

Town of Neepawa

**Consolidated Financial Statements
Year ended December 31, 2012**

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 Canadian Institute of Chartered Accountants.

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

Richard Beachey
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, 2012 and the consolidated statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2012, 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, 2012 and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2012 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada

Chambers, Fraser & Co.
Chartered Accountants

Town of Neepawa

Consolidated Financial Statements

Year ended December 31, 2012

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Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 7,630,372	\$ 4,782,104
Amounts receivable (Note 4)	915,529	1,179,076
Portfolio investments (Note 5)	1,175,863	1,618,280
Other inventories for sale (Note 6)	87	87
Other assets	546	528
	<u>\$ 9,722,397</u>	<u>\$ 7,580,075</u>
LIABILITIES		
Temporary borrowing (Note 7)	\$ -	\$ 1,811,201
Accounts payable and accrued liabilities (Note 8)	1,675,945	560,646
Deferred revenue (Note 9)	451,705	350,265
Landfill closure and post closure liabilities (Note 10)	503,320	392,919
Trust payable (Schedule 7)	1,383,897	1,357,805
Long-term debt (Note 11)	5,407,225	2,376,474
Deposits	51,872	50,545
	<u>9,473,964</u>	<u>6,899,855</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 248,433</u>	<u>\$ 680,220</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 30,817,020	28,270,665
Prepaid expenses	22,219	21,344
	<u>30,839,239</u>	<u>28,292,009</u>
ACCUMULATED SURPLUS (DEFICIT) (Note 16)	<u>\$ 31,087,672</u>	<u>\$ 28,972,229</u>

COMMITMENTS (NOTE 12)

Approved on behalf of Council:

Ken Waddell - Mayor

Bill Stilwell - Deputy Mayor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2012

	<u>2012 Budget (Note 15)</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
REVENUE			
Property taxes	\$ 3,471,448	\$ 3,637,834	\$ 3,400,147
Grants in lieu of taxation	99,772	99,772	96,964
User fees	441,994	521,316	518,598
Grants - Province of Manitoba	2,128,946	1,983,353	1,268,794
Grants - other	241,888	162,584	264,674
Permits, licences and fines	20,330	30,136	30,187
Investment income	43,507	69,811	52,546
Other revenue	262,838	236,273	276,626
Water and sewer	1,230,666	1,370,110	1,316,578
	<u>7,941,389</u>	<u>8,111,189</u>	<u>7,225,114</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	902,470	867,330	794,293
Protective services	970,125	929,002	904,844
Transportation services	977,804	775,781	807,758
Environmental health services	596,346	541,367	584,234
Public health and welfare services	231,919	219,596	202,979
Regional planning and development	103,586	101,264	61,552
Resource conservation and industrial development	195,059	207,741	182,582
Recreation and cultural services	521,410	562,974	579,955
Water and sewer services	1,866,978	1,790,691	1,413,507
	<u>6,365,697</u>	<u>5,995,746</u>	<u>5,531,704</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	1,575,692	2,115,443	1,693,410
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>28,972,229</u>	<u>28,972,229</u>	<u>27,278,819</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u><u>\$ 30,547,921</u></u>	<u><u>\$ 31,087,672</u></u>	<u><u>\$ 28,972,229</u></u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2012

	<u>2012 Budget (Note 15)</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 1,575,692</u>	<u>\$ 2,115,443</u>	<u>\$ 1,693,410</u>
Acquisition of tangible capital assets	(3,607,652)	(3,546,604)	(1,386,919)
Amortization of tangible capital assets	998,503	998,503	880,968
Loss (Gain) on sale of tangible capital assets		(1,514)	3,444
Proceeds on sale of tangible capital assets		3,261	610
Decrease (increase) in prepaid expense		(876)	(1,539)
	<u>(2,609,149)</u>	<u>(2,547,230)</u>	<u>(503,436)</u>
CHANGE IN NET FINANCIAL ASSETS	<u><u>\$ (1,033,457)</u></u>	<u>(431,787)</u>	1,189,974
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR		<u>680,220</u>	<u>(509,754)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR		<u><u>\$ 248,433</u></u>	<u><u>\$ 680,220</u></u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 2,115,443	\$ 1,693,410
Changes in non-cash items:		
Amounts receivable	263,547	1,073,907
Inventories	-	73
Prepays	(876)	(1,539)
Other assets	(18)	(75)
Trust payable	26,092	(64,268)
Accounts payable and accrued liabilities	1,115,299	(2,137,101)
Cost sharing advance	-	(640,000)
Deferred revenue	101,440	30,690
Landfill closure and post closure liabilities	110,401	148,184
Other liabilities	1,327	(50)
Loss (Gain) on sale of tangible capital asset	(1,514)	3,444
Amortization	998,503	880,968
	<u>4,729,644</u>	<u>987,643</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	3,261	610
Cash used to acquire tangible capital assets	(3,546,604)	(1,386,919)
	<u>(3,543,343)</u>	<u>(1,386,309)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	1,522,299	1,240,715
Purchase of portfolio investments	(1,079,882)	(1,049,444)
	<u>442,417</u>	<u>191,271</u>
FINANCING TRANSACTIONS		
Proceeds of temporary borrowing	-	2,156,372
Temporary borrowing repayment	(1,811,201)	(379,181)
Proceeds of long-term debt	3,397,532	-
Debt repayment	(366,781)	(227,565)
	<u>1,219,550</u>	<u>1,549,626</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	2,848,268	1,342,231
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	4,782,104	3,439,873
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 7,630,372	\$ 4,782,104

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

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 %) (2011 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2011 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2011 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2011 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2011 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2011 - 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, 2012

