

Town of Neepawa

Consolidated Financial Statements
Year ended December 31, 2019

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Neepawa 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.

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



Colleen Synchyshyn
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Reeve and members of Council of the
Town of Neepawa

Opinion

We have audited the accompanying consolidated financial statements of the Town of Neepawa, which comprise the statement of financial position as at December 31, 2019 and the statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We communicated 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.



Winnipeg, Canada
October 6, 2020

Chambers Fraser
Chartered Professional Accountants

Town of Neepawa

Consolidated Financial Statements

Year ended December 31, 2019

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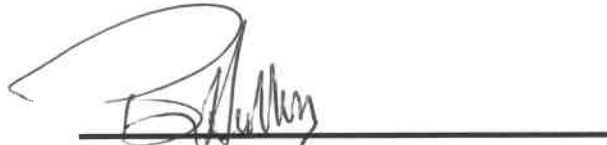
**Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 11,391,857	\$ 12,524,295
Amounts receivable (Note 4)	1,432,421	2,381,769
Loans and advances	108,381	108,381
Real estate properties held for sale	605,897	644,413
Other assets	<u>704</u>	<u>656</u>
	<u>\$ 13,539,260</u>	<u>\$ 15,659,514</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 1,333,507	\$ 4,988,627
Deferred revenue (Note 6)	2,318,284	807,603
Landfill closure and post closure liabilities (Note 7)	238,517	731,427
Long-term debt (Note 8)	3,232,953	3,449,601
Deposits	<u>61,404</u>	<u>58,424</u>
	<u>7,184,665</u>	<u>10,035,682</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 6,354,595</u>	<u>\$ 5,623,832</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 40,830,432	37,439,464
Prepaid expenses	<u>52,309</u>	<u>50,845</u>
	<u>40,882,741</u>	<u>37,490,309</u>
ACCUMULATED SURPLUS (DEFICIT) (Note 12)	<u>\$ 47,237,336</u>	<u>\$ 43,114,141</u>

Approved on behalf of Council:



Blake McCutcheon - Mayor



Brian Hedley - Deputy Mayor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2019

	<u>2019 Budget (Note 11)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
REVENUE			
Property taxes	\$ 4,509,227	\$ 4,492,025	\$ 4,446,070
Grants in lieu of taxation	187,404	187,404	183,090
User fees	574,602	615,612	622,831
Grants - Province of Manitoba	1,079,030	1,146,673	1,099,628
Grants - other	1,188,647	1,020,442	1,726,488
Permits, licences and fines	26,850	21,805	22,728
Investment income	50,431	184,462	207,722
Other revenue	499,595	1,358,139	247,874
Water and sewer	<u>2,940,734</u>	<u>2,872,221</u>	<u>2,267,839</u>
Total revenue (Schedules 2, 4 and 5)	<u>11,056,520</u>	<u>11,898,783</u>	<u>10,824,270</u>
EXPENSES			
General government services	1,008,352	981,510	957,157
Protective services	1,021,921	922,776	949,692
Transportation services	1,408,073	1,335,265	1,415,425
Environmental health services	688,388	669,494	703,227
Public health and welfare services	259,146	358,801	222,393
Regional planning and development	106,225	154,565	118,038
Resource conservation and industrial development	391,028	335,778	239,990
Recreation and cultural services	642,203	582,619	652,880
Water and sewer services	<u>2,479,034</u>	<u>2,434,780</u>	<u>2,111,285</u>
Total expenses (Schedules 3, 4 and 5)	<u>8,004,370</u>	<u>7,775,588</u>	<u>7,370,087</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>\$ 3,052,150</u></u>	4,123,195	3,454,183
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>43,114,141</u>	<u>39,659,958</u>
ACCUMULATED SURPLUS, END OF YEAR		<u><u>\$47,237,336</u></u>	<u>\$ 43,114,141</u>

The accompanying notes are an integral part of this financial statement

Town of Neepawa
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2019

	<u>2019 Budget (Note 11)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 3,052,150</u>	<u>\$ 4,123,195</u>	<u>\$ 3,454,183</u>
Acquisition of tangible capital assets	(8,872,726)	(4,841,816)	(6,684,692)
Amortization of tangible capital assets	1,404,917	1,404,917	1,411,117
Loss (Gain) on sale of tangible capital assets		(2,517)	(23,070)
Proceeds on sale of tangible capital assets		48,448	98,747
Decrease (increase) in prepaid expense		(1,464)	(16,990)
	<u>(7,467,809)</u>	<u>(3,392,432)</u>	<u>(5,214,888)</u>
CHANGE IN NET FINANCIAL ASSETS	<u><u>\$ (4,415,659)</u></u>	730,763	(1,760,705)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR		<u>5,623,832</u>	<u>7,384,537</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR		<u><u>\$ 6,354,595</u></u>	<u><u>\$ 5,623,832</u></u>

