

Town of Neepawa

**Consolidated Financial Statements
Year ended December 31, 2011**

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

Richard Beachey
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Town of Neepawa, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations, changes in net financial assets and cash flows for the year ended December 31, 2011, 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, 2011 and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2011 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada
DATE

Chambers, Fraser & Co.
Chartered Accountants

Town of Neepawa

Consolidated Financial Statements

Year ended December 31, 2011

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Town of Neepawa
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 4,782,104	\$ 3,439,873
Amounts receivable (Note 4)	1,179,074	2,252,983
Portfolio investments (Note 5)	1,618,280	1,809,551
Other inventories for sale (Note 6)	87	160
Other assets	<u>531</u>	<u>453</u>
	<u>\$ 7,580,076</u>	<u>\$ 7,503,020</u>
LIABILITIES		
Temporary borrowing (Note 7)	\$ 1,811,201	\$ 34,010
Accounts payable and accrued liabilities (Note 8)	560,646	2,697,747
Cost sharing advance	-	640,000
Deferred revenue (Note 9)	350,265	319,575
Landfill closure and post closure liabilities (Note 10)	392,919	244,735
Trust payable (Schedule 7)	1,357,805	1,422,073
Long-term debt (Note 11)	2,376,474	2,604,039
Deposits	<u>50,545</u>	<u>50,595</u>
	<u>6,899,855</u>	<u>8,012,774</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 680,221</u>	<u>\$ (509,754)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 28,270,664	27,768,769
Prepaid expenses	<u>21,344</u>	<u>19,804</u>
	<u>28,292,008</u>	<u>27,788,573</u>
ACCUMULATED SURPLUS (DEFICIT) (Note 16)	<u>\$ 28,972,229</u>	<u>\$ 27,278,819</u>

COMMITMENTS (NOTE 12)

Approved on behalf of Council:

Ken Waddell - Mayor

Lisa Pottinger - Deputy Mayor

Town of Neepawa
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2011

	<u>2011 Budget (Note 15)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
REVENUE			
Property taxes	\$ 3,296,205	\$ 3,438,378	\$ 2,845,053
Grants in lieu of taxation	96,964	96,964	89,070
User fees	423,987	518,598	491,918
Grants - Province of Manitoba	1,287,158	1,268,794	4,185,995
Grants - other	184,120	264,674	1,401,613
Permits, licences and fines	19,830	30,187	20,275
Investment income	42,311	52,546	42,328
Other revenue	85,960	238,395	73,631
Water and sewer	1,232,993	1,316,578	1,096,285
	<u>6,669,528</u>	<u>7,225,114</u>	<u>10,246,168</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	788,754	794,292	851,937
Protective services	978,481	904,842	928,888
Transportation services	906,507	807,760	817,361
Environmental health services	607,708	584,234	385,865
Public health and welfare services	230,474	202,979	207,856
Regional planning and development	65,149	61,552	68,465
Resource conservation and industrial development	233,624	182,581	208,701
Recreation and cultural services	530,617	579,957	552,565
Water and sewer services	1,695,649	1,413,507	1,523,695
	<u>6,036,963</u>	<u>5,531,704</u>	<u>5,545,333</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	632,565	1,693,410	4,700,835
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>27,278,819</u>	<u>27,278,819</u>	<u>22,577,984</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u><u>\$ 27,911,384</u></u>	<u><u>\$ 28,972,229</u></u>	<u><u>\$ 27,278,819</u></u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2011

	<u>2011 Budget (Note 15)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 632,565	\$ 1,693,410	\$ 4,700,835
Acquisition of tangible capital assets	(4,609,794)	(1,386,918)	(7,164,958)
Amortization of tangible capital assets	728,405	880,968	728,405
Loss (Gain) on sale of tangible capital assets		3,444	(16,846)
Proceeds on sale of tangible capital assets		610	124,629
Decrease (increase) in prepaid expense		(1,539)	(1,134)
	<u>(3,881,389)</u>	<u>(503,435)</u>	<u>(6,329,904)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (3,248,824)</u>	1,189,975	(1,629,069)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR		<u>(509,754)</u>	<u>1,119,315</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR		<u>\$ 680,221</u>	<u>\$ (509,754)</u>

Town of Neepawa
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 1,693,410	\$ 4,700,835
Changes in non-cash items:		
Amounts receivable	1,073,909	3,325,541
Inventories	73	401
Prepays	(1,539)	(1,134)
Other assets	(78)	(163)
Trust payable	(64,268)	34,975
Accounts payable and accrued liabilities	(2,137,101)	1,933,219
Cost sharing advance	(640,000)	(1,940,553)
Deferred revenue	30,690	32,675
Landfill closure and post closure liabilities	148,184	920
Other liabilities	(50)	850
Loss (Gain) on sale of tangible capital asset	3,444	(16,846)
Amortization	880,968	728,405
Cash provided by (applied to) operating transactions	<u>987,642</u>	<u>8,799,125</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	610	124,629
Cash used to acquire tangible capital assets	<u>(1,386,918)</u>	<u>(7,164,958)</u>
Cash provided by (applied to) capital transactions	<u>(1,386,308)</u>	<u>(7,040,329)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	1,240,715	130,633
Purchase of portfolio investments	<u>(1,049,444)</u>	<u>(998,640)</u>
Cash provided by (applied to) investing transactions	<u>191,271</u>	<u>(868,007)</u>
FINANCING TRANSACTIONS		
Proceeds of temporary borrowing	2,156,372	-
Temporary borrowing repayment	(379,181)	(1,614,183)
Proceeds of long-term debt	-	1,500,000
Debt repayment	<u>(227,565)</u>	<u>(225,345)</u>
Cash provided by (applied to) financing transactions	<u>1,549,626</u>	<u>(339,528)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	1,342,231	551,261
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>3,439,873</u>	<u>2,888,612</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 4,782,104</u></u>	<u><u>\$ 3,439,873</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