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, 2012

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>2012</u>	<u>2011</u>
Cash	<u>\$ 7,630,372</u>	<u>\$ 4,782,104</u>

As disclosed in note 5, the municipality has designated cash and portfolio investments to reserves and to meet certain obligations.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2012</u>	<u>2011</u>
Taxes on roll (Schedule 11)	\$ 341,378	\$ 459,210
Government grants	100,557	152,169
Utility customers	330,184	264,881
Accrued interest	1,400	9,292
Organizations and individuals	112,303	320,270
Other governments	55,772	1,765
	<u>941,594</u>	<u>1,207,587</u>
Less allowances for doubtful amounts	<u>(26,065)</u>	<u>(28,511)</u>
	<u><u>\$ 915,529</u></u>	<u><u>\$ 1,179,076</u></u>

5. Portfolio Investments

	<u>2012</u>	<u>2011</u>
Marketable securities:		
Term deposits	\$ 1,067,482	\$ 1,509,899
Loans to municipal partnerships	<u>108,381</u>	<u>108,381</u>
	<u><u>\$ 1,175,863</u></u>	<u><u>\$ 1,618,280</u></u>

The aggregate market value of the marketable securities at December 31, 2011 is \$1,263,459 (2011 - \$1,708,094). Portfolio investments earned \$27,108 in investment income during the year (2011 - \$32,417).

The Municipality has designated the following combinations of cash (note 3) and portfolio investments to reserves for commitments and tangible capital asset acquisitions and to meet their trust obligations.

	<u>2012</u>	<u>2011</u>
Designated Reserve Funds	4,218,963	3,724,869
Trust funds	<u>1,383,897</u>	<u>1,357,805</u>
	<u><u>\$ 5,602,860</u></u>	<u><u>\$ 5,082,674</u></u>

6. Inventories

Inventories for sale:

	<u>2012</u>	<u>2011</u>
History books	<u>\$ 87</u>	<u>\$ 87</u>

7. Temporary Borrowings

Line of credit with Beautiful Plains Credit Union Ltd., at 2.5%	\$ -	\$ 1,777,191
Demand loan with Beautiful Plains Credit Union, at prime plus 1%, interest payable monthly.	<u>-</u>	<u>34,010</u>
	<u><u>\$ -</u></u>	<u><u>\$ 1,811,201</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

8. Accounts Payable and Accrued Liabilities

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 272,775	\$ 267,667
Accrued expenses	161,391	135,955
School levies (Schedule 13)	58,638	47,426
Other governments	1,183,141	109,598
	<u>\$ 1,675,945</u>	<u>\$ 560,646</u>

9. Deferred Revenue:

	<u>2012</u>	<u>2011</u>
Federal Gas Tax Funding	\$ 343,069	\$ 303,866
Handi Transit Funding	3,973	3,924
	<u>347,042</u>	<u>307,790</u>
Other	104,663	42,475
	<u>\$ 451,705</u>	<u>\$ 350,265</u>

10. 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>2012</u>	<u>2011</u>
Estimated closure and post closure costs over the next 85 years	\$ 854,675	\$ 854,675
Discount rate	6.00%	6.00%
Discounted costs	<u>\$ 29,876</u>	<u>\$ 28,185</u>
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	65,000	58,500
Remaining	520,000	526,500
Total	585,000	585,000
Percent utilized	11.11%	10.00%
Liability based on percentage	<u>\$ 3,320</u>	<u>\$ 2,819</u>

b) Closed Municipal Landfill Site

Estimated closure and post closure costs	\$ 500,000	\$ 390,100
Total landfill closure and post closure liabilities	<u>\$ 503,320</u>	<u>\$ 392,919</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

11. Long Term Debt

	<u>2012</u>	<u>2011</u>
General Authority:		
Debenture for personal care home, at 2.50%, \$138,681 annually including interest, maturing December, 2017	\$ 638,827	\$ 758,544
	<u>\$ 638,827</u>	<u>\$ 758,544</u>
Utility Funds:		
Debenture for water and sewer line, at 2.50%, \$50,299 annually including interest, maturing December, 2015	\$ 122,555	\$ 168,636
Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029	1,365,356	1,412,714
Debenture for waste water treatment plant and raw water line, at 4.6250%, \$268,301 annually including interest, maturing 2030	3,230,286	-
	<u>\$ 4,718,197</u>	<u>\$ 1,581,350</u>
Debenture long term debt	\$ 5,357,024	\$ 2,339,894
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 Minnedosa Credit Union Ltd., at 3.5%, \$6,900 monthly including interest, maturing December 2012.	-	19,080
Loan with Minnedosa Credit Union Ltd., at 4%, \$7,000 monthly including interest, maturing April 2014.	50,201	
Note payable with the Province of Manitoba, advanced under the Community Works Program, non- interest bearing and repayable upon demand.	-	17,500
	<u>\$ 5,407,225</u>	<u>\$ 2,376,474</u>

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

2013	\$ 298,121
2014	314,405
2015	300,886
2016	276,040
2017	292,127

12. Commitments

Raw Water Supply Line and Water Treatment Plant Upgrade

In 2010 the Municipality embarked on a project for the construction of a raw water supply line and upgrades to the water treatment plant at an estimated cost of \$7,300,000. The Municipality has received Municipal Board borrowing approval for \$3,700,000 and anticipates provincial contributions through the Manitoba Water Services Board for the remaining project costs.

As at December 31, 2012 the project costs totalled \$7,251,243. Provincial contributions towards those costs were \$3,616,802.

13. 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 Canadian Institute of Chartered Accountants 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. Prior to the contribution rate increased noted below, the MEPP requires that employees contribute 6.3%% of basic annual earnings up to the CPP ceiling plus 7.5% 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 amounted to **\$64,101** (2011 - \$57,832) and are included in the statement of operations.

