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FINANCIAL REPORT 2006

RURAL MUNICIPALITY
of
DUFFERIN

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Rural Municipality of Dufferin

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(ALL AMOUNTS HAVE BEEN ROUNDED OFF TO THE NEAREST DOLLAR)

AUDITOR'S REPORT

AUGUST 29, 2007

TO THE REEVE AND COUNCILLORS
RURAL MUNICIPALITY OF DUFFERIN
CARMAN, MANITOBA

I have audited the balance sheets of the Rural Municipality of Dufferin as at December 31, 2006 and the statements of revenue and expenditure, changes in surplus, and source and application of capital funds for the year then ended. These financial statements are the responsibility of the Municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free to material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian accounting principles generally accepted for municipal corporations in Manitoba.

I have also issued a supplementary report as required under Section 190 of the Municipal Act.

D. F. George
Chartered Accountant Inc.

**GENERAL OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2006**

STATEMENT 1

ASSETS

CASH			
Cash on Hand		300	
Cash on Deposit		155,908	
Deposit Receipts			156,208
RECEIVABLES			
Tax Assets - Schedule 1			459,491
Government Grants - Schedule 3			159,792
Own Funds and Agencies			
Utility Operating Fund	255,999		
Utility Capital Fund			
General Capital Fund			
Reserves	3,945		
Trusts			259,944
Operating Accounts Receivable			
Organizations and Individuals	16,716		
Federal Government	50,449		
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		67,165	
Other Receivables		120,000	
Sub Total			1,066,392
Less: Allowances for Doubtful Accounts			
Other Allowances			1,066,392
INVESTMENT - SCHEDULE 6			
INVENTORIES			
PREPAID EXPENSES			
TOTAL ASSETS			
			41,392
			5,920
			1,269,912
LIABILITIES AND SURPLUS			
TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			
PAYABLES			
School Levies - Schedule 4		207,367	
Own Funds and Agencies			
Utility Operating Fund			
Reserves	569,252		
Trusts			
Other			
Operating Accounts Payable			
Organizations and Individuals			
Federal Government	8,033		
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
Debtenture Instalments		8,033	
OTHER LIABILITIES			
Land Sale Deposits			
Debtenture Levies in Advance			
Prepaid Taxes			
Deferred Revenue - Note			
TOTAL CURRENT LIABILITIES			
			784,653
ALLOWANCE FOR TAX ASSETS - STATEMENT 8			
NOMINAL SURPLUS - STATEMENT 8			
			76,872
			408,387
TOTAL LIABILITIES AND SURPLUS			
			1,269,912

STATEMENT 2

GENERAL RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
General	19698	266690	50,000		336,388
Replacement Centennial Bridge			316,283		316,282
PR Roads	861				861
Drainage	17812			595	17,812
Fire Truck				(3945,00)	(3,945)
Gas Tax	5050		65478		65,478
TOTAL	43,421	266,690	428,411	0	733,471

GENERAL CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31,

STATEMENT 3

ASSETS

CASH ON HAND AND ON DEPOSIT - STATEMENT 13	
RECEIVABLES - STATEMENT 13	
Government Grants - Schedule 3	
Own Funds and Agencies	
Other Accounts	
Organizations and Individuals	
Federal Government	
Provincial Government Enterprises	
Provincial Government	
Other Local Governments	
CONSTRUCTION IN PROGRESS	120,000
FIXED ASSETS	
Buildings	454,599
Machinery and Equipment	2,384,509
Land	517,712
Other	3,356,820
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)	
Debtenture Levies	169,789
Deferred Liability Levies	169,789
OTHER ASSETS	
TOTAL ASSETS	3,646,605
LIABILITIES AND SURPLUS	

TEMPORARY BORROWINGS

- Chartered Banks
- Other Financial Institutions
- Own Funds
- Other

PAYABLES

- Organizations and Individuals
- Federal Government
- Federal Government Enterprises
- Provincial Government
- Provincial Government Enterprises