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 %) (2010 - consolidated 33.33 %)
Neepawa Area Development Corporation Ltd. (consolidated 25 %) (2010 - consolidated 25 %)
Evergreen Environmental Technologies Ltd. (consolidated 26.8 %) (2010 - consolidated 26.8%)
Neepawa and Area Planning District Board (consolidated 67 %) (2010 - consolidated 67 %)
Neepawa & District Disabled Persons Association Inc. (consolidated 68 %) (2010 - consolidated 68 %)
Western Manitoba Regional Library (consolidated 5.4 %) (2010 - 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, 2011

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 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, 2011

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>2011</u>	<u>2010</u>
Cash	<u>\$ 4,782,104</u>	<u>\$ 3,439,873</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, 2011

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2011</u>	<u>2010</u>
Taxes on roll (Schedule 11)	\$ 459,210	\$ 267,027
Government grants	152,169	985,268
Utility customers	264,881	304,528
Accrued interest	9,292	8,721
Organizations and individuals	320,268	707,303
Other governments	1,765	26,879
	<u>1,207,585</u>	<u>2,299,726</u>
Less allowances for doubtful amounts	<u>(28,511)</u>	<u>(46,743)</u>
	<u><u>\$ 1,179,074</u></u>	<u><u>\$ 2,252,983</u></u>

5. Portfolio Investments

	<u>2011</u>	<u>2010</u>
Marketable securities:		
Term deposits	\$ 1,509,899	\$ 1,701,170
Loans to municipal partnerships	<u>108,381</u>	<u>108,381</u>
	<u><u>\$ 1,618,280</u></u>	<u><u>\$ 1,809,551</u></u>

The aggregate market value of the marketable securities at December 31, 2011 is \$1,708,094 (2010 - \$1,895,316). Portfolio investments earned \$32,417 in investment income during the year (2010 - \$21,773).

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>2011</u>	<u>2010</u>
Designated Reserve Funds	3,724,869	2,804,753
Trust funds	<u>1,357,805</u>	<u>1,422,073</u>
	<u><u>\$ 5,082,674</u></u>	<u><u>\$ 4,226,826</u></u>

6. Inventories

Inventories for sale:

	<u>2011</u>	<u>2010</u>
History books	<u>\$ 87</u>	<u>\$ 160</u>

7. Temporary Borrowings

Line of credit with Beautiful Plains Credit Union Ltd., at 2.5%	\$ 1,800,303	\$ -
Demand loan with Beautiful Plains Credit Union, at prime plus 1%, interest payable monthly.	<u>10,898</u>	<u>34,010</u>
	<u><u>\$ 1,811,201</u></u>	<u><u>\$ 34,010</u></u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

8. Accounts Payable and Accrued Liabilities

	<u>2011</u>	<u>2010</u>
Accounts payable	\$ 267,667	\$ 339,772
Accrued expenses	135,955	148,808
School levies (Schedule 13)	47,426	48,336
Other governments	109,598	2,160,831
	<u>\$ 560,646</u>	<u>\$ 2,697,747</u>

9. Deferred Revenue:

	<u>2011</u>	<u>2010</u>
Federal Gas Tax Funding	\$ 343,069	\$ 303,866
Handi Transit Funding	3,973	3,924
	<u>347,042</u>	<u>307,790</u>
Other	3,223	11,785
	<u>\$ 350,265</u>	<u>\$ 319,575</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>2011</u>	<u>2010</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>\$ 28,185</u>	<u>\$ 26,590</u>
Expected year capacity will be reached	2094	2094
Capacity (tonnes):		
Used to date	58,500	49,725
Remaining	526,500	535,275
Total	585,000	585,000
Percent utilized	10.00%	8.50%
Liability based on percentage	<u>\$ 2,819</u>	<u>\$ 2,260</u>

b) Closed Municipal Landfill Site

Estimated closure and post closure costs	\$ 390,100	\$ 242,475
Total landfill closure and post closure liabilities	<u>\$ 392,919</u>	<u>\$ 244,735</u>

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

11. Long Term Debt

	<u>2011</u>	<u>2010</u>
General Authority:		
Debenture for personal care home, at 7.75%, \$138,681 annually including interest, maturing December, 2017	\$ 758,544	\$ 875,342
	<u>\$ 758,544</u>	<u>\$ 875,342</u>
Utility Funds:		
Debenture for water and sewer line, at 7.75%, \$50,299 annually including interest, maturing December, 2015	\$ 168,636	\$ 213,595
Debenture for waste water treatment facility, at 5.625%, \$126,824 annually including interest, maturing 2029	1,412,714	1,457,551
	<u>\$ 1,581,350</u>	<u>\$ 1,671,146</u>
Debenture long term debt	\$ 2,339,894	\$ 2,546,488
The debentures of the Municipality have been issued with a maximum term of 20 years to maturity.		
Other long term debt - Government Partnerships		
Loan with Minnedosa Credit Union Ltd., at 3.5%, \$6,900 monthly including interest, maturing December 2012.	19,080	40,051
Note payable with the Province of Manitoba, advanced under the Community Works Program, non- interest bearing and repayable upon demand.	17,500	17,500
	<u>\$ 2,376,474</u>	<u>\$ 2,604,039</u>

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

2012	\$ 168,095
2013	158,336
2014	168,271
2015	167,055
2016	139,867

12. Commitments

Raw Water Supply Line and Water Treatment Plant Upgrade

In 2010 the Municipality embarked on a project for the construction of a raw water supply line and upgrades to the water treatment plant at an estimated cost of \$7,200,000. 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, 2011 the project costs totalled \$5,200,687. Provincial contributions towards those costs were \$2,575,699.

