

RURAL MUNICIPALITY OF STANLEY

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

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Consolidated Financial Statements For the Year Ended December 31, 2014

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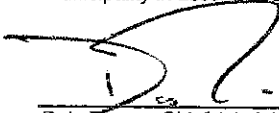
STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the Rural Municipality of Stanley and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards 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 and the auditor 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 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, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



Dale Toews, Chief Administrative Officer

August 27, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of
RURAL MUNICIPALITY OF STANLEY

We have audited the accompanying consolidated financial statements of the Rural Municipality of Stanley, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, changes 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the results of operations and cash flows and our unmodified opinion on the financial position.

Basis for Qualified Opinion

Because we were appointed auditor in 2014, we were unable to observe the inventories at the beginning of that year and were unable to audit \$777,937 of those inventories by alternative means. Since opening inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to transportation services expenses, annual surplus, opening net debt and cash provided from operations might be necessary for 2013. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

Qualified Opinion

In our opinion, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of The Rural Municipality of Stanley as at December 31, 2014 and the 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, Manitoba
August 27, 2015

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

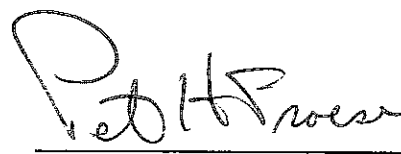
	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 2,167,492	\$ 2,632,726
Amounts receivable (Note 3)	<u>2,111,876</u>	<u>1,535,570</u>
	<u>4,279,368</u>	<u>4,168,296</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,021,299	1,053,311
Sick leave payable (Note 7)	18,780	18,780
Deferred revenue (Note 8)	188,065	760,005
Landfill closure and post closure liabilities (Note 9)	2,376	2,132
Long-term debt (Note 10)	<u>4,922,775</u>	<u>5,411,149</u>
	<u>6,153,295</u>	<u>7,245,377</u>
NET DEBT	<u>(1,873,927)</u>	<u>(3,077,081)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	20,132,215	19,343,260
Inventories (Note 4)	2,109,554	2,014,070
Prepaid expenses	<u>196,795</u>	<u>182,028</u>
	<u>22,438,564</u>	<u>21,539,358</u>
ACCUMULATED SURPLUS	<u>\$ 20,564,637</u>	<u>\$ 18,462,277</u>

Commitments (Note 11)

Approved on behalf of Council:



 Reeve



 Councillor

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

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

	2014 Budget (Note 14)	2014 Actual	2013 Actual
REVENUE			
Property taxes	\$ 4,895,055	\$ 4,990,479	\$ 4,980,693
Grants in lieu of taxation	57,370	57,370	55,674
User fees	560,206	685,250	630,152
Permits, licences and fines	10,000	15,390	12,850
Investment income	68,558	99,890	106,682
Other revenue	53,791	45,383	(4,710)
Water and sewer	1,245,277	1,751,673	998,851
Grants - Province of Manitoba	509,803	1,819,561	619,530
Grants - other	414,395	1,184,442	297,034
Total revenue (Schedules 2, 4 and 5)	<u>7,814,455</u>	<u>10,649,438</u>	<u>7,696,756</u>
EXPENSES			
General government services	1,097,962	1,151,899	962,605
Protective services	557,105	1,746,555	748,361
Transportation services	3,187,450	2,858,616	2,713,735
Environmental health services	76,645	70,915	136,426
Public health and welfare services	176,198	176,198	170,761
Regional planning and development	234,963	305,155	269,498
Resource conservation and industrial development	369,228	489,395	459,293
Recreation and cultural services	262,857	260,503	259,248
Water and sewer services	1,438,522	1,487,842	1,379,485
Total expenses (Schedules 3, 4 and 5)	<u>7,400,930</u>	<u>8,547,078</u>	<u>7,099,412</u>
ANNUAL SURPLUS	<u>\$ 413,525</u>	2,102,360	597,344
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>18,462,277</u>	<u>17,864,933</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 17)		<u>\$20,564,637</u>	<u>\$ 18,462,277</u>

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

RURAL MUNICIPALITY OF STANLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
For the Year Ended December 31, 2014

	<u>2014 Budget (Note 14)</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
ANNUAL SURPLUS	\$ 413,525	\$ 2,102,360	\$ 597,344
Acquisition of tangible capital assets	(1,620,080)	(1,620,080)	(939,317)
Amortization of tangible capital assets	736,947	736,947	721,354
Loss on sale of tangible capital assets	7,688	7,688	100,393
Proceeds on sale of tangible capital assets	86,490	86,490	110,474
Increase in inventories	(95,484)	(95,484)	(98,941)
Increase in prepaid expenses	(14,767)	(14,767)	(170,959)
	<u>(899,206)</u>	<u>(899,206)</u>	<u>(276,996)</u>
CHANGE IN NET DEBT	(485,681)	1,203,154	320,348
NET DEBT, BEGINNING OF YEAR	<u>(3,077,081)</u>	<u>(3,077,081)</u>	<u>(3,397,429)</u>
NET DEBT, END OF YEAR	<u><u>\$ (3,562,762)</u></u>	<u><u>\$ (1,873,927)</u></u>	<u><u>\$ (3,077,081)</u></u>

