

**MUNICIPALITY OF NORTH CYPRESS-
LANGFORD**

**Consolidated Financial Statements
For the Year Ended December 31, 2016**

STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the Municipality of North Cypress-Langford and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants Canada.

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

The Council is composed of individuals who are neither management nor employees of the Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP as the Municipality's appointed external auditors, have audited the consolidated financial statements. The Auditors' Report is addressed to the Reeve 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 public sector accounting standards.

Sandra Jones, CMAA
Chief Administrative Officer



INDEPENDENT AUDITORS' REPORT

To the Reeve and members of Council of the
MUNICIPALITY OF NORTH CYPRESS-LANGFORD

We have audited the accompanying consolidated financial statements of the Municipality of North Cypress-Langford, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net financial assets, cash flows and supporting schedules for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of North Cypress-Langford as at December 31, 2016, and the results of its consolidated operations, change in net financial assets, cash flows and supporting schedules for the year ended December 31, 2016 in accordance with Canadian Public Sector Accounting Standards.

May 14, 2018
Brandon, Manitoba

A stylized, handwritten-style signature of 'MNP LLP' in a dark grey or black ink.

Chartered Professional Accountants

MUNICIPALITY OF NORTH CYPRESS-LANGFORD

Consolidated Financial Statements

For the Year Ended December 31, 2016

Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	19
Schedule 2 - Consolidated Schedule of Revenues	20
Schedule 3 - Consolidated Schedule of Expenses	21
Schedule 4 - Consolidated Statement of Operations by Program	23
Schedule 5 - Consolidated Details and Reconciliation to Core Government Results	25
Schedule 6 - Schedule of Change in Reserve Fund Balances	26
Schedule 7 - Schedule of Trust Funds	29
Schedule 8 - Schedule of Financial Position for Utility	30
Schedule 9 - Schedule of Utility Operations	31
Schedule 10 - Reconciliation of the Financial Plan to the Budget	33
Schedule 11 - Analysis of Taxes on Roll	34
Schedule 12 - Analysis of Tax Levy	35
Schedule 13 - Analysis of School Accounts	36
Schedule 14 - Schedule of General Operating Fund Expenses	37
Schedule 15 - Schedule of L.U.D. Operations	39
Schedule 16 - Schedule of Debentures Pending	40
Schedule 17 - Reconciliation of Annual Surplus (Deficit)	41

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 4,841,055	\$ 4,607,004
Amounts receivable (Note 4)	1,300,319	1,283,399
Loans and advances	37,488	28,116
Real estate properties held for sale	9,071	9,071
Other inventories for sale (Note 5)	3,480	3,480
	\$ 6,191,413	\$ 5,931,070
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 767,879	\$ 585,191
Deferred revenue	66,336	64,017
Landfill closure and post closure liabilities (Note 7)	4,419	4,227
Long-term debt (Note 8)	161,140	282,910
	999,774	936,345
	\$ 5,191,639	\$ 4,994,725
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 10,971,876	\$ 11,008,766
Inventories (Note 5)	273,712	105,825
Prepaid expenses	57,941	86,197
	11,303,529	11,200,788
	\$ 16,495,168	\$ 16,195,513

COMMITMENTS (NOTE 9)

Approved on behalf of Council:

Reeve

Councillor

The accompanying notes are an integral part of these consolidated financial statements

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016**

	2016 Budget (Note 13)	2016 Actual	2015 Actual
REVENUE			
Property taxes	\$ 2,883,821	\$ 2,882,807	\$ 2,823,001
Grants in lieu of taxation	582,206	583,739	643,616
User fees	547,187	553,112	583,624
Permits, licences and fines	36,036	35,536	35,642
Investment income	51,208	79,812	64,944
Other revenue	68,171	155,874	137,760
Water and sewer	100,500	148,812	96,407
Grants - Province of Manitoba	429,427	321,808	263,520
Grants - other	84,423	238,797	272,630
Total revenue (Schedules 2, 4 and 5)	<u>4,782,979</u>	<u>5,000,297</u>	<u>4,921,144</u>
EXPENSES			
General government services	633,365	555,687	639,742
Protective services	141,893	158,279	129,619
Transportation services	1,864,380	2,012,240	2,086,822
Environmental health services	360,045	377,782	320,682
Public health and welfare services	113,477	112,858	115,868
Regional planning and development	59,460	59,360	64,965
Resource conservation and industrial development	283,285	281,224	196,986
Recreation and cultural services	837,938	987,858	772,724
Water and sewer services	111,390	155,354	199,178
Total expenses (Schedules 3, 4 and 5)	<u>4,405,233</u>	<u>4,700,642</u>	<u>4,526,586</u>
ANNUAL SURPLUS	<u>\$ 377,746</u>	299,655	394,558
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>16,195,513</u>	<u>15,800,955</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 16,495,168</u>	<u>\$ 16,195,513</u>

The accompanying notes are an integral part of these consolidated financial statements

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual
ANNUAL SURPLUS	\$ 377,746	\$ 299,655	\$ 394,558
Acquisition of tangible capital assets	(325,000)	(700,196)	(954,835)
Amortization of tangible capital assets	501,617	501,617	482,709
Gain on sale of tangible capital assets	-	(10,588)	(9,605)
Proceeds on sale of tangible capital assets	-	36,548	245,250
Change in ownership of gov't partnerships	-	209,509	2,528
Increase in inventories	-	(167,887)	(15,850)
Decrease (increase) in prepaid expense	-	28,256	(53,531)
	<u>176,617</u>	<u>(102,741)</u>	<u>(303,334)</u>
CHANGE IN NET FINANCIAL ASSETS	\$ 554,363	196,914	91,224
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>4,994,725</u>	<u>4,903,501</u>
NET FINANCIAL ASSETS, END OF YEAR		<u><u>\$ 5,191,639</u></u>	<u><u>\$ 4,994,725</u></u>

