

Town of Neepawa

**Consolidated Financial Statements
Year ended December 31, 2010**

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

Date Dec 20, 2011



Pat Martin
Acting 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, 2010 and the consolidated statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2010, 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

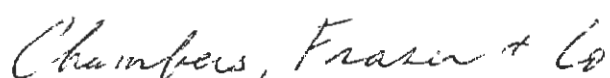
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2010 and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2010 in accordance with Canadian public sector accounting standards.



Winnipeg, Canada
December 20, 2011

Chambers, Fraser & Co.
Chartered Accountants

Town of Neepawa

Consolidated Financial Statements

Year ended December 31, 2010

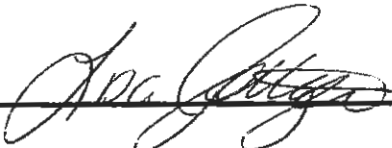
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Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 3,157,126	\$ 2,607,225
Amounts receivable (Note 4)	2,252,987	5,578,524
Portfolio investments (Note 5)	2,092,297	1,222,931
Other inventories for sale (Note 6)	160	561
Other assets	<u>449</u>	<u>292</u>
	<u>\$ 7,503,019</u>	<u>\$ 9,409,533</u>
LIABILITIES		
Temporary borrowing (Note 7)	\$ -	\$ 1,564,718
Accounts payable and accrued liabilities (Note 8)	2,697,746	764,529
Cost sharing advance (Note 12)	640,000	2,580,553
Deferred revenue (Note 9)	319,575	286,900
Landfill closure and post closure liabilities (Note 10)	244,735	243,815
Trust payable (Schedule 7)	1,422,073	1,387,097
Long-term debt (Note 11)	2,638,049	1,412,859
Other liabilities	<u>50,595</u>	<u>49,745</u>
	<u>8,012,773</u>	<u>8,290,216</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (509,754)</u>	<u>\$ 1,119,317</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 27,768,769	21,440,000
Prepaid expenses	<u>19,804</u>	<u>18,667</u>
	<u>27,788,573</u>	<u>21,458,667</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 27,278,819</u>	<u>\$ 22,577,984</u>

COMMITMENTS (NOTE 12)

Approved on behalf of Council:



 Lisa Pottinger - Deputy Mayor



 Robyn Copeland - Councilor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2010

	<u>2010 Budget (Note 15)</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
REVENUE			
Property taxes	\$ 2,798,310	\$ 2,841,013	\$ 2,698,097
Grants in lieu of taxation	85,672	89,070	93,941
User fees	405,586	491,918	513,253
Grants - Province of Manitoba	5,837,048	4,185,994	5,718,684
Grants - other	4,956,612	1,401,613	5,113,577
Permits, licences and fines	21,830	20,275	25,726
Investment income	40,212	42,327	29,541
Other revenue	27,643	77,671	117,988
Water and sewer	1,320,825	1,096,287	1,219,510
Total revenue (Schedules 2, 4 and 5)	<u>15,493,738</u>	<u>10,246,168</u>	<u>15,530,317</u>
EXPENSES			
General government services	772,331	851,943	737,061
Protective services	954,725	889,320	915,695
Transportation services	896,508	817,361	772,977
Environmental health services	382,810	385,863	319,963
Public health and welfare services	262,222	247,420	259,242
Regional planning and development	69,670	68,465	62,891
Resource conservation and industrial development	297,367	208,701	157,906
Recreation and cultural services	529,999	552,564	477,863
Water and sewer services	1,565,087	1,523,696	1,512,554
Total expenses (Schedules 3, 4 and 5)	<u>5,730,719</u>	<u>5,545,333</u>	<u>5,216,152</u>
ANNUAL SURPLUS (DEFICIT)	9,763,019	4,700,835	10,314,165
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>22,577,984</u>	<u>22,577,984</u>	<u>12,263,819</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u><u>\$ 32,341,003</u></u>	<u><u>\$ 27,278,819</u></u>	<u><u>\$ 22,577,984</u></u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2010

	<u>2010 Budget (Note 15)</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 9,763,019	\$ 4,700,835	\$ 10,314,165
Acquisition of tangible capital assets	(4,609,794)	(7,164,957)	(11,146,493)
Amortization of tangible capital assets	728,405	728,405	711,972
Loss (Gain) on sale of tangible capital assets		(16,846)	(9,417)
Proceeds on sale of tangible capital assets		124,629	13,100
Decrease (increase) in prepaid expense		(1,137)	(1,813)
	<u>(3,881,389)</u>	<u>(6,329,906)</u>	<u>(10,432,651)</u>
CHANGE IN NET FINANCIAL ASSETS	5,881,630	(1,629,071)	(118,486)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>1,119,317</u>	<u>1,119,317</u>	<u>1,237,803</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ 7,000,947</u>	<u>\$ (509,754)</u>	<u>\$ 1,119,317</u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 4,700,835	\$ 10,314,165
Changes in non-cash items:		
Amounts receivable	3,325,537	(4,996,886)
Inventories	401	1,245
Prepays	(1,137)	(1,813)
Other assets	(157)	(9)
Trust payable	34,975	134,838
Accounts payable and accrued liabilities	1,933,218	404,117
Cost sharing advance	(1,940,553)	2,580,553
Deferred revenue	32,675	(23,528)
Landfill closure and post closure liabilities	920	329
Other liabilities	850	798
Loss (Gain) on sale of tangible capital asset	(16,846)	(9,417)
Amortization	728,405	711,972
Cash provided by (applied to) operating transactions	<u>8,799,123</u>	<u>9,116,364</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	124,629	13,100
Cash used to acquire tangible capital assets	<u>(7,164,957)</u>	<u>(11,146,493)</u>
Cash provided by (applied to) capital transactions	<u>(7,040,328)</u>	<u>(11,133,393)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	130,634	830,314
Purchase of portfolio investments	<u>(1,000,000)</u>	<u>(624,023)</u>
Cash provided by (applied to) investing transactions	<u>(869,366)</u>	<u>206,291</u>
FINANCING TRANSACTIONS		
Proceeds of temporary borrowing		3,598,856
Temporary borrowing repayment	(1,564,718)	(2,580,553)
Proceeds of long-term debt	1,500,000	62,980
Debt repayment	<u>(274,810)</u>	<u>(208,202)</u>
Cash provided by (applied to) financing transactions	<u>(339,528)</u>	<u>873,081</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	549,901	(937,657)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>2,607,225</u>	<u>3,544,882</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 3,157,126</u></u>	<u><u>\$ 2,607,225</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2010

