9,744	-
General municipal	405,982,470	0.892	362,136	640,048
Special levies:				
North Cypress Area	302,118,710	4.280	1,293,068	1,274,961
Langford Area	103,863,760	7.864	816,785	822,138
Watershed #37	2,879,390	0.390	1,123	1,122
Watershed #38	177,158,150	0.123	21,790	21,490
Watershed #39	48,129,990	0.125	6,016	5,819
Watershed #40	120,542,090	0.157	18,925	18,824
Waste Disposal			88,020	88,020
Brookdale Oberon Rec District	55,953,780	0.825	46,162	
Carberry Rec District	163,231,730	0.825	134,666	
Edrans Rec District	4,985,830	0.825	4,113	
Langford Rec District	90,791,150	0.825	74,903	
Wellwood Rec District	30,255,150	0.825	24,960	
PCH	-	0.000	-	30,809
Service Road	1,404,520	2.439	3,426	7,168
B/L 05/13 Dust Control			7,682	7,682
sub-total- Special levies			2,541,639	2,278,033
Business tax (rate%)	-	0.000	-	-
Total municipal taxes (Schedule 2)			2,942,858	2,947,420
Education support levy	85,182,020	9.770	832,228	886,291
Special levies:				
Pine Creek SD	7,083,840	13.688	96,964	96,629
Beautiful Plains SD	398,431,270	11.271	4,490,719	4,297,423
Brandon SD	340,350	15.048	5,122	4,908
sub-total- Special levies			4,592,805	4,398,960
Total education taxes			5,425,033	5,285,251
Total tax levy (Schedule 11)			\$ 8,367,891	\$ 8,232,671

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 For the Year Ended December 31, 2018

SCHEDULE 13

	2018	2017
	Actual	Actual
General government services:		
Legislative		
General administrative	\$ 119,679	\$ 106,302
Other	401,533	369,261
	<u>90,510</u>	<u>164,435</u>
	<u>611,722</u>	<u>639,998</u>
Protective services:		
Police	4,524	4,288
Fire	143,112	162,938
Emergency measures	11,645	14,583
Other	2,747	1,921
	<u>162,028</u>	<u>183,730</u>
Transportation services:		
Road transport		
Administration and engineering	1,895	4,156
Road and street maintenance	1,966,541	2,127,809
Bridge maintenance	-	6,197
Sidewalk and boulevard maintenance	-	-
Street lighting	5,887	7,467
Other	89,556	86,551
Air transport	-	-
Public transit	10,141	8,800
Other	-	-
	<u>2,074,020</u>	<u>2,240,980</u>
Environmental health services:		
Waste collection and disposal	206,181	182,690
Recycling	866	-
Other	6,932	19,024
	<u>213,979</u>	<u>201,714</u>
Public health and welfare services:		
Public health	90,495	87,173
Medical care	-	-
Social assistance	3,083	3,083
Other	4,797	-
	<u>98,375</u>	<u>90,256</u>
Regional planning and development		
Planning and zoning	20,300	19,900
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	<u>20,300</u>	<u>19,900</u>
Resource conservation and industrial development		
Rural area weed control	30,837	12,388
Drainage of land	-	-
Veterinary services	3,270	3,270
Water resources and conservation	49,918	48,656
Regional development	27,613	24,473
Industrial development	-	-
Tourism	-	-
Other	19,663	20,683
	<u>131,301</u>	<u>109,470</u>
Sub-totals forward	<u>3,311,725</u>	<u>3,486,048</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 For the Year Ended December 31, 2018

SCHEDULE 13

	2018 Actual	2017 Actual
Sub-totals forward	3,311,725	3,486,048
Recreation and cultural services:		
Administration	144,313	250,537
Community centers and halls	23,586	20,422
Swimming pools and beaches	-	-
Golf courses	2,000	2,000
Skating and curling rinks	151,621	119,130
Parks and playgrounds	204,616	193,109
Other recreational facilities	103,597	78,172
Museums	5,615	6,704
Libraries	33,648	44,315
Other cultural facilities	16,483	16,480
	685,479	730,869
Total expenses	\$ 3,997,204	\$ 4,216,917

