

Town of Neepawa

Consolidated Financial Statements
Year ended December 31, 2017


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 & Co. 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.

Neepawa, Manitoba
November 20, 2018


Colleen Sychyshyn
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Town of Neepawa, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2017, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 control. 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 financial statements present fairly, in all material respects, the consolidated financial position of the Town of Neepawa as at December 31, 2017 and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2017 in accordance with Canadian Public Sector Accounting Standards.



Winnipeg, Canada
November 20, 2018

Chambers Fraser
Chartered Professional Accountants

Town of Neepawa

Consolidated Financial Statements

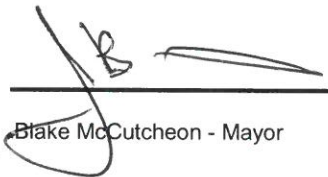
Year ended December 31, 2017

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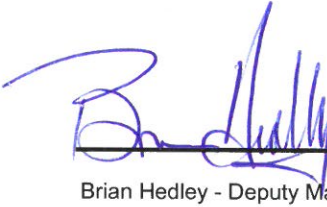
Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | \$ 11,065,060 | \$ 8,490,756 |
| Amounts receivable (Note 4) | 1,665,875 | 2,791,011 |
| Loans and advances | 108,381 | 108,381 |
| Real estate properties held for sale | 558,075 | 534,563 |
| Other assets | 618 | 588 |
| | <u>\$ 13,398,009</u> | <u>\$ 11,925,299</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 853,298 | \$ 1,161,129 |
| Deferred revenue (Note 6) | 704,548 | 613,657 |
| Landfill closure and post closure liabilities (Note 7) | 730,643 | 729,923 |
| Long-term debt (Note 8) | 3,669,791 | 4,039,427 |
| Deposits | 55,189 | 55,794 |
| | <u>6,013,469</u> | <u>6,599,930</u> |
| NET FINANCIAL ASSETS (NET DEBT) | <u>\$ 7,384,540</u> | <u>\$ 5,325,369</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | \$ 32,241,564 | 32,200,894 |
| Prepaid expenses | 33,857 | 79,510 |
| | <u>32,275,421</u> | <u>32,280,404</u> |
| ACCUMULATED SURPLUS (DEFICIT) (Note 12) | <u>\$ 39,659,961</u> | <u>\$ 37,605,773</u> |

Approved on behalf of Council:



 Blake McCutcheon - Mayor



 Brian Hedley - Deputy Mayor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2017

| | 2017 Budget (Note 12) | 2017 Actual | 2016 Actual |
|---|--------------------------------------|-----------------------------|-----------------------------|
| REVENUE | | | |
| Property taxes | \$ 4,245,146 | \$ 4,353,472 | \$ 4,109,085 |
| Grants in lieu of taxation | 119,213 | 119,213 | 113,279 |
| User fees | 583,826 | 529,997 | 551,914 |
| Grants - Province of Manitoba | 1,213,826 | 1,407,359 | 1,759,741 |
| Grants - other | 544,711 | 447,358 | 971,848 |
| Permits, licences and fines | 23,150 | 39,676 | 24,369 |
| Investment income | 50,449 | 124,626 | 114,913 |
| Other revenue | 156,841 | 104,378 | 252,238 |
| Water and sewer | <u>12,487,677</u> | <u>2,013,493</u> | <u>1,803,050</u> |
| Total revenue (Schedules 2, 4 and 5) | <u>19,424,839</u> | <u>9,139,571</u> | <u>9,700,437</u> |
| EXPENSES | | | |
| General government services | 899,976 | 927,027 | 924,620 |
| Protective services | 1,006,498 | 920,022 | 937,211 |
| Transportation services | 1,347,389 | 1,271,273 | 1,203,181 |
| Environmental health services | 570,941 | 484,417 | 641,097 |
| Public health and welfare services | 268,796 | 272,314 | 257,504 |
| Regional planning and development | 124,019 | 137,191 | 112,614 |
| Resource conservation and industrial development | 358,765 | 320,653 | 181,764 |
| Recreation and cultural services | 604,848 | 557,772 | 557,899 |
| Water and sewer services | <u>2,143,780</u> | <u>2,194,714</u> | <u>2,016,259</u> |
| Total expenses (Schedules 3, 4 and 5) | <u>7,325,012</u> | <u>7,085,383</u> | <u>6,832,149</u> |
| ANNUAL SURPLUS (DEFICIT) | <u><u>\$ 12,099,827</u></u> | <u>2,054,188</u> | <u>2,868,288</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | | <u>37,605,773</u> | <u>34,737,486</u> |
| ACCUMULATED SURPLUS, END OF YEAR | | <u><u>\$ 39,659,961</u></u> | <u><u>\$ 37,605,773</u></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, 2017

| | <u>2017 Budget (Note 12)</u> | <u>2017 Actual</u> | <u>2016 Actual</u> |
|---|--------------------------------------|----------------------------|----------------------------|
| ANNUAL SURPLUS (DEFICIT) | <u>\$ 12,099,827</u> | <u>\$ 2,054,188</u> | <u>\$ 2,868,288</u> |
| Acquisition of tangible capital assets | (2,985,080) | (1,472,100) | (3,244,383) |
| Amortization of tangible capital assets | 1,362,130 | 1,362,130 | 1,320,364 |
| Loss (Gain) on sale of tangible capital assets | | 11,041 | 3,784 |
| Proceeds on sale of tangible capital assets | | 58,262 | 16,372 |
| Decrease (increase) in prepaid expense | | <u>45,650</u> | <u>(42,269)</u> |
| | <u>(1,622,950)</u> | <u>4,983</u> | <u>(1,946,132)</u> |
| CHANGE IN NET FINANCIAL ASSETS | <u>\$ 10,476,877</u> | 2,059,171 | 922,156 |
| NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR | | <u>5,325,369</u> | <u>4,403,214</u> |
| NET FINANCIAL ASSETS (NET DEBT), END OF YEAR | | <u>\$ 7,384,540</u> | <u>\$ 5,325,369</u> |