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 **\$57,832** (2010 - \$59,869) 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, 2011

16. Accumulated Surplus

	<u>2011</u>	<u>2010</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	1,349,917	1,349,918
Utility operating fund - Nominal surplus	309,135	201,311
General capital fund - Capital surplus	2,393,080	2,084,972
Utility capital fund - Capital surplus	20,783,304	20,422,426
Reserve funds	<u>3,724,869</u>	<u>2,804,753</u>
	28,560,305	26,863,380
Deferred revenue - Reserves	<u>(347,042)</u>	<u>(307,790)</u>
Accumulated surplus of municipality unconsolidated	28,213,263	26,555,590
Accumulated surpluses of consolidated entities	<u>758,966</u>	<u>723,229</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 28,972,229</u>	<u>\$ 27,278,819</u>

17. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2010:

- a) Compensation paid to members of council amounted to \$65,688 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Ron Forsman	\$ 12,774	\$ 1,989	\$ 14,763
Bill Stilwell	9,133	1,767	10,900
Monty Simon	7,933	688	8,621
Murray Parrott	8,008	280	8,288
Robyn Copeland	9,208	512	9,720
Lisa Pottinger	8,544	769	9,313
Dean Dietrich	10,088	773	10,861
	<u>\$ 65,688</u>	<u>\$ 6,778</u>	<u>\$ 72,466</u>

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gerry Irving	Operations & Mtce Director	\$ 68,286
Shabbir Sakrani	WTP Manager	64,833
Richard Donaldson	Economic Development Officer	58,980
Pat Martin	Acting Chief Administrative Officer	54,489
Howard Buffi	WTP Operator	51,432
Robert Bell	WTP Operator	50,548

Town of Neepawa
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

18. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

For information purposes, the Municipality has deferred the capital grants it has received in the past for its utilities and amortized them over the useful life of the related tangible capital asset.

Water services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water treatment plant	\$ 1,742,364	\$ -	\$ 88,362	\$ 1,654,002
Waste water treatment facility	11,800,000	-	196,667	11,603,333
Water mains	3,126,419	397,441	45,402	3,478,458
	-	-	-	-
	\$ 16,668,783	\$ 397,441	\$ 330,431	\$ 16,735,793

19. Comparative Figures

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

Town of Neepawa
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2011

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	2011	2010
Cost										
Opening costs	1,143,312	3,116,905	2,276,238	104,108	-	3,740,698	17,938,271	17,656,390	45,975,922	38,959,999
Additions during the year	-	100,266	19,588	18,114	-	277,498	127,155	844,297	1,386,918	7,164,958
Transfer during the year	-	-	-	-	-	-	13,300,000	(13,300,000)	-	-
Disposals and write downs	(2,128)	-	(1,340)	(6,087)	-	-	-	-	(9,555)	(149,036)
Closing costs	1,141,184	3,217,171	2,294,486	116,135	-	4,018,196	31,365,426	5,200,687	47,353,285	45,975,921
Accumulated Amortization										
Opening accum'd amortization	728,022	1,341,526	1,420,532	64,110	-	3,219,202	11,433,762	-	18,207,154	17,520,000
Amortization	7,576	94,582	131,964	8,718	-	27,476	610,652	-	880,968	728,405
Disposals and write downs	-	-	(1,001)	(4,500)	-	-	-	-	(5,501)	(41,253)
Closing accum'd amortization	735,598	1,436,108	1,551,495	68,328	-	3,246,678	12,044,414	-	19,082,621	18,207,152
Net Book Value of Tangible Capital Assets	405,586	1,781,063	742,991	47,807	-	771,518	19,321,012	5,200,687	28,270,664	27,768,769

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2011

	2011 Actual	2010 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 3,214,683	\$ 2,725,736
Taxes added	185,464	79,470
Penalties and interest	38,231	39,847
	<u>3,438,378</u>	<u>2,845,053</u>
Grants in lieu of taxation:		
Federal government enterprises	5,705	5,136
Provincial government	52,726	46,323
Provincial government enterprises	38,533	37,611
	<u>96,964</u>	<u>89,070</u>
User fees		
Sales of service	243,620	202,189
Sales of goods	-	2,981
Rentals	154,726	153,930
Facility use fees	120,252	132,818
	<u>518,598</u>	<u>491,918</u>
Grants - Province of Manitoba		
General assistance payment	543,402	527,420
VLT revenues	51,221	50,854
Conditional grants - Waste Water Treatment Facility	-	1,126,105
Conditional grants - WTP Upgrade & Water Line	198,721	2,067,453
Conditional grants - Other	475,450	414,163
	<u>1,268,794</u>	<u>4,185,995</u>
Grants - other		
Federal government - Gas tax Funding	145,000	151,894
Federal government - Waste Water Treatment Facility	-	1,126,105
Other local governments	119,674	123,614
	<u>264,674</u>	<u>1,401,613</u>
Permits, licences and fines		
Licences	2,674	1,804
Fines	27,513	18,471
	<u>30,187</u>	<u>20,275</u>
Investment income:		
Cash and temporary investments	52,546	42,328
	<u>52,546</u>	<u>42,328</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	(3,444)	16,846
Contributed assets	25,000	-
Cemetery expense recoveries - cemetery trust	30,342	21,942
Donations - veterans walk trust	97,180	-
Recoveries	37,792	12,932
Miscellaneous	51,525	21,911
	<u>238,395</u>	<u>73,631</u>
Water and sewer (Schedule 4)	<u>1,316,578</u>	<u>1,096,285</u>
Total revenue	<u><u>7,225,114</u></u>	<u><u>10,246,168</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2011

