

RURAL MUNICIPALITY OF DUFFERIN

**Consolidated Financial Statements
For the Year Ended December 31, 2025**

RURAL MUNICIPALITY OF DUFFERIN

Consolidated Financial Statements

For the Year Ended December 31, 2025

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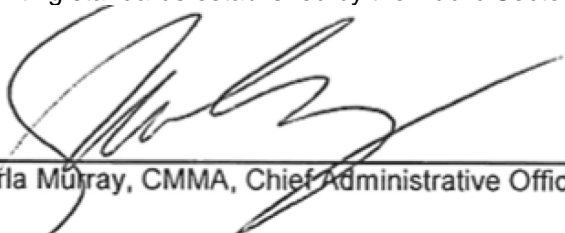
STATEMENT OF RESPONSIBILITY

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

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

BDO Canada LLP, as the Municipality's appointed external auditor, have audited the consolidated financial statements. The independent auditor's report is addressed to the Reeve and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards. Those standards require that they comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, and present fairly the financial position and results of its operations and its cash flows of the Municipality in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.



Shafla Murray, CMMA, Chief Administrative Officer

June 23, 2026

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of Rural Municipality of Dufferin

Opinion

We have audited the consolidated financial statements of Rural Municipality of Dufferin (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statement of operations, consolidated statement of change in net financial asset, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2025, and its consolidated results of operations, its consolidated change in net financial asset, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

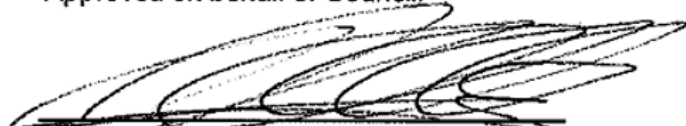
Chartered Professional Accountants

Winnipeg, Manitoba
June 24, 2026

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025**

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 8,104,708	\$ 4,005,905
Amounts receivable (Note 4)	625,029	2,793,481
Other assets	<u>23,237</u>	<u>24,439</u>
	<u>8,752,974</u>	<u>6,823,825</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	2,295,705	1,251,374
Unearned revenue	907,265	803,302
Asset retirement obligations (Note 7)	28,731	27,363
Long-term debt (Note 8)	<u>2,150,459</u>	<u>2,578,053</u>
	<u>5,382,160</u>	<u>4,660,092</u>
NET FINANCIAL ASSET	<u>3,370,814</u>	<u>2,163,733</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	33,279,810	33,160,160
Inventories (Note 5)	106,879	109,810
Prepaid expenses	<u>17,804</u>	<u>165,795</u>
	<u>33,404,493</u>	<u>33,435,765</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 36,775,307</u>	<u>\$ 35,599,498</u>

Approved on behalf of Council:


Col. Lodder, Reeve


John Peckover, Deputy Reeve

The accompanying notes are an integral part of this financial statement

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2025**

	<u>2025 Budget (Schedule 10)</u>	<u>2025 Actual</u>	<u>2024 Actual</u>
REVENUE			
Property taxes	\$ 4,316,183	\$ 4,364,320	\$ 4,020,751
Grants in lieu of taxation	93,198	32,142	29,071
User fees	599,632	504,980	509,564
Grants - Province of Manitoba	589,952	761,881	3,257,869
Grants - other	429,458	498,816	490,163
Permits, licences and fines	36,773	43,327	32,137
Investment income	132,769	181,782	194,211
Other revenue	132,491	331,189	424,962
Water and sewer	1,794,402	1,958,383	1,753,781
	<u>8,124,858</u>	<u>8,676,820</u>	<u>10,712,509</u>
EXPENSES			
General government services	1,670,893	1,512,132	1,502,666
Protective services	232,455	277,079	2,652,739
Transportation services	2,237,262	1,914,340	2,004,933
Environmental health services	18,174	22,802	23,626
Public health and welfare services	426,094	419,526	388,266
Resource conservation and industrial development	261,857	297,931	320,691
Recreation and cultural services	1,154,444	1,063,053	1,078,297
Water and sewer services	1,956,845	1,994,148	1,709,899
	<u>7,958,024</u>	<u>7,501,011</u>	<u>9,681,117</u>
Total revenue (Schedules 2, 4 and 5)	<u>8,124,858</u>	<u>8,676,820</u>	<u>10,712,509</u>
Total expenses (Schedules 3, 4 and 5)	<u>7,958,024</u>	<u>7,501,011</u>	<u>9,681,117</u>
ANNUAL SURPLUS	<u>\$ 166,834</u>	<u>1,175,809</u>	<u>1,031,392</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>35,599,498</u>	<u>34,568,106</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 36,775,307</u>	<u>\$ 35,599,498</u>

The accompanying notes are an integral part of this financial statement

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSET
For the Year Ended December 31, 2025**

	<u>2025 Budget (Note 12)</u>	<u>2025 Actual</u>	<u>2024 Actual</u>
ANNUAL SURPLUS	\$ 166,834	\$ 1,175,809	\$1,031,392
Acquisition of tangible capital assets	-	(1,184,457)	(2,114,540)
Amortization of tangible capital assets	871,953	960,139	970,836
(Gain) loss on sale of tangible capital assets	-	(88,358)	22,794
Proceeds on sale of tangible capital assets	-	193,026	579,698
Decrease (increase) in inventories	-	2,931	11,764
Decrease (increase) in prepaid expenses	-	147,991	(75,063)
	<u>871,953</u>	<u>31,272</u>	<u>(604,511)</u>
(INCREASE) DECREASE IN FINANCIAL ASSET	<u>\$ 1,038,787</u>	1,207,081	426,881
NET FINANCIAL ASSET (DEBT), BEGINNING OF YEAR		<u>2,163,733</u>	<u>1,736,852</u>
NET FINANCIAL ASSET, END OF YEAR		<u>\$ 3,370,814</u>	<u>\$2,163,733</u>

