

# **CITY OF MORDEN**

**Consolidated Financial Statements  
For the Year Ended December 31, 2018**

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## STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the *City of Morden* 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.

Council of the Municipality met with management and the external auditors 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.

Krahn Friesen Neufeld 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 Mayor 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.

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*Nicole Enns*  
City Manager

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the  
**CITY OF MORDEN**

### *Opinion*

We have audited the accompanying financial statements of the City of Morden, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the City of Morden as at December 31, 2018, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2018 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 Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 City'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 City'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 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 City to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

February 22, 2021  
Morden, Manitoba

CHARTERED PROFESSIONAL ACCOUNTANTS

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**CITY OF MORDEN**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**CITY OF MORDEN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018**

|  | <u>2018</u>          | <u>2017</u>          |
|--|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                                |                      |                      |
| Cash and temporary investments                         | \$ 9,753,416         | \$ 9,008,488         |
| Amounts receivable (Note 3)                            | 2,285,860            | 1,531,534            |
| Loans and advances                                     | -                    | -                    |
| Other assets   | 506,766              | 541,431              |
|  | <u>\$ 12,546,042</u> | <u>\$ 11,081,453</u> |
| <b>LIABILITIES</b>                                     |                      |                      |
| Accounts payable and accrued liabilities (Note 5)      | \$ 1,221,053         | \$ 1,477,054         |
| Severance and vested sick leave payable                | 70,169               | 69,474               |
| Deferred revenue (Note 6)                              | 3,230,127            | 2,797,432            |
| Landfill closure and post closure liabilities (Note 7) | 1,545                | 1,401                |
| Long-term debt (Note 8)                                | 4,803,196            | 4,307,386            |
| Obligations under capital lease (Note 9)               | 17,866               | 22,742               |
|  | <u>9,343,956</u>     | <u>8,675,489</u>     |
| <b>NET FINANCIAL ASSETS</b>                            | <u>\$ 3,202,086</u>  | <u>\$ 2,405,964</u>  |
| <b>NON-FINANCIAL ASSETS</b>                            |                      |                      |
| Tangible capital assets (Schedule 1)                   | \$ 53,551,113        | \$ 51,658,292        |
| Inventories (Note 4)                                   | 689,757              | 646,045              |
| Prepaid expenses                                       | 19,069               | 16,234               |
|  | <u>54,259,939</u>    | <u>52,320,571</u>    |
| <b>ACCUMULATED SURPLUS (Note 14)</b>                   | <u>\$ 57,462,025</u> | <u>\$ 54,726,535</u> |

**COMMITMENTS (Note 10)**

Approved on behalf of Council:

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Brandon Burley - Mayor

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Garry Hiebert - Councillor

**CITY OF MORDEN  
CONSOLIDATED STATEMENT OF OPERATIONS  
Year Ended December 31, 2018**

|  | <u>2018<br/>Budget<br/>(Schedule 9)</u> | <u>2018<br/>Actual</u> | <u>2017<br/>Actual</u> |
|--|---|------------------------|------------------------|
| <b>REVENUE</b>   |   |                        |                        |
| Property taxes   | \$ 8,093,265                            | \$ 8,199,921           | \$ 7,945,582           |
| Grants in lieu of taxation                                     | 274,976                                 | 259,699                | 245,953                |
| User fees  | 2,090,127                               | 1,990,522              | 2,071,610              |
| Permits, licences and fines                                    | 274,348                                 | 237,647                | 209,597                |
| Investment income  | 127,571                                 | 169,970                | 145,894                |
| Other revenue  | 1,701,599                               | 243,792                | 1,119,242              |
| Sale of land held for resale                                   | -                                       | 1,508,388              | 303,474                |
| Water and sewer  | 2,446,145                               | 2,632,698              | 2,584,717              |
| Grants - Province of Manitoba                                  | 12,564,354                              | 3,058,105              | 2,244,954              |
| Grants - other   | 8,852,794                               | 419,280                | 259,062                |
| Total revenue (Schedules 2, 4 and 5)                           | <u>36,425,179</u>                       | <u>18,720,022</u>      | <u>17,130,085</u>      |
| <b>EXPENSES</b>  |   |                        |                        |
| General government services                                    | 1,737,941                               | 1,851,500              | 1,915,286              |
| Protective services  | 2,927,827                               | 2,778,999              | 2,719,784              |
| Transportation services  | 2,340,280                               | 2,978,710              | 2,730,985              |
| Environmental health services                                  | 779,882                                 | 1,025,012              | 834,945                |
| Public health and welfare services                             | 201,345                                 | 171,341                | 74,156                 |
| Environmental Development Services                             | 2,500                                   | -                      | 1,732                  |
| Economic Development Services                                  | 1,262,856                               | 1,142,923              | 1,048,519              |
| Recreation and cultural services                               | 3,271,165                               | 3,705,310              | 4,101,639              |
| Water and sewer services                                       | 2,383,836                               | 2,322,949              | 2,212,039              |
| Total expenses (Schedules 3, 4 and 5)                          | <u>14,907,632</u>                       | <u>15,976,744</u>      | <u>15,639,085</u>      |
| <b>ANNUAL SURPLUS</b>  | <u>21,517,547</u>                       | <u>2,743,278</u>       | <u>1,491,000</u>       |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR<br>AS PREVIOUSLY STATED |   | 54,980,679             | 53,265,254             |
| CORRECTION TO PRIOR PERIOD (NOTE 18)                           |   | <u>(254,144)</u>       | <u>-</u>               |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR<br>AS RESTATED          |   | 54,726,535             | 53,265,254             |
| CONSOLIDATING RATE ADJUSTMENT (NOTE 20)                        |   | <u>(7,788)</u>         | <u>(29,719)</u>        |
| ACCUMULATED SURPLUS,<br>END OF YEAR                            |   | <u>\$57,462,025</u>    | <u>\$ 54,726,535</u>   |

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**CITY OF MORDEN**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year Ended December 31, 2018**

|   | <b>2018<br/>Budget<br/>(Schedule 9)</b> | <b>2018<br/>Actual</b> | <b>2017<br/>Actual</b> |
|---|---|------------------------|------------------------|
| <b>ANNUAL SURPLUS</b>                           | <b>\$21,517,547</b>                     | <b>\$ 2,743,278</b>    | <b>\$ 1,491,000</b>    |
| Acquisition of tangible capital assets          | (35,673,660)                            | (4,625,846)            | (4,084,568)            |
| Amortization of tangible capital assets         | 2,617,075                               | 2,619,075              | 2,538,725              |
| Correction of prior period                      | -                                       | 13,146                 | (186,640)              |
| Loss (Gain) on sale of tangible capital assets  | -                                       | 138                    | (2,287)                |
| Proceeds on sale of tangible capital assets     | -                                       | 100,667                | 103,918                |
| Consolidation rate adjustment                   | -                                       | (7,788)                | (29,719)               |
| Decrease (increase) in inventories              | -                                       | (43,712)               | 230,445                |
| Tangible capital asset transferred to inventory | -                                       | -                      | -                      |
| Decrease (increase) in prepaid expense          | -                                       | (2,836)                | 1,403                  |
|   | <u>(33,056,585)</u>                     | <u>(1,947,156)</u>     | <u>(1,428,723)</u>     |
| <b>CHANGE IN NET FINANCIAL ASSETS</b>           | <u>(11,539,038)</u>                     | 796,122                | 62,277                 |
| <b>NET FINANCIAL ASSETS , BEGINNING OF YEAR</b> |   | <u>2,405,964</u>       | <u>2,343,687</u>       |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>        |   | <u>\$ 3,202,086</u>    | <u>\$ 2,405,964</u>    |