OTHER LIABILITIES

LONG-TERM DEBT

- Debtentures - Schedule 8
- Deferred Liabilities - Note

CAPITAL SURPLUS - STATEMENT 8

TOTAL LIABILITIES AND SURPLUS

	169,789
	169,789
	3,476,820
TOTAL LIABILITIES AND SURPLUS	3,646,605

**UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31,**

STATEMENT 4

ASSETS

CASH
Cash on Hand
Cash on Deposit
Deposit Receipts

RECEIVABLES

Government Grants - Schedule 3
Own Funds and Agencies
General Operating Fund
General Capital Fund
Utility Capital Fund
Reserves
Trusts

92,005
92,005

Operating Accounts Receivable
Organizations and Individuals
Federal Government
Federal Government Enterprises
Provincial Government
Provincial Government Enterprises
Other Local Governments
Other Receivables
Sub Total

115,317
88,500
203,817

Less: Allowance for Doubtful Accounts
INVESTMENTS - SCHEDULE 6
INVENTORIES
PREPAID EXPENSES

295,822

24,782

TOTAL ASSETS

320,604

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS
Chartered Banks
Other Financial Institutions
Own Funds
Other

PAYABLES
Own Funds and Agencies
General Operating Fund
Reserves
Trusts
Other

255,999
255,999

Operating Accounts Payable
Organizations and Individuals
Federal Government
Federal Government Enterprises
Provincial Government Enterprises
Provincial Government Enterprises
Other Local Governments
Debtenture Instalments

6,500
6,500
262,499
262,499

OTHER LIABILITIES
Debtenture Levies in Advance
Prepaid Consumer Accounts
Meter Deposits
Other

TOTAL CURRENT LIABILITIES

NOMINAL SURPLUS - STATEMENT 8

58,105

TOTAL LIABILITIES AND SURPLUS

320,604

**UTILITY RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31,**

STATEMENT 5

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement	355		50,000		50,355
Waterline	103516		(5,108)	57,758	156,166
TOTAL					

**SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31,**

STATEMENT 8

ALLOWANCE FOR TAX ASSETS

Balance, January 1		78,625
Add: Transfer From Revenue - Statement 10	9,359	
Profit on Tax Title Sales		
Transfer From Nominal Surplus		
Tax Titles Established		
Sub-Total		
Deduct: Taxes Cancelled - Schedule 1		
T.S.C. Cancelled - Schedule 1	11,130	
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
Balance, December 31 - Statement 1		76,871

NOMINAL SURPLUS - GENERAL

Balance, January 1		302,913
Add: Transfer From Deferred Surplus - Statement 9	63,000	
Transfer From Allowance For Tax Assets		
Operating Surplus - Statement 9	42,474	
Sub-Total		105,474
Deduct: Accts. Rec. Cancelled		
Transfer To General Reserve - Schedule 5		
Transfer To Allowance For Tax Assets		
Transfer To Revenue - Statement 9		
Operating Deficit - Statement 9		
Balance, December 31 - Statement 1		408,387

NOMINAL SURPLUS - UTILITY

Balance, January 1		35,032
Add: Transfer From Deferred Surplus - Statement 11		
Other Transfers (Specify)		
Operating Surplus - Statement 11	23,073	
Sub-Total		23,073
Deduct: Accts. Rec. Cancelled		
Transfer To Utility Revenue - Statement 11		
Operating Deficit - Statement 11		
Balance, December 31 - Statement 4		58,105

CAPITAL SURPLUS - GENERAL

Balance, January 1		3,316,023
Add: Fixed Assets Acquired	369,589	
Sub-Total		3,685,612
Deduct: Disposal of Fixed Assets	208,792	
Balance, December 31 - Statement 3		3,476,820

CAPITAL SURPLUS - UTILITY

Balance, January 1		5,986,261
Add: Fixed Assets Acquired	4,476	
Sub-Total		5,990,737
Deduct: Disposal of Fixed Assets		
Balance, December 31 - Statement 6		5,990,737

