

RURAL MUNICIPALITY OF DUFFERIN

**Consolidated Financial Statements
For the Year Ended December 31, 2014**

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For the Year Ended December 31, 2014

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RURAL MUNICIPALITY OF DUFFERIN

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STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the Rural Municipality of Dufferin and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of 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.

Council of the Municipality met with management 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.

BDO Canada LLP, as the Municipality's appointed external auditor, have audited the consolidated financial statements. The independent auditor's 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. Those standards require that they comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, and present fairly the financial position and results of its operations and its cash flows of the Municipality in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.

Sharla Murray, Chief Administrative Officer

June 16, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Reeve and members of Council
Rural Municipality of Dufferin

We have audited the accompanying consolidated financial statements of Rural Municipality of Dufferin, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, 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 control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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, 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 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rural Municipality of Dufferin as at December 31, 2014, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Canada

June 16, 2015

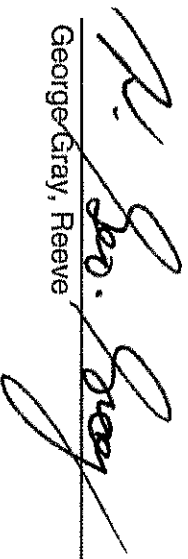
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**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014**

	2014	2013
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 1,156,655	\$ 1,306,741
Amounts receivable (Note 4)	554,635	857,596
Portfolio investments (note 5)	116,252	119,581
Other assets	<u>8,574</u>	<u>8,985</u>
	\$ 1,836,116	\$ 2,292,903
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 507,567	\$ 685,967
Deferred revenue (Note 8)	144,671	90,924
Long-term debt (Note 9)	<u>3,368,756</u>	<u>3,777,018</u>
	<u>4,020,994</u>	<u>4,553,909</u>
NET DEBT	\$ (2,184,878)	\$ (2,261,006)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 30,698,427	\$ 30,699,504
Inventories (Note 6)	100,883	108,797
Prepaid expenses	<u>88,488</u>	<u>27,850</u>
	<u>30,887,798</u>	<u>30,836,151</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 28,702,920</u>	<u>\$ 28,575,145</u>

Approved on behalf of Council:


George Gray, Reeve


John Peckover, Deputy Reeve

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
REVENUE			
Property taxes	\$ 2,775,330	\$ 2,810,835	\$ 2,713,052
Grants in lieu of taxation	83,340	31,421	33,026
User fees	272,611	280,194	293,324
Grants - Province of Manitoba	212,606	228,077	201,257
Grants - other	257,829	341,691	340,382
Permits, licences and fines	12	3,284	(145)
Investment income	17,552	19,775	19,469
Other revenue	27,838	58,094	54,219
Water and sewer	948,701	1,039,927	889,414
Total revenue (Schedules 2, 4 and 5)	<u>4,595,819</u>	<u>4,813,298</u>	<u>4,543,998</u>
EXPENSES			
General government services	924,621	1,001,044	1,070,270
Protective services	122,270	105,202	93,174
Transportation services	1,331,740	1,359,968	1,124,762
Environmental health services	8,862	8,108	13,715
Public health and welfare services	184,321	183,583	171,094
Regional planning and development	-	-	60,400
Resource conservation and industrial development	284,893	243,599	207,862
Recreation and cultural services	680,129	660,809	608,272
Water and sewer services	1,024,328	1,123,210	1,125,224
Total expenses (Schedules 3, 4 and 5)	<u>4,561,164</u>	<u>4,685,523</u>	<u>4,474,773</u>
ANNUAL SURPLUS	<u>\$ 34,655</u>	<u>127,775</u>	<u>69,225</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>28,575,145</u>	<u>28,505,920</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 28,702,920</u>	<u>\$ 28,575,145</u>

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2014**

	2014 Budget (Note 13)	2014 Actual	2013 Actual
ANNUAL SURPLUS	\$ 34,655	\$ 127,775	\$ 69,225
Acquisition of tangible capital assets	-	(679,546)	(550,929)
Amortization of tangible capital assets	617,338	617,337	681,586
Loss on sale of tangible capital assets	-	19,112	35,127
Proceeds on sale of tangible capital assets	-	44,174	280,801
Decrease (increase) in inventories	-	7,914	(18,202)
(Increase) decrease in prepaid expenses	-	(60,638)	36,583
	<u>617,338</u>	<u>(51,647)</u>	<u>464,966</u>
CHANGE IN NET DEBT	\$ 651,993	76,128	534,191
NET DEBT, BEGINNING OF YEAR		<u>(2,261,006)</u>	<u>(2,795,197)</u>
NET DEBT, END OF YEAR		<u>\$ (2,184,878)</u>	<u>\$ (2,261,006)</u>

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

	2014	2013
OPERATING TRANSACTIONS		
Annual surplus	\$ 127,775	\$ 69,225
Loss on sale of tangible capital asset	19,112	35,127
	<u>146,887</u>	<u>104,352</u>
Changes in non-cash items		
Amounts receivable	302,961	(150,060)
Inventories	7,914	(18,202)
Prepaid expenses	(60,639)	36,583
Accounts payable and accrued liabilities	(178,400)	(75,214)
Other assets	411	(6,235)
Deferred revenue	53,747	(26,099)
Amortization of tangible capital assets	617,337	681,586
	<u>890,218</u>	<u>546,711</u>
Cash provided by operating transactions		
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	44,174	280,801
Cash used to acquire tangible capital assets	(679,546)	(550,929)
	<u>(635,372)</u>	<u>(270,128)</u>
Cash applied to capital transactions		
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	3,329	64,368
Cash provided by investing transactions	<u>3,329</u>	<u>64,368</u>
FINANCING TRANSACTIONS		
Debt proceeds	54,204	18,673
Debt repayment	(462,466)	(425,251)
Cash applied to financing transactions	<u>(408,262)</u>	<u>(406,578)</u>
NET DECREASE IN CASH AND TEMPORARY INVESTMENTS	(150,087)	(65,627)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	1,306,741	1,372,368
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 1,156,655</u>	<u>\$ 1,306,741</u>

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

1. Status of the Rural Municipality of Dufferin

The incorporated Rural Municipality of Dufferin ("the Municipality") is a municipal government that was created in 1880 pursuant to The Manitoba Municipal Act of the Province of Manitoba. The Municipality provides or funds municipal services such as fire, public works, urban planning, parks and recreation, library and other general government operations. The Municipality owns a 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 public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, accumulated surplus, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of 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-company balances and transactions have been eliminated. At December 31, 2014, the Municipality has no controlled organizations.