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**CITY OF MORDEN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2018**

|  | <u>2018</u>                | <u>2017</u>                |
|--|----------------------------|----------------------------|
| <b>OPERATING TRANSACTIONS</b>                                |                            |                            |
| Annual surplus   | \$ 2,743,278               | \$ 1,491,000               |
| Changes in non-cash items:                                   |                            |                            |
| Amounts receivable   | (754,326)                  | (695,144)                  |
| Inventories  | (43,712)                   | 230,445                    |
| Prepays  | (2,836)                    | 1,403                      |
| Other assets   | 34,665                     | (34,865)                   |
| Accounts payable and accrued liabilities                     | (256,001)                  | 186,213                    |
| Severance and vested sick leave payable                      | 695                        | 4,510                      |
| Landfill closure and post closure liabilities                | 144                        | 133                        |
| Deferred revenue   | 432,695                    | 481,886                    |
| Correction to prior period                                   | 4,914                      | 28,731                     |
| Recaptured amortization                                      | -                          | (237,176)                  |
| Loss (Gain) on sale of tangible capital asset                | 138                        | (2,287)                    |
| Consolidation rate adjustment                                | (7,788)                    | (29,719)                   |
| Amortization   | <u>2,619,075</u>           | <u>2,538,725</u>           |
| Cash provided by operating transactions                      | <u>4,770,941</u>           | <u>3,963,855</u>           |
| <b>CAPITAL TRANSACTIONS</b>                                  |                            |                            |
| Proceeds on sale of tangible capital assets                  | 100,667                    | 103,918                    |
| Cash used to acquire tangible capital assets                 | <u>(4,625,846)</u>         | <u>(4,084,568)</u>         |
| Cash applied to capital transactions                         | <u>(4,525,179)</u>         | <u>(3,980,650)</u>         |
| <b>INVESTING TRANSACTIONS</b>                                |                            |                            |
| Loans and advances repaid                                    | -                          | -                          |
| Cash applied to investing transactions                       | -                          | -                          |
| <b>FINANCING TRANSACTIONS</b>                                |                            |                            |
| Proceeds of long-term debt                                   | 1,406,923                  | 146,969                    |
| Debt repayment   | (902,881)                  | (575,402)                  |
| Obligation under capital lease                               | -                          | 27,144                     |
| Repayment of obligation under capital lease                  | <u>(4,876)</u>             | <u>(4,402)</u>             |
| <i>provided by</i><br>Cash applied to financing transactions | <u>499,166</u>             | <u>(405,691)</u>           |
| <b>INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS</b> | <b>744,928</b>             | <b>(422,486)</b>           |
| <b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>     | <u>9,008,488</u>           | <u>9,430,974</u>           |
| <b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>           | <u><u>\$ 9,753,416</u></u> | <u><u>\$ 9,008,488</u></u> |

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**CITY OF MORDEN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2018**

**1. Status of the City of Morden**

The incorporated City of Morden is a municipal government that was created in 1895 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 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 controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organization is:

*Morden Community Development Corporation*

The Municipality has several partnership agreements in place, and as such, consistent with Canadian public sector accounting standards 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:

|  | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| <i>Agassiz Medical Centre Board</i>        | 43.50%      | 43.50%      |
| <i>South Central Regional Library</i>      | 21.30%      | 22.80%      |
| <i>MSTW Planning District</i>              | 25.00%      | 25.00%      |
| <i>Morden Veterinary Services District</i> | 23.00%      | 23.00%      |
| <i>Pembina Valley Water Co-op</i>          | 1.58%       | 1.63%       |
| <i>Solid Waste Area Management Project</i> | 33.33%      | 33.33%      |

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

**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.

**e) Landfill Closure and Post Closure Liabilities**

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

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## 2. Significant Accounting Policies (continued from previous page)

### f) Non-Financial Assets

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

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.

### g) 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 asset is amortized over its useful life. Assets under construction are not amortized until the asset is put in use.

#### General Tangible Capital Assets

|   | <u>Straight-line</u> | <u>Declining balance</u> |
|---|----------------------|--------------------------|
| Land  | Indefinite           |                          |
| Land Improvements                           | 10 to 30 years       |                          |
| Buildings and leasehold improvements        |                      |                          |
| Buildings                                   | 25 to 40 years       | 4% to 6%                 |
| Leasehold improvements                      | Life of lease        |                          |
| Vehicles and Equipment                      |                      |                          |
| Vehicles                                    | 5 to 7 years         | 30%                      |
| Machinery, equipment and furniture          | 5 to 10 years        | 20% to 25%               |
| Maintenance and road construction equipment | 15 years             |                          |
| Computer Hardware and Software              | 4 to 5 years         | 50%                      |
| Equipment under capital lease               | 5 years              |                          |

#### Infrastructure Assets

|   |                |    |
|---|----------------|----|
| Transportation                          |                |    |
| Land                                    | Indefinite     |    |
| Road surface                            | 20 to 30 years |    |
| Road grade                              | 20 to 60 years | 8% |
| 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 |    |
| Engineering costs                       | 15 years       |    |

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

### h) Leases

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

### i) Inventories

Inventories held for 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.

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**2. Significant Accounting Policies (continued from previous page)**

**j) Revenue Recognition**

Revenues are recognized in the period in which they are earned, measurable and collection is reasonably assured.

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.

**k) 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. There is measurement uncertainty in accounts receivable as the amounts collected differ from the amounts reported as collectable. Amounts receivable are reported less an allowance for doubtful accounts to account for this uncertainty.

**3. Amounts Receivable**

Amounts receivable are valued at their net realizable value.

|                                    | 2018             | 2017             |
|------------------------------------|------------------|------------------|
| Taxes on roll (Schedule 10)        | \$ 381,819       | \$ 401,765       |
| Government grants                  | 499,708          | -                |
| Utility customers                  | 151,265          | 217,556          |
| Goods and Services Tax Recoverable | 659,591          | 280,542          |
| Organizations and individuals      | 593,477          | 631,671          |
|                                    | <u>2,285,860</u> | <u>1,531,534</u> |

**4. Inventories**

**Inventories for sale:**

|                    | 2018    | 2017     |
|--------------------|---------|----------|
| Food and beverages | \$ -    | \$ 5,045 |
| Land for resale    | 420,496 | 574,247  |

**Inventories for use:**

|                                     |         |        |
|-------------------------------------|---------|--------|
| Chemicals, herbicides, insecticides | 66,602  | 50,637 |
| Fuel                                | 6,755   | 6,322  |
| Other supplies                      | 195,904 | 9,794  |

**Total Inventories**

|  |                   |                   |
|--|-------------------|-------------------|
|  | <u>269,261</u>    | <u>66,753</u>     |
|  | <u>\$ 689,757</u> | <u>\$ 646,045</u> |

**5. Accounts Payable and Accrued Liabilities**

|                             | 2018                | 2017                |
|-----------------------------|---------------------|---------------------|
| Accounts payable            | \$ 557,581          | \$ 922,632          |
| Lot development deposits    | 91,750              | 70,188              |
| Tax sale proceeds           | -                   | -                   |
| Accrued expenses            | 571,722             | 484,234             |
| School levies (Schedule 12) | -                   | -                   |
|                             | <u>\$ 1,221,053</u> | <u>\$ 1,477,054</u> |

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**6. Deferred revenue**

|                               | <u>2018</u>         | <u>2017</u>         |
|-------------------------------|---------------------|---------------------|
| Deferred government transfers | \$ 2,938,208        | \$ 2,521,222        |
| Deferred other contributions  | 123,699             | 181,258             |
| Unearned revenue              | <u>168,220</u>      | <u>94,952</u>       |
|                               | <u>\$ 3,230,127</u> | <u>\$ 2,797,432</u> |

**7. Landfill Closure and Post Closure Liabilities**

**a) Operating Landfill Site**

The Municipality is currently operating a landfill site in partnership with the City of Winkler and the Rural Municipality of Stanley. 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.

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| Estimated closure and post closure costs   | <u>\$ 9,228,288</u> | <u>\$ 9,228,288</u> |
| <b>Discounted costs</b>                    | <u>\$ 28,446</u>    | <u>\$ 27,027</u>    |
| Expected year capacity will be reached     | 2131                | 2131                |
| Capacity (tonnes, volume, acreage, years): |                     |                     |
| Used to date                               | 22                  | 21                  |
| Remaining                                  | 113                 | 114                 |
| Total                                      | 135                 | 135                 |
| Percent utilized                           | <u>16.30%</u>       | <u>15.56%</u>       |
| <b>Liability based on percentage</b>       | <u>\$ 4,636</u>     | <u>\$ 4,204</u>     |
| <b>City of Morden's Share (33.33%)</b>     | <u>\$ 1,545</u>     | <u>\$ 1,401</u>     |

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**8. Long Term Debt**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>General Authority:</b>   |                     |                     |
| Access Credit Union demand loan, interest at 4.1%, payable at \$207 monthly including interest, maturing September 2022, held by Morden Veterinary Services District Board.                               | \$ 4,417            | \$ 7,576            |
| Canadian Imperial Bank of Commerce, various demand loans, interest rates range from prime to 3.56%, payable at a range from \$127-\$1,633 monthly including interest, held by Pembina Valley Water Co-op. | 245,417             | 268,398             |
| Access Credit Union loan, various demand loans, interest at 3.95%, current payments are interest only to \$3,100 per month, held by Morden Community Development Corporation Ltd.                         | 394,924             | 429,881             |
| Local Improvement Debenture, interest at 3.89% payable at \$140,054 annually including interest, maturing December 31, 2027, held by the City of Morden.  | 1,046,449           | -                   |
| Local Improvement Debenture, interest at 4.2% payable at \$193,008 annually including interest, maturing December 30, 2020, held by the City of Morden.   | <u>362,991</u>      | <u>533,589</u>      |
|   | <u>\$ 2,054,198</u> | <u>\$ 1,239,444</u> |
| <b>Utility Funds:</b>   |                     |                     |
| Debenture, interest at 5.75%, payable at \$210,848 annually including interest, maturing November 30, 2022, held by the City of Morden.   | 734,813             | 894,242             |
| Debenture, interest at 4.2%, payable at \$250,809 annually including interest, maturing December 31, 2028, held by the City of Morden.  | <u>2,014,185</u>    | <u>2,173,700</u>    |
|   | <u>2,748,998</u>    | <u>3,067,942</u>    |
|   | <u>\$ 4,803,196</u> | <u>\$ 4,307,386</u> |