	2011 Actual	2010 Actual
General government services:		
Legislative	\$ 66,305	\$ 68,692
General administrative	438,067	468,108
Other	289,920	315,137
	<u>794,292</u>	<u>851,937</u>
Protective services:		
Police	511,840	500,985
Fire	189,305	212,448
Emergency measures	125,794	123,608
Other protection	77,903	91,847
	<u>904,842</u>	<u>928,888</u>
Transportation services:		
Road transport		
Administration and engineering	132,883	131,984
Road and street maintenance	572,528	580,799
Street lighting	69,132	69,975
Other	6,261	7,262
Air transport	26,956	27,341
	<u>807,760</u>	<u>817,361</u>
Environmental health services:		
Waste collection and disposal	584,234	385,865
Other	-	-
	<u>584,234</u>	<u>385,865</u>
Public health and welfare services:		
Public health	189,812	194,689
Social assistance	13,167	13,167
	<u>202,979</u>	<u>207,856</u>
Regional planning and development		
Planning and zoning	56,649	63,694
Urban area weed control	4,203	4,106
Other	700	665
	<u>61,552</u>	<u>68,465</u>
Resource conservation and industrial development		
Drainage of land	9,151	8,925
Veterinary services	7,860	7,860
Regional development	162,640	188,986
Other	2,930	2,930
	<u>182,581</u>	<u>208,701</u>
Sub-totals forward	<u>3,538,240</u>	<u>3,469,073</u>

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2011

	<u>2011 Actual</u>	<u>2010 Actual</u>
Sub-totals forward	<u>3,538,240</u>	<u>3,469,073</u>
Recreation and cultural services:		
Community centers and halls	122,894	113,930
Swimming pools and beaches	156,422	121,276
Skating and curling rinks	73,000	73,000
Parks and playgrounds	57,132	76,219
Other recreational facilities	70,605	74,404
Libraries	72,404	62,755
Other cultural facilities	27,500	30,981
	<u>579,957</u>	<u>552,565</u>
Water and sewer services (Schedule 4)	<u>1,413,507</u>	<u>1,523,695</u>
Total expenses	<u>5,531,704</u>	<u>5,545,333</u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2011

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
Property taxes	\$2,905,186	\$2,667,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	96,964	89,070	-	-	-	-	-	-	-	-
User fees	140,629	141,780	83,959	62,443	-	-	65,678	46,131	-	-
Prov of MB - Unconditional Grants	594,623	578,274	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	1,630	42,711	52,575	62,170	39,556	11,206	107,448	100,242	-	-
Grants - other	50,654	47,678	64,902	73,221	145,000	151,894	-	-	-	-
Permits, licences and fines	214	194	27,773	18,731	-	-	-	-	-	-
Investment income	33,623	29,462	4,151	3,020	9,486	7,104	422	256	724	561
Gain (loss) on sale of assets	(3,239)	18,137	-	-	-	-	(205)	(165)	-	-
Other revenue	198,675	44,850	33,111	6,817	-	-	901	939	-	-
Water and sewer										
Total revenue	\$ 4,018,959	\$ 3,660,086	\$ 266,471	\$ 226,402	\$ 194,042	\$ 170,204	\$ 174,244	\$ 147,403	\$ 724	\$ 561
EXPENSES										
Personnel services	\$ 275,758	\$ 347,761	\$ 187,911	\$ 188,730	\$ 361,819	\$ 349,969	\$ 70,261	\$ 66,910	\$ 150,041	\$ 153,564
Contract services	193,949	161,509	478,040	475,745	144,158	179,970	295,406	252,184	13,910	14,024
Utilities	126,755	111,248	65,425	65,438	91,493	89,982	6,865	6,939	3,576	3,192
Maintenance materials and supplies	22,652	38,475	60,615	75,022	145,033	141,272	11,537	9,236	24,928	26,679
Grants and contributions	93,224	99,105	39,861	39,564	-	-	11,434	8,999	-	-
Amortization	34,890	34,377	72,990	84,389	65,257	56,168	37,761	38,056	10,524	10,397
Interest on long term debt	21,884	23,064	-	-	-	-	1,222	1,997	-	-
Other	25,178	36,398	-	-	-	-	149,748	1,544	-	-
Total expenses	\$ 794,290	\$ 851,937	\$ 904,842	\$ 928,888	\$ 807,760	\$ 817,361	\$ 584,234	\$ 385,865	\$ 202,979	\$ 207,856
Surplus (Deficit)	\$ 3,224,669	\$ 2,808,149	\$ (638,371)	\$ (702,486)	\$ (613,718)	\$ (647,157)	\$ (409,990)	\$ (238,462)	\$ (202,255)	\$ (207,295)