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31,**

STATEMENT 9

	REVENUE		
TOTAL REVENUE FROM TAXATION			1,979,005
OTHER REVENUE			
Taxes Added - Schedule 1		54,314	
Licenses and Permits		22,462	
Fines			
Parking Meters			
Sales of Service			
General Government	1,830		
Protection			
Transportation			
Less: Costs			
Environmental Health			
Public Health and Welfare			
Planning and Development			
Economic Development			
Recreation and Culture			
Sales of Goods		1,830	
Rentals of Fixed Assets		7,580	
Concessions and Franchises		15,919	
Returns From Investments			
Transfers From Utilities and Enterprises		10,406	
Tax Penalties - Schedule 1			
Miscellaneous Revenue		51,530	
Grants in Lieu of Taxes - Schedule 3		14,346	
Federal Government			
Federal Government Enterprises			
Provincial Government		66,903	
Provincial Government Enterprises			
Other Local Governments			
Non-Government Organizations			
Unconditional Government Transfers - Schedule 3		66,903	
Federal Government			
Provincial - Municipal Tax Sharing		86,154	
- Municipal Support Grants			
- VLT Revenues		46,086	
Other Local Governments		132,240	
Conditional Government Transfers - Schedule 3			
Federal Government		99,826	
Provincial Government		136,698	
Other Local Governments		236,524	
			614,054
TOTAL REVENUE FROM EXTERNAL SOURCES			2,593,059
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
TRANSFER FROM RESERVES - SCHEDULE 5			25,000
OPERATING DEFICIT - STATEMENT 8			
TOTAL			2,618,059
EXPENDITURE			
GENERAL GOVERNMENT SERVICES			313,273
PROTECTIVE SERVICES			51,435
TRANSPORTATION SERVICES			1,226,827
ENVIRONMENTAL HEALTH SERVICES			38,630
PUBLIC HEALTH AND WELFARE SERVICES			16,664
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES			29,856
ECONOMIC DEVELOPMENT SERVICES			219,050
RECREATION AND CULTURAL SERVICES			406,372
FISCAL SERVICES			
TOTAL SERVICES			
SURPLUS APPROPRIATIONS AND TRANSFERS			
Deferred Surplus - Operating Deficit	63,000		
Deferred Surplus - By-Law Obligation		63,000	
Transfer to Reserves - Statement 10		210,478	
			273,478
OPERATING SURPLUS - STATEMENT 8			42,474
TOTAL			2,618,059

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31,**

STATEMENT 10

ESTIMATED ACTUAL UNDERSPENT OVERSPENT

General Government Services

Legislative	64,800	64,529	271	
General Administrative	197,218	190,209	7,009	
Other General Government	65,150	58,535	6,615	
Total	327,168	313,273	13,895	

Protective Services

Police Protection				
Law Enforcement	49,007	25,225	23,782	
Fire Protection	10,000	11,032		1,032
Emergency Measures	23,075	15,178	7,897	
Other Protection		51,435	31,679	1,032
Total	82,082	102,870	20,789	1,032

Transportation Services

Road Transport				
Administration	29,800	29,880		80
Engineering				
Roads and Streets	1,082,444	1,189,521		107,077
Bridges, Subways				
Street Lighting	8,200	6,726	1,474	
Traffic Services				
Parking				
Other Road Transport				
Air Transport	1,125	700	425	
Water Transport				
Public Transit				
Total	1,124,569	1,226,827	1,899	107,157

Environmental Health Services

Garbage and Waste Collection and Disposal	40,000	37,381	2,619	
Other Environmental Health	1,100	1,249		149
Total	41,100	38,630	2,619	149

Public Health & Welfare Services

Public Health	8,775	8,775		
Medical Care				
Hospital Care				
Social Welfare	7,889	7,889		
Total	16,664	16,664		

Environmental Planning & Community Development Services

Environmental Planning and Zoning				
Community Development				
Housing				
Total				

Economic Development Services

Natural Resources				
Regional Development Commissions	72,904	12,609	60,295	
Industrial Parks and Commissions				
Other Economic Services	32,160	17,247	14,913	
Total	105,064	29,856	75,208	

Recreation and Cultural Services

Recreation Facilities	175,697	175,387	310	
Cultural Buildings and Facilities				
Other Recreation and Cultural Services	43,860	43,663	197	
Education Grants				
Total	219,557	219,050	507	

SUB-TOTALS FORWARD

	1,913,204	1,896,735	125,807	108,339
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THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31,**

STATEMENT 11

REVENUE

CONSUMER SALES	METERED	FLAT RATE	TOTAL
Residential	338,098		338,098
Commercial and Bulk			
Industrial			
Federal and Provincial			
Municipal and Schools			
Total			338,098

