

Town of Neepawa

Consolidated Financial Statements
Year ended December 31, 2018


STATEMENT OF RESPONSIBILITY

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

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

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

Neepawa, Manitoba



Colleen Synchyshyn
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the Town of Neepawa, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Winnipeg, Canada
December 3, 2019

Chambers Fraser
Chartered Professional Accountants

Town of Neepawa

Consolidated Financial Statements

Year ended December 31, 2018

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**Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 12,524,295	\$ 11,065,060
Amounts receivable (Note 4)	2,381,769	1,665,875
Loans and advances	108,381	108,381
Real estate properties held for sale	644,413	558,075
Other assets	<u>656</u>	<u>618</u>
	<u>\$ 15,659,514</u>	<u>\$ 13,398,009</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 4,988,627	\$ 853,298
Deferred revenue (Note 6)	807,603	704,548
Landfill closure and post closure liabilities (Note 7)	731,427	730,643
Long-term debt (Note 8)	3,449,601	3,669,791
Deposits	<u>58,424</u>	<u>55,189</u>
	<u>10,035,682</u>	<u>6,013,469</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 5,623,832</u>	<u>\$ 7,384,540</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 37,439,464	32,241,564
Prepaid expenses	<u>50,845</u>	<u>33,857</u>
	<u>37,490,309</u>	<u>32,275,421</u>
ACCUMULATED SURPLUS (DEFICIT) (Note 12)	<u>\$ 43,114,141</u>	<u>\$ 39,659,961</u>

Approved on behalf of Council:



Blake McCutcheon - Mayor



Brian Hedley - Deputy Mayor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2018

	2018 Budget (Note 12)	2018 Actual	2017 Actual
REVENUE			
Property taxes	\$ 4,204,323	\$ 4,446,070	\$ 4,353,472
Grants in lieu of taxation	183,090	183,090	119,213
User fees	523,586	622,831	529,997
Grants - Province of Manitoba	1,055,029	1,099,628	1,407,359
Grants - other	1,787,956	1,726,488	447,358
Permits, licences and fines	27,650	22,728	39,676
Investment income	50,800	207,722	124,626
Other revenue	271,746	247,874	104,377
Water and sewer	2,386,172	2,267,839	2,013,493
Total revenue (Schedules 2, 4 and 5)	10,490,352	10,824,270	9,139,571
EXPENSES			
General government services	969,081	957,156	927,027
Protective services	1,040,931	949,692	920,022
Transportation services	1,341,798	1,415,425	1,271,273
Environmental health services	627,187	703,227	484,417
Public health and welfare services	269,898	222,393	272,314
Regional planning and development	122,693	118,038	137,191
Resource conservation and industrial development	243,872	239,990	320,653
Recreation and cultural services	634,258	652,880	557,772
Water and sewer services	2,184,993	2,111,285	2,194,714
Total expenses (Schedules 3, 4 and 5)	7,434,711	7,370,086	7,085,383
ANNUAL SURPLUS (DEFICIT)	\$ 3,055,641	3,454,184	2,054,188
ACCUMULATED SURPLUS, BEGINNING OF YEAR		39,659,961	37,605,773
ACCUMULATED SURPLUS, END OF YEAR		\$ 43,114,145	\$ 39,659,961

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, 2018

	<u>2018 Budget (Note 12)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 3,055,641	\$ 3,454,184	\$ 2,054,188
Acquisition of tangible capital assets	(6,670,264)	(6,684,692)	(1,472,100)
Amortization of tangible capital assets	1,411,117	1,411,117	1,362,130
Loss (Gain) on sale of tangible capital assets		(23,070)	11,041
Proceeds on sale of tangible capital assets		98,747	58,262
Decrease (increase) in prepaid expense		(16,990)	45,650
	<u>(5,259,147)</u>	<u>(5,214,888)</u>	<u>4,983</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (2,203,506)</u>	(1,760,704)	2,059,171
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR		<u>7,384,540</u>	<u>5,325,369</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR		<u>\$ 5,623,836</u>	<u>\$ 7,384,540</u>

The accompanying notes are an integral part of this financial statement

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 3,454,184	\$ 2,054,188
Changes in non-cash items:		
Amounts receivable	(715,894)	1,125,136
Inventories	-	-
Prepays	(16,990)	45,650
Other assets	(38)	(30)
Accounts payable and accrued liabilities	4,135,329	(307,831)
Deferred revenue	103,055	90,891
Landfill closure and post closure liabilities	784	720
Other liabilities	3,235	(605)
Loss (Gain) on sale of tangible capital asset	(23,070)	11,041
Amortization	1,411,117	1,362,130
	<u>8,351,712</u>	<u>4,381,290</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	98,747	58,262
Cash used to acquire tangible capital assets	(6,684,692)	(1,472,100)
	<u>(6,585,945)</u>	<u>(1,413,838)</u>
INVESTING TRANSACTIONS		
Acquisition of real estate properties	(86,338)	(23,512)
	<u>(86,338)</u>	<u>(23,512)</u>
FINANCING TRANSACTIONS		
Debt repayment	(220,190)	(369,636)
	<u>(220,190)</u>	<u>(369,636)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	1,459,239	2,574,304
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	11,065,060	8,490,756
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 12,524,299</u>	<u>\$ 11,065,060</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, 2018