The accompanying notes are an integral part of this financial statement

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 4,123,195	\$ 3,454,183
Changes in non-cash items:		
Amounts receivable	949,348	(715,896)
Inventories - real estate	38,516	(86,338)
Prepays	(1,464)	(16,990)
Other assets	(48)	(38)
Accounts payable and accrued liabilities	(3,655,120)	4,135,329
Deferred revenue	1,510,681	103,055
Landfill closure and post closure liabilities	(492,910)	784
Other liabilities	2,980	3,235
Loss (Gain) on sale of tangible capital asset	(2,517)	(23,070)
Amortization	1,404,917	1,411,117
Cash provided by (applied to) operating transactions	<u>3,877,578</u>	<u>8,265,371</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	48,448	98,747
Cash used to acquire tangible capital assets	<u>(4,841,816)</u>	<u>(6,684,692)</u>
Cash provided by (applied to) capital transactions	<u>(4,793,368)</u>	<u>(6,585,945)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	10,200	-
Debt repayment	<u>(226,848)</u>	<u>(220,191)</u>
Cash provided by (applied to) financing transactions	<u>(216,648)</u>	<u>(220,191)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(1,132,438)	1,459,235
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>12,524,295</u>	<u>11,065,060</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$11,391,857</u></u>	<u><u>\$12,524,295</u></u>

The accompanying notes are an integral part of this financial statement

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

1. Status of the Town of Neepawa

The incorporated Town of Neepawa is a municipal government that was created in 1883 pursuant to the Manitoba Municipal Act. The town provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, library and other general government operations. The town owns a utility, has several designated special purpose reserves and provides funding support for other financial entities involved in a variety of municipal services.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Reporting Entity

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

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

Beautiful Plains County Court (consolidated 33.33 %) (2018 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2018 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2018 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2018 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2018 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2018 - consolidated 5.4 %)

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

Trust funds and their related operations administered by the Municipality are not consolidated in these financial statements. The trust funds administered by the Municipality are presented in Schedule 7 - Schedule of Trust Funds.

b) Basis of Accounting

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

c) Cash and Temporary Investments

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

d) Investments

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

Portfolio investments are accounted for at cost.

e) 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.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

f) Non-Financial Assets

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

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition per acceptance by Town. 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 capitalize internal finance charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over its useful life. Assets under construction are not amortized until put into use.

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 40 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 to 10 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 years
Buildings	25 to 40 years
Underground networks	15 to 50 years
Machinery and equipment	5 to 10 years
Dams and other surface water structures	40 to 60 years

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

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

h) Leases

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

i) Inventories

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

j) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Certain government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition of tangible capital assets. In addition, certain user charges and fees are collected for which the related service have yet to be performed. Revenue is recognized in the fiscal year when the related costs are incurred, services performed or the tangible capital assets are acquired.

In accordance with PSAB guidelines, government transfers, as well as revenue from contributed assets, are required to be recognized as revenue in the consolidated financial statements in the fiscal year in which the tangible capital assets are acquired.

k) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

These financial statements include the existence of measurement uncertainty in the accrual of the landfill closure, post closure and environmental liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash	<u>\$ 11,391,857</u>	<u>\$ 12,524,295</u>
The Municipality has designated the following cash to reserves for commitments and tangible capital asset acquisitions.		
Designated Reserve Funds	<u>\$ 9,570,590</u>	<u>\$ 7,524,074</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2019</u>	<u>2018</u>
Taxes on roll (Schedule 10)	\$ 275,903	\$ 202,742
Government grants	166,711	1,516,792
Utility customers	785,167	505,184
Organizations and individuals	273,021	209,647
Other governments	<u>17,073</u>	<u>21,892</u>
	1,517,875	2,456,257
Less allowances for doubtful amounts	<u>(85,454)</u>	<u>(74,488)</u>
	<u><u>\$ 1,432,421</u></u>	<u><u>\$ 2,381,769</u></u>

5. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 740,993	\$ 4,450,169
Accrued expenses	181,844	330,758
School levies	58,599	6,410
Other governments	<u>352,071</u>	<u>201,290</u>
	\$ 1,333,507	\$ 4,988,627
	<u><u>\$ 1,333,507</u></u>	<u><u>\$ 4,988,627</u></u>

6. Deferred Revenue:

	<u>2019</u>	<u>2018</u>
Federal Gas Tax Funding	\$ 1,031,876	\$ 767,528
Cemetery Maintenance Fees	1,218,223	-
Handi Transit Funding	<u>30,222</u>	<u>-</u>
	2,280,321	767,528
Other	<u>37,963</u>	<u>40,075</u>
	<u><u>\$ 2,318,284</u></u>	<u><u>\$ 807,603</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

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 Odanah (Note 1). The municipality, along with three neighbouring municipalities, is a shareholder in the corporation. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	<u>2019</u>	<u>2018</u>
Estimated closure and post closure costs over the next 85 years	<u>\$ 854,675</u>	<u>\$ 854,675</u>
Discount rate	<u>6.00%</u>	<u>6.00%</u>
Discounted costs	<u>\$ 41,982</u>	<u>\$ 39,809</u>
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	110,500	104,000
Remaining	474,500	481,000
Total	585,000	585,000
Percent utilized	<u>18.89%</u>	<u>17.78%</u>
Liability based on percentage	<u>\$ 7,930</u>	<u>\$ 7,077</u>

b) Closed Municipal Landfill Site

Estimated closure and post closure costs	<u>\$ 230,587</u>	<u>\$ 724,350</u>
Total landfill closure and post closure liabilities	<u>\$ 238,517</u>	<u>\$ 731,427</u>

Legislation requires the Municipality to monitor its closed landfill site(s). Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections, grounds maintenance and annual reports. Post closure care for the closed landfill site(s) is estimated to be required until 2049. Estimated post closure costs over the next 30 years is estimated to be \$450,000. The Municipality uses a discount rate of 5%.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

8. Long Term Debt

	<u>2019</u>	<u>2018</u>
Utility Funds:		
Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029	\$ 950,245	\$ 1,019,711
Debenture for waste water treatment plant and raw water line, at 4.6250%, \$268,301 annually including interest, maturing 2030	2,273,174	2,429,128
	<u>\$ 3,223,419</u>	<u>\$ 3,448,839</u>
Debenture long term debt	\$ 3,223,419	\$ 3,448,839

The debentures of the Municipality have been issued with a maximum term of 20 years to maturity.

