

# Municipal Officials Seminar Financial Statement/Budgeting Presentation



# Topics

- Audit, Auditors, Responsibility for Audit
- Audited Financial Statements
- Surplus
- Asset Management Plans
- Financial Plan – budgeting

# Responsibility for Audited Financial Statements

- Responsibility for preparation of audited financial statements is municipality's, however in Manitoba, outside Winnipeg and Brandon, financial statements are prepared by the auditors
- Auditors responsibility is to ensure that the audited Financial Statements accurately represent the financial status of the municipality and that there are no material misstatements
- Audited financial statements have two letters or reports at the start of the statements; Statement of Responsibility and Independent Auditor's Report

## STATEMENT OF RESPONSIBILITY

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

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

Council of the Municipality met with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

KWB Chartered Accountants Inc. as the Municipality's appointed external auditors, have audited the 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 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.

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the  
**CITY OF BRANDON**

We have audited the accompanying consolidated financial statements of the City of Brandon, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Brandon at December 31, 2014 and the results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2014 in accordance with Canadian Public Sector Accounting Standards.





# Management's Responsibility

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

# Auditor's Opinion

- In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the \_\_\_\_\_ Municipality as at \_\_\_\_\_, and the result of its operations, change in net financial assets, and cash flows for the year ended \_\_\_\_\_ in accordance with the Canadian Public Sector Accounting Standards.