* 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, 2011

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,192	\$ 177,123	\$ 3,438,378	\$ 2,845,053
Grants in lieu of taxation	-	-	-	-	-	-	-	-	96,964	89,070
User fees	51,545	63,048	-	-	176,787	178,516	-	-	518,598	491,918
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	594,623	578,274
Prov of MB - Conditional Grants	33,877	25,161	-	-	41,644	41,802	397,441	3,324,429	674,171	3,607,721
Grants - other	410	2,450	-	-	3,708	265	-	1,126,105	264,674	1,401,613
Permits, licences and fines	-	-	2,200	1,350	-	-	-	-	30,187	20,275
Investment income	3,068	995	-	-	1,071	930	-	-	52,545	42,328
Gain (loss) on sale of assets	-	(1,126)	-	-	-	-	-	-	(3,444)	16,846
Other revenue	9,072	3,990	-	-	81	189	-	-	241,840	56,785
Water and sewer	-	-	-	-	-	-	1,316,578	1,096,285	1,316,578	1,096,285
Total revenue	\$ 97,972	\$ 94,518	\$ 2,200	\$ 1,350	\$ 223,291	\$ 221,702	\$ 2,247,211	\$ 5,723,942	\$ 7,225,114	\$ 10,246,168
EXPENSES										
Personnel services	\$ 42,487	\$ 40,812	\$ 86,836	\$ 81,432	\$ 227,815	\$ 248,915	\$ 319,166	\$ 273,909	\$ 1,722,094	\$ 1,752,002
Contract services	10,793	9,022	29,616	52,886	96,367	99,399	58,128	208,801	1,320,367	1,453,540
Utilities	1,644	1,922	13,943	13,546	44,643	46,618	90,270	76,678	444,614	415,563
Maintenance materials and supplies	6,628	11,264	16,439	29,295	142,366	87,158	243,953	417,629	674,151	836,030
Grants and contributions	-	5,445	17,012	15,536	21,999	20,159	-	-	183,530	188,808
Amortization	-	-	7,328	7,544	41,239	43,611	610,652	453,864	880,641	728,406
Interest on long term debt	-	-	-	2,573	28	10	87,327	90,324	110,461	117,968
Other	-	-	11,407	5,889	5,500	6,695	4,013	2,490	195,846	53,016
Total expenses	\$ 61,552	\$ 68,465	\$ 182,581	\$ 208,701	\$ 579,957	\$ 552,565	\$ 1,413,509	\$ 1,523,695	\$ 5,531,704	\$ 5,545,333
Surplus (Deficit)	\$ 36,420	\$ 26,053	\$ (180,381)	\$ (207,351)	\$ (356,666)	\$ (330,863)	\$ 833,702	\$ 4,200,247	\$ 1,693,410	\$ 4,700,835

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2011

	Core Government		Controlled Entities		Government Partnerships		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE								
Property taxes	\$ 3,438,378	\$ 2,845,053	\$ -	\$ -	\$ -	\$ -	\$ 3,438,378	\$ 2,845,053
Grants in lieu of taxation	96,964	89,070	-	-	-	-	96,964	89,070
User fees	416,336	394,404	-	-	102,262	97,514	518,598	491,918
Prov of MB - Unconditional Grants	594,623	578,274	-	-	-	-	594,623	578,274
Prov of MB - Conditional Grants	605,585	3,548,102	-	-	68,586	59,619	674,171	3,607,721
Grants - other	260,556	1,398,898	-	-	4,118	2,715	264,674	1,401,613
Permits, licences and fines	30,187	20,275	-	-	-	-	30,187	20,275
Investment income	49,234	41,116	-	-	3,311	1,212	52,545	42,328
Gain (loss) on sale of assets	(3,444)	16,846	-	-	-	-	(3,444)	16,846
Other revenue	198,880	46,141	-	-	42,960	10,644	241,840	56,785
Water and sewer	1,316,578	1,096,285	-	-	-	-	1,316,578	1,096,285
Total revenue	\$ 7,003,877	\$ 10,074,464	\$ -	\$ -	\$ 221,237	\$ 171,704	\$ 7,225,114	\$ 10,246,168
EXPENSES								
Personnel services	\$ 1,555,256	\$ 1,597,719	\$ -	\$ -	\$ 166,838	\$ 154,283	\$ 1,722,094	\$ 1,752,002
Contract services	1,181,203	1,312,146	-	-	139,164	141,394	1,320,367	1,453,540
Utilities	415,265	386,019	-	-	29,349	29,544	444,614	415,563
Maintenance materials and supplies	632,133	790,684	-	-	42,018	45,346	674,151	836,030
Grants and contributions	172,096	174,364	-	-	11,434	14,444	183,530	188,808
Amortization	827,421	674,518	-	-	53,220	53,888	880,641	728,406
Interest on long term debt	109,211	113,388	-	-	1,250	4,580	110,461	117,968
Other	192,828	50,772	-	-	3,018	2,244	195,846	53,016
Total expenses	\$ 5,085,413	\$ 5,099,610	\$ -	\$ -	\$ 446,291	\$ 445,723	\$ 5,531,704	\$ 5,545,333
Surplus (Deficit)	\$ 1,918,464	\$ 4,974,854	\$ -	\$ -	\$ (225,054)	\$ (274,019)	\$ 1,693,410	\$ 4,700,835

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2011

SCHEDULE 6

	2011								
	General	Landfill	Municipality facility	Fire	Utility	Machinery	Highway	Pool/Arena	Town Development
REVENUE									
Investment income	\$ 8,211	\$ 422	\$ 3,997	\$ 4,151	\$ 4,997	\$ 2,721	\$ 5,341	\$ 828	\$ -
Other income									
Total revenue	<u>8,211</u>	<u>422</u>	<u>3,997</u>	<u>4,151</u>	<u>4,997</u>	<u>2,721</u>	<u>5,341</u>	<u>828</u>	<u>-</u>
EXPENSES									
Investment charges									
Other expenses									
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES	8,211	422	3,997	4,151	4,997	2,721	5,341	828	-
TRANSFERS									
Debt repayments									
Transfers from general operating	10,000	10,000	100,000	50,000	-	50,000	10,000	10,000	233,046
Transfers to general operating	-	-	-	-	-	-	-	-	-
Transfers from utility operating					345,000				
Transfers to utility operating									
Acquisition of tangible capital assets									
CHANGE IN RESERVE FUND BALANCES	18,211	10,422	103,997	54,151	349,997	52,721	15,341	10,828	233,046
FUND SURPLUS, BEGINNING OF YEAR	651,362	30,387	286,256	310,380	377,632	196,193	422,236	61,925	-
FUND SURPLUS, END OF YEAR	<u>\$ 669,573</u>	<u>\$ 40,810</u>	<u>\$ 390,254</u>	<u>\$ 364,531</u>	<u>\$ 727,630</u>	<u>\$ 248,915</u>	<u>\$ 437,577</u>	<u>\$ 72,753</u>	<u>\$ 233,046</u>