Less: Discounts
Refunds and Cancellations

338,098

SEWER SERVICE CHARGES

PENALTIES		
HYDRANT RENTALS		1,600
CONSUMER INSTALLATION SERVICE		
CONNECTION REVENUE - NET		67,345
PROVINCIAL GRANTS		
OTHER REVENUE		88,500
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10		
Re: Debentures		
Re: Operations	302,038	302,038

TRANSFER FROM RESERVE FUND - SCHEDULE 5
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8
OPERATING DEFICIT - STATEMENT 8

TOTAL

797,581

EXPENDITURE

WATER SUPPLY		467,994
SEWAGE COLLECTION AND DISPOSAL		
TRANSFER TO CAPITAL - STATEMENT 14		4,476
TRANSFERS TO RESERVE - SCHEDULE 5		
DEBENTURE DEBT CHARGES - SCHEDULE 7		302,038
OTHER LONG-TERM DEBT CHARGES		
SURPLUS APPROPRIATIONS - STATEMENT 8		
Deferred Surplus - Operating Deficit		

OPERATING SURPLUS - STATEMENT 8

23,073

TOTAL

797,581

STATEMENT 12

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	410,775	467,971		57,196
Sewage Collection and Disposal				
Transfer to Capital		4,499		4,499
Transfers to Reserve				
Debenture Debt Charges	302,038	302,038		
Other Long-Term Debt Charges				
Surplus Appropriations				
Total Estimated	712,813			
Total Actual		774,508		
Total Underspent				61,695
Total Overspent				61,695

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	OVER (UNDER)
REVENUE	722,788	797,581	74,796
EXPENDITURE	712,813	774,508	61,695
OPERATING SURPLUS	9,975	23,073	13,098

**STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31,**

	SOURCE		
UNEXPENDED FUNDS, JANUARY 1			
Cash			
Receivables			
SHORT-TERM BORROWING			
Bank			
Other Funds			
Other			
LONG-TERM BORROWING			
Debentures - Schedule 8			
Other			
PREPAID LOCAL IMPROVEMENT LEVIES			
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 10			34,082
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			215,507
GRANTS - SCHEDULE 3			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
Other			
ACCOUNTS PAYABLE, DECEMBER 31			
OTHER			
TOTAL			249,589
	APPLICATION		
	FIXED ASSETS		
		LOCAL	
	CONSTRUCTION	PURCHASE	IMPROVEMENTS
CAPITAL EXPENDITURES			
General Government		11,652	
Protection		24,133	
Transportation			
Recreation and Culture			
Equipment Replacement		201,062	
E.M.O.		12,742	
TOTAL		249,589	
REPAYMENT OF SHORT-TERM BORROWING			
Bank			
Other Funds			
Other			
DEBENTURE DISCOUNT AND INTEREST			0
REPAYMENT OF ACCOUNTS PAYABLE			0
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 3			
Cash			
Receivables			
OTHER			0
TOTAL			249,589

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31,**

	SOURCE		
UNEXPENDED FUNDS, JANUARY 1			
Cash			
Receivables			
SHORT-TERM BORROWING			
Bank			
Other Funds			
Other			
LONG-TERM BORROWING			
Debentures - Schedule 8			
Other			
PREPAID LOCAL IMPROVEMENT LEVIES			
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11			
4,476			
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			
GRANTS - SCHEDULE 3			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
Other			
ACCOUNTS PAYABLE, DECEMBER 31			
OTHER			
TOTAL			4,476
	APPLICATION		
	FIXED ASSETS		
CAPITAL EXPENDITURES			
Water Supply			
Sewage Disposal			
TOTAL			4,476
REPAYMENT OF SHORT-TERM BORROWING			
Bank			
Other Funds			
Other			
DEBENTURE DISCOUNT AND INTEREST			
REPAYMENT OF ACCOUNTS PAYABLE			
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6			
Cash			
Receivables			
OTHER			
TOTAL			4,476

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**ANALYSIS OF TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31,**