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

|            |                     |
|------------|---------------------|
| 2019       | \$ 663,732          |
| 2020       | \$ 664,569          |
| 2021       | \$ 490,502          |
| 2022       | \$ 513,555          |
| 2023       | \$ 326,881          |
| Thereafter | <u>\$ 2,143,957</u> |
|            | <u>\$ 4,803,196</u> |

**9. Obligation under capital lease**

Future minimum lease payments under the capital lease together with the obligation due under the capital lease are as follows:

|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| 2019   | \$ 6,931         | \$ 6,931         |
| 2020   | 6,931            | 6,931            |
| 2021   | 6,931            | 6,931            |
| 2022   | -                | 6,931            |
| 2023   | -                | -                |
| Remainder of lease                                 | -                | -                |
| Total minimum lease payments                       | <u>\$ 20,793</u> | <u>\$ 27,724</u> |
| Less amount representing future interest at 10.54% | <u>(2,927)</u>   | <u>(4,982)</u>   |
| Balance of obligation                              | <u>\$ 17,866</u> | <u>\$ 22,742</u> |

Interest expense includes \$2,055 (2017 - \$2,529) with respect to this obligation.

Assets under capital lease includes computer equipment.

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|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| Cost of leased tangible capital asset                      | \$ 27,144        | \$ 27,144        |
| Accumulated amortization of leased tangible capital asset. | <u>(10,858)</u>  | <u>(5,429)</u>   |
|  | <u>\$ 16,286</u> | <u>\$ 21,715</u> |

Amortization expense includes \$5,429 (2017 - \$5,429) on leased tangible capital asset.

## 10. Commitments

The City has negotiated a 5 year contract with Municipal Waste Management for handling and disposal of garbage, recycling, and compost. Annual charges under the contract are determined by reference to certain waste volumes handled. Payments made under the contract for the year 2018 were approximately \$591,542.

South Central Regional Library has operating leases for its premises in the City of Winkler, Town of Altona, City of Morden, RM of Thompson and RM of Pembina with the respective cities and towns. The rent is calculated at \$1.70 per capita per annum.

Pembina Valley Water Cooperative Inc. has entered into contracts with the following organizations with the identified expiry dates: Town of Carman (2021), City of Winkler (2028), and City of Morden (2023). The contracts are volume based, specifying the amount of water the organization must purchase from the Cooperative in any given year.

Pembina Valley Water Cooperative Inc. is currently upgrading the Morris water treatment plant and building a pipeline from Morris to St. Jean. As part of the upgrade and pipeline, the Cooperative has entered into a contract for engineering services and project management to a maximum of \$5,419, a contract for a reverse osmosis system for a maximum of \$10,856 and a contract for the supply of two catalytic media filtration systems for a maximum of \$7,457. As at December 31, 2018, there had not been any costs incurred under these contracts.

## 11 Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The cost 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. Pension expense is based on the contribution rate. The MEPP requires that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling for 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 \$340,036 (2017: \$310,878) 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, 2017 indicated the plan was 100.8% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2017.

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.

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South Regional Library permanent employees are also members of the Municipal Employees' Benefit Program (MEBP), which is a multi-employer defined benefit pension plan. In accordance with the Canadian Institute of Chartered Professional Accountants Handbook section PS3250 the plan is accounted for as a defined contribution plan, thus the expense for the plan is equal to the organization's required contribution for the year. In 2018, the proportionate consolidating amount of the pension plan expense was \$6,758 (2017 - \$7,694).

## 12 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.

## 13 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 9 - Reconciliation of the Financial Plan to the Budget.

## 14 Accumulated Surplus

|  | <u>2018</u>          | <u>2017</u>          |
|--|----------------------|----------------------|
| Fund balances:   |                      |                      |
| General operating fund - Nominal surplus                             | \$ (3,266,236)       | \$ (4,523,037)       |
| Utility operating fund - Nominal surplus                             | (3,886,982)          | (3,198,997)          |
| TCA net of related borrowings  | 45,807,008           | 45,306,839           |
| Reserve Funds (Schedule 6)   | <u>13,312,011</u>    | <u>12,882,671</u>    |
| Accumulated surplus of municipality unconsolidated                   | \$ 51,965,801        | \$ 50,467,476        |
| Accumulated surpluses of consolidated entities                       | <u>5,496,224</u>     | <u>4,259,059</u>     |
| Accumulated surplus per Consolidated Statement of Financial Position | <u>\$ 57,462,025</u> | <u>\$ 54,726,535</u> |

## 15 Public Utilities Board

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

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 financial statements.

| <b>Water services:</b> | Unamortized         |                       |                          | Unamortized                |
|------------------------|---------------------|-----------------------|--------------------------|----------------------------|
| Description of Utility | Opening Balance     | Additions During Year | Amortization During Year | Balance Ending             |
| Water Plant            | <u>\$ 1,896,516</u> | <u>1,231,584</u>      | <u>\$ 79,223</u>         | <u>\$ 3,048,877</u>        |
| <b>Sewer services:</b> |                     |                       |                          |                            |
| Description of Utility | Opening Balance     | Additions During Year | Amortization During Year | Unamortized Balance Ending |
| Lagoon                 | <u>\$ 1,184,836</u> | <u>\$ -</u>           | <u>\$ 30,381</u>         | <u>\$ 1,154,455</u>        |

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## 16 Economic Dependence

Many of the government partnerships along with the controlled organization are dependent upon funding from the Province of Manitoba and various municipalities/towns. Grant revenues as a percentage of total revenue for these organizations are as follows:

|  | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| Agassiz Medical Centre                   | 40%         | 38%         |
| South Central Regional Library           | 87%         | 91%         |
| Morden Veterinary Services District      | 100%        | 100%        |
| Morden Community Development Corporation | 94%         | 74%         |

## 17 Capital Disclosures

Pembina Valley Water Cooperative Inc. is subject to externally imposed capital requirements with respect to their demand loans. The Cooperative monitors capital based on their fixed charge coverage ratio calculated on a rolling four quarter basis. The fixed charge coverage ratio will be calculated as EBITDA divided by regularly scheduled principal payments plus interest expense plus unfunded capital expenditures. This ratio cannot be less than 1.0:1.0. The fixed charge coverage ratio at December 31, 2018 was 1.14:1.0. ✓

## 18 Correction to prior period

? Prior period opening surplus was overstated by \$254,144 due to an error in land held for sale. The City of Morden had previously not recorded land transferred to the Morden Community Development Corporation at cost. This caused land held for sale held in inventory to be overstated by \$254,144 and cost of real estate sold to be understated by \$254,144. ✓

## 19 Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the City. To view this disclosure please contact the City of Morden and request the audited *Public Sector Compensation Disclosure Schedule*.

## 20 Change in consolidation rates

Consolidation rates for 2018 for several government partnerships changed from prior year giving rise to opening surplus differences. This difference of \$7,788 has been recorded as a decrease to current year opening surplus.

Due to a few consolidating entities being consolidated at different rates than prior year there are other adjustments throughout the statements to account for the changes in opening balances due to change in consolidation rates.

## 21 Subsequent events

✓ In October 2018, City of Morden entered into an agreement with a certain vendor under the MoreNet Service Agreement, to provide internet services for its residents. As part of the agreement, the City would build towers and procure related infrastructure, also known as MoreNet assets. As of December 31, 2018, the City had acquired a total of \$634,432 of MoreNet assets. These assets were recorded under Assets Under Construction in Schedule 1. As part of the agreement, the City acquired MoreNet kits which could be sold at cost, and the inventory balance amounted to \$174,839 as of December 31, 2018.

✓ In December 2019, the MoreNet Service Agreement was terminated, and the internet project was discontinued. The MoreNet assets were determined to be unusable and assessed to have a fair value of nil. As a result, the MoreNet assets were written down to their recoverable amount which was nil. The related inventory was determined to be unusable and assessed to have a fair value of \$8,742. After the agreement was terminated by the City of Morden, a lawsuit was brought forth by the vendor. A countersuit was issued by the City of Morden. The results of these lawsuits cannot be determined at this time.