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 %) (2008 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2008 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2008 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2008 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2008 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2008 - 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, 2010

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

Under PSAB guidelines, the Town of Neepawa has undertaken a project to identify and assign a cost valuation to all its assets. Land, building, equipment and infrastructure installations are included in the capital funds for this purpose.

Amortization of all capital assets, with the exception of land, has also been calculated as at December 31, 2008 and December 31, 2009.

The following information describes the related policies adopted for the 2009 financial statements and present a complete record of cost and accumulated amortization for this purpose.

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 not capitalize interest 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, 2010

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>2010</u>	<u>2009</u>
Cash	<u>\$ 3,157,126</u>	<u>\$ 2,607,225</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, 2010

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2010</u>	<u>2009</u>
Taxes on roll (Schedule 11)	\$ 267,027	\$ 329,533
Government grants	985,268	4,191,379
Utility customers	304,529	258,473
Accrued interest	8,721	5,913
Organizations and individuals	707,306	807,823
Other governments	26,879	5,403
	<u>2,299,730</u>	<u>5,598,524</u>
Less allowances for doubtful amounts	<u>(46,743)</u>	<u>(20,000)</u>
	<u>\$ 2,252,987</u>	<u>\$ 5,578,524</u>

5. Portfolio Investments

	<u>2010</u>	<u>2009</u>
Marketable securities:		
Other securities	\$ 1,895,316	\$ 1,087,682
Other investments	<u>196,981</u>	<u>135,249</u>
	<u>\$ 2,092,297</u>	<u>\$ 1,222,931</u>

The aggregate market value of the marketable securities at December 31, 2010 is \$1,895,316 (2009 - \$1,087,682). Portfolio investments earned \$21,773 in investment income during the year (2009 - \$55,103).

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>2010</u>	<u>2009</u>
Designated Reserve Funds	2,804,753	2,649,787
Trust funds	<u>1,422,073</u>	<u>1,387,097</u>
	<u>\$ 4,226,826</u>	<u>\$ 4,036,884</u>

6. Inventories

Inventories for sale:

	<u>2010</u>	<u>2009</u>
Books and sundry	\$ 160	\$ 561
	<u>\$ 160</u>	<u>\$ 561</u>

7. Temporary Borrowings

Line of credit with Beautiful Plains Credit Union Ltd., at 2.5%	<u>\$ -</u>	<u>\$ 1,564,718</u>
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8. Accounts Payable and Accrued Liabilities

	<u>2010</u>	<u>2009</u>
Accounts payable	\$ 339,771	\$ 331,261
Accrued expenses	148,808	128,092
School levies (Schedule 13)	48,336	86,600
Other governments	<u>2,160,831</u>	<u>218,576</u>
	<u>\$ 2,697,746</u>	<u>\$ 764,529</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2010

9. Deferred Revenue:

	<u>2010</u>	<u>2009</u>
Federal Gas Tax Funding	\$ 303,866	\$ 272,288
Handi Transit Funding	3,924	3,884
	<u>307,790</u>	<u>276,172</u>
Other	11,785	10,728
	<u>\$ 319,575</u>	<u>\$ 286,900</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>2010</u>	<u>2009</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>\$ 26,590</u>	<u>\$ 24,120</u>
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	49,725	32,500
Remaining	535,275	552,500
Total	585,000	585,000
Percent utilized	8.50%	5.56%
Liability based on percentage	<u>\$ 2,260</u>	<u>\$ 1,340</u>

b) Closed Municipal Landfill Site

Estimated closure and post closure costs	<u>\$ 242,475</u>	<u>\$ 242,475</u>
Total landfill closure and post closure liabilities	<u>\$ 244,735</u>	<u>\$ 243,815</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2010

11. Long Term Debt

	<u>2010</u>	<u>2009</u>
General Authority:		
Debenture for personal care home, at 7.75%, \$138,681 annually including interest, maturing December, 2017	\$ 875,342	\$ 990,959
	<u>\$ 875,342</u>	<u>\$ 990,959</u>
Utility Funds:		
Debenture for water and sewer line, at 7.75%, \$50,299 annually including interest, maturing December, 2015	\$ 213,595	\$ 257,945
Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029	1,457,551	-
	<u>\$ 1,671,146</u>	<u>\$ 257,945</u>
Debenture long term debt	\$ 2,546,488	\$ 1,248,904
The debentures of the Municipality have been issued with terms of 10 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.	40,051	62,980
Note payable with the Province of Manitoba, advanced under the Community Works Program, non- interest bearing and repayable upon demand.	17,500	17,500
Mortgage with Beautiful Plains Credit Union, at 3.75%, \$1,980 monthly including interest, maturing November 2010.	34,010	83,475
	<u>\$ 2,638,049</u>	<u>\$ 1,412,859</u>

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

2011	\$ 163,394
2012	170,301
2013	160,641
2014	170,664
2015	174,136

12. Commitments

a) Waste Water Treatment Facility

In 2008 the Municipality embarked on a project for the renewal of the industrial wastewater treatment facility (IWWTF) through a cost sharing agreement with the commercial consumer served by the facility. As at December 31, 2010 the Municipality completed it's financial obligations under the agreement at a total cost share of \$13,300,000.