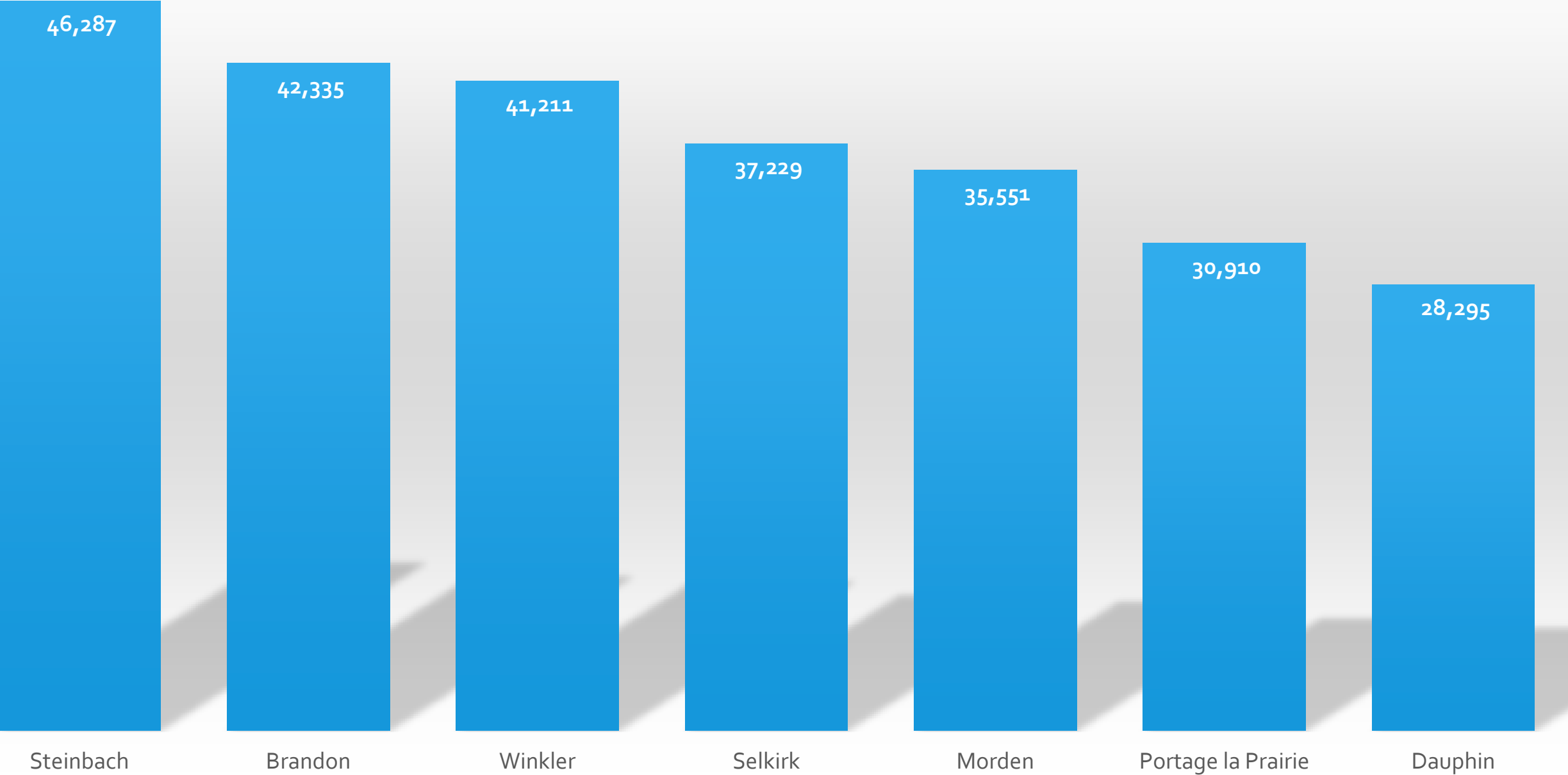
# Selection of Auditors

- Selection; RFP; same as lawyer, engineer, architect; some sort of basis besides lowest price
- Province used to appoint; prices higher, more standardized auditing; presentation to Council



|   |           |
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Assessment per Capita - 2012



|  | General Capital Assets        |   |                              |   |                                | Infrastructure                    |                       |                                 | Totals        |               |
|--|-------------------------------|---|------------------------------|---|--------------------------------|-----------------------------------|-----------------------|---------------------------------|---------------|---------------|
|  | Land and Land<br>Improvements | Buildings<br>and<br>Leasehold<br>Improvements | Vehicles<br>and<br>Equipment | Computer<br>Hardware<br>and<br>Software | Asset<br>Under<br>Construction | Roads, Streets,<br>and<br>Bridges | Water<br>and<br>Sewer | Assets<br>Under<br>Construction | 2014          | 2013          |
| Cost   |                               |   |                              |   |                                |                                   |                       |                                 |               |               |
| Opening costs                                | \$ 2,625,660                  | \$ 3,674,627                                  | \$ 6,501,091                 | \$ 90,930                               | \$ 99,075                      | \$ 39,979,219                     | \$ 27,943,886         | \$ 240,567                      | \$ 81,155,055 | \$ 75,903,311 |
| Additions during the year                    | 1,062,888                     | 29,577  | 959,320                      | 19,740                                  | 1,974,994                      | 2,117,563                         | 307,891               | -                               | 6,471,973     | 9,739,654     |
| Disposals and write downs                    | -                             | -   | (649,437)                    | -                                       | (99,075)                       | -                                 | -                     | (33,443)                        | (781,955)     | (4,487,910)   |
| Closing costs                                | 3,688,548                     | 3,704,204                                     | 6,810,974                    | 110,670                                 | 1,974,994                      | 42,096,782                        | 28,251,777            | 207,124                         | 86,845,073    | 81,155,055    |
| Accumulated Amortization                     |                               |   |                              |   |                                |                                   |                       |                                 |               |               |
| Opening accum'd amortization                 | 608,960                       | 1,787,565                                     | 2,890,324                    | 66,051                                  | -                              | 27,000,319                        | 7,328,050             | -                               | 39,681,269    | 36,676,524    |
| Amortization                                 | 98,989                        | 110,216                                       | 450,252                      | 10,708                                  | -                              | 1,850,434                         | 852,287               | -                               | 3,372,886     | 3,210,354     |
| Disposals and write downs                    | -                             | -   | (412,320)                    | -                                       | -                              | -                                 | -                     | -                               | (412,320)     | (205,609)     |
| Closing accum'd amortization                 | 707,949                       | 1,897,781                                     | 2,928,256                    | 76,759                                  | -                              | 28,850,753                        | 8,180,337             | -                               | 42,641,835    | 39,681,269    |
| Net Book Value of<br>Tangible Capital Assets | \$ 2,980,599                  | \$ 1,806,423                                  | \$ 3,882,718                 | \$ 33,911                               | \$ 1,974,994                   | \$ 13,246,029                     | \$ 20,071,440         | \$ 207,124                      | \$ 44,203,238 | \$ 41,473,786 |

