

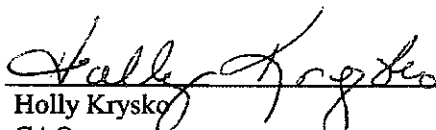
Rural Municipality of St Francois Xavier
1060 Hwy #26
St. Francois Xavier, Manitoba
R4L 1A5

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Rural Municipality of St Francois Xavier and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants of 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.

Reid & Associates Chartered Professional Accountants Inc. as the Municipality's appointed external auditors, 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.


Holly Krysko
CAO



Independent Auditors' Report

To the Reeve and members of Council of the
Rural Municipality of St Francois Xavier

We have audited the accompanying financial statements of Rural Municipality of St Francois Xavier, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 judgment, 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 audit opinion.

Opinion

In our opinion these financial statements present fairly, in all material respects, the financial position of Rural Municipality of St Francois Xavier as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

September 10, 2017
Winnipeg, Manitoba

Reid & Associates

Chartered Professional Accountants Inc.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016

	2016 Actual \$	2015 Actual \$
FINANCIAL ASSETS		
Cash and temporary investments <i>(note 3)</i>	1,954,069	1,731,002
Accounts receivable <i>(note 4)</i>	921,046	3,126,122
Portfolio investments <i>(note 5)</i>	187,552	208,390
	<u>3,062,667</u>	<u>5,065,514</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 8)</i>	2,342,114	3,956,746
Deferred revenue <i>(note 9)</i>	-	190,191
Landfill closure and post closure liabilities <i>(note 10)</i>	-	3,526
Long-term debt <i>(note 11)</i>	648,949	727,828
	<u>2,991,063</u>	<u>4,878,291</u>
NET FINANCIAL ASSETS	<u>71,604</u>	<u>187,223</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	14,764,717	14,029,325
Inventories <i>(note 6)</i>	19,045	27,880
Prepaid expenses <i>(note 7)</i>	44,967	26,977
	<u>14,828,729</u>	<u>14,084,182</u>
ACCUMULATED SURPLUS <i>(note 21)</i>	<u>14,900,333</u>	<u>14,271,405</u>

Approved on Behalf of the Council

_____ Reeve

_____ Councillor

The accompanying notes are an integral part of these financial statements

Reid & Associates Chartered Professional Accountants Inc.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Property taxes	1,155,950	1,175,874	1,135,606
Grants in lieu of taxation	9,292	9,292	6,513
User fees	82,150	71,214	(9,385)
Grants - Province of Manitoba	82,675	82,246	92,063
Grants - Other	63,700	257,159	-
Permits, licences and fees	3,800	5,367	21,875
Investment revenue	9,500	46,892	47,380
Other revenue	18,200	19,832	22,348
Water and sewer	672,249	1,074,576	4,508,222
Total revenue (<i>schedules 2, 4 and 5</i>)	<u>2,097,516</u>	<u>2,742,452</u>	<u>5,824,622</u>
EXPENSES			
General government services	415,625	401,751	417,596
Protective services	181,575	153,994	186,431
Transportation services	431,356	404,085	432,465
Environmental health services	84,025	77,983	68,831
Public health and welfare services	900	905	905
Regional planning and development	62,132	66,030	53,724
Resource conservation and industrial development	45,500	42,090	21,128
Recreation and cultural services	30,550	72,243	27,621
Water and sewer	798,287	894,443	802,098
Total expenses (<i>schedules 3, 4 and 5</i>)	<u>2,049,950</u>	<u>2,113,524</u>	<u>2,010,799</u>
ANNUAL SURPLUS	47,566	628,928	3,813,823
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>14,271,405</u>	<u>14,271,405</u>	<u>10,457,582</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>14,318,971</u>	<u>14,900,333</u>	<u>14,271,405</u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS
For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
ANNUAL SURPLUS	<u>47,566</u>	<u>628,928</u>	<u>3,813,823</u>
Acquisition of tangible capital assets	-	(1,295,947)	(4,406,372)
Proceeds on disposal of tangible capital assets	-	129,991	-
Amortization of tangible capital assets	272,200	377,792	370,756
Loss on sale of tangible capital assets	-	52,772	-
Decrease in inventories	-	8,835	(1,335)
Increase in prepaid expense	-	(17,990)	756
CHANGE IN NET DEBT	<u>319,766</u>	<u>(115,619)</u>	<u>(222,372)</u>
NET FINANCIAL ASSETS BEGINNING OF YEAR	<u>187,223</u>	<u>187,223</u>	<u>409,595</u>
NET FINANCIAL ASSETS END OF YEAR	<u><u>506,989</u></u>	<u><u>71,604</u></u>	<u><u>187,223</u></u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	2016 Actual \$	2015 Actual \$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING TRANSACTIONS		
Annual surplus	628,928	3,813,823
Changes in non-cash items:		
Amortization	377,792	370,756
Loss on disposal of tangible capital assets	52,772	-
	<u>1,059,492</u>	<u>4,184,579</u>
Net changes in non-cash working capital affecting operations (note 24)	<u>387,572</u>	<u>(79,526)</u>
	<u>1,447,064</u>	<u>4,105,053</u>
CAPITAL TRANSACTIONS		
Proceeds from sale of tangible capital assets	129,991	-
Cash used to acquire tangible capital assets	<u>(1,295,947)</u>	<u>(4,406,372)</u>
	<u>(1,165,956)</u>	<u>(4,406,372)</u>
INVESTING		
Proceeds on sale of portfolio investments	20,838	19,761
FINANCING		
Reduction in long-term debt	<u>(78,879)</u>	<u>(146,616)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	223,067	(428,174)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>1,731,002</u>	<u>2,159,176</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>1,954,069</u>	<u>1,731,002</u>
CASH AND TEMPORARY INVESTMENTS IS REPRESENTED BY:		
Cash	320,782	104,661
Temporary investments	922,194	996,450
Internally restricted cash	513,428	471,847
Externally restricted cash	<u>197,665</u>	<u>158,044</u>
	<u>1,954,069</u>	<u>1,731,002</u>

The accompanying notes are an integral part of these financial statements

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

1. STATUS OF THE RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

The incorporated Rural Municipality of St Francois Xavier is a municipal government that was created on February 14, 1880 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Municipality owns two utilities, 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 as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) REPORTING ENTITY

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality.