Funding of those costs over the three year period was comprised of provincial and federal contributions in the amount of \$11,800,000 and municipal contributions, funded through debenture, in the amount of \$1,500,000.

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2010

The cost sharing advance from the commercial consumer in the amount of \$640,000 as at December 31, 2010 (2009 - \$2,580,533) was provided to finance the costs to complete the project in 2011. The advance is non-interest bearing.

b) 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 \$7,200,000. 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, 2010 the project costs totalled \$4,134,780. Provincial contributions towards those costs were \$2,067,453.

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. The MEPP requires that employees contribute 5.8% of basic annual earnings up to the CPP ceiling plus 7.0% 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 **\$59,869** (2009 - \$46,154) and are included in the statement of operations.

Any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2008 indicates the plan is fully funded on a going concern basis but has an unfunded solvency liability of \$1.1 million. The solvency position of the plan is determined by comparing the solvency of the plan assets to the actuarial present value of the benefits accrued in respect of credited service prior to the valuation date, calculated as if the plan were wound up on December 31, 2008. Effective January 2010, employee and employer contributions will increase to 6.3% of basic annual earnings up to the CPP ceiling, plus 7.5% of basic earnings in excess of the CPP ceiling. The new contribution rates are sufficient to fund the solvency liability by December 2013.

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, 2010

16. 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, 2010:

- a) Compensation paid to members of council amounted to \$60,797 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Robert Durston	\$ 10,445	\$ 1,206	\$ 11,651
Wendy Menzies	7,416	892	8,308
Jim Cockburn	6,166	-	6,166
Ron Forsman	7,889	2,210	10,099
Wayne Hollier	6,813	2,839	9,652
Bill Stilwell	10,030	3,026	13,056
Monty Simon	7,634	962	8,596
Murray Parrott	1,234	-	1,234
Robyn Copeland	1,106	892	1,998
Lisa Pottinger	1,179	832	2,011
Dean Dietrich	885	61	946
	<u>\$ 60,797</u>	<u>\$ 12,920</u>	<u>\$ 73,717</u>

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

Name	Position	Amount
Allison Bardsley	Chief Administrative Officer	\$ 72,513
Gerry Irving	Operations & Maint Director	68,281
Richard Donaldson	Economic Development Officer	56,516
Shabbir Sakrani	WTP Manager	55,940
Howard Buffi	WTP Operator	50,578

17. 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	\$ 1,830,726	\$ -	\$ 88,362	\$ 1,742,364
Waste water treatment facility	9,547,789	2,252,211	-	11,800,000
Water mains	1,104,368	2,067,453	45,402	3,126,419
	-	-	-	-
	<u>\$ 12,482,883</u>	<u>\$ 4,319,664</u>	<u>\$ 133,764</u>	<u>\$ 16,668,783</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2010

18. Prior Period Adjustment

As detailed in note 2 a), government partnerships of the Municipality have been accounted for in these financial statements on a proportionate consolidation basis. These partnerships are not required to prepare their financial statements in accordance with the same accounting policies (PSAB) used for the preparation of these financial statements.

In 2009, two of these government partnerships reported deferred revenue (liability) on their financial statements. Under PSAB accounting policy these amounts did not meet the definition of deferred revenue.

Upon consolidation these amounts were incorrectly treated as deferred revenue rather than accumulated surplus and the related transactions as other revenue. The 2009 comparative figures have been restated to correctly report these consolidation adjustments. The effects of these changes on the comparative figures are as follows:

	<u>Revised</u>	<u>Orginal</u>	<u>Change</u>
Opening accumulated surplus	\$ 12,263,819	\$ 12,193,094	\$ 70,725
Deferred revenue	286,900	346,369	(59,469)
Other revenue	117,988	129,341	(11,353)
User fees	611,787	611,690	97
Closing accumulated surplus (2010 Opening)	22,577,986	22,518,517	59,469

19. Schedules Restated - Prior Periods

Schedules 8 and 9 segregate the financial position and operations of the Municipality's utility system. They are provided for information purposes and do not form part of the consolidated financial statements.

The 2009 schedules have been revised to adjust for an overstatement in fund surplus and a corresponding understatement in the balance due to other funds. This misstatement arose due to unnecessary adjustments (increase) on Schedule 9 to net operating surplus for asset under construction costs deferred for future funding through debenture proceeds.

The effect of this misstatement on Schedules 8 and 9 for 2009 and 2010 are as follows. These changes are solely related to the schedules indicated and have no impact on the consolidated financial statements or any other schedules.

	<u>Due from (to)</u> <u>Interfunds</u>	<u>Fund</u> <u>Surplus</u> <u>(Begin 2009)</u>	<u>Fund</u> <u>Surplus</u> <u>(End 2009)</u>
Per 2009 schedules	\$ 15,020	\$ 7,544,823	\$ 17,839,119
Construction costs deferred			
2008 and prior	(822,501)	(822,501)	(822,501)
2009	(677,499)		(677,499)
	<u>\$ (1,484,980)</u>	<u>\$ 6,722,322</u>	<u>\$ 16,339,119</u>