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

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

	<u>2014</u>	<u>2013</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,102,360	\$ 597,344
Changes in non-cash items		
Amounts receivable	(576,306)	345,293
Inventories	(95,484)	(98,941)
Prepaid expenses	(14,767)	(170,959)
Accounts payable and accrued liabilities	(32,012)	335,948
Sick leave payable	-	-
Deferred revenue	(571,940)	178,429
Landfill closure and post closure liabilities	244	225
Loss on sale of tangible capital assets	7,688	100,393
Amortization	736,947	721,354
Net cash provided by operating transactions	<u>1,556,730</u>	<u>2,009,086</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	86,490	110,474
Cash used to acquire tangible capital assets	<u>(1,620,080)</u>	<u>(939,317)</u>
Net cash applied to capital transactions	<u>(1,533,590)</u>	<u>(828,843)</u>
INVESTING TRANSACTIONS	-	-
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	2,607,000
Long-term debt repayment	<u>(488,374)</u>	<u>(489,099)</u>
Net cash applied to financing transactions	<u>(488,374)</u>	<u>2,117,901</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(465,234)	3,298,144
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,632,726</u>	<u>(665,418)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,167,492</u></u>	<u><u>\$ 2,632,726</u></u>

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

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

1. Status of the Rural Municipality of Stanley

The incorporated Rural Municipality of Stanley (the "Municipality") is a municipal government that was created in 1890 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, library and other general government operations. The Municipality owns two utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and culture.

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 the Chartered Professional Accountants Canada and reflect the following significant accounting policies:

a) Reporting Entity

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

5959544 Manitoba Ltd. (24.00%) (2013 - 24.00%)
M.S.T.W Planning District (30.39%) (2013 - 30.39%)
Morden Veterinary Services District (25.11%) (2013 - 25.11%)
Pembina Valley Water Cooperative Inc. (7.7%) (2013 - 7.7%)
Solid Waste Authority Management Project (10.35%) (2013 - 10.35%)
South Central Regional Library (15.05%) (2013 - 15.05%)

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

Trust funds and their related operations administered by the Municipality are not consolidated in these financial statements. The trust funds administered by the Municipality are presented in Schedule 7 - Schedule of Trust Funds.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Investments

Portfolio investments are accounted for at cost. The portfolio investments owned by the municipality within themselves have been eliminated upon consolidation.

e) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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

g) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize internal finance charges as part of the cost of its tangible capital assets.

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

General Tangible Capital Assets

Land	Indefinite
Land Improvements	30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 to 15 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

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

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the Municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

i) Inventories

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

j) Revenue Recognition

Revenues are recognized as they are earned and measurable.

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

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

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

k) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses 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.

Measurement uncertainty in these consolidated financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Amounts Receivable

	<u>2014</u>	<u>2013</u>
Taxes on roll (Schedule 11)	\$ 421,278	\$ 511,215
Government grants	1,307,772	437,851
Utility customers	194,918	163,216
Organizations and individuals	77,432	359,660
Other governments	110,476	63,628
	<u>2,111,876</u>	<u>1,535,570</u>
Less allowances for doubtful amounts	-	-
	<u>\$ 2,111,876</u>	<u>\$ 1,535,570</u>

4. Inventories

	<u>2014</u>	<u>2013</u>
Chemicals	\$ -	\$ -
Culverts	110,496	87,918
Aggregate and embedded rock	1,960,306	1,891,446
Other supplies	38,752	34,706
	<u>38,752</u>	<u>34,706</u>
	<u>\$ 2,109,554</u>	<u>\$ 2,014,070</u>

5. Bank Indebtedness

The Municipality has at its disposition a line of credit authorized to a maximum of \$2,000,000 due on demand. The line of credit bears interest at prime less .75% being 2.25% effective December 31, 2014, and is secured by a general security agreement and an assignment of certain receivables. The unused line of credit at December 31, 2014 was \$2,000,000 (2013 - \$2,000,000).

6. Accounts Payable and Accrued Liabilities

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 745,176	\$ 628,624
School levies (Schedule 13)	276,123	424,687
	<u>276,123</u>	<u>424,687</u>
	<u>\$ 1,021,299</u>	<u>\$ 1,053,311</u>

7. Sick Leave Payable

The employees can accumulate a maximum of thirty six (36) sick days. As at December 31, 2014, the Municipality has a liability of \$18,780 (\$18,780 at December 31, 2013) for sick leave presented as a liability on the consolidated statement of financial position.

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

8. Deferred Revenue

	2014	2013
Gas Tax contributions	\$ -	\$ 645,689
Other	188,065	114,316
	<u>\$ 188,065</u>	<u>\$ 760,005</u>

Gas Tax contributions presented as deferred revenue in the prior year of \$645,689 were recognized as revenue in the current year upon the Municipality'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. Landfill Closure and Post Closure Liabilities

The Municipality is currently operating a Class 1 landfill site in 2013, in partnership with the City of Morden and the City of Winkler. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2014	2013
Estimated closure and post closure costs over the next 60 years (2013 - 61 years)	\$ 2,200,000	\$ 2,200,000
Discount rate	5.25%	5.25%
Discounted costs	<u>\$ 93,320</u>	<u>\$ 88,666</u>
Expected year capacity will be reached	2073	2073
Capacity (in years)		
Used to date	17	16
Remaining	60	61
Total	<u>77</u>	<u>77</u>
Percent utilized	<u>22.08%</u>	20.78%
Liability based on percentage	<u>\$ 22,961</u>	<u>\$ 20,603</u>
Rural Municipality of Stanley's share (10.35%)	<u>\$ 2,376</u>	<u>\$ 2,132</u>