Other long term debt - Government Partnerships

Loan with Beautiful Plains Credit Union Ltd., at prime plus 1%, \$8,267 annual including interest, maturing April 2019.	-	762
Loan with Beautiful Plains Credit Union Ltd., at 4.7%, \$553 annual including interest.	9,534	-
	<u>\$ 3,232,953</u>	<u>\$ 3,449,601</u>

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

2020	\$ 238,445
2021	250,118
2022	262,375
2023	275,238
2024	288,749

9. Retirement Benefits

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the municipality on behalf of its employees are expected to be **\$90,414** (2018 - \$89,383) and are included in the statement of operations.

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

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

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

10. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion 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 value of these financial instruments approximates their carrying values.

11. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these 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.

12. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	1,805,850	1,805,854
Utility operating fund - Nominal surplus	309,207	309,207
General capital fund - Capital surplus	8,159,842	6,533,139
Utility capital fund - Capital surplus	28,435,529	26,554,150
Reserve funds	<u>9,570,590</u>	<u>7,524,074</u>
	48,281,018	42,726,424
Deferred revenue - Reserves	<u>(2,249,999)</u>	<u>(767,528)</u>
Accumulated surplus of municipality unconsolidated	46,031,019	41,958,896
Accumulated surpluses of consolidated entities	<u>1,206,317</u>	<u>1,155,245</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 47,237,336</u>	<u>\$ 43,114,141</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

13. Public Sector Compensation Disclosure

It is a requirement of The Municipal Act that the annual financial statement disclose the amount of compensation, expenses and any other payment made to council or committee members by the type of each payment and the total amount of payment to each member of council of the municipality. For the year ended December 31, 2019:

- a) Compensation paid to members of council amounted to \$64,155 in aggregate.
- b) There were no members of council receiving compensation in excess of \$75,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Jon McCutcheon	\$ 11,902	\$ 440	\$ 12,341
Darryl Gerrard	8,322	-	8,322
Murray Parrott	8,322	164	8,485
Brian Hedley	10,193	164	10,193
Darren Pudlo	8,322	-	8,322
Marijka Krostenchuk	8,772	175	8,946
Jason Nadeau	8,322	59	8,380
	-	-	-
	<u>\$ 64,155</u>	<u>\$ 1,002</u>	<u>\$ 64,989</u>

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

- c) The following officers received compensation in excess of \$75,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Colleen Synchronyshyn	Chief Administrative Officer	\$ 108,501
Denis Saquet	Manager of Operations	79,377

14. 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.

Water services:

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Water treatment plant	\$ 1,034,471	\$ -	\$ 88,362	\$ 946,109
Waste water treatment facility	9,735,000	-	295,000	9,440,000
Water mains	6,227,380	-	167,772	6,059,608
Lagoon upgrade	1,483,059	701,456	55,082	2,129,433
	<u>\$ 18,479,910</u>	<u>\$ 701,456</u>	<u>\$ 606,216</u>	<u>\$ 18,575,150</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

15. Trust Funds

The Town of Neepawa administers the following trust:

<u>List Trust Funds</u>	<u>Balance, beg. of the year</u>	<u>Net Receipts (Disbursements)</u>	<u>Balance, end of the year</u>
Cemetery	\$ 1,531,924	\$ (1,531,924)	\$ -
Veterans Walk	3,996	80	4,076
	<u>\$ 1,535,920</u>	<u>\$ (1,531,844)</u>	<u>\$ 4,076</u>

16. Segmented Information

The Town of Neepawa provides a wide ranges 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
- Resources Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenues 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 financial statements as described in the summary of significant accounting policies.

17. Government Partnerships

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

	<u>2019</u>	<u>2018</u>
Financial Position		
Financial assets	\$ 346,221	\$ 318,966
Financial liabilities	156,234	70,994
Net financial assets (liabilities)	<u>189,987</u>	<u>247,972</u>
Non financial assets	<u>1,016,330</u>	<u>907,273</u>
Accumulated surplus	<u>\$ 1,206,317</u>	<u>\$ 1,155,245</u>
Results of operations		
Revenues	\$ 264,781	\$ 250,631
Expenses	<u>213,709</u>	<u>213,549</u>
Consolidated annual surplus	<u>\$ 51,072</u>	<u>\$ 37,082</u>