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.

14. 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.

15. 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.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

16. Accumulated Surplus

	<u>2012</u>	<u>2011</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	1,259,510	1,349,917
Utility operating fund - Nominal surplus	309,206	309,135
General capital fund - Capital surplus	3,348,859	2,393,080
Utility capital fund - Capital surplus	21,633,173	20,783,304
Reserve funds	4,218,963	3,724,869
	30,769,711	28,560,305
Deferred revenue - Reserves	(448,108)	(347,042)
Accumulated surplus of municipality unconsolidated	30,321,603	28,213,263
Accumulated surpluses of consolidated entities	766,069	758,966
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 31,087,672</u>	<u>\$ 28,972,229</u>

17. 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, 2012:

- a) Compensation paid to members of council amounted to \$64,581 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>
Ken Waddell	\$ 10,659	\$ 1,454	\$ 12,113
Bill Stilwell	10,398	2,794	13,192
Monty Simon	8,306	1,015	9,321
Murray Parrott	219	-	219
Robyn Copeland	9,182	1,263	10,445
Lisa Pottinger	9,779	1,038	10,817
Dean Dietrich	8,616	1,216	9,832
Allen Drysdale	7,422	1,371	8,793
	<u>\$ 64,581</u>	<u>\$ 10,151</u>	<u>\$ 74,732</u>

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Pat Martin	Acting Chief Administrative Officer	\$ 75,768
Howard Buffi	Acting water plant superintendent	65,907
Richard Donaldson	Economic Development Officer	65,140
Robert Bell	WTP Operator	60,155
Denis Saquet	Operations & Mtce Director	59,591
Jamie Davie	Director of Finance	52,342
Chris Doble	Public works Operator	51,960
Scott Gibson	Fire Chief	51,746
Dwayne Craddell	Public works Operator	50,812

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

18. 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:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water treatment plant	\$ 1,654,002	\$ -	\$ 88,362	\$ 1,565,640
Waste water treatment facility	11,603,333	-	196,667	11,406,666
Water mains	3,478,458	1,041,103	62,932	4,456,629
	-	-	-	-
	\$ 16,735,793	\$ 1,041,103	\$ 347,961	\$ 17,428,935

19. Comparative Figures

Certain comparative figures have been revised to conform with current years presentation.

Town of Neepawa
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2012

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	2012	2011
Cost										
Opening costs	1,141,184	3,217,172	2,294,487	116,134	-	4,018,196	31,365,426	5,200,687	47,353,286	45,975,921
Additions during the year	653,816	148,926	163,416	28,860	26,304	172,320	302,405	2,050,557	3,546,604	1,386,919
Transfer during the year	-	-	-	-	-	-	7,251,244	(7,251,244)	-	-
Disposals and write downs	-	-	(8,424)	(756)	-	-	-	-	(9,180)	(9,555)
Closing costs	<u>1,795,000</u>	<u>3,366,098</u>	<u>2,449,479</u>	<u>144,238</u>	<u>26,304</u>	<u>4,190,516</u>	<u>38,919,075</u>	<u>-</u>	<u>50,890,710</u>	<u>47,353,285</u>
Accumulated Amortization										
Opening accum'd amortization	735,598	1,436,108	1,551,495	68,328	-	3,246,677	12,044,414	-	19,082,620	18,207,153
Amortization	11,651	90,304	137,949	15,829	-	42,045	700,725	-	998,503	880,968
Disposals and write downs	-	-	(7,165)	(268)	-	-	-	-	(7,433)	(5,501)
Closing accum'd amortization	<u>747,249</u>	<u>1,526,412</u>	<u>1,682,279</u>	<u>83,889</u>	<u>-</u>	<u>3,288,722</u>	<u>12,745,139</u>	<u>-</u>	<u>20,073,690</u>	<u>19,082,620</u>
Net Book Value of Tangible Capital Assets	<u>1,047,751</u>	<u>1,839,686</u>	<u>767,200</u>	<u>60,349</u>	<u>26,304</u>	<u>901,794</u>	<u>26,173,936</u>	<u>-</u>	<u>30,817,020</u>	<u>28,270,665</u>

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2012

	2012 Actual	2011 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 3,385,778	\$ 3,214,683
Taxes added	252,056	185,464
	<u>3,637,834</u>	<u>3,400,147</u>
Grants in lieu of taxation:		
Federal government enterprises	6,305	5,855
Provincial government	60,898	55,416
Provincial government enterprises	32,569	35,693
	<u>99,772</u>	<u>96,964</u>
User fees		
Sales of service	209,423	243,620
Sales of goods	16,000	-
Rentals	156,008	154,726
Facility use fees	139,885	120,252
	<u>521,316</u>	<u>518,598</u>
Grants - Province of Manitoba		
General assistance payment	577,431	543,402
VLT revenues	58,962	51,221
Conditional grants - WTP Upgrade & Water Line	1,041,103	397,441
Conditional grants - Other	305,857	276,730
	<u>1,983,353</u>	<u>1,268,794</u>
Grants - other		
Federal government - Gas tax Funding	83,352	145,000
Federal government - Airport	20,300	-
Other local governments	58,932	119,674
	<u>162,584</u>	<u>264,674</u>
Permits, licences and fines		
Licences	2,689	2,674
Fines	27,447	27,513
	<u>30,136</u>	<u>30,187</u>
Investment income:		
Cash and temporary investments	69,811	52,546
	<u>69,811</u>	<u>52,546</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	1,514	(3,444)
Penalties and interest	43,662	38,231
Contributed assets	-	25,000
Cemetery expense recoveries - cemetery trust	30,384	30,342
Donations - Sportsman dinner	17,873	-
Donations - Personal care home	69,250	-
Donations - veterans walk trust	-	97,180
Recoveries	17,752	37,792
Miscellaneous	55,838	51,525
	<u>236,273</u>	<u>276,626</u>
Water and sewer (Schedule 4)	<u>1,370,110</u>	<u>1,316,578</u>
Total revenue	<u><u>8,111,189</u></u>	<u><u>7,225,114</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2012