The Municipality has several partnership agreements in place, and as such, consistent with PSAS treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, 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, along with the proportion consolidated, include the following:

	2014	2013
Boyerne Regional Library	50%	50%
Carman & Community Health Center	50%	50%
Carman Dufferin Recreation Commission	50%	50%
Carman Memorial Hall	0%	50%
Greenwood Cemetery	0%	50%
Carman and District Hall	0%	50%
Carman Dufferin Planning District	0%	50%
Pembina Valley Water Co-operative Inc.	6.7%	6.7%

The taxation with respect to the operations of the school divisions are not reflected in the Municipality revenue and surplus of these consolidated financial statements. Details of amounts levied, collected and payable at year end for Education Support Levy and Special Levy are presented at Schedule 12 - Analysis of Tax Levy and Schedule 13 - Analysis of School Accounts.

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.

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

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 amortized cost.

e) 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 annual surplus, provides the change in net financial assets for the

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.

f) 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 interest charges as part of the cost of its tangible capital assets.

The cost less residual value of the tangible capital assets is amortized on a straight-line basis over its estimated useful life. Assets under construction are not amortized until the asset is put into use.

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and Leasehold Improvements	
Buildings	25 to 40 years
Leasehold improvement	Term 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

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

2. Significant Accounting Policies (continued)

Government Partnerships

Buildings	40 years
Water pipelines	40 years
Water treatment plants	40 years
Vehicles and equipment	7 years
Office furniture	7 years
Computer equipment	5 years
Sandlands well	40 years
Sandlands engineering and related costs	15 years

Certain assets that 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.

g) 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.

h) Employee Future Benefits

The Municipality pays the employer portion of a multi-employer defined benefit pension plan handled by the Municipal Employees' Pension Plan (MEPP) for its employees. Under this plan, specific fixed amounts are contributed by the Town each period for services rendered by the employees matching employee contributions.

For those defined benefit plans that accumulate but do not vest such as sick pay, the benefit costs are recognized and recorded only in the period when the employee is sick given that the liability for sick pay benefits has been determined to be insignificant at year end.

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) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers are recognized as revenue in the statement of operations as the stipulations liabilities are 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.

k) Measurement Uncertainty

Estimates are used by management to accrue revenues and expenses in circumstances where the actual accrued revenues are 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	2014	2013
Cash	\$ 1,095,586	\$ 1,221,428
Temporary investments	61,069	85,313
	\$ 1,156,655	\$ 1,306,741

The Municipality has an authorized line of credit of \$2.5 million. The line of credit bears interest at 2.50%. As at December 31, 2014 the line of credit is not being utilized.

Temporary investments comprise of a guaranteed investment certificate with interest at 1.25% and maturing March 2015.

4. Amounts Receivable

Amounts receivable are comprised of the following:

	2014	2013
Taxes on roll (Schedule 11)	\$ 349,305	\$ 303,346
Government grants	-	163,932
Utility customers	112,872	90,068
Organizations and Individuals	75,592	89,177
Other governments	16,866	211,073
Less allowances for doubtful amounts	554,635	857,596
	\$ 554,635	\$ 857,596

5. Portfolio Investment

Portfolio Investments consist of municipal debentures and guaranteed investment certificates with interest ranging from 2.1% to 5.50% and maturing between July 2015 and December 2024.

6. Inventories

Inventories held for consumption are comprised of the following:

	2014	2013
Chemicals, herbicides, insecticides	\$ 5,470	\$ 6,984
Culverts	76,953	75,955
Other supplies	18,460	25,858
	\$ 100,883	\$ 108,797

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2014	2013
Accounts payable	\$ 392,214	\$ 560,621
School levies (Schedule 13)	115,353	125,346
	\$ 507,567	\$ 685,967

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

8. Deferred Revenue

Deferred revenue is comprised of the following:

	2014	2013
Gas Tax contributions	\$ -	\$ 81,877
Other	143,846	8,225
	\$ 143,846	\$ 90,102

Gas Tax contributions previously presented as deferred revenue were recognized as revenue in the current year upon the Town's signing a new Gas Tax Revenue Agreement since transfer stipulations do not exist. Unspent Gas Tax contributions at year end are presented in Schedule 6 - Schedule of Change in Reserve Fund Balances.

9. Long-term Debt

General Authority

	2014	2013
Bylaw 1845 - Debenture, interest at 4.14%, payable at \$66,800 annually including interest, maturing December 31, 2014.	\$ -	\$ 64,144
Bylaw 1829 - Debenture, interest at 4.86%, payable at \$128,626 annually including interest, maturing December 31, 2018.	457,587	559,043
Bylaw 1847 - Debenture, interest at 5.25%, payable at \$47,150 annually including interest, maturing December 31, 2024.	359,700	386,555
Bylaw 1871 - Debenture, interest at 5.00%, payable at \$12,950 annually including interest, maturing December 31, 2020.	65,733	74,936
Bylaw 1871 - Debenture, interest at 5.00%, payable at \$12,950 annually including interest, maturing December 31, 2020.	65,733	74,936
Bylaw 1871 - Debenture, interest at 5.00%, payable at \$3,238 annually including interest, maturing December 31, 2020.	16,433	18,734
Bylaw 1871 - Debenture, interest at 5.00%, payable at \$3,238 annually including interest, maturing December 31, 2020.	16,433	18,734
Bylaw 1871 - Debenture, interest at 5.00%, payable at \$6,475 annually including interest, maturing December 31, 2020.	32,866	37,468
Bylaw 1871 - Debenture, interest at 4.95%, payable at \$28,805 annually including interest, maturing December 31, 2025.	239,897	256,028
Bylaw 1884 - Debenture, interest at 4.78%, payable at \$71,186 annually including interest, maturing December 31, 2026.	638,843	677,639
Bylaw 1885 - Debenture, interest at 3.75%, payable at \$27,615 annually including interest, maturing December 31, 2015.	63,435	71,235
Bylaw 1894 - Debenture, interest at 3.75%, payable at \$10,471 annually including interest, maturing December 31, 2021.	51,493	77,000
	2,008,153	2,316,454