The Municipality has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the 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-company balances and transactions have been eliminated. The government partnerships include:

	Consolidated	
	2016	2015
Cartier Regional Water Co-op Inc	14.29 %	14.29 %
White Horse Plains Planning District	50.00 %	50.00 %

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

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 TEMPORARY INVESTMENTS

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

d) INVESTMENTS

Temporary investments are accounted for at the lower of cost and market.

Portfolio investments are accounted for at cost.

e) REAL ESTATE PROPERTIES HELD FOR SALE

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

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

f) LANDFILL CLOSURE AND POST CLOSURE LIABILITIES

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

g) NON-FINANCIAL ASSETS

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

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

h) TANGIBLE CAPITAL ASSETS

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

General Tangible Capital Assets

Land and land improvements	Indefinite
Buildings and leasehold improvements	10 to 40 years
Vehicles and equipment	
Vehicles	10 to 20 years
Machinery and equipment	10 to 20 years
Computer hardware and software	4 to 10 years

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

Infrastructure Assets

Roads, Streets, and Bridges	
Land	Indefinite
Road surface	25 to 40 years
Road grade	40 Years
Traffic lights and equipment	10 years
Land	Indefinite
Land improvements	30 to 50 years
Underground networks	40 to 60 years
Machinery & equipment	10 to 20 years

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

i) LEASES

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

j) INVENTORIES

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

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

k) REVENUE RECOGNITION

Revenues are recognized as they are earned and measurable.

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

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

l) MEASUREMENT UNCERTAINTY

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments are comprised of the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash	320,782	104,661
Temporary investments	922,194	996,450
Internally restricted cash	513,428	471,847
Externally restricted cash	197,665	158,044
	<u>1,954,069</u>	<u>1,731,002</u>

Temporary investments are comprised of term deposits and have a market value approximating cost.

4. ACCOUNTS RECEIVABLE

Amounts receivable are valued at their net realizable value.

	<u>2016</u>	<u>2015</u>
	\$	\$
Tax assets (<i>schedule 11</i>)	159,887	143,930
Government grants and receivables	62,092	1,363,508
Utility customers	68,070	42,854
Accrued interest	-	10,322
Organizations and individuals	219,288	329,245
Other governments	422,560	1,249,542
	<u>931,897</u>	<u>3,139,401</u>
Allowance for doubtful accounts	<u>(10,851)</u>	<u>(13,279)</u>
	<u>921,046</u>	<u>3,126,122</u>

5. PORTFOLIO INVESTMENTS

	<u>2016</u>	<u>2015</u>
	\$	\$
Marketable securities		
Municipal debenture, bearing interest at 5.000% with principal and interest payments paid annually, due December 31, 2016.	-	3,800
Municipal debenture, bearing interest at 5.000% with principal and interest payments paid annually, due December 31, 2016.	-	7,668
Municipal debenture, bearing interest at 6.000% with principal and interest payments paid annually, due December 31, 2029.	94,162	98,866
Municipal debenture, bearing interest at 6.000% with principal and interest payments paid annually, due December 31, 2029.	93,390	98,056
	<u>187,552</u>	<u>208,390</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

6. INVENTORIES

	<u>2016</u>	<u>2015</u>
	\$	\$
Gravel	6,630	13,365
Culverts	874	1,126
Fuel	3,389	2,921
Other	8,152	10,468
	<u>19,045</u>	<u>27,880</u>

7. PREPAID EXPENSES

	<u>2016</u>	<u>2015</u>
	\$	\$
Insurance	6,992	6,907
Vehicle insurance	108	114
Software licences	17,911	-
Other	19,956	19,956
	<u>44,967</u>	<u>26,977</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade payables	1,083,140	3,055,451
Government payables	1,091,558	752,577
Accrued expenses	52,526	31,737
School levies (<i>schedule 13</i>)	26,943	18,529
Other governments	1,124	-
Deposits	81,952	87,158
Other	4,871	11,294
	<u>2,342,114</u>	<u>3,956,746</u>

9. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
	\$	\$
Unexpended gas tax funding	-	190,191

Gas tax funding no longer qualifies for deferral under PS3410, this change has been applied prospectively

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

10. LANDFILL CLOSURE AND POST CLOSURE LIABILITIES

Operating Landfill Sites:

The Municipality is currently operating a landfill site. 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.