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 %) (2017 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2017 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2017 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2017 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2017 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2017 - 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, 2018

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, 2018

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>2018</u>	<u>2017</u>
Cash	<u>\$ 12,524,295</u>	<u>\$ 11,065,060</u>

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

Designated Reserve Funds	<u>\$ 7,524,074</u>	<u>\$ 9,314,765</u>
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Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 11)	\$ 202,742	\$ 205,089
Government grants	1,516,792	665,278
Utility customers	505,184	461,867
Organizations and individuals	209,647	248,718
Other governments	21,892	150,415
	<u>2,456,257</u>	<u>1,731,367</u>
Less allowances for doubtful amounts	(74,488)	(65,492)
	<u><u>\$ 2,381,769</u></u>	<u><u>\$ 1,665,875</u></u>

5. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 4,448,302	\$ 268,937
Accrued expenses	181,844	330,758
School levies	6,410	52,313
Other governments	352,071	201,290
	<u><u>\$ 4,988,627</u></u>	<u><u>\$ 853,298</u></u>

6. Deferred Revenue:

	<u>2018</u>	<u>2017</u>
Federal Gas Tax Funding	\$ 767,528	\$ 687,307
Handi Transit Funding	-	-
	<u>767,528</u>	<u>687,307</u>
Other	40,075	17,241
	<u><u>\$ 807,603</u></u>	<u><u>\$ 704,548</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

7. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

Evergreen Environmental Technologies Ltd. is currently operating a Class 1 landfill site in the Rural Municipality of 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>2018</u>	<u>2017</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>\$ 37,933</u>	<u>\$ 37,759</u>
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	104,000	97,500
Remaining	481,000	487,500
Total	585,000	585,000
Percent utilized	<u>17.78%</u>	<u>16.67%</u>
Liability based on percentage	<u>\$ 6,744</u>	<u>\$ 6,293</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>\$ 731,094</u>	<u>\$ 730,643</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

8. Long Term Debt

	<u>2018</u>	<u>2017</u>
Utility Funds:		
Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029	\$ 1,019,711	\$ 1,085,477
Debenture for waste water treatment plant and raw water line, at 4.6250%, \$268,301 annually including interest, maturing 2030	2,429,128	2,578,188
	<u>\$ 3,448,839</u>	<u>\$ 3,663,665</u>
Debenture long term debt	\$ 3,448,839	\$ 3,663,665
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.	<u>762</u>	<u>6,126</u>
	<u>\$ 3,449,601</u>	<u>\$ 3,669,791</u>

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

2019	\$ 228,482
2020	236,539
2021	248,212
2022	260,469
2023	273,332

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 \$89,383 (2016 - \$59,617) and are included in the statement of operations.

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

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

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>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	1,805,855	1,805,854
Utility operating fund - Nominal surplus	309,207	309,207
General capital fund - Capital surplus	6,533,139	4,608,438
Utility capital fund - Capital surplus	26,554,150	23,190,841
Reserve funds	<u>7,524,073</u>	<u>9,314,765</u>
	42,726,424	39,229,105
Deferred revenue - Reserves	<u>(767,528)</u>	<u>(687,307)</u>
Accumulated surplus of municipality unconsolidated	41,958,896	38,541,798
Accumulated surpluses of consolidated entities	<u>1,155,245</u>	<u>1,118,163</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u><u>\$ 43,114,141</u></u>	<u><u>\$ 39,659,961</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

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, 2018:

- a) Compensation paid to members of council amounted to \$65,065 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Adrian DeGroot	\$ 9,445	\$ 707	\$ 10,152
Bill Stilwell	7,476	46	7,522
Darryl Gerrard	8,042	46	8,088
Dean Dietrich	6,858	45	6,903
Isobel Jarema	8,894	245	9,139
James Cockburn	6,627	46	6,673
Murray Parrott	8,816	567	9,383
Jon McCutcheon	2,264	494	2,758
Brian Hedley	1,848	364	2,212
Darren Pudlo	1,340	-	1,340
Marijka Krostenchuk	1,805	751	2,556
Jason Nadeau	1,650	548	2,198
	-	-	-
	<u>\$ 65,065</u>	<u>\$ 3,859</u>	<u>\$ 68,924</u>