SCHEDULE 1

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	437,502		480	
ADD:				
Tax Levy - Schedule 2	3,972,926			
Taxes Added - Statement 9	54,314			
Penalties or Interest Added - Statement 9	50,430			
Other Accounts Added	7,436			
Taxes Overpaid	6,329			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				
SUB-TOTAL	4,528,937		480	
DEDUCT:				
Cash Collections:				
Arrears	3,820,690			
Current	322,532			
Transfers Re Tax Sale	3,498,158			
Cancellations				
Returned to Roll				
Title Value of Land Sales	11,113			
Transfers Re Titles Acquired				
Tax Discounts - Statement 10	6,017			
M.P.T.C. - Cash Advance	232,106			
Other Credits:				
TOTAL	459,491	459,011	480	

BALANCE, DECEMBER 31
(Statement 1)

**ANALYSIS OF TAX LEVY
FOR THE YEAR ENDED DECEMBER 31,**

SCHEDULE 2

	ASSESSMENT	MILL RATE	LEVY
Other Governments (L.U.D.)			
Debt Charges			
Frontage			
Mill Rate	(At Large)		294,481
	(L.I.D.)		49,714
Total			344,195
Minister of Intergovernmental Affairs			
Deferred Surplus	92,750,030	0.067	62,143
Reserves:			
Machinery	92,750,030	1.064	98,686
General	92,750,030	0.213	19,756
By-Law			
By-Law			
General Municipal	92,750,030	16.097	1,492,997
Special Levies (Specify)			
Garbage & Recycling Pickup			4,995
Business Tax - Rate		%	
Total Municipal Taxes			2,022,772
Schools			
Prov. Education 1			
Prov. Education 2	10,703,960	16.080	172,120
Total Education Support Program	57,9920	20.711	12,011
Special Division No.	89359700	19.112	1,707,843
	272860	21.328	58,180
Total School Taxes			1,950,154
TOTAL TAX LEVY - SCHEDULE 1			3,972,926

**ANALYSIS OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31,**

SCHEDULE 3

	BALANCE	GRANTS	GRANTS	GRANTS	BALANCE
	JANUARY 1	EARNED	RECEIVED	ADJUSTMENTS	DECEMBER 31
	(Statement 9)	(Statement 9)			(Statement 1)
GENERAL FUND		303,427			159,792
PROVINCIAL					
Grants in Lieu		66,903	66,903		0
Prov.-Mun. Tax Sharing	893	86,154	85,261		0
Municipal Support Grants					0
VLT Revenues		46,086	46,086		0
Conditional Grants	91,100	146,046	77,249		159,897
General Govt.	1,100	27,717	14,403		14,414
Protection - flood	90,000	118,329	62,846		145,483
Transportation					
Environmental Health					
Public Health & Welfare					
Environmental Planning					
Economic Development					
Recreation					

FEDERAL
Grants in Lieu
Unconditional Grants
Conditional Grants (Spec):

	243,228	90,478	333,811		(105)

LOCAL (Specify name of Govt. and type of grant as above):

UTILITY FUND
Provincial Grant
Federal Grant
Local Grant

		(Statement 11)			(Statement 4)

GENERAL CAPITAL GRANTS
(Specify Govt. and type as above)

		(Statement 13)			(Statement 3)

UTILITY CAPITAL GRANTS
Provincial
Federal
Local

		(Statement 14)			(Statement 6)
Total	335,221				159,792

Note: Provincial and Federal includes both Government and Enterprises.

**ANALYSIS OF SCHOOL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31,**

SCHEDULE 4

	OUTSTANDING	CURRENT	CURRENT	OUTSTANDING
	JANUARY 1	REQUIREMENT	PAYMENTS	DECEMBER 31
	(STATEMENT 1)			(STATEMENT 1)
EDUCATION SUPPORT PROGRAM	23,517			19,979

SPECIAL LEVIES:

School Division				
#19 - Prairie Rose	154,814			180,088
#25 - Red River Valley	1,123			1,249
#28 - Prairie Spirit	5,546			6,051

TOTAL	185,000			207,367
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**ANALYSIS OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

SCHEDULE 5

RESERVE NAME
BY-LAW NO.