Town of Neepawa
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2019

SCHEDULE 1

	General Capital Assets				Infrastructure			Totals		
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2019	2018
Cost										
Opening costs	1,605,667	4,109,390	3,349,701	196,009	2,005,850	5,500,071	48,102,083	-	64,868,771	58,405,429
Additions during the year	179,769	72,083	127,814	20,412	992,896	839,956	2,608,886	-	4,841,816	6,684,692
Transfer during the year									-	-
Disposals and write downs			(98,866)						(98,866)	(221,350)
Closing costs	<u>1,785,436</u>	<u>4,181,473</u>	<u>3,378,649</u>	<u>216,421</u>	<u>2,998,746</u>	<u>6,340,027</u>	<u>50,710,969</u>	<u>-</u>	<u>69,611,721</u>	<u>64,868,771</u>
Accumulated Amortization										
Opening accum'd amortization	820,680	2,106,754	2,418,565	191,778	-	3,791,365	18,100,165	-	27,429,307	26,163,865
Amortization	17,041	111,046	184,909	3,719		135,275	952,927		1,404,917	1,411,117
Disposals and write downs			(52,935)						(52,935)	(145,675)
Closing accum'd amortization	<u>837,721</u>	<u>2,217,800</u>	<u>2,550,539</u>	<u>195,497</u>	<u>-</u>	<u>3,926,640</u>	<u>19,053,092</u>	<u>-</u>	<u>28,781,289</u>	<u>27,429,307</u>
Net Book Value of Tangible Capital Assets	<u><u>947,715</u></u>	<u><u>1,963,673</u></u>	<u><u>828,110</u></u>	<u><u>20,924</u></u>	<u><u>2,998,746</u></u>	<u><u>2,413,387</u></u>	<u><u>31,657,877</u></u>	<u><u>-</u></u>	<u><u>40,830,432</u></u>	<u><u>37,439,464</u></u>

Town of Neepawa
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2019

SCHEDULE 2

	<u>2019 Actual</u>	<u>2018 Actual</u>
Property taxes:		
Municipal taxes levied (Schedule 11)	\$ 4,462,075	\$ 4,154,816
Taxes added	29,950	291,254
	<u>4,492,025</u>	<u>4,446,070</u>
Grants in lieu of taxation:		
Federal government enterprises	6,426	6,300
Provincial government	75,498	73,969
Provincial government enterprises	105,480	102,821
	<u>187,404</u>	<u>183,090</u>
User fees		
Sales of service	277,396	319,744
Rentals	161,371	149,296
Facility use fees	176,845	153,791
	<u>615,612</u>	<u>622,831</u>
Grants - Province of Manitoba		
General assistance payment	842,432	775,534
Conditional grants - Other	304,241	324,094
	<u>1,146,673</u>	<u>1,099,628</u>
Grants - other		
Federal government - Gas tax Funding	250,000	138,488
Federal government - Utility system upgrades	701,457	1,501,832
Other local governments	68,985	86,168
	<u>1,020,442</u>	<u>1,726,488</u>
Permits, licences and fines		
Licences	2,090	1,660
Fines	19,715	21,068
	<u>21,805</u>	<u>22,728</u>
Investment income:		
Cash and temporary investments	184,462	207,722
	<u>184,462</u>	<u>207,722</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	2,517	23,070
Gain on sale of real estate held for sale	412,931	79,000
Penalties and interest	31,275	25,452
Cemetery maintenance fees	327,203	25,145
Recoveries	540,289	37,709
Miscellaneous	43,924	57,498
	<u>1,358,139</u>	<u>247,874</u>
Water and sewer (Schedule 4)	<u>2,872,221</u>	<u>2,267,839</u>
Total revenue	<u><u>11,898,783</u></u>	<u><u>10,824,270</u></u>

Town of Neepawa
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2019

SCHEDULE 3

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
General government services:		
Legislative	\$ 64,207	\$ 65,063
General administrative	656,642	648,525
Other	<u>260,661</u>	<u>243,569</u>
	<u>981,510</u>	<u>957,157</u>
Protective services:		
Police	586,057	612,112
Fire	163,709	182,892
Emergency measures	122,798	119,919
Other protection	<u>50,212</u>	<u>34,769</u>
	<u>922,776</u>	<u>949,692</u>
Transportation services:		
Road transport		
Administration and engineering	141,616	114,210
Road and street maintenance	1,066,592	1,170,941
Street lighting	84,514	83,786
Other	7,927	16,552
Air transport	<u>34,616</u>	<u>29,936</u>
	<u>1,335,265</u>	<u>1,415,425</u>
Environmental health services:		
Waste collection and disposal	<u>669,494</u>	<u>703,227</u>
	<u>669,494</u>	<u>703,227</u>
Public health and welfare services:		
Public health	345,634	209,226
Social assistance	<u>13,167</u>	<u>13,167</u>
	<u>358,801</u>	<u>222,393</u>
Regional planning and development		
Planning and zoning	90,624	91,101
Urban area weed control	6,234	3,903
Other	<u>57,707</u>	<u>23,034</u>
	<u>154,565</u>	<u>118,038</u>
Resource conservation and industrial development		
Drainage of land	7,649	8,785
Veterinary services	11,790	11,790
Regional development	313,409	216,485
Other	<u>2,930</u>	<u>2,930</u>
	<u>335,778</u>	<u>239,990</u>
Sub-totals forward	<u>4,758,189</u>	<u>4,605,922</u>

Town of Neepawa
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2019

SCHEDULE 3

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Sub-totals forward	<u>4,758,189</u>	<u>4,605,922</u>
Recreation and cultural services:		
Community centers and halls	102,399	111,902
Swimming pools and beaches	140,832	168,215
Skating and curling rinks	85,000	85,000
Parks and playgrounds	89,337	96,806
Other recreational facilities	69,635	90,661
Libraries	94,448	99,354
Other cultural facilities	968	942
	<u>582,619</u>	<u>652,880</u>
Water and sewer services (Schedule 4)	<u>2,434,780</u>	<u>2,111,285</u>
Total expenses	<u><u>7,775,588</u></u>	<u><u>7,370,087</u></u>