Estimated closure and post closure costs are calculated as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Estimated closure and post closure costs	-	4,000
Discount rate applied	- %	6.50 %
Discounted costs	<u>-</u>	<u>3,526</u>
Expected year landfill capacity to be reached	-	2018
Capacity (tonnes):		
Used to date	-	28,000
Remaining	-	8,400
Total	<u>-</u>	<u>36,400</u>
Percent utilized	<u>- %</u>	<u>76.92 %</u>
Total	-	3,526
Calculated liability per information above	-	2,712
Variance	<u>-</u>	<u>814</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

11. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
	\$	\$
General Authority:		
Municipal debenture payable in annual instalments of \$8,051 including interest at 5.000%, due December 31, 2016.	-	7,668
Municipal debenture payable in annual instalments of \$3,990 including interest at 5.000%, due December 31, 2016.	-	3,800
Municipal debenture payable in annual instalments of \$25,466 including interest at 5.375%, due December 31, 2021.	109,120	127,721
Municipal debenture payable in annual instalments of \$22,825 including interest at 5.500%, due December 31, 2018.	42,143	61,581
	<u>151,263</u>	<u>200,770</u>
Utility Funds:		
Municipal debenture payable in annual instalments of \$36,927 including interest at 5.625%, due December 31, 2027.	296,903	316,051
Municipal debenture payable in annual instalments of \$1,646 including interest at 5.625%, due December 31, 2027.	13,231	14,085
Municipal debenture payable in annual instalments of \$21,186 including interest at 6.000%, due December 31, 2029.	187,552	196,922
	<u>497,686</u>	<u>527,058</u>
	<u>648,949</u>	<u>727,828</u>

Estimated principal repayments for the next five years are as follows:

2017	71,168
2018	75,134
2019	56,495
2020	59,661
2021	63,004

12. DEBT CHARGES - FRONTAGE

<u>Purpose and By-law</u>	<u>2016</u>	<u>2015</u>
	Levy	Levy
	\$	\$
Water and Sewer Bylaw 2-95A	-	55,000
Water and Sewer Bylaw 7-2005A	38,572	38,572
Water and Sewer Bylaw 7-2005B	21,186	21,186
	<u>59,758</u>	<u>114,758</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

13. DEBT CHARGES - L.I.D.

Purpose and By-law	Assessment	Mill Rate	2016 Levy	2015 Levy
			\$	\$
Water and Sewer Bylaw 2-95A			-	23,095

14. DEBT CHARGES - AT LARGE

Purpose and By-law	Assessment	Mill Rate	2016 Levy	2015 Levy
			\$	\$
Public Works Building ByLaw 3-2007	113,536,080	0.223	25,319	25,303
Lagoon Expansion ByLaw 2-2007	117,804,050	0.102	12,016	12,050
Fire Vehicles By-law 2-2008	113,536,080	0.199	22,594	22,667
			<u>59,929</u>	<u>60,020</u>

15. RESERVES

Purpose and By-law	Assessment	Mill Rate	2016 Levy	2015 Levy
			\$	\$
General Reserve	113,536,080	0.088	9,991	-
Public Works and Environment Reserve	113,536,080	0.516	58,585	57,634
Protective Services Reserve	113,536,080	0.262	29,746	28,817
Recreation and Culture Reserve	113,536,080	0.070	7,948	7,995
Buildings and Land Reserve	113,536,080	0.192	21,799	21,876
			<u>128,069</u>	<u>116,322</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

16. RETIREMENT BENEFITS

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. 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 \$40,800 (2015 - \$40,800) and are included in the statement of operations.

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

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

17. 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.

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

18. BUDGET

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by council.

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

The budget numbers are unaudited and, accordingly, I express no assurance in respect to the budget.

19. SEGMENTED INFORMATION

The Rural Municipality of St Francois Xavier provides a wide ranges of services to its residents.

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

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

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

20. GOVERNMENT PARTNERSHIPS

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial Position		
Financial Assets	3,142,658	18,171,233
Liabilities	<u>14,727,511</u>	<u>26,509,114</u>
	(11,584,853)	(8,337,881)
Non-financial Assets	<u>58,333,912</u>	<u>53,437,450</u>
Accumulated Surplus	<u>46,749,059</u>	<u>45,099,569</u>
Result of Operations		
Revenue	5,339,965	30,073,000
Expenses	<u>3,690,475</u>	<u>2,731,132</u>
Annual Surplus	<u>1,649,490</u>	<u>27,341,868</u>

21. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
	\$	\$
Accumulated surplus consists of the following:		
General Operating Fund - Nominal Surplus, excluding Tangible Capital Assets	1,080,888	738,205
Utility Operating Funds - Nominal Deficit, excluding Tangible Capital Assets	(8,299,856)	(7,667,441)
General Operating Tangible Capital Assets, net of related borrowings	2,684,159	2,510,011
Tangible Capital Assets, net of related borrowings	11,431,609	10,791,486
Reserve Funds	<u>1,457,348</u>	<u>1,580,664</u>
Accumulated surplus of municipality unconsolidated	<u>8,354,148</u>	<u>7,952,925</u>
Accumulated surpluses of consolidated government partnerships	<u>6,546,185</u>	<u>6,318,480</u>
Accumulated Surplus per Statement of Financial Position	<u>14,900,333</u>	<u>14,271,405</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

22. 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 in exceeding \$50,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2016:

- (a) Compensation paid to members of council amounted to \$52,639 in aggregate;
- (b) There were no members of council receiving compensation in excess of \$50,000 individually. The breakdown of compensation and expenses paid to members of council are as follows:

Council Member	Compensation	Expenses	Total
Dwayne Clark	14,801	1,687	16,488
Yvonne Wood	9,417	22	9,439
Rick Van Wyk	8,819	328	9,147
Matt Janzen	8,382	112	8,494
Delmer Nott	11,220	2,707	13,927
	52,639	4,856	57,495

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

Name	Position	Amount
Holly Krysko	Chief Administrative Officer	67,079
Lynne Chapellaz-Krantz	Assistant Chief Administrative Officer	50,656
Colter Milne	Water plant	75,274
David Epler	Water plant	98,875
Danielle Vaillant	Water plant	97,592
Grant McGorman	Water plant	96,723

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

23. PUBLIC UTILITY BOARD

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

For information purposes, the Municipality does not have any capital grants that require deferral.