20. 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, 2010

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	2010	2009
Cost										
Opening costs	1,115,898	3,107,618	2,194,050	98,818	-	3,522,104	17,652,115	11,269,399	38,960,002	27,856,542
Additions during the year	52,466	102,849	112,611	5,290	-	218,594	286,156	6,386,991	7,164,957	11,146,493
Transfer during the year	-	-	-	-	-	-	-	-	-	-
Disposals and write downs	(25,050)	(93,562)	(30,424)	-	-	-	-	-	(149,036)	(43,033)
Closing costs	<u>1,143,314</u>	<u>3,116,905</u>	<u>2,276,237</u>	<u>104,108</u>	<u>-</u>	<u>3,740,698</u>	<u>17,938,271</u>	<u>17,656,390</u>	<u>45,975,923</u>	<u>38,960,002</u>
Accumulated Amortization										
Opening accum'd amortization	721,209	1,259,987	1,303,212	55,711	-	3,199,984	10,979,899	-	17,520,002	16,847,379
Amortization	6,813	101,956	138,156	8,399	-	19,218	453,863	-	728,405	711,972
Disposals and write downs	-	(20,417)	(20,836)	-	-	-	-	-	(41,253)	(39,349)
Closing accum'd amortization	<u>728,022</u>	<u>1,341,526</u>	<u>1,420,532</u>	<u>64,110</u>	<u>-</u>	<u>3,219,202</u>	<u>11,433,762</u>	<u>-</u>	<u>18,207,154</u>	<u>17,520,002</u>
Net Book Value of Tangible Capital Assets	<u>415,292</u>	<u>1,775,379</u>	<u>855,705</u>	<u>39,998</u>	<u>-</u>	<u>521,496</u>	<u>6,504,509</u>	<u>17,656,390</u>	<u>27,768,769</u>	<u>21,440,000</u>

Town of Neepawa
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2010

SCHEDULE 2

	2010 Actual	2009 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 2,721,696	\$ 2,499,168
Taxes added	79,470	162,951
Penalties and interest	39,847	35,978
	<u>2,841,013</u>	<u>2,698,097</u>
Grants in lieu of taxation:		
Federal government enterprises	5,136	5,517
Provincial government	11,751	12,479
Provincial government enterprises	72,183	75,945
	<u>89,070</u>	<u>93,941</u>
User fees		
Sales of service	202,189	266,096
Sales of goods	2,981	-
Rentals	153,930	117,827
Facility use fees	132,818	129,330
	<u>491,918</u>	<u>513,253</u>
Grants - Province of Manitoba		
General assistance payment	527,420	494,360
VLT revenues	50,854	71,785
Conditional grants - Waste Water Treatment Facility	1,126,105	4,773,895
Conditional grants - WTP Upgrade & Water Line	2,047,170	-
Conditional grants - Other	434,445	378,644
	<u>4,185,994</u>	<u>5,718,684</u>
Grants - other		
Federal government - Gas tax Funding	151,894	223,501
Federal government - Waste Water Treatment Facility	1,126,105	4,773,895
Federal government - Torch run	-	8,392
Other local governments	123,614	107,789
	<u>1,401,613</u>	<u>5,113,577</u>
Permits, licences and fines		
Licences	1,804	1,351
Fines	18,471	24,375
	<u>20,275</u>	<u>25,726</u>
Investment income:		
Cash and temporary investments	42,327	29,541
	<u>42,327</u>	<u>29,541</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	16,846	9,417
Cemetery expense recoveries - cemetery trust	21,942	55,546
Donations	-	22,000
Miscellaneous	38,883	31,025
	<u>77,671</u>	<u>117,988</u>
Water and sewer (Schedule 4)	<u>1,096,287</u>	<u>1,219,510</u>
Total revenue	<u><u>10,246,168</u></u>	<u><u>15,530,317</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2010

	2010 Actual	2009 Actual
General government services:		
Legislative	\$ 68,693	\$ 72,287
General administrative	468,109	399,854
Other	315,141	264,920
	<u>851,943</u>	<u>737,061</u>
Protective services:		
Police	500,984	508,432
Fire	212,445	230,394
Emergency measures	84,044	83,667
Other protection	91,847	93,202
	<u>889,320</u>	<u>915,695</u>
Transportation services:		
Road transport		
Administration and engineering	131,983	133,834
Road and street maintenance	580,800	538,992
Street lighting	69,975	65,396
Other	7,262	11,042
Air transport	27,341	23,713
	<u>817,361</u>	<u>772,977</u>
Environmental health services:		
Waste collection and disposal	385,863	319,963
Other	-	-
	<u>385,863</u>	<u>319,963</u>
Public health and welfare services:		
Public health	234,253	246,075
Social assistance	13,167	13,167
	<u>247,420</u>	<u>259,242</u>
Regional planning and development		
Planning and zoning	63,694	57,001
Urban area weed control	4,106	4,630
Other	665	1,260
	<u>68,465</u>	<u>62,891</u>
Resource conservation and industrial development		
Drainage of land	8,925	8,860
Veterinary services	7,860	7,860
Regional development	188,986	138,415
Other	2,930	2,771
	<u>208,701</u>	<u>157,906</u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2010

	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Recreation and cultural services:		
Community centers and halls	113,930	87,838
Swimming pools and beaches	121,276	113,387
Skating and curling rinks	73,000	73,000
Parks and playgrounds	76,220	42,299
Other recreational facilities	74,403	43,542
Libraries	62,754	90,876
Other cultural facilities	30,981	26,921
	<u>552,564</u>	<u>477,863</u>
Water and sewer services (Schedule 4)	<u>1,523,696</u>	<u>1,512,554</u>
Total expenses	<u><u>5,545,333</u></u>	<u><u>5,216,152</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2010