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

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ 4,096,900	\$ 4,050,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	187,404	183,090	-	-	-	-	-	-	-	-
User fees	136,740	126,005	52,954	46,075	-	-	149,603	203,968	-	-
Prov of MB - Unconditional Grants	842,432	775,534	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	78,665	10,101	50,400	50,400	11,717	11,717	110,080	143,671	-	-
Grants - other	-	37,750	59,251	58,685	250,000	138,488	-	-	-	-
Permits, licences and fines	500	570	20,095	21,338	-	-	-	-	-	-
Investment income	64,817	100,649	8,755	5,804	37,557	29,725	-	-	24,388	10,582
Gain (loss) on sale of assets	(800)	22,005	-	-	-	-	3,317	1,065	-	-
Other revenue	493,778	164,778	3,926	1,472	-	-	499,853	5,308	327,203	25,145
Water and sewer										
Total revenue	\$ 5,900,436	\$ 5,471,427	\$ 195,381	\$ 183,774	\$ 299,274	\$ 179,930	\$ 762,853	\$ 354,012	\$ 351,591	\$ 35,727
EXPENSES										
Personnel services	\$ 465,282	\$ 458,852	\$ 155,552	\$ 135,075	\$ 447,264	\$ 460,939	\$ 78,338	\$ 75,888	\$ 173,233	\$ 156,833
Contract services	243,200	234,588	537,743	561,515	161,767	136,167	514,559	506,437	18,126	21,853
Utilities	102,268	99,556	71,593	70,066	112,451	117,844	8,108	8,721	7,862	10,221
Maintenance materials and supplies	20,113	45,379	72,759	102,916	315,759	417,126	18,640	15,226	151,786	21,806
Grants and contributions	108,400	78,093	50,003	49,404	-	-	21,227	65,216	-	-
Amortization	24,577	25,222	34,711	27,769	298,023	283,348	27,491	30,267	7,796	11,683
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Other	17,666	15,457	415	2,950	-	-	1,132	1,473	-	-
Total expenses	\$ 981,506	\$ 957,147	\$ 922,776	\$ 949,695	\$ 1,335,264	\$ 1,415,424	\$ 669,495	\$ 703,228	\$ 358,803	\$ 222,396
Surplus (Deficit)	\$ 4,918,930	\$ 4,514,280	\$ (727,395)	\$ (765,921)	\$ (1,035,990)	\$ (1,235,494)	\$ 93,358	\$ (349,216)	\$ (7,212)	\$ (186,669)

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

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

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,125	\$ 395,125	\$ 4,492,025	\$ 4,446,070
Grants in lieu of taxation	-	-	-	-	-	-	-	-	187,404	183,090
User fees	93,678	79,181	-	-	182,637	167,602	-	-	615,612	622,831
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	842,432	775,534
Prov of MB - Conditional Grants	12,357	32,886	-	-	41,022	45,319	-	-	304,241	294,094
Grants - other	9,102	13,137	-	-	632	6,596	701,457	1,501,832	1,020,442	1,756,488
Permits, licences and fines	-	-	1,210	820	-	-	-	-	21,805	22,728
Investment income	43,777	57,014	-	-	5,168	3,948	-	-	184,462	207,722
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	2,517	23,070
Other revenue	30,862	27,789	-	-	-	312	-	-	1,355,622	224,804
Water and sewer	-	-	-	-	-	-	2,872,221	2,267,839	2,872,221	2,267,839
Total revenue	\$ 189,776	\$ 210,007	\$ 1,210	\$ 820	\$ 229,459	\$ 223,777	\$ 3,968,803	\$ 4,164,796	\$ 11,898,783	\$ 10,824,270
EXPENSES										
Personnel services	\$ 68,311	\$ 49,289	\$ 77,613	\$ 74,064	\$ 302,523	\$ 271,013	\$ 365,248	\$ 340,327	\$ 2,133,364	\$ 2,022,280
Contract services	63,374	56,385	175,083	110,767	119,570	144,003	113,930	130,369	1,947,352	1,902,084
Utilities	1,941	1,926	4,445	3,881	55,911	50,809	189,780	156,420	554,359	519,444
Maintenance materials and supplies	13,122	10,439	14,605	3,817	59,556	126,739	643,059	327,238	1,309,399	1,070,686
Grants and contributions	7,716	-	19,439	20,575	7,160	13,487	-	-	213,945	226,775
Amortization	101	-	22,367	15,372	36,923	45,885	952,927	971,571	1,404,916	1,411,117
Interest on long term debt	-	-	6,834	-	8	-	169,706	180,299	176,548	180,299
Other	-	-	15,394	11,513	968	948	130	5,061	35,705	37,402
Total expenses	\$ 154,565	\$ 118,039	\$ 335,780	\$ 239,989	\$ 582,619	\$ 652,884	\$ 2,434,780	\$ 2,111,285	\$ 7,775,588	\$ 7,370,087
Surplus (Deficit)	\$ 35,211	\$ 91,968	\$ (334,570)	\$ (239,169)	\$ (353,160)	\$ (429,107)	\$ 1,534,023	\$ 2,053,511	\$ 4,123,195	\$ 3,454,183