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

24. CHANGES IN WORKING CAPITAL

	<u>2016</u>	<u>2015</u>
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	2,205,076	(2,599,634)
Inventories	8,835	(1,335)
Prepaid expenses	(17,990)	756
Accounts payable and accrued liabilities	(1,614,632)	2,466,721
Deferred revenue	(190,191)	65,676
Landfill closure and post closure liabilities	(3,526)	(11,710)
	<u>387,572</u>	<u>(79,526)</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2016

Schedule 1

	General Capital Assets					Infrastructure			2016 Actual	2015 Actual
	Land and Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets under Construction		
Cost										
Balance, beginning of year	2,059,400	792,926	1,484,829	82,005	-	530,290	12,212,548	812,192	17,974,190	13,683,048
Asset purchases	18,179	-	478,525	825	-	-	791,517	6,901	1,295,947	4,406,372
Disposals and write downs	-	-	261,240	479	-	-	-	-	261,719	115,230
Balance, end of year	<u>2,077,579</u>	<u>792,926</u>	<u>1,702,114</u>	<u>82,351</u>	<u>-</u>	<u>530,290</u>	<u>13,004,065</u>	<u>819,093</u>	<u>19,008,418</u>	<u>17,974,190</u>
Accumulated Amortization										
Balance, beginning of year	802,647	409,492	747,622	69,558	-	209,350	1,706,196	-	3,944,865	3,689,339
Amortization	51,625	25,584	86,911	6,572	-	19,433	187,667	-	377,792	370,756
Disposals and write downs	-	-	78,746	210	-	-	-	-	78,956	115,230
Balance, end of year	<u>854,272</u>	<u>435,076</u>	<u>755,787</u>	<u>75,920</u>	<u>-</u>	<u>228,783</u>	<u>1,893,863</u>	<u>-</u>	<u>4,243,701</u>	<u>3,944,865</u>
Net book value	<u>1,223,307</u>	<u>357,850</u>	<u>946,327</u>	<u>6,431</u>	<u>-</u>	<u>301,507</u>	<u>11,110,202</u>	<u>819,093</u>	<u>14,764,717</u>	<u>14,029,325</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 2

CONSOLIDATED SCHEDULE OF REVENUES

For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
PROPERTY TAXES			
Municipal taxes levied (<i>schedule 12</i>)	1,105,950	1,105,861	1,050,873
Taxes added	50,000	70,013	84,733
	<u>1,155,950</u>	<u>1,175,874</u>	<u>1,135,606</u>
GRANTS IN LIEU OF TAXATION			
Provincial government	3,923	3,923	2,799
Provincial government enterprises	5,369	5,369	3,714
	<u>9,292</u>	<u>9,292</u>	<u>6,513</u>
USER FEES			
Sales of service	82,150	71,214	(9,385)
GRANTS - PROVINCE OF MANITOBA			
General assistance payment	49,175	49,176	49,176
VLT revenues	22,900	22,960	22,960
Conditional grants	10,600	10,110	19,927
	<u>82,675</u>	<u>82,246</u>	<u>92,063</u>
GRANTS - OTHER			
Federal government - gas tax funding	63,700	257,159	-
PERMITS, LICENCES AND FEES			
Permits	3,500	4,812	18,880
Licences	300	555	2,995
	<u>3,800</u>	<u>5,367</u>	<u>21,875</u>
INVESTMENT REVENUE			
Interest	9,500	47,134	47,072
Other interest	-	(242)	308
	<u>9,500</u>	<u>46,892</u>	<u>47,380</u>
OTHER REVENUE			
Loss on sale of tangible capital assets	-	(52,772)	-
Miscellaneous	6,000	56,489	7,864
Penalties and interest	12,200	16,115	14,484
	<u>18,200</u>	<u>19,832</u>	<u>22,348</u>
WATER AND SEWER			
Municipal utility (<i>schedule 9</i>)	309,670	328,386	300,886
Consolidated water co-operatives	362,579	746,190	4,207,336
	<u>672,249</u>	<u>1,074,576</u>	<u>4,508,222</u>
TOTAL REVENUE	<u>2,097,516</u>	<u>2,742,452</u>	<u>5,824,622</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 3

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	59,550	56,440	57,926
General administrative	356,075	345,311	359,670
	<u>415,625</u>	<u>401,751</u>	<u>417,596</u>
PROTECTIVE SERVICES			
Fire	156,825	136,502	154,041
Emergency measures	24,750	17,492	32,390
	<u>181,575</u>	<u>153,994</u>	<u>186,431</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	13,000	13,018	13,018
Road and street maintenance	380,656	361,013	385,672
Street lighting	13,700	12,943	12,939
Traffic services	1,800	(222)	2,554
Other	22,200	17,333	18,282
	<u>431,356</u>	<u>404,085</u>	<u>432,465</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	55,450	51,925	38,389
Recycling	28,000	25,473	27,010
Lagoons and wells	575	585	3,432
	<u>84,025</u>	<u>77,983</u>	<u>68,831</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	900	905	905
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	60,132	61,751	48,085
Urban renewal	2,000	4,279	5,639
	<u>62,132</u>	<u>66,030</u>	<u>53,724</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	4,900	1,725	1,055
Drainage of land	35,700	36,257	16,053
Pest control	4,900	4,108	4,020
	<u>45,500</u>	<u>42,090</u>	<u>21,128</u>
RECREATION AND CULTURAL SERVICES			
Administration	4,700	37,103	4,071
Community centers and halls	14,600	13,134	13,519
Parks and playgrounds	10,600	12,821	9,446
Other recreational facilities	-	8,300	-
Libraries	650	885	585
	<u>30,550</u>	<u>72,243</u>	<u>27,621</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 3