The accompanying notes are an integral part of these consolidated financial statements

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	2016	2015
OPERATING TRANSACTIONS		
Annual surplus	\$ 299,655	\$ 394,558
Changes in non-cash items:		
Amounts receivable	(16,920)	(331,141)
Inventories	(167,887)	(15,850)
Prepays	28,256	(53,531)
Accounts payable and accrued liabilities	182,688	292,901
Deferred revenue	2,319	22,030
Landfill closure and post closure liabilities	192	533
Change in ownership of gov't partnerships	119,521	2,528
Loss (Gain) on sale of tangible capital asset	(10,588)	(9,605)
Amortization	501,617	482,709
Cash provided by operating transactions	<u>938,853</u>	<u>785,132</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	36,548	245,250
Cash used to acquire tangible capital assets	<u>(700,196)</u>	<u>(954,835)</u>
Cash applied to capital transactions	<u>(663,648)</u>	<u>(709,585)</u>
INVESTING TRANSACTIONS		
Loans and advances issued	-	<u>(28,116)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(41,154)</u>	<u>(54,973)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	234,051	(7,542)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>4,607,004</u>	<u>4,614,546</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 4,841,055</u>	<u>\$ 4,607,004</u>

The accompanying notes are an integral part of these consolidated financial statements

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

1. Status of the Municipality of North Cypress-Langford

The incorporated Municipality of North Cypress-Langford is a municipality that was established as of January 1, 2015 pursuant to The Municipal Amalgamations Act. The "Municipality of North Cypress-Langford" reflects the amalgamation of the former "Rural Municipality of North-Cypress" and the "Rural Municipality of Langford". The Municipality provides or funds municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations. The Municipality also owns one utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenue 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. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Municipality. Inter-fund and inter-company balances and transactions have been eliminated. There are no controlled entities.

The Municipality has several partnership agreements in place, and as such, consistent with Canadian public sector accounting standards for government partnerships, the following local agencies, boards and commissions are accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenses are combined on a line by line basis in the consolidated financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Carberry Community Memorial Hall (50%) (2015 – 50%)
Carberry Plains Archives (50%) (2015 – 50%)
Carberry Plains Arts Council (50%) (2015 – 50%)
Carberry Plains Community Centre Capital Fund (50%) (2015 - 50%)
Carberry Plains Community Centre Operating Fund (50%) (2015 - 50%)
Carberry Plains Cemetery Inc. (25%) (2015 - 25%)
Carberry Plains Cultural Centre - Museum (50%) (2015 - 50%)
Carberry Plains Service for Seniors (50%) (2015 - 50%)
Carberry Handi-Van Service (50%) (2015 - 50%)
The Cypress Planning District (41.46%) (2015 - 41.46%)
Evergreen Environmental Technologies Ltd. (21.25%) (2015 - 21.25%)
Western Manitoba Regional Library (3.54%) (2015 - 3.54%)
Neepawa Area Development Corporation Ltd. (0%) (2015 - 25%)
Beautiful Plains County Court (0%) (2015 - 33.33%)
Neepawa & District Disabled Persons Association Inc. (0%) (2015 - 10%)

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these consolidated financial statements.

Trust funds and their related operations administered by the Municipality are not consolidated in these consolidated 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.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

2. Significant Accounting Policies (continued)

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) Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the statement of financial position date.

f) 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.

g) 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 revenue over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

2. Significant Accounting Policies (continued)

h) 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. 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 internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 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 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 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.

i) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at the lower of cost and replacement value.

j) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

2. Significant Accounting Policies (continued)

k) Measurement Uncertainty

Estimates are used to accrue revenue and expenses in circumstances where the actual accrued revenue is unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated 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.

Measurement uncertainty in these consolidated financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the consolidated 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.

l) Recent Accounting Pronouncements

Related Party Disclosures (PS 2200)

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures. This new Section defines related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

Contingent Assets (PS 3320)

In June 2015, new PS 3320 *Contingent Assets* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

2. Significant Accounting Policies (continued)

l) Recent Accounting Pronouncements (continued)

Contractual Rights (PS 3380)

In June 2015, new PS 3380 *Contractual Rights* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Inter-entity Transactions (PS 3420)

In March 2015, the Public Sector Accounting Board (PSAB) issued new PS 3420 *Inter-entity Transactions*. The new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 *Related Party Disclosures*.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	2016	2015
Cash	\$ 4,772,147	\$ 4,571,230
Temporary investments	68,908	35,774
	\$ 4,841,055	\$ 4,607,004

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Municipality has designated \$3,163,766 (2015 - \$2,904,651) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances. Included in the reserve is cash of \$3,163,766 (2015 - \$2,904,651).

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	2016	2015
Taxes on roll (Schedule 11)	\$ 209,073	\$ 203,976
Government grants	192,499	145,602
Utility customers	43,945	29,600
Accrued interest	33,703	260
Organizations and individuals	253,270	258,384
Other governments	591,831	688,581
	1,324,321	1,326,403
Less allowances for doubtful amounts	(24,002)	(43,004)
	\$ 1,300,319	\$ 1,283,399

5. Inventories

Inventories for sale:

	2016	2015
History books	\$ 3,480	\$ 3,480

Inventories for use:

	2016	2015
Fuel	\$ 10,671	\$ -
Aggregate	247,104	105,825
Other supplies	15,937	-
	\$ 273,712	\$ 105,825

6. Accounts Payable and Accrued Liabilities

	2016	2015
Accounts payable	\$ 547,926	\$ 523,304
Accrued expenses	71,938	56,019
Accrued interest payable	-	-
School levies (Schedule 13)	3,515	-
Other governments	144,500	5,868
	\$ 767,879	\$ 585,191

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

7. Landfill Closure and Post Closure Liabilities

Operating Landfill Site

Evergreen Environmental Technologies Ltd. is currently operating a Class 1 landfill site in the Rural Municipality of Minto-Odanah. 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.