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CITY OF MORDEN  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
 Year Ended December 31, 2018

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**SCHEDULE 1**

| Cost   | 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 | 2018                 | 2017                 |        |  |
| Opening costs                                    | \$ 7,758,635               | \$ 13,269,078                        | \$ 6,722,452           | \$ 585,942                     | \$ 448,433               | \$ 27,292,699               | \$ 29,558,629        | \$ 1,351,841              | \$ 86,987,709        | \$ 83,120,034        |        |  |
| Adjustment to opening (Note 1)                   |                            |                                      | (7,790)                | -                              | -                        | -                           | (24,661)             | -                         | (32,451)             | (67,542)             |        |  |
| Restated opening costs                           | 7,758,635                  | 13,269,078                           | 6,714,662              | 585,942                        | 448,433                  | 27,292,699                  | 29,533,968           | 1,351,841                 | 86,955,258           | 83,052,492           |        |  |
| Additions during the year                        | 771,731                    | 613,602                              | 828,257                | 81,002                         | 854,225                  | 299,295                     | 403,874              | 773,860                   | 4,625,846            | 4,084,568            |        |  |
| Transfers during the year                        | 51,495                     | -                                    | -                      | -                              | (208,215)                | 156,720                     | -                    | -                         | -                    | -                    |        |  |
| Disposals and write downs                        | (75)                       | -                                    | (150,176)              | -                              | -                        | -                           | -                    | -                         | (150,250)            | (149,351)            |        |  |
| Closing costs                                    | <b>8,581,786</b>           | <b>13,882,680</b>                    | <b>7,392,744</b>       | <b>666,944</b>                 | <b>1,094,443</b>         | <b>27,748,714</b>           | <b>29,937,842</b>    | <b>2,125,701</b>          | <b>91,430,854</b>    | <b>86,987,709</b>    |        |  |
| <b>Accumulated Amortization</b>                  |                            |                                      |                        |                                |                          |                             |                      |                           |                      |                      |        |  |
| Opening accum'd amortization                     | 2,315,050                  | 4,698,982                            | 3,529,040              | 403,707                        | -                        | 14,331,872                  | 10,050,766           | -                         | 35,329,417           | 33,092,594           |        |  |
| Adjustment to opening (Note 1)                   | -                          | -                                    | (7,108)                | -                              | -                        | -                           | (7,515)              | -                         | (14,623)             | (20,793)             |        |  |
| Restated opening costs                           | 2,315,050                  | 4,698,982                            | 3,521,932              | 403,707                        | -                        | 14,331,872                  | 10,043,251           | -                         | 35,314,794           | 33,071,801           |        |  |
| Amortization                                     | 242,315                    | 330,638                              | 423,821                | 80,115                         | -                        | 862,081                     | 680,105              | -                         | 2,619,075            | 2,538,725            |        |  |
| Disposals and write downs                        | -                          | -                                    | (54,128)               | -                              | -                        | -                           | -                    | -                         | (54,128)             | (281,109)            |        |  |
| Closing accum'd amortization                     | <b>2,557,365</b>           | <b>5,029,620</b>                     | <b>3,891,625</b>       | <b>483,822</b>                 | <b>-</b>                 | <b>15,193,953</b>           | <b>10,723,356</b>    | <b>-</b>                  | <b>37,879,741</b>    | <b>35,329,417</b>    |        |  |
| <b>Net Book Value of Tangible Capital Assets</b> | <b>\$ 6,024,421</b>        | <b>\$ 8,853,060</b>                  | <b>\$ 3,501,119</b>    | <b>\$ 183,122</b>              | <b>\$ 1,094,443</b>      | <b>\$ 12,554,761</b>        | <b>\$ 19,214,486</b> | <b>\$ 2,125,701</b>       | <b>\$ 53,551,113</b> | <b>\$ 51,658,292</b> |        |  |

Note 1) Due to change in consolidation rates for a few government partnerships an adjustment to opening cost and opening accumulated amortization was required.

**CITY OF MORDEN**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
**Year Ended December 31, 2018**

**SCHEDULE 2**

|  | 2018<br>Actual       | 2017<br>Actual       |
|--|----------------------|----------------------|
| <b>Property taxes</b>                          |                      |                      |
| Municipal taxes levied (Schedule 11)           | \$ 7,671,314         | \$ 7,593,162         |
| Taxes added (Schedule 10)                      | 442,382              | 285,339              |
| Penalties and interest (Schedule 10)           | 86,225               | 67,081               |
|  | <u>8,199,921</u>     | <u>7,945,582</u>     |
| <b>Grants in lieu of taxation</b>              |                      |                      |
| Federal government                             | 14,017               | 13,822               |
| Federal government enterprises                 | 102,716              | 88,354               |
| Provincial government                          | 112,280              | 115,189              |
| Provincial government enterprises              | 30,686               | 28,588               |
|  | <u>259,699</u>       | <u>245,953</u>       |
| <b>User fees</b>                               |                      |                      |
| Sales of service                               | 1,463,072            | 1,520,568            |
| Sales other                                    | -                    | -                    |
| Landfill fees                                  | 339,146              | 342,641              |
| Rentals  | 188,304              | 208,401              |
|  | <u>1,990,522</u>     | <u>2,071,610</u>     |
| <b>Grants - Province of Manitoba</b>           |                      |                      |
| General assistance payment                     | 1,512,771            | 1,514,665            |
| General support grant                          | -                    | -                    |
| VLT revenues                                   | -                    | -                    |
| Gas tax funding                                | -                    | 50,000               |
| Conditional grants                             | 1,446,286            | 594,902              |
| Grants collected by consolidated entities      | 99,048               | 85,387               |
|  | <u>3,058,105</u>     | <u>2,244,954</u>     |
| <b>Grants - other</b>                          |                      |                      |
| Recycling subsidy                              | 298,955              | 149,213              |
| Grants collected by consolidated entities      | 120,325              | 109,849              |
|  | <u>419,280</u>       | <u>259,062</u>       |
| <b>Permits, licences and fines</b>             |                      |                      |
| Licences                                       | 8,410                | 10,415               |
| Fees collected by consolidated entities        | 216,049              | 172,145              |
| Fines  | 13,188               | 27,037               |
| Building                                       | -                    | -                    |
|  | <u>237,647</u>       | <u>209,597</u>       |
| <b>Investment income</b>                       |                      |                      |
| Cash and temporary investments                 | 169,970              | 145,894              |
|  | <u>169,970</u>       | <u>145,894</u>       |
| <b>Sale of Land for Resale</b>                 | <u>1,508,388</u>     | <u>303,474</u>       |
| <b>Other revenue</b>                           |                      |                      |
| Gain (loss) on sale of tangible capital assets | (138)                | 2,287                |
| Donations and donated assets                   | 40,453               | 533,263              |
| Miscellaneous                                  | 169,766              | 281,992              |
| Miscellaneous revenue of consolidated entities | 33,711               | 301,700              |
|  | <u>243,792</u>       | <u>1,119,242</u>     |
| <b>Water and sewer</b>                         |                      |                      |
| Water and sewer (Schedule 8)                   | 2,533,353            | 2,485,455            |
| Consolidated water cooperatives                | 99,345               | 99,262               |
|  | <u>2,632,698</u>     | <u>2,584,717</u>     |
| <b>Total revenue</b>                           | <u>\$ 18,720,022</u> | <u>\$ 17,130,085</u> |