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE										
Property taxes	\$2,663,889	\$2,647,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	89,070	93,941	-	-	-	-	-	-	-	-
User fees	141,779	118,597	62,443	41,432	-	-	46,131	52,527	-	-
Prov of MB - Unconditional Grants	578,273	566,145	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	42,711	79,323	32,170	21,613	11,206	10,707	100,241	48,567	30,000	30,000
Grants - other	47,678	50,539	73,221	56,497	151,894	223,501	-	-	-	-
Permits, licences and fines	194	131	18,731	24,575	-	-	-	-	-	-
Investment income	29,461	16,080	3,020	2,397	7,104	6,369	256	131	561	668
Gain (loss) on sale of assets	-	-	-	4,488	-	-	(165)	4,929	-	-
Other revenue	67,030	97,661	6,817	8,871	-	-	939	966	-	-
Water and sewer										
Total revenue	\$ 3,660,085	\$ 3,670,215	\$ 196,402	\$ 159,873	\$ 170,204	\$ 240,577	\$ 147,402	\$ 107,120	\$ 30,561	\$ 30,668
EXPENSES										
Personnel services	\$ 347,761	\$ 280,271	\$ 188,730	\$ 211,702	\$ 349,970	\$ 382,210	\$ 66,910	\$ 55,423	\$ 153,564	\$ 161,869
Contract services	161,510	150,680	475,744	483,844	179,969	120,118	252,183	199,582	14,024	13,882
Utilities	111,249	81,914	65,438	66,313	89,982	87,714	6,939	7,213	3,192	2,761
Maintenance materials and supplies	38,476	42,761	75,019	72,215	141,272	135,480	9,235	10,780	26,679	29,940
Grants and contributions	99,106	104,649	-	-	-	-	8,999	9,423	39,564	40,945
Amortization	34,377	36,336	84,389	81,621	56,168	47,454	38,056	34,796	10,397	9,846
Interest on long term debt	23,064	25,996	-	-	-	-	1,997	1,655	-	-
Other	36,402	14,454	-	-	-	-	1,544	1,092	-	-
Total expenses	\$ 851,945	\$ 737,061	\$ 889,320	\$ 915,695	\$ 817,361	\$ 772,976	\$ 385,863	\$ 319,964	\$ 247,420	\$ 259,243
Surplus (Deficit)	\$ 2,808,140	\$ 2,933,154	\$ (692,918)	\$ (755,822)	\$ (647,157)	\$ (532,399)	\$ (238,461)	\$ (212,844)	\$ (216,859)	\$ (228,575)

* 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, 2010

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,123	\$ 50,299	\$ 2,841,012	\$ 2,698,097
Grants in lieu of taxation	-	-	-	-	-	-	-	-	89,070	93,941
User fees	63,048	163,301	-	-	178,516	137,397	-	-	491,917	513,254
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	578,273	566,145
Prov of MB - Conditional Grants	25,161	16,028	-	-	41,802	61,601	3,324,429	4,884,700	3,607,720	5,152,539
Grants - other	2,450	375	-	-	265	8,770	1,126,105	4,773,895	1,401,613	5,113,577
Permits, licences and fines	-	-	1,350	1,020	-	-	-	-	20,275	25,726
Investment income	995	2,583	-	-	930	1,313	-	-	42,327	29,541
Gain (loss) on sale of assets	(1,126)	-	-	-	-	-	-	-	(1,291)	9,417
Other revenue	3,990	1,072	-	-	189	-	-	-	78,965	108,570
Water and sewer	-	-	-	-	-	-	1,096,287	1,219,510	1,096,287	1,219,510
Total revenue	\$ 94,518	\$ 183,359	\$ 1,350	\$ 1,020	\$ 221,702	\$ 209,081	\$ 5,723,944	\$ 10,928,404	\$ 10,246,168	\$ 15,530,317
EXPENSES										
Personnel services	\$ 40,812	\$ 38,759	\$ 81,432	\$ 38,695	\$ 248,914	\$ 188,265	\$ 273,909	\$ 359,534	\$ 1,752,002	\$ 1,716,728
Contract services	9,022	8,482	52,886	34,869	99,398	94,636	208,801	117,409	1,453,537	1,223,502
Utilities	1,922	1,550	13,546	13,058	46,617	39,018	76,678	82,358	415,563	381,899
Maintenance materials and supplies	11,264	14,183	29,294	21,217	87,159	84,298	417,631	497,351	836,029	908,225
Grants and contributions	5,445	(83)	15,536	21,720	20,159	23,997	-	-	188,809	200,651
Amortization	-	-	7,544	8,903	43,611	44,435	453,863	448,583	728,405	711,974
Interest on long term debt	-	-	2,573	5,195	10	6	90,324	7,321	117,968	40,173
Other	-	-	5,889	14,248	6,695	3,206	2,490	-	53,020	33,000
Total expenses	\$ 68,465	\$ 62,891	\$ 208,700	\$ 157,905	\$ 552,563	\$ 477,861	\$ 1,523,696	\$ 1,512,556	\$ 5,545,333	\$ 5,216,152
Surplus (Deficit)	\$ 26,053	\$ 120,468	\$ (207,350)	\$ (156,885)	\$ (330,861)	\$ (268,780)	\$ 4,200,248	\$ 9,415,848	\$ 4,700,835	\$ 10,314,165

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
Year Ended December 31, 2010