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

9. Long-term Debt (continued)	2014	2013
<u>General Authority (continued)</u>	<u>2,008,153</u>	<u>2,316,454</u>
<u>Utility Funds</u>		
Bylaw 1808 - Debenture, interest at 5.75%, payable at \$10,674 annually including interest, maturing December 31, 2016.	19,638	28,664
Bylaw 1827 - Debenture, interest at 5.50%, payable at \$6,565 annually including interest, maturing December 31, 2017.	17,711	23,010
Bylaw 1841 - Debenture, interest at 5.375%, payable at \$15,034 annually including interest, maturing December 31, 2018.	52,847	64,418
Bylaw 1856 - Debenture, interest at 5.375%, payable at \$10,243 annually including interest, maturing December 31, 2019.	43,892	51,374
Bylaw 1886 - Debenture, interest at 5.00%, payable at \$8,729 annually including interest, maturing December 31, 2020.	44,304	50,507
Bylaw 1898 - Debenture, interest at 4.00%, payable at \$4,427 annually including interest, maturing December 31, 2021.	26,574	29,809
Bylaw 1909 - Debenture, interest at 3.875%, payable at \$2,288 annually including interest, maturing December 31, 2022.	15,483	17,108
Bylaw 1934 - Debenture, interest at 3.875%, payable at \$6,641 annually including interest, maturing December 31, 2023.	49,663	-
<u>Pembina Valley Water Co-operative Inc.</u>	<u>270,112</u>	<u>264,891</u>
Mortgage, interest at prime being 3.00% on December 31, 2014, payable at \$987 monthly including interest, secured by a General Security Agreement over the accounts receivable and equipment and deposit of titles to property owned by the Pembina Valley Water Cooperative Inc., unless demanded, maturing May 2021.	\$ 69,974	\$ 79,556
Mortgage, interest at 5.43%, payable at \$2,291 monthly including interest, secured by a General Security Agreement over the accounts receivable and equipment and deposit of titles to property owned by the Pembina Valley Water Cooperative Inc., unless demanded, maturing May 2020.	286,705	298,288
Mortgage, interest at 5.10%, payable at \$5,520 monthly including interest, secured by a General Security Agreement over the accounts receivable and equipment and deposit of titles to property owned by the Pembina Valley Water Cooperative Inc., unless demanded, maturing April 2016.	85,230	145,500
Mortgage, interest at prime being 3.00% on December 31, 2014, payable at \$536 monthly including interest, secured by a General Security Agreement over the accounts receivable, equipment and deposit of titles to property owned by the Pembina Valley Water Cooperative Inc., unless demanded, maturing April 2014.	-	2,332
Mortgage, interest at 5.22%, interest only payable monthly until April 1, 2014 after which time payable at \$5,551 monthly including interest, secured by a General Security Agreement over the accounts receivable, equipment and deposit of titles to property owned by the Pembina Valley Water Cooperative Inc., unless demanded, maturing June 2018.	648,582	670,000
	<u>1,090,491</u>	<u>1,195,676</u>
	<u>\$ 3,368,756</u>	<u>\$ 3,777,018</u>

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

9. Long-term Debt (continued)

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

2015	\$	434,652
2016	\$	411,293
2017	\$	370,220
2018	\$	885,831
2019	\$	216,135

10. Commitments

The Municipality has entered into a contract with Pembina Valley Water Co-operative Inc. that expires in 2018. The contract identifies the annual amount of water, based on volume, the Municipality has committed to purchase from the co-operative.

The Municipality has guaranteed a portion of a line of credit of \$250,000 obtained by La Salle Redboine Conservation District to a maximum of \$37,500.

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 Retirement Benefits.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP requires that employees contribute 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 \$44,617 (\$40,773 in 2013) and are included in the consolidated 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, 2013 indicated the plan was 93.3% funded on a going concern basis and had an unfunded solvency liability of \$139.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2013.

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.

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

12. Accumulated Surplus
Accumulated surplus consists of the following:

	2014	2013
General Operating Fund - Nominal surplus	\$ 450,779	\$ 580,985
Utility Operating Fund(s) - Nominal surplus	84,583	(155,382)
Tangible capital assets net of related borrowings	26,064,985	26,038,325
Reserve funds	923,114	888,561
Accumulated surplus of Municipality - Unconsolidated	27,523,461	27,352,489
Accumulated surpluses of consolidated entities	1,179,459	1,222,656
Accumulated surplus - Consolidated	<u>\$ 28,702,920</u>	<u>\$ 28,575,145</u>

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. 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 presented in these consolidated financial statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

15. Segmented Information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This relates to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

Protective Services

Protection is comprised of fire protection, building inspection, emergency operations and animal control services. The fire department is comprised of paid on-call volunteers who provide fire suppression serves, fire prevention programs, training and education. The fire department also responds to motor vehicle accidents. The building inspector inspects residential buildings for compliance with the Manitoba Building Code. Emergency operation include the Emergency coordinator as well as the emergency operations centres when required.

Transportation Services

Transportation services is responsible for snow clearing, cleaning streets in urban areas, grading gravel roads, and applying dust abatement to gravel roads. The department maintains boulevards and parks in the urban areas as well as maintenance. The department is also responsible for maintaining and improving drainage along municipal roads as well as paying for utility costs for street lights in urban and rural areas.

Environmental Health

Contractors provide services for waste disposal and transportation to the disposal ground as well as the pickup of materials to be recycled.

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

15. Segmented Information (continued)

Public Health

The Municipality pays the Province an annual levy to administer social assistance to its residents.

Regional Planning and Development

The Municipality is responsible for the final decision on subdivision applications for its Zoning By-Laws.

Recreation and Cultural Services

The Municipality provides services in order to improve the health and development of its citizens. Library services are provided through the Boyne Regional Library. As well, Carman Dufferin Recreation Commission and Carman Memorial Hall are operated by the Municipality for recreational purposes.

Water and Sewer Services

The Municipality supplies the water and sewer utility to its residents. The Municipality also maintains the water and sewer utility, processing and cleaning sewage and ensuring the water and sewer systems meet all provincial standards.