The accompanying notes are an integral part of this financial statement

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

| | <u>2017</u> | <u>2016</u> |
|--|------------------------------------|-----------------------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus (deficit) | \$ 2,054,188 | \$ 2,868,288 |
| Changes in non-cash items: | | |
| Amounts receivable | 1,125,136 | (1,937,832) |
| Inventories | - | 435 |
| Prepays | 45,650 | (42,269) |
| Other assets | (30) | - |
| Accounts payable and accrued liabilities | (307,831) | 111,366 |
| Deferred revenue | 90,891 | 121,890 |
| Landfill closure and post closure liabilities | 720 | 89,740 |
| Other liabilities | (605) | (86) |
| Loss (Gain) on sale of tangible capital asset | 11,041 | 3,784 |
| Amortization | 1,362,130 | 1,320,364 |
| Cash provided by (applied to) operating transactions | <u>4,381,290</u> | <u>2,535,679</u> |
| CAPITAL TRANSACTIONS | | |
| Proceeds on sale of tangible capital assets | 58,262 | 16,372 |
| Cash used to acquire tangible capital assets | <u>(1,472,100)</u> | <u>(3,244,383)</u> |
| Cash provided by (applied to) capital transactions | <u>(1,413,838)</u> | <u>(3,228,011)</u> |
| INVESTING TRANSACTIONS | | |
| Acquisition of real estate properties | <u>(23,512)</u> | <u>13,809</u> |
| Cash provided by (applied to) investing transactions | <u>(23,512)</u> | <u>13,809</u> |
| FINANCING TRANSACTIONS | | |
| Debt repayment | <u>(369,636)</u> | <u>(353,195)</u> |
| Cash provided by (applied to) financing transactions | <u>(369,636)</u> | <u>(353,195)</u> |
| INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS | 2,574,304 | (1,031,718) |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR | <u>8,490,756</u> | <u>9,522,474</u> |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR | <u><u>\$ 11,065,060</u></u> | <u><u>\$ 8,490,756</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, 2017

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 %) (2016 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2016 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2016 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2016 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2016 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2016 - 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, 2017

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, 2017

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>2017</u> | <u>2016</u> |
|------|-----------------------------|----------------------------|
| Cash | <u><u>\$ 11,065,059</u></u> | <u><u>\$ 8,490,756</u></u> |

The Municipality has designated the following cash to reserves for commitments and tangible capital asset acquisitions.

| | | |
|--------------------------|----------------------------|----------------------------|
| Designated Reserve Funds | <u><u>\$ 9,314,765</u></u> | <u><u>\$ 7,447,484</u></u> |
|--------------------------|----------------------------|----------------------------|

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|----------------------------|----------------------------|
| Taxes on roll (Schedule 11) | \$ 205,089 | \$ 174,937 |
| Government grants | 665,278 | 1,925,538 |
| Utility customers | 461,867 | 356,691 |
| Organizations and individuals | 248,719 | 370,104 |
| Other governments | 150,415 | 23,182 |
| | <u>1,731,368</u> | <u>2,850,452</u> |
| Less allowances for doubtful amounts | <u>(65,492)</u> | <u>(59,441)</u> |
| | <u><u>\$ 1,665,876</u></u> | <u><u>\$ 2,791,011</u></u> |

5. Accounts Payable and Accrued Liabilities

| | <u>2017</u> | <u>2016</u> |
|-----------------------------|--------------------------|----------------------------|
| Accounts payable | \$ 267,070 | \$ 592,261 |
| Accrued expenses | 181,844 | 330,758 |
| School levies (Schedule 13) | 52,313 | 36,820 |
| Other governments | 352,071 | 201,290 |
| | <u>853,298</u> | <u>1,161,129</u> |
| | <u><u>\$ 853,298</u></u> | <u><u>\$ 1,161,129</u></u> |

6. Deferred Revenue:

| | <u>2017</u> | <u>2016</u> |
|-------------------------|--------------------------|--------------------------|
| Federal Gas Tax Funding | \$ 687,307 | \$ 590,196 |
| Handi Transit Funding | - | 4,210 |
| | <u>687,307</u> | <u>594,406</u> |
| Other | 17,241 | 19,251 |
| | <u>704,548</u> | <u>613,657</u> |
| | <u><u>\$ 704,548</u></u> | <u><u>\$ 613,657</u></u> |

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

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>2017</u> | <u>2016</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>\$ 37,759</u> | <u>\$ 35,824</u> |
| Expected year capacity will be reached | 2094 | 2094 |
| Capacity (tonnes): | | |
| Used to date | 97,500 | 91,000 |
| Remaining | 487,500 | 494,000 |
| Total | 585,000 | 585,000 |
| Percent utilized | <u>16.67%</u> | <u>15.56%</u> |
| Liability based on percentage | <u>\$ 6,293</u> | <u>\$ 5,573</u> |
| b) Closed Municipal Landfill Site | | |
| Estimated closure and post closure costs | <u>\$ 724,350</u> | <u>\$ 724,350</u> |
| Total landfill closure and post closure liabilities | <u>\$ 730,643</u> | <u>\$ 729,923</u> |

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

8. Long Term Debt

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| General Authority: | | |
| Debenture for personal care home, at 2.50%, \$138,681 annually including interest, maturing December, 2017 | \$ - | \$ 129,269 |
| | <u>\$ -</u> | <u>\$ 129,269</u> |
| Utility Funds: | | |
| Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029 | \$ 1,085,477 | \$ 1,147,740 |
| Debenture for waste water treatment plant and raw water line, at 4.6250%, \$268,301 annually including interest, maturing 2030 | 2,578,188 | 2,720,659 |
| | <u>\$ 3,663,665</u> | <u>\$ 3,868,399</u> |
| Debenture long term debt | \$ 3,663,665 | \$ 3,997,668 |
| 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. | 6,126 | 11,298 |
| Loan with Minnedosa Credit Union Ltd., at 4%, \$7,000 monthly including interest, maturing April 2017. | - | 30,461 |
| | <u>\$ 3,669,791</u> | <u>\$ 4,039,427</u> |

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

| | |
|------|------------|
| 2018 | \$ 217,889 |
| 2019 | 228,482 |
| 2020 | 236,539 |
| 2021 | 248,212 |
| 2022 | 260,469 |

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 \$59,617 (2016 - \$96,063) and are included in the statement of operations.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

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, 2016 indicated the plan was 98.0% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2016.