	Core Government		Controlled Entities		Government Partnerships		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE								
Property taxes	\$ 2,841,012	\$ 2,698,097	\$ -	\$ -	\$ -	\$ -	\$ 2,841,012	\$ 2,698,097
Grants in lieu of taxation	89,070	93,941	-	-	-	-	89,070	93,941
User fees	394,403	317,984	-	-	97,514	195,270	491,917	513,254
Prov of MB - Unconditional Grants	578,273	566,145	-	-	-	-	578,273	566,145
Prov of MB - Conditional Grants	3,548,101	5,100,326	-	-	59,619	52,213	3,607,720	5,152,539
Grants - other	1,398,898	5,112,824	-	-	2,715	753	1,401,613	5,113,577
Permits, licences and fines	20,275	25,726	-	-	-	-	20,275	25,726
Investment income	41,115	26,812	-	-	1,212	2,729	42,327	29,541
Gain (loss) on sale of assets	(1,291)	9,417	-	-	-	-	(1,291)	9,417
Other revenue	68,321	88,244	-	-	10,644	20,326	78,965	108,570
Water and sewer	1,096,287	1,219,510	-	-	-	-	1,096,287	1,219,510
Total revenue	\$ 10,074,464	\$ 15,259,026	\$ -	\$ -	\$ 171,704	\$ 271,291	\$ 10,246,168	\$ 15,530,317
EXPENSES								
Personnel services	\$ 1,597,719	\$ 1,585,947	\$ -	\$ -	\$ 154,283	\$ 130,781	\$ 1,752,002	\$ 1,716,728
Contract services	1,312,143	1,107,526	-	-	141,394	115,976	1,453,537	1,223,502
Utilities	386,019	351,239	-	-	29,544	30,660	415,563	381,899
Maintenance materials and supplies	790,683	854,228	-	-	45,346	53,997	836,029	908,225
Grants and contributions	174,365	191,228	-	-	14,444	9,423	188,809	200,651
Amortization	674,517	659,696	-	-	53,888	52,278	728,405	711,974
Interest on long term debt	113,388	33,317	-	-	4,580	6,856	117,968	40,173
Other	50,776	31,646	-	-	2,244	1,354	53,020	33,000
Total expenses	\$ 5,099,610	\$ 4,814,827	\$ -	\$ -	\$ 445,723	\$ 401,325	\$ 5,545,333	\$ 5,216,152
Surplus (Deficit)	\$ 4,974,854	\$ 10,444,199	\$ -	\$ -	\$ (274,019)	\$ (130,034)	\$ 4,700,835	\$ 10,314,165

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2010

	2010							
	General	Landfill	Municipality facility	Fire	Utility	Machinery	Highway	Pool/Arena
REVENUE								
Investment income	\$ 6,814	\$ 256	\$ 2,650	\$ 3,020	\$ 5,146	\$ 1,786	\$ 4,248	\$ 713
Other income								
Total revenue	6,814	256	2,650	3,020	5,146	1,786	4,248	713
NET REVENUES	6,814	256	2,650	3,020	5,146	1,786	4,248	713
TRANSFERS								
Debt repayments								
Transfers from general operating	30,000	10,000	50,000	50,000	45,000	40,000	10,000	10,000
Transfers to general operating	(33,150)	-	-	(12,144)	-	-	-	(13,282)
Transfers from utility operating								
Transfers to utility operating								-
Acquisition of tangible capital assets					(99,299)			
CHANGE IN RESERVE FUND BALANCES	3,664	10,256	52,650	40,876	(49,153)	41,786	14,248	(2,569)
FUND SURPLUS, BEGINNING OF YEAR	647,698	20,131	233,606	269,504	426,786	154,408	407,987	64,494
FUND SURPLUS, END OF YEAR	\$ 651,362	\$ 30,387	\$ 286,256	\$ 310,380	\$ 377,632	\$ 196,193	\$ 422,236	\$ 61,925

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2010

	2010						2009
	Airport	Culvert	Gas Tax	PCH	Mobility	Total	Total
REVENUE							
Investment income	\$ 474	\$ 595	\$ 3,471	\$ 521	\$ 40	\$ 29,734	\$ 27,901
Other income						-	-
Total revenue	<u>474</u>	<u>595</u>	<u>3,471</u>	<u>521</u>	<u>40</u>	<u>29,734</u>	<u>27,901</u>
NET REVENUES	474	595	3,471	521	40	29,734	27,901
TRANSFERS							
Debt repayments						-	-
Transfers from general operating	-	10,000	180,002	-	-	435,002	442,615
Transfers to general operating	-	-	(121,819)	-	-	(180,395)	(124,902)
Transfers from utility operating						-	-
Transfers to utility operating	-	-	(30,075)	-	-	(30,075)	-
Acquisition of tangible capital assets						(99,299)	(245,946)
CHANGE IN RESERVE FUND BALANCES	474	10,595	31,578	521	40	154,967	99,668
FUND SURPLUS, BEGINNING OF YEAR	<u>45,315</u>	<u>53,058</u>	<u>272,288</u>	<u>50,628</u>	<u>3,884</u>	<u>2,649,786</u>	<u>2,550,119</u>
FUND SURPLUS, END OF YEAR	<u>\$ 45,789</u>	<u>\$ 63,653</u>	<u>\$ 303,866</u>	<u>\$ 51,149</u>	<u>\$ 3,924</u>	<u>\$ 2,804,753</u>	<u>\$ 2,649,787</u>