	<u>2012 Actual</u>	<u>2011 Actual</u>
General government services:		
Legislative	\$ 64,582	\$ 66,305
General administrative	487,019	438,067
Other	315,729	289,921
	<u>867,330</u>	<u>794,293</u>
Protective services:		
Police	569,408	511,839
Fire	179,467	189,307
Emergency measures	113,743	125,794
Other protection	66,384	77,904
	<u>929,002</u>	<u>904,844</u>
Transportation services:		
Road transport		
Administration and engineering	102,521	132,883
Road and street maintenance	574,213	572,528
Street lighting	71,838	69,131
Other	8,580	6,261
Air transport	18,629	26,955
	<u>775,781</u>	<u>807,758</u>
Environmental health services:		
Waste collection and disposal	541,367	584,234
Other	-	-
	<u>541,367</u>	<u>584,234</u>
Public health and welfare services:		
Public health	206,429	189,812
Social assistance	13,167	13,167
	<u>219,596</u>	<u>202,979</u>
Regional planning and development		
Planning and zoning	94,586	56,649
Urban area weed control	5,378	4,203
Other	1,300	700
	<u>101,264</u>	<u>61,552</u>
Resource conservation and industrial development		
Drainage of land	9,216	9,151
Veterinary services	7,860	7,860
Regional development	187,735	162,641
Other	2,930	2,930
	<u>207,741</u>	<u>182,582</u>
Sub-totals forward	<u>3,642,081</u>	<u>3,538,242</u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2012

	<u>2012 Actual</u>	<u>2011 Actual</u>
Sub-totals forward	<u>3,642,081</u>	<u>3,538,242</u>
Recreation and cultural services:		
Community centers and halls	112,730	122,895
Swimming pools and beaches	128,548	156,422
Skating and curling rinks	73,000	73,000
Parks and playgrounds	66,555	57,130
Other recreational facilities	67,812	70,605
Libraries	86,871	72,403
Other cultural facilities	<u>27,458</u>	<u>27,500</u>
	<u>562,974</u>	<u>579,955</u>
Water and sewer services (Schedule 4)	<u>1,790,691</u>	<u>1,413,507</u>
Total expenses	<u><u>5,995,746</u></u>	<u><u>5,531,704</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2012

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
Property taxes	\$3,192,410	\$2,866,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	99,772	96,964	-	-	-	-	-	-	-	-
User fees	157,066	140,629	56,723	83,959	-	-	44,303	65,678	-	-
Prov of MB - Unconditional Grants	636,393	594,623	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	7,146	1,630	50,400	52,575	30,333	39,556	98,797	107,448	-	-
Grants - other	10,000	50,654	45,527	64,902	103,652	145,000	-	-	-	-
Permits, licences and fines	219	214	27,717	27,773	-	-	-	-	-	-
Investment income	49,780	33,623	4,057	4,151	8,926	9,486	731	422	1,228	724
Gain (loss) on sale of assets	1,514	(3,239)	-	-	-	-	-	(205)	-	-
Other revenue	170,048	236,906	8,316	33,111	-	-	355	901	-	-
Water and sewer										
Total revenue	\$ 4,324,348	\$ 4,018,959	\$ 192,740	\$ 266,471	\$ 142,911	\$ 194,042	\$ 144,186	\$ 174,244	\$ 1,228	\$ 724
EXPENSES										
Personnel services	\$ 315,727	\$ 275,758	\$ 181,762	\$ 187,911	\$ 318,379	\$ 361,819	\$ 76,772	\$ 70,261	\$ 165,171	\$ 150,041
Contract services	211,649	193,949	508,914	478,040	107,482	144,158	285,868	295,406	13,167	13,910
Utilities	123,967	126,755	65,166	65,425	92,015	91,493	7,097	6,865	3,616	3,576
Maintenance materials and supplies	26,731	22,652	69,720	60,615	161,454	145,033	12,398	11,537	27,424	24,928
Grants and contributions	115,860	93,224	40,851	39,861	-	-	8,980	11,434	-	-
Amortization	41,686	34,890	62,590	72,990	96,454	65,257	38,619	37,761	10,219	10,524
Interest on long term debt	18,964	21,884	-	-	-	-	719	1,222	-	-
Other	12,733	25,178	-	-	-	-	110,915	149,748	-	-
Total expenses	\$ 867,317	\$ 794,290	\$ 929,003	\$ 904,842	\$ 775,784	\$ 807,760	\$ 541,368	\$ 584,234	\$ 219,597	\$ 202,979
Surplus (Deficit)	\$ 3,457,031	\$ 3,224,669	\$ (736,263)	\$ (638,371)	\$ (632,873)	\$ (613,718)	\$ (397,182)	\$ (409,990)	\$ (218,369)	\$ (202,255)