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

	Core Government		Controlled Entities		Government Partnerships		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Property taxes	\$ 4,492,025	\$ 4,446,070	\$ -	\$ -	\$ -	\$ -	\$ 4,492,025	\$ 4,446,070
Grants in lieu of taxation	187,404	183,090	-	-	-	-	187,404	183,090
User fees	459,415	507,000	-	-	156,197	115,831	615,612	622,831
Prov of MB - Unconditional Grants	842,432	775,534	-	-	-	-	842,432	775,534
Prov of MB - Conditional Grants	253,017	218,773	-	-	51,224	75,321	304,241	294,094
Grants - other	1,010,708	1,736,755	-	-	9,734	19,733	1,020,442	1,756,488
Permits, licences and fines	21,805	22,728	-	-	-	-	21,805	22,728
Investment income	181,031	203,922	-	-	3,431	3,800	184,462	207,722
Gain (loss) on sale of assets	2,517	23,070	-	-	-	-	2,517	23,070
Other revenue	1,311,427	188,858	-	-	44,195	35,946	1,355,622	224,804
Water and sewer	2,872,221	2,267,839	-	-	-	-	2,872,221	2,267,839
Total revenue	\$ 11,634,002	\$ 10,573,639	\$ -	\$ -	\$ 264,781	\$ 250,631	\$ 11,898,783	\$ 10,824,270
EXPENSES								
Personnel services	\$ 1,944,098	\$ 1,856,873	\$ -	\$ -	\$ 189,266	\$ 165,407	\$ 2,133,364	\$ 2,022,280
Contract services	1,768,787	1,729,538	-	-	178,565	172,546	1,947,352	1,902,084
Utilities	521,930	487,648	-	-	32,429	31,796	554,359	519,444
Maintenance materials and supplies	1,243,319	1,016,088	-	-	66,080	54,598	1,309,399	1,070,686
Grants and contributions	192,718	161,559	-	-	21,227	65,216	213,945	226,775
Amortization	1,358,789	1,362,718	-	-	46,127	48,399	1,404,916	1,411,117
Interest on long term debt	169,706	180,299	-	-	6,842	-	176,548	180,299
Other	34,158	32,973	-	-	1,547	4,429	35,705	37,402
Total expenses	\$ 7,233,505	\$ 6,827,696	\$ -	\$ -	\$ 542,083	\$ 542,391	\$ 7,775,588	\$ 7,370,087
Surplus (Deficit)	\$ 4,400,497	\$ 3,745,943	\$ -	\$ -	\$ (277,302)	\$ (291,760)	\$ 4,123,195	\$ 3,454,183

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2019

SCHEDULE 6

	2019										2018	
	General	Gas Tax	Health Care	Cemetery	Fire	Utility	Sewer	Public Works and Environment	Recreation and culture	Building and land	Total	Total
REVENUE												
Investment income	\$ 17,675	\$ 19,953	\$ 3,728	\$ 11,459	\$ 8,754	\$ 25,434	\$ 9,202	\$ 37,557	\$ 4,891	\$ 40,623	\$ 179,276	\$ 177,876
Other income					7,008						7,008	
Total revenue	17,675	19,953	3,728	11,459	15,762	25,434	9,202	37,557	4,891	40,623	186,284	177,876
NET REVENUES	17,675	19,953	3,728	11,459	15,762	25,434	9,202	37,557	4,891	40,623	186,284	177,876
TRANSFERS												
Transfers from general operating	15,000	494,395	50,000	1,530,224	65,000	-	-	623,930	45,000	776,959	3,600,508	736,111
Transfers to general operating	-	-	-	(301,895)	-	-	-	-	-	-	(301,895)	-
Transfers from utility operating	-	-	-	-	-	52,250	12,000	-	-	-	64,250	74,332
Transfers to utility operating	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	(19,361)	(250,000)	-	(21,665)	-	-	(411,605)	-	-	(800,000)	(1,502,631)	(2,779,010)
CHANGE IN RESERVE FUND BALANCES	13,314	264,348	53,728	1,218,123	80,762	77,684	(390,403)	661,487	49,891	17,582	2,046,516	(1,790,691)
FUND SURPLUS, BEGINNING OF YEAR	855,614	767,528	152,521	-	383,441	1,181,094	457,869	1,706,675	210,072	1,809,260	7,524,074	9,314,765
FUND SURPLUS, END OF YEAR	<u>\$ 868,928</u>	<u>\$ 1,031,876</u>	<u>\$ 206,249</u>	<u>\$ 1,218,123</u>	<u>\$ 464,203</u>	<u>\$ 1,258,778</u>	<u>\$ 67,466</u>	<u>\$ 2,368,162</u>	<u>\$ 259,963</u>	<u>\$ 1,826,842</u>	<u>\$ 9,570,590</u>	<u>\$ 7,524,074</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 785,167	\$ 2,007,016
	<u>\$ 785,167</u>	<u>\$ 2,007,016</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,000	\$ 19,709
Water meter deposits	61,404	58,424
Long-term debt (Note 8)	3,223,420	3,448,839
Due to other funds	427,767	1,635,958
	<u>3,714,591</u>	<u>5,162,930</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (2,929,424)</u>	<u>\$ (3,155,914)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 31,657,877	\$ 30,002,989
Prepaid expenses	16,282	16,282
	<u>31,674,159</u>	<u>30,019,271</u>
FUND SURPLUS (DEFICIT)	<u>\$ 28,744,735</u>	<u>\$ 26,863,357</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2019