GENERAL	EQUIPMENT REPLACEMENT	FIRE	GAS TAX RESERVE
#1138	#1207	#1764	#1791

BALANCE, JANUARY 1

305,028	365,667	15,527	0
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ADD:

Interest Earned
Transfer from Operating (Statement 10)
Sale of Asset

11,360		23	
20,000	100,000		90,478
	51,677		

SUB-TOTAL

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DEDUCT: Purchases (Statement 13)

Transfer To Revenue (Statement 9)

	201,062	18,445	
			25,000

BALANCE, DECEMBER 31 - Statement 2

336,388	316,282	1,105	65,478
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RESERVE NAME
BY-LAW NO.

PROVINCIAL ROAD	BRIDGE CONSTRUCTION	DRAINAGE	
#1629	#1595	#1729	

BALANCE, JANUARY 1

17,113	827	595	
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ADD:

Interest Earned
Transfer from Operating (Statement 10)

699	34		

SUB-TOTAL

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DEDUCT: Purchases (Statement 13)

Transfer to Revenue (Statement 9)

BALANCE, DECEMBER 31 - Statement 2

17,812	861	595	0
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RESERVE NAME
BY-LAW NO.

UTILITY REPLACEMENT	UTILITY	UTILITY	UTILITY
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BALANCE, JANUARY 1

50,341	148,153		
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ADD:

Interest Earned
Transfer from Operating (Statement 11)

14	8,013		

SUB-TOTAL

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DEDUCT: Purchases (Statement 14)

Transfer To Revenue (Statement 11)

BALANCE, DECEMBER 31 - Statement 5

50,355	156,166	0	0
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SCHEDULE 6

**ANALYSIS OF INVESTMENTS
AS AT DECEMBER 31, 2006**

TYPE	DUE DATE Y/M/D	INTEREST RATE	INTEREST EARNED	AMOUNT	TOTAL
GOVERNMENT OF CANADA					
PROVINCE OF MANITOBA AND AGENCIES	2007-06-15	5.50%		86,300	86,300
OTHER PROVINCES OR PROVINCIAL AGENCIES CPN Province of B.C.	2008-06-18			5,705	5,705
DEBENTURES OF OWN MUNICIPALITY	BY-LAW 1792		2,815	57,758	57,758
DEBENTURES OF OTHER LOCAL GOVERNMENTS					
MANITOBA INVESTMENT POOL AUTHORITY					
OTHER INVESTMENTS Builder Bonds Co-operative Trust	2008-06-15 2007-06-11	4.25% 5.15%		17,000 60,000	77,000
TOTAL INVESTMENTS					226,763

**INVESTMENT HOLDINGS
AS AT DECEMBER 31,**

TYPE	NAME OF RESERVE	RESERVED (Statements 2/5)	TRUST (Statement 7)	UNRESERVED (Statements 1/4)	TOTAL
GOVERNMENT OF CANADA					
PROVINCE OF MANITOBA	General	86,300			86,300
OTHER PROVINCES OR AGENCIES	General	5,705			5,705
DEBENTURES OF OWN MUNICIPALITY	Utility Capital			57,758	57,758
DEBENTURES OF OTHER LOCAL GOVERNMENTS					
MANITOBA INVESTMENT POOL AUTHORITY					
OTHER INVESTMENTS	General	77,000			77,000
TOTAL INVESTMENTS					226,763

INVESTMENT CHANGES

TOTAL INVESTMENTS, JANUARY 1					250,634
INVESTMENTS ACQUIRED		57,758		663	58,421
	Adjustment to Province of B.C. Bond				309,065
INVESTMENTS SOLD					
INVESTMENTS MATURED				82,292	82,292
TOTAL INVESTMENTS, DECEMBER 31					226,763