10. Long-term Debt

	2014	2013
<u>General Authority</u>		
Debenture, interest at 4.73%, payable at \$23,648 annually including interest, maturing November 2025	\$ 199,246	\$ 212,827
Debenture, interest at 5.31%, payable at \$35,582 annually including interest, maturing November 2031	392,023	406,044
Commercial loan, interest at 4.25%, payable at \$15,431 monthly including interest, maturing January 2032	<u>2,107,380</u>	2,335,888
	<u>2,698,649</u>	2,954,759
<u>Government Partnerships</u>		
Loan, interest at prime rate of 3.00% payable at \$1,134 monthly including principal and interest, maturing June 2021	80,418	91,430
Loan, interest at 5.43%, payable at \$2,633 monthly including principal and interest, maturing May 2020	329,497	342,809
Loan, interest at 5.10%, payable at \$6,343 monthly including principal and interest, maturing April 2016	97,951	167,217
Loan, interest at prime rate of 3.00%, payable at \$616 monthly including principal and interest, maturing April 2014	-	2,681
Loan, interest at 5.22%, interest only payable until April 2014 after which time payable at \$6,380 including principal and interest, maturing June 2018	745,386	770,000
Loan, interest at prime plus .25% of 3.25%, payable at \$226 monthly including principal and interest, maturing September 2022	<u>15,318</u>	17,493
	<u>1,268,570</u>	1,391,630

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

Utility Funds

Debenture, interest at 3.35%, payable at \$12,149 annually including interest, maturing December 2021	73,305	82,684
Debenture, interest at 4.73%, payable at \$70,944 annually including interest, maturing November 2025	597,737	638,481
Debenture, interest at 5.375%, payable at \$68,508 annually including interest, maturing December 2019	<u>284,514</u>	<u>343,595</u>
	<u>955,556</u>	<u>1,064,760</u>
	<u>\$ 4,922,775</u>	<u>\$ 5,411,149</u>

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

2015	\$ 368,876
2016	335,181
2017	324,770
2018	919,192
2019	309,045

11. Commitments

The Municipality has committed to contribute \$500,000 to the construction of Tabor Home over a period of 5 years commencing in 2013. An amount of \$100,000 has been recognized as an expense and paid in 2014. Total contributions of \$200,000 have been recognized to December 31, 2014.

The Municipality has committed to contribute \$120,000 to the construction of the supportive housing component of the Buhler Active Living Centre over a period of 5 years commencing in 2013. An amount of \$24,000 has been recognized as an expense and paid in 2014. Total contributions of \$48,000 have been recognized to December 31, 2014.

Pembina Valley Water Cooperative Inc. ("Cooperative") has entered into numerous contracts, with expiry dates as noted, with the following cooperative members: The Town of Carman (2018), the City of Winkler (2018), and City of Morden (2023). The contracts with the Town of Carman, the City of Winkler and City of Morden are volume based, identifying the amount of water that each Municipality must purchase from the Cooperative in any given year.

12. 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 Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$77,460 (2013 - \$71,398) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 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.

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that 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.

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

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

15. Compensation to Council

Compensation to members of Council for the year ended December 31, 2014 was as follows:

<u>Council Members</u>	<u>Position</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
A. Petkau	Reeve	\$ 17,955	\$ 2,494	\$ 20,448
P. Froese	Councillor	19,416	1,947	21,363
R. Giesbrecht	Councillor	16,506	2,841	19,347
P. Klassen	Councillor	12,258	1,715	13,973
D. Fehr	Councillor	15,066	1,522	16,587
K. Schellenberg	Councillor	3,934	-	3,934
L. Titchkosky	Councillor	13,399	2,974	16,373
M. Olafson	Reeve	4,228	827	5,055
D. Falk	Councillor	2,889	334	3,223
A. Loewen	Councillor	2,853	177	3,030
W. Penner	Councillor	3,306	495	3,801
		<u>\$ 111,810</u>	<u>\$ 15,325</u>	<u>\$ 127,134</u>

16. Public Utilities Board

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

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

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

Water Services

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Stanley	\$ 4,089,087	\$ 283,231	\$ 129,594	\$ 4,242,724

17. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2014</u>	<u>2013</u>
General Operating Fund - Nominal surplus	\$ 1,369,883	\$ 1,369,883
Utility Operating Fund - Nominal surplus	371,326	208,072
Tangible capital assets net of related borrowings	13,545,114	12,389,580
Reserve funds	3,462,493	2,821,653
Accumulated surplus of Municipality unconsolidated	<u>18,748,816</u>	16,789,188
Accumulated surpluses of consolidated entities	<u>1,815,821</u>	1,673,089
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 20,564,637</u>	<u>\$ 18,462,277</u>

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

18. Government Partnerships

The Municipality has various partnerships as listed in note 2(a) that are consolidated using the proportionate consolidation method. The condensed supplementary financial information of government partnerships, in aggregate, is as follows:

	<u>2014</u>	<u>2013</u>
<u>Financial Position</u>		
Assets	\$ 3,386,661	\$ 3,322,100
Liabilities	\$ 1,570,840	\$ 1,649,011
Accumulated surplus	1,815,821	1,673,089
Total liabilities and accumulated surplus	<u>\$ 3,386,661</u>	<u>\$ 3,322,100</u>
<u>Statement of Operations</u>		
Revenue	\$ 880,368	\$ 902,408
Expenses	797,696	901,611
Annual surplus	<u>\$ 82,672</u>	<u>\$ 797</u>

19. Comparative Amounts

The comparative amounts presented in the consolidated financial statements have been restated to conform to the current year's presentation.