|  | General Reserve  | Equipment Replacement Reserve | Fire Equipment Reserve | South Shore Replacement Reserve | Gas Tax Reserve   | Waste Disposal Reserve |
|--|------------------|-------------------------------|------------------------|---------------------------------|-------------------|------------------------|
| <b>REVENUE</b>                         |                  |                               |                        |                                 |                   |                        |
| Investment income                      | \$ 3,336         | \$ 2,724                      | \$ 3,076               | \$ 1,576                        | \$ 3,487          | \$ 87                  |
| Other income                           | -                | -                             | -                      | 111,685                         | -                 | -                      |
| <b>Total revenue</b>                   | <u>3,336</u>     | <u>2,724</u>                  | <u>3,076</u>           | <u>113,261</u>                  | <u>3,487</u>      | <u>87</u>              |
| <b>EXPENSES</b>                        |                  |                               |                        |                                 |                   |                        |
| Investment charges                     | -                | -                             | -                      | -                               | -                 | -                      |
| Other expenses                         | 610              | -                             | 14,320                 | 11,909                          | 27,606            | -                      |
| <b>Total expenses</b>                  | <u>610</u>       | <u>-</u>                      | <u>14,320</u>          | <u>11,909</u>                   | <u>27,606</u>     | <u>-</u>               |
| <b>NET REVENUES</b>                    | 2,726            | 2,724                         | (11,244)               | 101,352                         | (24,119)          | 87                     |
| <b>TRANSFERS</b>                       |                  |                               |                        |                                 |                   |                        |
| Transfers from general operating fund  | 50,000           | 100,000                       | 25,000                 | -                               | 44,445            | -                      |
| Transfers to general operating fund    | -                | -                             | -                      | -                               | -                 | -                      |
| Transfer from (to) reserves            | (275,000)        | 100,000                       | -                      | 175,000                         | -                 | -                      |
| Transfers from utility operating fund  | -                | -                             | -                      | -                               | -                 | -                      |
| Transfers to utility operating fund    | -                | -                             | -                      | -                               | -                 | -                      |
| Acquisition of tangible capital assets | -                | -                             | (20,000)               | -                               | -                 | -                      |
| <b>CHANGE IN RESERVE FUND BALANCES</b> | (222,274)        | 202,724                       | (6,244)                | 276,352                         | 20,326            | 87                     |
| <b>FUND SURPLUS, BEGINNING OF YEAR</b> | <u>246,875</u>   | <u>200,815</u>                | <u>188,964</u>         | <u>-</u>                        | <u>247,767</u>    | <u>8,043</u>           |
| <b>FUND SURPLUS, END OF YEAR</b>       | <u>\$ 24,601</u> | <u>\$ 403,539</u>             | <u>\$ 182,720</u>      | <u>\$ 276,352</u>               | <u>\$ 268,093</u> | <u>\$ 8,130</u>        |

**FINANCIAL ASSETS**

|                           |                |               |
|---------------------------|----------------|---------------|
| Cash and cash equivalents | \$ -           | \$ -          |
| Amounts receivable        | <u>139,097</u> | <u>78,506</u> |
|                           | <u>139,097</u> | <u>78,506</u> |

**LIABILITIES**

|  |                    |                 |
|--|--------------------|-----------------|
| Accounts payable and accrued liabilities | -                  | -               |
| Long-term debt (Note 9)                  | 1,970,312          | -               |
| Due to other funds                       | <u>148,476</u>     | <u>118,816</u>  |
|  | <u>2,118,788</u>   | <u>118,816</u>  |
| <b>NET DEBT</b>                          | <u>(1,979,691)</u> | <u>(40,310)</u> |