	2016	2015
Estimated closure and post closure costs over the next 78 years	\$ 677,680	\$ 677,680
Discount rate	6.00%	6.00%
Discounted costs	\$ 28,406	\$ 29,266
Expected year capacity will be reached	2094	2094
Capacity (in tonnes):		
Used to date	19,337	17,956
Remaining	104,975	106,356
Total	<u>124,312</u>	<u>124,312</u>
Percent utilized	<u>15.56%</u>	<u>14.44%</u>
Liability based on percentage	\$ 4,419	\$ 4,227

8. Long-Term Debt

General Authority:

Loan payable to facilitate the purchase of the building and equipment for a community owned medical clinic. The loan bears no interest and there are no specific terms of repayment.

	\$ -	\$ 78,224
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Term promissory note with Beautiful Plains Credit Union, interest at prime plus 1% payable at \$827 annually, maturing April 2019.

	-	2,392
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Bank of Montreal Inc., loan with annual payments of \$30,512, interest at a rate of 3.70%. Secured by a GSA, matures December 2021.

	136,987	161,522
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Minnedosa Credit Union Ltd., loan with blended monthly payments of \$1,488, interest at a rate of 4.00%. Secured by GSA, John Deere Skid Steer, and John Deere Excavator, matures April 2018. Evergreen Environmental Technologies Ltd.

	<u>24,153</u>	<u>40,772</u>
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	<u>\$ 161,140</u>	<u>\$ 282,910</u>
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Principal payments required in each of the next five years are as follows:

	2017		\$ 42,691
	2018		\$ 33,291
	2019		\$ 27,361
	2020		\$ 28,374
	2021		\$ 29,423

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

9. Commitments

The Municipality has entered into a contract to begin February 2016 regarding a development plan review. This contract will result in total fees of \$11,816 to be paid as the study is completed by end of 2017. The province will provide further funding for this project up to a maximum of \$7,090.

The Municipality has made a commitment to fund up to \$42,500 to support the Southwestern Manitoba Zero Waste System project in partnership with the Rural Municipality of Minto-Odanah, Celtic Power and Eco West. The continuation of the project is subject to funding received from the Federal Government. No funding has been provided towards the Southwestern Manitoba Zero Waste System project during 2016 or as of the audit report date.

The Municipality has leased premises at an annual rental amount of \$8,372 (2015 - \$7,988) for a five year term ending December 31, 2020.

10. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$132,903 (2015 - \$136,790) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2015 indicated the plan was 96.1% funded on a going concern basis and had an unfunded solvency liability of \$251.7 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2015.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

11. 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 values of these financial instruments approximate their carrying values.

12. Soil Farm Payable

The payable is set up to pay the Rural Municipality of Minto-Odanah 20% of the profits of the completed soil farm projects, as per the signed agreement. During the year the projects that were completed had a total profit of \$5,958 (2015 - \$0) which resulted in a payable of \$1,192 (2015 - \$0).

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

13. 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 consolidated financial statements have been approved by Council.

The reconciliation between the financial plan and the budget figures used in these consolidated statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

14. Accumulated Surplus

Accumulated surplus consists of the following:

	2016	2015
General operating fund - Nominal surplus	\$ 1,620,405	\$ 1,696,304
Utility operating fund - Nominal surplus	(38,216)	(42,564)
TCA net of related borrowings	10,436,081	10,223,770
Reserve funds	<u>3,163,766</u>	<u>2,904,651</u>
Accumulated surplus of municipality	15,182,036	14,782,161
Accumulated surpluses of consolidated	<u>1,313,132</u>	<u>1,413,352</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 16,495,168</u>	<u>\$ 16,195,513</u>

15. 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, 2016:

- a) Compensation paid to members of council amounted to \$76,224 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Reeve - Bob Adriaansen	\$ 13,078	\$ 5,503	\$ 18,581
Deputy Reeve - Ray Drayson	10,472	1,678	12,150
Councillor - Norm Campbell	11,459	1,992	13,451
Councillor - Harold Tolton	9,815	2,631	12,446
Councillor - Fred Jackson	9,817	2,696	12,513
Councillor - Don Hockin	10,782	2,617	13,399
Councillor - Gerond Davidson	10,801	4,279	15,080
	<u>\$ 76,224</u>	<u>\$ 21,396</u>	<u>\$ 97,620</u>

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

Name	Position	Amount
Leon Chandler	Foreman	\$ 58,985
Keith Loney	Manager	\$ 52,619
Greg Kuyp	Operator	\$ 53,286

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

16. Segmented Information

The Municipality of North Cypress-Langford provides a wide ranges of services to its residents.