Town of Neepawa
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2011

SCHEDULE 6

	2011						2010	
	Lagoon	Culvert	Gas Tax	PCH	Mobility	Airport	Total	Total
REVENUE								
Investment income	\$ 83	\$ 850	\$ 4,201	\$ 641	\$ 49	\$ 573	\$ 37,067	\$ 29,734
Other income							-	-
Total revenue	83	850	4,201	641	49	573	37,067	29,734
EXPENSES								
Investment charges							-	-
Other expenses							-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	83	850	4,201	641	49	573	37,067	29,734
TRANSFERS								
Debt repayments							-	-
Transfers from general operating	-	10,000	180,002	-	-	-	663,048	435,002
Transfers to general operating	-	-	(145,000)	-	-	-	(145,000)	(180,395)
Transfers from utility operating	20,000	-	-	-	-	-	365,000	-
Transfers to utility operating	-	-	-	-	-	-	-	(30,075)
Acquisition of tangible capital assets							-	(99,299)
CHANGE IN RESERVE FUND BALANCES	20,083	10,850	39,203	641	49	573	920,116	154,967
FUND SURPLUS, BEGINNING OF YEAR	-	63,653	303,866	51,149	3,924	45,789	2,804,753	2,649,786
FUND SURPLUS, END OF YEAR	\$ 20,083	\$ 74,503	\$ 343,069	\$ 51,790	\$ 3,973	\$ 46,363	\$ 3,724,869	\$ 2,804,753

Town of Neepawa
SCHEDULE OF TRUST FUNDS
Year Ended December 31, 2011

SCHEDULE 7

	<u>Cemetery</u>	<u>Veterans Walk</u>	<u>Total</u>	
			<u>2011</u>	<u>2010</u>
ASSETS				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Portfolio investments	-	-	-	-
Due from Municipality	1,352,278	5,527	1,357,805	1,422,073
	<u>\$ 1,352,278</u>	<u>\$ 5,527</u>	<u>\$ 1,357,805</u>	<u>\$ 1,422,073</u>
LIABILITIES AND FUND BALANCES				
Due to Municipality	\$ -	\$ -	\$ -	\$ -
Fund balance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES				
Contributions, user fees and donations	\$ 31,642	\$ -	\$ 31,642	\$ 34,975
Investment income	30,342	1,271	31,613	21,942
	<u>61,984</u>	<u>1,271</u>	<u>63,255</u>	<u>56,917</u>
EXPENDITURES				
Cemetery maintenance	30,342	-	30,342	21,942
Distribution to beneficiaries	-	-	-	-
Other - paving	-	97,180	97,180	-
	<u>30,342</u>	<u>97,180</u>	<u>127,522</u>	<u>21,942</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	31,642	(95,909)	(64,267)	34,975
FUND BALANCE, BEGINNING OF YEAR				
	<u>1,320,636</u>	<u>101,436</u>	<u>1,422,072</u>	<u>1,387,098</u>
FUND BALANCE, END OF YEAR				
	<u>\$ 1,352,278</u>	<u>\$ 5,527</u>	<u>\$ 1,357,805</u>	<u>\$ 1,422,073</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 264,880	\$ 468,550
	<u>\$ 264,880</u>	<u>\$ 468,550</u>
LIABILITIES		
Temporary borrowing	\$ 1,800,303	\$ -
Water meter deposits	50,545	50,595
Long-term debt (Note 9)	1,581,350	1,671,146
Due to other funds	263,012	2,283,973
	<u>3,695,210</u>	<u>4,005,714</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (3,430,330)</u>	<u>\$ (3,537,164)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 24,522,769	\$ 24,160,899
FUND SURPLUS (DEFICIT)	<u>\$ 21,092,439</u>	<u>\$ 20,623,735</u>

SCHEDULE OF UTILITY OPERATIONS

Year Ended December 31, 2011

	2011 Budget	2011 Actual	2010 Actual
REVENUE			
Water			
Water fees	\$ 964,211	\$ 1,031,744	\$ 808,520
Bulk Water fees	45,000	47,424	55,407
sub-total- water	<u>1,009,211</u>	<u>1,079,168</u>	<u>863,927</u>
Sewer			
Sewer fees	164,440	151,296	148,278
Lagoon tipping fees	4,500	5,212	4,898
sub-total- sewer	<u>168,940</u>	<u>156,508</u>	<u>153,176</u>
Property taxes	<u>533,192</u>	<u>533,192</u>	<u>177,123</u>
Government transfers			
Capital	<u>397,441</u>	<u>397,441</u>	4,450,534
sub-total- government transfers	<u>397,441</u>	<u>397,441</u>	<u>4,450,534</u>
Other			
Hydrant rentals	45,000	45,000	45,000
Connection charges	4,000	26,050	-
Penalties	2,000	4,089	2,027
Other income	3,842	5,763	32,155
sub-total- other	<u>54,842</u>	<u>80,902</u>	<u>79,182</u>
Total revenue	<u>2,163,626</u>	<u>2,247,211</u>	<u>5,723,942</u>