Town of Neepawa
SCHEDULE OF TRUST FUNDS
Year Ended December 31, 2010

SCHEDULE 7

	Cemetery	Veterans Walk	Total	
			2010	2009
ASSETS				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Portfolio investments	-	-	-	-
Due from Municipality	1,320,637	101,436	1,422,073	1,387,097
	<u>\$ 1,320,637</u>	<u>\$ 101,436</u>	<u>\$ 1,422,073</u>	<u>\$ 1,387,097</u>
LIABILITIES AND FUND BALANCES				
Due to Municipality	\$ -	\$ -	\$ -	\$ -
Fund balance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES				
Contributions, user fees and donations	\$ 33,942	\$ 1,033	\$ 34,975	\$ 134,434
Investment income	21,942	-	21,942	55,949
	<u>55,884</u>	<u>1,033</u>	<u>56,917</u>	<u>190,383</u>
EXPENDITURES				
Cemetery maintenance	21,942	-	21,942	55,546
Distribution to beneficiaries	-	-	-	-
Other	-	-	-	-
	<u>21,942</u>	<u>-</u>	<u>21,942</u>	<u>55,546</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	33,942	1,033	34,975	134,837
FUND BALANCE, BEGINNING OF YEAR				
	1,286,695	100,403	1,387,098	1,252,260
FUND BALANCE, END OF YEAR	<u>\$ 1,320,637</u>	<u>\$ 101,436</u>	<u>\$ 1,422,073</u>	<u>\$ 1,387,097</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 468,555	\$ 258,473
	<u>\$ 468,555</u>	<u>\$ 258,473</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 68,303
Water meter deposits	50,595	49,745
Long-term debt (Note 9)	1,671,146	257,945
Due to other funds	2,283,973	1,484,976
	<u>4,005,714</u>	<u>1,860,969</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (3,537,159)</u>	<u>\$ (1,602,496)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>\$ 24,160,899</u>	<u>\$ 17,941,615</u>
FUND SURPLUS (DEFICIT)	<u>\$ 20,623,740</u>	<u>\$ 16,339,119</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS
 Year Ended December 31, 2010

SCHEDULE 9

	2010 Budget	2010 Actual	2009 Actual
REVENUE			
Water			
Water fees	\$ 993,000	\$ 808,520	\$ 938,755
Bulk Water fees	40,000	55,407	40,850
sub-total- water	<u>1,033,000</u>	<u>863,927</u>	<u>979,605</u>
Sewer			
Sewer fees	155,000	148,278	162,336
Lagoon tipping fees	4,500	4,898	5,579
sub-total- sewer	<u>159,500</u>	<u>153,176</u>	<u>167,915</u>
Property taxes	<u>177,123</u>	<u>177,123</u>	<u>50,299</u>
Government transfers			
Capital	-	4,450,534	9,658,595
sub-total- government transfers	<u>-</u>	<u>4,450,534</u>	<u>9,658,595</u>
Other			
Hydrant rentals	45,000	45,000	45,000
Connection charges	4,000	-	-
Penalties	2,000	2,027	2,016
Other income	77,325	32,157	24,974
sub-total- other	<u>128,325</u>	<u>79,184</u>	<u>71,990</u>
Total revenue	<u>1,497,948</u>	<u>5,723,944</u>	<u>10,928,404</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2010

SCHEDULE 9

EXPENSES	Budget	2010	2009
General			
Administration	31,600	24,210	58,275
Billing and collection	365,100	277,992	363,867
sub-total- general	<u>396,700</u>	<u>302,202</u>	<u>422,142</u>
Water General			
Purification and treatment	426,700	351,206	387,793
Transmission and distribution	78,000	200,440	121,866
Connection costs	15,000	14,814	11,861
sub-total- water general	<u>519,700</u>	<u>566,460</u>	<u>521,520</u>
Water Amortization & Interest			
Amortization	295,774	295,774	290,493
Interest on long term debt	90,324	90,324	7,321
sub-total- water amortization & interest	<u>386,098</u>	<u>386,098</u>	<u>297,814</u>
Sewer General			
Collection system costs	75,500	89,079	71,503
Treatment and disposal cost	8,000	4,240	26,939
Lift Station costs	21,000	17,527	14,546
sub-total- sewer general	<u>104,500</u>	<u>110,846</u>	<u>112,988</u>
Sewage Amortization & Interest			
Amortization	158,090	158,090	158,090
sub-total- sewer amortization & interest	<u>158,090</u>	<u>158,090</u>	<u>158,090</u>
Total expenses	<u>1,565,088</u>	<u>1,523,696</u>	<u>1,512,554</u>
NET OPERATING SURPLUS	(67,140)	4,200,248	9,415,850
TRANSFERS			
Transfers from (to) reserve funds	-	(45,000)	(45,000)
Transfer for capital purposes from reserve funds		<u>129,373</u>	<u>245,946</u>
CHANGE IN UTILITY FUND BALANCE	<u>\$ (67,140)</u>	4,284,621	9,616,796
FUND SURPLUS, BEGINNING OF YEAR (Note 19)		<u>16,339,119</u>	<u>6,722,323</u>
FUND SURPLUS, END OF YEAR		<u>\$ 20,623,740</u>	<u>\$ 16,339,119</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2010

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 2,798,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,798,310
Grants in lieu of taxation	85,672	-	-	-	-	-	-	85,672
User fees	308,072	-	-	-	-	-	97,514	405,586
Grants - Province of Manitoba	892,729	-	4,884,700	-	-	-	59,619	5,837,048
Grants - other	180,002	-	4,773,895	-	-	-	2,715	4,956,612
Permits, licences and fines	21,830	-	-	-	-	-	-	21,830
Investment income	39,000	-	-	-	-	-	1,212	40,212
Other revenue	16,999	-	-	-	-	-	10,644	27,643
Water and sewer	-	1,320,825	-	-	-	-	-	1,320,825
Transfers from accumulated surplus	750,451	-	-	-	(750,451)	-	-	-
Transfers from General	40,000	50,299	-	-	(90,299)	-	-	-
Transfers from reserves	198,501	337,732	-	-	(536,233)	-	-	-
Total revenue	<u>\$ 5,331,566</u>	<u>\$ 1,708,856</u>	<u>\$ 9,658,595</u>	<u>\$ -</u>	<u>\$ (1,376,983)</u>	<u>\$ -</u>	<u>\$ 171,704</u>	<u>\$ 15,493,738</u>
EXPENSES								
General government services	\$ 690,258	\$ -	\$ 34,377	\$ 29,500	\$ 6,345	\$ -	\$ 11,851	\$ 772,331
Protective services	790,503	-	84,389	-	-	-	79,833	954,725
Transportation services	840,340	-	56,168	-	-	-	-	896,508
Environmental health services	332,737	-	38,056	1,997	-	-	10,020	382,810
Public health and welfare services	251,825	-	10,397	-	-	-	-	262,222
Regional planning and development	23,200	-	-	-	-	-	46,470	69,670
Resource cons and industrial dev	256,795	-	7,544	2,573	-	-	30,455	297,367
Recreation and cultural services	456,200	-	43,611	10	-	-	30,178	529,999
Water and sewer services	-	1,020,900	453,863	90,324	-	-	-	1,565,087
Fiscal services:								
Transfer to capital	940,444	392,600	(1,333,044)	-	-	-	-	-
Debt charges	265,505	50,299	-	(315,804)	-	-	-	-
Short term interest	29,500	-	-	(29,500)	-	-	-	-
Transfer to Utility	50,299	-	-	-	(50,299)	-	-	-
Transfer to reserves	397,615	45,000	-	-	(442,615)	-	-	-
Allowance for tax assets	6,345	-	-	-	(6,345)	-	-	-
Total expenses	<u>\$ 5,331,566</u>	<u>\$ 1,508,799</u>	<u>\$ (604,639)</u>	<u>\$ (220,900)</u>	<u>\$ (492,914)</u>	<u>\$ -</u>	<u>\$ 208,807</u>	<u>\$ 5,730,719</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ 200,057</u>	<u>\$ 10,263,234</u>	<u>\$ 220,900</u>	<u>\$ (884,069)</u>	<u>\$ -</u>	<u>\$ (37,103)</u>	<u>\$ 9,763,019</u>