The accounting policies of the segments are the same as those described in Note 2 of Significant Accounting Policies. The revenues and expenses, and government business partnerships that are directly attributable to a particular segment, are allocated to that segment.

16. Government Partnerships

The Municipality has entered partnership agreements for municipal services. The government partnerships, along with the proportion consolidated in these consolidated financial statements, are disclosed at note 2(a). The condensed summary financial statements of the government partnerships, in aggregate, are as follows:

	2014	2013
Financial Position		
Assets	\$ 2,324,301	\$ 2,536,210
Liabilities	\$ 1,144,842	\$ 1,265,482
Accumulated surplus	1,179,459	1,222,656
	\$ 2,324,301	\$ 2,488,138
Results of Operations		
Revenue	\$ 758,208	\$ 802,058
Expenses	801,405	798,204
Annual surplus	\$ (43,197)	\$ 3,853

17. Public Utilities Board

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

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

**RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

18. 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, 2014:

- a) Compensation paid to members of Council amounted to \$147,062 in aggregate.
- b) There were no members of Council receiving compensation in excess of \$50,000 individually.

Amounts paid to the Council members are as follows:

<u>Council Members</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Reeve - S. McCutcheon	\$ 13,555	\$ 5,640	\$ 19,195
Reeve - G. Gray	14,555	7,042	21,597
Deputy Reeve - J. Peckover	14,069	7,001	21,070
Councillor - B. Fraser	13,619	6,735	20,354
Councillor - H. Takvam	13,169	6,450	19,619
Councillor - B. Driedger	13,619	6,723	20,342
Councillor - F. Dunn	14,144	6,828	20,972
Councillor - S. Harder	2,645	1,271	3,916
	<u>\$ 99,375</u>	<u>\$ 47,690</u>	<u>\$ 147,065</u>

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
S. Murray	Chief Administrative Officer	\$ 72,934
R. Last	Municipal Foreman	65,152
B. Bell	Assistant Foreman	56,414
C. Braun	Level 1 Equipment Operator	53,735
T. Klassen	Weed Supervisor	50,910

SCHEDULE 1

RURAL MUNICIPALITY OF DUFFERIN
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 For the Year Ended December 31, 2014

	2014		2013	
	Assets Under Construction	Totals	Assets Under Construction	Totals
General Capital Assets				
Buildings and Leasehold Improvements	\$ 4,207,617	\$ 889,064	\$ 4,207,617	\$ 889,064
Vehicles and Equipment	48,930	-	48,930	-
Computer Hardware and Software	468,504	-	468,504	-
Asset Under Construction	136,357	-	136,357	-
Roads, Streets, and Bridges	\$ 14,210,329	\$ 14,210,329	\$ 14,210,329	\$ 14,210,329
Water and Sewer	14,134,585	-	14,134,585	-
Infrastructure	37,775,064	37,200,507	37,775,064	37,200,507
Disposals and write downs	-	(439,668)	-	(439,668)
Additions during the year	-	679,546	-	550,929
Beginning of year	\$ 889,064	\$ 37,200,507	\$ 889,064	\$ 37,089,246
Accumulated Amortization				
Beginning of year	1,034,792	6,501,003	3,303,990	5,943,157
Amortization	101,988	617,337	280,730	681,586
Disposals and write downs	-	(41,703)	(18,547)	(123,740)
End of year	1,136,780	7,076,637	3,566,173	6,501,003
Net Book Value of Tangible Capital Assets, end of year	\$ 3,119,767	\$ 30,698,427	\$ 10,568,412	\$ 30,699,504

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED SCHEDULE OF REVENUE
For the Year Ended December 31, 2014

SCHEDULE 2

	2014 Actual	2013 Actual
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 2,735,230	\$ 2,628,450
Taxes added	75,605	84,602
	2,810,835	2,713,052
Grants in lieu of taxation		
Federal government	23	21
Provincial government	5,636	5,737
Provincial government enterprises	25,762	27,268
	31,421	33,026
User fees		
Sales of service	94,807	92,082
Sales of goods	9,403	53,025
Rentals	175,984	148,217
	280,194	293,324
Grants - Province of Manitoba		
General support grant	134,616	134,616
Conditional grants	93,461	66,641
	228,077	201,257
Grants - other		
Federal government - Gas Tax funding	205,027	128,626
Federal government - other	3,507	3,478
Other local governments	133,157	208,278
	341,691	340,382
Permits, licences and fines		
Permits	3,274	(155)
Licences	10	10
	3,284	(145)
Investment income	19,775	19,469
Other revenue		
Loss on sale of tangible capital assets	(19,112)	(35,127)
Penalties and interest	34,322	30,696
Donations from individuals	42,884	58,650
	58,094	54,219
Water and sewer	1,039,927	889,414
Total revenue	\$ 4,813,298	\$ 4,543,998

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2014**

SCHEDULE 3

	2014 Actual	2013 Actual
General government services		
Legislative	\$ 103,338	\$ 100,751
General administrative	224,397	254,085
Other	673,309	715,434
	<u>1,001,044</u>	<u>1,070,270</u>
Protective services		
Fire	96,343	93,804
Emergency measures	7,168	4,873
Other protection	1,691	(5,503)
	<u>105,202</u>	<u>93,174</u>
Transportation services		
Road transportation	1,353,058	1,117,154
Road and street maintenance	6,910	7,608
Street lighting	<u>1,359,968</u>	<u>1,124,762</u>
Environmental health services		
Waste collection and disposal	6,975	7,006
Other	1,133	6,709
	<u>8,108</u>	<u>13,715</u>
Public health and welfare services		
Public health	163,194	150,805
Social assistance	20,389	20,289
	<u>183,583</u>	<u>171,094</u>
Regional planning and development	-	60,400
Resource conservation and industrial development		
Rural area weed control	78,479	77,139
Drainage of land	61,947	25,435
Veterinary services	3,465	3,465
Water resources and conservation	31,550	26,550
Regional development	68,158	75,273
	<u>243,599</u>	<u>207,862</u>
Recreation and cultural services		
Administration	157,404	169,460
Community centers and halls	342,669	295,856
Parks and playgrounds	4,073	4,235
Museums	5,500	5,500
Libraries	123,035	123,196
Other cultural facilities	28,128	10,025
	<u>660,809</u>	<u>608,272</u>
Water and sewer services	<u>1,123,210</u>	<u>1,125,224</u>
Total expenses	<u>\$ 4,685,523</u>	<u>\$ 4,474,773</u>