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

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

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

17. Government Partnerships

The municipality has several partnership agreements for municipal services. The consolidated financial statements include the municipality's proportionate interest, as disclosed in note 2(a). The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	2016	2015
Financial Position		
Financial assets	\$ 646,821	\$ 951,107
Financial liabilities	<u>(265,452)</u>	<u>162,933</u>
Net financial assets	\$ 912,273	\$ 788,174
Non-financial assets	<u>400,859</u>	<u>625,178</u>
Accumulated surplus	<u>\$ 1,313,132</u>	<u>\$ 1,413,352</u>
Result of Operations		
Revenues	\$ 503,521	\$ 608,127
Expenses	<u>603,741</u>	<u>507,176</u>
Annual surplus (deficit)	<u>\$ (100,220)</u>	<u>\$ 100,951</u>

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.

No capital grants have been deferred and amortized in these financial statements.

Water services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water Supply Pipeline	\$ 479,667	<u>\$ 12,144</u>	<u>\$ 14,649</u>	<u>\$ 477,162</u>

19. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2016**

Cost	General Capital Assets		Infrastructure		Totals	
	2016	2015	2016	2015	2016	2015
Opening costs	2,798,283	3,192,138	4,708,587	47,386	53,785	14,262,001
Additions during the year	-	6,133	622,687	311	71,065	-
Transfer during the year	-	-	24,434	-	(24,434)	-
Disposals and write downs	(11,250)	(217,294)	(79,115)	379	(29,351)	-
Closing costs	2,787,033	2,980,977	5,276,593	48,076	71,065	14,262,001
Accumulated Amortization	263,697	1,065,763	1,968,141	44,106	-	11,691,951
Amortization	49,434	68,269	333,712	1,474	-	20,838
Disposals and write downs	-	(39,783)	(61,742)	363	-	-
Closing accm'd amortization	313,131	1,094,249	2,240,111	45,943	-	11,712,789
Net Book Value of Tangible Capital Assets	2,473,902	1,886,728	3,036,482	2,133	71,065	2,549,212
Opening costs	26,456,690	26,456,690	1,394,510	1,394,510	1,394,510	1,394,510
Additions during the year	-	700,196	-	-	-	-
Transfer during the year	-	-	-	-	-	-
Disposals and write downs	(336,631)	(336,631)	-	-	-	-
Closing costs	26,820,255	26,820,255	1,394,510	1,394,510	1,394,510	1,394,510
Accumulated Amortization	15,148,525	15,447,924	414,266	44,106	-	11,691,951
Amortization	49,434	68,269	333,712	1,474	-	20,838
Disposals and write downs	-	(39,783)	(61,742)	363	-	-
Closing accm'd amortization	313,131	1,094,249	2,240,111	45,943	-	11,712,789
Net Book Value of Tangible Capital Assets	10,971,876	10,971,876	952,354	2,133	71,065	2,549,212

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2016**

SCHEDULE 2

	2016 Actual	2015 Actual
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 2,845,288	\$ 2,689,358
Taxes added	37,519	133,643
	<u>2,882,807</u>	<u>2,823,001</u>
Grants in lieu of taxation		
Federal government	531,586	589,935
Federal government enterprises	-	-
Provincial government	5,423	5,592
Provincial government enterprises	17,960	18,759
Other local governments	-	-
Non-government organizations	28,770	29,330
	<u>583,739</u>	<u>643,616</u>
User fees		
Parking meters	-	-
Sales of service	292,259	320,549
Sales of goods	15,878	12,771
Rentals	48,418	64,326
Development charges	-	-
Facility use fees	196,557	185,978
	<u>553,112</u>	<u>583,624</u>
Permits, licences and fines		
Permits	34,256	29,632
Licences	-	-
Fees	1,216	5,855
Fines	64	155
	<u>35,536</u>	<u>35,642</u>
Investment income		
Cash and temporary investments	79,812	64,944
Marketable securities	-	-
Municipal debentures	-	-
Other	-	-
	<u>79,812</u>	<u>64,944</u>
Other revenue		
Gain on sale of tangible capital assets	10,588	9,605
Gain on sale of real estate held for sale	2,731	12,779
Contributed assets	-	-
Penalties and interest	28,056	28,821
Miscellaneous	114,499	86,555
	<u>155,874</u>	<u>137,760</u>
Water and sewer		
Municipal utility (Schedule 9)	148,812	96,407
Consolidated water co-operatives	-	-
	<u>148,812</u>	<u>96,407</u>
Grants - Province of Manitoba		
General assistance payment	104,182	104,182
General support grant	-	-
Municipal program grants	48,049	48,049
Other unconditional grants	-	-
Conditional grants	169,577	111,289
	<u>321,808</u>	<u>263,520</u>
Grants - other		
Federal government - gas tax funding	141,874	115,390
Federal government - other	432	53,635
Other local governments	96,491	103,605
	<u>238,797</u>	<u>272,630</u>
Total revenue	<u>\$ 5,000,297</u>	<u>\$ 4,921,144</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2016

SCHEDULE 3

	2016 Actual	2015 Actual
General government services		
Legislative	\$ 103,107	\$ 97,760
General administrative	374,423	422,549
Other	78,157	119,433
	<u>555,687</u>	<u>639,742</u>
Protective services		
Police	4,294	4,161
Fire	135,076	100,818
Emergency measures	12,972	11,638
Other	5,937	13,002
	<u>158,279</u>	<u>129,619</u>
Transportation services		
Road transport		
Administration and engineering	1,561	4,237
Road and street maintenance	1,896,533	1,949,711
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	-	-
Street lighting	9,047	7,450
Other	70,030	95,576
Air transport	-	-
Public transit	35,069	29,848
Other	-	-
	<u>2,012,240</u>	<u>2,086,822</u>
Environmental health services		
Waste collection and disposal	370,513	315,010
Recycling	7,269	5,672
Other	377,782	320,682
	<u>109,775</u>	<u>115,557</u>
Public health and welfare services		
Public health	-	-
Medical care	3,083	311
Social assistance	-	-
Other	112,858	115,868
	<u>59,360</u>	<u>64,965</u>
Regional planning and development		
Planning and zoning	-	-
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	<u>59,360</u>	<u>64,965</u>
Resource conservation and industrial development		
Rural area weed control	24,408	28,492
Drainage of land	-	-
Veterinary services	2,180	2,180
Water resources and conservation	47,580	44,320
Regional development	185,466	106,319
Industrial development	-	-
Tourism	-	-
Other	21,590	15,675
	<u>281,224</u>	<u>196,986</u>
Sub-totals forward	<u>3,557,430</u>	<u>3,554,684</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2016