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

SCHEDULE 1

Cost	General Capital Assets						Infrastructure		Totals
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2014	
Opening costs	\$ 905,395	\$ 3,566,737	\$ 3,691,579	\$ 242,901	\$ 13,098,887	\$ 13,888,890	\$ 13,799	\$ 35,408,188	\$ 34,741,587
Additions during the year	74,427	8,562	287,119	62,748	405,867	228,692	552,665	1,620,080	3,781,681
Disposals and write downs	-	-	(221,794)	(80,590)	-	-	-	(302,384)	(3,115,080)
Closing costs	<u>979,822</u>	<u>3,575,299</u>	<u>3,756,904</u>	<u>225,059</u>	<u>13,504,754</u>	<u>14,117,582</u>	<u>566,464</u>	<u>36,725,884</u>	<u>35,408,188</u>
Accumulated Amortization									
Opening accum'd amortization	199,060	219,649	1,414,227	217,593	11,388,233	2,626,166	-	16,064,928	15,405,423
Amortization	18,132	81,274	217,810	19,305	74,662	325,764	-	736,947	721,354
Disposals and write downs	-	-	(127,616)	(80,590)	-	-	-	(208,206)	(61,849)
Closing accum'd amortization	<u>217,192</u>	<u>300,923</u>	<u>1,504,421</u>	<u>156,308</u>	<u>11,462,895</u>	<u>2,951,930</u>	<u>-</u>	<u>16,593,669</u>	<u>16,064,928</u>
Net Book Value of Tangible Capital Assets	\$ <u>762,630</u>	\$ <u>3,274,376</u>	\$ <u>2,252,483</u>	\$ <u>68,751</u>	\$ <u>2,041,859</u>	\$ <u>11,165,652</u>	\$ <u>566,464</u>	\$ <u>20,132,215</u>	\$ <u>19,343,260</u>

RURAL MUNICIPALITY OF STANLEY
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2014

SCHEDULE 2

	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 4,785,054	\$ 4,761,436
Taxes added	205,425	219,257
	<u>4,990,479</u>	<u>4,980,693</u>
Grants in lieu of taxation		
Federal government	-	-
Provincial government	57,370	55,674
Provincial government enterprises	-	-
	<u>57,370</u>	<u>55,674</u>
User fees		
Sales of service	631,865	569,970
Sales of goods	53,385	60,032
Rentals	-	150
	<u>685,250</u>	<u>630,152</u>
Permits, licences and fines		
Permits	15,390	12,850
	<u>15,390</u>	<u>12,850</u>
Investment income		
Cash and temporary investments	99,890	106,682
	<u>99,890</u>	<u>106,682</u>
Other revenue		
Loss on sale of tangible capital assets	(7,688)	(100,393)
Penalties and interest	34,742	38,164
Miscellaneous	18,329	57,519
	<u>45,383</u>	<u>(4,710)</u>
Water and sewer		
Municipal utilities	1,366,896	656,765
Consolidated water co-operatives	384,777	342,086
	<u>1,751,673</u>	<u>998,851</u>
Grants - Province of Manitoba		
General assistance payment	331,384	331,384
Municipal program grants	126,028	126,028
Conditional grants	1,362,149	162,118
	<u>1,819,561</u>	<u>619,530</u>
Grants - other		
Federal government - Gas Tax funding	1,117,530	196,480
Federal government - Other	2,822	2,623
Other local governments	64,090	97,931
	<u>1,184,442</u>	<u>297,034</u>
Total revenue	<u>\$ 10,649,438</u>	<u>\$ 7,696,756</u>

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

SCHEDULE 3

	2014 Actual	2013 Actual
General government services		
Legislative	\$ 77,104	\$ 66,975
General administrative	669,131	567,719
Other	405,664	327,911
	<u>1,151,899</u>	<u>962,605</u>
Protective services		
Fire	503,873	553,602
Emergency measures	1,213,516	165,538
Other protection	29,166	29,221
	<u>1,746,555</u>	<u>748,361</u>
Transportation services		
Road transport		
Administration and engineering	43,713	41,654
Road and street maintenance	2,276,784	2,204,543
Bridge maintenance	112,500	57,287
Sidewalk and boulevard maintenance	20,404	10,158
Street lighting	41,562	58,624
Other	363,653	341,469
	<u>2,858,616</u>	<u>2,713,735</u>
Environmental health services		
Waste collection and disposal	-	-
Other	70,915	136,426
	<u>70,915</u>	<u>136,426</u>
Public health and welfare services		
Public health	100,000	100,000
Medical care	74,077	68,640
Social assistance	2,121	2,121
	<u>176,198</u>	<u>170,761</u>
Regional planning and development		
Planning and zoning	305,155	269,498
Other	-	-
	<u>305,155</u>	<u>269,498</u>
Resource conservation and industrial development		
Rural area weed control	83,833	98,833
Drainage of land	307,357	223,856
Veterinary services	23,178	21,645
Water resources and conservation	65,280	61,094
Regional development	5,000	5,000
Other	4,747	48,865
	<u>489,395</u>	<u>459,293</u>
Sub-totals forward	<u>\$ 6,798,733</u>	<u>\$ 5,460,679</u>