The accompanying notes are an integral part of this financial statement

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,175,809	\$ 1,031,392
(Gain) loss on sale of tangible capital asset	<u>(88,358)</u>	<u>22,794</u>
	1,087,451	1,054,186
Changes in non-cash items		
Amortization of tangible capital assets	960,139	970,836
Amounts receivable	2,168,452	(707,230)
Inventories	2,931	11,764
Prepaid expenses	147,991	(75,063)
Accounts payable and accrued liabilities	1,044,332	143,294
Other assets	1,202	32,085
Deferred revenue	103,963	(3,686)
Asset retirement obligations	<u>1,368</u>	<u>(197,178)</u>
Cash provided by operating transactions	<u>5,517,829</u>	<u>1,229,008</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	193,026	579,698
Cash used to acquire tangible capital assets	<u>(1,184,457)</u>	<u>(2,114,540)</u>
Cash applied to capital transactions	<u>(991,431)</u>	<u>(1,534,842)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	<u>-</u>	<u>9,182</u>
Cash provided by investing transactions	<u>-</u>	<u>9,182</u>
FINANCING TRANSACTIONS		
Debt proceeds	-	37,600
Debt repayment	<u>(427,595)</u>	<u>(330,387)</u>
Cash provided by (applied to) financing transactions	<u>(427,595)</u>	<u>(292,787)</u>
NET INCREASE IN CASH AND TEMPORARY INVESTMENTS	4,098,803	(589,439)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>4,005,905</u>	<u>4,595,344</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 8,104,708</u></u>	<u><u>\$ 4,005,905</u></u>

The accompanying notes are an integral part of this financial statement

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

1. Status of the Rural Municipality of Dufferin

The incorporated Rural Municipality of Dufferin ("the Municipality") is a municipal government that was created in 1880 pursuant to The Manitoba Municipal Act of the Province of Manitoba. The Municipality provides or funds municipal services such as fire, public works, urban planning, parks and recreation, library and other general government operations. The Municipality owns a utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, accumulated surplus, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Municipality. Inter-company balances and transactions have been eliminated. At December 31, 2025, the Municipality has no controlled organizations.

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

	<u>2025</u>	<u>2024</u>
Boyne Regional Library	50%	50%
Carman Community Health Centre	50%	50%
Pembina Valley Water Co-operative Inc. ("the Co-operative")	6.70%	6.70%

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

Trust funds and their related operations administered by the Municipality are not consolidated in these consolidated financial statements. The Municipality does not administer any trust funds at year end.

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) Financial

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition are measured at fair value. Amounts receivable, portfolio investment, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the Consolidated Statement of Financial Position.

Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

As the Municipality has no remeasurement gains or losses, this statement has not been presented.

d) Non-Financial Assets

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

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

2. Significant Accounting Policies (continued)

e) Tangible Capital Assets

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

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

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and Leasehold Improvements	
Buildings	40 years
Leasehold improvement	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

Government Partnerships

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

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

g) 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.

2. Significant Accounting Policies (continued)

h) Revenue Recognition

Fees and other revenues:

Exchange transactions are transactions with performance obligations. A performance obligation is a promise to provide a distinct good or service or series of distinct goods or services to a payor for consideration. The municipality recognizes revenue when the performance obligations are satisfied, and the payor obtains control of the asset or benefits from the service provided.

Non-exchange transactions are transactions or events where there is no direct transfer of goods or services to a payor. The municipality receives an increase in economic resources for which the payor does not receive any direct goods or services in return. Revenue from non-exchange transactions is recognized when the municipality has the authority and identifies a past transaction or event that gives rise to an asset.

Revenue from product sales is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on the delivery of products.

Revenue from contracts with customers is recognized at an amount equal to the transaction price allocated to the specific distinct performance obligation when the performance obligation is satisfied. Revenue from contracts with customers is evaluated and separated into distinct performance obligations when there is a distinct good or service to be transferred in the future.

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

Taxation revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

User fees are recognized as revenue when services are rendered or when consumption occurs. Permits and licenses are recognized as revenue when issued. Fines are recognized as revenue when assessed. Investment revenue is recognized in the period earned.

Externally restricted inflows are recognized as revenue in the period in which expenses are incurred for the purposes specified. Externally restricted inflows received before the expenses are incurred are reported as a liability.

Unearned 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.

i) Asset Retirement Obligations

Asset retirement obligations reflect the legal obligations arising from the retirement of the municipality's tangible capital assets, and are recognized when:

- there is a legal obligation for the municipality to incur costs in relation to a specific tangible capital asset,
- there is a past transaction or event causing the liability that has occurred, and
- when economic benefits will need to be given up to remediate the liability.

At remediation, the municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

j) Inventories

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

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

k) Employee Future

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

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

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

2. Significant Accounting Policies (continued)

l) Measurement Uncertainty

Estimates are used by management to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used. Actual results could differ from management's best estimates as additional information becomes available in the future.

Measurement uncertainty in these financial statements exists in the estimate of asset retirement obligations. The liability associated with asset retirement obligations reflects the best estimates by management of the amount required to remediate such liabilities, the timing when such remediation will occur, and the estimated future cash flows associated with asset retirement discounted to the financial statement date. The actual future cash flows and timing of obligations arising from asset retirement may differ significantly from these estimates.

m) Future Changes in Accounting Standards

A number of new and amended Canadian public sector accounting standards have been issued and not applied in preparing these financial statements. These standards will come into effect as follows:

- The Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of PSAS 1000 (Financial Statement Concepts) and PSAS 1100 (Financial Statement Objectives) for municipal fiscal years beginning January 1, 2027. The Conceptual Framework is applied prospectively. Early adoption is permitted.
- PSAS 1202, Financial Statement Presentation, replaces PSAS 1201 for municipal fiscal years beginning January 1, 2027. Early adoption is permitted.
- PSAS 3150, Tangible Capital Assets, has been amended for municipal fiscal years beginning January 1, 2031. Early adoption is permitted.

These new accounting standards have not been applied in preparing these consolidated financial statements.

The Municipality is currently assessing the impact of the new standards, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

3. Cash and Cash Equivalents

Cash and temporary investments are comprised of the following:

	<u>2025</u>	<u>2024</u>
Cash and bank	\$ 8,104,708	4,005,905
Cash equivalents	-	-
	<u>\$ 8,104,708</u>	<u>\$ 4,005,905</u>

The Municipality has an authorized line of credit of \$2,500,000. The line of credit is repayable on demand and bears interest at the credit union's prime lending rate less 0.75% with effective rate of 3.70% at December 31, 2025. Interest is paid monthly. The line of credit is secured by property taxes levied. As at December 31, 2025, the line of credit was unutilized.

