

CITY OF DAUPHIN

**Consolidated Financial Statements
For the Year Ended December 31, 2012**

AUDITOR'S REPORT

To the Mayor and members of Council of the City of Dauphin

We have audited the accompanying consolidated financial statements of the **City of Dauphin**, which comprises of the consolidated statement of financial position as of December 31, 2012 and the consolidated statements of operations and accumulated surplus, cash flows, change in net financial assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.


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

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 that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City'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 purposes of expressing an opinion on the effectiveness of the City'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the **City of Dauphin** at December 31, 2012 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Zapolitny and Zamrykut
Chartered Accountants

Dauphin, MB
June 26, 2013

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the *City of Dauphin* 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.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Zaplitny and Zamrykut 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 public sector accounting standards.



Brad Collett, CA

Chief Administrative Officer, City of Dauphin

CITY OF DAUPHIN

Consolidated Financial Statements For the Year Ended December 31, 2012

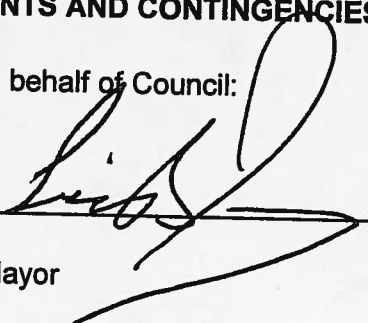
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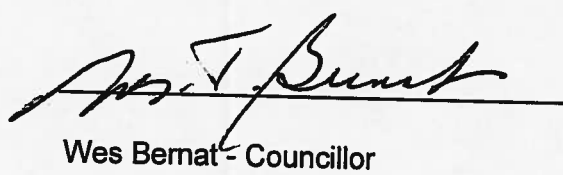
**CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2012**

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 7,291,020	\$ 5,098,508
Amounts receivable (Note 4)	1,576,459	1,498,749
Portfolio investments (Note 5)	195,270	169,212
Loans and advances	4,125	8,783
Inventories for resale (Note 6)	<u>38,564</u>	<u>39,576</u>
	<u>\$ 9,105,438</u>	<u>\$ 6,814,828</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 2,097,639	\$ 1,187,079
Severance and vested sick leave payable	346,214	359,191
Deferred revenue	53,849	47,890
Landfill closure and post closure liabilities (Note 8)	205,463	191,868
Long-term debt (Note 9)	<u>1,434,360</u>	<u>1,205,479</u>
	<u>\$ 4,137,525</u>	<u>\$ 2,991,507</u>
NET FINANCIAL ASSETS	<u>\$ 4,967,913</u>	<u>\$ 3,823,321</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 47,324,770	\$ 47,313,249
Inventories for use (Note 6)	194,831	219,119
Prepaid expenses	<u>97,459</u>	<u>107,843</u>
	<u>47,617,060</u>	<u>47,640,211</u>
ACCUMULATED SURPLUS (DEFICIT) (Note 14)	<u>\$ 52,584,973</u>	<u>\$ 51,463,532</u>

COMMITMENTS AND CONTINGENCIES (NOTE 10)

Approved on behalf of Council:


Eric Irwin - Mayor


Wes Bernat - Councillor

CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2012

	<u>2012 Budget (Note 14)</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
REVENUE			
Property taxes	\$ 5,950,012	\$ 5,999,936	\$ 6,266,065
Grants in lieu of taxation	440,336	441,496	478,342
User fees	1,752,471	1,827,045	1,649,282
Grants - Province of Manitoba	2,273,856	2,148,009	1,873,897
Grants - other	1,105,636	1,038,431	962,996
Permits, licences and fines	157,834	166,352	148,804
Investment income	35,871	108,703	92,863
Other revenue	323,812	578,956	784,661
Water and sewer	2,104,747	2,169,903	2,133,990
Total revenue (Schedules 2, 4 and 5)	<u>14,144,575</u>	<u>14,478,831</u>	<u>14,390,900</u>
EXPENSES			
General government services	1,323,743	1,245,553	1,334,438
Protective services	2,602,626	2,612,636	2,838,172
Transportation services	2,505,778	2,440,678	2,426,086
Environmental health services	1,014,259	929,586	1,036,604
Public health and welfare services	86,959	87,520	93,308
Regional planning and development	155,849	135,649	150,611
Resource conservation and industrial development	485,587	456,525	340,439
Recreation and cultural services	3,258,095	3,277,704	3,138,923
Water and sewer services	2,638,429	2,474,633	2,568,419
Total expenses (Schedules 3, 4 and 5)	<u>14,071,325</u>	<u>13,660,484</u>	<u>13,927,000</u>
ANNUAL SURPLUS	<u>73,250</u>	818,347	463,900
ADJUSTMENT FOR CHANGE IN PARTNERSHIP INTEREST (Note 12)		303,094	
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>51,463,532</u>	<u>50,999,632</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 52,584,973</u>	<u>\$ 51,463,532</u>

CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
ANNUAL SURPLUS	\$ 818,347	\$ 463,900
Acquisition of tangible capital assets	(2,050,729)	(1,781,692)
Amortization of tangible capital assets	2,290,925	2,350,988
Adjustment for change in percentage of partnership (Note 12)	6,837	
Loss (Gain) on sale of tangible capital assets	(73,111)	37,399
Proceeds on sale of tangible capital assets	117,651	41,082
Decrease (increase) in inventories for use	24,288	(3,170)
Decrease (increase) in prepaid expense	10,384	2,038
	<u>326,245</u>	<u>646,645</u>
CHANGE IN NET FINANCIAL ASSETS	1,144,592	1,110,545
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,823,321</u>	<u>2,712,776</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 4,967,913</u>	<u>\$ 3,823,321</u>

CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 818,347	\$ 463,900
Changes in non-cash items:		
Amounts receivable	(77,710)	1,956,720
Inventories	25,300	63
Prepays	10,384	2,038
Accounts payable and accrued liabilities	910,560	(274,075)
Severance and vested sick leave payable	(12,977)	(33,993)
Deferred revenue	5,959	14,357
Landfill closure and post closure liabilities	13,595	12,910
Loss (Gain) on sale of tangible capital asset	(73,142)	37,399
Loss (Gain) on sale of tangible capital assets-Water & Sewer	31	
Amortization	2,290,925	2,350,988
	<u>3,911,272</u>	<u>4,530,307</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	117,651	41,082
Cash used to acquire tangible capital assets	(2,050,729)	(1,781,692)
	<u>(1,933,078)</u>	<u>(1,740,610)</u>
INVESTING TRANSACTIONS		
Adjustment for change in percentage of partnerships (Note 12)	6,837	-
Loans and advances repaid	4,658	2,523
Redemption (Purchase) of portfolio investments	(26,058)	16,316
	<u>(14,563)</u>	<u>18,839</u>
FINANCING TRANSACTIONS		
Loan proceeds received	494,473	
Debt repayment	(265,592)	(425,865)
	<u>228,881</u>	<u>(425,865)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	2,192,512	2,382,671
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>5,098,508</u>	<u>2,715,837</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>7,291,020</u></u>	<u><u>\$ 5,098,508</u></u>

CITY OF DAUPHIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2012

1. Status of the City of Dauphin

The Incorporated City of Dauphin ("the City") is a municipal government that was created in 1998 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Municipality 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 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. 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. The controlled organizations include:

Dauphin Community Concert Band
Dauphin & District Community Development Corporation

The City 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 City'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:

Riverside Cemetery Board (50%)(2011 - 50%)
Parkland Regional Library Service (21.41%)(2011 - 21.41%)
Dauphin Public Library (77.26%)(2011 - 77.26%)
Dauphin Regional Airport Authority Inc. (78.95%)(2011 - 77.26%)
Dauphin Recreation Services (78.95%)(2011 - 77.26%)

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. The Municipality held no funds in trust on December 31, 2012.

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) 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 balance sheet 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 revenues 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.

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 100 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 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	50 years
Buildings	25 to 40 years
Underground networks	40 to 75 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) 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.

j) 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.

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the 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.

l) 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.

Measurement uncertainty in these 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 financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2012</u>	<u>2011</u>
Cash	\$ 7,242,848	\$ 4,968,230
Temporary Investments	<u>48,172</u>	<u>130,278</u>
	<u>\$ 7,291,020</u>	<u>\$ 5,098,508</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2012</u>	<u>2011</u>
Taxes on roll (Schedule 11)	\$ 277,374	\$ 250,034
Government grants	608,340	750,985
Utility customers	237,923	261,516
Accrued interest	523	448
Organizations and individuals	531,763	301,858
Other governments	-	-
	<u>1,655,923</u>	<u>1,564,841</u>
Less allowances for doubtful amounts	<u>(79,464)</u>	<u>(66,092)</u>
	<u>\$ 1,576,459</u>	<u>\$ 1,498,749</u>

5. **Portfolio Investments**

	<u>2012</u>	<u>2011</u>
Marketable securities:		
Toronto Dominion Mutual Funds	\$ 184,651	\$ 168,935
Term Deposit	\$ 10,340	
Other investments	<u>279</u>	<u>277</u>
	<u>\$ 195,270</u>	<u>\$ 169,212</u>

The aggregate market value of the marketable securities at December 31, 2012 is \$184,651 (2011 - \$168,935). Portfolio investments earned \$2,615 in investment income during the year and earned investment income in 2011 of \$8,256.

6. **Inventories**

Inventories for sale:

	<u>2012</u>	<u>2011</u>
Food and beverages	\$ 3,906	\$ 8,285
Fuel (Airport)	<u>34,658</u>	<u>31,291</u>
	<u>38,564</u>	<u>39,576</u>

Inventories for use:

Chemicals	16,088	15,621
Pipes and water supplies	132,390	150,518
Aggregate and other	<u>46,353</u>	<u>52,980</u>
	<u>194,831</u>	<u>219,119</u>

7. **Accounts Payable and Accrued Liabilities**

	<u>2012</u>	<u>2011</u>
Accounts payable and accrued expenses	\$ 1,994,071	\$ 1,084,311
Accrued interest payable	7,601	7,071
School levies (Schedule 13)	95,967	95,697
Other governments	-	-
	<u>\$ 2,097,639</u>	<u>\$ 1,187,079</u>

8. **Landfill Closure and Post Closure Liabilities**

a) Operating Landfill Site

The Municipality is currently operating a Class 1 landfill site in the RM of Dauphin. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	<u>2012</u>	<u>2011</u>
Estimated closure and post closure costs over the next 25 years	\$ 607,161	\$ 607,161
Discount rate	<u>3.75%</u>	<u>3.75%</u>
Discounted costs	\$ 314,805	\$ 303,427
Expected year capacity will be reached	2029	2029
Capacity (tonnes):		
Used to date	806,063	780,957
Remaining	<u>428,970</u>	<u>454,076</u>
Total	<u>1,235,033</u>	<u>1,235,033</u>
Percent utilized	<u>65.27%</u>	<u>63.23%</u>
Liability based on percentage	<u>\$ 205,463</u>	<u>\$ 191,868</u>

9. Long Term Debt

	<u>2012</u>	<u>2011</u>
General Authority:		
Debenture, interest at 7.0%, payable at \$50,926 annually including interest, maturing December, 2016	172,498	208,807
Debenture, interest at 6.875%, payable at \$98,036 annually including interest, maturing December, 2016	333,009	403,318
Debenture, interest at 4.75%, payable at \$3,614 annually including interest, maturing December, 2031	44,581	
Bank loan in the name of Riverside Cemetery Board (50% City), interest rate of 6.85%, payable at \$700 plus interest semi-annually.	-	1,400
Bank loan in the name of Riverside Cemetery Board (50% City), interest a 5.99%, payable at \$319 monthly principal payments plus interest, maturing in 2015.	-	13,724
	<u>\$ 550,088</u>	<u>\$ 627,249</u>
Utility Funds:		
Debenture, interest at 7.35%, payable at \$60,588 annually including interest, maturing December, 2014	\$ 108,977	\$ 157,918
Debenture, interest at 6.875%, payable at \$36,789 annually including interest, maturing December, 2015	96,768	124,966
Debenture, interest at 7.0%, payable at \$72,032 annually including interest, maturing December, 2016	243,988	295,346
Debenture, interest at 4.75%, payable at \$29,447 annually including interest, maturing December, 2031	363,237	-
Debenture, interest at 4.75%, payable at \$5,780 annually including interest, maturing December, 2031	71,302	-
	<u>884,272</u>	<u>578,230</u>
	<u>\$ 1,434,360</u>	<u>\$ 1,205,479</u>