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2014

	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	General Government*	Protective Services	Transportation Services	Environmental Health Services	Public Health and Welfare Services					
REVENUE										
Property taxes	\$ 2,735,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	31,421	-	-	-	-	-	-	-	-	-
User fees	13,999	-	1,206	4,851	-	-	-	-	-	-
Prov of MB - Unconditional Grants	134,616	-	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	70,421	-	-	-	-	-	-	-	-	-
Grants - other	208,534	-	-	-	-	-	-	-	-	-
Permits, licenses and fines	3,284	-	-	-	-	-	-	-	-	-
Investment income	12,122	-	101	121	5,891	-	-	-	-	-
Other revenue	34,125	-	-	-	500	-	-	-	-	-
Recovery of bad debts	-	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Total revenue	\$ 3,019,380	\$ -	\$ 1,307	\$ 4,972	\$ 108,125	\$ -	\$ -	\$ -	\$ 95,631	\$ -
EXPENSES										
Personnel services	\$ 289,740	\$ 268,537	\$ 25,177	\$ 9,709	\$ 1,366	\$ -	\$ -	\$ -	\$ 100,305	\$ 1,366
Contract services	214,735	228,493	80,025	83,465	100,305	114,965	7,006	6,709	5,355	100,305
Utilities	2,365	1,878	-	-	5,602	5,602	-	-	5,355	5,602
Maintenance materials and supplies	29,806	34,731	-	-	9,912	12,144	-	-	9,912	12,144
Grants and contributions	16,430	12,037	-	-	16,752	15,389	-	-	16,752	15,389
Amortization	336,608	397,560	-	-	-	-	-	-	-	-
Interest on long-term debt	111,360	127,034	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	397	-	37,404	35,483	-	-	-	37,404
Total expenses	\$ 1,001,044	\$ 1,070,270	\$ 105,202	\$ 93,174	\$ 171,094	\$ 183,583	\$ 13,715	\$ 13,715	\$ 171,094	\$ 183,583
Surplus (Deficit)	\$ 2,243,377	\$ 1,949,110	\$ (105,202)	\$ (93,174)	\$ (75,463)	\$ (75,458)	\$ (13,715)	\$ (13,715)	\$ (75,463)	\$ (75,463)

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

SCHEDULE 4

RURAL MUNICIPALITY OF DUFFERIN
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2014

	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	-	-	-	-	-	-	-	-	-	-
User fees	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	25,140	-	23,040	151,985	28,040	193,568	23,040	162,504	134,616	293,324
Grants - other	-	-	-	-	-	-	-	-	341,691	33,026
Permits, licences and fines	-	-	-	-	-	-	-	-	93,461	134,616
Investment income	-	-	-	-	-	-	-	-	134,616	280,194
Other revenue	-	-	-	-	-	-	-	-	19,775	293,324
Recovery of bad debts	-	-	-	-	-	-	-	-	58,094	31,421
Water and sewer	-	-	-	-	-	-	-	-	19,469	31,421
Total revenue	\$ 71,117	\$ 71,117	\$ 17,311	\$ 18,860	\$ 327,271	\$ 369,398	\$ 1,114,863	\$ 964,640	\$ 4,813,298	\$ 4,543,998
EXPENSES										
Personnel services	\$ 15,000	\$ 15,000	\$ 33,865	\$ 37,271	\$ 180,276	\$ 106,791	\$ 138,180	\$ 137,781	\$ 1,173,205	\$ 991,983
Contract services	-	-	105,667	69,767	52,617	48,401	72,722	101,510	744,653	762,413
Utilities	-	-	-	-	70,425	66,445	28,088	27,406	124,523	125,401
Maintenance materials and supplies	-	1,811	62,552	55,809	71,631	68,051	524,224	487,523	1,433,604	1,256,930
Grants and contributions	-	-	41,515	45,015	265,594	288,470	-	-	345,428	372,870
Amortization	-	-	-	-	-	-	280,730	284,026	617,338	681,586
Interest on long-term debt	-	-	-	-	-	-	75,406	81,806	186,766	208,840
Bad debt	-	-	-	-	-	150	-	-	-	150
Other	-	2,060	-	-	20,266	29,964	3,860	5,172	60,006	74,600
Total expenses	\$ 60,400	\$ 207,862	\$ 243,599	\$ 207,862	\$ 660,809	\$ 608,272	\$ 1,123,210	\$ 1,125,224	\$ 4,685,523	\$ 4,474,773
Surplus (Deficit)	\$ -	\$ 10,717	\$ (226,288)	\$ (189,002)	\$ (333,538)	\$ (238,874)	\$ (8,347)	\$ (160,584)	\$ 127,775	\$ 69,225

SCHEDULE 5

RURAL MUNICIPALITY OF DUFFERIN
 CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
 For the Year Ended December 31, 2014