The Pembina Valley Water Cooperative has an approved line of credit from the CIBC to a maximum of \$250,000. The line of credit bears interest at the financial institution's prime rate less 0.25% and is secured by a general security agreement over the Cooperative's accounts receivable and all property owned by the Cooperative. At December 31, 2025 this line of credit was not accessed.

The Pembina Valley Water Cooperative is also authorized for a revolving capital loan up to \$250,000 to fund ongoing capital repairs and improvements. Interest is charged at the CIBC prime rate. Secured by a general security agreement over accounts receivables and all property owned by the Cooperative. At December 31, 2025 this line was not accessed.

4. Amounts Receivable

Amounts receivable are comprised of the following:

	<u>2025</u>	<u>2024</u>
Taxes on roll (Schedule 11)	\$ 211,408	\$ 306,614
Government grants	-	2,000,346
Utility customers	276,540	220,008
Organizations and individuals	120,090	134,084
Other governments	<u>16,991</u>	<u>132,429</u>
	625,029	2,793,481
Less allowances for doubtful amounts	-	-
	<u>\$ 625,029</u>	<u>\$ 2,793,481</u>

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

5. Inventories

Inventories held for consumption are comprised of the following:

	<u>2025</u>	<u>2024</u>
Chemicals, herbicides and insecticides	\$ 9,888	\$ 7,654
Culverts	73,145	74,154
Other supplies	23,846	28,002
	<u>\$ 106,879</u>	<u>\$ 109,810</u>

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ 2,249,976	\$ 1,177,034
School levies	45,729	74,340
	<u>\$ 2,295,705</u>	<u>\$ 1,251,374</u>

7. Asset Retirement Obligations

The Municipality's consolidated financial statements include asset retiring obligations retiring asbestos on its buildings and remediation cost of its fuel tank.

	<u>Asbestos</u>	<u>Other</u>	<u>2025</u>
Opening balance	\$ 13,453	\$ 13,910	\$ 27,363
Additions	-	-	-
Retirement expense	-	-	-
Change in estimates	-	-	-
Accretion expense	673	695	1,368
Closing balance	<u>14,126</u>	<u>14,605</u>	<u>28,731</u>

	<u>Asbestos</u>	<u>Other</u>	<u>2024</u>
Opening balance	\$ 211,294	\$ 13,247	\$ 224,541
Additions	-	-	-
Retirement expense	-	-	-
Change in estimates	(198,481)	-	(198,481)
Accretion expense	640	663	1,303
Closing balance	<u>13,453</u>	<u>13,910</u>	<u>27,363</u>

The asset retirement liability has been estimated using a net present value technique using the assumptions as described below. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

a) Asbestos

Legislation requires the municipality to appropriately handle and dispose of any material containing asbestos and lead paint when renovating or demolishing a municipal structure. The municipality owns memorial hall and arena which contain asbestos. The estimated total liability related to the memorial hall and arena amount to \$14,126 (\$13,453 in 2024) which is based on the sum of discounted future cash flows of \$11,622 using a discount rate of 5%. The asset cost capitalized has an estimated useful life of 24 to 30 years. The estimated total undiscounted future expenditure is \$29,367, which will be incurred at the end of the assets' useful lives.

In 2024, one of the Municipality's government partnerships, Pembina Valley Water Cooperative Inc. (the "Cooperative"), recognized an asset retirement obligation with respect to an old concrete pipeline containing asbestos. The Municipality has recognized their proportionate share of the Cooperative's asset retirement obligation. During the prior year, the Cooperative changed its estimate related to the Asset Retirement Obligation and there is no estimated balance remaining.

b) Other Obligations

The Municipality has other retirement obligations which require decommissioning and disposal of the fuel storage tank. The estimated liability at December 31, 2025 is \$14,605 (\$13,910 in 2024) which is based on discounted future cash flows of \$12,015 using discount rate of 5%. The fuel storage tank has an estimated useful life of 20 years. The estimated total undiscounted future expenditure is \$19,572, which will be incurred at the end of the asset's useful lives.

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

8. Long-term Debt

	<u>2025</u>	<u>2024</u>
<u>General Authority</u>		
Bylaw 1871 - Debenture, interest at 4.950%, payable at \$28,805 annually including interest, matured December 31, 2025.	\$ -	\$ 27,446
Bylaw 1884 - Debenture, interest at 4.780%, payable at \$71,186 annually including interest, maturing December 31, 2026.	67,939	132,778
Bylaw 1949 - Debenture, interest at 2.900%, payable at \$82,112 annually including interest, matured December 31, 2025.	-	85,010
Bylaw 1973 - Debenture, interest at 3.560%, payable at \$62,607 annually including interest, maturing April 30, 2034.	474,981	519,108
Bylaw 2007 Debenture, interest at 2.625%, payable at \$54,577.49. annually including interest, maturing December 31, 2026.	52,624	103,902
	\$ 595,544	\$ 868,244
<u>Utility Funds</u>		
Bylaw 1953 - Debenture, interest at 3.375%, payable at \$2,765 annually including interest, matured December 31, 2025.	\$ -	\$ 2,675
Bylaw 1961 - Debenture, interest at 3.125%, payable at \$3,169 annually including interest, maturing December 31, 2026.	3,073	6,052
Bylaw 2088 Debenture, interest at 3.000%, annual principal payments of \$8,019 including interest, maturing December 31, 2031.	43,440	49,960
By-Law 1971 - Debenture, interest at 3.875%, annual principal payments of \$1,002 including interest, maturing December 31, 2027.	2,315	3,408
By-Law 1974 - Debenture, interest at 3.875%, annual principal payments of \$1,002 including interest, maturing December 31, 2027.	2,053	3,022
Bylaw 1983 - Debenture, interest at 4.000%, annual principal payments of \$4,803 annually including interest, maturing December 31, 2028.	13,329	17,434
Bylaw 1984 - Debenture, interest at 4.000%, annual principal payments of \$1,543 annually including interest, maturing December 31, 2028.	4,283	5,602
Bylaw 1999 - Debenture, interest at 2.125%, annual principal payments of \$641.35 including interest, maturing December 31, 2030.	3,012	3,577
ByLaw 2018 Debenture, interest at 4.775%, annual principal payments of \$4,939.82 annually including interest, maturing December 31, 2032.	28,818	32,220
Bylaw 2027 Debenture, interest at 5.275%, annual principal payments of \$4,934.60 annually including interest, maturing December 31, 2033.	31,542	34,649
	\$ 131,864	\$ 158,599

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

8. Long-term Debt (continued)

Pembina Valley Water Co-operative Inc.