SCHEDULE 3

	2016 Actual	2015 Actual
Sub-totals forward	3,557,430	3,554,684
Recreation and cultural services		
Administration	233,182	62,490
Community centers and halls	35,447	36,348
Swimming pools and beaches	-	-
Golf courses	2,000	3,000
Skating and curling rinks	252,719	246,632
Parks and playgrounds	217,630	218,304
Other recreational facilities	61,153	61,045
Museums	5,587	10,854
Libraries	72,025	77,812
Other cultural facilities	108,115	56,239
	987,858	772,724
Water and sewer services		
Municipal utility (Schedule 9)	155,354	199,178
Consolidated water co-operatives	-	-
	155,354	199,178
Total expenses	\$ 4,700,642	\$ 4,526,586

MUNICIPALITY OF NORTH CYPRESS-LANGFORD

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2016

	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	General Government*	Protective Services	Transportation Services	Environmental Health Services	Public Health and Welfare Services					
REVENUE										
Property taxes	\$ 2,882,807	\$ -	\$ -	\$ -	\$ -					
Grants in lieu of taxation	583,739	643,616	-	-	-					
User fees	9,110	13,412	-	-	-					
Grants - other	12,500	-	-	190,970	20,334					
Permits, licences and fines	-	-	-	190,956	20,334					
Investment income	34,938	36,045	-	-	3,500					
Other revenue	80,638	89,069	2,356	834	1,136					
Water and sewer	-	1,007	10,815	888	2,315					
Prov of MB - Unconditional Grants	152,231	-	-	-	-					
Prov of MB - Conditional Grants	18,000	3,000	75,488	-	-					
Total revenue	\$ 3,773,963	\$ 21,151	\$ 388,129	\$ 232,684	\$ 45,732					
	\$ 3,794,043	\$ 31,371	\$ 356,250	\$ 213,340	\$ 40,934					
EXPENSES										
Personnel services	\$ 191,744	\$ -	\$ 503,406	\$ 91,520	\$ 22,104					
Contract services	250,133	100,462	915,913	168,447	20,933					
Utilities	6,628	8,567	21,309	7,459	861					
Maintenance materials and supplies	14,500	12,924	266,998	30,444	6,195					
Grants and contributions	22,339	18,669	4,325	23,651	6,805					
Amortization	7,002	24,842	297,937	29,780	8,096					
Interest on long term debt	-	11,481	288,797	31,243	17,092					
Other	63,341	5,114	2,352	1,298	44,317					
Total expenses	\$ 555,687	\$ 639,742	\$ 2,012,240	\$ 377,782	\$ 112,858					
	\$ 3,154,301	\$ (137,128)	\$ (1,624,111)	\$ (145,098)	\$ (67,126)					
Surplus (Deficit)	\$ 3,218,276	\$ (137,128)	\$ 2,086,822	\$ (145,098)	\$ 115,868					
	\$ 3,154,301	\$ (98,248)	\$ (1,730,572)	\$ (107,342)	\$ (74,934)					

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 For the Year Ended December 31, 2016

	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	-	-	-	-	-	-	-	-	-	-
User fees	-	-	-	-	-	-	-	-	-	-
Grants - other	-	35,517	30,406	112,538	-	-	-	-	583,739	643,616
Permits, licences and fines	11,650	11,650	55,510	61,882	64,798	61,882	-	-	553,112	583,624
Investment income	1,085	905	306	6,256	12,332	213	-	-	238,797	272,630
Other revenue	-	-	-	8,105	59,507	1,962	-	-	64,944	64,944
Water and sewer	-	-	-	-	-	-	-	-	137,760	137,760
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	155,874	152,231
Prov of MB - Conditional Grants	3,545	-	163	37,948	57,544	-	-	-	152,231	152,231
Total revenue	\$ 50,536	\$ 47,984	\$ 35,517	\$ 111,911	\$ 301,302	\$ 226,942	\$ 151,283	\$ 98,369	\$ 5,000,297	\$ 4,921,144
EXPENSES										
Personnel services	\$ 32,212	\$ 33,543	\$ 20,339	\$ 58,320	\$ 254,072	\$ 248,420	\$ 5,000	\$ 5,000	\$ 1,120,397	\$ 1,139,504
Contract services	6,522	6,012	28,037	39,635	137,162	50,385	1,047	53,794	1,629,001	1,680,207
Utilities	1,255	1,001	372	5,252	50,126	53,825	2,160	4,336	94,923	104,909
Maintenance materials and supplies	6,349	4,715	227	14,375	75,481	64,655	119,257	108,797	542,214	542,559
Grants and contributions	11,649	29,163	47,124	48,375	376,480	269,456	-	-	470,013	387,035
Amortization	-	-	15,517	16,676	54,332	51,397	27,890	27,251	501,617	482,709
Interest on long term debt	-	-	6,073	6,949	-	-	-	-	7,371	9,360
Other	1,373	(9,469)	163,535	7,404	40,205	34,586	-	-	335,106	180,303
Total expenses	\$ 59,360	\$ 64,965	\$ 281,224	\$ 196,986	\$ 987,858	\$ 772,724	\$ 155,354	\$ 199,178	\$ 4,700,642	\$ 4,526,586
Surplus (Deficit)	\$ (8,824)	\$ (16,981)	\$ (245,707)	\$ (85,075)	\$ (686,556)	\$ (545,782)	\$ (4,071)	\$ (100,809)	\$ 299,655	\$ 394,558