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>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|
| Accumulated surplus consists of the following: | | |
| General operating fund - Nominal surplus | 1,805,854 | 1,805,853 |
| Utility operating fund - Nominal surplus | 309,207 | 309,207 |
| General capital fund - Capital surplus | 4,608,438 | 4,310,604 |
| Utility capital fund - Capital surplus | 23,190,841 | 23,170,987 |
| Reserve funds | 9,314,765 | 7,617,485 |
| | 39,229,105 | 37,214,136 |
| Deferred revenue - Reserves | (687,307) | (594,406) |
| Accumulated surplus of municipality unconsolidated | 38,541,798 | 36,619,730 |
| Accumulated surpluses of consolidated entities | 1,118,163 | 986,043 |
| Accumulated surplus per Consolidated Statement of Financial Position | <u>\$ 39,659,961</u> | <u>\$ 37,605,773</u> |

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

13. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2017:

- a) Compensation paid to members of council amounted to \$64,702 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

| | <u>Compensation</u> | <u>Expenses</u> | <u>Total</u> |
|----------------|---------------------|-----------------|------------------|
| Adrian DeGroot | \$ 11,262 | \$ 1,636 | \$ 12,898 |
| Isobel Jarema | 10,087 | 1,157 | 11,244 |
| Bill Stilwell | 9,120 | 1,972 | 11,092 |
| James Cockburn | 8,546 | 1,418 | 9,964 |
| Darryl Gerrard | 9,229 | 144 | 9,373 |
| Murray Parrott | 8,345 | 796 | 9,141 |
| Dean Dietrich | 8,113 | 897 | 9,010 |
| | <u>\$ 64,702</u> | <u>\$ 8,020</u> | <u>\$ 72,722</u> |

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

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|--------------------|------------------------------|---------------|
| Howard Buffi | Water Plant Supervisor | \$ 91,199 |
| Colleen Synchyshyn | Chief Administrative Officer | 90,222 |
| Denis Saquet | Manager of Operations | 77,036 |
| Keith Dahmer | Public Works Supervisor | 63,075 |
| Marilyn Crewe | Economic Development Office | 62,578 |
| Jamie Davie | Director of Finance | 56,155 |
| Chris Doble | Public Works Foreman | 55,294 |
| Robert Bell | WTP Operator | 53,704 |
| Dwayne Crandell | Public Works Operator | 51,919 |

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 | \$ 1,212,192 | \$ - | \$ 88,362 | \$ 1,123,830 |
| Waste water treatment facility | 10,325,000 | - | 295,000 | 10,030,000 |
| Water mains | 6,025,495 | 529,139 | 162,482 | 6,392,152 |
| | - | - | - | - |
| | <u>\$ 17,562,687</u> | <u>\$ 529,139</u> | <u>\$ 545,844</u> | <u>\$ 17,545,982</u> |

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

15. Trust Funds

The Town of Neepawa administers the following trust:

| <u>List Trust Funds</u> | <u>Balance, beg. of the year</u> | <u>Excess of Receipts over Disbursements</u> | <u>Balance, end of the year</u> |
|-------------------------|--------------------------------------|--|-------------------------------------|
| Cemetery | \$ 1,504,965 | \$ 24,167 | \$ 1,529,132 |
| Veterans Walk | 3,877 | 48 | 3,925 |
| | <u>\$ 1,508,842</u> | <u>\$ 24,215</u> | <u>\$ 1,533,057</u> |

Town of Neepawa

SCHEDULE 1

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2017

| | 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 | 2017 | 2016 |
| Cost | | | | | | | | | | |
| Opening costs | 1,400,156 | 3,654,412 | 3,235,291 | 203,668 | 53,717 | 5,290,594 | 43,221,261 | - | 57,059,099 | 53,840,970 |
| Additions during the year | 153,530 | 157,146 | 190,077 | 1,102 | - | 209,477 | 760,768 | - | 1,472,100 | 3,244,383 |
| Transfer during the year | - | 53,717 | - | - | (53,717) | - | - | - | - | - |
| Disposals and write downs | - | - | (124,328) | (1,442) | - | - | - | - | (125,770) | (26,254) |
| Closing costs | 1,553,686 | 3,865,275 | 3,301,040 | 203,328 | - | 5,500,071 | 43,982,029 | - | 58,405,429 | 57,059,099 |
| Accumulated Amortization | | | | | | | | | | |
| Opening accum'd amortization | 792,014 | 1,907,304 | 2,214,283 | 193,148 | - | 3,568,512 | 16,182,944 | - | 24,858,205 | 23,543,938 |
| Amortization | 14,331 | 97,127 | 190,945 | 5,269 | - | 108,808 | 945,650 | - | 1,362,130 | 1,320,364 |
| Disposals and write downs | - | - | (55,028) | (1,442) | - | - | - | - | (56,470) | (6,097) |
| Closing accum'd amortization | 806,345 | 2,004,431 | 2,350,200 | 196,975 | - | 3,677,320 | 17,128,594 | - | 26,163,865 | 24,858,205 |
| Net Book Value of Tangible Capital Assets | 747,341 | 1,860,844 | 950,840 | 6,353 | - | 1,822,751 | 26,853,435 | - | 32,241,564 | 32,200,894 |

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2017

| | 2017 Actual | 2016 Actual |
|--|-------------------------|-------------------------|
| Property taxes: | | |
| Municipal taxes levied (Schedule 12) | \$ 4,195,728 | \$ 4,077,884 |
| Taxes added | 157,744 | 31,201 |
| | <u>4,353,472</u> | <u>4,109,085</u> |
| Grants in lieu of taxation: | | |
| Federal government enterprises | 6,570 | 5,491 |
| Provincial government | 75,537 | 71,515 |
| Provincial government enterprises | 37,106 | 36,273 |
| Other local governments | - | - |
| | <u>119,213</u> | <u>113,279</u> |
| User fees | | |
| Sales of service | 230,205 | 228,500 |
| Rentals | 142,664 | 170,029 |
| Facility use fees | 157,128 | 153,385 |
| | <u>529,997</u> | <u>551,914</u> |
| Grants - Province of Manitoba | | |
| General assistance payment | 775,149 | 575,678 |
| VLT revenues | - | 57,562 |
| Conditional grants - Trunk line | 264,570 | 828,064 |
| Conditional grants - Other | 367,640 | 298,437 |
| | <u>1,407,359</u> | <u>1,759,741</u> |
| Grants - other | | |
| Federal government - Gas tax Funding | 108,654 | 76,230 |
| Federal government - Trunk line | 264,570 | 828,064 |
| Other local governments | 74,134 | 67,554 |
| | <u>447,358</u> | <u>971,848</u> |
| Permits, licences and fines | | |
| Licences | 2,577 | 3,127 |
| Fines | 37,099 | 21,242 |
| | <u>39,676</u> | <u>24,369</u> |
| Investment income: | | |
| Cash and temporary investments | 124,626 | 114,913 |
| | <u>124,626</u> | <u>114,913</u> |
| Other revenue: | | |
| Gain (loss) on sale of tangible capital assets | (11,041) | (3,784) |
| Gain on sale of real estate held for sale | - | 47,750 |
| Penalties and interest | 24,730 | 25,783 |
| Cemetery expense recoveries - cemetery trust | 20,580 | 17,768 |
| Recoveries | 32,501 | 146,003 |
| Miscellaneous | 37,608 | 18,718 |
| | <u>104,378</u> | <u>252,238</u> |
| Water and sewer (Schedule 4) | <u>2,013,493</u> | <u>1,803,050</u> |
| Total revenue | <u><u>9,139,571</u></u> | <u><u>9,700,437</u></u> |