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
WATER AND SEWER			
Municipal utility (<i>schedule 9</i>)	399,420	380,436	424,280
Consolidated water co-operatives	<u>398,867</u>	<u>514,007</u>	<u>377,818</u>
	<u>798,287</u>	<u>894,443</u>	<u>802,098</u>
TOTAL EXPENSES	<u>2,049,950</u>	<u>2,113,524</u>	<u>2,010,799</u>

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2016

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	1,175,874	1,135,606	-	-	-	-	-	-	-	-
Grants in lieu of taxation	9,292	6,513	-	-	-	-	-	-	-	-
User fees	2,271	948	6,572	2,491	505	360	25,816	27,779	-	-
Grants - Province of Manitoba	82,246	86,163	-	-	-	-	-	-	-	-
Grants - Other	257,159	-	-	-	-	-	-	-	-	-
Permits, licences and fees	-	-	-	-	-	-	555	2,995	-	-
Investment revenue	46,892	47,380	-	-	-	-	-	-	-	-
Other revenue	72,586	22,348	-	-	(52,772)	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Consolidated water co-operatives	-	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,646,320</u>	<u>1,298,958</u>	<u>6,572</u>	<u>2,491</u>	<u>(52,267)</u>	<u>360</u>	<u>26,371</u>	<u>30,774</u>	<u>-</u>	<u>-</u>
EXPENSES										
Personnel services	250,058	253,728	42,238	54,077	116,754	140,014	13,401	12,634	-	-
Contract services	24,061	24,059	17,177	15,218	13,950	18,191	57,797	59,266	905	905
Utilities	10,805	8,495	11,315	9,701	3,495	2,114	-	636	-	-
Maintenance materials & supplies	92,991	100,814	32,290	54,788	150,291	154,669	1,381	(9,357)	-	-
Grants & contributions	797	475	-	-	-	-	-	-	-	-
Amortization	19,431	20,251	47,587	48,247	112,730	109,663	4,831	4,533	-	-
Interest on long term debt	-	-	3,387	4,400	6,865	7,814	573	1,119	-	-
Other operating expense	3,608	9,774	-	-	-	-	-	-	-	-
Other operating expense	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>401,751</u>	<u>417,596</u>	<u>153,994</u>	<u>186,431</u>	<u>404,085</u>	<u>432,465</u>	<u>77,983</u>	<u>68,831</u>	<u>905</u>	<u>905</u>
SURPLUS (DEFICIT)	<u>1,244,569</u>	<u>881,362</u>	<u>(147,422)</u>	<u>(183,940)</u>	<u>(456,352)</u>	<u>(432,105)</u>	<u>(51,612)</u>	<u>(38,057)</u>	<u>(905)</u>	<u>(905)</u>

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

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2016

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	-	-	-	-	-	-	-	-	1,175,874	1,135,606
Grants in lieu of taxation	-	-	-	-	-	-	-	-	9,292	6,513
User fees	13,740	(63,414)	-	-	-	-	22,310	22,451	71,214	(9,385)
Grants - Province of Manitoba	-	5,900	-	-	-	-	-	-	82,246	92,063
Grants - Other	-	-	-	-	-	-	-	-	257,159	-
Permits, licences and fees	4,812	18,880	-	-	-	-	-	-	5,367	21,875
Investment revenue	-	-	-	-	-	-	-	-	46,892	47,380
Other revenue	18	-	-	-	-	-	-	-	19,832	22,348
Water and sewer	-	-	-	-	-	-	328,386	300,886	328,386	300,886
Consolidated water co-operatives	-	-	-	-	-	-	746,190	4,207,336	746,190	4,207,336
Total revenue	18,570	(38,634)	-	-	-	-	1,096,886	4,530,673	2,742,452	5,824,622
EXPENSES										
Personnel services	32,669	28,291	-	-	-	-	50,167	60,659	607,601	606,016
Contract services	18,670	13,958	35,455	16,804	7,380	3,935	41,019	30,606	228,370	193,448
Utilities	-	-	-	-	2,917	2,013	-	-	73,160	56,247
Maintenance materials & supplies	14,565	11,349	6,635	4,324	54,802	14,533	176,824	211,569	778,029	718,872
Grants & contributions	-	-	-	-	2,075	2,071	-	-	2,872	2,546
Amortization	126	126	-	-	5,069	5,069	82,041	82,230	377,792	370,756
Interest on long term debt	-	-	-	-	-	-	30,385	38,204	42,092	52,128
Other operating expense	-	-	-	-	-	-	-	-	3,608	9,774
Other operating expense	-	-	-	-	-	-	-	1,012	-	1,012
Total expenses	66,030	53,724	42,090	21,128	72,243	27,621	380,436	424,280	2,113,524	2,010,799
SURPLUS (DEFICIT)	(47,460)	(92,358)	(42,090)	(21,128)	(72,243)	(27,621)	716,450	4,106,393	628,928	3,813,823