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

2013	\$ 267,716
2014	286,160
2015	245,296
2016	225,129
2017	19,363
Subsequent years	<u>390,696</u>
	<u>\$ 1,434,360</u>

10. Commitments and Contingencies

Royal Canadian Mounted Police and the Government of Canada

On April 1, 2012, the City of Dauphin entered into an agreement with the Government of Canada and Royal Canadian Mounted Police for the purpose of obtaining municipal policing services. The contract expires in March 2032 and can be terminated on any March 31 anniversary date with two years notice. Under the terms of the contract, the annual costs incurred by the RCMP for the policing services they provide will be cost shared between the City of Dauphin and the Province of Manitoba on a 70/30 basis. The City's cost of policing related services that were provided by the RCMP in 2012 totalled \$1,864,490 (2011 - \$1,717,677).

Portage & District Recycling Inc.

The City of Dauphin has negotiated a non-exclusive long-term contract with Portage & District Recycling Inc. for the collection, processing and sale of residential and commercial recyclables. The contract expires on March 31, 2016. Annual charges under the contract are determined by recycling volumes collected. Recycling charges under the contract for the year 2012 were \$269,945 (2011 - \$216,630).

11. Retirement Benefits

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. Prior to the contribution rate increase noted below, the MEPP required that employees contribute 6.3% of basic annual earnings up to the CPP ceiling plus 7.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$415,872 (2011 - \$393,711) 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, 2011 indicated the plan was 97.5% funded on a going concern basis and had an unfunded solvency liability of \$161.3 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, 2011. The valuation also disclosed that the existing contribution rate was insufficient to pay the minimum required contribution being the normal actuarial cost of the annual benefit accrued and the required amortization payment in respect of the going concern unfunded actuarial liability. The Board of Trustees amended the plan to increase the contribution rate by 1% effective July 1, 2012 and by another 1% effective January 1, 2013 to meet the minimum contribution requirement.

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.

12. Adjustment for Change in Partnership Interest

The City of Dauphin has forged various partnerships with other municipal governments for the purpose of providing its residents with a variety of programs in a cost effective manner. For some of these programs, the funding allocation between different municipal governments is largely based on current populations and therefore any population changes specific to any one municipal region could have an effect on the overall funding allocation and a municipality's partnership interest. On January 1, 2012, the City of Dauphin's funding responsibility and partnership interest for the programs carried out under Dauphin Recreation Services and the Dauphin Regional Airport Authority Inc. rose from 77.26% to 78.95%.

As per Canadian Institute of Chartered Accountants Handbook section PS3060.40, a change in circumstances affecting a government's interest in a partnership is accounted for prospectively. The change in partnership interest that occurred on January 1, 2012 has been adjusted to accumulated surplus and the prior year figures have not been restated.

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 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.

14. **Accumulated Surplus**

	2012	2011
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	540,463	540,463
Utility operating fund(s) - Nominal surplus	17,063	(31,121)
Debenture pending included in nominal surplus	-	(494,474)
TCA tax sale properties included in nominal surplus	(48,645)	(64,654)
TCA net of related borrowings	31,558,678	32,344,682
Landfill closure & post closure liability	(205,463)	(191,868)
Reserve fund surplus	7,163,162	6,403,487
Reserve Fund borrowed to General Fund	(1,368,410)	(1,563,898)
Accumulated surplus of municipality unconsolidated	37,656,848	36,942,617
Accumulated surpluses of consolidated entities	14,928,125	14,520,915
Accumulated surplus per Consolidated Statement of Financial Position	\$ 52,584,973	\$ 51,463,532

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, 2012:

- a) Compensation paid to members of council amounted to \$94,575 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Mayor Eric Irwin	\$ 24,837	\$ 2,579	\$ 27,416
Deputy Mayor Allen Dowhan	11,452	1,775	13,227
Councillor Wes Bernat	13,096	3,938	17,034
Councillor Patti Eilers	11,908	3,817	15,725
Councillor Rodney Juba	12,373	2,076	14,449
Councillor Keith Tkachyk	9,325	65	9,390
Councillor Martin Kaminski	11,584	4,034	15,618
	\$ 94,575	\$ 18,284	\$ 112,859

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

Name	Position	Amount
Cameron Abrey	Fire Chief	\$ 69,148
Bryan Adcock	Water Treatment Plant Tech	\$ 61,863
Darrell Aitken	Engineering Technologist	\$ 61,245
Bill Brenner	Director of PW & Operations	\$ 88,973
Carissa Caruk-Ganczar	Economic Development Manager	\$ 55,103
Scott Carr	Director of Finance	\$ 82,656
Brad Collett	Chief Administrative Officer	\$ 114,477
David Derkach	Building Inspector	\$ 66,445
Terry Genik	Public Works Foreman	\$ 70,668
Sharla Griffiths	Assistant Administrative Officer	\$ 69,079
Brian Harvey	Utility Operations Supervisor	\$ 65,063
Duane Harapiak	Mechanic	\$ 62,990
Randy Hlady	Water Treatment Plant Tech	\$ 62,878
Gordon Love	Airport Manager	\$ 60,484
Marlin Michaluk	Bylaw Enforcement Officer	\$ 52,182
Ron Paziuk	Utility Operator	\$ 51,815
Jeff Weselowski	Utility Foreman	\$ 55,142
Jean-Louis Guillas	Parkland Reg. Library Director	\$ 56,650
Terry Payne	General Manager - Dauphin Rec.	\$ 52,932

16. 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:

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Water Treatment Plant	4,059,585	-	150,355	3,909,230
Industrial Park Water	213,431	-	5,496	207,935
Hydrant upgrades	677,805	-	17,492	660,313
	<u>\$ 4,950,821</u>	<u>\$ -</u>	<u>\$ 173,343</u>	<u>\$ 4,777,478</u>