SCHEDULE 8

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
REVENUE			
Water			
Water fees	\$ 1,555,973	\$ 1,721,369	\$ 1,581,477
Bulk Water fees	8,000	7,755	7,581
sub-total- water	<u>1,563,973</u>	<u>1,729,124</u>	<u>1,589,058</u>
Sewer			
Sewer fees	496,511	523,059	468,173
Lagoon tipping fees	6,000	5,238	7,048
sub-total- sewer	<u>502,511</u>	<u>528,297</u>	<u>475,221</u>
Property taxes	<u>395,125</u>	<u>395,125</u>	<u>395,125</u>
Government transfers			
Capital	2,201,832	701,457	1,501,832
sub-total- government transfers	<u>2,201,832</u>	<u>701,457</u>	<u>1,501,832</u>
Other			
Hydrant rentals	52,250	52,250	48,500
Connection charges	45,000	410,093	18,500
Penalties	7,000	7,558	6,372
Administration fees	70,000	144,899	130,188
sub-total- other	<u>174,250</u>	<u>614,800</u>	<u>203,560</u>
Total revenue	<u>4,837,691</u>	<u>3,968,803</u>	<u>4,164,796</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2019

SCHEDULE 8

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
EXPENSES			
General			
Administration	73,800	73,226	62,534
Billing and collection	374,150	369,952	343,957
sub-total- general	<u>447,950</u>	<u>443,178</u>	<u>406,491</u>
Water General			
Purification and treatment	589,000	544,509	264,522
Transmission and distribution	99,750	111,312	140,512
Connection costs	40,000	23,891	39,308
sub-total- water general	<u>728,750</u>	<u>679,712</u>	<u>444,342</u>
Water Amortization & Interest			
Amortization	891,099	891,099	894,766
Interest on long term debt	169,706	169,706	180,299
sub-total- water amortization & interest	<u>1,060,805</u>	<u>1,060,805</u>	<u>1,075,065</u>
Sewer General			
Collection system costs	38,000	13,053	19,191
Treatment and disposal cost	105,000	147,775	53,426
Lift Station costs	36,700	28,429	35,965
sub-total- sewer general	<u>179,700</u>	<u>189,257</u>	<u>108,582</u>
Sewage Amortization & Interest			
Amortization	61,828	61,828	76,805
sub-total- sewer amortization & interest	<u>61,828</u>	<u>61,828</u>	<u>76,805</u>
Total expenses	<u>2,479,033</u>	<u>2,434,780</u>	<u>2,111,285</u>
NET OPERATING SURPLUS	2,358,658	1,534,023	2,053,511
TRANSFERS			
Transfers from (to) operating fund		-	-
Transfers from (to) reserve funds	-	347,355	1,309,799
CHANGE IN UTILITY FUND BALANCE	<u>\$ 2,358,658</u>	1,881,378	3,363,310
FUND SURPLUS, BEGINNING OF YEAR (Note 19)		<u>26,863,357</u>	<u>23,500,047</u>
FUND SURPLUS, END OF YEAR		<u>\$ 28,744,735</u>	<u>\$ 26,863,357</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2019

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 4,509,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,509,227
Grants in lieu of taxation	187,404	-	-	-	-	-	-	187,404
User fees	418,405	-	-	-	-	-	156,197	574,602
Grants - Province of Manitoba	1,027,806	-	-	-	-	-	51,224	1,079,030
Grants - other	477,456	-	701,457	-	-	-	9,734	1,188,647
Permits, licences and fines	26,850	-	-	-	-	-	-	26,850
Investment income	47,000	-	-	-	-	-	3,431	50,431
Other revenue	455,400	-	-	-	-	-	44,195	499,595
Water and sewer	-	2,940,734	-	-	-	-	-	2,940,734
Transfers from accumulated surplus	1,265,000	-	-	-	(1,265,000)	-	-	-
Transfers from General	-	395,126	-	-	(395,126)	-	-	-
Transfers from reserves	-	2,275,000	-	-	(2,275,000)	-	-	-
Total revenue	\$ 8,414,548	\$ 5,610,860	\$ 701,457	\$ -	\$ (3,935,126)	\$ -	\$ 264,781	\$ 11,056,520
EXPENSES								
General government services	\$ 966,480	\$ -	\$ 24,577	\$ -	\$ 11,079	\$ -	\$ 6,216	\$ 1,008,352
Protective services	920,261	-	34,711	-	-	-	66,949	1,021,921
Transportation services	1,110,050	-	298,023	-	-	-	-	1,408,073
Environmental health services	678,100	-	27,491	-	-	-	(17,203)	688,388
Public health and welfare services	251,350	-	7,796	-	-	-	-	259,146
Regional planning and development	38,880	-	101	-	-	-	67,244	106,225
Resource cons and industrial dev	313,789	-	22,367	-	-	-	54,872	391,028
Recreation and cultural services	569,649	-	36,923	-	-	-	35,631	642,203
Water and sewer services	-	1,356,401	952,927	169,706	-	-	-	2,479,034
Fiscal services:								
Transfer to capital	2,192,643	1,680,083	(3,872,726)	-	-	-	-	-
Debt charges	395,125	395,125	-	(790,250)	-	-	-	-
Short term interest	6,500	-	-	(6,500)	-	-	-	-
Transfer to Utility	-	-	-	-	-	-	-	-
Transfer to reserves	960,642	64,250	-	-	(1,024,892)	-	-	-
Allowance for tax assets	11,079	-	-	-	(11,079)	-	-	-
Total expenses	\$ 8,414,548	\$ 3,495,859	\$ (2,467,810)	\$ (627,044)	\$ (1,024,892)	\$ -	\$ 213,709	\$ 8,004,370
Surplus (Deficit)	\$ -	\$ 2,115,001	\$ 3,169,267	\$ 627,044	\$ (2,910,234)	\$ -	\$ 51,072	\$ 3,052,150