**NON-FINANCIAL ASSETS**

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Tangible capital assets (Schedule 1) | <u>9,288,999</u>    | <u>1,536,995</u>    |
| <b>FUND SURPLUS</b>                  | <u>\$ 7,309,308</u> | <u>\$ 1,496,685</u> |



|   | 2014<br>Audited  | 2014<br>Audited  |
|---|------------------|------------------|
| <u>Working Capital Surplus/Deficit</u>            | <u>2014</u>      | <u>2014</u>      |
| Fund Surplus                                      | \$ 7,309,308     | \$ 1,496,685     |
| Less Tangible Capital Assets                      | (9,288,999)      | (1,536,995)      |
| Add Long term debt                                | 1,970,312        | -                |
| Add Utility Reserve                               | 261,209          | 482,383          |
| <b>Working Capital Surplus</b>                    | <b>\$251,830</b> | <b>\$442,073</b> |
| Minimum working capital surplus = 20% of expenses | \$178,080        | \$62,376         |



|   | Budget             | 2014                | 2013                |
|---|--------------------|---------------------|---------------------|
| <b>REVENUE</b>                            |                    |                     |                     |
| <b>Water</b>                              |                    |                     |                     |
| Water fees                                | \$ 116,734         | \$ 129,372          | \$ 82,992           |
|   | <u>116,734</u>     | <u>129,372</u>      | <u>82,992</u>       |
| <b>Sewer</b>                              |                    |                     |                     |
| Sewer fees                                | 135,141            | 144,141             | 71,522              |
|   | <u>135,141</u>     | <u>144,141</u>      | <u>71,522</u>       |
| <b>Property taxes</b>                     | -                  | -                   | -                   |
| <b>Other</b>                              |                    |                     |                     |
| Penalties                                 | 2,441              | 2,181               | 1,511               |
| Provincial / Federal grants               | -                  | -                   | -                   |
| Administration fees                       | 56,160             | 56,084              | 35,886              |
| Other income                              | 500                | 500                 | 652                 |
|   | <u>59,101</u>      | <u>58,765</u>       | <u>38,049</u>       |
| <b>Total revenue</b>                      | <u>\$ 310,976</u>  | <u>\$ 332,278</u>   | <u>\$ 192,563</u>   |
| <b>EXPENSES</b>                           |                    |                     |                     |
| <b>General</b>                            |                    |                     |                     |
| Administration                            | \$ 108,000         | \$ 120,152          | \$ 59,143           |
| Training costs                            | -                  | 834                 | 945                 |
| Billing and collection                    | 4,850              | 1,796               | 6,941               |
| Utilities                                 | -                  | 50,262              | 32,587              |
|   | <u>112,850</u>     | <u>173,044</u>      | <u>99,616</u>       |
| <b>Water General</b>                      |                    |                     |                     |
| Purification and treatment                | 13,500             | 24,058              | 11,582              |
| Transmission and distribution             | 60,000             | 6,648               | 12,989              |
| Connection costs                          | 10,000             | -                   | -                   |
|   | <u>83,500</u>      | <u>30,706</u>       | <u>24,571</u>       |
| <b>Water Amortization &amp; Interest</b>  |                    |                     |                     |
| Amortization                              | 17,609             | 17,609              | 18,665              |
| <b>Sewer General</b>                      |                    |                     |                     |
| Collection system costs                   | 17,500             | 14,920              | 2,618               |
| Treatment and disposal cost               | 6,600              | 1,155               | 417                 |
| Lift Station costs                        | 7,500              | 8,666               | 7,035               |
| Incentive program                         | 2,500              | 1,400               | 1,600               |
| Connection costs                          | 7,000              | 3,977               | -                   |
|   | <u>41,100</u>      | <u>30,118</u>       | <u>11,670</u>       |
| <b>Sewage Amortization &amp; Interest</b> |                    |                     |                     |
| Amortization                              | 60,405             | 60,405              | 60,405              |
| <b>Total expenses</b>                     | <u>315,464</u>     | <u>311,882</u>      | <u>214,907</u>      |
| <b>NET OPERATING SURPLUS (DEFICIT)</b>    | <u>(4,488)</u>     | <u>20,396</u>       | <u>(22,344)</u>     |
| <b>TRANSFERS</b>                          |                    |                     |                     |
| Transfers from (to) operating fund        | -                  | -                   | -                   |
| Transfers to reserve funds                | (73,525)           | (98,409)            | (56,725)            |
| <b>NET CHANGE IN UTILITY FUND BALANCE</b> | <u>\$ (78,013)</u> | <u>(78,013)</u>     | <u>(79,069)</u>     |
| <b>FUND SURPLUS, BEGINNING OF YEAR</b>    |                    | <u>1,574,898</u>    | <u>1,653,767</u>    |
| <b>FUND SURPLUS, END OF YEAR</b>          |                    | <u>\$ 1,496,885</u> | <u>\$ 1,574,698</u> |