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

Name	Position	Amount
Howard Buffi	Water Plant Supervisor	\$ 71,184
Colleen Synchyshyn	Chief Administrative Officer	121,840
Denis Saquet	Manager of Operations	78,210
Marilyn Crewe	Economic Development Office	63,507
Jamie Davie	Director of Finance	56,995
Chris Doble	Public Works Foreman	55,681
Dwayne Crandell	Public Works Operator	51,989
Jodi Baker	Asstiant CAO	51,191
Sheldon Enns	Public Works Operator	50,313
Walter Kelick	Water treatment Plant operator	56,110
Joppe Smith	Water treatment Plant operator	54,081

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:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water treatment plant	\$ 1,123,833	\$ -	\$ 88,362	\$ 1,035,471
Waste water treatment facility	10,030,000	-	295,000	9,735,000
Water mains	6,392,152	-	167,772	6,224,380
Lagoon upgrade	-	1,501,832	18,773	1,483,059
	<u>\$ 17,545,985</u>	<u>\$ 1,501,832</u>	<u>\$ 569,907</u>	<u>\$ 18,477,910</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

15. Trust Funds

The Town of Neepawa administers the following trust:

List Trust Funds	Balance, beg. of the year	Excess of Receipts over Disbursements	Balance, end of the year
Cemetery	\$ 1,529,132	\$ 2,792	\$ 1,531,924
Veterans Walk	3,925	71	3,996
	\$ 1,533,057	\$ 2,863	\$ 1,535,920

15. Segmented Information

The Town of Neepawa provides a wide ranges of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health
- Public Health and Welfare Services
- Regional Planning and Development
- Resources Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies of the segments are consistent with those followed in the preparation of the financial statements as described in the summary of significant accounting policies.

Town of Neepawa
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2018

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	2018	2017
Cost										
Opening costs	1,553,685	3,865,276	3,301,040	203,328	-	5,500,071	43,982,029	-	58,405,429	57,059,099
Additions during the year	52,715	244,114	259,805	2,154	2,005,850	-	4,120,054	-	6,684,692	1,472,100
Transfer during the year	-	-	-	-	-	-	-	-	-	-
Disposals and write downs	(733)	-	(211,144)	(9,473)	-	-	-	-	(221,350)	(125,770)
Closing costs	<u>1,605,667</u>	<u>4,109,390</u>	<u>3,349,701</u>	<u>196,009</u>	<u>2,005,850</u>	<u>5,500,071</u>	<u>48,102,083</u>	<u>-</u>	<u>64,868,771</u>	<u>58,405,429</u>
Accumulated Amortization										
Opening accum'd amortization	806,345	2,004,432	2,350,199	196,975	-	3,677,320	17,128,594	-	26,163,865	24,858,205
Amortization	14,335	102,322	204,568	4,276	-	114,045	971,571	-	1,411,117	1,362,130
Disposals and write downs	-	-	(136,202)	(9,473)	-	-	-	-	(145,675)	(56,470)
Closing accum'd amortization	<u>820,680</u>	<u>2,106,754</u>	<u>2,418,565</u>	<u>191,778</u>	<u>-</u>	<u>3,791,365</u>	<u>18,100,165</u>	<u>-</u>	<u>27,429,307</u>	<u>26,163,865</u>
Net Book Value of Tangible Capital Assets	<u><u>784,987</u></u>	<u><u>2,002,636</u></u>	<u><u>931,136</u></u>	<u><u>4,231</u></u>	<u><u>2,005,850</u></u>	<u><u>1,708,706</u></u>	<u><u>30,001,918</u></u>	<u><u>-</u></u>	<u><u>37,439,464</u></u>	<u><u>32,241,564</u></u>

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2018

	2018 Actual	2017 Actual
Property taxes:		
Municipal taxes levied (Schedule 11)	\$ 4,154,816	\$ 4,195,728
Taxes added	291,254	157,744
	<u>4,446,070</u>	<u>4,353,472</u>
Grants in lieu of taxation:		
Federal government enterprises	6,300	6,570
Provincial government	73,969	75,537
Provincial government enterprises	102,821	37,106
	<u>183,090</u>	<u>119,213</u>
User fees		
Sales of service	319,744	230,205
Rentals	149,296	142,664
Facility use fees	153,791	157,128
	<u>622,831</u>	<u>529,997</u>
Grants - Province of Manitoba		
General assistance payment	775,534	775,149
Conditional grants - Utility system upgrades	-	264,570
Conditional grants - Other	324,094	367,640
	<u>1,099,628</u>	<u>1,407,359</u>
Grants - other		
Federal government - Gas tax Funding	138,488	108,654
Federal government - Utility system upgrades	1,501,832	264,570
Other local governments	86,168	74,134
	<u>1,726,488</u>	<u>447,358</u>
Permits, licences and fines		
Licences	1,660	2,577
Fines	21,068	37,099
	<u>22,728</u>	<u>39,676</u>
Investment income:		
Cash and temporary investments	207,722	124,626
	<u>207,722</u>	<u>124,626</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	23,070	(11,041)
Gain on sale of real estate held for sale	79,000	-
Penalties and interest	25,452	24,730
Cemetery expense recoveries - cemetery trust	25,145	20,580
Recoveries	37,709	32,501
Miscellaneous	57,498	37,607
	<u>247,874</u>	<u>104,377</u>
Water and sewer (Schedule 4)	<u>2,267,839</u>	<u>2,013,493</u>
Total revenue	<u><u>10,824,270</u></u>	<u><u>9,139,571</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2018