Sewer services:

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Lagoon Cell 1 Upgrades	\$ 143,000	\$ -	\$ 3,250	\$ 139,750
Lagoon Cell 2 Upgrades	164,140	-	3,648	160,492
Lagoon Cell 6 Upgrades	291,335	-	6,333	285,002
Low Pressure Sewer	106,074	-	1,861	104,213
	<u>\$ 704,549</u>	<u>\$ -</u>	<u>\$ 15,092</u>	<u>\$ 689,457</u>

CITY OF DAUPHIN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2012

SCHEDULE 1

	General Capital Assets				Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Roads, Streets, and Bridges	Water and Sewer	2012	2011	
Cost									
Opening costs	5,223,212	19,842,263	7,024,713	231,375	31,945,872	24,507,451	88,774,886	86,849,068	
Additions during the year	569,337	383,706	513,173	2,951	535,334	46,228	2,050,729	1,781,692	
Disposals and write downs	(16,009)	-	(182,240)	-	(29,567)	(240)	(228,056)	(308,130)	
Closing costs	5,776,540	20,225,969	7,355,646	234,326	32,451,639	24,553,439	90,597,559	88,322,630	
Accumulated Amortization									
Opening accum'd amortization	1,049,545	6,594,430	3,755,037	100,015	17,970,316	11,696,037	41,165,380	38,888,042	
Amortization	84,004	533,131	366,244	28,472	707,859	571,215	2,290,925	2,350,988	
Disposals and write downs	-	-	(153,740)	-	(29,567)	(209)	(183,516)	(229,649)	
Closing accum'd amortization	1,133,549	7,127,561	3,967,541	128,487	18,648,608	12,267,043	43,272,789	41,009,381	
Net Book Value of Tangible Capital Assets	4,642,991	13,098,408	3,388,105	105,839	13,803,031	12,286,396	47,324,770	47,313,249	

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2012

	2012 Actual	2011 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 5,875,398	\$ 6,021,140
Taxes added	124,538	244,925
	<u>5,999,936</u>	<u>6,266,065</u>
Grants in lieu of taxation:		
Federal government	60,604	66,885
Provincial government	368,732	400,084
Other local governments	12,160	11,373
	<u>441,496</u>	<u>478,342</u>
User fees		
Parking meters	-	-
Sales of service	1,311,580	1,196,282
Sales of goods	280,115	241,113
Rentals	227,954	204,661
Development charges	7,396	7,226
	<u>1,827,045</u>	<u>1,649,282</u>
Grants - Province of Manitoba		
General assistance payment	1,312,865	1,302,650
General support grant	63,357	63,579
VLT revenues	127,689	115,802
Conditional grants	644,098	391,866
	<u>2,148,009</u>	<u>1,873,897</u>
Grants - other		
Federal government - gas tax funding	431,502	431,502
Federal government - other	190,852	118,987
Other local governments	416,077	412,507
	<u>1,038,431</u>	<u>962,996</u>
Permits, licences and fines		
Permits	53,366	22,243
Licences	58,405	59,400
Fines	54,581	67,161
	<u>166,352</u>	<u>148,804</u>
Investment income:		
Cash and temporary investments	106,717	89,864
Marketable securities	-	-
Customer charges	1,986	2,999
	<u>108,703</u>	<u>92,863</u>
Other revenue:		
Gain (loss) on sale of tangible capital assets	73,142	(37,399)
Insurance and other rebates	113,341	528,602
Donations	174,056	89,766
Expenses recovered	126,065	80,128
Penalties and interest	65,798	70,832
Other	26,554	52,732
	<u>578,956</u>	<u>784,661</u>
Water and sewer (Schedule 9)	<u>2,169,903</u>	<u>2,133,990</u>
Total revenue	<u><u>14,478,831</u></u>	<u><u>14,390,900</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2012

	2012 Actual	2011 Actual
General government services:		
Legislative	\$ 94,575	\$ 91,830
General administrative	748,786	772,770
Other	402,192	469,838
	<u>1,245,553</u>	<u>1,334,438</u>
Protective services:		
Police	1,864,490	1,717,677
Fire	477,587	477,918
Emergency measures	72,833	457,817
Other protection	197,726	184,760
	<u>2,612,636</u>	<u>2,838,172</u>
Transportation services:		
Road transport		
Administration and engineering	428,548	415,272
Road and street maintenance	513,127	629,607
Bridge maintenance	573	2,011
Sidewalk and boulevard maintenance	73,344	92,352
Street lighting	154,076	148,389
Other	884,107	784,113
Air transport	386,903	354,342
	<u>2,440,678</u>	<u>2,426,086</u>
Environmental health services:		
Waste collection and disposal	631,531	783,158
Recycling	298,055	253,446
	<u>929,586</u>	<u>1,036,604</u>
Public health and welfare services:		
Public health	87,520	93,308
Regional planning and development		
Planning and zoning	2,893	173
Urban renewal	20	10
Beautification and land rehabilitation	110,591	116,479
Urban area weed control	9,916	23,189
Other	12,229	10,760
	<u>135,649</u>	<u>150,611</u>
Resource conservation and industrial development		
Veterinary services	11,646	11,646
Tourism	110,736	85,853
Other	334,143	242,940
	<u>456,525</u>	<u>340,439</u>
Recreation and cultural services:		
Community centers and halls	30,790	69,400
Other recreational facilities	2,888,867	2,742,508
Museums	43,400	43,400
Libraries	314,647	283,615
	<u>3,277,704</u>	<u>3,138,923</u>
Water and sewer services (Schedule 9)	<u>2,474,633</u>	<u>2,568,419</u>
Total expenses	<u><u>13,660,484</u></u>	<u><u>13,927,000</u></u>

CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2012

SCHEDULE 4

	General Government**		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
Property taxes	\$ 5,999,936	\$ 6,266,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	441,496	478,342	-	-	-	-	-	-	-	-
User fees	224,888	211,872	145,605	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	1,376,222	1,366,229	-	-	346,100	326,934	349,956	213,410	45,145	54,434
Prov of MB - Conditional Grants	7,011	6,871	-	-	-	-	-	-	-	-
Grants - other	437,656	437,735	4,125	796	76,895	31,223	204,618	203,719	-	-
Permits, licences and fines	75,941	78,415	86,451	63,886	50,749	87,986	-	-	-	-
Investment income	81,011	67,436	-	-	5,232	4,414	-	-	14,314	-
Other revenue	167,947	190,696	215,887	502,630	(3,653)	(39,935)	-	22,609	2	14,646
Water and sewer	-	-	-	-	-	-	-	-	-	148
Total revenue	\$ 8,812,108	\$ 9,103,661	\$ 587,068	\$ 856,445	\$ 475,323	\$ 410,622	\$ 554,574	\$ 439,738	\$ 59,461	\$ 69,228
EXPENSES										
Personnel services	\$ 607,888	\$ 612,403	\$ 479,186	\$ 555,803	\$ 890,041	\$ 931,804	\$ 227,967	\$ 284,279	\$ 38,872	\$ 37,743
Contract services	105,594	123,974	1,818,067	2,063,611	112,585	107,050	301,603	264,202	39,153	39,396
Utilities	51,000	54,434	22,221	24,970	196,438	199,097	4,916	4,157	1,868	1,830
Maintenance materials & supplies	66,628	73,252	93,181	74,041	565,624	590,776	9,275	39,193	4,919	8,783
Grants and contributions	15,075	50,839	-	-	22,383	26,990	79,478	91,660	-	-
Amortization	128,971	137,865	84,022	67,240	951,928	933,598	66,852	74,815	-	-
Interest on long term debt	41,718	48,656	-	-	-	619	-	-	962	-
Other	228,679	233,015	115,959	52,507	(298,321)	(363,848)	239,495	278,298	1,746	4,454
Total expenses	\$ 1,245,553	\$ 1,334,438	\$ 2,612,636	\$ 2,838,172	\$ 2,440,678	\$ 2,426,086	\$ 929,586	\$ 1,036,604	\$ 87,520	\$ 93,308
Surplus (Deficit)	\$ 7,566,555	\$ 7,769,223	\$ (2,025,568)	\$ (1,981,727)	\$ (1,965,355)	\$ (2,015,464)	\$ (375,012)	\$ (596,866)	\$ (28,059)	\$ (24,080)

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

**CITY OF DAUPHIN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2012**

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
Property taxes	-	-	-	-	-	-	-	-	\$ 5,999,936	\$ 6,266,065
Grants in lieu of taxation	-	-	-	-	-	-	-	-	441,496	478,342
User fees	-	-	10,000	10,000	705,351	622,299	-	-	1,827,045	1,649,282
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	1,376,222	1,366,229
Prov of MB - Conditional Grants	-	-	-	-	479,138	244,633	-	-	771,787	507,668
Grants - other	-	-	-	-	415,026	358,475	-	-	1,038,431	962,996
Permits, licences and fines	-	-	-	-	3,960	6,503	-	-	166,352	148,804
Investment Income	-	-	583	4,301	7,563	2,066	-	-	108,703	92,863
Other revenue	3,665	1,710	(403)	13,504	195,511	93,299	-	-	578,956	784,661
Water and sewer	-	-	-	-	-	-	2,169,903	2,133,990	2,169,903	2,133,990
Total revenue	\$ 3,665	\$ 19,710	\$ 10,180	\$ 30,231	\$ 1,806,549	\$ 1,327,275	\$ 2,169,903	\$ 2,133,990	\$ 14,478,831	\$ 14,390,900
EXPENSES										
Personnel services	\$ 13,771	\$ 11,847	\$ 124,808	\$ 81,271	\$ 1,404,112	\$ 1,330,803	\$ 837,266	\$ 890,632	\$ 4,623,911	\$ 4,736,585
Contract services	76,944	86,035	31,271	12,468	142,664	132,191	168,276	109,716	2,796,157	2,938,643
Utilities	-	-	6,613	6,468	212,319	225,392	128,095	134,324	623,470	650,672
Maintenance materials & supplies	7,726	4,270	6,798	5,713	529,884	494,080	527,141	609,140	1,811,176	1,899,248
Grants and contributions	32,377	45,923	108,288	11,646	399,149	329,486	-	-	656,750	556,544
Amortization	-	-	6,248	6,248	481,689	565,210	571,215	566,012	2,290,925	2,350,988
Interest on long term debt	-	-	2,030	503	-	12,434	59,922	48,723	104,632	112,037
Other	4,831	2,536	170,469	216,122	107,887	49,327	182,718	209,872	753,463	682,283
Total expenses	\$ 135,649	\$ 150,611	\$ 456,525	\$ 340,439	\$ 3,277,704	\$ 3,138,923	\$ 2,474,633	\$ 2,568,419	\$ 13,660,484	\$ 13,927,000
Surplus (Deficit)	\$ (131,984)	\$ (130,901)	\$ (446,345)	\$ (310,208)	\$ (1,471,155)	\$ (1,811,648)	\$ (304,730)	\$ (434,429)	\$ 818,347	\$ 463,900

CITY OF DAUPHIN
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
 Year Ended December 31, 2012