	2014		2013		2014		2013	
	Core Government	Controlled Entities	Government Partnerships	Total	Core Government	Controlled Entities	Government Partnerships	Total
REVENUE								
Property taxes	\$ 2,810,835	\$ -	\$ -	\$ 2,810,835	\$ 2,713,052	\$ -	\$ -	\$ 2,713,052
Grants in lieu of taxation	31,421	-	-	31,421	33,026	-	-	33,026
User fees	18,483	-	-	18,483	23,501	-	-	23,501
Prov of MB - Unconditional Grants	134,616	-	-	134,616	134,616	-	-	134,616
Prov of MB - Conditional Grants	70,421	-	-	70,421	18,461	-	-	18,461
Grants - other	219,961	-	-	219,961	134,104	-	-	134,104
Permits, licences and fines	3,284	-	-	3,284	(145)	-	-	(145)
Investment income	12,223	-	-	12,223	11,144	-	-	11,144
Other revenue	51,436	-	-	51,436	55,429	-	-	55,429
Recovery of bad debts	-	-	-	-	-	-	-	-
Water and sewer	691,693	-	-	691,693	582,207	-	-	582,207
Total revenue	\$ 4,044,373	\$ -	\$ 768,925	\$ 4,813,298	\$ 3,705,495	\$ -	\$ 838,503	\$ 4,543,998
EXPENSES								
Personnel services	\$ 956,076	\$ -	\$ 217,129	\$ 1,173,205	\$ 823,791	\$ -	\$ 168,192	\$ 991,983
Contract services	569,441	-	175,212	744,653	562,043	-	200,370	762,413
Utilities	27,215	-	97,308	124,523	28,980	-	96,421	125,401
Maintenance materials and supplies	1,294,587	-	139,017	1,433,604	1,118,536	-	138,394	1,256,930
Grants and contributions	334,777	-	10,651	345,428	358,768	-	14,102	372,870
Amortization	545,568	-	71,770	617,338	610,446	-	71,140	681,586
Interest on long-term debt	127,913	-	58,853	186,766	144,584	-	64,256	208,840
Bad debt	-	-	-	-	-	-	150	150
Other	28,539	-	31,467	60,006	29,420	-	45,180	74,600
Total expenses	\$ 3,884,116	\$ -	\$ 801,407	\$ 4,685,523	\$ 3,676,568	\$ -	\$ 798,205	\$ 4,474,773
Surplus (Deficit)	\$ 160,257	\$ -	\$ (32,482)	\$ 127,775	\$ 28,927	\$ -	\$ 40,298	\$ 69,225

SCHEDULE 6

RURAL MUNICIPALITY OF DUFFERIN
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2014

	2014	2013	Total	General	Boyme School	Equipment Replacement	Gas Tax	Provincial Road	Drainage	Gravel	Memorial Hall	Wetland	Cemetery	Recreation Capital	Community Hall	Utility General	Waterlines	Total	
REVENUE																			
Interest earned	\$ 364	\$ 490	\$ 854	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ 1,602	
Other income	25,151	25,151	50,302	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,151	
Total revenue	364	25,625	26,000	-	-	-	-	101	-	-	-	-	-	-	-	9	-	2,092	
EXPENSES																			
Investment charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	3,342	35,967	39,309	-	-	-	-	-	17,225	-	-	-	-	-	-	-	-	35,967	
Total expenses	3,342	35,967	39,309	-	-	-	-	-	17,225	-	-	-	-	-	-	-	-	35,967	
NET REVENUE	(2,978)	(10,342)	(13,320)	-	-	-	-	101	(17,225)	-	-	(15,400)	-	-	-	9	-	(56,223)	
TRANSFERS																			
Transfers from (to) Operating Fund	(38,324)	397,036	358,712	167	-	-	(5,000)	-	-	-	(5,000)	26,860	15,000	8,022	50,000	25,025	-	321,696	
Transfers from (to) Utility Fund	-	(53,368)	(53,368)	-	-	934	-	-	-	-	-	-	-	-	-	(54,302)	-	58,815	
Acquisition of tangible capital assets	-	(238,773)	(238,773)	-	-	-	-	-	-	-	-	-	-	-	(25,025)	(15,000)	-	(117,700)	
CHANGE IN RESERVE FUND BALANCES	(41,301)	34,553	(6,748)	25,317	-	-	72,501	(4,899)	(17,225)	(5,000)	26,860	(400)	8,022	27,419	(69,293)	934	-	206,587	
FUND SURPLUS, BEGINNING OF YEAR	304,048	888,561	1,192,609	1,850	40,890	-	9,796	50,928	15,351	-	-	800	-	-	-	-	-	681,974	
FUND SURPLUS, END OF YEAR	\$ 262,747	\$ 923,114	\$ 1,185,861	\$ 27,167	\$ 52,508	\$ 72,501	\$ 4,897	\$ 33,703	\$ 10,351	\$ 26,860	\$ 400	\$ 8,022	\$ 27,419	\$ 384,982	\$ 11,557	\$ 923,114	\$ 888,561		

SCHEDULE 7

**RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF TRUST FUNDS
For the Year Ended December 31, 2014**

	2014	2013
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	\$ -	\$ -
Due from Municipality	\$ -	\$ -
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	\$ -	\$ -
REVENUE		
Contributions and donations	\$ -	\$ -
Investment income	\$ -	\$ -
EXPENSES		
Cemetery maintenance	\$ -	\$ -
Distribution to beneficiaries	\$ -	\$ -
Other	\$ -	\$ -
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ -	\$ -
FUND BALANCE, BEGINNING OF YEAR	\$ -	\$ -
FUND BALANCE, END OF YEAR	\$ -	\$ -
Name of Trust	Name of Trust	Name of Trust
	2014	2013
Total	\$ -	\$ -

RURAL MUNICIPALITY OF DUFFERIN

SCHEDULE 8

SCHEDULE OF FINANCIAL POSITION FOR UTILITY

For the Year Ended December 31, 2014

	2014	2013
Total	Total	Total
FINANCIAL ASSETS		
Cash	\$ -	\$ -
Amounts receivable	112,872	95,768
Portfolio investments	-	-
Due from other funds	-	-
	<u>\$ 112,872</u>	<u>\$ 95,768</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 2,218
Deferred revenue	334,664	280,460
Long-term debt	47,441	274,790
Due to other funds	382,105	557,468
	<u>\$ (269,233)</u>	<u>\$ (461,700)</u>
NET FINANCIAL DEBT		
	<u>\$ (269,233)</u>	<u>\$ (461,700)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	\$ 8,549,592	\$ 8,750,884
Inventories	19,152	25,858
Prepaid expenses	-	-
	<u>8,568,744</u>	<u>8,776,742</u>
FUND SURPLUS	<u>\$ 8,299,511</u>	<u>\$ 8,315,042</u>

RURAL MUNICIPALITY OF DUFFERIN

SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS - Rural Municipality of Dufferin Utility