Town of Neepawa
SCHEDULE OF UTILITY OPERATIONS (cont'd)
Year Ended December 31, 2011

SCHEDULE 9

EXPENSES	Budget	2010	2009
General			
Administration	33,900	27,878	24,210
Billing and collection	351,200	323,292	277,992
sub-total- general	<u>385,100</u>	<u>351,170</u>	<u>302,202</u>
Water General			
Purification and treatment	404,200	223,226	351,206
Transmission and distribution	78,500	39,731	200,440
Connection costs	22,500	18,205	14,814
sub-total- water general	<u>505,200</u>	<u>281,162</u>	<u>566,460</u>
Water Amortization & Interest			
Amortization	522,210	522,210	295,774
Interest on long term debt	87,327	87,327	90,324
sub-total- water amortization & interest	<u>609,537</u>	<u>609,537</u>	<u>386,098</u>
Sewer General			
Collection system costs	74,370	60,809	89,078
Treatment and disposal cost	8,000	4,609	4,240
Lift Station costs	25,000	17,778	17,527
sub-total- sewer general	<u>107,370</u>	<u>83,196</u>	<u>110,845</u>
Sewage Amortization & Interest			
Amortization	88,442	88,442	158,090
sub-total- sewer amortization & interest	<u>88,442</u>	<u>88,442</u>	<u>158,090</u>
Total expenses	<u>1,695,649</u>	<u>1,413,507</u>	<u>1,523,695</u>
NET OPERATING SURPLUS	467,977	833,704	4,200,247
TRANSFERS			
Transfers from (to) reserve funds	-	(365,000)	(45,000)
Transfer for capital purposes from reserve funds	-	-	129,373
CHANGE IN UTILITY FUND BALANCE	<u>\$ 467,977</u>	468,704	4,284,620
FUND SURPLUS, BEGINNING OF YEAR (Note 19)		<u>20,623,735</u>	<u>16,339,115</u>
FUND SURPLUS, END OF YEAR		<u>\$ 21,092,439</u>	<u>\$ 20,623,735</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2011

	<u>Financial Plan General</u>	<u>Financial Plan Utility(ies)</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Long Term Accruals</u>	<u>Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE								
Property taxes	\$ 3,296,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,296,205
Grants in lieu of taxation	96,964	-	-	-	-	-	-	96,964
User fees	321,725	-	-	-	-	-	102,262	423,987
Grants - Province of Manitoba	821,131	-	397,441	-	-	-	68,586	1,287,158
Grants - other	180,002	-	-	-	-	-	4,118	184,120
Permits, licences and fines	19,830	-	-	-	-	-	-	19,830
Investment income	39,000	-	-	-	-	-	3,311	42,311
Other revenue	18,000	-	25,000	-	-	-	42,960	85,960
Water and sewer	-	1,232,993	-	-	-	-	-	1,232,993
Transfers from accumulated surplus	596,083	-	-	-	(596,083)	-	-	-
Transfers from General	-	406,368	-	-	(406,368)	-	-	-
Transfers from reserves	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 5,388,940</u>	<u>\$ 1,639,361</u>	<u>\$ 422,441</u>	<u>\$ -</u>	<u>\$ (1,002,451)</u>	<u>\$ -</u>	<u>\$ 221,237</u>	<u>\$ 6,669,528</u>
EXPENSES								
General government services	\$ 716,986	\$ -	\$ 34,890	\$ 20,118	\$ 9,110	\$ -	\$ 7,650	\$ 788,754
Protective services	827,961	-	72,990	-	-	-	77,530	978,481
Transportation services	841,250	-	65,257	-	-	-	-	906,507
Environmental health services	421,100	-	37,761	1,222	-	147,625	-	607,708
Public health and welfare services	219,950	-	10,524	-	-	-	-	230,474
Regional planning and development	25,000	-	-	-	-	-	40,149	65,149
Resource cons and industrial dev	190,636	-	7,328	-	-	-	35,660	233,624
Recreation and cultural services	454,718	-	41,239	28	-	-	34,632	530,617
Water and sewer services	-	997,670	610,652	87,327	-	-	-	1,695,649
Fiscal services:								
Transfer to capital	560,235	170,323	(730,558)	-	-	-	-	-
Debt charges	265,506	406,368	-	(671,874)	-	-	-	-
Short term interest	20,118	-	-	(20,118)	-	-	-	-
Transfer to Utility	406,368	-	-	-	(406,368)	-	-	-
Transfer to reserves	430,002	65,000	-	-	(495,002)	-	-	-
Allowance for tax assets	9,110	-	-	-	(9,110)	-	-	-
Total expenses	<u>\$ 5,388,940</u>	<u>\$ 1,639,361</u>	<u>\$ 150,083</u>	<u>\$ (583,297)</u>	<u>\$ (901,370)</u>	<u>\$ 147,625</u>	<u>\$ 195,621</u>	<u>\$ 6,036,963</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,358</u>	<u>\$ 583,297</u>	<u>\$ (101,081)</u>	<u>\$ (147,625)</u>	<u>\$ 25,616</u>	<u>\$ 632,565</u>