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

SCHEDULE 3

	2014 Actual	2013 Actual
Sub-totals forward	\$ 6,798,733	\$ 5,460,679
Recreation and cultural services		
Community centers and halls	14,250	15,000
Parks and playgrounds	53,646	50,360
Other recreational facilities	5,023	12,581
Libraries	187,584	181,307
	<u>260,503</u>	<u>259,248</u>
Water and sewer services		
Municipal utilities (Schedule 9)	1,185,731	1,038,723
Consolidated water co-operatives	302,111	340,762
	<u>1,487,842</u>	<u>1,379,485</u>
Total expenses	\$ 8,547,078	\$ 7,099,412

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

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE										
Property taxes	\$ 4,708,480	\$ 4,676,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	57,370	55,674	-	-	-	-	-	-	-	-
User fees	287,283	259,867	682	999	59,603	63,993	118,287	97,659	-	-
Grants - other	2,822	2,624	-	-	1,117,530	196,479	-	-	-	-
Permits, licences and fines	15,390	12,850	-	-	-	-	-	-	-	-
Investment income	60,839	65,337	-	-	17,734	21,400	6,151	4,429	-	-
Other revenue	39,730	81,896	-	-	(7,688)	(100,393)	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	457,411	457,411	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	144,825	107,288	1,162,522	-	-	-	-	-	-	-
Total revenue	5,774,150	5,719,803	1,163,204	999	1,187,179	181,479	124,438	102,088	-	-
EXPENSES										
Personnel services	429,674	416,575	-	-	809,171	793,937	20,431	18,879	-	-
Contract services	341,111	269,577	539,175	603,924	821,672	821,721	1,400	71,884	2,121	2,121
Utilities	32,774	29,282	-	-	40,655	38,351	657	634	-	-
Maintenance materials and supplies	99,510	84,795	1,207,380	144,437	811,467	714,803	34,746	27,981	-	-
Grants and contributions	63,141	43,168	-	-	-	-	-	-	174,077	168,640
Amortization	77,882	82,317	-	-	309,822	280,059	9,461	13,883	-	-
Interest on long term debt	94,583	21,065	-	-	31,628	33,110	-	-	-	-
Other	13,224	15,826	-	-	34,201	31,754	4,220	3,165	-	-
Total expenses	1,151,899	962,605	1,746,555	748,361	2,858,616	2,713,735	70,915	136,426	176,198	170,761
Surplus (Deficit)	\$ 4,622,251	\$ 4,757,198	\$ (583,351)	\$ (747,362)	\$ (1,671,437)	\$ (2,532,256)	\$ 53,523	\$ (34,338)	\$ (176,198)	\$ (170,761)

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

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

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total
	2014	2013	2014	2013	2014	2013	2014	2013	
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,999	\$ 303,837	\$ 4,990,479
Grants in lieu of taxation	-	-	-	-	-	-	-	-	57,370
User fees	209,846	197,036	1,131	1,178	8,418	9,420	-	-	685,250
Grants - other	-	35,541	12,053	10,713	52,037	51,677	-	-	1,184,442
Permits, licences and fines	-	-	-	-	-	-	-	-	15,390
Investment income	3,042	3,156	-	-	228	214	11,896	12,146	99,890
Other revenue	10,278	12,258	-	-	-	-	3,063	1,529	45,383
Water and sewer	-	-	-	-	-	-	1,751,673	998,851	1,751,673
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	457,411
Prov of MB - Conditional Grants	-	-	-	-	54,803	54,831	-	-	1,362,150
Total revenue	223,166	247,991	13,184	11,891	115,486	116,142	2,048,631	1,316,363	10,649,438
EXPENSES									
Personnel services	165,160	167,804	5,477	5,490	76,355	75,358	228,198	187,934	1,734,466
Contract services	111,563	76,812	325,765	284,748	2,788	2,624	510,506	492,633	2,656,101
Utilities	1,325	904	9,810	8,736	-	-	28,151	25,966	113,372
Maintenance materials and supplies	-	-	83,835	98,833	103,135	100,632	227,366	167,533	2,567,439
Grants and contributions	-	-	59,129	55,776	60,958	60,800	-	-	357,305
Amortization	3,276	4,339	3,978	4,259	6,765	9,527	325,765	326,969	736,949
Interest on long term debt	-	-	531	600	-	-	150,264	163,608	277,006
Other	23,831	19,639	870	851	10,502	10,307	17,592	14,842	104,440
Total expenses	305,155	269,498	489,395	459,293	260,503	259,248	1,487,842	1,379,485	7,099,412
Surplus (Deficit)	\$ (81,989)	\$ (21,507)	\$ (476,211)	\$ (447,402)	\$ (145,017)	\$ (143,106)	\$ 560,789	\$ (63,122)	\$ 2,102,360
									\$ 597,344