|                                    | Financial Plan<br>General | Financial Plan<br>Utility(ies) | Amortization<br>(TCA) | Interest<br>Expense   | Transfers             | PSAB<br>Budget      |
|------------------------------------|---------------------------|--------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>REVENUE</b>                     |                           |                                |                       |                       |                       |                     |
| Property taxes                     | \$ 2,154,473              | \$ 172,089                     |                       |                       |                       | \$ 2,326,562        |
| Grants in lieu of taxation         | 83,761                    |                                |                       |                       |                       | 83,761              |
| User fees                          | 190,350                   |                                |                       |                       |                       | 190,350             |
| Grants - Province of Manitoba      | 159,304                   |                                |                       |                       |                       | 159,304             |
| Grants - other                     | 150,156                   |                                |                       |                       |                       | 150,156             |
| Permits, licences and fines        | 19,750                    |                                |                       |                       |                       | 19,750              |
| Investment income                  | 17,000                    |                                |                       |                       |                       | 17,000              |
| Other revenue                      |                           |                                |                       |                       |                       | -                   |
| Water and sewer                    |                           | 299,450                        |                       |                       |                       | 299,450             |
| Transfers from accumulated surplus |                           |                                |                       |                       |                       | -                   |
| Transfers from reserves            | 1,020,000                 | 36,500                         |                       |                       | (1,056,500)           | -                   |
| Total revenue                      | <u>\$ 3,794,794</u>       | <u>\$ 508,039</u>              | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ (1,056,500)</u> | <u>\$ 3,246,333</u> |
| <b>EXPENSES</b>                    |                           |                                |                       |                       |                       |                     |
| General government services        | \$ 472,736                |                                | \$ 4,863              |                       |                       | \$ 477,599          |
| Protective services                | 113,000                   |                                | 30,662                |                       |                       | 143,662             |
| Transportation services            | 1,124,000                 |                                | 318,607               |                       |                       | 1,442,607           |
| Environmental health services      | 80,900                    |                                | 11,723                |                       |                       | 92,623              |
| Public health and welfare services | 10,792                    |                                |                       |                       |                       | 10,792              |
| Regional planning and development  | 10,492                    |                                |                       |                       |                       | 10,492              |
| Resource cons and industrial dev   | 167,874                   |                                | 5,324                 |                       |                       | 173,198             |
| Recreation and cultural services   | 202,450                   |                                | 27,330                |                       |                       | 229,780             |
| Water and sewer services           |                           | 299,450                        | 102,429               | 31,379                |                       | 433,258             |
| Fiscal services:                   |                           |                                |                       |                       |                       | -                   |
| Transfer to capital                | 1,121,088                 | 36,500                         |                       | (1,157,588)           |                       | -                   |
| Debt charges                       | 27,655                    | 172,089                        |                       | (199,744)             |                       | -                   |
| Short term interest                | 30,000                    |                                |                       |                       |                       | 30,000              |
| Transfer to reserves               | 414,656                   |                                |                       | (414,656)             |                       | -                   |
| Allowance for tax assets           | 19,151                    |                                |                       | (19,151)              |                       | -                   |
| Total expenses                     | <u>\$ 3,794,794</u>       | <u>\$ 508,039</u>              | <u>\$ 500,938</u>     | <u>\$ (1,759,760)</u> | <u>\$ -</u>           | <u>\$ 3,044,011</u> |
| <b>Surplus (Deficit)</b>           | <u>\$ -</u>               | <u>\$ -</u>                    | <u>\$ (500,938)</u>   | <u>\$ 1,759,760</u>   | <u>\$ (1,056,500)</u> | <u>\$ 202,322</u>   |