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2017

| | <u>2017</u> <u>Actual</u> | <u>2016</u> <u>Actual</u> |
|---|------------------------------|------------------------------|
| General government services: | | |
| Legislative | \$ 64,703 | \$ 63,560 |
| General administrative | 629,426 | 600,330 |
| Other | 232,898 | 260,730 |
| | <u>927,027</u> | <u>924,620</u> |
| Protective services: | | |
| Police | 615,961 | 582,372 |
| Fire | 146,609 | 208,125 |
| Emergency measures | 123,482 | 113,667 |
| Other protection | 33,970 | 33,047 |
| | <u>920,022</u> | <u>937,211</u> |
| Transportation services: | | |
| Road transport | | |
| Administration and engineering | 170,071 | 160,578 |
| Road and street maintenance | 930,350 | 914,403 |
| Street lighting | 88,039 | 83,602 |
| Other | 45,299 | 18,838 |
| Air transport | 37,514 | 25,760 |
| | <u>1,271,273</u> | <u>1,203,181</u> |
| Environmental health services: | | |
| Waste collection and disposal | 484,417 | 641,097 |
| | <u>484,417</u> | <u>641,097</u> |
| Public health and welfare services: | | |
| Public health | 259,147 | 244,337 |
| Social assistance | 13,167 | 13,167 |
| | <u>272,314</u> | <u>257,504</u> |
| Regional planning and development | | |
| Planning and zoning | 115,642 | 97,044 |
| Urban area weed control | 4,238 | 5,010 |
| Other | 17,311 | 10,560 |
| | <u>137,191</u> | <u>112,614</u> |
| Resource conservation and industrial development | | |
| Drainage of land | 8,492 | 9,602 |
| Veterinary services | 11,790 | 7,860 |
| Regional development | 297,441 | 161,372 |
| Other | 2,930 | 2,930 |
| | <u>320,653</u> | <u>181,764</u> |
| Sub-totals forward | <u>4,332,897</u> | <u>4,257,991</u> |

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2017

| | <u>2017 Actual</u> | <u>2016 Actual</u> |
|--|--------------------------------|--------------------------------|
| Sub-totals forward | <u>4,332,897</u> | <u>4,257,991</u> |
| Recreation and cultural services: | | |
| Community centers and halls | 89,103 | 114,165 |
| Swimming pools and beaches | 113,577 | 118,739 |
| Skating and curling rinks | 85,000 | 85,000 |
| Parks and playgrounds | 102,321 | 78,204 |
| Other recreational facilities | 81,891 | 88,797 |
| Libraries | 85,156 | 71,974 |
| Other cultural facilities | 724 | 1,020 |
| | <u>557,772</u> | <u>557,899</u> |
| Water and sewer services (Schedule 4) | <u>2,194,714</u> | <u>2,016,259</u> |
| Total expenses | <u><u>7,085,383</u></u> | <u><u>6,832,149</u></u> |

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2017

| | General Government* | | Protective Services | | Transportation Services | | Environmental Health Services | | Public Health and Welfare Services | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|-----------------------|-------------------------------|---------------------|------------------------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| REVENUE | | | | | | | | | | |
| Property taxes | \$4,022,907 | \$3,781,836 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grants in lieu of taxation | 119,213 | 113,279 | - | - | - | - | - | - | - | - |
| User fees | 121,532 | 147,617 | 42,695 | 49,153 | - | - | 141,493 | 133,281 | - | - |
| Prov of MB - Unconditional Grants | 775,149 | 633,240 | - | - | - | - | - | - | - | - |
| Prov of MB - Conditional Grants | 82,787 | 21,867 | 50,400 | 50,400 | 11,717 | 11,717 | 112,850 | 111,643 | - | - |
| Grants - other | 51,639 | 6,181 | 58,190 | 58,453 | 108,654 | 76,230 | - | - | - | - |
| Permits, licences and fines | 487 | 317 | 37,389 | 21,452 | - | - | - | - | - | - |
| Investment income | 121,177 | 110,419 | - | - | - | - | - | - | - | - |
| Gain (loss) on sale of assets | (11,041) | (2,664) | - | - | - | - | - | (204) | - | - |
| Other revenue | 70,378 | 211,155 | 3,896 | 8,701 | - | - | 2,647 | 1,324 | - | - |
| Water and sewer | | | | | | | | | | |
| Total revenue | <u>\$ 5,354,228</u> | <u>\$ 5,023,247</u> | <u>\$ 192,570</u> | <u>\$ 188,159</u> | <u>\$ 120,371</u> | <u>\$ 87,947</u> | <u>\$ 256,990</u> | <u>\$ 246,044</u> | <u>\$ -</u> | <u>\$ -</u> |
| EXPENSES | | | | | | | | | | |
| Personnel services | \$ 401,699 | \$ 388,020 | \$ 141,265 | \$ 195,662 | \$ 497,029 | \$ 470,175 | \$ 74,692 | \$ 71,954 | \$ 168,694 | \$ 199,097 |
| Contract services | 291,247 | 255,086 | 578,377 | 531,400 | 194,191 | 125,383 | 349,275 | 369,325 | 17,573 | 13,167 |
| Utilities | 101,045 | 115,684 | 65,062 | 68,414 | 117,761 | 109,633 | 7,306 | 6,667 | 7,809 | 6,730 |
| Maintenance materials and supplies | 17,810 | 18,707 | 59,067 | 70,362 | 196,753 | 255,662 | 12,428 | 143,819 | 66,243 | 29,073 |
| Grants and contributions | 75,839 | 86,681 | 48,482 | 43,863 | - | - | 11,121 | 13,092 | - | - |
| Amortization | 25,223 | 39,330 | 27,768 | 27,510 | 265,539 | 242,331 | 27,765 | 28,901 | 11,996 | 9,437 |
| Interest on long term debt | 97 | 6,535 | - | - | - | - | 728 | 1,553 | - | - |
| Other | 14,064 | 14,574 | - | - | - | - | 1,103 | 5,787 | - | - |
| Total expenses | <u>\$ 927,024</u> | <u>\$ 924,617</u> | <u>\$ 920,021</u> | <u>\$ 937,211</u> | <u>\$ 1,271,273</u> | <u>\$ 1,203,184</u> | <u>\$ 484,418</u> | <u>\$ 641,098</u> | <u>\$ 272,315</u> | <u>\$ 257,504</u> |
| Surplus (Deficit) | <u>\$ 4,427,204</u> | <u>\$ 4,098,630</u> | <u>\$ (727,451)</u> | <u>\$ (749,052)</u> | <u>\$ (1,150,902)</u> | <u>\$ (1,115,237)</u> | <u>\$ (227,428)</u> | <u>\$ (395,054)</u> | <u>\$ (272,315)</u> | <u>\$ (257,504)</u> |