SCHEDULE 5

	Core Government		Controlled Entities		Government Partnerships		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE								
Property taxes	\$ 5,999,936	\$ 6,336,897	\$ -	\$ -	\$ -	\$ -	\$ 5,999,936	\$ 6,336,897
Grants in lieu of taxation	441,496	478,342	-	-	-	-	441,496	478,342
User fees	981,581	927,320	-	-	845,464	-	1,827,045	1,649,282
Prov of MB - Unconditional Grants	1,376,222	1,366,229	-	-	-	-	1,376,222	1,366,229
Prov of MB - Conditional Grants	418,443	378,836	-	-	353,344	-	771,787	507,668
Grants - other	572,155	516,035	500	-	465,776	128,832	1,038,431	962,996
Permits, licences and fines	162,392	142,301	-	-	3,960	6,503	166,352	148,804
Investment income	80,998	67,424	596	-	27,109	21,126	108,703	92,863
Other revenue	525,637	614,022	(11,660)	4,313	64,979	98,521	578,956	713,829
Water and sewer	2,169,903	2,133,990	-	1,286	-	-	2,169,903	2,133,990
Total revenue	\$ 12,728,763	\$ 12,961,396	\$ (10,564)	\$ 6,099	\$ 1,760,632	\$ 1,423,405	\$ 14,478,831	\$ 14,390,900
EXPENSES								
Personnel services	\$ 3,180,926	\$ 3,368,039	\$ -	\$ -	\$ 1,442,985	\$ 1,368,546	\$ 4,623,911	\$ 4,736,585
Contract services	2,635,704	2,792,742	12,127	12,844	148,326	133,057	2,796,157	2,938,643
Utilities	398,083	410,111	-	-	225,387	240,561	623,470	650,672
Maintenance materials and supplies	1,096,839	1,252,148	-	38	714,337	647,062	1,811,176	1,899,248
Grants and contributions	2,284,264	1,900,412	85,137	(11,429)	(1,712,651)	(1,332,439)	656,750	556,544
Amortization	1,685,742	1,662,066	-	-	605,183	688,922	2,290,925	2,350,988
Interest on long term debt	103,670	110,935	-	-	962	1,102	104,632	112,037
Other	629,304	603,280	(8,296)	5,158	132,455	73,845	753,463	682,283
Total expenses	\$ 12,014,532	\$ 12,099,733	\$ 88,968	\$ 6,611	\$ 1,556,984	\$ 1,820,656	\$ 13,660,484	\$ 13,927,000
- Surplus (Deficit)	\$ 714,231	\$ 861,663	\$ (99,532)	\$ (512)	\$ 203,648	\$ (397,251)	\$ 818,347	\$ 463,900

CITY OF DAUPHIN

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

SCHEDULE 6

	2012							2012 Total	2011 Total
	General Reserve	Machinery Reserve	Fire Reserve	Public Land Reserve	Civic Bldgs Reserve	Centennial Reserve			
REVENUE									
Investment income	\$ 16,538	\$ 4,025	\$ 4,659	\$ 164	\$ 1,258				
TRANSFERS									
Transfers from (to) operating fund	428,233	250,000	75,000	-	25,000	-			
Transfers from (to) reserve	-	-	-	-	-	-			
Transfers from (to) utility fund	-	-	-	-	-	-			
Acquisition of tangible capital assets	-	(252,052)	(70,037)	-	(3,349)	-			
CHANGE IN RESERVE FUND BALANCES	444,771	1,973	9,622	164	22,909	-			
FUND SURPLUS, BEGINNING OF YEAR	3,103,845	366,680	424,388	73,344	150,559	-			
FUND SURPLUS, END OF YEAR	<u>\$ 3,548,616</u>	<u>\$ 368,653</u>	<u>\$ 434,010</u>	<u>\$ 73,508</u>	<u>\$ 173,468</u>	<u>\$ -</u>			
REVENUE									
Investment income	\$ 14,119	\$ 6,037	\$ 244	\$ 549	\$ 549	\$ 5,318	\$ 53,460	\$ 46,071	
TRANSFERS									
Transfers from (to) operating fund	431,502	50,000	(6,000)	50,000	50,000	106,801	1,460,536	1,346,502	
Transfers from (to) reserve	-	-	-	-	-	-	-	-	
Transfers from (to) utility fund	-	-	-	-	-	-	-	7,230	
Acquisition of tangible capital assets	(255,193)	(173,690)	-	-	-	-	(754,321)	(921,418)	
CHANGE IN RESERVE FUND BALANCES	190,428	(117,653)	(5,756)	50,549	50,549	112,119	759,675	478,385	
FUND SURPLUS, BEGINNING OF YEAR	1,180,866	549,913	23,244	50,000	50,000	430,648	6,403,487	5,925,102	
FUND SURPLUS, END OF YEAR	<u>\$ 1,371,294</u>	<u>\$ 432,260</u>	<u>\$ 17,488</u>	<u>\$ 100,549</u>	<u>\$ 100,549</u>	<u>\$ 542,767</u>	<u>\$ 7,163,162</u>	<u>\$ 6,403,487</u>	

CITY OF DAUPHIN
 SCHEDULE OF TRUST FUNDS
 Year Ended December 31, 2012

SCHEDULE 7

	Name of Trust	Name of Trust	Name of Trust	Name of Trust	Name of Trust	Name of Trust	Name of Trust	2012	Total	2011
ASSETS										
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Portfolio investments	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
LIABILITIES AND FUND BALANCES										
Due to Municipality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Fund balance	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
REVENUES										
Contributions and donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Investment income	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
EXPENDITURES										
Cemetery maintenance	-	-	-	-	-	-	-	-	-	-
Distribution to beneficiaries	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES										
	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR										
	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR										
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

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

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 249,825	\$ 275,826
LIABILITIES		
Accounts payable and accrued liabilities	\$ 193,477	\$ 215,393
Long-term debt (Note 9)	884,272	578,230
Other	195,464	722,562
	<u>\$ 1,273,213</u>	<u>\$ 1,516,185</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (1,023,388)</u>	<u>\$ (1,240,359)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 12,286,396	\$ 12,811,415
Inventories for use	148,478	166,139
Prepaid expenses	7,700	16,404
	<u>12,442,574</u>	<u>12,993,958</u>
FUND SURPLUS (DEFICIT)	<u>\$ 11,419,186</u>	<u>\$ 11,753,599</u>

COMMITMENTS AND CONTINGENCIES (Notes 10)

SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2012

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
REVENUE			
Water			
Water fees	\$ 1,276,000	\$ 1,311,980	\$ 1,278,329
Bulk Water fees	18,000	22,510	17,907
sub-total- water	<u>1,294,000</u>	<u>1,334,490</u>	<u>1,296,236</u>
Sewer			
Sewer fees	349,500	369,294	350,547
Lagoon tipping fees	10,500	9,660	10,140
sub-total- sewer	<u>360,000</u>	<u>378,954</u>	<u>360,687</u>
Property taxes	<u>37,095</u>	-	-
Government transfers			
Capital	-	-	-
Other			
Hydrant rentals	51,900	1,875	1,875
Connection charges	9,000	7,840	8,550
Installation service	100,000	100,019	111,188
Penalties	4,575	4,973	4,585
Administration fees	317,000	318,029	316,916
Gain (loss) on disposal of assets	-	(31)	-
Other income	18,297	23,754	33,953
sub-total- other	<u>500,772</u>	<u>456,459</u>	<u>477,067</u>
Total revenue	<u>2,191,867</u>	<u>2,169,903</u>	<u>2,133,990</u>