SCHEDULE 5

**MUNICIPALITY OF NORTH CYPRESS-LANGFORD
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
For the Year Ended December 31, 2016**

	2016		2015	
	Government	Partnerships	Controlled	Entities
	2016	2015	2016	2015
	Total	Total	Total	Total
REVENUE				
Property taxes	\$ 2,882,807	\$ -	\$ -	\$ -
Grants in lieu of taxation	583,739	-	-	-
User fees	246,265	-	-	-
Grants - other	154,374	303,121	-	-
Permits, licences and fines	-	155,740	-	-
Investment income	78,604	35,642	-	-
Other revenue	151,703	1,810	-	-
Water and sewer	148,812	37,194	-	-
Prov of MB - Unconditional Grants	152,231	-	-	-
Prov of MB - Conditional Grants	98,241	74,620	-	-
Total revenue	\$ 4,496,776	\$ 503,521	\$ -	\$ -
EXPENSES				
Personnel services	\$ 949,199	\$ 209,525	\$ -	\$ -
Contract services	1,467,503	171,198	-	-
Utilities	37,375	161,498	-	-
Maintenance materials and supplies	438,733	57,548	-	-
Grants and contributions	610,436	103,481	-	-
Amortization	465,796	(140,423)	-	-
Interest on long term debt	6,073	35,821	-	-
Other	121,786	1,298	-	-
Total expenses	\$ 4,096,901	\$ 603,741	\$ -	\$ -
Surplus (Deficit)	\$ 399,875	\$ (100,220)	\$ -	\$ -

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2016

	2016							
REVENUE								
Investment income	\$ 6,126	\$ 7,420	\$ 712	\$ 13,419	\$ 1,488	\$ -	\$ 1,270	\$ 30,435
Other income	-	-	-	-	-	-	-	-
Total revenue	6,126	7,420	712	13,419	1,488	-	1,270	30,435
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	6,126	7,420	712	13,419	1,488	-	1,270	30,435
TRANSFERS								
Transfers from general operating fund	1,706	390,000	73,000	141,874	22,500	1,764	-	630,844
Transfers to general operating fund	(1,706)	-	-	(22,304)	(8,431)	-	(4,558)	(36,999)
Transfer from nominal surplus	-	-	-	-	-	-	-	-
Transfers from utility operating fund	-	-	-	-	-	-	-	-
Transfers to utility operating fund	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(383,640)	(6,133)	-	(138,228)	-	-	(528,001)
CHANGE IN RESERVE FUND BALANCES	6,126	13,780	67,579	132,989	(122,671)	1,764	(3,288)	96,279
FUND SURPLUS, BEGINNING OF YEAR	336,704	438,407	61,006	727,173	153,607	5,000	74,630	1,796,527
FUND SURPLUS, END OF YEAR	\$ 342,830	\$ 452,187	\$ 128,585	\$ 860,162	\$ 30,936	\$ 6,764	\$ 71,342	\$ 1,892,806

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2016

	2016							
REVENUE								
Investment income	\$ 11,189							
Other income	-							
Total revenue	11,189							
EXPENSES								
Investment charges	-							
Other expenses	-							
Total expenses	-							
NET REVENUES	11,189							
TRANSFERS								
Transfers from general operating fund	119,477							
Transfers to general operating fund	(7,116)							
Transfers from nominal surplus	-							
Transfers from utility operating fund	-							
Transfers to utility operating fund	-							
Acquisition of tangible capital assets	-							
CHANGE IN RESERVE FUND BALANCES	123,550							
FUND SURPLUS, BEGINNING OF YEAR	592,443							
FUND SURPLUS, END OF YEAR	\$ 715,993							

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2016

	2016		2015	
REVENUE				
Investment income	\$ 2,273	\$ 160	\$ 2,273	\$ 32,768
Other income	-	-	-	2,000
Total revenue	2,273	160	2,273	34,768
EXPENSES				
Investment charges	-	-	-	-
Other expenses	-	-	-	-
Total expenses	-	-	-	-
NET REVENUES	2,273	160	2,273	34,768
TRANSFERS				
Transfers from general operating fund	(6,594)	-	-	883,836
Transfers to general operating fund	-	-	-	770,321
Transfers from nominal surplus	-	-	-	(50,709)
Transfers from utility operating fund	-	-	-	17,000
Transfers to utility operating fund	-	17,000	-	-
Acquisition of tangible capital assets	-	-	-	(55,128)
Change in Reserve Fund Balances	(4,321)	160	19,456	13,972
FUND SURPLUS, BEGINNING OF YEAR	134,236	11,544	138,700	2,890,679
FUND SURPLUS, END OF YEAR	\$ 129,915	\$ 11,704	\$ 158,156	\$ 2,904,651

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF TRUST FUNDS
 For the Year Ended December 31, 2016