* 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, 2012

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,424	\$ 533,192	\$ 3,637,834	\$ 3,400,147
Grants in lieu of taxation	-	-	-	-	-	-	-	-	99,772	96,964
User fees	87,811	51,545	-	-	175,413	176,787	-	-	521,316	518,598
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	636,393	594,623
Prov of MB - Conditional Grants	34,748	33,877	-	-	84,433	41,644	1,041,103	397,441	1,346,960	674,171
Grants - other	2,490	410	-	-	915	3,708	-	-	162,584	264,674
Permits, licences and fines	-	-	2,200	2,200	-	-	-	-	30,136	30,187
Investment income	4,020	3,068	-	-	1,069	1,071	-	-	69,811	52,545
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	1,514	(3,444)
Other revenue	37,760	9,072	-	-	18,280	81	-	-	234,759	280,071
Water and sewer	-	-	-	-	-	-	1,370,110	1,316,578	1,370,110	1,316,578
Total revenue	\$ 166,829	\$ 97,972	\$ 2,200	\$ 2,200	\$ 280,110	\$ 223,291	\$ 2,856,637	\$ 2,247,211	\$ 8,111,189	\$ 7,225,114
EXPENSES										
Personnel services	\$ 73,677	\$ 42,487	\$ 94,665	\$ 86,836	\$ 256,190	\$ 227,815	\$ 335,576	\$ 319,166	\$ 1,817,919	\$ 1,722,094
Contract services	6,169	10,793	53,406	29,616	101,466	96,367	72,747	58,128	1,360,868	1,320,367
Utilities	1,965	1,644	12,950	13,943	47,177	44,643	88,240	90,270	442,193	444,614
Maintenance materials and supplies	19,453	6,628	18,118	16,439	93,726	142,366	354,255	243,953	783,279	674,151
Grants and contributions	-	-	17,076	17,012	17,875	21,999	-	-	200,642	183,530
Amortization	-	-	7,128	7,328	41,083	41,239	700,724	610,652	998,503	880,641
Interest on long term debt	-	-	-	-	-	28	238,339	87,327	258,022	110,461
Other	-	-	4,402	11,407	5,458	5,500	812	4,013	134,320	195,846
Total expenses	\$ 101,264	\$ 61,552	\$ 207,745	\$ 182,581	\$ 562,975	\$ 579,957	\$ 1,790,693	\$ 1,413,509	\$ 5,995,746	\$ 5,531,704
Surplus (Deficit)	\$ 65,565	\$ 36,420	\$ (205,545)	\$ (180,381)	\$ (282,865)	\$ (356,666)	\$ 1,065,944	\$ 833,702	\$ 2,115,443	\$ 1,693,410

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2012

	Core Government		Controlled Entities		Government Partnerships		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE								
Property taxes	\$ 3,637,834	\$ 3,400,147	\$ -	\$ -	\$ -	\$ -	\$ 3,637,834	\$ 3,400,147
Grants in lieu of taxation	99,772	96,964	-	-	-	-	99,772	96,964
User fees	400,924	416,336	-	-	120,392	102,262	521,316	518,598
Prov of MB - Unconditional Grants	636,393	594,623	-	-	-	-	636,393	594,623
Prov of MB - Conditional Grants	1,271,883	605,585	-	-	75,077	68,586	1,346,960	674,171
Grants - other	159,179	260,556	-	-	3,405	4,118	162,584	264,674
Permits, licences and fines	30,136	30,187	-	-	-	-	30,136	30,187
Investment income	66,304	49,234	-	-	3,507	3,311	69,811	52,545
Gain (loss) on sale of assets	1,514	(3,444)	-	-	-	-	1,514	(3,444)
Other revenue	187,921	237,111	-	-	46,838	42,960	234,759	280,071
Water and sewer	1,370,110	1,316,578	-	-	-	-	1,370,110	1,316,578
Total revenue	\$ 7,861,970	\$ 7,003,877	\$ -	\$ -	\$ 249,219	\$ 221,237	\$ 8,111,189	\$ 7,225,114
EXPENSES								
Personnel services	\$ 1,604,082	\$ 1,555,256	\$ -	\$ -	\$ 213,837	\$ 166,838	\$ 1,817,919	\$ 1,722,094
Contract services	1,224,732	1,181,203	-	-	136,136	139,164	1,360,868	1,320,367
Utilities	411,974	415,265	-	-	30,219	29,349	442,193	444,614
Maintenance materials and supplies	737,468	632,133	-	-	45,811	42,018	783,279	674,151
Grants and contributions	191,662	172,096	-	-	8,980	11,434	200,642	183,530
Amortization	944,424	827,421	-	-	54,079	53,220	998,503	880,641
Interest on long term debt	257,303	109,211	-	-	719	1,250	258,022	110,461
Other	131,755	192,828	-	-	2,565	3,018	134,320	195,846
Total expenses	\$ 5,503,400	\$ 5,085,413	\$ -	\$ -	\$ 492,346	\$ 446,291	\$ 5,995,746	\$ 5,531,704
Surplus (Deficit)	\$ 2,358,570	\$ 1,918,464	\$ -	\$ -	\$ (243,127)	\$ (225,054)	\$ 2,115,443	\$ 1,693,410

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2012

SCHEDULE 6

	2012								
	General	Landfill	Municipality facility	Fire	Utility	Machinery	Highway	Pool/Arena	Town Development
REVENUE									
Investment income	\$ 7,625	\$ 731	\$ 4,873	\$ 4,057	\$ 8,317	\$ 2,208	\$ 5,028	\$ 876	\$ 706
Other income									
Total revenue	<u>7,625</u>	<u>731</u>	<u>4,873</u>	<u>4,057</u>	<u>8,317</u>	<u>2,208</u>	<u>5,028</u>	<u>876</u>	<u>706</u>
EXPENSES									
Investment charges									
Other expenses									
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES	7,625	731	4,873	4,057	8,317	2,208	5,028	876	706
TRANSFERS									
Debt repayments									
Transfers from general operating	10,000	50,000	100,000	50,000	-	50,000	15,000	10,000	-
Transfers to general operating	-	-	-	-	-	(145,520)	-	-	(129,000)
Transfers from utility operating					206,005				
Transfers to utility operating									
Acquisition of tangible capital assets									
CHANGE IN RESERVE FUND BALANCES	17,625	50,731	104,873	54,057	214,322	(93,312)	20,028	10,876	(128,294)
FUND SURPLUS, BEGINNING OF YEAR	<u>669,573</u>	<u>40,810</u>	<u>390,254</u>	<u>364,531</u>	<u>727,630</u>	<u>248,915</u>	<u>437,577</u>	<u>72,753</u>	<u>233,046</u>
FUND SURPLUS, END OF YEAR	<u>\$ 687,197</u>	<u>\$ 91,540</u>	<u>\$ 495,127</u>	<u>\$ 418,589</u>	<u>\$ 941,952</u>	<u>\$ 155,603</u>	<u>\$ 457,605</u>	<u>\$ 83,630</u>	<u>\$ 104,752</u>