Canadian Imperial Bank of Commerce - CIBC demand facility bearing interest at 2.49% per annum, repayable in monthly payments consisting of principal of \$5,326 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to interest rate swap agreement with the bank whereby the Co-Op receives/pays the difference between the floating rate and the fixed rate of 2.49% less a stamping fee of 0.81%. The loan matures on July 29, 2033, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

\$ 545,168 \$ 609,686

Canadian Imperial Bank of Commerce - CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of \$1,913 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to interest rate swap agreement with the bank whereby the Co-Op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

388,264 411,215

Canadian Imperial Bank of Commerce -CIBC demand facility bearing interest at 2.45% per annum, repayable in monthly payments consisting of principal of \$838 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to interest rate swap agreement with the bank whereby the Co-Op receives/pays the difference between the floating rate and the fixed rate of 2.49% less a stamping fee of 0.30%. The loan matures on November 29, 2041, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

159,963 170,013

Canadian Imperial Bank of Commerce - CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of \$1,024 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to interest rate swap agreement with the bank whereby the Co-Op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

116,682 128,967

Canadian Imperial Bank of Commerce - CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of \$541 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to interest rate swap agreement with the bank whereby the Co-Op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

50,870 57,365

Canadian Imperial Bank of Commerce - CIBC demand facility bearing interest at 3.36% per annum, repayable in monthly payments consisting of principal of \$988 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 4.09%. The loan matures on July 21,2034, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-Op.

162,104 173,964

1,423,051 1,551,210

\$ 2,150,459 **\$ 2,578,053**

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

2025	\$	321,029
2026	\$	201,552
2027	\$	203,533
2028	\$	201,531
2029	\$	205,764

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

9. 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 Chartered 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 requires that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling. 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 \$79,552 (\$75,066 in 2024) and are included in the consolidated statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2024, indicated the plan was 109.97% funded on a going concern basis and had an unfunded solvency liability of \$16.325 million, making the plan 98.4% funded on a solvency basis. 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, 2024.

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, but solvency results are still monitored annually.

10. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2025</u>	<u>2024</u>
General Operating Fund - Nominal surplus	\$ 1,908,142	\$ 1,392,477
Utility Operating Fund - Nominal surplus	764,175	638,288
Tangible capital assets net of related borrowings	28,358,893	27,997,754
Reserve funds	<u>2,453,199</u>	<u>2,643,258</u>
Accumulated surplus of Municipality - Unconsolidated	33,484,410	32,671,777
Accumulated surpluses of government partnerships	<u>3,290,897</u>	<u>2,927,721</u>
Accumulated surplus - Consolidated	<u>\$ 36,775,307</u>	<u>\$ 35,599,498</u>

11. Financial Instruments Risk Management

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 credit, liquidity, interest, currency and market risk arising from these financial instruments, except as otherwise disclosed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through its cash and accounts receivable. The Municipality holds its cash and bank at a credit union with deposits guaranteed. The Municipality is not exposed to significant credit risk relating to the accounts receivable as the amounts due are spread among a broad base of ratepayers, payment in full is typically collected when it is due, and balances are secured by real property, and grants are paid pursuant to signed agreements.

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to liquidity risk through its accounts payable and debt. The Municipality manages its cash flow to maintain adequate levels of working capital to ensure all its obligations can be met when they fall due.

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

12. Budget

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

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

13. Segmented

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

General Government

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

Protective Services

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

Transportation Services

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

Environmental Health

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

Public Health

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

Regional Planning and Development

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

Recreation and Cultural Services

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

Water Services

The Municipality supplies the water utility to its residents. The Municipality also maintains the water utility and ensuring the water system meets all provincial standards.

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

RURAL MUNICIPALITY OF DUFFERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

14. Government Partnerships

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

	<u>2024</u>	<u>2024</u>
Financial Position		
Assets	<u>\$ 5,778,156</u>	<u>\$ 5,270,145</u>
Liabilities	<u>2,487,259</u>	2,342,424
Accumulated surplus	<u>3,290,897</u>	<u>2,927,721</u>
	<u>5,778,156</u>	<u>5,270,145</u>
Results of Operations		
Revenue	<u>1,329,345</u>	1,315,857
Expenses	<u>966,170</u>	<u>970,679</u>
Annual surplus	<u>\$ 363,175</u>	<u>\$ 345,178</u>

15. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and wastewater utilities, except the City of Winnipeg Utility and wholesale water rates set by the Manitoba Water Services Board. The PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. The PUB's prescribed accounting policies on tangible or contributed capital assets and government transfers allow for adjustments to be made, for rate setting purposes, which do not meet 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.

The following table provides historical information on capital grants for tangible with a remaining net book value.

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Balance Ending</u>
Water Utility	<u>\$ 616,395</u>	<u>\$ -</u>	<u>\$ 69,783</u>	<u>\$ 546,612</u>

16. Public Sector Compensation Disclosure

It is a requirement of The Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of Council, and of individual compensation in an amount exceeding \$85,000 annually to any member of Council, officer or employee of the Municipality. For the year ended December 31, 2025:

- a) Compensation paid to members of Council amounted to \$182,440 in aggregate.
- b) There were no members of Council receiving compensation in excess of \$85,000 individually.