* 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, 2017

| | Regional Planning and Development | | Resource Conservation and Industrial Dev | | Recreation and Cultural Services | | Water and Sewer Services | | Total | |
|------------------------------------|--------------------------------------|-------------------|---|---------------------|-------------------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| REVENUE | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 330,565 | \$ 327,249 | \$ 4,353,472 | \$ 4,109,085 |
| Grants in lieu of taxation | - | - | - | - | - | - | - | - | 119,213 | 113,279 |
| User fees | 62,115 | 63,012 | - | - | 162,162 | 158,851 | - | - | 529,997 | 551,914 |
| Prov of MB - Unconditional Grants | - | - | - | - | - | - | - | - | 775,149 | 633,240 |
| Prov of MB - Conditional Grants | 21,263 | 44,390 | - | - | 43,400 | 58,420 | - | - | 322,417 | 298,437 |
| Grants - other | 5,589 | - | - | - | 3,939 | 2,920 | 529,139 | 1,656,127 | 757,150 | 1,799,911 |
| Permits, licences and fines | - | - | 1,800 | 2,600 | - | - | - | - | 39,676 | 24,369 |
| Investment income | 3,272 | 4,313 | - | - | 177 | 181 | - | - | 124,626 | 114,913 |
| Gain (loss) on sale of assets | - | (916) | - | - | - | - | - | - | (11,041) | (3,784) |
| Other revenue | 38,038 | 34,690 | - | - | 460 | 153 | - | - | 115,419 | 256,023 |
| Water and sewer | | | | | | | 2,013,493 | 1,803,050 | 2,013,493 | 1,803,050 |
| Total revenue | \$ 130,277 | \$ 145,489 | \$ 1,800 | \$ 2,600 | \$ 210,138 | \$ 220,525 | \$ 2,873,197 | \$ 3,786,426 | \$ 9,139,571 | \$ 9,700,437 |
| EXPENSES | | | | | | | | | | |
| Personnel services | \$ 47,640 | \$ 41,584 | \$ 72,676 | \$ 85,728 | \$ 269,301 | \$ 280,145 | \$ 324,424 | \$ 323,681 | \$ 1,997,420 | \$ 2,056,046 |
| Contract services | 74,257 | 50,594 | 197,321 | 50,991 | 131,035 | 117,495 | 84,605 | 85,127 | 1,917,881 | 1,598,568 |
| Utilities | 1,842 | 1,752 | 4,729 | 5,958 | 50,826 | 54,215 | 141,115 | 122,079 | 497,495 | 491,132 |
| Maintenance materials and supplies | 12,175 | 11,114 | 5,621 | 8,509 | 57,340 | 55,607 | 571,973 | 430,000 | 999,410 | 1,022,853 |
| Grants and contributions | 1 | 741 | 26,532 | 17,462 | 2,903 | - | - | - | 164,878 | 161,839 |
| Amortization | 1,277 | 6,828 | 11,274 | 10,290 | 45,640 | 49,391 | 945,649 | 906,346 | 1,362,131 | 1,320,364 |
| Interest on long term debt | - | - | - | - | 3 | 26 | 125,830 | 132,128 | 126,658 | 140,242 |
| Other | - | - | 2,500 | 2,826 | 724 | 1,020 | 1,118 | 16,898 | 19,509 | 41,105 |
| Total expenses | \$ 137,192 | \$ 112,613 | \$ 320,653 | \$ 181,764 | \$ 557,772 | \$ 557,899 | \$ 2,194,714 | \$ 2,016,259 | \$ 7,085,382 | \$ 6,832,149 |
| Surplus (Deficit) | \$ (6,915) | \$ 32,876 | \$ (318,853) | \$ (179,164) | \$ (347,634) | \$ (337,374) | \$ 678,483 | \$ 1,770,167 | \$ 2,054,189 | \$ 2,868,288 |

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2017

| | Core Government | | Controlled Entities | | Government Partnerships | | Total | |
|------------------------------------|---------------------|---------------------|---------------------|-------------|-------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| REVENUE | | | | | | | | |
| Property taxes | \$ 4,353,472 | \$ 4,109,085 | \$ - | \$ - | \$ - | \$ - | \$ 4,353,472 | \$ 4,109,085 |
| Grants in lieu of taxation | 119,213 | 113,279 | - | - | - | - | 119,213 | 113,279 |
| User fees | 392,331 | 445,939 | - | - | 137,666 | 105,975 | 529,997 | 551,914 |
| Prov of MB - Unconditional Grants | 775,149 | 633,240 | - | - | - | - | 775,149 | 633,240 |
| Prov of MB - Conditional Grants | 264,057 | 216,876 | - | - | 58,360 | 81,561 | 322,417 | 298,437 |
| Grants - other | 747,622 | 1,796,991 | - | - | 9,528 | 2,920 | 757,150 | 1,799,911 |
| Permits, licences and fines | 39,676 | 24,369 | - | - | - | - | 39,676 | 24,369 |
| Investment income | 121,177 | 110,419 | - | - | 3,449 | 4,494 | 124,626 | 114,913 |
| Gain (loss) on sale of assets | (11,041) | (3,784) | - | - | - | - | (11,041) | (3,784) |
| Other revenue | 70,378 | 212,275 | - | - | 45,041 | 43,748 | 115,419 | 256,023 |
| Water and sewer | 2,013,493 | 1,803,050 | - | - | - | - | 2,013,493 | 1,803,050 |
| Total revenue | \$ 8,885,527 | \$ 9,461,739 | \$ - | \$ - | \$ 254,044 | \$ 238,698 | \$ 9,139,571 | \$ 9,700,437 |
| EXPENSES | | | | | | | | |
| Personnel services | \$ 1,833,205 | \$ 1,894,934 | \$ - | \$ - | \$ 164,215 | \$ 161,112 | \$ 1,997,420 | \$ 2,056,046 |
| Contract services | 1,754,561 | 1,425,670 | - | - | 163,320 | 172,898 | 1,917,881 | 1,598,568 |
| Utilities | 468,050 | 462,791 | - | - | 29,445 | 28,341 | 497,495 | 491,132 |
| Maintenance materials and supplies | 954,507 | 974,823 | - | - | 44,903 | 48,030 | 999,410 | 1,022,853 |
| Grants and contributions | 147,507 | 148,006 | - | - | 17,371 | 13,833 | 164,878 | 161,839 |
| Amortization | 1,319,301 | 1,271,800 | - | - | 42,830 | 48,564 | 1,362,131 | 1,320,364 |
| Interest on long term debt | 125,927 | 138,663 | - | - | 731 | 1,579 | 126,658 | 140,242 |
| Other | 18,406 | 39,992 | - | - | 1,103 | 1,113 | 19,509 | 41,105 |
| Total expenses | \$ 6,621,464 | \$ 6,356,679 | \$ - | \$ - | \$ 463,918 | \$ 475,470 | \$ 7,085,382 | \$ 6,832,149 |
| Surplus (Deficit) | \$ 2,264,063 | \$ 3,105,060 | \$ - | \$ - | \$ (209,874) | \$ (236,772) | \$ 2,054,189 | \$ 2,868,288 |