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2012

SCHEDULE 6

	2012							2011	
	Lagoon	Culvert	Gas Tax	PCH	Mobility	Recreation	Airport	Total	Total
REVENUE									
Investment income	\$ 281	\$ 896	\$ 4,371	\$ 902	\$ 45	\$ -	\$ 794	\$ 41,710	\$ 37,067
Other income								-	
Total revenue	281	896	4,371	902	45	-	794	41,710	37,067
EXPENSES									
Investment charges								-	
Other expenses								-	
Total expenses	-	-	-	-	-	-	-	-	-
NET REVENUES	281	896	4,371	902	45	-	794	41,710	37,067
TRANSFERS									
Debt repayments								-	-
Transfers from general operating	-	10,000	180,002	69,250	-	4,629	50,000	598,880	663,048
Transfers to general operating	-	-	(83,352)	-	-	(4,629)	-	(362,501)	(145,000)
Transfers from utility operating	10,000	-	-	-	-	-	-	216,005	365,000
Transfers to utility operating	-	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets								-	-
CHANGE IN RESERVE FUND BALANCES	10,281	10,896	101,021	70,151	45	-	50,794	494,094	920,116
FUND SURPLUS, BEGINNING OF YEAR	20,083	74,503	343,069	51,790	3,973	-	46,363	3,724,869	2,804,753
FUND SURPLUS, END OF YEAR	\$ 30,364	\$ 85,399	\$ 444,090	\$ 121,941	\$ 4,018	\$ -	\$ 97,157	\$ 4,218,963	\$ 3,724,869

Town of Neepawa
SCHEDULE OF TRUST FUNDS
Year Ended December 31, 2012

SCHEDULE 7

	<u>Cemetery</u>	<u>Veterans Walk</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
ASSETS				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Portfolio investments	-	-	-	-
Due from Municipality	1,378,251	5,646	1,383,897	1,357,805
	<u>\$ 1,378,251</u>	<u>\$ 5,646</u>	<u>\$ 1,383,897</u>	<u>\$ 1,357,805</u>
LIABILITIES AND FUND BALANCES				
Due to Municipality	\$ -	\$ -	\$ -	\$ -
Fund balance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES				
Contributions, user fees and donations	\$ 25,973	\$ -	\$ 25,973	\$ 31,642
Investment income	30,384	119	30,503	31,613
	<u>56,357</u>	<u>119</u>	<u>56,476</u>	<u>63,255</u>
EXPENDITURES				
Cemetery maintenance	30,384	-	30,384	30,342
Distribution to beneficiaries	-	-	-	-
Other - paving	-	-	-	97,180
	<u>30,384</u>	<u>-</u>	<u>30,384</u>	<u>127,522</u>
EXCESS OF REVENUES OVER EXPENDITURES	25,973	119	26,092	(64,267)
FUND BALANCE, BEGINNING OF YEAR	1,352,278	5,527	1,357,805	1,422,072
FUND BALANCE, END OF YEAR	<u>\$ 1,378,251</u>	<u>\$ 5,646</u>	<u>\$ 1,383,897</u>	<u>\$ 1,357,805</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 330,185	\$ 264,880
Due from other funds	<u>217,258</u>	<u>-</u>
	<u>\$ 547,443</u>	<u>\$ 264,880</u>
LIABILITIES		
Temporary borrowing	\$ -	\$ 1,800,303
Accounts payable and accrued liabilities	10,000	-
Water meter deposits	51,872	50,545
Long-term debt (Note 9)	4,718,197	1,581,350
Due to other funds	-	263,012
	<u>4,780,069</u>	<u>3,695,210</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (4,232,626)</u>	<u>\$ (3,430,330)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>\$ 26,175,006</u>	<u>\$ 24,522,769</u>
FUND SURPLUS (DEFICIT)	<u><u>\$ 21,942,380</u></u>	<u><u>\$ 21,092,439</u></u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2012

SCHEDULE 9

	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
REVENUE			
Water			
Water fees	\$ 969,920	\$ 1,076,019	\$ 1,031,744
Bulk Water fees	45,000	59,321	47,424
sub-total- water	<u>1,014,920</u>	<u>1,135,340</u>	<u>1,079,168</u>
Sewer			
Sewer fees	151,296	155,914	151,296
Lagoon tipping fees	4,700	6,941	5,212
sub-total- sewer	<u>155,996</u>	<u>162,855</u>	<u>156,508</u>
Property taxes	<u>445,424</u>	<u>445,424</u>	<u>533,192</u>
Government transfers			
Capital	<u>1,041,103</u>	<u>1,041,103</u>	<u>397,441</u>
sub-total- government transfers	<u>1,041,103</u>	<u>1,041,103</u>	<u>397,441</u>
Other			
Hydrant rentals	45,250	45,250	45,000
Connection charges	4,000	13,065	26,050
Penalties	2,000	5,100	4,089
Other income	8,500	8,500	5,763
sub-total- other	<u>59,750</u>	<u>71,915</u>	<u>80,902</u>
Total revenue	<u>2,717,193</u>	<u>2,856,637</u>	<u>2,247,211</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2012