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

SCHEDULE 5

	Core Government		Controlled Entities		Government Partnerships		Total
	2014	2013	2014	2013	2014	2013	
REVENUE							
Property taxes	\$ 4,990,479	\$ 4,980,693	\$ -	\$ -	\$ -	\$ -	\$ 4,980,693
Grants in lieu of taxation	57,370	55,674	-	-	-	-	55,674
User fees	320,901	269,626	-	-	364,349	360,526	630,152
Grants - other	1,120,352	199,103	-	-	64,090	97,931	297,034
Permits, licences and fines	15,390	12,850	-	-	-	-	12,850
Investment income	91,332	99,490	-	-	8,558	7,192	106,682
Other revenue	41,592	(7,697)	-	-	3,791	2,987	(4,710)
Water and sewer	1,366,896	656,765	-	-	384,777	342,086	998,851
Prov of MB - Unconditional Grants	457,411	457,412	-	-	-	-	457,412
Prov of MB - Conditional Grants	1,307,347	107,288	-	-	54,803	54,830	162,118
Total revenue	9,769,070	6,831,204	-	-	880,368	865,552	7,696,756
EXPENSES							
Personnel services	1,392,136	1,324,066	-	-	342,330	341,911	1,665,977
Contract services	2,626,946	2,464,565	-	-	29,155	161,479	2,626,044
Utilities	40,655	38,351	-	-	72,717	65,522	103,873
Maintenance materials and supplies	2,441,765	1,235,053	-	-	125,674	103,961	1,339,014
Grants and contributions	356,684	295,222	-	-	621	33,162	328,384
Amortization	636,011	615,169	-	-	100,938	106,184	721,353
Interest on long term debt	208,838	143,937	-	-	68,168	74,446	218,383
Other	46,347	44,582	-	-	58,093	51,802	96,384
Total expenses	7,749,382	6,160,945	-	-	797,696	938,467	7,099,412
Surplus (Deficit)	\$ 2,019,688	\$ 670,259	\$ -	\$ -	\$ 82,672	\$ (72,915)	\$ 597,344

RURAL MUNICIPALITY OF STANLEY
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2014

SCHEDULE 6

	2014					2013	
	General	Machinery Replacement	Gas Tax	Lagoon	Capital Lot Levy	Utility	Total
REVENUE							
Interest earned	\$ 9,492	\$ 17,734	\$ 6,499	\$ 920	\$ -	\$ 11,839	\$ 46,484
Other income	-	-	-	-	78,800	-	78,800
Total revenue	9,492	17,734	6,499	920	78,800	11,839	125,284
EXPENSES							
Investment charges	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-
NET REVENUE	9,492	17,734	6,499	920	78,800	11,839	125,284
TRANSFERS							
Transfers from (to) operating fund	(76,815)	338,822	1,116,555	21,399	(94,860)	-	1,305,101
Transfers from (to) utility fund	(80,000)	-	(253,232)	-	-	55,299	(277,933)
Acquisition of tangible capital assets	(67,475)	(187,511)	(256,626)	-	-	-	(511,612)
CHANGE IN RESERVE FUND BALANCES	(214,798)	169,045	613,196	22,319	(16,060)	67,138	640,840
FUND SURPLUS, BEGINNING OF YEAR	1,169,510	599,429	-	76,739	403,795	572,180	2,821,653
FUND SURPLUS, END OF YEAR	\$ 954,712	\$ 768,474	\$ 613,196	\$ 99,058	\$ 387,735	\$ 639,318	\$ 3,462,493

RURAL MUNICIPALITY OF STANLEY
 SCHEDULE OF TRUST FUNDS - CHEVAL UTILITY
 For the Year Ended December 31, 2014

SCHEDULE 7

	Total	
	2014	2013
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Due from Municipality	12,227	12,229
	<u>\$ 12,227</u>	<u>\$ 12,229</u>
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	12,227	12,229
	<u>\$ 12,227</u>	<u>\$ 12,229</u>
REVENUE		
Contributions and donations	\$ 5,000	\$ 5,001
Investment income	114	59
	<u>5,114</u>	<u>5,060</u>
EXPENSES		
Other	5,116	3,290
	<u>5,116</u>	<u>3,290</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(2)	1,770
FUND BALANCE, BEGINNING OF YEAR	12,229	10,459
FUND BALANCE, END OF YEAR	<u>\$ 12,227</u>	<u>\$ 12,229</u>

RURAL MUNICIPALITY OF STANLEY
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
For the Year Ended December 31, 2014

SCHEDULE 8

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	\$ -	\$ -
Amounts receivable	194,918	163,215
Portfolio investments	-	-
Due from other funds	-	-
	<u>194,918</u>	<u>163,215</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	-
Long-term debt (Note 11)	955,556	1,064,760
Due to other funds	610,698	685,175
	<u>1,566,254</u>	<u>1,749,935</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(1,371,336)</u>	<u>(1,586,720)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	9,411,978	8,886,265
Inventories	-	-
Prepaid expenses	580	580
	<u>9,412,558</u>	<u>8,886,845</u>
FUND SURPLUS	<u>\$ 8,041,222</u>	<u>\$ 7,300,125</u>

RURAL MUNICIPALITY OF STANLEY
SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2014