SCHEDULE OF UTILITY OPERATIONS (cont'd)
For the Year Ended December 31, 2012

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
EXPENSES			
General			
Administration	386,519	385,399	339,716
Training costs	23,075	20,640	14,052
Billing and collection	18,368	19,237	17,690
Utilities (telephone, electricity, etc.)	6,200	5,984	5,667
sub-total- general	<u>434,162</u>	<u>431,260</u>	<u>377,125</u>
Water General			
Purification and treatment	657,970	595,180	681,984
Transmission and distribution	357,300	272,887	362,575
Transportation services	57,900	60,034	61,310
Water supply	98,200	102,639	68,626
Connection costs	50,400	57,166	42,687
Other expenses	66,000	57,433	63,525
sub-total- water general	<u>1,287,770</u>	<u>1,145,339</u>	<u>1,280,707</u>
Water Amortization & Interest			
Amortization	-	440,014	283,006
Capital Expenditure	103,500	-	-
Interest on long term debt	206,504	59,922	48,722
sub-total- water amortization & interest	<u>310,004</u>	<u>499,936</u>	<u>331,728</u>
Sewer General			
Collection system costs	137,200	112,187	112,199
Treatment and disposal cost	108,000	106,459	124,570
Lift Station costs	46,000	48,253	59,084
sub-total- sewer general	<u>291,200</u>	<u>266,899</u>	<u>295,853</u>
Sewage Amortization & Interest			
Amortization	-	131,201	283,006
Capital Expenditure	-	-	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>131,201</u>	<u>283,006</u>
Total expenses	<u>2,323,136</u>	<u>2,474,635</u>	<u>2,568,419</u>
NET OPERATING SURPLUS	(131,269)	(304,732)	(434,429)
TRANSFERS			
Eliminating PSAB entries	-	77,120	40,025
Recovery of prior year deficit from Reserve	-	-	42,770
Gain (loss) on disposal of capital assets	-	-	(223)
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	131,269	(106,801)	118,257
CHANGE IN UTILITY FUND BALANCE	<u>\$ -</u>	<u>(334,413)</u>	<u>(233,600)</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>11,753,599</u>	<u>11,987,199</u>
FUND SURPLUS, END OF YEAR		<u>\$ 11,419,186</u>	<u>\$ 11,753,599</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2012

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 5,950,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,950,012
Grants in lieu of taxation	440,336	-	-	-	-	-	-	440,336
User fees	1,204,312	-	-	-	(221,949)	-	770,108	1,752,471
Grants - Province of Manitoba	2,135,663	-	-	-	(342,820)	-	481,013	2,273,856
Grants - other	729,012	-	-	-	(156,909)	-	533,533	1,105,636
Permits, licences and fines	152,450	-	-	-	-	-	5,384	157,834
Investment income	19,500	-	-	-	-	-	16,371	35,871
Other revenue	505,693	-	(7,500)	(166,666)	-	-	(7,715)	323,812
Water and sewer	-	2,154,772	-	-	(50,025)	-	-	323,812
Transfers from General Fund	-	37,095	-	-	(37,095)	-	-	2,104,747
Transfers from reserves	812,190	181,269	-	-	(993,459)	-	-	-
Total revenue	\$ 11,949,168	\$ 2,373,136	\$ (7,500)	\$ (166,666)	\$ (1,802,257)	\$ -	\$ 1,798,694	\$ 14,144,575
EXPENSES								
General government services	\$ 1,237,448	\$ -	\$ 128,971	\$ 42,344	\$ (98,647)	\$ -	\$ 13,627	\$ 1,323,743
Protective services	2,568,629	-	84,022	-	(50,025)	-	-	2,602,626
Transportation services	1,553,101	-	951,928	-	(75,517)	-	76,266	2,505,778
Environmental health services	933,812	-	66,852	-	-	13,595	-	1,014,259
Public health and welfare services	34,749	-	-	-	-	-	52,210	86,959
Regional planning and development	155,849	-	-	-	-	-	-	155,849
Resource cons and industrial dev	389,078	-	6,248	2,377	-	-	87,884	485,587
Recreation and cultural services	1,545,735	-	481,689	-	487,527	-	743,144	3,258,095
Water and sewer services	-	2,013,132	571,215	64,082	(10,000)	-	-	2,638,429
Fiscal services:								
Transfer to Utility	37,095	-	-	-	(37,095)	-	-	-
Property tax discounts	12,785	-	-	-	(12,785)	-	-	-
Transfer to capital	2,176,130	-	(1,292,374)	-	(987,256)	-	-	-
Debt charges	348,255	103,500	-	(554,759)	-	-	-	-
* Transfer to reserves	931,502	206,504	-	-	(981,502)	-	-	-
Allowance for tax assets	25,000	50,000	-	-	(25,000)	-	-	-
Total expenses	\$ 11,949,168	\$ 2,373,136	\$ 998,551	\$ (445,956)	\$ (1,790,300)	\$ 13,595	\$ 973,131	\$ 14,071,325
Surplus (Deficit)	\$ -	\$ -	\$ (1,006,051)	\$ 279,290	\$ (11,957)	\$ (13,595)	\$ 825,563	\$ 73,250

**CITY OF DAUPHIN
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2012**

SCHEDULE 11

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 250,034	\$ 346,434
Add:		
Tax levy (Schedule 12)	10,419,115	10,302,163
Taxes added	124,537	244,925
Penalties or interest	65,799	70,832
Transfers and adjustments	45,113	41,969
Sub-total	<u>10,654,564</u>	<u>10,659,889</u>
Deduct:		
Cash collections - arrears	305,204	414,320
Cash collections - current	8,732,016	8,729,105
Writeoffs	19,942	35,170
Tax discounts	12,781	14,047
M.P.T.C. - cash advance	1,557,231	1,563,597
Other credits (Soldier Tax Credit)	50	50
Sub-total	<u>10,627,224</u>	<u>10,756,289</u>
Balance, end of year	<u><u>\$ 277,374</u></u>	<u><u>\$ 250,034</u></u>