SCHEDULE 7

	Search & Rescue Trust
	2016 2015
ASSETS	
Cash and temporary investments	\$ 19,234 \$ 19,023
Portfolio investments	-
Due from Municipality	-
	<u>\$ 19,234</u> <u>\$ 19,023</u>
LIABILITIES AND FUND BALANCES	
Due to Municipality	-
Fund balance	\$ 19,234 19,023
	<u>\$ 19,234</u> <u>\$ 19,023</u>
REVENUES	
Contributions and donations	-
Investment income	211 223
	<u>211</u> <u>223</u>
EXPENDITURES	
Cemetery maintenance	-
Distribution to beneficiaries	-
Other	-
	<u>-</u> <u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	211 223
FUND BALANCE, BEGINNING OF YEAR	19,023
FUND BALANCE, END OF YEAR	<u>\$ 19,234</u> <u>\$ 19,023</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF FINANCIAL POSITION FOR UTILITY
 As at December 31, 2016

SCHEDULE 8

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments	-	-
Amounts receivable	43,945	29,600
Portfolio investments	-	-
Due from other funds	-	-
	<u>\$ 43,945</u>	<u>\$ 29,600</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	-
Deferred revenue	-	-
Long-term debt (Note 8)	-	-
Due to other funds	82,161	72,164
	<u>82,161</u>	<u>72,164</u>
NET DEBT	<u>\$ (38,216)</u>	<u>\$ (42,564)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	952,354	980,244
Inventories	-	-
Prepaid expenses	-	-
	<u>952,354</u>	<u>980,244</u>
FUND SURPLUS	<u>\$ 914,138</u>	<u>\$ 937,680</u>
COMMITMENTS (Note 9)		

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF UTILITY OPERATIONS
 For the Year Ended December 31, 2016

SCHEDULE 9

	Budget	2016	2015
REVENUE			
Water			
Water fees	\$ 100,000	\$ 85,142	\$ 65,369
Bulk Water fees	-	-	-
sub-total- water	<u>100,000</u>	<u>85,142</u>	<u>65,369</u>
Sewer			
Sewer fees	-	-	-
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>-</u>	<u>-</u>	<u>-</u>
Property taxes			
	-	-	-
Government transfers			
Operating	-	-	-
Capital	-	12,144	-
sub-total- government transfers	<u>-</u>	<u>12,144</u>	<u>-</u>
Other			
Hydrant rentals	-	-	-
Connection charges	-	51,000	30,000
Installation service	-	-	-
Penalties	200	526	1,038
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	300	-	-
sub-total- other	<u>500</u>	<u>51,526</u>	<u>31,038</u>
Total revenue	<u>100,500</u>	<u>148,812</u>	<u>96,407</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF UTILITY OPERATIONS (cont'd)
 For the Year Ended December 31, 2016

SCHEDULE 9

EXPENSES	Budget	2016	2015
General			
Administration	5,000	5,000	5,000
Training costs	-	-	-
Billing and collection	2,400	186	92
Utilities (telephone, electricity, etc.)	-	2,160	4,336
sub-total- general	<u>7,400</u>	<u>7,346</u>	<u>9,428</u>
Water General			
Purification and treatment	2,700	1,047	1,955
Water purchases	60,000	74,793	101,683
Transmission and distribution	13,400	44,278	58,861
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- water general	<u>76,100</u>	<u>120,118</u>	<u>162,499</u>
Water Amortization & Interest			
Amortization	27,890	27,890	27,251
Interest on long term debt	-	-	-
sub-total- water amortization & interest	<u>27,890</u>	<u>27,890</u>	<u>27,251</u>
Sewer General			
Collection system costs	-	-	-
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>-</u>	<u>-</u>	<u>-</u>
Sewage Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>111,390</u>	<u>155,354</u>	<u>199,178</u>
NET OPERATING SURPLUS (DEFICIT)	<u>(10,890)</u>	<u>(6,542)</u>	<u>(102,771)</u>
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	<u>(17,000)</u>	<u>(17,000)</u>	<u>55,128</u>
CHANGE IN UTILITY FUND BALANCE	<u>\$ (27,890)</u>	<u>(23,542)</u>	<u>(47,643)</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>937,680</u>	<u>985,323</u>
FUND SURPLUS, END OF YEAR		<u>\$ 914,138</u>	<u>\$ 937,680</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 ANALYSIS OF TAXES ON ROLL
 December 31, 2016

SCHEDULE 11

	2016	2015
Balance, beginning of year		
Add:		
Tax levy (Schedule 12)	7,929,917	7,603,082
Taxes added	37,519	133,643
Penalties or interest	28,056	28,821
Other accounts added	35,071	1,299
Sub-total	8,030,563	7,766,845
Deduct:		
Cash collections - current	7,298,461	7,099,540
Cash collections - arrears	189,553	174,979
Writeoffs	19,166	16,088
Title value of land sales	800	-
Tax discounts	40,742	45,122
M.P.T.C. - cash advance	476,744	461,119
Sub-total	8,025,466	7,796,848
Balance, end of year	\$ 209,073	\$ 203,976