SCHEDULE 9

EXPENSES	Budget	2012	2011
General			
Administration	30,816	67,658	27,878
Billing and collection	354,000	339,216	323,292
sub-total- general	<u>384,816</u>	<u>406,874</u>	<u>351,170</u>
Water General			
Purification and treatment	340,600	303,205	223,226
Transmission and distribution	77,000	31,681	39,731
Connection costs	24,500	31,039	18,205
sub-total- water general	<u>442,100</u>	<u>365,925</u>	<u>281,162</u>
Water Amortization & Interest			
Amortization	679,383	679,383	522,210
Interest on long term debt	238,339	238,339	87,327
sub-total- water amortization & interest	<u>917,722</u>	<u>917,722</u>	<u>609,537</u>
Sewer General			
Collection system costs	66,500	62,026	60,809
Treatment and disposal cost	7,000	2,730	4,609
Lift Station costs	27,500	14,073	17,778
sub-total- sewer general	<u>101,000</u>	<u>78,829</u>	<u>83,196</u>
Sewage Amortization & Interest			
Amortization	21,341	21,341	88,442
sub-total- sewer amortization & interest	<u>21,341</u>	<u>21,341</u>	<u>88,442</u>
Total expenses	<u>1,866,979</u>	<u>1,790,691</u>	<u>1,413,507</u>
NET OPERATING SURPLUS	850,214	1,065,946	833,704
TRANSFERS			
Transfers from (to) reserve funds	-	(216,005)	(365,000)
Transfer for capital purposes from reserve funds	-	-	-
CHANGE IN UTILITY FUND BALANCE	<u>\$ 850,214</u>	849,941	468,704
FUND SURPLUS, BEGINNING OF YEAR (Note 19)		<u>21,092,439</u>	<u>20,623,735</u>
FUND SURPLUS, END OF YEAR		<u>\$ 21,942,380</u>	<u>\$ 21,092,439</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2012

	<u>Financial Plan General</u>	<u>Financial Plan Utility(ies)</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Long Term Accruals</u>	<u>Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE								
Property taxes	\$ 3,471,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,471,448
Grants in lieu of taxation	99,772	-	-	-	-	-	-	99,772
User fees	321,602	-	-	-	-	-	120,392	441,994
Grants - Province of Manitoba	1,012,766	-	1,041,103	-	-	-	75,077	2,128,946
Grants - other	238,483	-	-	-	-	-	3,405	241,888
Permits, licences and fines	20,330	-	-	-	-	-	-	20,330
Investment income	40,000	-	-	-	-	-	3,507	43,507
Other revenue	216,000	-	-	-	-	-	46,838	262,838
Water and sewer	-	1,230,666	-	-	-	-	-	1,230,666
Transfers from accumulated surplus	149,717	-	-	-	(149,717)	-	-	-
Transfers from General	-	318,600	-	-	(318,600)	-	-	-
Transfers from reserves	409,141	243,500	-	-	(652,641)	-	-	-
Total revenue	<u>\$ 5,979,259</u>	<u>\$ 1,792,766</u>	<u>\$ 1,041,103</u>	<u>\$ -</u>	<u>\$ (1,120,958)</u>	<u>\$ -</u>	<u>\$ 249,219</u>	<u>\$ 7,941,389</u>
EXPENSES								
General government services	\$ 842,897	\$ -	\$ 41,686	\$ 5,000	\$ 6,641	\$ -	\$ 6,246	\$ 902,470
Protective services	838,361	-	62,590	-	-	-	69,174	970,125
Transportation services	881,350	-	96,454	-	-	-	-	977,804
Environmental health services	433,350	-	38,619	719	-	109,900	13,758	596,346
Public health and welfare services	221,700	-	10,219	-	-	-	-	231,919
Regional planning and development	25,500	-	-	-	-	-	78,086	103,586
Resource cons and industrial dev	144,876	-	7,128	-	-	-	43,055	195,059
Recreation and cultural services	448,530	-	41,083	-	-	-	31,797	521,410
Water and sewer services	-	927,915	700,724	238,339	-	-	-	1,866,978
Fiscal services:								
Transfer to capital	1,021,946	491,000	(1,512,946)	-	-	-	-	-
Debt charges	265,506	318,601	-	(584,107)	-	-	-	-
Short term interest	5,000	-	-	(5,000)	-	-	-	-
Transfer to Utility	318,600	-	-	-	(318,600)	-	-	-
Transfer to reserves	525,002	55,250	-	-	(580,252)	-	-	-
Allowance for tax assets	6,641	-	-	-	(6,641)	-	-	-
Total expenses	<u>\$ 5,979,259</u>	<u>\$ 1,792,766</u>	<u>\$ (514,443)</u>	<u>\$ (345,049)</u>	<u>\$ (898,852)</u>	<u>\$ 109,900</u>	<u>\$ 242,116</u>	<u>\$ 6,365,697</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555,546</u>	<u>\$ 345,049</u>	<u>\$ (222,106)</u>	<u>\$ (109,900)</u>	<u>\$ 7,103</u>	<u>\$ 1,575,692</u>