	2018 Actual	2017 Actual
General government services:		
Legislative	\$ 65,063	\$ 64,703
General administrative	648,525	629,426
Other	243,568	232,898
	<u>957,156</u>	<u>927,027</u>
Protective services:		
Police	612,112	615,961
Fire	182,892	146,609
Emergency measures	119,919	123,482
Other protection	34,769	33,970
	<u>949,692</u>	<u>920,022</u>
Transportation services:		
Road transport		
Administration and engineering	114,210	170,071
Road and street maintenance	1,170,941	930,350
Street lighting	83,786	88,039
Other	16,552	45,299
Air transport	29,936	37,514
	<u>1,415,425</u>	<u>1,271,273</u>
Environmental health services:		
Waste collection and disposal	703,227	484,417
	<u>703,227</u>	<u>484,417</u>
Public health and welfare services:		
Public health	209,226	259,147
Social assistance	13,167	13,167
	<u>222,393</u>	<u>272,314</u>
Regional planning and development		
Planning and zoning	91,101	115,642
Urban area weed control	3,903	4,238
Other	23,034	17,311
	<u>118,038</u>	<u>137,191</u>
Resource conservation and industrial development		
Drainage of land	8,785	8,492
Veterinary services	11,790	11,790
Regional development	216,485	297,441
Other	2,930	2,930
	<u>239,990</u>	<u>320,653</u>
Sub-totals forward	<u>4,605,921</u>	<u>4,332,897</u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2018

	2018	2017
	Actual	Actual
Sub-totals forward	4,605,921	4,332,897
Recreation and cultural services:		
Community centers and halls	111,902	89,103
Swimming pools and beaches	168,215	113,577
Skating and curling rinks	85,000	85,000
Parks and playgrounds	96,806	102,321
Other recreational facilities	90,661	81,891
Libraries	99,354	85,156
Other cultural facilities	942	724
	652,880	557,772
Water and sewer services (Schedule 4)	2,111,285	2,194,714
Total expenses	7,370,086	7,085,383

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

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$4,050,945	\$4,022,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	183,090	119,213	-	-	-	-	-	-	-	-
User fees	126,005	121,532	46,075	42,695	-	-	203,968	141,493	-	-
Prov of MB - Unconditional Grants	775,534	775,149	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	10,101	82,787	50,400	50,400	11,717	11,717	143,671	112,850	-	-
Grants - other	37,750	51,639	58,685	58,190	138,488	108,654	-	-	-	-
Permits, licences and fines	570	487	21,338	37,389	-	-	-	-	-	-
Investment income	203,922	121,177	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	22,005	(11,041)	-	-	-	-	1,065	-	-	-
Other revenue	189,923	70,378	1,472	3,896	-	-	5,308	2,647	-	-
Water and sewer										
Total revenue	<u>\$ 5,599,845</u>	<u>\$ 5,354,228</u>	<u>\$ 177,970</u>	<u>\$ 192,570</u>	<u>\$ 150,205</u>	<u>\$ 120,371</u>	<u>\$ 354,012</u>	<u>\$ 256,990</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENSES										
Personnel services	\$ 458,852	\$ 401,699	\$ 135,075	\$ 141,265	\$ 460,939	\$ 497,029	\$ 75,888	\$ 74,692	\$ 156,833	\$ 168,694
Contract services	234,588	291,247	561,515	578,377	136,167	194,191	506,437	349,275	21,853	17,573
Utilities	99,556	101,045	70,066	65,062	117,844	117,761	8,721	7,306	10,221	7,809
Maintenance materials and supplies	45,379	17,810	102,916	59,067	417,126	196,753	15,226	12,428	21,806	66,243
Grants and contributions	78,093	75,839	49,404	48,482	-	-	65,216	11,121	-	-
Amortization	25,222	25,223	27,769	27,768	283,348	265,539	30,267	27,765	11,683	11,996
Interest on long term debt	-	97	-	-	-	-	-	728	-	-
Other	15,457	14,065	-	-	-	-	1,473	1,103	-	-
Total expenses	<u>\$ 957,147</u>	<u>\$ 927,025</u>	<u>\$ 946,745</u>	<u>\$ 920,021</u>	<u>\$ 1,415,424</u>	<u>\$ 1,271,273</u>	<u>\$ 703,228</u>	<u>\$ 484,418</u>	<u>\$ 222,396</u>	<u>\$ 272,315</u>
Surplus (Deficit)	<u>\$ 4,642,698</u>	<u>\$ 4,427,203</u>	<u>\$ (768,775)</u>	<u>\$ (727,451)</u>	<u>\$ (1,265,219)</u>	<u>\$ (1,150,902)</u>	<u>\$ (349,216)</u>	<u>\$ (227,428)</u>	<u>\$ (222,396)</u>	<u>\$ (272,315)</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, 2018