Amounts paid to the Council members are as follows:

<u>Council Members</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Reeve - Cor Lodder	\$ 20,831	\$ 8,449	\$ 29,280
Councillor - John Peckover	19,345	6,450	25,795
Councillor - Clayton Morgan	19,023	6,450	25,473
Councillor - Tyler Russell	19,023	6,450	25,473
Councillor - Sheldon Harder	19,023	6,450	25,473
Councillor - Barrie Fraser	19,023	6,450	25,473
Councillor - Fred Dunn	19,023	6,450	25,473
	<u>\$ 135,291</u>	<u>\$ 47,149</u>	<u>\$ 182,440</u>

- c) The following officers received compensation in excess of \$85,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Rodney Last	Municipal Foreman	\$ 99,321
Sharla Murray	Chief Administrative Officer	\$ 127,536

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets and Bridges	Water and Sewer	Assets Under Construction	2025	2024
Cost										
Beginning of year	\$ 1,496,218	\$ 6,606,004	\$ 6,445,997	\$ 131,716	\$ 142,692	\$ 14,498,386	\$ 17,335,856	\$ -	\$ 46,656,869	\$ 45,408,976
Additions during the year	6,764	-	483,704	49,220	198,840	-	445,929	-	1,184,457	2,217,635
Disposals, transfers and write downs	-	-	(498,333)	(50,839)	-	-	(8,767)	-	(557,939)	(969,742)
End of year	<u>1,502,982</u>	<u>6,606,004</u>	<u>6,431,368</u>	<u>130,097</u>	<u>341,532</u>	<u>14,498,386</u>	<u>17,773,018</u>	<u>-</u>	<u>47,283,387</u>	<u>46,656,869</u>
Accumulated Amortization										
Beginning of year	109,920	2,640,855	3,223,067	98,813	-	792,146	6,631,908	-	13,496,709	12,790,028
Amortization	13,559	190,492	314,975	19,642	-	42,051	379,420	-	960,139	970,836
Disposals, write downs and adjustments	-	-	(393,833)	(50,839)	-	-	(8,599)	-	(453,271)	(264,155)
End of year	<u>123,479</u>	<u>2,831,347</u>	<u>3,144,209</u>	<u>67,616</u>	<u>-</u>	<u>834,197</u>	<u>7,002,729</u>	<u>-</u>	<u>14,003,577</u>	<u>13,496,709</u>
Net Book Value of Tangible Capital Assets, end of year	<u>\$ 1,379,503</u>	<u>\$ 3,774,657</u>	<u>\$ 3,287,159</u>	<u>\$ 62,481</u>	<u>\$ 341,532</u>	<u>\$ 13,664,189</u>	<u>\$ 10,770,289</u>	<u>\$ -</u>	<u>\$ 33,279,810</u>	<u>\$ 33,160,160</u>

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED SCHEDULE OF REVENUE
For the Year Ended December 31, 2025

SCHEDULE 2

	2025 Actual	2024 Actual
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 4,289,235	\$ 3,959,518
Taxes added	75,085	61,233
	<u>4,364,320</u>	<u>4,020,751</u>
Grants in lieu of taxation		
Federal government	30	30
Provincial government	5,872	5,946
Provincial government enterprises	26,240	23,095
	<u>32,142</u>	<u>29,071</u>
User fees		
Sales of service	11,067	10,758
Sales of goods	5,189	7,943
Rentals	387,213	392,229
Facility use fees	101,511	98,634
	<u>504,980</u>	<u>509,564</u>
Grants - Province of Manitoba		
General support grant	378,457	556,884
Conditional grants	383,424	2,700,985
	<u>761,881</u>	<u>3,257,869</u>
Grants - other		
Federal government - Gas Tax funding	147,304	141,412
Federal government - other	9,055	38,885
Other local governments	342,457	309,866
	<u>498,816</u>	<u>490,163</u>
Permits, licences and fines		
Licences	43,327	32,137
	<u>43,327</u>	<u>32,137</u>
Investment income	<u>181,782</u>	<u>194,211</u>
Other revenue		
Gain (loss) on sale of tangible capital assets	88,358	(22,794)
Penalties and interest	31,672	36,686
Donations	211,159	411,070
	<u>331,189</u>	<u>424,962</u>
Water and sewer	<u>1,958,383</u>	<u>1,753,781</u>
Total revenue	<u>\$ 8,676,820</u>	<u>\$ 10,712,509</u>

**RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2025**

SCHEDULE 3

	2025 Actual	2024 Actual
General government services		
Legislative	\$ 147,078	\$ 144,706
General administrative	471,810	479,717
Other	893,244	878,243
	<u>1,512,132</u>	<u>1,502,666</u>
Protective services		
Fire	265,155	233,979
Emergency measures	7,973	2,411,320
Other protection	3,951	7,440
	<u>277,079</u>	<u>2,652,739</u>
Transportation services		
Road transportation		
Road and street maintenance	1,906,980	1,996,245
Street lighting	7,360	8,688
	<u>1,914,340</u>	<u>2,004,933</u>
Environmental health services		
Waste collection and disposal	21,774	22,608
Other	1,028	1,018
	<u>22,802</u>	<u>23,626</u>
Public health and welfare services		
Public health	307,869	280,309
Social assistance	111,657	107,957
	<u>419,526</u>	<u>388,266</u>
Resource conservation and industrial development		
Rural area weed control	154,801	117,566
Drainage of land	46,840	35,299
Veterinary services	4,192	4,192
Water resources and conservation	35,026	34,786
Regional development	57,072	128,848
	<u>297,931</u>	<u>320,691</u>
Recreation and cultural services		
Administration	505,926	503,166
Community centers and halls	8,657	8,341
Parks and playgrounds	66,075	55,914
Museums	9,175	9,072
Libraries	239,768	256,536
Other cultural facilities	233,452	245,268
	<u>1,063,053</u>	<u>1,078,297</u>
Water and sewer services	<u>1,994,148</u>	<u>1,709,899</u>
Total expenses	<u><u>\$ 7,501,011</u></u>	<u><u>\$ 9,681,117</u></u>