For the Year Ended December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
REVENUE			
Water			
Water fees	\$ 561,600	\$ 553,788	\$ 514,277
Bulk Water fees	-	-	-
sub-total - water	<u>561,600</u>	<u>553,788</u>	<u>514,277</u>
Sewer			
Sewer fees	-	-	-
Lagoon tipping fees	-	-	-
sub-total - sewer	-	-	-
Property taxes		<u>73,093</u>	<u>74,109</u>
Government transfers			
Government transfers - operating	74,936	-	-
Government transfers - capital	69,303	-	-
sub-total - government transfers	<u>144,239</u>	-	-
Other			
Hydrant rentals	-	-	-
Connection charges	25,000	133,159	63,214
Penalties	4,500	4,737	4,483
Investment income	-	-	-
Administration fees	-	-	-
Other income	15,000	-	323
	<u>44,500</u>	<u>137,896</u>	<u>68,020</u>
Total revenue	<u>\$ 750,339</u>	<u>\$ 764,777</u>	<u>\$ 656,406</u>

RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF UTILITY OPERATIONS (cont'd) - Rural Municipality of Dufferin Utility
For the Year Ended December 31, 2014

SCHEDULE 9

	2014 Budget	2014 Actual	2013 Actual
EXPENSES			
General			
Administration	\$ 113,175	\$ 19,009	\$ 15,553
Training costs	-	-	-
Billing and collection	-	81,219	81,293
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>113,175</u>	<u>100,228</u>	<u>96,846</u>
Water General			
Purification and treatment	15,985	9,757	9,717
Transmission and distribution	31,950	34,166	3,250
Transportation services	-	-	-
Water purchases	376,668	423,981	419,394
Connection costs	4,000	55,975	86,602
sub-total- water general	<u>428,603</u>	<u>523,879</u>	<u>518,963</u>
Water Amortization & Interest			
Amortization	208,960	208,960	212,886
Interest on long term debt	-	16,553	17,550
sub-total- water amortization & interest	<u>208,960</u>	<u>225,513</u>	<u>230,436</u>
Sewer General			
Collection system costs	-	-	-
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- sewer general	<u>-</u>	<u>-</u>	<u>-</u>
Sewer Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>750,738</u>	<u>849,620</u>	<u>846,245</u>
NET OPERATING (DEFICIT) SURPLUS	(399)	(84,843)	(189,839)
TRANSFERS			
Transfers from (to) operating and capital fund	(133,625)	-	-
Transfers from (to) reserve funds	(74,936)	69,302	(57,453)
CHANGE IN UTILITY FUND BALANCE	<u>\$ (208,960)</u>	<u>(15,541)</u>	<u>(247,292)</u>
FUND SURPLUS, BEGINNING OF YEAR		8,315,052	8,562,344
FUND SURPLUS, END OF YEAR		<u>\$ 8,299,511</u>	<u>\$ 8,315,052</u>

SCHEDULE 10

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the Year Ended December 31, 2014

	Financial Plan	Financial Plan	Financial Plan	Amortization	Interest	Transfers	Consolidated	PSAB
	General	Utility	(TCA)	Expense	Transfers	Entitities	Budget	Budget
REVENUE								
Property taxes	\$ 2,775,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,775,330
Grants in lieu of taxation	83,340	-	-	-	-	-	-	83,340
User fees	10,900	-	-	-	-	-	-	272,611
Grants - Province of Manitoba	189,566	-	-	-	-	-	-	212,606
Grants - other	136,099	-	-	-	-	-	-	257,829
Permits, licences and fines	12	-	-	-	-	-	-	12
Investment income	10,000	-	-	-	-	-	-	17,552
Other revenue	21,180	-	-	-	-	-	-	27,838
Water and sewer	-	675,403	-	-	-	-	-	948,701
Transfers from reserves	601,288	74,936	-	-	-	(676,224)	-	-
Total revenue	\$ 3,827,715	\$ 750,339	\$ -	\$ -	\$ -	\$ (751,160)	\$ 768,925	\$ 4,595,819
EXPENSES								
General government services	\$ 513,077	\$ -	\$ 336,608	\$ 74,936	\$ -	\$ -	\$ -	\$ 924,621
Protective services	122,270	-	-	-	-	-	-	122,270
Transportation services	1,331,740	-	-	-	-	-	-	1,331,740
Environmental health services	8,862	-	-	-	-	-	-	8,862
Public health and welfare services	44,269	-	-	-	-	-	-	184,321
Regional planning and development	-	-	-	-	-	-	-	-
Resource cons and industrial dev	284,893	-	-	-	-	-	-	284,893
Recreation and cultural services	292,365	-	-	-	-	-	-	680,129
Water and sewer services	-	675,403	280,730	-	-	(133,625)	201,820	1,024,328
Fiscal services:								
Transfer to capital	-	-	-	-	-	-	-	-
Transfer to utility	-	-	-	-	-	-	-	-
Debt charges	974,460	74,936	-	(1,049,396)	-	-	-	-
Transfer to reserves	255,779	-	-	-	-	(255,779)	-	-
Allowance for tax assets	-	-	-	-	-	-	-	-
Total expenses	\$ 3,827,715	\$ 750,339	\$ 617,338	\$ (974,460)	\$ (389,404)	\$ 729,636	\$ 4,561,164	\$ 34,655
Surplus (Deficit)	\$ -	\$ -	\$ (617,338)	\$ 974,460	\$ (361,756)	\$ 39,289	\$ -	\$ -

**RURAL MUNICIPALITY OF DUFFERIN
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2014**

SCHEDULE 11

	2014	2013
Balance, beginning of year	\$ 303,346	\$ 308,408
Add:		
Tax levy (Schedule 12)	5,309,266	4,969,364
Taxes added	75,605	84,602
Penalties or interest	34,322	30,696
Other accounts added	-	-
Tax Adjustments (specify)	-	-
Tax Adjustments (specify)	-	-
Sub-total	5,419,193	5,084,662
Deduct:		
Cash collections - current	4,795,523	4,426,783
Cash collections - arrears	201,264	280,973
Transfers Re Tax Sale	-	-
Writeoffs	-	-
Title value of land sales	-	-
Title value of tax titles acquired	-	-
Tax discounts	12,321	12,832
M.P.T.C. - cash advance	364,126	369,136
Other credits - M.P.T.C. adjustment	-	-
Sub-total	5,373,234	5,089,724
Balance, end of year	\$ 349,305	\$ 303,346