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,125	\$ 330,565	\$ 4,446,070	\$ 4,353,472
Grants in lieu of taxation	-	-	-	-	-	-	-	-	183,090	119,213
User fees	79,181	62,115	-	-	167,602	162,162	-	-	622,831	529,997
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	775,534	775,149
Prov of MB - Conditional Grants	32,886	21,263	-	-	45,319	43,400	-	-	294,094	322,417
Grants - other	13,137	5,589	-	-	6,596	3,939	1,501,832	529,139	1,756,488	757,150
Permits, licences and fines	-	-	820	1,800	-	-	-	-	22,728	39,676
Investment income	3,538	3,272	-	-	262	177	-	-	207,722	124,626
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	23,070	(11,041)
Other revenue	27,789	38,038	-	-	312	460	-	-	224,804	115,419
Water and sewer	-	-	-	-	-	-	2,267,839	2,013,493	2,267,839	2,013,493
Total revenue	\$ 156,531	\$ 130,277	\$ 820	\$ 1,800	\$ 220,091	\$ 210,138	\$ 4,164,796	\$ 2,873,197	\$ 10,824,270	\$ 9,139,571
EXPENSES										
Personnel services	\$ 49,289	\$ 47,640	\$ 74,064	\$ 72,676	\$ 271,013	\$ 269,301	\$ 340,327	\$ 324,424	\$ 2,022,280	\$ 1,997,420
Contract services	56,385	74,257	110,767	197,321	144,003	131,035	130,369	84,605	1,902,084	1,917,881
Utilities	1,926	1,842	3,881	4,729	50,809	50,826	156,420	141,115	519,444	497,495
Maintenance materials and supplies	10,438	12,176	3,817	5,621	126,739	57,340	327,238	571,973	1,070,685	999,411
Grants and contributions	-	-	20,575	26,532	13,487	2,903	-	-	226,775	164,877
Amortization	-	1,277	15,372	11,274	45,885	45,640	971,571	945,649	1,411,117	1,362,131
Interest on long term debt	-	-	-	-	-	3	180,299	125,830	180,299	126,658
Other	-	-	11,513	2,500	948	724	8,011	1,118	37,402	19,510
Total expenses	\$ 118,038	\$ 137,192	\$ 239,989	\$ 320,653	\$ 652,884	\$ 557,772	\$ 2,114,235	\$ 2,194,714	\$ 7,370,086	\$ 7,085,383
Surplus (Deficit)	\$ 38,493	\$ (6,915)	\$ (239,169)	\$ (318,853)	\$ (432,793)	\$ (347,634)	\$ 2,050,561	\$ 678,483	\$ 3,454,184	\$ 2,054,188

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2018

	Core Government		Controlled Entities		Government Partnerships		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE								
Property taxes	\$ 4,446,070	\$ 4,353,472	\$ -	\$ -	\$ -	\$ -	\$ 4,446,070	\$ 4,353,472
Grants in lieu of taxation	183,090	119,213	-	-	-	-	183,090	119,213
User fees	507,000	392,331	-	-	115,831	137,666	622,831	529,997
Prov of MB - Unconditional Grants	775,534	775,149	-	-	-	-	775,534	775,149
Prov of MB - Conditional Grants	218,773	264,057	-	-	75,321	58,360	294,094	322,417
Grants - other	1,736,755	747,622	-	-	19,733	9,528	1,756,488	757,150
Permits, licences and fines	22,728	39,676	-	-	-	-	22,728	39,676
Investment income	203,922	121,177	-	-	3,800	3,449	207,722	124,626
Gain (loss) on sale of assets	23,070	(11,041)	-	-	-	-	23,070	(11,041)
Other revenue	188,858	70,378	-	-	35,946	45,041	224,804	115,419
Water and sewer	2,267,839	2,013,493	-	-	-	-	2,267,839	2,013,493
Total revenue	\$ 10,573,639	\$ 8,885,527	\$ -	\$ -	\$ 250,631	\$ 254,044	\$ 10,824,270	\$ 9,139,571
EXPENSES								
Personnel services	\$ 1,856,873	\$ 1,833,205	\$ -	\$ -	\$ 165,407	\$ 164,215	\$ 2,022,280	\$ 1,997,420
Contract services	1,729,538	1,754,561	-	-	172,546	163,320	1,902,084	1,917,881
Utilities	487,648	468,050	-	-	31,796	29,445	519,444	497,495
Maintenance materials and supplies	1,016,087	954,508	-	-	54,598	44,903	1,070,685	999,411
Grants and contributions	161,559	147,506	-	-	65,216	17,371	226,775	164,877
Amortization	1,362,718	1,319,301	-	-	48,399	42,830	1,411,117	1,362,131
Interest on long term debt	180,299	125,927	-	-	-	731	180,299	126,658
Other	32,973	18,407	-	-	4,429	1,103	37,402	19,510
Total expenses	\$ 6,827,695	\$ 6,621,465	\$ -	\$ -	\$ 542,391	\$ 463,918	\$ 7,370,086	\$ 7,085,383
Surplus (Deficit)	\$ 3,745,944	\$ 2,264,062	\$ -	\$ -	\$ (291,760)	\$ (209,874)	\$ 3,454,184	\$ 2,054,188