**CITY OF MORDEN**  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
**Year Ended December 31, 2018**

**SCHEDULE 3**

|  | 2018<br>Actual              | 2017<br>Actual              |
|--|-----------------------------|-----------------------------|
| <b>General government services:</b>                      |                             |                             |
| Legislative  | \$ 203,154                  | \$ 182,004                  |
| General administrative                                   | 1,264,530                   | 1,198,158                   |
| Cost of real estate sold                                 | 153,451                     | 289,633                     |
| Other  | 230,365                     | 245,491                     |
|  | <u>1,851,500</u>            | <u>1,915,286</u>            |
| <b>Protective services:</b>                              |                             |                             |
| Police   | 2,211,942                   | 2,145,241                   |
| Fire   | 561,204                     | 566,667                     |
| Other protection   | 5,853                       | 7,876                       |
|  | <u>2,778,999</u>            | <u>2,719,784</u>            |
| <b>Transportation services:</b>                          |                             |                             |
| Road transport   |                             |                             |
| Administration and engineering                           | 632,572                     | 525,433                     |
| Road and street maintenance                              | 1,986,520                   | 1,931,818                   |
| Sidewalk and boulevard maintenance                       | 205,355                     | 118,055                     |
| Street lighting  | 154,263                     | 155,679                     |
| Other  | -                           | -                           |
|  | <u>2,978,710</u>            | <u>2,730,985</u>            |
| <b>Environmental health services:</b>                    |                             |                             |
| Waste collection and disposal                            | 430,688                     | 352,050                     |
| Recycling  | 594,324                     | 482,895                     |
|  | <u>1,025,012</u>            | <u>834,945</u>              |
| <b>Public health and welfare services:</b>               |                             |                             |
| Public health  | 171,341                     | 72,904                      |
| Social assistance  | -                           | 1,252                       |
|  | <u>171,341</u>              | <u>74,156</u>               |
| <b>Regional planning and development:</b>                |                             |                             |
| Planning and zoning                                      | -                           | 1,732                       |
|  | <u>-</u>                    | <u>1,732</u>                |
| <b>Resource conservation and industrial development:</b> |                             |                             |
| Natural Resources  | -                           | -                           |
| Veterinary services                                      | 20,639                      | 20,926                      |
| Community Development                                    | 863,848                     | 848,574                     |
| Regional development                                     | 18,418                      | 19,388                      |
| Industrial development                                   | 42,031                      | 58,803                      |
| Tourism  | 81,854                      | 76,795                      |
| Other Economic Services                                  | 116,133                     | 24,033                      |
|  | <u>1,142,923</u>            | <u>1,048,519</u>            |
| <b>Recreation and cultural services:</b>                 |                             |                             |
| Community Services Department                            | 2,533,612                   | 2,320,790                   |
| Parks and Playgrounds                                    | 264,246                     | 637,183                     |
| Morden Beach & Campground                                | 291,579                     | 318,610                     |
| Minnewasta Golf & Country Club                           | -                           | 250,000                     |
| MB Baseball Hall of Fame                                 | 26,325                      | 26,325                      |
| Canadian Fossil Discovery Centre                         | 216,480                     | 199,276                     |
| Libraries  | 353,593                     | 331,206                     |
| Other cultural facilities                                | 19,475                      | 18,249                      |
|  | <u>3,705,310</u>            | <u>4,101,639</u>            |
| <b>Water and sewer services:</b>                         |                             |                             |
| Water and sewer services (Schedule 8)                    | 2,226,724                   | 2,122,758                   |
| Consolidated water cooperatives                          | 96,225                      | 89,281                      |
|  | <u>2,322,949</u>            | <u>2,212,039</u>            |
| <b>Total expenses</b>                                    | <u><u>\$ 15,976,744</u></u> | <u><u>\$ 15,639,085</u></u> |

**CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM**  
 Year Ended December 31, 2018

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**SCHEDULE 4**

|                                    | General Government* |                     | Protective Services   |                       | Transportation Services |                       | Environmental Health Services |                   | Public Health and Welfare Services |                    |
|------------------------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------------|-----------------------|-------------------------------|-------------------|------------------------------------|--------------------|
|                                    | 2018                | 2017                | 2018                  | 2017                  | 2018                    | 2017                  | 2018                          | 2017              | 2018                               | 2017               |
| <b>REVENUE</b>                     |                     |                     |                       |                       |                         |                       |                               |                   |                                    |                    |
| Property taxes                     | \$ 7,555,489        | \$ 7,328,798        | \$ -                  | \$ -                  | \$ -                    | \$ -                  | \$ 433,584                    | \$ 405,936        | \$ -                               | \$ -               |
| Grants in lieu of taxation         | 259,699             | 245,953             | -                     | -                     | -                       | -                     | 340,646                       | 344,141           | -                                  | -                  |
| User fees                          | 89,047              | 105,282             | 215,827               | 200,119               | 43,972                  | 36,259                | 298,955                       | 149,213           | 995                                | 832                |
| Grants - other                     | -                   | -                   | -                     | -                     | -                       | -                     | -                             | -                 | 21,351                             | 24,207             |
| Permits, licences and fines        | 224,459             | 182,560             | 13,188                | 27,037                | -                       | -                     | -                             | -                 | -                                  | -                  |
| Investment income                  | 134,194             | 115,272             | -                     | -                     | -                       | -                     | 17,310                        | 20,567            | 559                                | 121                |
| Other revenue                      | 211,550             | 819,802             | -                     | -                     | -                       | -                     | 7,765                         | 271,776           | 9,298                              | 19,155             |
| Sale of land held for resale       | 17,000              | -                   | -                     | -                     | -                       | -                     | -                             | -                 | -                                  | -                  |
| Water and sewer                    | -                   | -                   | -                     | -                     | -                       | -                     | -                             | -                 | -                                  | -                  |
| Prov of MB - Unconditional Grants  | 1,542,771           | 1,591,010           | -                     | -                     | -                       | -                     | -                             | -                 | -                                  | -                  |
| Prov of MB - Conditional Grants    | -                   | -                   | 54,357                | 10,627                | -                       | 504,812               | -                             | -                 | -                                  | -                  |
| Total revenue                      | \$ 10,034,209       | \$ 10,388,677       | \$ 283,372            | \$ 237,783            | \$ 43,972               | \$ 541,071            | \$ 1,098,260                  | \$ 1,191,633      | \$ 32,203                          | \$ 44,315          |
| <b>EXPENSES</b>                    |                     |                     |                       |                       |                         |                       |                               |                   |                                    |                    |
| Personnel services                 | \$ 741,458          | \$ 775,086          | \$ 2,031,334          | \$ 2,042,364          | \$ 950,671              | \$ 803,376            | \$ 124,596                    | \$ 109,461        | \$ -                               | \$ -               |
| Contract services                  | 328,592             | 217,144             | 280,861               | 112,061               | 326,161                 | 330,518               | 714,037                       | 601,844           | 145,394                            | 14,570             |
| Utilities & Taxes                  | 56,577              | 58,054              | 53,567                | 61,364                | 169,831                 | 165,664               | 12,484                        | 9,874             | -                                  | 2,460              |
| Maintenance materials and supplies | 170,369             | 300,173             | 149,551               | 315,161               | 378,577                 | 339,249               | 94,279                        | 83,445            | 5,956                              | 5,344              |
| Grants and contributions           | 95,162              | 96,151              | -                     | -                     | -                       | -                     | -                             | -                 | -                                  | -                  |
| Amortization                       | 98,293              | 99,493              | 192,260               | 182,621               | 1,104,445               | 1,092,178             | 72,883                        | 28,279            | 17,936                             | 30,862             |
| Interest on long term debt         | 52,483              | 29,287              | -                     | -                     | -                       | -                     | -                             | -                 | -                                  | 18,391             |
| Other                              | 308,566             | 339,898             | 71,426                | 6,213                 | 49,025                  | -                     | 6,733                         | 2,042             | 2,055                              | 2,529              |
| Total expenses                     | \$ 1,851,500        | \$ 1,915,286        | \$ 2,778,999          | \$ 2,719,784          | \$ 2,978,710            | \$ 2,730,985          | \$ 1,025,012                  | \$ 834,945        | \$ 171,341                         | \$ 74,156          |
| <b>Surplus (Deficit)</b>           | <b>\$ 8,182,709</b> | <b>\$ 8,473,391</b> | <b>\$ (2,495,627)</b> | <b>\$ (2,482,001)</b> | <b>\$ (2,934,738)</b>   | <b>\$ (2,189,914)</b> | <b>\$ 73,248</b>              | <b>\$ 356,688</b> | <b>\$ (139,138)</b>                | <b>\$ (29,841)</b> |