**RURAL MUNICIPALITY OF DUFFERIN
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2014**

SCHEDULE 12

	2014		2013	
Assessment	Mill Rate	Levy	Levy	
Other governments (L.U.D.):	0%	\$ -	\$ -	-
Debt charges:				
Equipment Purchase B/L #1845	180,376,030	0.3622%	65,296	65,330
Fire Infrastructure B/L #1847	180,376,030	0.2589%	46,537	46,477
Arena B/L #1871	180,376,030	0.3719%	66,920	66,792
Roundhouse Drain B/L #1885	180,376,030	0.1511%	27,237	27,331
Cold Storage #1894	180,376,030	0.0577%	10,281	10,377
Municipal Shop #1884	180,376,030	0.390%	70,347	70,299
Other (Rural Water)	-	0.000%	74,936	75,226
sub-total - Debt charges			<u>361,554</u>	<u>361,831</u>
Deferred surplus			-	-
Reserves:				
Machinery Reserve	180,376,030	1.004%	181,098	142,060
General Reserve	180,376,030	0.120%	21,645	112,538
Boyne School Reserve	180,376,030	0.001%	180	-
sub-total - Reserves			<u>202,923</u>	<u>254,598</u>
Special levies				
Garbage & Recycling Pickup			6,962	6,806
General municipal:				
At large	180,376,030	11.9960%	2,163,791	2,005,214
Rural area	-		-	-
sub-total - General municipal			<u>2,163,791</u>	<u>2,005,214</u>
Business tax (rate%)	-	0.000%	-	-
Total municipal taxes (Schedule 2)			<u>2,735,230</u>	<u>2,628,450</u>
Education support levy	20,415,810	11.3900%	232,536	218,762
Special levy:				
Red River Valley School Division	1,023,110	15.3590%	15,714	12,067
Prairie Rose School Division	173,675,630	12.9390%	2,247,189	2,038,629
Prairie Spirit School Division	5,563,600	14.1270%	78,597	71,456
Total education taxes			<u>2,574,036</u>	<u>2,340,914</u>
Total tax levy (Schedule 11)			<u>\$ 5,309,266</u>	<u>\$ 4,969,364</u>

**RURAL MUNICIPALITY OF DUFFERIN
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 Year Ended December 31, 2014**

SCHEDULE 14

	2014 Actual	2013 Actual
General government services		
Legislative	\$ 103,338	\$ 100,751
General administrative	221,055	201,170
Other	544,509	715,434
	<u>868,902</u>	<u>1,017,355</u>
Protective services		
Fire	96,343	93,804
Emergency measures	7,168	4,873
Other protection	1,691	(5,503)
	<u>105,202</u>	<u>93,174</u>
Transportation services		
Road transport	1,398,040	1,117,154
Road and street maintenance	6,910	7,608
Street lighting	<u>1,404,950</u>	<u>1,124,762</u>
Environmental health services		
Waste collection and disposal	6,975	7,006
Other	1,133	6,709
	<u>8,108</u>	<u>13,715</u>
Public health and welfare services		
Public health	23,142	24,420
Social assistance	20,389	20,289
	<u>43,531</u>	<u>44,709</u>
Regional planning and development	-	-
Resource conservation and industrial development		
Rural area weed control	63,079	71,739
Drainage of land	44,722	25,435
Veterinary services	3,465	3,465
Water resources and conservation	31,550	26,550
Regional development	68,158	75,273
	<u>210,974</u>	<u>202,462</u>
Recreation and cultural services		
Administration	157,404	169,460
Community centers and halls	22,275	32,100
Parks and playgrounds	4,073	4,235
Museums	5,500	5,500
Libraries	55,666	54,511
Other cultural facilities	28,128	10,025
	<u>273,046</u>	<u>275,831</u>
Total expenses	<u>\$ 2,914,713</u>	<u>\$ 2,772,008</u>

RURAL MUNICIPALITY OF DUFFERIN

SCHEDULE 15

SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Revenue			
Taxation	\$ -	\$ -	\$ -
Other revenue	-	-	-
Total revenue	-	-	-
Expenses			
General government	-	-	-
Indemnities	-	-	-
Transportation services	-	-	-
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Ditches and road drainage	-	-	-
Snow and ice removal	-	-	-
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RURAL MUNICIPALITY OF DUFFERIN
RECONCILIATION OF ANNUAL SURPLUS
 December 31, 2014

SCHEDULE 17
 (Unaudited)

	2014	2013	
	General	Utility	Total
MUNICIPAL SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ (53,625)	\$ 163,385	\$ 109,760
Adjustments for reporting under Public Accounting Standards			
Eliminate expense - Transfers to reserves	337,036	-	337,036
Eliminate revenue - Transfers from reserves	(223,773)	(68,368)	(292,141)
Increase revenue - Reserve funds interest, donations and other revenues	25,625	-	25,625
Increase expense - reserve expenses	(35,967)	-	(35,967)
Increase (decrease) revenue - Net surplus (deficit) of consolidated entities	(43,197)	-	(43,197)
Decrease revenue - net book value of disposed tangible capital assets	(63,286)	-	(63,286)
Increase expense - Amortization of tangible capital assets	(336,608)	(208,960)	(545,568)
Decrease (increase) expense - Principal portion of debenture debt, net of new debt	308,301	(5,222)	303,079
Eliminate expense - Acquisitions of tangible capital assets, net of transfers	634,469	34,322	668,791
from assets under construction			
Debentures pending	(336,357)	-	(336,357)
ANNUAL SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 212,618	\$ (84,843)	\$ 127,775
	543,095	-	69,225
	325,069	-	-
	(610,446)	-	-
	3,853	-	-
	(58,315)	-	-
	2,092	-	-
	(117,700)	-	-
	379,148	-	-
	(117,700)	-	-
	25,625	-	-
	(35,967)	-	-
	(43,197)	-	-
	3,853	-	-
	(315,928)	-	-
	(610,446)	-	-
	325,069	-	-
	543,095	-	-
	(336,357)	-	-
	634,469	34,322	668,791
	(223,773)	(68,368)	(292,141)
	25,625	-	25,625
	(35,967)	-	(35,967)
	(43,197)	-	(43,197)
	(63,286)	-	(63,286)
	(336,608)	(208,960)	(545,568)
	308,301	(5,222)	303,079
	634,469	34,322	668,791
	(336,357)	-	(336,357)
	212,618	(84,843)	127,775
	212,618	(84,843)	127,775