SCHEDULE 7

ANALYSIS OF DEBENTURE INDEBTEDNESS
AS AT DECEMBER 31, 2006

AUTHORITY	PURPOSE	YEAR OF ISSUE	ORIGINAL AMOUNT	PURCHASED BY (a)	PAYABLE	TERM	MATURITY DATE	INTEREST RATE	CURRENT LEVY		OUTSTANDING DECEMBER 31
									PRINCIPAL	INTEREST	
G.O.F.											
#1734	Industrial Park	2000	350,000	B	CDN	10	2010	7.250%	35,524	14,886	169,789
U.O.F.											
#1698	Local Improvement #1	1996	370,500	B	CDN	10	2006	7.125%	49,528	3,528	-
#1709	Local Improvement #2	1998	370,500	B	CDN	10	2007	6.625%	45,598	6,242	48,619
#1717	Local Improvement #3	1999	110,500	B	CDN	10	2008	6.000%	12,606	2,408	27,525
#1727	Local Improvement #4	2000	247,000	B	CDN	10	2009	7.750%	27,001	9,395	94,221
#1736	Local Improvement #5	2000	208,000	B	CDN	10	2010	6.750%	21,117	8,156	99,717
#1745	Local Improvement #6	2001	65,000	E	CDN	10	2011	6.875%	6,174	3,027	37,853
#1748	Local Improvement #7	2002	72,800	E	CDN	10	2011	6.250%	6,957	3,052	41,875
"	#7	"	20,800	E	CDN	10	2011	6.250%	1,988	872	11,964
"	#7	"	10,400	E	CDN	10	2011	6.250%	994	436	5,982
"	#7	"	41,600	E	CDN	10	2011	6.250%	3,975	1,744	23,929
"	#7	"	52,000	E	CDN	10	2011	6.250%	4,969	2,180	29,911
"	#7	"	10,400	E	CDN	10	2011	6.250%	992	436	5,982
#1763	Local Improvement #8	2003	12,675	E	CDN	10	2012	6.250%	1,140	603	8,502
"	#8	"	12,675	E	CDN	10	2012	6.250%	1,140	603	8,502
"	#8	"	12,675	E	CDN	10	2012	6.250%	1,140	603	8,502
"	#8	"	25,350	E	CDN	10	2012	6.250%	2,280	1,205	17,004
"	#8	"	25,350	E	CDN	10	2012	6.250%	2,280	1,205	17,004
"	#8	"	25,350	E	CDN	10	2012	6.250%	2,280	1,205	17,004
"	#8	"	36,025	E	CDN	10	2012	6.250%	3,420	1,808	25,506
"	#8	"	101,400	E	CDN	10	2012	6.250%	9,120	4,821	68,016
#1760	Local Improvement #9	2003	187,200	E	CDN	10	2012	6.250%	16,836	8,900	125,567
"	#9	"	20,800	E	CDN	10	2012	6.250%	1,871	989	13,951
#1775	Local Improvement #10	2004	27,850	E	CDN	10	2013	6.250%	2,357	1,471	21,186
"	#10	"	27,850	E	CDN	10	2013	6.250%	2,357	1,471	21,186
#1792	Local Improvement #11	2006	62,500	C	CDN	10	2015	6.250%	4,742	2,815	57,758

CURRENT LEVY 232,862 69,175

TOTAL PRINCIPAL OUTSTANDING, DECEMBER 31, - SCHEDULE 8 1,007,055

NOTE (a): INDICATE WHETHER TOTAL SERIES PURCHASED BY: (A) FEDERAL GOVERNMENT (B) PROVINCIAL GOVERNMENT (C) OWN MUNICIPALITY (D) OTHER MUNICIPALITY (E) PUBLIC

**STATISTICAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

TAXABLE ASSESSMENT (PORTIONED)

Land
Buildings
Total Real Property
Personal Property
Subject to Grant
Total Taxable & Grant Property
Exempt
Business

TO BE
COMPLETED
BY DEPARTMENT

POPULATION (LATEST CENSUS OF CANADA)

2,199

BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)	(328,546)
Expended - Under (Over)	371,020
Estimated Surplus (Deficit)	42,474
Operating Surplus (Deficit)	(1,268,807)
Operating Surplus (Deficit) - Prior Year	169,354
Gain or (Loss)	

CASH POSITION

Cash Surplus (Deficit) - Current Year	(624,500)	GENERAL FUND	(538,995)
Cash Surplus (Deficit) - Prior Year	(663,275)	COMBINED FUNDS	(669,775)
Gain or (Loss)	38,775		130,780

DEFICIT RECOVERIES AND DEFERRED SURPLUS LEVIES

GENERAL FUND OPERATING DEFICITS

Year	Authority		Actual Amount	Recoveries	Outstanding December 31
	Date	Term			
2005			126,880	63,000	63,880