ANALYSIS OF TAX LEVY

Year Ended December 31, 2012

	2012			2011
	<u>Assessment</u>	<u>Mill Rate</u>	<u>Levy</u>	<u>Levy</u>
Debt charges:				
L.I.D.	272,696,460	0.1450	39,541	\$ -
Other (At Large)	217,553,480	1.4760	321,109	520,989
Reserves:				
Equipment replacement	217,553,480	1.0730	233,435	232,264
Fire Equipment replacement	217,553,480	0.3240	70,487	69,844
Recreation	217,553,480	0.2160	46,992	46,563
Civic Building	217,553,480	0.1080	23,496	23,465
General Municipal				
At Large	217,553,480	23.6570	5,146,663	5,132,895
School Division not rateable property			(18,961)	(17,130)
Business tax			12,636	12,250
Total municipal taxes (Schedule 2)			5,875,398	6,021,140
Education support levy			668,483	620,369
Special levy:				
Mountain View School Division			3,856,273	3,643,524
MVSD - not rateable property			18,961	17,130
Total education taxes			4,543,717	4,281,023
Total tax levy (Schedule 11)			\$ 10,419,115	\$ 10,302,163

**CITY OF DAUPHIN
ANALYSIS OF SCHOOL ACCOUNTS
Year Ended December 31, 2012**

SCHEDULE 13

	2012			2011	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 21,900	\$ 809,114	\$ (809,168)	\$ 21,846	\$ 21,900
Special levies					
Mountain View School Division	73,797	4,176,883	(4,176,559)	74,121	73,797
Total	<u>\$ 95,697</u>	<u>\$ 4,985,997</u>	<u>\$ (4,985,727)</u>	<u>\$ 95,967</u>	<u>\$ 95,697</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2012

	2012 Actual	2011 Actual
General government services:		
Legislative	\$ 94,575	\$ 91,830
General administrative	748,786	772,770
Other	247,137	305,125
Allowance for Tax Assets	25,000	25,000
	<u>1,115,498</u>	<u>1,194,725</u>
Protective services:		
Police	1,864,490	1,717,677
Fire	393,564	410,678
Emergency measures	72,833	457,817
Other	197,726	184,760
	<u>2,528,613</u>	<u>2,770,932</u>
Transportation services:		
Road transport		
Administration and engineering	428,548	415,272
Road and street maintenance	513,128	629,607
Bridge maintenance	573	2,011
Sidewalk and boulevard maintenance	73,344	92,352
Street lighting	154,076	148,389
Other	72,956	(8,489)
Air transport	106,333	118,688
	<u>1,348,958</u>	<u>1,397,830</u>
Environmental health services:		
Waste collection and disposal	564,679	708,343
Recycling	298,055	253,446
	<u>862,734</u>	<u>961,789</u>
Public health and welfare services:		
Social assistance	35,310	39,467
Regional planning and development		
Planning and zoning	2,893	173
Urban renewal	20	10
Beautification and land rehabilitation	110,591	116,479
Urban area weed control	9,916	23,189
Other	12,229	10,760
	<u>135,649</u>	<u>150,611</u>
Resource conservation and industrial development		
Veterinary services	11,646	11,646
Regional development	-	-
Tourism	110,736	85,853
Other	240,011	231,930
	<u>362,393</u>	<u>329,429</u>
Recreation and cultural services:		
Community centers and halls	28,737	67,347
Other recreational facilities	1,862,709	1,378,361
Museums	43,400	43,400
Libraries	101,370	101,370
	<u>2,036,216</u>	<u>1,590,478</u>
Total expenses	<u><u>8,425,371</u></u>	<u><u>8,435,261</u></u>

SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2012

	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
Revenue			
Taxation	\$ -	\$ -	\$ -
Other Revenue	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	<u>-</u>	<u>-</u>	<u>-</u>
Unexpended balance, beginning of year		<u>-</u>	<u>-</u>
Unexpended balance, end of year		<u>-</u>	<u>-</u>

SCHEDULE OF DEBENTURES PENDING
 Year Ended December 31, 2012

Authority	Purpose	Source of Funds	Authorized	Expended
03/2010	Rehabilitation of Vermillion Park	Province of MB	\$ 166,666	\$ -
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			<u>\$ 166,666</u>	<u>\$ -</u>

CITY OF DAUPHIN
 RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
 December 31, 2012

SCHEDULE 17

	2012		2011	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ -	\$ 48,183	\$ 48,183	\$ (3,732)
Adjustments for reporting under public sector accounting standards				
Adjustments resulting in increase to surplus				
Eliminate expense - transfers to reserves	1,359,735	106,801	1,466,536	1,447,453
Eliminate expense - acquisitions of tangible capital assets	1,142,056	46,228	1,188,284	1,473,102
Eliminating entries between funds	77,120	(77,120)	-	-
Eliminate expense - principal portion of debenture debt	303,534	142,422	445,956	616,123
Increase revenue - accounting gain (loss) on sale of assets	34,000	(31)	33,969	(41,759)
Increase revenue - reserve funds interest	53,461	-	53,461	46,071
Adjustments resulting in decrease to surplus				
Increase expense - landfill liability expense	(13,595)	-	(13,595)	(12,910)
Increase expense - amortization of tangible capital assets	(1,114,527)	(571,215)	(1,685,742)	(1,662,066)
Eliminate revenue - transfers from reserves	(760,321)	-	(760,321)	(972,369)
Eliminate revenue - proceeds on sale of assets	(62,500)	-	(62,500)	(28,250)
Net Surplus (Deficit) Unconsolidated	\$ 1,018,963	\$ (304,732)	\$ 714,231	\$ 861,663
Surplus (Deficit) of Consolidated entities	104,116	-	104,116	(397,763)
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,123,079	\$ (304,732)	\$ 818,347	\$ 463,900