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2025

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
REVENUE										
Property taxes	\$ 4,268,586	\$ 3,920,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	32,142	29,071	-	-	-	-	-	-	-	-
User fees	21,370	18,676	-	-	250	250	-	-	301,120	314,657
Prov of MB - Unconditional Grants	372,826	535,481	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	265,295	2,509,979	10,422	6,000	-	-	7,382	9,023	-	-
Grants - other	151,405	145,670	-	-	-	-	-	-	-	-
Permits, licences and fines	43,327	32,137	-	-	-	-	-	-	-	-
Investment income	179,388	188,665	-	-	1,267	2,845	-	-	921	2,291
Other revenue	315,292	195,280	-	-	-	-	133	800	4,121	11,976
Total revenue	5,649,631	7,575,864	10,422.00	6,000	1,517	3,095	7,515	9,823	306,162	328,924
EXPENSES										
Personnel services	525,303	537,063	39,011	44,962	562,624	613,039	-	-	-	-
Contract services	292,537	263,699	238,068	2,607,777	141,124	153,973	21,774	22,608	242,964	218,759
Utilities	-	-	-	-	7,360	8,688	1,028	1,018	6,564	7,203
Maintenance materials and supplies	54,041	35,182	-	-	1,198,128	1,224,144	-	-	15,772	19,864
Grants and contributions	13,431	18,690	-	-	4,700	4,700	-	-	93,157	93,157
Amortization	582,088	603,352	-	-	-	-	-	-	-	-
Interest on long-term debt	44,732	44,680	-	-	-	-	-	-	-	-
Other	-	-	-	-	404	389	-	-	61,069	49,283
Total expenses	1,512,132	1,502,666	277,079	2,652,739	1,914,340	2,004,933	22,802	23,626	419,526	388,266
Surplus (Deficit)	\$ 4,137,499	\$ 6,073,198	\$ (266,657)	\$ (2,646,739)	\$ (1,912,823)	\$ (2,001,838)	\$ (15,287)	\$ (13,803)	\$ (113,365)	\$ (59,342)

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

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2025

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,734	\$ 99,846	4,364,320	4,020,751
Grants in lieu of taxation	-	-	-	-	-	-	-	-	32,142	29,071
User fees	-	-	-	-	181,586	175,368	655	613	504,980	509,564
Prov of MB - Unconditional Grants	-	-	-	-	5,631	21,403	-	-	378,457	556,884
Prov of MB - Conditional Grants	-	-	57,865	134,320	42,460	41,663	-	-	383,424	2,700,985
Grants - other	-	-	-	-	90,527	321,823	256,884	22,670	498,816	490,163
Permits, licences and fines	-	-	-	-	-	-	-	-	43,327	32,137
Investment income	-	-	-	-	206	410	-	-	181,782	194,211
Other revenue	-	-	5,888	4,523	209	(4,819)	5,545	217,201	331,189	424,962
Recovery of bad debts	-	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	1,958,383	1,753,781	1,958,383	1,753,781
Total revenue	-	-	63,753	138,843	320,619	555,848	2,317,202	2,094,112	8,676,820	10,712,509
EXPENSES										
Personnel services	-	-	88,797	63,894	463,346	443,343	285,604	300,989	1,964,685	2,003,290
Contract services	-	-	20,446	55,679	128,019	100,630	138,441	90,169	1,223,373	3,513,294
Utilities	-	-	-	-	34,516	55,734	44,917	43,708	94,385	116,351
Maintenance materials and supplies	-	-	92,398	78,673	153,164	149,636	1,065,621	799,811	2,579,124	2,307,310
Grants and contributions	-	-	96,290	122,445	163,494	157,151	-	-	371,072	396,143
Amortization	-	-	-	-	-	-	379,420	368,787	961,508	972,139
Interest on long-term debt	-	-	-	-	-	-	62,293	60,272	107,025	104,952
Bad debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	120,514	171,803	17,852	46,163	199,839	267,638
Total expenses	-	-	297,931	320,691	1,063,053	1,078,297	1,994,148	1,709,899	7,501,011	9,681,117
Surplus (Deficit)	\$ -	\$ -	\$ (234,178)	\$ (181,848)	\$ (742,434)	\$ (522,449)	\$ 323,054	\$ 384,213	1,175,809	\$ 1,031,392

RURAL MUNICIPALITY OF DUFFERIN
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
For the Year Ended December 31, 2025

SCHEDULE 5

	Core Government		Controlled Entities		Government Partnerships		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
REVENUE								
Property taxes	\$ 4,364,320	\$ 4,020,751	\$ -	\$ -	\$ -	\$ -	\$ 4,364,320	\$ 4,020,751
Grants in lieu of taxation	32,142	29,071	-	-	-	-	32,142	29,071
User fees	195,507	188,511	-	-	309,473	321,053	504,980	509,564
Prov of MB - Unconditional Grants	378,457	556,884	-	-	-	-	378,457	556,884
Prov of MB - Conditional Grants	340,964	2,659,322	-	-	42,460	41,663	383,424	2,700,985
Grants - other	165,309	376,924	-	-	333,507	113,239	498,816	490,163
Permits, licences and fines	43,327	32,137	-	-	-	-	43,327	32,137
Investment income	180,655	191,510	-	-	1,127	2,701	181,782	194,211
Other revenue	325,421	212,579	-	-	5,768	212,383	331,189	424,962
Water and sewer	1,321,373	1,128,963	-	-	637,010	624,818	1,958,383	1,753,781
Total revenue	<u>7,347,475</u>	<u>9,396,652</u>	<u>-</u>	<u>-</u>	<u>1,329,345</u>	<u>1,315,857</u>	<u>8,676,820</u>	<u>10,712,509</u>
EXPENSES								
Personnel services	1,797,188	1,819,806	-	-	167,497	183,484	1,964,685	2,003,290
Contract services	940,387	3,257,873	-	-	282,986	255,421	1,223,373	3,513,294
Utilities	38,672	60,647	-	-	55,713	55,704	94,385	116,351
Maintenance materials and supplies	2,398,161	2,115,974	-	-	180,963	191,336	2,579,124	2,307,310
Grants and contributions	371,072	396,143	-	-	-	-	371,072	396,143
Amortization	812,104	830,616	-	-	149,404	141,523	961,508	972,139
Interest on long-term debt	51,123	51,867	-	-	55,902	53,085	107,025	104,952
Other	126,134	177,511	-	-	73,705	90,126	199,839	267,637
Total expenses	<u>6,534,841</u>	<u>8,710,437</u>	<u>-</u>	<u>-</u>	<u>966,170</u>	<u>970,679</u>	<u>7,501,011</u>	<u>9,681,117</u>
Surplus	<u>\$ 812,634</u>	<u>\$ 686,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,175</u>	<u>\$ 345,178</u>	<u>\$ 1,175,809</u>	<u>\$ 1,031,392</u>

RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2025

SCHEDULE 6

								2025	2024
	General	Equipment Replacement	Gas Tax	Provincial Road	Drainage	Cemetery	Utility General	Total	Total
REVENUE									
Interest earned	\$ -	\$ -	\$ 1,267	\$ -	\$ -	\$ -	\$ -	\$ 1,267	\$ 2,845
Total revenue	-	-	1,267	-	-	-	-	1,267	2,845
EXPENSES									
Investment charges	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-
NET REVENUE	-	-	1,267	-	-	-	-	1,267	2,845
TRANSFERS									
Transfers from general operating fund	(50,000)	70,468	147,304	-	-	-	-	167,772	198,986
Transfers from (to) Utility Fund	-	-	-	-	-	-	(11,444)	(11,444)	259,049
Acquisition of tangible capital assets	(56,331)	(52,412)	-	-	-	(500)	(238,411)	(347,654)	(602,519)
NET CHANGE IN RESERVE FUND BALANCES	(106,331)	18,056	148,571	-	-	(500.00)	(249,855)	(190,059)	(141,639)
FUND SURPLUS, BEGINNING OF YEAR	633,439	38,661	341,153	50,902	-	8,500	1,570,603	2,643,258	2,784,897
FUND SURPLUS, END OF YEAR	\$ 527,108	\$ 56,717	\$ 489,724	\$ 50,902	\$ -	\$ 8,000	\$ 1,320,748	\$ 2,453,199	\$ 2,643,258

RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2025

SCHEDULE 7

	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation	\$ -	\$ -	\$ -
Other revenue	-	-	-
Total revenue	-	-	-
Expenses			
General government			
Indemnities	-	-	-
Transportation services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Ditches and road drainage	-	-	-
Snow and ice removal	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
Total expenses	-	-	-
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	-	-	-
Unexpended balance, beginning of year	-	-	-
Unexpended balance, end of year	\$ -	\$ -	\$ -

RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF FINANCIAL POSITION FOR UTILITY
For the Year Ended December 31, 2025

SCHEDULE 8

	<u>2025</u>	<u>2024</u>
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 276,540	\$ 220,012
Due from other funds	<u>468,921</u>	<u>403,192</u>
	<u>745,461</u>	<u>623,204</u>
LIABILITIES		
Accounts payable and accrued liabilities	5,131	12,917
Long-term debt	<u>131,864</u>	<u>158,599</u>
	<u>136,995</u>	<u>171,516</u>
NET FINANCIAL ASSET	<u>608,466</u>	<u>451,688</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	6,576,782	6,568,386
Inventories	<u>23,846</u>	<u>28,002</u>
	<u>6,600,628</u>	<u>6,596,388</u>
FUND SURPLUS	<u>\$ 7,209,094</u>	<u>\$ 7,048,076</u>

SCHEDULE OF UTILITY OPERATIONS - Rural Municipality of Dufferin Utility

For the Year Ended December 31, 2025

	<u>2025 Budget</u>	<u>2025 Actual</u>	<u>2024 Actual</u>
REVENUE			
Water	\$ 1,442,462	\$ 1,224,507	\$ 1,040,230
Other			
Connection charges	50,000	88,827	80,805
Penalties	4,500	8,039	7,042
Other income	-	-	886
Total revenue	\$ 1,496,962	\$ 1,321,373	\$ 1,128,963

SCHEDULE OF UTILITY OPERATIONS (cont'd) - Rural Municipality of Dufferin Utility
For the Year Ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
EXPENSES			
General			
Administration	26,623	\$ 26,623	\$ 30,371
Billing and collection	174,763	162,601	158,842
sub-total- general	<u>201,386</u>	<u>189,224</u>	<u>189,213</u>
Water General			
Purification and treatment	19,440	8,081	10,234
Transmission and distribution	216,115	202,157	41,041
Water purchases	317,000	705,284	612,990
Connection costs	65,000	102,183	54,037
sub-total- water general	<u>617,555</u>	<u>1,017,705</u>	<u>718,302</u>
Water Amortization & Interest			
Amortization	230,016	230,016	227,264
Interest on long-term debt	6,391	6,391	7,187
sub-total- water amortization & interest	<u>236,407</u>	<u>236,407</u>	<u>234,451</u>
Total expenses	<u>1,055,348</u>	<u>1,443,336</u>	<u>1,141,966</u>
NET OPERATING DEFICIT	441,614	(121,963)	(13,003)
TRANSFERS			
Transfers from (to) operating and capital fund	33,126	33,126	98,778
Transfers from (to) reserve funds	306,444	249,855	(259,049)
CHANGE IN UTILITY FUND BALANCE	<u>\$ 781,184</u>	<u>161,018</u>	<u>(173,274)</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>7,048,076</u>	<u>7,221,350</u>
FUND SURPLUS, END OF YEAR		<u>\$ 7,209,094</u>	<u>\$ 7,048,076</u>

RURAL MUNICIPALITY OF DUFFERIN
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the Year Ended December 31, 2025

SCHEDULE 10

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Interest Expense	Transfers	Consolidated Entities	PSAB Budget
REVENUE							
Property taxes	\$ 4,316,183	\$ 33,126	\$ -	\$ -	\$ (33,126)	\$ -	\$ 4,316,183
Grants in lieu of taxation	93,198	-	-	-	-	-	93,198
User fees	290,159	-	-	-	-	309,473	599,632
Grants - Province of Manitoba	547,492	-	-	-	-	42,460	589,952
Grants - other	95,951	-	-	-	-	333,507	429,458
Permits, licences and fines	36,773	-	-	-	-	-	36,773
Investment income	131,642	-	-	-	-	1,127	132,769
Other revenue	126,724	-	-	-	-	5,767	132,491
Water and sewer	-	1,157,392	-	-	-	637,010	1,794,402
Transfers from reserves	363,649	306,444	-	-	(670,093)	-	-
Total revenue	<u>6,001,771</u>	<u>1,496,962</u>	<u>-</u>	<u>-</u>	<u>(703,219)</u>	<u>1,329,344</u>	<u>8,124,858</u>
EXPENSES							
General government services	1,057,400	-	582,088	31,378	27	-	1,670,893
Protective services	232,455	-	-	-	-	-	232,455
Transportation services	2,237,262	-	-	-	-	-	2,237,262
Environmental health services	18,174	-	-	-	-	-	18,174
Public health and welfare services	138,817	-	-	-	-	287,277	426,094
Regional planning and development	-	-	-	-	-	-	-
Resource cons and industrial dev	261,857	-	-	-	-	\$ -	261,857
Recreation and cultural services	1,026,364	-	-	-	-	128,080	1,154,444
Water and sewer services	-	1,168,836	230,016	7,180	-	550,813	1,956,845
Fiscal services:							
Transfer to capital	474,439	295,000	-	-	(769,439)	-	-
Transfer to utility	33,126	-	-	-	(33,126)	-	-
Debt charges	304,079	33,126	-	(337,205)	-	-	-
Transfer to reserves	217,772	-	-	-	(217,772)	-	-
Allowance for tax assets	27	-	-	-	(27)	-	(0)
Total expenses	<u>6,001,771</u>	<u>1,496,962</u>	<u>812,104</u>	<u>(298,647)</u>	<u>(1,020,336)</u>	<u>966,170</u>	<u>7,958,024</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (812,104)</u>	<u>\$ 298,647</u>	<u>\$ 317,117</u>	<u>\$ 363,174</u>	<u>\$ 166,834</u>