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2017

| | 2017 | | | | | | | | |
|--|-------------------|------------------|-----------------------|-------------------|---------------------|-----------------------------|------------------|------------------------|---------------------|
| | General | Landfill | Municipality facility | Fire | Utility | Public Works and Enviroment | Highway | Recreation and culture | Building and land |
| REVENUE | | | | | | | | | |
| Investment income | \$ 10,066 | \$ - | \$ - | \$ 3,418 | \$ 20,072 | \$ 17,857 | \$ - | \$ 2,053 | \$ 28,853 |
| Other income | | | | | | | | | |
| Total revenue | <u>10,066</u> | <u>-</u> | <u>-</u> | <u>3,418</u> | <u>20,072</u> | <u>17,857</u> | <u>-</u> | <u>2,053</u> | <u>28,853</u> |
| NET REVENUES | 10,066 | - | - | 3,418 | 20,072 | 17,857 | - | 2,053 | 28,853 |
| TRANSFERS | | | | | | | | | |
| Combine reserves | | (218,395) | (1,862,362) | | | 1,022,010 | (581,661) | 30,746 | 1,862,362 |
| Transfers from general operating | 10,000 | - | - | 53,515 | 118,627 | 180,000 | - | 30,000 | 539,670 |
| Transfers to general operating | - | - | - | - | - | - | - | - | - |
| Transfers from utility operating | | | | | 690,008 | | | | |
| Acquisition of tangible capital assets | | | | - | - | | | | |
| CHANGE IN RESERVE FUND BALANCES | <u>20,066</u> | <u>(218,395)</u> | <u>(1,862,362)</u> | <u>56,933</u> | <u>828,707</u> | <u>1,219,867</u> | <u>(581,661)</u> | <u>62,799</u> | <u>2,430,885</u> |
| FUND SURPLUS, BEGINNING OF YEAR | <u>805,153</u> | <u>218,395</u> | <u>1,862,362</u> | <u>244,913</u> | <u>1,626,367</u> | <u>307,083</u> | <u>581,661</u> | <u>128,587</u> | <u>356,291</u> |
| FUND SURPLUS, END OF YEAR | <u>\$ 825,219</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 301,846</u> | <u>\$ 2,455,074</u> | <u>\$ 1,526,950</u> | <u>\$ -</u> | <u>\$ 191,385</u> | <u>\$ 2,787,176</u> |

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2017

SCHEDULE 6

| | 2017 | | | | | | | | | 2016 |
|--|-----------|-----------|------------|-------------|----------|------------|------------|-----------|--------------|--------------|
| | Lagoon | Culvert | Gas Tax | Health Care | Mobility | Sewer | Recreation | Airport | Total | Total |
| REVENUE | | | | | | | | | | |
| Investment income | \$ - | \$ - | \$ 7,396 | \$ 737 | \$ - | \$ 5,293 | \$ - | \$ - | \$ 95,746 | \$ 85,380 |
| Other income | | | | | | | | | - | |
| Total revenue | - | - | 7,396 | 737 | - | 5,293 | - | - | 95,746 | 85,380 |
| NET REVENUES | - | - | 7,396 | 737 | - | 5,293 | - | - | 95,746 | 85,380 |
| TRANSFERS | | | | | | | | | | |
| Combine reserves | (211,997) | (120,147) | | 4,210 | (4,210) | 211,996 | (30,746) | (101,806) | - | - |
| Transfers from general operating | - | - | 198,369 | 40,000 | - | - | - | - | 1,170,181 | 987,010 |
| Transfers to general operating | - | - | - | - | - | - | - | - | - | - |
| Transfers from utility operating | - | - | - | - | - | 20,000 | - | - | 710,008 | 66,250 |
| Acquisition of tangible capital assets | | | (108,654) | - | - | - | - | - | (108,654) | (614,813) |
| CHANGE IN RESERVE FUND BALANCES | (211,997) | (120,147) | 97,111 | 44,947 | (4,210) | 237,289 | (30,746) | (101,806) | 1,867,281 | 523,827 |
| FUND SURPLUS, BEGINNING OF YEAR | 211,997 | 120,147 | 590,196 | 55,213 | 4,210 | 202,358 | 30,746 | 101,806 | 7,447,484 | 6,923,657 |
| FUND SURPLUS, END OF YEAR | \$ - | \$ - | \$ 687,307 | \$ 100,161 | \$ - | \$ 439,647 | \$ - | \$ - | \$ 9,314,765 | \$ 7,447,484 |

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2017

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Amounts receivable | \$ 1,066,623 | \$ 2,148,853 |
| Due from other funds | - | - |
| | <u>\$ 1,066,623</u> | <u>\$ 2,148,853</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 3,000 | \$ - |
| Water meter deposits | 55,189 | 55,794 |
| Long-term debt (Note 9) | 3,663,665 | 3,868,400 |
| Due to other funds | 699,235 | 1,783,854 |
| | <u>4,421,089</u> | <u>5,708,048</u> |
| NET FINANCIAL ASSETS (NET DEBT) | <u>\$ (3,354,466)</u> | <u>\$ (3,559,195)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | \$ 26,854,506 | \$ 27,039,387 |
| Prepaid expenses | - | - |
| | <u>26,854,506</u> | <u>27,039,387</u> |
| FUND SURPLUS (DEFICIT) | <u>\$ 23,500,040</u> | <u>\$ 23,480,192</u> |