UTILITY FUND OPERATING DEFICITS

Year	Authority		Actual Amount	Recoveries	Outstanding December 31
	Board Order	Term			
2005			34,730		

BY-LAW OBLIGATIONS

Year	Purpose	By-Law Number	Term	Amount	Recoveries	Outstanding December 31

TAX COLLECTIONS

TAXES ON ROLL	- Current	- Cash Collections	
	- Arrears	- Tax Credit Programs	
TAX SALE CERTIFICATES	- Total		
LAND SALES			
TOTAL COLLECTIONS			

LOCAL URBAN DISTRICT OF _____
RECONCILIATION OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31,

	Estimated	This Year	Actual	Last Year
				Actual
REVENUE				
Taxation				
Other Revenue				
Transfer from Reserves				
Total Revenue				
EXPENDITURES				
General Government				
Indemnities				
Protection				
Police				
Fire				
Transportation				
Road and Street Maintenance				
Sidewalk and Boulevard Maintenance				
Ditches and Road Drainage				
Street Cleaning				
Snow and Ice Removal				
Street Lighting				
Other				
Environmental Health				
Garbage Collection				
Nuisance Grounds				
Well Maintenance				
Other				
Environmental Development				
Weed Control				
Other				
Recreation and Culture				
Parks and Playgrounds				
Other				
Transfers				
Capital Fund				
L.U.D. Reserves				
Deferred Surplus				
Other				
Total Expenditures				
Revenue Excess (Deficiency) for the year				
Deferred Revenue - beginning of year				
Deferred (Accrued) Revenue - end of year				

December 31, 2006

1. **NATURE OF ORGANIZATION**
The municipality was incorporated to provide Local Government Services to the citizens within its boundaries.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
The following is a summary of significant accounting policies of the municipality.

Accrual Accounting

The accrual method of reporting revenues and expenditures has been used with the following exceptions:

- 1) Principal and interest charges on debentures outstanding from the due date of payment to the end of the fiscal year are not accrued.
- 2) Interest earned on investments is accounted for on a cash basis as received.

Inventories

Inventories of materials and supplies are valued at lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

Debentures

Debt retirement costs including principal and interest are charged against current revenues in the periods in which they are paid.

Fixed Assets

It is the policy of municipal corporations in Manitoba to charge fixed asset purchases to operations, or against specific reserve funds, in the year of acquisition and to record the purchases as assets of either the general capital fund or utility capital fund with an offsetting credit to capital surplus. Fixed assets are recorded at cost. No provision is made for depreciation.

Reserves

Reserve funds are established by by-law for the purpose of accumulating funds for future operating and capital expenditures. Appropriations to reserve funds are charged to expenditures in the general operating fund or as transfers from nominal surplus. Investments are recorded at cost.

Allowance for Tax Assets

Allowance for tax assets is established by annual estimated charges against revenue.

Known losses are charged against the accumulated allowance, but because of the nature of the tax assets, no attempt is made to establish the adequacy of the allowance as at the balance sheet date.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires council to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. **FINANCIAL INSTRUMENTS**

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, and certainty of future cash flows. The municipality is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the receivables are from ratepayers, governments and their enterprises. The credit risk is deemed to be minimal. The carrying amounts of the financial instruments approximate fair value.

December 31, 2006

4. **COMPENSATION DISCLOSURE**

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure is 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, 2006

a) Compensation paid to members of council amounted to \$92,841 in aggregate as detailed on Schedule 10.

b) There were no members of council receiving compensation in excess of \$50,000 individually

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

Name	Position	Amount
Ruth Stage	Chief Administrative Officer	\$52,000

5. **SUPPLEMENTARY REPORT**

In accordance with Sub Section 190(a) of the Municipal Act a supplementary report on the examination of the affairs of the municipality has been forwarded to Council.

6. **COMMITMENTS**

The annual payments required to meet the principal and interest on the municipality's outstanding debenture debt during the next five years are as follows:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
2007	50,410	249,918	300,329
2008	50,410	198,078	248,488
2009	50,410	183,067	233,477
2010	50,410	146,669	197,079
2011	<u>0</u>	<u>117,399</u>	<u>117,399</u>
	201,640	895,131	<u>1,096,771</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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