Town of Neepawa
ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2012

SCHEDULE 11

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 459,210	\$ 267,027
Add:		
Tax levy (Schedule 12)	5,180,422	4,900,687
Taxes added	252,056	185,464
Penalties or interest	43,662	38,231
Other accounts added	1,414	16,691
Refunds	3,556	13,605
Tax Adjustments - tax sale costs	-	-
Sub-total	<u>5,481,110</u>	<u>5,154,678</u>
Deduct:		
Cash collections	4,895,182	4,274,011
Writeoffs	9,088	4,044
Tax discounts	-	
M.P.T.C. - cash advance	694,672	684,440
Sub-total	<u>5,598,942</u>	<u>4,962,495</u>
Balance, end of year	<u><u>\$ 341,378</u></u>	<u><u>\$ 459,210</u></u>

Town of Neepawa
ANALYSIS OF TAX LEVY
Year Ended December 31, 2012

SCHEDULE 12

	2012			2011
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
L.I.D. General & Utility	117,267,721	1.58	185,283	185,185
				-
At large	129,445,690	3.00	388,337	474,296
General municipal	113,276,670	20.50	2,322,172	2,157,464
Reserves:				
Various	113,276,670	2.98	337,564	247,389
Special levies:				
Whitemud watershed	19,016,930	0.51	9,699	8,947
Scavenging	-	-	136,798	135,990
Cable Fees - unbudgeted			5,925	5,412
Rounding			-	
Total municipal taxes (Schedule 2)			3,385,778	3,214,683
Education support levy	29,314,220	11.36	333,010	320,977
Special levy:				
Beautiful Plains SD #31	99,879,340	14.63	1,461,634	1,365,027
Total education taxes			1,794,644	1,686,004
			\$ 5,180,422	\$ 4,900,687

Town of Neepawa
ANALYSIS OF SCHOOL ACCOUNTS
 Year Ended December 31, 2012

SCHEDULE 13

	2012				2011
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 13,767	\$ 355,420	\$ (345,194)	\$ 23,993	\$ 13,767
Special levies					
Beautiful Plains SD #31	<u>33,659</u>	<u>1,520,597</u>	<u>(1,519,611)</u>	<u>34,645</u>	<u>33,659</u>
Total	<u>\$ 47,426</u>	<u>\$ 1,876,017</u>	<u>\$ (1,864,805)</u>	<u>\$ 58,638</u>	<u>\$ 47,426</u>

SCHEDULE OF GENERAL OPERATING EXPENSES
Year Ended December 31, 2012

	2012 Actual	2011 Actual
General government services:		
Legislative	\$ 64,582	\$ 66,305
General administrative	480,773	430,417
Other	315,729	289,918
	<u>861,084</u>	<u>786,640</u>
Protective services:		
Police	569,408	511,839
Fire	179,467	189,307
Emergency measures	44,569	48,264
Other protection	66,384	77,904
	<u>859,828</u>	<u>827,314</u>
Transportation services:		
Road transport		
Administration and engineering	102,521	132,883
Road and street maintenance	574,213	572,528
Street lighting	71,838	69,131
Other	8,580	6,261
Air transport	18,629	26,955
	<u>775,782</u>	<u>807,758</u>
Environmental health services:		
Waste collection and disposal	527,609	594,355
	<u>527,609</u>	<u>594,355</u>
Public health and welfare services:		
Public health	206,429	189,812
Social assistance	13,167	13,167
	<u>219,596</u>	<u>202,979</u>
Regional planning and development		
Planning and zoning	16,500	16,500
Urban area weed control	5,378	4,203
Other	1,300	700
	<u>23,178</u>	<u>21,403</u>
Resource conservation and industrial development		
Drainage of land	9,216	9,151
Veterinary services	7,860	7,860
Regional development	144,680	126,981
Other	2,930	2,930
	<u>164,686</u>	<u>146,923</u>
Recreation and cultural services:		
Community centers and halls	112,730	122,895
Swimming pools and beaches	128,548	156,422
Skating and curling rinks	73,000	73,000
Parks and playgrounds	66,555	57,130
Other recreational facilities	67,812	70,605
Libraries	55,074	37,771
Other cultural facilities	27,458	27,500
	<u>531,176</u>	<u>545,323</u>
Total expenses	<u><u>3,962,939</u></u>	<u><u>3,932,695</u></u>

SCHEDULE OF DEBENTURES PENDING

Year Ended December 31, 2012

Authority	Purpose	Source of Funds	Authorized	Expended
B/L 3088	Water Treatment Plant Upgrade & Water Supply Line	Own funds	\$ 3,700,000	\$ 3,634,441
			\$ 3,700,000	\$ 3,634,441

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2012

	General	2012 Utility	Total	2011 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ -	\$ 71	\$ 71	\$ 107,824
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - capital grants and revenue		1,041,103	1,041,103	397,441
Increase expense - net book value of assets disposed of	(1,747)		(1,747)	(3,715)
Increase expense - amortization of tangible capital assets	(243,700)	(700,724)	(944,424)	(827,421)
Eliminate expense - acquisitions of tangible capital assets	1,081,510	302,405	1,383,915	540,018
Reserve:				
Increase revenue - reserve funds interest	41,709		41,709	37,068
Eliminate expense - transfers to reserves	598,880	216,005	814,885	1,028,048
Eliminate revenue - transfers from reserves to operating funds	(362,501)		(362,501)	(145,000)
Deferred Revenue:				
Eliminate revenue - increase in deferred revenue - Gas Tax	(96,650)		(96,650)	(39,252)
Eliminate revenue - increase in deferred revenue - Handi Van	(4,416)		(4,416)	-
Other:				
Eliminate expense - principal portion of long term debt	119,719	207,086	326,805	562,662
Eliminate revenue - surplus appropriation	(90,410)		(90,410)	-
	1,042,394	1,065,946	2,108,340	1,657,673
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	7,103	-	7,103	35,737
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,049,497	\$ 1,065,946	\$ 2,115,443	\$ 1,693,410