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2016

SCHEDULE 12

	2016		2015	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Brookdale Sewer	1,064,760		28,165	28,165
PCH	86,333,030	0.360	31,080	30,399
Service Road	1,336,140	5.370	7,175	7,166
sub-total- Debt charges			<u>66,420</u>	<u>65,730</u>
General municipal	365,362,180	1.645	601,021	398,459
Special levies:				
North Cypress Area	279,029,150	4.439	1,238,610	1,343,107
Langford Area	86,333,030	9.284	801,516	707,956
Watershed #37	2,534,250	0.430	1,090	1,084
Watershed #38	166,565,230	0.130	21,654	21,024
Watershed #39	39,285,150	0.130	5,107	187
Watershed #40	103,345,490	0.150	15,502	9,710
Whitemud Watershed			-	11,287
Waste Disposal	102,665,770		87,780	87,780
B/L 05/13 Dust Control	4,351,880		6,588	6,396
sub-total- Special levies			<u>2,177,847</u>	<u>2,188,531</u>
Business tax (fee)			-	36,638
Total municipal taxes (Schedule 2)			<u>2,845,288</u>	<u>2,689,358</u>
Education support levy	84,366,860	10.500	885,852	904,862
Special levies:				
Pine Creek SD	6,518,660	13.831	90,160	82,961
Beautiful Plains SD	358,383,060	11.451	4,103,845	3,921,735
Brandon SD	329,150	14.497	4,772	4,166
sub-total- Special levies			<u>4,198,777</u>	<u>4,008,862</u>
Total education taxes			<u>5,084,629</u>	<u>4,913,724</u>
Total tax levy (Schedule 11)			<u>\$ 7,929,917</u>	<u>\$ 7,603,082</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 ANALYSIS OF SCHOOL ACCOUNTS
 December 31, 2016

SCHEDULE 13

	2016				2015
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ -	\$ 1,803,819	\$ (1,803,819)	\$ -	\$ -
Special levies	-	90,816	(87,301)	3,515	-
Pine Creek School Division	-	4,200,970	(4,200,970)	-	-
Beautiful Plains School Division	-	1,272,091	(1,272,091)	-	-
Brandon School Division	-	5,563,877	(5,560,362)	3,515	-
Sub-total	-	7,367,696	(7,364,181)	3,515	-
Total	\$ -	\$ 7,367,696	\$ (7,364,181)	\$ 3,515	\$ -

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 For the Year Ended December 31, 2016

SCHEDULE 14

	2016 Actual	2015 Actual
General government services:		
Legislative	\$ 103,107	\$ 97,760
General administrative	374,423	422,549
Other	78,157	119,433
	<u>555,687</u>	<u>639,742</u>
Protective services:		
Police	4,294	4,161
Fire	135,076	100,818
Emergency measures	12,972	11,638
Other	986	1,806
	<u>153,328</u>	<u>118,423</u>
Transportation services:		
Road transport		
Administration and engineering	1,561	4,237
Road and street maintenance	1,896,533	1,949,711
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	-	-
Street lighting	9,047	7,450
Other	70,030	95,576
Air transport	-	-
Public transit	8,800	8,561
Other	-	-
	<u>1,985,971</u>	<u>2,065,535</u>
Environmental health services:		
Waste collection and disposal	252,342	198,569
Recycling	-	-
Other	7,269	5,672
	<u>259,611</u>	<u>204,241</u>
Public health and welfare services:		
Public health	71,915	86,325
Medical care	-	-
Social assistance	3,083	311
Other	-	-
	<u>74,998</u>	<u>86,636</u>
Regional planning and development		
Planning and zoning	19,900	19,900
Urban renewal	-	-
Beautification and land rehabilitation	-	-
Urban area weed control	-	-
Other	-	-
	<u>19,900</u>	<u>19,900</u>
Resource conservation and industrial development		
Rural area weed control	24,408	28,492
Drainage of land	-	-
Veterinary services	2,180	2,180
Water resources and conservation	47,580	44,320
Regional development	25,115	27,420
Industrial development	-	-
Tourism	-	-
Other	-	-
	<u>21,590</u>	<u>15,675</u>
	<u>120,873</u>	<u>118,087</u>
Sub-totals forward	<u>3,170,368</u>	<u>3,252,564</u>

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 For the Year Ended December 31, 2016

SCHEDULE 14

	2016 Actual	2015 Actual
Sub-totals forward	3,170,368	3,252,564
Recreation and cultural services:		
Administration	233,182	62,490
Community centers and halls	23,005	22,790
Swimming pools and beaches	-	-
Golf courses	2,000	3,000
Skating and curling rinks	177,882	146,362
Parks and playgrounds	217,630	218,304
Other recreational facilities	61,153	61,045
Museums	5,587	5,544
Libraries	31,260	28,683
Other cultural facilities	19,480	19,450
	<u>771,179</u>	<u>567,668</u>
Total expenses	\$ 3,941,547	\$ 3,820,232

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 SCHEDULE OF L.U.D. OPERATIONS
 For the Year Ended December 31, 2016

SCHEDULE 15

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Taxation	-	\$ -	\$ -
Other Revenue	-	-	-
Total revenue	-	-	-
Expenses			
General Government:			
Indemnities	-	-	-
Transportation Services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
Total expenses	-	-	-
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	-	-	-
Unexpended balance, beginning of year			
Unexpended balance, end of year	\$ -	\$ -	\$ -

MUNICIPALITY OF NORTH CYPRESS-LANGFORD
 RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
 December 31, 2016

2016	2015
General	Total
Utility	Total

\$ (81,479) \$ 4,348 \$ (77,131) \$ 43,173

770,321	770,321	883,836
(578,710)	(578,710)	(904,632)
50,504	50,504	34,768
(100,220)	(100,220)	100,951
-	-	9,497
(437,906)	(465,796)	(444,937)
24,535	24,535	23,661
659,152	659,152	648,241

\$ 306,197 \$ (23,542) \$ 282,655 \$ 394,558

NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS

- Eliminate expense - transfers to reserves
- Eliminate revenue - transfers from reserves
- Increase revenue - reserve funds interest and other revenue
- Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities
- Decrease expense - gain on disposal of tangible capital asset
- Increase expense - amortization of tangible capital assets
- Decrease expense - principal portion of debenture debt
- Eliminate expense - acquisitions of tangible capital assets net proceeds

MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT

Adjustments for reporting under public sector accounting standards