Town of Neepawa
 ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2010

SCHEDULE 11

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 329,533	\$ 242,750
Add:		
Tax levy (Schedule 12)	4,371,555	4,191,712
Taxes added	79,470	162,951
Penalties or interest	39,847	35,978
Other accounts added	1,483	11,294
Refunds	11,099	3,547
Tax Adjustments - tax sale costs	5,888	
Sub-total	<u>4,509,342</u>	<u>4,405,482</u>
Deduct:		
Cash collections	3,931,919	3,691,779
Writeoffs	1,523	1,924
Tax discounts	11,943	11,560
M.P.T.C. - cash advance	626,463	613,436
Sub-total	<u>4,571,848</u>	<u>4,318,699</u>
Balance, end of year	<u><u>\$ 267,027</u></u>	<u><u>\$ 329,533</u></u>

Town of Neepawa
ANALYSIS OF TAX LEVY
Year Ended December 31, 2010

SCHEDULE 12

	2010			2009
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
L.I.D. General & Utility	97,679,894	1.89	184,615	50,786
General municipal	93,982,470	21.87	2,055,397	1,956,524
Reserves:				
Various	93,982,470	2.21	207,701	204,909
Special levies:				
Whitemud watershed	17,431,230	0.51	8,890	8,879
Scavenging	-	-	139,355	144,526
	-	-	-	-
Cable Fees - unbudgeted			5,319	-
Reclass budgeted levy between grant in lieu and municipal taxes			(4,040)	-
Rounding			1	(1)
Total municipal taxes (Schedule 2)			2,721,696	2,499,167
Education support levy	25,349,000	12.33	312,553	319,719
Special levy:				
Beautiful Plains SD #31	82,194,620	16.27	1,337,306	1,372,826
Total education taxes			1,649,860	1,692,545
			\$ 4,371,555	\$ 4,191,712

Town of Neepawa
 ANALYSIS OF SCHOOL ACCOUNTS
 Year Ended December 31, 2010

SCHEDULE 13

	2010				2009
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 24,236	\$ 335,163	\$ (345,656)	\$ 13,743	\$ 24,236
Special levies					
Beautiful Plains SD #31	62,364	1,393,080	(1,420,851)	34,593	62,364
Total	\$ 86,600	\$ 1,728,243	\$ (1,766,507)	\$ 48,336	\$ 86,600

SCHEDULE OF GENERAL OPERATING EXPENSES

Year Ended December 31, 2010

	2010 Actual	2009 Actual
General government services:		
Legislative	\$ 68,693	\$ 72,287
General administrative	456,258	378,532
Other	315,139	264,918
	<u>840,089</u>	<u>715,736</u>
Protective services:		
Fire	212,445	230,394
Emergency measures	4,211	11,456
Other protection	91,847	93,202
	<u>809,488</u>	<u>843,485</u>
Transportation services:		
Road transport		
Road and street maintenance	580,800	538,992
Street lighting	69,975	65,396
Other	7,262	11,042
	<u>817,361</u>	<u>772,977</u>
Environmental health services:		
Waste collection and disposal	375,843	306,070
Other	-	-
	<u>375,843</u>	<u>306,070</u>
Public health and welfare services:		
Public health	234,253	246,075
Social assistance	13,167	13,167
	<u>247,420</u>	<u>259,243</u>
Regional planning and development		
Planning and zoning	17,224	16,500
	<u>21,995</u>	<u>22,390</u>
Resource conservation and industrial development		
Veterinary services	7,860	7,860
Water resources and conservation	-	-
Regional development	158,531	111,835
Other	2,930	2,771
	<u>178,247</u>	<u>131,325</u>
Recreation and cultural services:		
Other cultural facilities	30,981	26,921
	<u>522,385</u>	<u>449,753</u>
Total expenses	<u><u>3,812,828</u></u>	<u><u>3,500,979</u></u>

Town of Neepawa
SCHEDULE OF DEBENTURES PENDING
Year Ended December 31, 2010

SCHEDULE 15

Authority	Purpose	Source of Funds	Authorized	Expended
B/L 3088	Water Treatment Plant Upgrade & Water Supply Line	Accounts Payable	\$ 3,700,000	\$ 2,067,327
			<hr/>	<hr/>
			<u>\$ 3,700,000</u>	<u>\$ 2,067,327</u>