# Surplus

- For General Operating Fund; Municipal Act; Regulation 49/97; maximum amount that a council may transfer from accumulated surplus and general reserve is 20% of expenditures (excluding education requisitions)
- For Utility Operating Fund, Public Utilities Board has a Working Capital calculation that determines Utility's surplus: which must be greater than 20% of operating expenses:
  - Utility Fund Surplus
  - Less Tangible Capital Assets
  - Add Long Term Debt
  - Add Utility Reserves

# Nominal Surplus and PSAB

- Pre-PSAB, Municipalities had a Nominal Surplus account in General and Utility Funds. Nominal Surplus was in effect prior year's operating surpluses that were available to spend.
- For PSAB there is a Nominal Surplus note, usually 18 or 19, that shows the General Operating Fund Nominal Surplus.

# What does this all mean (and who cares?)

- For your General Operating Fund, it is worth looking at your Nominal Surplus balance, because you may have excess funds sitting there that are available for General Fund capital projects
- For your Utility Operating Fund, the PUB uses working capital as part of their rate setting methodology (and because of the requirement to include amortization expense, as Working Capital grows, there should be funding available for capital projects).

|   | 2014<br>Actual      | 2013<br>Actual      |
|---|---------------------|---------------------|
| <b>General government services</b>                      |                     |                     |
| Legislative   | \$ 190,086          | \$ 210,463          |
| General administrative                                  | 802,183             | 773,146             |
| Other   | 42,030              | 99,085              |
|   | <u>1,034,299</u>    | <u>1,082,694</u>    |
| <b>Protective services</b>                              |                     |                     |
| Police  | 19,542              | 24,148              |
| Fire  | 384,569             | 362,049             |
| Emergency measures                                      | 50,224              | 49,919              |
| Other   | 102,125             | 109,293             |
|   | <u>556,460</u>      | <u>545,409</u>      |
| <b>Transportation services</b>                          |                     |                     |
| Road transportation                                     |                     |                     |
| Administration and engineering                          | 8,121               | 8,223               |
| Road and street maintenance                             | 2,362,760           | 2,033,906           |
| Bridge maintenance                                      | 52,377              | 41,009              |
| Sidewalk and boulevard maintenance                      | -                   | -                   |
| Street lighting   | 21,295              | 20,554              |
| Other   | -                   | -                   |
|   | <u>2,444,553</u>    | <u>2,103,692</u>    |
| <b>Environmental health services</b>                    |                     |                     |
| Waste collection and disposal                           | 727,446             | 649,482             |
| Recycling   | 216,663             | 244,365             |
| Other   | 2,659               | 3,090               |
|   | <u>946,768</u>      | <u>896,937</u>      |
| <b>Public health and welfare services</b>               |                     |                     |
| Public health   | 5,593               | 6,065               |
| Hospital care   | 20,000              | 20,000              |
| Social assistance                                       | 30,029              | 29,277              |
|   | <u>55,622</u>       | <u>55,342</u>       |
| <b>Regional planning and development</b>                |                     |                     |
| Planning and zoning                                     | <u>124,611</u>      | <u>199,048</u>      |
| <b>Resource conservation and industrial development</b> |                     |                     |
| Rural area weed control                                 | 50,374              | 46,160              |
| Water resources and conservation                        | 33,382              | 45,282              |
| Tourism   | 563                 | -                   |
|   | <u>84,319</u>       | <u>91,442</u>       |
| <b>Recreation and cultural services</b>                 |                     |                     |
| Community centers and halls                             | 43,784              | 23,421              |
| Swimming pools and beaches                              | 9,180               | 8,691               |
| Skating and curling rinks                               | 323,094             | 214,764             |
| Parks and playgrounds                                   | 42,667              | 42,667              |
| Other recreational facilities                           | 29,971              | 2,638               |
| Museums   | 15,000              | 15,205              |
| Libraries   | 46,867              | 46,796              |
|   | <u>510,563</u>      | <u>354,182</u>      |
| <b>Total expenses</b>                                   | <u>\$ 5,757,195</u> | <u>\$ 5,328,746</u> |