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

	2018										2017
	General	Gas Tax	Health Care	Fire	Utility	Sewer	Public Works and Environment	Recreation and culture	Building and land	Total	Total
REVENUE											
Investment income	\$ 15,395	\$ 13,388	\$ 2,360	\$ 5,805	\$ 45,818	\$ 8,222	\$ 29,725	\$ 3,687	\$ 53,476	\$ 177,876	\$ 95,746
Other income										-	
Total revenue	15,395	13,388	2,360	5,805	45,818	8,222	29,725	3,687	53,476	177,876	95,746
EXPENSES											
Investment charges										-	
Other expenses										-	
Total expenses	-	-	-	-	-	-	-	-	-	-	-
NET REVENUES	15,395	13,388	2,360	5,805	45,818	8,222	29,725	3,687	53,476	177,876	95,746
TRANSFERS											
Combine reserves		-	-							-	-
Transfers from general operating	15,000	205,321	50,000	75,790	-	-	150,000	15,000	225,000	736,111	1,170,181
Transfers to general operating	-	-	-	-	-	-	-	-	-	-	-
Transfers from utility operating		-	-		64,332	10,000				74,332	710,008
Transfers to utility operating		-	-		-	-				-	-
Acquisition of tangible capital assets		(138,488)	-		(1,384,130)	-			(1,256,392)	(2,779,010)	(108,654)
CHANGE IN RESERVE FUND BALANCES	30,395	80,221	52,360	81,595	(1,273,980)	18,222	179,725	18,687	(977,916)	(1,790,691)	1,867,281
FUND SURPLUS, BEGINNING OF YEAR	825,219	687,307	100,161	301,846	2,455,074	439,647	1,526,950	191,385	2,787,176	9,314,765	7,447,484
FUND SURPLUS, END OF YEAR	\$ 855,614	\$ 767,528	\$ 152,521	\$ 383,441	\$ 1,181,094	\$ 457,869	\$ 1,706,675	\$ 210,072	\$ 1,809,260	\$ 7,524,074	\$ 9,314,765

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 2,007,016	\$ 1,066,623
	<u>\$ 2,007,016</u>	<u>\$ 1,066,623</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 19,709	\$ 3,000
Water meter deposits	58,424	55,189
Long-term debt (Note 9)	3,448,839	3,663,665
Due to other funds	1,635,958	699,228
	<u>5,162,930</u>	<u>4,421,082</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (3,155,914)</u>	<u>\$ (3,354,459)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 30,002,989	\$ 26,854,506
Prepaid expenses	16,282	-
	<u>30,019,271</u>	<u>26,854,506</u>
FUND SURPLUS (DEFICIT)	<u>\$ 26,863,357</u>	<u>\$ 23,500,047</u>

SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Water			
Water fees	\$ 1,555,973	\$ 1,581,477	\$ 1,450,303
Bulk Water fees	10,000	7,581	13,998
sub-total- water	<u>1,565,973</u>	<u>1,589,058</u>	<u>1,464,301</u>
Sewer			
Sewer fees	496,538	468,173	322,892
Lagoon tipping fees	6,000	7,048	18,643
sub-total- sewer	<u>502,538</u>	<u>475,221</u>	<u>341,535</u>
Property taxes	<u>395,125</u>	<u>395,125</u>	<u>330,565</u>
Government transfers			
Capital	1,645,993	1,501,832	529,139
sub-total- government transfers	<u>1,645,993</u>	<u>1,501,832</u>	<u>529,139</u>
Other			
Hydrant rentals	48,500	48,500	46,250
Connection charges	45,000	18,500	82,099
Penalties	10,000	6,372	10,091
Administration fees	70,000	130,188	69,217
sub-total- other	<u>173,500</u>	<u>203,560</u>	<u>207,657</u>
Total revenue	<u>4,283,129</u>	<u>4,164,796</u>	<u>2,873,197</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2018