**RURAL MUNICIPALITY OF DUFFERIN
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2025**

SCHEDULE 11

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 306,614	\$ 382,612
Add:		
Tax levy (Schedule 12)	9,136,181	8,189,328
Taxes added	75,085	61,233
Penalties or interest	31,672	36,686
Sub-total	9,242,938	8,287,247
Deduct:		
Cash collections - current	6,739,666	7,786,104
Cash collections - arrears	276,279	333,154
Tax discounts	24,074	17,043
M.P.T.C. - cash advance	1,545,824	226,944
HATCA	752,301	-
Sub-total	9,338,144	8,363,245
Balance, end of year	\$ 211,408	\$ 306,614

**RURAL MUNICIPALITY OF DUFFERIN
ANALYSIS OF TAX LEVY
Year Ended December 31, 2025**

SCHEDULE 12

	2025			2024
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Fire Infrastructure B/L #1847	-	0.000%	\$ -	\$ 46,862
Arena B/L #1871	453,363,120	0.063%	28,562	28,594
Municipal Shop #1884	453,363,120	0.156%	70,725	70,691
Municipal Hall Grant #1949	453,363,120	0.051%	23,122	23,431
Other (Rural Water)			95,734	99,846
Deferred surplus				
Reserves:				
Machinery Reserve	453,363,120	0.154%	69,818	67,911
Garbage & Recycling Pickup			17,120	15,360
General municipal:	453,363,120	8.788%	3,984,155	3,606,822
Total municipal taxes (Schedule 2)			4,289,235	3,959,518
Education support levy	36,957,940	7.117%	263,030	274,119
Special levy:				
Red River Valley School Division	2,686,620	11.317%	30,404	28,870
Prairie Rose School Division	434,964,400	10.202%	4,437,507	3,815,955
Prairie Spirit School Division	15,562,790	7.454%	116,005	110,865
Total education taxes			4,846,946	4,229,809
Total tax levy (Schedule 11)			\$ 9,136,181	\$ 8,189,328

RURAL MUNICIPALITY OF DUFFERIN
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
Year Ended December 31, 2025

SCHEDULE 13

	2025 Actual	2024 Actual
General government services		
Legislative	\$ 147,078	\$ 144,706
General administrative	471,810	479,717
Other	893,244	878,243
	<u>1,512,132</u>	<u>1,502,666</u>
Protective services		
Fire	265,155	233,979
Emergency measures	7,973	2,411,320
Other protection	3,951	7,440
	<u>277,079</u>	<u>2,652,739</u>
Transportation services		
Road transport		
Road and street maintenance	1,906,980	1,996,245
Street lighting	7,360	8,688
	<u>1,914,340</u>	<u>2,004,933</u>
Environmental health services		
Waste collection and disposal	21,774	22,608
Other	1,028	1,018
	<u>22,802</u>	<u>23,626</u>
Public health and welfare services		
Public health	20,592	24,259
Social assistance	111,657	107,957
	<u>132,249</u>	<u>132,216</u>
Resource conservation and industrial development		
Rural area weed control	154,801	117,566
Drainage of land	46,840	35,299
Veterinary services	4,192	4,192
Water resources and conservation	35,026	34,786
Regional development	57,072	128,848
	<u>297,931</u>	<u>320,691</u>
Recreation and cultural services		
Administration	505,926	503,166
Community centers and halls	8,657	8,341
Swimming pools and beaches	-	-
Parks and playgrounds	66,075	55,914
Museums	9,175	9,072
Libraries	111,688	109,839
Other cultural facilities	233,452	245,268
	<u>934,973</u>	<u>931,600</u>
Total expenses	<u>\$ 5,091,506</u>	<u>\$ 7,568,471</u>

RURAL MUNICIPALITY OF DUFFERIN
RECONCILIATION OF ANNUAL SURPLUS
December 31, 2025

SCHEDULE 14
(Unaudited)

	General	2025 Utility	Total	2024 Total
MUNICIPAL SURPLUS UNDER THE MUNICIPAL ACT	\$ 515,667	\$ 125,887	\$ 641,554	\$ -
Adjustments for reporting under Public Sector Accounting Standards				
Eliminate expense - Transfers to reserves	167,772	(11,444)	156,328	458,035
Eliminate revenue - Transfers from reserves	(109,243)	(238,411)	(347,654)	(602,519)
Increase revenue - Reserve funds interest, donations and other revenues	1,267	-	1,267	2,845
Increase (decrease) revenue - Net surplus (deficit) of consolidated entities	363,175	-	363,175	345,178
Decrease revenue - Net book value of disposed tangible capital assets	(104,500)	-	(104,500)	(599,794)
Increase expense - Amortization of tangible capital assets	(580,720)	(230,016)	(810,736)	(829,313)
Decrease (increase) expense - Principal portion of debenture debt, net of new debt	272,700	26,736	299,436	352,037
Eliminate expense - Acquisitions of tangible capital assets, net of transfers from assets under construction	738,528	238,411	976,939	1,904,923
Increase in expense - water line connection cost funded by borrowings	-	-	-	-
Eliminate Interfund transfers	33,126	(33,126)	-	-
ANNUAL SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,297,772	\$ (121,963)	\$ 1,175,809	\$ 1,031,392