SCHEDULE 9

	<u>Budget</u>	<u>2014</u>	<u>2013</u>
REVENUE			
Water			
Water fees	\$ 780,000	\$ 782,855	\$ 725,555
Property Taxes	-	281,999	303,837
Government transfers			
Operating	-	232,293	-
Capital	-	283,231	-
sub-total- government transfers	-	515,524	-
Other			
Hydrant rentals	-	-	-
Connection charges, net	75,000	61,437	(74,007)
Penalties	3,500	3,014	3,474
Other income	2,000	4,066	1,743
Sub-total - Other	80,500	68,517	(68,790)
Total revenue	<u>\$ 860,500</u>	<u>\$ 1,648,895</u>	<u>\$ 960,602</u>
EXPENSES			
General			
Administration	\$ 63,000	\$ 66,982	\$ 57,486
Training costs	-	-	-
Billing and collection	10,500	8,093	6,731
Utilities (telephone, electricity, etc.)	-	-	-
Sub-total - General	<u>73,500</u>	<u>75,075</u>	<u>64,217</u>
Water General			
Purification and treatment	112,600	155,481	86,688
Water purchases	530,000	548,570	481,182
Transmission and distribution	94,400	80,694	71,662
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
Sub-total - Water general	<u>737,000</u>	<u>784,745</u>	<u>639,532</u>
Water Amortization & Interest			
Amortization	243,284	243,284	245,212
Interest on long-term debt	82,627	82,627	89,762
Sub-total - Water amortization & interest	<u>325,911</u>	<u>325,911</u>	<u>334,974</u>
Total expenses	<u>1,136,411</u>	<u>1,185,731</u>	<u>1,038,723</u>
NET OPERATING (DEFICIT) SURPLUS	(275,911)	463,164	(78,121)
TRANSFERS			
Transfers from operating fund	-	-	-
Transfers to reserve funds	(50,000)	277,933	(191,795)
NET CHANGE IN UTILITY FUND BALANCE	<u>\$ (325,911)</u>	741,097	(269,916)
FUND SURPLUS, BEGINNING OF YEAR		<u>7,300,125</u>	<u>7,570,041</u>
FUND SURPLUS, END OF YEAR		<u>\$ 8,041,222</u>	<u>\$ 7,300,125</u>

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

	Financial Plan General	Financial Plan Utilities	Amortization (TCA)	Interest Expense	Transfers	Consolidated Entities	PSAS Budget
REVENUE							
Property taxes	\$ 4,757,600	\$ -	\$ -	\$ -	\$ 137,455	\$ -	\$ 4,895,055
Grants in lieu of taxation	194,825	-	-	-	(137,455)	-	57,370
User fees	195,857	-	-	-	-	364,349	560,206
Permits, licences and fines	10,000	-	-	-	-	-	10,000
Investment income	60,000	-	-	-	-	8,558	68,558
Other revenue	50,000	-	-	-	-	3,791	53,791
Water and sewer	-	860,500	-	-	-	384,777	1,245,277
Grants - Province of Manitoba	455,000	-	-	-	-	54,803	509,803
Grants - other	350,305	-	-	-	-	64,090	414,395
Transfers from LUDs	-	-	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-	-	-
Transfers from reserves	180,000	-	-	-	(180,000)	-	-
Total revenue	<u>6,253,587</u>	<u>860,500</u>	-	-	<u>(180,000)</u>	<u>880,368</u>	<u>7,814,455</u>
EXPENSES							
General government services	875,618	-	77,882	94,583	(4,389)	54,268	1,097,962
Protective services	557,105	-	-	-	-	-	557,105
Transportation services	3,086,000	-	309,822	31,628	(240,000)	-	3,187,450
Environmental health services	25,750	-	-	-	-	50,895	76,645
Public health and welfare services	176,198	-	-	-	-	-	176,198
Regional planning and development	30,000	-	-	-	-	204,963	234,963
Resource cons and industrial dev	115,175	-	-	-	237,709	16,344	369,228
Recreation and cultural services	141,276	-	5,023	-	(10,689)	127,247	262,857
Water and sewer services	-	810,500	243,284	82,627	(41,868)	343,979	1,438,522
Fiscal services:							
Transfer to capital	8,200	-	(8,200)	-	-	-	-
Debt charges	526,710	-	-	(526,710)	-	-	-
Deferred surplus / deficit	-	-	-	-	-	-	-
Transfer to reserves	710,732	50,000	-	-	(760,732)	-	-
Allowance for tax assets	823	-	-	-	(823)	-	-
Total expenses	<u>6,253,587</u>	<u>860,500</u>	<u>627,811</u>	<u>(317,872)</u>	<u>(820,792)</u>	<u>797,696</u>	<u>7,400,930</u>
Surplus	\$ -	\$ -	\$ (627,811)	\$ 317,872	\$ 640,792	\$ 82,672	\$ 413,525

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

SCHEDULE 11

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 511,215	\$ 424,993
Add:		
Tax levy (Schedule 12)	12,540,341	12,087,891
Taxes added	205,425	219,257
Penalties or interest	34,742	38,164
Other accounts added	-	-
Taxes overpaid	-	-
Tax Adjustments	-	-
Sub-total	<u>12,780,508</u>	<u>12,345,312</u>
Deduct:		
Cash collections - current	11,199,442	10,768,356
Cash collections - arrears	418,366	302,684
Writeoffs	4,668	17,488
Tax discounts	-	-
M.P.T.C. - cash advance	1,184,377	1,170,562
Other credits - M.P.T.C. adjustment	63,592	-
Sub-total	<u>12,870,445</u>	<u>12,259,090</u>
Balance, end of year	<u>\$ 421,278</u>	<u>\$ 511,215</u>