SCHEDULE 9

EXPENSES	Budget	2018	2017
General			
Administration	82,500	62,534	47,855
Billing and collection	371,150	343,957	330,766
sub-total- general	<u>453,650</u>	<u>406,491</u>	<u>378,621</u>
Water General			
Purification and treatment	342,722	264,522	294,450
Transmission and distribution	78,750	140,512	235,267
Connection costs	25,000	39,308	40,837
sub-total- water general	<u>446,472</u>	<u>444,342</u>	<u>570,554</u>
Water Amortization & Interest			
Amortization	894,766	894,766	870,186
Interest on long term debt	180,299	180,299	125,830
sub-total- water amortization & interest	<u>1,075,065</u>	<u>1,075,065</u>	<u>996,016</u>
Sewer General			
Collection system costs	38,000	19,191	91,143
Treatment and disposal cost	60,000	53,426	65,313
Lift Station costs	35,000	35,965	17,604
sub-total- sewer general	<u>133,000</u>	<u>108,582</u>	<u>174,060</u>
Sewage Amortization & Interest			
Amortization	76,805	76,805	75,463
sub-total- sewer amortization & interest	<u>76,805</u>	<u>76,805</u>	<u>75,463</u>
Total expenses	<u>2,184,992</u>	<u>2,111,285</u>	<u>2,194,714</u>
NET OPERATING SURPLUS	2,098,137	2,053,511	678,483
TRANSFERS			
Transfers from (to) operating fund		-	-
Transfers from (to) reserve funds	-	1,309,799	(658,635)
CHANGE IN UTILITY FUND BALANCE	<u>\$ 2,098,137</u>	3,363,310	19,848
FUND SURPLUS, BEGINNING OF YEAR (Note 19)		<u>23,500,047</u>	<u>23,480,199</u>
FUND SURPLUS, END OF YEAR		<u>\$ 26,863,357</u>	<u>\$ 23,500,047</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2018

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 4,204,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204,323
Grants in lieu of taxation	183,090	-	-	-	-	-	-	183,090
User fees	407,755	-	-	-	-	-	115,831	523,586
Grants - Province of Manitoba	979,708	-	-	-	-	-	75,321	1,055,029
Grants - other	266,391	-	1,501,832	-	-	-	19,733	1,787,956
Permits, licences and fines	27,650	-	-	-	-	-	-	27,650
Investment income	47,000	-	-	-	-	-	3,800	50,800
Other revenue	235,800	-	-	-	-	-	35,946	271,746
Water and sewer	-	2,386,172	-	-	-	-	-	2,386,172
Transfers from accumulated surplus	2,206,000	-	-	-	(2,206,000)	-	-	-
Transfers from General	-	395,126	-	-	(395,126)	-	-	-
Transfers from reserves	-	2,275,000	-	-	(2,275,000)	-	-	-
Total revenue	<u>\$ 8,557,717</u>	<u>\$ 5,056,298</u>	<u>\$ 1,501,832</u>	<u>\$ -</u>	<u>\$ (4,876,126)</u>	<u>\$ -</u>	<u>\$ 250,631</u>	<u>\$ 10,490,352</u>
EXPENSES								
General government services	\$ 927,286	\$ -	\$ 25,222	\$ -	\$ 8,996	\$ -	\$ 7,577	\$ 969,081
Protective services	945,392	-	27,769	-	-	-	67,770	1,040,931
Transportation services	1,058,450	-	283,348	-	-	-	-	1,341,798
Environmental health services	593,100	-	30,267	-	-	-	3,820	627,187
Public health and welfare services	258,215	-	11,683	-	-	-	-	269,898
Regional planning and development	55,880	-	-	-	-	-	66,813	122,693
Resource cons and industrial dev	200,515	-	15,372	-	-	-	27,985	243,872
Recreation and cultural services	548,789	-	45,885	-	-	-	39,584	634,258
Water and sewer services	-	1,033,123	971,571	180,299	-	-	-	2,184,993
Fiscal services:								-
Transfer to capital	2,842,000	3,570,000	(6,412,000)	-	-	-	-	-
Debt charges	395,125	395,125	-	(790,250)	-	-	-	-
Short term interest	5,600	-	-	(5,600)	-	-	-	-
Transfer to Utility	-	-	-	-	-	-	-	-
Transfer to reserves	718,369	58,050	-	-	(776,419)	-	-	-
Allowance for tax assets	8,996	-	-	-	(8,996)	-	-	-
Total expenses	<u>\$ 8,557,717</u>	<u>\$ 5,056,298</u>	<u>\$ (5,000,883)</u>	<u>\$ (615,551)</u>	<u>\$ (776,419)</u>	<u>\$ -</u>	<u>\$ 213,549</u>	<u>\$ 7,434,711</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,502,715</u>	<u>\$ 615,551</u>	<u>\$ (4,099,707)</u>	<u>\$ -</u>	<u>\$ 37,082</u>	<u>\$ 3,055,641</u>