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2017

SCHEDULE 8

| | <u>2017 Budget</u> | <u>2017 Actual</u> | <u>2016 Actual</u> |
|---------------------------------|------------------------|------------------------|------------------------|
| REVENUE | | | |
| Water | | | |
| Water fees | \$ 1,451,824 | \$ 1,464,301 | \$ 1,319,550 |
| Bulk Water fees | 75,000 | 69,217 | 103,123 |
| sub-total- water | <u>1,526,824</u> | <u>1,533,518</u> | <u>1,422,673</u> |
| Sewer | | | |
| Sewer fees | 297,105 | 322,892 | 174,988 |
| Lagoon tipping fees | 6,000 | 18,643 | 6,455 |
| sub-total- sewer | <u>303,105</u> | <u>341,535</u> | <u>181,443</u> |
| Property taxes | <u>330,565</u> | <u>330,565</u> | <u>327,249</u> |
| Government transfers | | | |
| Capital | 10,349,871 | 529,139 | 1,656,127 |
| sub-total- government transfers | <u>10,349,871</u> | <u>529,139</u> | <u>1,656,127</u> |
| Other | | | |
| Hydrant rentals | 46,250 | 46,250 | 46,250 |
| Connection charges | 89,000 | 82,099 | 12,500 |
| Penalties | 3,000 | 10,091 | 4,147 |
| Other income | 169,627 | - | 136,037 |
| sub-total- other | <u>307,877</u> | <u>138,440</u> | <u>198,934</u> |
| Total revenue | <u>12,818,242</u> | <u>2,873,197</u> | <u>3,786,426</u> |

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2017

SCHEDULE 9

| | <u>Budget</u> | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| EXPENSES | | | |
| General | | | |
| Administration | 73,850 | 47,855 | 44,549 |
| Billing and collection | 365,000 | 330,766 | 328,860 |
| sub-total- general | <u>438,850</u> | <u>378,621</u> | <u>373,409</u> |
| Water General | | | |
| Purification and treatment | 304,700 | 294,450 | 318,255 |
| Transmission and distribution | 86,250 | 235,267 | 94,752 |
| Connection costs | 32,000 | 40,837 | 35,716 |
| sub-total- water general | <u>422,950</u> | <u>570,554</u> | <u>448,723</u> |
| Water Amortization & Interest | | | |
| Amortization | 870,186 | 870,186 | 857,068 |
| Interest on long term debt | 125,830 | 125,830 | 132,128 |
| sub-total- water amortization & interest | <u>996,016</u> | <u>996,016</u> | <u>989,196</u> |
| Sewer General | | | |
| Collection system costs | 38,500 | 91,143 | 32,299 |
| Treatment and disposal cost | 115,000 | 65,313 | 107,098 |
| Lift Station costs | 57,000 | 17,604 | 16,256 |
| sub-total- sewer general | <u>210,500</u> | <u>174,060</u> | <u>155,653</u> |
| Sewage Amortization & Interest | | | |
| Amortization | 75,463 | 75,463 | 49,278 |
| sub-total- sewer amortization & interest | <u>75,463</u> | <u>75,463</u> | <u>49,278</u> |
| Total expenses | <u>2,143,779</u> | <u>2,194,714</u> | <u>2,016,259</u> |
| NET OPERATING SURPLUS | 10,674,463 | 678,483 | 1,770,167 |
| TRANSFERS | | | |
| Transfers from (to) operating fund | | - | - |
| Transfers from (to) reserve funds | - | <u>(658,635)</u> | <u>76,616</u> |
| CHANGE IN UTILITY FUND BALANCE | <u><u>\$ 10,674,463</u></u> | 19,848 | 1,846,783 |
| FUND SURPLUS, BEGINNING OF YEAR (Note 19) | | <u>23,480,192</u> | <u>21,633,409</u> |
| FUND SURPLUS, END OF YEAR | | <u><u>\$ 23,500,040</u></u> | <u><u>\$ 23,480,192</u></u> |

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2017

| | Financial Plan General | Financial Plan Utility(ies) | Amortization (TCA) | Interest Expense | Transfers | Long Term Accruals | Consolidated Entities | PSAB Budget |
|------------------------------------|---------------------------|--------------------------------|------------------------|---------------------|-----------------------|-----------------------|--------------------------|----------------------|
| REVENUE | | | | | | | | |
| Property taxes | \$ 4,245,146 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,245,146 |
| Grants in lieu of taxation | 119,213 | - | - | - | - | - | - | 119,213 |
| User fees | 446,160 | - | - | - | - | - | 137,666 | 583,826 |
| Grants - Province of Manitoba | 890,896 | - | 264,570 | - | - | - | 58,360 | 1,213,826 |
| Grants - other | 270,613 | - | 264,570 | - | - | - | 9,528 | 544,711 |
| Permits, licences and fines | 23,150 | - | - | - | - | - | - | 23,150 |
| Investment income | 47,000 | - | - | - | - | - | 3,449 | 50,449 |
| Other revenue | 111,800 | - | - | - | - | - | 45,041 | 156,841 |
| Water and sewer | - | 12,487,677 | - | - | - | - | - | 12,487,677 |
| Transfers from accumulated surplus | 2,248,500 | - | - | - | (2,248,500) | - | - | - |
| Transfers from General | - | 268,302 | - | - | (268,302) | - | - | - |
| Transfers from reserves | - | - | - | - | - | - | - | - |
| Total revenue | \$ 8,402,478 | \$ 12,755,979 | \$ 529,140 | \$ - | \$ (2,516,802) | \$ - | \$ 254,044 | \$ 19,424,839 |
| EXPENSES | | | | | | | | |
| General government services | \$ 861,283 | \$ - | \$ 25,223 | \$ 97 | \$ 8,358 | \$ - | \$ 5,015 | \$ 899,976 |
| Protective services | 910,914 | - | 27,768 | - | - | - | 67,816 | 1,006,498 |
| Transportation services | 1,081,850 | - | 265,539 | - | - | - | - | 1,347,389 |
| Environmental health services | 638,100 | - | 27,765 | 728 | - | - | (95,652) | 570,941 |
| Public health and welfare services | 256,800 | - | 11,996 | - | - | - | - | 268,796 |
| Regional planning and development | 43,325 | - | 1,277 | - | - | - | 79,417 | 124,019 |
| Resource cons and industrial dev | 316,925 | - | 11,274 | - | - | - | 30,566 | 358,765 |
| Recreation and cultural services | 524,443 | - | 45,640 | 3 | - | - | 34,762 | 604,848 |
| Water and sewer services | - | 1,072,301 | 945,649 | 125,830 | - | - | - | 2,143,780 |
| Fiscal services: | | | | | | | | - |
| Transfer to capital | 2,784,500 | 11,230,500 | (14,015,000) | - | - | - | - | - |
| Debt charges | 256,190 | 268,301 | - | (524,491) | - | - | - | - |
| Short term interest | 5,500 | - | - | (5,500) | - | - | - | - |
| Transfer to Utility | 268,302 | - | - | - | (268,302) | - | - | - |
| Transfer to reserves | 445,988 | 184,877 | - | - | (630,865) | - | - | - |
| Allowance for tax assets | 8,358 | - | - | - | (8,358) | - | - | - |
| Total expenses | \$ 8,402,478 | \$ 12,755,979 | \$ (12,652,869) | \$ (403,333) | \$ (899,167) | \$ - | \$ 121,924 | \$ 7,325,012 |
| Surplus (Deficit) | \$ - | \$ - | \$ 13,182,009 | \$ 403,333 | \$ (1,617,635) | \$ - | \$ 132,120 | \$ 12,099,827 |