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

SCHEDULE 12

	2014		2013	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage				
sub-total- Debt charges			\$ 199,303	\$ 223,649
Special levies:				
Fire protection	440,463,910	1.134%	499,486	560,633
General municipal:				
At large	392,834,580	10.402%	4,086,265	3,977,154
Total municipal taxes (Schedule 2)			<u>4,785,054</u>	<u>4,761,436</u>
Education support levy	69,153,540	11.391%	787,728	704,343
Special levy:				
Prairie Rose SD	203,470	12.936%	2,632	2,421
Garden Valley SD	284,005,970	18.049%	5,126,024	4,951,879
Western SD	107,730,550	17.061%	1,837,991	1,666,897
Prairie Spirit SD	64,540	14.131%	912	915
sub-total- Special levies			<u>7,755,287</u>	<u>7,326,455</u>
Total education taxes			<u>7,755,287</u>	<u>7,326,455</u>
Total tax levy (Schedule 11)			<u>\$ 12,540,341</u>	<u>\$ 12,087,891</u>

RURAL MUNICIPALITY OF STANLEY
 ANALYSIS OF SCHOOL ACCOUNTS
 For the Year Ended December 31, 2014

SCHEDULE 13

	2014			2013
	Opening Balance	Current Requirement	Current Payment	Ending Balance
Education support levy	\$ 42,607	\$ 835,306	\$ (848,677)	\$ 42,607
Special levies				
Prairie Rose	-	2,632	(2,632)	-
Garden Valley	286,210	5,198,512	(5,302,774)	286,210
Western	95,870	1,855,380	(1,886,311)	95,870
Prairie Spirit	-	912	(912)	-
Sub-total	382,080	7,057,436	(7,192,629)	382,080
Total	\$ 424,687	\$ 7,892,742	\$ (8,041,306)	\$ 424,687

RURAL MUNICIPALITY OF STANLEY
 SCHEDULE OF GENERAL OPERATING FUND EXPENSES
 For the Year Ended December 31, 2014

SCHEDULE 14

	2014 Actual	2013 Actual
General government services		
Legislative	\$ 77,104	\$ 66,975
General administrative	669,131	567,719
Other	356,608	249,298
	<u>1,102,843</u>	<u>883,992</u>
Protective services		
Fire	503,873	553,602
Emergency measures	1,213,516	165,538
Other	29,166	29,221
	<u>1,746,555</u>	<u>748,361</u>
Transportation services		
Road transport		
Administration and engineering	43,713	41,654
Road and street maintenance	2,276,784	2,204,543
Bridge maintenance	112,500	57,287
Sidewalk and boulevard maintenance	20,404	10,158
Street lighting	41,562	58,624
Other	363,653	341,469
	<u>2,858,616</u>	<u>2,713,735</u>
Environmental health services		
Other	20,020	90,563
	<u>20,020</u>	<u>90,563</u>
Public health and welfare services		
Public health	100,000	100,000
Medical care	74,077	68,640
Social assistance	2,121	2,121
	<u>176,198</u>	<u>170,761</u>
Regional planning and development		
Planning and zoning	100,192	2,496
	<u>100,192</u>	<u>2,496</u>
Resource conservation and industrial development		
Rural area weed control	83,833	98,833
Drainage of land	307,357	223,856
Veterinary services	9,125	7,935
Water resources and conservation	65,280	61,094
Regional development	5,000	5,000
Other	4,747	48,865
	<u>475,342</u>	<u>445,583</u>
Recreation and cultural services		
Community centers and halls	14,250	15,000
Parks and playgrounds	53,646	50,360
Other recreational facilities	5,023	12,581
Museums	-	-
Libraries	71,026	71,026
	<u>143,945</u>	<u>148,967</u>
Total expenses	<u>\$ 6,623,711</u>	<u>\$ 5,204,458</u>

RURAL MUNICIPALITY OF STANLEY
 SCHEDULE OF DEBENTURES PENDING
 December 31, 2014

SCHEDULE 15

Authority	Purpose	Source of Funds	Authorized	Expended
B/L 7-14	Rural water distribution system	Utility operating	\$ 181,500	\$ 181,500
			<u>\$ 181,500</u>	<u>\$ 181,500</u>

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

SCHEDULE 16
 (Unaudited)

	2014		2013	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ -	\$ 163,254	\$ 163,254	\$ (269,148)
Adjustments for reporting under Public Sector Accounting Standards				
Eliminate expense - Transfers to reserves	1,593,011	149,134	1,742,145	899,223
Eliminate revenue - Transfers from reserves	(799,522)	(427,067)	(1,226,589)	(414,202)
Increase revenue - Reserve funds interest and capital levies	125,284	-	125,284	128,849
Increase revenue - Net surplus of consolidated entities	82,672	-	82,672	797
Eliminate revenue - Elimination of consolidated revenues and expenses	60,060	-	60,060	8,524
Increase revenue - Internal funds used to finance tangible capital assets	(27,601)	2,926	(24,675)	27,624
Decrease revenue - Debenture pending for tangible capital assets	-	(181,500)	(181,500)	(121,500)
Increase revenue - Repayment of internal funds by debenture issued	-	121,500	121,500	2,500,000
Increase expense - Amortization of tangible capital assets	(392,725)	(243,284)	(636,009)	(615,170)
Decrease expense - Principal portion of debenture debt, net of debt proceeds	256,110	109,204	365,314	(2,240,422)
Eliminate expense - Acquisitions of tangible capital assets	836,085	768,997	1,605,082	902,564
Decrease revenue - Net book value of disposed tangible capital assets	(94,178)	-	(94,178)	(209,795)
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,639,196	\$ 463,164	\$ 2,102,360	\$ 597,344