Town of Neepawa
ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2019

SCHEDULE 10

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 202,742	\$ 205,089
Add:		
Tax levy (Schedule 11)	6,867,596	6,300,857
Taxes added	29,950	291,254
Penalties or interest	31,275	25,788
Other accounts added	23,157	67,374
Refunds	19,934	12,991
Tax Adjustments - tax sale costs	-	15,589
Sub-total	<u>6,971,912</u>	<u>6,713,853</u>
Deduct:		
Cash collections	6,190,790	5,938,985
Write-offs	-	52,715
M.P.T.C. - cash advance	707,961	724,500
Sub-total	<u>6,898,751</u>	<u>6,716,200</u>
Balance, end of year	<u><u>\$ 275,903</u></u>	<u><u>\$ 202,742</u></u>

Town of Neepawa
 ANALYSIS OF TAX LEVY
 Year Ended December 31, 2019

SCHEDULE 11

	2019			2018
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D. General & Utility	200,997,450	1.92	385,915	383,467
At large	-	-	-	-
General municipal	181,723,060	17.53	3,185,605	2,930,793
Reserves:				
Various	181,723,060	2.93	532,449	501,764
Special levies:				
Whitemud watershed	28,768,940	0.26	7,480	8,608
Garbage	-	-	342,114	321,531
Cable Fees - unbudgeted			8,512	8,653
Total municipal taxes (Schedule 2)			4,462,075	4,154,816
Education support levy	43,027,380	9.77	504,069	406,629
Special levy:				
Beautiful Plains SD #31	156,921,510	11.490	1,901,453	1,739,412
Total education taxes			2,405,522	2,146,041
			\$ 6,867,596	\$ 6,300,857

Town of Neepawa
SCHEDULE OF GENERAL OPERATING EXPENSES
Year Ended December 31, 2019

SCHEDULE 12

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
General government services:		
Legislative	\$ 64,207	\$ 65,063
General administrative	650,426	640,948
Other	<u>260,657</u>	<u>243,574</u>
	<u>975,290</u>	<u>949,586</u>
Protective services:		
Police	586,057	612,112
Fire	163,294	179,942
Emergency measures	56,264	55,099
Other protection	<u>50,212</u>	<u>34,769</u>
	<u>855,826</u>	<u>881,921</u>
Transportation services:		
Road transport		
Administration and engineering	141,616	114,210
Road and street maintenance	1,066,592	1,170,941
Street lighting	84,514	83,786
Other	7,927	16,552
Air transport	<u>34,616</u>	<u>29,936</u>
	<u>1,335,265</u>	<u>1,415,425</u>
Environmental health services:		
Waste collection and disposal	<u>686,697</u>	699,407
	<u>686,697</u>	<u>699,407</u>
Public health and welfare services:		
Public health	345,634	209,226
Social assistance	<u>13,167</u>	<u>13,167</u>
	<u>358,802</u>	<u>222,393</u>
Regional planning and development		
Planning and zoning	23,380	24,288
Urban area weed control	6,234	3,903
Other	<u>57,707</u>	<u>23,034</u>
	<u>87,321</u>	<u>51,225</u>
Resource conservation and industrial development		
Drainage of land	7,649	8,785
Veterinary services	11,790	11,790
Regional development	258,537	188,500
Other	<u>2,930</u>	<u>2,930</u>
	<u>280,907</u>	<u>212,005</u>
Recreation and cultural services:		
Community centers and halls	102,399	111,902
Swimming pools and beaches	140,832	168,215
Skating and curling rinks	85,000	85,000
Parks and playgrounds	89,337	96,806
Other recreational facilities	69,635	90,661
Libraries	58,817	59,770
Other cultural facilities	<u>968</u>	<u>942</u>
	<u>546,988</u>	<u>613,295</u>
Total expenses	<u><u>5,127,096</u></u>	<u><u>5,045,258</u></u>

Town of Neepawa
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
 December 31, 2018

SCHEDULE 13

	General	2019 Utility	Total	2018 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ -	\$ -	\$ -	\$ -
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase expense - net book value of assets disposed of	(2,000)	-	(2,000)	(60,527)
Increase expense - amortization of tangible capital assets	(405,862)	(952,927)	(1,358,789)	(1,362,718)
Eliminate expense - acquisitions of tangible capital assets	2,034,564	2,608,886	4,643,450	6,496,429
Reserve:				
Increase revenue - reserve funds interest	179,277	-	179,277	177,883
Eliminate expense - transfers to reserves	3,607,513	64,250	3,671,763	810,442
Eliminate revenue - transfers from reserves to operating funds	(1,392,921)	(411,605)	(1,804,526)	(2,779,010)
Deferred Revenue:				
Decrease revenue - increase in deferred revenue - Gas Tax	(264,348)	-	(264,348)	(80,221)
Eliminate revenue - increase in deferred revenue - Cemetery Maintenance Fees	(1,218,123)	-	(1,218,123)	-
Other:				
Eliminate expense - principal portion of long term debt	-	225,419	225,419	214,823
	2,538,100	1,534,023	4,072,123	3,417,101
Increase revenue - Net surplus of consolidated entities	51,072	-	51,072	37,082
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 2,589,172	\$ 1,534,023	\$ 4,123,195	\$ 3,454,183