Town of Neepawa
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2018

SCHEDULE 10

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 205,089	\$ 174,936
Add:		
Tax levy (Schedule 12)	6,300,857	6,428,526
Taxes added	291,254	157,744
Penalties or interest	25,788	24,730
Other accounts added	67,374	12,859
Refunds	12,991	12,187
Tax Adjustments - tax sale costs	15,589	-
Sub-total	<u>6,713,853</u>	<u>6,636,046</u>
Deduct:		
Cash collections	5,938,985	5,883,286
Write-offs	52,715	2,307
M.P.T.C. - cash advance	724,500	720,300
Sub-total	<u>6,716,200</u>	<u>6,605,893</u>
Balance, end of year	<u>\$ 202,742</u>	<u>\$ 205,089</u>

Town of Neepawa
ANALYSIS OF TAX LEVY
Year Ended December 31, 2018

SCHEDULE 11

	2018			2017
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D. General & Utility	189,835,290	2.02	383,467	387,707
At large	-	-	-	-
				125,475
General municipal	170,494,040	17.19	2,930,793	3,111,780
Reserves:				
Various	170,494,040	2.94	501,764	248,608
Special levies:				
Whitemud watershed	28,694,560	0.30	8,608	8,567
Scavenging	-	-	321,531	304,671
Cable Fees - unbudgeted			8,653	8,753
Total municipal taxes (Schedule 2)			4,154,816	4,195,561
Education support levy	41,620,140	9.77	406,629	430,798
Special levy:				
Beautiful Plains SD #31	154,312,650	11.272	1,739,412	1,802,167
Total education taxes			2,146,041	2,232,965
			\$ 6,300,857	\$ 6,428,526

SCHEDULE OF GENERAL OPERATING EXPENSES

Year Ended December 31, 2018

	2018 Actual	2017 Actual
General government services:		
Legislative	\$ 65,063	\$ 64,703
General administrative	640,948	624,411
Other	243,574	232,903
	<u>949,586</u>	<u>922,016</u>
Protective services:		
Police	612,112	615,961
Fire	179,942	146,609
Emergency measures	55,099	55,666
Other protection	34,769	33,970
	<u>881,921</u>	<u>852,206</u>
Transportation services:		
Road transport		
Administration and engineering	114,210	170,072
Road and street maintenance	1,170,941	930,350
Street lighting	83,786	88,039
Other	16,552	45,299
Air transport	29,936	37,514
	<u>1,415,425</u>	<u>1,271,274</u>
Environmental health services:		
Waste collection and disposal	699,407	580,069
	<u>699,407</u>	<u>580,069</u>
Public health and welfare services:		
Public health	209,226	259,147
Social assistance	13,167	13,167
	<u>222,393</u>	<u>272,314</u>
Regional planning and development		
Planning and zoning	24,288	36,225
Urban area weed control	3,903	4,238
Other	23,034	17,311
	<u>51,225</u>	<u>57,774</u>
Resource conservation and industrial development		
Drainage of land	8,785	8,492
Veterinary services	11,790	11,790
Regional development	188,500	266,875
Other	2,930	2,930
	<u>212,005</u>	<u>290,088</u>
Recreation and cultural services:		
Community centers and halls	111,902	89,103
Swimming pools and beaches	168,215	113,577
Skating and curling rinks	85,000	85,000
Parks and playgrounds	96,806	102,321
Other recreational facilities	90,661	81,891
Libraries	59,770	50,394
Other cultural facilities	942	724
	<u>613,295</u>	<u>523,010</u>
Total expenses	<u><u>5,045,258</u></u>	<u><u>4,768,752</u></u>

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2018

	General	2018 Utility	Total	2017 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	(60,527)	-	(60,527)	(40,568)
Increase expense - amortization of tangible capital assets	(391,147)	(971,571)	(1,362,718)	(1,319,302)
Eliminate expense - acquisitions of tangible capital assets	2,376,375	4,120,054	6,496,429	1,343,553
Reserve:				
Increase revenue - reserve funds interest	177,880	-	177,880	95,751
Eliminate expense - transfers to reserves	736,111	74,331	810,442	1,714,400
Eliminate revenue - transfers from reserves to operating funds	(1,394,880)	(1,384,130)	(2,779,010)	(108,654)
Deferred Revenue:				
Decrease revenue - increase in deferred revenue - Gas Tax	(80,221)	-	(80,221)	(97,111)
Other:				
Eliminate expense - principal portion of long term debt	-	214,823	214,823	333,999
	1,363,591	2,053,507	3,417,098	1,922,068
Increase revenue - Net surplus of consolidated entities	37,082	-	37,082	132,120
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,400,673	\$ 2,053,507	\$ 3,454,180	\$ 2,054,188