Town of Neepawa
ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2017

SCHEDULE 10

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|---------------------------------|---------------------------------|
| Balance, beginning of year | \$ 154,937 | \$ 188,032 |
| Add: | | |
| Tax levy (Schedule 12) | 6,428,525 | 6,191,803 |
| Taxes added | 157,744 | 31,201 |
| Penalties or interest | 24,730 | 26,416 |
| Other accounts added | 12,859 | 76,147 |
| Refunds | 12,187 | 10,899 |
| Tax Adjustments - tax sale costs | - | - |
| Sub-total | <u>6,636,045</u> | <u>6,336,466</u> |
| Deduct: | | |
| Cash collections | 5,883,454 | 5,647,185 |
| Write-offs | 2,307 | - |
| M.P.T.C. - cash advance | 720,300 | 722,376 |
| Sub-total | <u>6,606,061</u> | <u>6,369,561</u> |
| Balance, end of year | <u><u>\$ 184,921</u></u> | <u><u>\$ 154,937</u></u> |

Town of Neepawa
ANALYSIS OF TAX LEVY
Year Ended December 31, 2017

SCHEDULE 11

| | 2017 | | | 2016 |
|---|-------------|-----------|---------------------|---------------------|
| | Assessment | Mill Rate | Levy | Levy |
| Debt charges: | | | | |
| LI.D. General & Utility | 186,397,720 | 2.08 | 387,707 | 368,678 |
| | | | | - |
| At large | 167,299,980 | 0.75 | 125,475 | 136,011 |
| General municipal | 167,299,980 | 18.60 | 3,111,780 | 2,967,362 |
| Reserves: | | | | |
| Various | 167,299,980 | 1.49 | 248,608 | 275,339 |
| Special levies: | | | | |
| Whitemud watershed | 28,555,570 | 0.30 | 8,567 | 9,442 |
| Scavenging | - | - | 304,671 | 292,776 |
| Cable Fees - unbudgeted | | | 8,753 | 8,276 |
| Adjustments from school levy below | | | - | - |
| Total municipal taxes (Schedule 2) | | | 4,195,560 | 4,057,884 |
| Education support levy | 40,989,340 | 10.51 | 430,798 | 414,379 |
| Special levy: | | | | |
| Beautiful Plains SD #31 | 151,569,960 | 11.890 | 1,802,167 | 1,719,540 |
| Total education taxes | | | 2,232,965 | 2,133,919 |
| | | | \$ 6,428,525 | \$ 6,191,803 |

SCHEDULE OF GENERAL OPERATING EXPENSES
Year Ended December 31, 2017

| | 2017 Actual | 2016 Actual |
|---|------------------|------------------|
| General government services: | | |
| Legislative | \$ 64,703 | \$ 63,560 |
| General administrative | 624,411 | 594,031 |
| Other | 232,903 | 260,731 |
| | <u>922,016</u> | <u>918,323</u> |
| Protective services: | | |
| Police | 615,961 | 582,372 |
| Fire | 146,609 | 208,125 |
| Emergency measures | 55,666 | 45,323 |
| Other protection | 33,970 | 33,047 |
| | <u>852,206</u> | <u>868,867</u> |
| Transportation services: | | |
| Road transport | | |
| Administration and engineering | 170,072 | 160,578 |
| Road and street maintenance | 930,350 | 914,403 |
| Street lighting | 88,039 | 83,602 |
| Other | 45,299 | 18,838 |
| Air transport | 37,514 | 25,760 |
| | <u>1,271,274</u> | <u>1,203,182</u> |
| Environmental health services: | | |
| Waste collection and disposal | 580,069 | 711,411 |
| | <u>580,069</u> | <u>711,411</u> |
| Public health and welfare services: | | |
| Public health | 259,147 | 244,337 |
| Social assistance | 13,167 | 13,167 |
| | <u>272,314</u> | <u>257,505</u> |
| Regional planning and development | | |
| Planning and zoning | 36,225 | 17,325 |
| Urban area weed control | 4,238 | 5,010 |
| Other | 17,311 | 10,560 |
| | <u>57,774</u> | <u>32,895</u> |
| Resource conservation and industrial development | | |
| Drainage of land | 8,492 | 9,602 |
| Veterinary services | 11,790 | 7,860 |
| Regional development | 266,875 | 119,877 |
| Other | 2,930 | 2,930 |
| | <u>290,088</u> | <u>140,269</u> |
| Recreation and cultural services: | | |
| Community centers and halls | 89,103 | 114,165 |
| Swimming pools and beaches | 113,577 | 118,739 |
| Skating and curling rinks | 85,000 | 85,000 |
| Parks and playgrounds | 102,321 | 78,204 |
| Other recreational facilities | 81,891 | 88,797 |
| Libraries | 50,394 | 42,676 |
| Other cultural facilities | 724 | 1,020 |
| | <u>523,010</u> | <u>528,601</u> |
| Total expenses | <u>4,768,752</u> | <u>4,661,053</u> |

Town of Neepawa

SCHEDULE 13

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2017

| | General | 2017 Utility | Total | 2016 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 | (40,568) | - | (40,568) | (3,764) |
| Increase expense - amortization of tangible capital assets | (373,652) | (945,650) | (1,319,302) | (1,271,801) |
| Eliminate expense - acquisitions of tangible capital assets | 582,785 | 760,768 | 1,343,553 | 3,334,580 |
| Reserve: | | | | |
| Increase revenue - reserve funds interest | 95,751 | - | 95,751 | 85,383 |
| Eliminate expense - transfers to reserves | 1,055,765 | 658,635 | 1,714,400 | 1,053,260 |
| Eliminate revenue - transfers from reserves to operating funds | (108,654) | - | (108,654) | (614,813) |
| Deferred Revenue: | | | | |
| Decrease revenue - increase in deferred revenue - Gas Tax | (97,111) | - | (97,111) | (125,681) |
| Other: | | | | |
| Eliminate expense - principal portion of long term debt | 129,268 | 204,731 | 333,999 | 327,267 |
| | 1,243,584 | 678,484 | 1,922,068 | 2,784,431 |
| Increase revenue - Net surplus of consolidated entities | 132,120 | - | 132,120 | 83,857 |
| NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS | \$ 1,375,704 | \$ 678,484 | \$ 2,054,188 | \$ 2,868,288 |