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

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2016

	Core Government		Government Partnerships		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
REVENUE						
Property taxes	1,175,874	1,135,606	-	-	1,175,874	1,135,606
Grants in lieu of taxation	9,292	6,513	-	-	9,292	6,513
User fees	66,214	(13,785)	5,000	4,400	71,214	(9,385)
Grants - Province of Manitoba	82,246	86,163	-	5,900	82,246	92,063
Grants - Other	257,159	-	-	-	257,159	-
Permits, licences and fees	5,367	21,875	-	-	5,367	21,875
Investment revenue	46,892	47,380	-	-	46,892	47,380
Other revenue	19,814	22,348	18	-	19,832	22,348
Water and sewer	328,386	300,886	-	-	328,386	300,886
Consolidated water co-operatives	-	-	746,190	4,207,336	746,190	4,207,336
Total revenue	<u>1,991,244</u>	<u>1,606,986</u>	<u>751,208</u>	<u>4,217,636</u>	<u>2,742,452</u>	<u>5,824,622</u>
EXPENSES						
Personnel services	500,384	544,528	107,217	61,488	607,601	606,016
Contract services	213,838	173,739	14,532	19,709	228,370	193,448
Utilities	28,532	22,959	44,628	33,288	73,160	56,247
Maintenance materials & supplies	527,886	540,677	250,143	178,195	778,029	718,872
Grants & contributions	2,872	2,546	-	-	2,872	2,546
Amortization	271,689	269,993	106,103	100,763	377,792	370,756
Interest on long term debt	41,210	51,537	882	591	42,092	52,128
Other operating expense	3,608	9,774	-	-	3,608	9,774
Other operating expense	-	1,012	-	-	-	1,012
Total expenses	<u>1,590,019</u>	<u>1,616,765</u>	<u>523,505</u>	<u>394,034</u>	<u>2,113,524</u>	<u>2,010,799</u>
SURPLUS (DEFICIT)	<u>401,225</u>	<u>(9,779)</u>	<u>227,703</u>	<u>3,823,602</u>	<u>628,928</u>	<u>3,813,823</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2016

	General Reserve	Public Works and Environmental Reserve	Protective Services Reserve	Fire Department Equipment Reserve	Gas Tax Reserve	Recreation and Culture Reserve	Buildings and Land Reserve
	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS							
Cash and temporary investments	399,010	55,726	146,866	62	197,665	43,546	219,683
Accounts receivable	-	-	-	-	-	-	-
Portfolio investments	93,390	-	-	-	-	-	-
Due from other funds	-	-	-	-	31,889	30,001	-
	<u>408,400</u>	<u>55,726</u>	<u>146,866</u>	<u>62</u>	<u>229,554</u>	<u>73,547</u>	<u>219,683</u>
REVENUE							
Investment revenue	11,393	4,510	1,982	1	2,201	801	3,238
TRANSFERS							
Transfers from (to) operating fund	(6,300)	244,262	(21,781)	-	(37,161)	-	(22,000)
Transfer from (to) reserve funds	-	-	-	-	-	-	-
	<u>6,300</u>	<u>(244,262)</u>	<u>21,781</u>	<u>-</u>	<u>37,161</u>	<u>-</u>	<u>22,000</u>
CHANGE IN FUND BALANCES	17,693	(239,752)	23,763	1	39,362	801	25,238
FUND SURPLUS, BEGINNING OF YEAR	<u>390,707</u>	<u>295,478</u>	<u>123,103</u>	<u>61</u>	<u>190,192</u>	<u>72,746</u>	<u>194,445</u>
FUND SURPLUS, END OF YEAR	<u>408,400</u>	<u>55,726</u>	<u>146,866</u>	<u>62</u>	<u>229,554</u>	<u>73,547</u>	<u>219,683</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Schedule 6

For the Year Ended December 31, 2016

	Special Events Reserve \$	Utility Reserve \$	2016 Actual \$	2015 Actual \$
FINANCIAL ASSETS				
Cash and temporary investments	258	229,091	1,291,907	1,294,191
Accounts receivable	-	-	-	6,968
Portfolio investments	-	94,162	187,552	208,390
Due from other funds	-	-	(22,110)	71,115
	<u>258</u>	<u>323,253</u>	<u>1,457,349</u>	<u>1,580,664</u>
REVENUE				
Investment revenue	<u>4</u>	<u>9,575</u>	<u>33,705</u>	<u>35,287</u>
TRANSFERS				
Transfers from (to) operating fund	-	-	157,020	(67,970)
Transfer from (to) reserve funds	-	-	-	13,665
	<u>-</u>	<u>-</u>	<u>(157,020)</u>	<u>54,305</u>
CHANGE IN FUND BALANCES	4	9,575	(123,315)	89,592
FUND SURPLUS, BEGINNING OF YEAR	<u>254</u>	<u>313,678</u>	<u>1,580,664</u>	<u>1,491,072</u>
FUND SURPLUS, END OF YEAR	<u><u>258</u></u>	<u><u>323,253</u></u>	<u><u>1,457,349</u></u>	<u><u>1,580,664</u></u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 7

SCHEDULE OF TRUST FUNDS

For the Year Ended December 31, 2016

Excess of revenue over expenses

-	-
<u> </u>	<u> </u>
<u> </u>	<u> </u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Schedule 8

For the Year Ended December 31, 2016

	2016 Actual \$	2015 Actual \$
FINANCIAL ASSETS		
Cash and temporary investments <i>(note 3)</i>	256,642	208,229
Accounts receivable <i>(note 4)</i>	68,135	50,472
Due from other funds	<u>(478,427)</u>	<u>(471,900)</u>
	<u>(153,650)</u>	<u>(213,199)</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 8)</i>	3,451	-
Long-term debt <i>(note 11)</i>	<u>497,686</u>	<u>527,058</u>
	<u>501,137</u>	<u>527,058</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	3,782,524	3,857,313
Inventories <i>(note 6)</i>	4,016	6,989
	<u>3,786,540</u>	<u>3,864,302</u>
FUND SURPLUS	<u><u>3,131,753</u></u>	<u><u>3,124,045</u></u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 9

SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
WATER			
Water fees	161,000	166,426	132,800
Bulk water fees	60,000	67,835	87,782
	<u>221,000</u>	<u>234,261</u>	<u>220,582</u>
SEWER			
Sewer fees	74,970	72,636	38,608
GOVERNMENT TRANSFERS			
Capital	-	3,451	18,176
OTHER REVENUE			
Hydrant rentals	1,400	1,300	1,300
Connection charges	3,500	1,000	3,300
Penalties	1,600	1,954	1,638
Investment income	-	3,580	3,738
Administration fees	-	12,230	12,470
Other income	7,200	(2,026)	1,074
	<u>13,700</u>	<u>18,038</u>	<u>23,520</u>
TOTAL REVENUE	<u>309,670</u>	<u>328,386</u>	<u>300,886</u>
EXPENSES			
GENERAL			
Administration	37,900	29,968	41,003
WATER			
Transmission and distribution	21,100	12,125	16,575
Water purchases	185,000	176,824	211,569
Amortization	55,600	55,592	55,723
Interest and long-term debt	30,400	30,385	38,204
	<u>292,100</u>	<u>274,926</u>	<u>322,071</u>
SEWER			
Collection system costs	18,320	20,199	19,656
Treatment and disposal costs	21,600	28,894	14,031
Other sewer expense	3,000	-	1,012
	<u>42,920</u>	<u>49,093</u>	<u>34,699</u>
SEWER AMORTIZATION AND INTEREST			
Amortization	26,500	26,449	26,507
TOTAL EXPENSES	<u>399,420</u>	<u>380,436</u>	<u>424,280</u>
EXCESS OF EXPENSES OVER REVENUE	<u>(89,750)</u>	<u>(52,050)</u>	<u>(123,394)</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF UTILITY OPERATIONS
For the Year Ended December 31, 2016

Schedule 9

	2016 Budget \$	2016 Actual \$	2015 Actual \$
TRANSFERS			
Transfers from (to) utility fund	-	59,758	137,822
Transfer from (to) reserve funds	-	-	(13,665)
	<u>-</u>	<u>59,758</u>	<u>151,487</u>
CHANGE IN UTILITY FUND BALANCE	(89,750)	7,708	28,093
FUND SURPLUS, BEGINNING OF YEAR	<u>3,124,045</u>	<u>3,124,045</u>	<u>3,095,952</u>
FUND SURPLUS, END OF YEAR	<u><u>3,034,295</u></u>	<u><u>3,131,753</u></u>	<u><u>3,124,045</u></u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2016

	Financial Plan General \$	Financial Plan Utility \$	Amortization (TCA) \$	Interest Expense \$	Transfers \$	Long Term Accruals \$	Government Partnerships \$	PSAB Budget \$
REVENUE								
Property taxes	1,155,950	-	-	-	-	-	-	1,155,950
Grants in lieu of taxation	9,292	-	-	-	-	-	-	9,292
User fees	77,150	-	-	-	-	-	5,000	82,150
Grants - Province of Manitoba	75,075	-	-	-	-	-	7,600	82,675
Grants - Other	63,700	-	-	-	-	-	-	63,700
Permits, licences and fees	3,800	-	-	-	-	-	-	3,800
Investment revenue	9,500	-	-	-	-	-	-	9,500
Other revenue	18,200	-	-	-	-	-	-	18,200
Transfers	-	59,760	-	-	(59,760)	-	-	-
Water and sewer	-	309,670	-	-	-	-	362,579	672,249
	<u>1,412,667</u>	<u>369,430</u>	<u>-</u>	<u>-</u>	<u>(59,760)</u>	<u>-</u>	<u>375,179</u>	<u>2,097,516</u>
EXPENSES								
General government services	396,125	-	19,500	-	-	-	-	415,625
Protective services	130,575	-	47,600	3,400	-	-	-	181,575
Transportation services	311,556	-	112,900	6,900	-	-	-	431,356
Environmental health services	78,450	-	5,000	575	-	-	-	84,025
Public health and welfare services	900	-	-	-	-	-	-	900
Regional planning and development	45,500	-	-	-	-	-	16,632	62,132
Resource conservation and industrial development	45,500	-	-	-	-	-	-	45,500
Recreation and cultural services	25,450	-	5,100	-	-	-	-	30,550
Fiscal services	107,253	-	-	-	(107,253)	-	-	-
Transfers	271,358	82,510	-	-	(353,868)	-	-	-
Water and sewer	-	286,920	82,100	30,400	-	-	398,867	798,287
	<u>1,412,667</u>	<u>369,430</u>	<u>272,200</u>	<u>41,275</u>	<u>(461,121)</u>	<u>-</u>	<u>415,499</u>	<u>2,049,950</u>
SURPLUS (DEFICIT)	<u>-</u>	<u>-</u>	<u>(272,200)</u>	<u>(41,275)</u>	<u>401,361</u>	<u>-</u>	<u>(40,320)</u>	<u>47,566</u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 11

ANALYSIS OF TAXES ON ROLL

For the Year Ended December 31, 2016

	2016 Actual \$	2015 Actual \$
BALANCE, BEGINNING OF YEAR	<u>143,930</u>	<u>115,799</u>
Add:		
Tax Levy (<i>schedule 12</i>)	2,478,264	2,326,764
Taxes added	70,013	84,733
Penalties and interest	16,115	14,484
Accounts added to tax roll	<u>24,963</u>	<u>5,882</u>
Sub-total	<u>2,733,285</u>	<u>2,547,662</u>
Deduct:		
Cash collections - current	2,165,972	2,029,542
Cash collections - arrears	110,827	82,468
Cancellations	-	-
Tax discounts	23,333	23,561
M.P.T.C. - cash advance	<u>273,266</u>	<u>268,161</u>
Sub-total	<u>2,573,398</u>	<u>2,403,732</u>
BALANCE, END OF YEAR	<u><u>159,887</u></u>	<u><u>143,930</u></u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER

Schedule 12

ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2016

	Assessment	Mill Rate	2016 Levy	2015 Levy
Debt Charges:				
Frontage (note 12)			59,758	114,758
L.I.D. (note 13)			-	23,095
At large (note 14)			59,929	60,020
			<u>119,687</u>	<u>197,873</u>
Reserves:				
Reserve (note 15)			128,069	116,322
			<u>128,069</u>	<u>116,322</u>
Other municipal levies:				
General municipal	13,536,080	7.558	<u>858,105</u>	<u>736,678</u>
Total municipal taxes (schedule 2)			<u>1,105,861</u>	<u>1,050,873</u>
Education Support Levy	4,574,230	10.500	48,030	40,893
Special levy:				
Prairie Rose School Division	06,668,180	11.564	1,233,511	1,158,041
Portage la Prairie School Division	6,867,900	13.230	90,862	76,957
			<u>1,324,373</u>	<u>1,234,998</u>
Total education taxes			<u>1,372,403</u>	<u>1,275,891</u>
Total tax levy (schedule 11)			<u><u>2,478,264</u></u>	<u><u>2,326,764</u></u>

ANALYSIS OF SCHOOL ACCOUNTS

For the Year Ended December 31, 2016

	Opening Balance \$	Current Requirement \$	Current Payment \$	2016 Ending Balance \$	2015 Ending Balance \$
Education Support Levy	<u>830</u>	<u>55,695</u>	<u>55,188</u>	<u>1,337</u>	<u>830</u>
Special Levies:					
Prairie Rose School Division	16,497	986,347	979,172	23,672	16,497
Portage la Prairie School Division	<u>1,202</u>	<u>80,567</u>	<u>79,835</u>	<u>1,934</u>	<u>1,202</u>
Sub-total	<u>17,699</u>	<u>1,066,914</u>	<u>1,059,007</u>	<u>25,606</u>	<u>17,699</u>
Total	<u><u>18,529</u></u>	<u><u>1,122,609</u></u>	<u><u>1,114,195</u></u>	<u><u>26,943</u></u>	<u><u>18,529</u></u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2016

Schedule 14

	2016 Budget \$	2016 Actual \$	2015 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	59,550	56,440	57,926
General administrative	356,075	345,311	359,670
	<u>415,625</u>	<u>401,751</u>	<u>417,596</u>
PROTECTIVE SERVICES			
Fire	156,825	136,502	154,041
Emergency measures	24,750	17,492	32,390
	<u>181,575</u>	<u>153,994</u>	<u>186,431</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	13,000	13,018	13,018
Road and street maintenance	380,656	361,013	385,672
Street lighting	13,700	12,943	12,939
Traffic services	1,800	(222)	2,554
Other	22,200	17,333	18,282
	<u>431,356</u>	<u>404,085</u>	<u>432,465</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	55,450	51,925	38,389
Recycling	28,000	25,473	27,010
Lagoons and wells	575	585	3,432
	<u>84,025</u>	<u>77,983</u>	<u>68,831</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Social assistance	900	905	905
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	43,500	52,253	31,869
Urban renewal	2,000	4,279	5,639
	<u>45,500</u>	<u>56,532</u>	<u>37,508</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Rural area weed control	4,900	1,725	1,055
Drainage of land	35,700	36,257	16,053
Pest control	4,900	4,108	4,020
	<u>45,500</u>	<u>42,090</u>	<u>21,128</u>
RECREATION AND CULTURAL SERVICES			
Administration	4,700	37,103	4,071
Community centers and halls	14,600	13,134	13,519
Parks and playgrounds	10,600	12,821	9,446
Other recreational facilities	-	8,300	-
Libraries	650	885	585
	<u>30,550</u>	<u>72,243</u>	<u>27,621</u>
TOTAL EXPENSES	<u><u>1,235,031</u></u>	<u><u>1,209,583</u></u>	<u><u>1,192,485</u></u>

RURAL MUNICIPALITY OF ST FRANCOIS XAVIER
ESTIMATED RECONCILIATION OF ANNUAL SURPLUS

Schedule 15

For the Year Ended December 31, 2016

	General \$	Utility \$	2016 Total \$	2015 Total \$
CONSOLIDATED ANNUAL SURPLUS (<i>statement 2</i>)	621,220	7,708	628,928	3,813,823
Elimination of appropriations from reserves	244,262	-	244,262	(67,970)
Elimination of appropriations to reserves	(87,242)	-	(87,242)	13,665
Consolidation of reserve operations	(33,705)	-	(33,705)	(35,287)
Elimination of consolidated entity operations	(227,703)	-	(227,703)	(3,823,602)
Amortization of tangible capital assets	189,649	82,041	271,690	269,993
Principal portion of long term debt	(49,606)	(29,372)	(78,978)	(146,616)
Change in unexpended Gas Tax funds	(190,191)	-	(190,191)	65,678
Acquisitions of capital assets from operating funds	(314,767)	(3,451)	(318,218)	(42,641)
ESTIMATED EXCESS OF REVENUES AND TRANSFERS OVER EXPEDITURES FOR THE PURPOSES OF SECTION 165(1) AND (2) OF THE MUNICIPAL ACT***	<u>151,917</u>	<u>56,926</u>	<u>208,843</u>	<u>47,043</u>

*** Please note that this is an estimate based on the adjustments presented above since it is possible that not every required adjustment for PSAB purposes that is different from and affects the results based on the municipal budget has necessarily been reflected.