Town of Neepawa
ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2011

SCHEDULE 11

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 267,027	\$ 329,533
Add:		
Tax levy (Schedule 12)	4,900,686	4,375,595
Taxes added	185,464	79,470
Penalties or interest	38,231	39,847
Other accounts added	16,691	1,483
Refunds	13,605	11,099
Tax Adjustments - tax sale costs	-	5,888
Sub-total	<u>5,154,677</u>	<u>4,513,382</u>
Deduct:		
Cash collections	4,274,011	3,935,959
Writeoffs	4,044	1,523
Tax discounts	-	11,943
M.P.T.C. - cash advance	684,440	626,463
Sub-total	<u>4,962,495</u>	<u>4,575,888</u>
Balance, end of year	<u><u>\$ 459,210</u></u>	<u><u>\$ 267,027</u></u>

Town of Neepawa
ANALYSIS OF TAX LEVY
Year Ended December 31, 2011

SCHEDULE 12

	2011			2010
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D. General & Utility	99,562,054	1.86	185,185	184,615
				-
At large	111,076,320	4.27	474,296	124,458
General municipal	95,887,290	22.50	2,157,464	2,055,397
Reserves:				
Various	95,887,290	2.58	247,389	207,701
Special levies:				
Whitemud watershed	17,543,700	0.51	8,947	8,890
Scavenging	-	-	135,990	139,355
Cable Fees - unbudgeted			5,412	5,319
Rounding			(1)	1
Total municipal taxes (Schedule 2)			3,214,683	2,725,736
Education support levy	26,032,190	12.33	320,977	312,553
Special levy:				
Beautiful Plains SD #31	83,898,380	16.27	1,365,027	1,337,306
Total education taxes			1,686,004	1,649,859
			\$ 4,900,686	\$ 4,375,595

Town of Neepawa
ANALYSIS OF SCHOOL ACCOUNTS
 Year Ended December 31, 2011

SCHEDULE 13

	2011				2010
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 13,742	\$ 344,175	\$ (344,151)	\$ 13,766	\$ 13,742
Special levies					
Beautiful Plains SD #31	<u>34,594</u>	<u>1,423,581</u>	<u>(1,424,515)</u>	<u>33,660</u>	<u>34,594</u>
Total	<u><u>\$ 48,336</u></u>	<u><u>\$ 1,767,756</u></u>	<u><u>\$ (1,768,666)</u></u>	<u><u>\$ 47,426</u></u>	<u><u>\$ 48,336</u></u>

SCHEDULE OF GENERAL OPERATING EXPENSES
Year Ended December 31, 2011

	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
General government services:		
Legislative	\$ 66,305	\$ 68,693
General administrative	430,417	456,258
Other	289,918	315,139
	<u>786,640</u>	<u>840,089</u>
Protective services:		
Police	511,839	500,984
Fire	189,307	212,445
Emergency measures	48,264	43,775
Other protection	77,904	91,847
	<u>827,314</u>	<u>849,052</u>
Transportation services:		
Road transport		
Administration and engineering	132,883	131,983
Road and street maintenance	572,528	580,800
Street lighting	69,131	69,975
Other	6,261	7,262
Air transport	26,955	27,341
	<u>807,758</u>	<u>817,361</u>
Environmental health services:		
Waste collection and disposal	594,355	375,843
	<u>594,355</u>	<u>375,843</u>
Public health and welfare services:		
Public health	189,812	194,689
Social assistance	13,167	13,167
	<u>202,979</u>	<u>207,856</u>
Regional planning and development		
Planning and zoning	16,500	17,224
Urban area weed control	4,203	4,106
Other	700	665
	<u>21,403</u>	<u>21,995</u>
Resource conservation and industrial development		
Drainage of land	9,151	8,925
Veterinary services	7,860	7,860
Regional development	126,981	158,531
Other	2,930	2,930
	<u>146,923</u>	<u>178,247</u>
Recreation and cultural services:		
Community centers and halls	122,895	113,930
Swimming pools and beaches	156,422	121,276
Skating and curling rinks	73,000	73,000
Parks and playgrounds	57,130	76,220
Other recreational facilities	70,605	74,403
Libraries	37,771	32,576
Other cultural facilities	27,500	30,981
	<u>545,323</u>	<u>522,385</u>
Total expenses	<u><u>3,932,695</u></u>	<u><u>3,812,828</u></u>

SCHEDULE OF DEBENTURES PENDING

Year Ended December 31, 2011

Authority	Purpose	Source of Funds	Authorized	Expended
B/L 3088	Water Treatment Plant Upgrade & Water Supply Line	Own funds	\$ 3,700,000	\$ 2,158,114
			<u>\$ 3,700,000</u>	<u>\$ 2,158,114</u>

Town of Neepawa

SCHEDULE 16

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2011

	General	2011 Utility	Total	2010 Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ -	\$ 107,824	\$ 107,824	\$ 60,563
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - capital grants and other revenue	-	397,441	397,441	4,319,664
Increase expense - net book value of assets disposed of	(3,715)	-	(3,715)	(25,589)
Increase expense - amortization of tangible capital assets	(216,769)	(610,652)	(827,421)	(674,518)
Eliminate expense - acquisitions of tangible capital assets	411,793	128,225	540,018	732,052
Reserve:				
Increase revenue - reserve funds interest	37,068	-	37,068	29,734
Eliminate expense - transfers to reserves	663,048	365,000	1,028,048	435,002
Eliminate revenue - transfers from reserves to operating funds	(145,000)	-	(145,000)	(309,769)
Deferred Revenue:				
Eliminate revenue - increase in deferred revenue - Gas Tax	(39,252)	-	(39,252)	(31,578)
Eliminate revenue - increase in deferred revenue - Handi Van	-	-	-	(40)
Other:				
Eliminate expense - principal portion of long term debt	116,798	445,864	562,662	202,417
	823,971	833,702	1,657,673	4,737,938
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	35,737	-	35,737	(37,103)
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 859,708	\$ 833,702	\$ 1,693,410	\$ 4,700,835