|   |                     | 2014              |
|---|---------------------|-------------------|
|   | General             | Utility           |
| <b>NET SURPLUS UNDER THE MUNICIPAL ACT</b>  | \$ 1,587            | \$ -              |
| <b>Adjustments for reporting under Public Sector Accounting Standards</b>         |                     |                   |
| Eliminate expense - Transfers to reserves   | 4,902,317           | 282,565           |
| Eliminate revenue - Transfers from reserves                                       | (2,142,009)         | (1,224,636)       |
| Increase revenue - Reserve funds interest   | 101,955             | -                 |
| Decrease revenue - Net deficit of consolidated entities                           | (343,548)           | -                 |
| Eliminate revenue - Transfer from nominal surplus(es)                             | -                   | -                 |
| Increase expense - Amortization of tangible capital assets                        | (1,046,092)         | (457,589)         |
| Decrease expense - Principal portion of debenture debt                            | 129,542             | 118,715           |
| Eliminate expense - Acquisitions of tangible capital assets                       | 1,606,093           | 1,224,635         |
| Increase revenue - Grants paid by the rural municipality to consolidated entities | 345,877             | -                 |
| Increase revenue - Gain (loss) on disposition of tangible capital assets          | (153)               | -                 |
| Increase revenue - Donated tangible capital assets                                | 480,803             | 926,242           |
| Tax cancellations in excess of allowance for tax assets                           | (10,291)            | -                 |
| <b>NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS</b>                       | <b>\$ 4,026,081</b> | <b>\$ 869,932</b> |

# Asset Management Plans

- Federal 2013 budget stated “to maximize the value and ensure the sustainability of investments in our public infrastructure, the Government encourages all jurisdictions to undertake life-cycle cost assessments and develop robust capital asset management plans”.
- Infrastructure Canada, October, 2013 Presentation to Asset Management Workshop:
  - “Asset Management specific objective for renewed Gas Tax Fund:....Supporting and encouraging long-term municipal planning and asset management.” “Next Steps: Develop asset management requirements specific to each GTF Agreement”

# Asset Management Plans

continued

- At present it appears that Asset Management Plans are required to be in place by 2018.
- Ontario requires municipalities to have Asset Management Plans as a prerequisite to access Infrastructure funding.
- Asset Management Plans are your 5 year capital plan on steroids with a lot more bells and whistles.

# What is an Asset Management Plan

- The Province of Ontario in the Ontario Asset management Plan Guide states: "Asset management requires a thorough understanding of the characteristics and condition of infrastructure assets, as well as the service levels expected from them. It also involves setting strategic priorities to optimize decision-making about when and how to proceed with investments. Finally, it requires the development of a financial plan, which is the most critical step in putting the plan into action."



# Components of an Asset Management Plan

- An evaluation of the state of local infrastructure
- A determination of the expected levels of service
- The creation of an asset management strategy
- A financing strategy

# Budgeting

- Incremental budgeting; almost all munis do this
- Envelope budgeting
- ZBB
- Program budgeting



# Financial Plan

- In the Financial Plan, Council is used to looking at last year budgeted, last year (and maybe 2 years ago) actual and then ascertaining what should be budgeted for the upcoming year. Incremental budgeting.
- There should be some emphasis, especially with the larger municipalities, to some sort of program budgeting approach. To look at the cost for various programs in total as opposed to line by line budgeting.

# Financial Plan

Continued

- The 5 year capital plan is going to have to be expanded and lengthened in response to the upcoming requirement for asset management plans