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



**CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM**  
 Year Ended December 31, 2018

|                                    | Environmental Planning and Community Develop. |          | Economic Development Services |              | Recreation and Cultural Services |                | Water and Sewer Services |              | Total         |               |
|------------------------------------|---|----------|-------------------------------|--------------|----------------------------------|----------------|--------------------------|--------------|---------------|---------------|
|                                    | 2018  | 2017     | 2018                          | 2017         | 2018                             | 2017           | 2018                     | 2017         | 2018          | 2017          |
| <b>REVENUE</b>                     |   |          |                               |              |                                  |                |                          |              |               |               |
| Property taxes                     | \$ -  | \$ -     | \$ -                          | \$ -         | \$ -                             | \$ -           | \$ 210,848               | \$ 210,848   | \$ 8,199,921  | \$ 7,945,582  |
| Grants in lieu of taxation         | -   | -        | -                             | -            | -                                | -              | -                        | -            | 259,699       | 245,953       |
| User fees                          | 3,330   | 5,562    | 137,706                       | 145,870      | 1,158,999                        | 1,233,545      | -                        | -            | 1,990,522     | 2,071,610     |
| Grants - other                     | -   | -        | 9,763                         | 7,069        | 89,211                           | 78,573         | -                        | -            | 419,280       | 259,062       |
| Permits, licences and fines        | -   | -        | -                             | -            | -                                | -              | -                        | -            | 237,647       | 209,597       |
| Investment income                  | -   | -        | 17,571                        | 9,591        | 153                              | 311            | 183                      | 32           | 169,970       | 145,894       |
| Other revenue                      | -   | -        | -                             | -            | 12,675                           | -              | 2,504                    | 8,509        | 243,792       | 1,119,242     |
| Sale of real estate properties     | -   | -        | 1,491,388                     | 303,474      | -                                | -              | -                        | -            | 1,508,388     | 303,474       |
| Water and sewer                    | -   | -        | -                             | -            | -                                | -              | 2,632,698                | 2,584,717    | 2,632,698     | 2,584,717     |
| Prov of MB - Unconditional Grants  | -   | -        | 6,555                         | 2,185        | 92,493                           | 99,440         | -                        | -            | 1,641,819     | 1,692,635     |
| Prov of MB - Conditional Grants    | -   | -        | 126,565                       | 32,400       | 3,780                            | 4,480          | 1,231,584                | -            | 1,416,286     | 552,319       |
| Total revenue                      | \$ 3,330                                      | \$ 5,562 | \$ 1,789,548                  | \$ 500,589   | \$ 1,357,311                     | \$ 1,416,349   | \$ 4,077,817             | \$ 2,804,106 | \$ 18,720,022 | \$ 17,130,085 |
| <b>EXPENSES</b>                    |   |          |                               |              |                                  |                |                          |              |               |               |
| Personnel services                 | \$ -  | \$ -     | \$ 234,413                    | \$ 240,572   | \$ 1,460,955                     | \$ 1,372,299   | \$ 671,782               | \$ 564,867   | \$ 6,215,209  | \$ 5,908,025  |
| Contract services                  | -   | 1,732    | 255,603                       | 140,950      | 661,618                          | 468,303        | 227,587                  | 112,105      | 2,939,853     | 1,999,227     |
| Utilities & Taxes                  | -   | -        | 136,015                       | 126,716      | 377,877                          | 344,589        | 92,178                   | 98,201       | 898,529       | 866,922       |
| Maintenance materials and supplies | -   | -        | 159,964                       | 254,386      | 538,110                          | 934,531        | 470,635                  | 597,714      | 1,967,441     | 2,830,003     |
| Grants and contributions           | -   | -        | -                             | 197,353      | 220,336                          | 551,107        | 427                      | 476          | 315,925       | 875,949       |
| Amortization                       | -   | -        | 34,087                        | 21,444       | 418,531                          | 427,319        | 680,640                  | 669,000      | 2,619,075     | 2,538,725     |
| Interest on long term debt         | -   | -        | 15,091                        | 13,269       | -                                | -              | 156,123                  | 169,361      | 223,697       | 211,917       |
| Other                              | -   | -        | 307,750                       | 53,829       | 27,883                           | 3,491          | 23,577                   | 315          | 797,015       | 408,317       |
| Total expenses                     | \$ -  | \$ 1,732 | \$ 1,142,923                  | \$ 1,048,519 | \$ 3,705,310                     | \$ 4,101,639   | \$ 2,322,949             | \$ 2,212,039 | \$ 15,976,744 | \$ 15,639,085 |
| <b>Surplus (Deficit)</b>           | \$ 3,330                                      | \$ 3,830 | \$ 646,625                    | \$ (547,930) | \$ (2,347,999)                   | \$ (2,685,290) | \$ 1,754,868             | \$ 592,067   | \$ 2,743,278  | \$ 1,491,000  |

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|                                    | Core Government |               | Controlled Entities |            | Government Partnerships |              | Total         |               |
|------------------------------------|-----------------|---------------|---------------------|------------|-------------------------|--------------|---------------|---------------|
|                                    | 2018            | 2017          | 2018                | 2017       | 2018                    | 2017         | 2018          | 2017          |
|                                    |                 |               |                     |            |                         |              |               |               |
| <b>REVENUE</b>                     |                 |               |                     |            |                         |              |               |               |
| Property taxes                     | \$ 8,199,921    | \$ 7,945,582  | \$ -                | \$ -       | \$ -                    | \$ -         | \$ 8,199,921  | \$ 7,945,582  |
| Grants in lieu of taxation         | 259,699         | 245,953       | -                   | -          | -                       | -            | 259,699       | 245,953       |
| User fees                          | 1,513,309       | 1,578,576     | 126,616             | 135,766    | 350,597                 | 357,268      | 1,990,522     | 2,071,610     |
| Grants - other                     | 298,955         | 149,213       | 2,208               | -          | 118,117                 | 109,849      | 419,280       | 259,062       |
| Permits, licences and fines        | 21,598          | 37,453        | -                   | -          | 216,049                 | 172,144      | 237,647       | 209,597       |
| Investment income                  | 127,398         | 111,789       | 17,571              | 9,591      | 25,001                  | 24,514       | 169,970       | 145,894       |
| Other revenue                      | 210,080         | 817,541       | -                   | -          | 33,712                  | 301,701      | 243,792       | 1,119,242     |
| Sale of real estate properties     | 17,000          | -             | 1,491,388           | 303,474    | 99,345                  | 99,263       | 1,508,388     | 303,474       |
| Water and sewer                    | 2,533,353       | 2,485,454     | -                   | -          | 99,048                  | 85,387       | 2,632,698     | 2,584,717     |
| Prov of MB - Unconditional Grants  | 1,512,771       | 1,514,665     | -                   | -          | -                       | -            | 1,611,819     | 1,600,052     |
| Prov of MB - Conditional Grants    | 1,446,286       | 644,902       | -                   | -          | -                       | -            | 1,446,286     | 644,902       |
| Total revenue                      | \$ 16,140,370   | \$ 15,531,128 | \$ 1,637,783        | \$ 448,831 | \$ 941,869              | \$ 1,150,126 | \$ 18,720,022 | \$ 17,130,085 |
| <b>EXPENSES</b>                    |                 |               |                     |            |                         |              |               |               |
| Personnel services                 | \$ 5,847,202    | \$ 5,566,816  | \$ -                | \$ -       | \$ 368,007              | \$ 341,209   | \$ 6,215,209  | \$ 5,908,025  |
| Contract services                  | 2,746,524       | 1,829,757     | 146,251             | 128,970    | 47,078                  | 40,500       | 2,939,853     | 1,999,227     |
| Utilities                          | 842,405         | 811,295       | 27,664              | 25,787     | 28,460                  | 29,840       | 898,529       | 866,922       |
| Maintenance materials and supplies | 1,796,393       | 2,677,955     | 36,081              | 22,349     | 134,967                 | 129,699      | 1,967,441     | 2,830,003     |
| Grants and contributions           | 315,498         | 875,473       | -                   | -          | 427                     | 476          | 315,925       | 875,949       |
| Amortization                       | 2,472,043       | 2,442,375     | 27,347              | 17,784     | 119,685                 | 78,566       | 2,619,075     | 2,538,725     |
| Interest on long term debt         | 193,142         | 184,570       | 14,848              | 12,998     | 15,707                  | 14,349       | 223,697       | 211,917       |
| Other                              | 432,869         | 332,964       | 337,694             | 53,832     | 26,452                  | 21,521       | 797,015       | 408,317       |
| Total expenses                     | \$ 14,646,076   | \$ 14,721,205 | \$ 589,885          | \$ 261,720 | \$ 740,783              | \$ 656,160   | \$ 15,976,744 | \$ 15,639,085 |
| <b>Surplus</b>                     | \$ 1,494,294    | \$ 809,923    | \$ 1,047,898        | \$ 187,111 | \$ 201,086              | \$ 493,966   | \$ 2,743,278  | \$ 1,491,000  |

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2018

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|  | 2018            |                     |                               |                 |                  |                    |               |                       |               |               | 2017 |         |
|--|-----------------|---------------------|-------------------------------|-----------------|------------------|--------------------|---------------|-----------------------|---------------|---------------|------|---------|
|  | General Reserve | Replacement Reserve | Community Development Reserve | Gas Tax Reserve | Cemetery Reserve | Recreation Reserve | W & S Reserve | W & S Capital Reserve | Total         | Total         |      |         |
| <b>REVENUE</b>                         |                 |                     |                               |                 |                  |                    |               |                       |               |               |      |         |
| Investment income                      | \$ 79,647       | \$ 7,785            | \$ 33,739                     | \$ 60,010       | \$ 3,553         | \$ 1,449           | \$ 81,279     | \$ 2,078              | \$ 269,540    | \$ 108,317    |      |         |
| Contributions and donations            |                 |                     |                               |                 | 9,548            |                    |               |                       | 9,548         | 7,844         |      |         |
| Other income                           | 25,884          | 79,644              | -                             | 441,987         |                  |                    |               | 20,260                | 567,775       | 562,624       |      |         |
| Total revenue                          | 105,531         | 87,429              | 33,739                        | 501,997         | 13,101           | 1,449              | 81,279        | 22,338                | 846,863       | 678,785       |      |         |
| <b>EXPENSES</b>                        |                 |                     |                               |                 |                  |                    |               |                       |               |               |      |         |
| Maintenance                            | -               | -                   | -                             | -               | -                | -                  | -             | -                     | -             | -             |      | 50,000  |
| Other expenses                         | -               | -                   | -                             | -               | -                | -                  | -             | -                     | -             | -             |      | 50,000  |
| Total expenses                         | -               | -                   | -                             | -               | -                | -                  | -             | -                     | -             | -             |      | 100,000 |
| <b>NET REVENUES</b>                    | 105,531         | 87,429              | 33,739                        | 501,997         | 13,101           | 1,449              | 81,279        | 22,338                | 846,863       | 628,785       |      |         |
| <b>TRANSFERS</b>                       |                 |                     |                               |                 |                  |                    |               |                       |               |               |      |         |
| Transfer from surplus                  |                 | -                   | -                             | -               | -                | -                  | -             | -                     | -             | -             |      | -       |
| Transfers from (to) operating fund     | -               | 284,610             | 169,855                       | -               | -                | -                  | 640,286       | -                     | 1,094,751     | 1,119,798     |      | -       |
| Transfers from (to) utility fund       |                 |                     |                               |                 |                  |                    |               |                       |               |               |      |         |
| Acquisition of tangible capital assets | (500,000)       | (306,856)           | (338,348)                     |                 |                  |                    | (367,070)     |                       | (1,512,274)   | (940,858)     |      |         |
| <b>CHANGE IN RESERVE FUND</b>          | (394,469)       | 65,183              | (134,754)                     | 501,997         | 13,101           | 1,449              | 354,495       | 22,338                | 429,340       | 807,725       |      |         |
| <b>FUND SURPLUS, BEGINNING OF</b>      | 3,827,570       | 359,080             | 1,658,106                     | 2,842,884       | 169,057          | 74,230             | 3,855,927     | 95,817                | 12,882,671    | 12,074,946    |      |         |
| <b>FUND SURPLUS, END OF YEAR</b>       | \$ 3,433,101    | \$ 424,263          | \$ 1,523,352                  | \$3,344,881     | \$182,158        | \$ 75,679          | \$ 4,210,422  | \$118,155             | \$ 13,312,011 | \$ 12,882,671 |      |         |

## SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2018

|                             | <u>2018</u>              | <u>2017</u>              |
|-----------------------------|--------------------------|--------------------------|
|                             | <u>Morden</u>            | <u>Morden</u>            |
|                             | <u>Water &amp; Sewer</u> | <u>Water &amp; Sewer</u> |
|                             | <u>Total</u>             | <u>Total</u>             |
| <b>FINANCIAL ASSETS</b>     |                          |                          |
| Amounts receivable          | \$ 151,265               | \$ 217,556               |
| Due from other funds        | -                        | -                        |
|                             | <u>151,265</u>           | <u>217,556</u>           |
| <b>LIABILITIES</b>          |                          |                          |
| Long-term debt (Note 8)     | 2,748,998                | 3,067,942                |
| Due to other funds          | 4,104,849                | 3,466,920                |
|                             | <u>6,853,847</u>         | <u>6,534,862</u>         |
| <b>NET DEBT</b>             | <u>(6,702,582)</u>       | <u>(6,317,306)</u>       |
| <b>NON-FINANCIAL ASSETS</b> |                          |                          |
| Tangible capital assets     | 20,824,825               | 20,315,140               |
| Inventories                 | 66,602                   | 50,367                   |
|                             | <u>20,891,427</u>        | <u>20,365,507</u>        |
| <b>FUND SURPLUS</b>         | <u>\$ 14,188,845</u>     | <u>\$ 14,048,201</u>     |

**Note:** This schedule represents the City of Morden's Water & Sewer only. It does not include the Water & Sewer from its Consolidated Entities.

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**SCHEDULE OF UTILITY OPERATIONS - Morden Water & Sewer**  
**Year Ended December 31, 2018**

|  | 2018<br>Budget             | 2018<br>Actual             | 2017<br>Actual             |
|--|----------------------------|----------------------------|----------------------------|
| <b>REVENUE</b>                         |                            |                            |                            |
| Water fees                             | \$ 1,544,000               | \$ 1,673,124               | \$ 1,678,737               |
| Bulk Water fees                        | -                          | 2,515                      | 6,989                      |
| Sewer fees                             | 543,500                    | 586,864                    | 590,278                    |
| Administration fees                    | 191,550                    | 203,103                    | 149,705                    |
| Hydrant rentals                        | 53,250                     | 53,250                     | 53,250                     |
| Levies on lots sold                    | -                          | -                          | -                          |
| Donated Assets                         | -                          | -                          | -                          |
| Gain or (Loss) on Sale                 | -                          | -                          | -                          |
| Penalties                              | 11,000                     | 13,557                     | -                          |
| Other income                           | 3,500                      | 740                        | 6,471                      |
| Connection charges                     | -                          | 200                        | 25                         |
| sub-total                              | <u>2,346,800</u>           | <u>2,533,353</u>           | <u>2,485,455</u>           |
| Property taxes                         | 210,848                    | 210,848                    | 210,848                    |
| Total revenue                          | <u>2,557,648</u>           | <u>2,744,201</u>           | <u>2,696,303</u>           |
| <b>EXPENSES</b>                        |                            |                            |                            |
| <b>General</b>                         |                            |                            |                            |
| Administration                         | 170,490                    | 157,038                    | 140,207                    |
| sub-total- general                     | <u>170,490</u>             | <u>157,038</u>             | <u>140,207</u>             |
| <b>Water</b>                           |                            |                            |                            |
| Purification and treatment             | 713,590                    | 745,196                    | 702,143                    |
| Transmission and distribution          | 158,090                    | 143,871                    | 181,438                    |
| Water purchases                        | 110,000                    | 116,785                    | 119,034                    |
| Service of Supply                      | 29,100                     | -                          | -                          |
| Connection costs                       | 66,000                     | 43,533                     | 42,852                     |
| Other water supply costs               | 22,700                     | 21,046                     | 20,873                     |
| Amortization                           | -                          | 423,941                    | 427,114                    |
| Interest on long term debt             | -                          | -                          | -                          |
| sub-total- water                       | <u>1,099,480</u>           | <u>1,494,372</u>           | <u>1,493,454</u>           |
| <b>Sewer</b>                           |                            |                            |                            |
| Collection system costs                | 60,590                     | 76,390                     | 25,933                     |
| Treatment and disposal cost            | 76,400                     | 62,466                     | 40,988                     |
| Lift Station costs                     | 40,445                     | 34,691                     | 33,576                     |
| Other sewage and disposal costs        | 8,300                      | 23,268                     | 8,300                      |
| Amortization                           | -                          | 235,785                    | 222,487                    |
| Principal on long term debt            | 303,845                    | -                          | -                          |
| Interest on long term debt             | 157,813                    | 142,714                    | 157,813                    |
| sub-total- sewer                       | <u>647,393</u>             | <u>575,314</u>             | <u>489,097</u>             |
| <b>Total expenses</b>                  | <u>1,917,363</u>           | <u>2,226,724</u>           | <u>2,122,758</u>           |
| <b>NET REVENUES</b>                    | <b>640,285</b>             | <b>517,477</b>             | <b>573,545</b>             |
| <b>TRANSFERS</b>                       |                            |                            |                            |
| Contribution to capital                | (3,251,000)                | 263,452                    | (240,378)                  |
| Transfers from (to) operating fund     | -                          | -                          | -                          |
| Transfers from (to) reserve funds      | <u>2,610,715</u>           | <u>(640,285)</u>           | <u>160,913</u>             |
| <b>CHANGE IN UTILITY FUND BALANCE</b>  | <b>-</b>                   | <b>140,644</b>             | <b>494,080</b>             |
| <b>FUND SURPLUS, BEGINNING OF YEAR</b> | <u>14,048,201</u>          | <u>14,048,201</u>          | <u>13,554,121</u>          |
| <b>FUND SURPLUS, END OF YEAR</b>       | <u><u>\$14,048,201</u></u> | <u><u>\$14,188,845</u></u> | <u><u>\$14,048,201</u></u> |

Note: This schedule represents the City of Morden's Water & Sewer only. It does not include the Water & Sewer from its Consolidated Entities.

## RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

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Year Ended December 31, 2018

|                                    | Financial Plan       | Financial Plan      | Amortization          | Interest            | Transfers              | Long Term   | Consolidated        | PSAB                 |
|------------------------------------|----------------------|---------------------|-----------------------|---------------------|------------------------|-------------|---------------------|----------------------|
|                                    | General              | Utilities           | (TCA)                 | Expense             |                        | Accruals    | Entities            | Budget               |
| <b>REVENUE</b>                     |                      |                     |                       |                     |                        |             |                     |                      |
| Property taxes                     | \$ 8,093,265         | \$ -                | \$ -                  | \$ -                | \$ -                   | \$ -        | \$ -                | \$ 8,093,265         |
| Grants in lieu of taxation         | 274,976              | -                   | -                     | -                   | -                      | -           | -                   | 274,976              |
| User fees                          | 1,635,383            | -                   | -                     | -                   | -                      | -           | 454,744             | 2,090,127            |
| Grants - Province of Manitoba      | 12,465,306           | -                   | -                     | -                   | -                      | -           | 99,048              | 12,564,354           |
| Grants - other                     | 8,710,000            | -                   | -                     | -                   | -                      | -           | 142,794             | 8,852,794            |
| Permits, licences and fines        | 58,300               | -                   | -                     | -                   | -                      | -           | 216,048             | 274,348              |
| Investment income                  | 85,000               | -                   | -                     | -                   | -                      | -           | 42,571              | 127,571              |
| Other revenue                      | 176,500              | -                   | -                     | -                   | -                      | -           | 1,525,099           | 1,701,599            |
| Water and sewer                    |                      | 2,346,800           | -                     | -                   | -                      | -           | 99,345              | 2,446,145            |
| Transfers from accumulated surplus |                      | 210,848             | -                     | -                   | (210,848)              | -           | -                   | -                    |
| Transfers from reserves            | 3,243,000            | 3,251,000           | -                     | -                   | (6,494,000)            | -           | -                   | -                    |
| Total revenue                      | <b>\$ 34,741,730</b> | <b>\$ 5,808,648</b> | <b>\$ -</b>           | <b>\$ -</b>         | <b>\$ (6,704,848)</b>  | <b>\$ -</b> | <b>\$ 2,579,649</b> | <b>\$ 36,425,179</b> |
| <b>EXPENSES</b>                    |                      |                     |                       |                     |                        |             |                     |                      |
| General government services        | \$ 1,456,615         | \$ -                | \$ 101,358            | \$ 35,886           | \$ -                   | \$ -        | \$ 144,082          | \$ 1,737,941         |
| Protective services                | 2,735,567            | -                   | 192,260               | -                   | -                      | -           | -                   | 2,927,827            |
| Transportation services            | 1,235,835            | -                   | 1,104,445             | -                   | -                      | -           | -                   | 2,340,280            |
| Environmental health services      | 549,789              | -                   | 288                   | -                   | -                      | -           | 229,805             | 779,882              |
| Public health and welfare services | 166,560              | -                   | -                     | -                   | -                      | -           | 34,785              | 201,345              |
| Regional planning and development  | 2,500                | -                   | -                     | -                   | -                      | -           | -                   | 2,500                |
| Resource cons and industrial dev   | 656,124              | -                   | 3,870                 | -                   | -                      | -           | 602,862             | 1,262,856            |
| Recreation and cultural services   | 2,632,228            | -                   | 416,028               | -                   | -                      | -           | 222,909             | 3,271,165            |
| Water and sewer services           | -                    | 1,455,704           | 659,726               | 172,180             | -                      | -           | 96,226              | 2,383,836            |
| Fiscal services:                   |                      |                     |                       |                     |                        |             |                     |                      |
| Transfer to capital                | 23,720,660           | 3,251,000           | -                     | -                   | (26,971,660)           | -           | -                   | -                    |
| Transfer to utilities              | 210,848              | -                   | -                     | -                   | (210,848)              | -           | -                   | -                    |
| Debt charges                       | 532,799              | 461,658             | -                     | (994,457)           | -                      | -           | -                   | -                    |
| Short term interest                | -                    | -                   | -                     | -                   | -                      | -           | -                   | -                    |
| Transfer to reserves               | 837,291              | 640,286             | -                     | -                   | (1,477,577)            | -           | -                   | -                    |
| Allowance for tax assets           | 4,914                | -                   | -                     | -                   | (4,914)                | -           | -                   | -                    |
| Total expenses                     | <b>\$ 34,741,730</b> | <b>\$ 5,808,648</b> | <b>\$ 2,477,975</b>   | <b>\$ (786,391)</b> | <b>\$ (28,664,999)</b> | <b>\$ -</b> | <b>\$ 1,330,669</b> | <b>\$ 14,907,632</b> |
| Surplus (Deficit)                  | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ (2,477,975)</b> | <b>\$ 786,391</b>   | <b>\$ 21,960,151</b>   | <b>\$ -</b> | <b>\$ 1,248,980</b> | <b>\$ 21,517,547</b> |

**CITY OF MORDEN  
ANALYSIS OF TAXES ON ROLL  
Year Ended December 31, 2018**

**SCHEDULE 10**

|                                   | <u>2018</u>                     | <u>2017</u>                     |
|-----------------------------------|---------------------------------|---------------------------------|
| <b>Balance, beginning of year</b> | <b>\$ 401,765</b>               | <b>\$ 265,616</b>               |
| <b>Add:</b>                       |                                 |                                 |
| Tax levy (Schedule 11)            | 14,483,584                      | 14,268,800                      |
| Taxes added                       | 442,382                         | 285,339                         |
| Penalties or interest             | 86,225                          | 67,081                          |
| Other accounts added              | -                               | -                               |
| Taxes Overpaid                    | -                               | -                               |
| Excess Taxes Added                | -                               | -                               |
| <b>Sub-total</b>                  | <b><u>15,012,191</u></b>        | <b><u>14,621,220</u></b>        |
| <b>Deduct:</b>                    |                                 |                                 |
| Cash collections - current        | 12,614,431                      | 12,411,718                      |
| Cash collections - arrears        | 614,713                         | 305,566                         |
| Writeoffs & Adjustments           | -                               | -                               |
| R.H.O.A. - cash advance           | 1,741,600                       | 1,720,600                       |
| Other credits Trailer Fees W.S.D. | 61,393                          | 47,187                          |
| <b>Sub-total</b>                  | <b><u>15,032,137</u></b>        | <b><u>14,485,071</u></b>        |
| <b>Balance, end of year</b>       | <b><u><u>\$ 381,819</u></u></b> | <b><u><u>\$ 401,765</u></u></b> |

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|                                     | 2018        |           | 2017                 |                      |
|-------------------------------------|-------------|-----------|----------------------|----------------------|
|                                     | Assessment  | Mill Rate | Levy                 | Levy                 |
| Other governments (L.U.D.):         |             |           |                      |                      |
| <b>Debt charges:</b>                |             |           |                      |                      |
| Frontage                            | -           |           | 199,737              | 265,280              |
| Mill Rate (L.I.D.)                  | 419,532,320 | 0.500%    | 203,501              | 206,579              |
| Mill Rate (Civic Centre)            | -           | 0.000%    |                      | -                    |
| Mill Rate (Rec Centre)              | 442,529,610 | 0.440%    | 188,842              | 239,626              |
| Mill Rate (Rec Centre Phase 3)      | 410,381,690 | 0.320%    | 126,471              | 189,850              |
| Minister of LG (Assessment)         | 410,381,690 | 0.290%    | 114,614              | 112,551              |
|                                     | -           |           |                      |                      |
| <b>Reserves:</b>                    |             |           |                      |                      |
| Replacement Reserve                 | 410,381,690 | 0.620%    | 245,037              | 243,256              |
| General Municipal                   | 410,381,690 | 9.330%    | 3,640,802            | 3,518,141            |
| <b>Special levies:</b>              |             |           |                      |                      |
| Special Services (Section 312)      | 442,529,610 | 5.870%    | 2,519,330            | 2,436,410            |
| Business Levy                       | -           | 0.000%    | 5,155                | 5,248                |
| Sanitation Collection & Fees        | -           | 0.000%    | 427,824              | 376,220              |
| <b>Total municipal taxes</b>        |             |           | <b>7,671,314</b>     | <b>7,593,162</b>     |
| Education support levy              | 91,238,780  | 9.770%    | 782,903              | 740,482              |
| <b>Special levy:</b>                |             |           |                      |                      |
| Western School Division             | 404,155,760 | 15.380%   | 6,029,368            | 5,935,157            |
| <b>Total education taxes</b>        |             |           | <b>6,812,270</b>     | <b>6,675,638</b>     |
| <b>Total tax levy (Schedule 10)</b> |             |           | <b>\$ 14,483,584</b> | <b>\$ 14,268,800</b> |

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CITY OF MORDEN  
 ANALYSIS OF SCHOOL ACCOUNTS  
 Year Ended December 31, 2018

SCHEDULE 12

|                            | 2018               |                        |                       | 2017              |                   |
|----------------------------|--------------------|------------------------|-----------------------|-------------------|-------------------|
|                            | Opening<br>Balance | Current<br>Requirement | Current<br>Payment    | Ending<br>Balance | Ending<br>Balance |
| Education support levy     | \$ -               | \$ 891,403             | \$ (891,403)          | \$ -              | \$ -              |
| <b>Special levies</b>      |                    |                        |                       |                   |                   |
| Western School Division    | -                  | 6,277,356              | (6,277,356)           | -                 | -                 |
| <b>Sub-total</b>           | -                  | 7,168,759              | (7,168,759)           | -                 | -                 |
| Grants in lieu of taxation | -                  | 341,663                | (341,663)             | -                 | -                 |
| Trailer park fees          | \$ -               | \$ 61,393              | \$ (61,393)           | -                 | -                 |
| <b>Total</b>               | <u>\$ -</u>        | <u>\$ 7,571,815</u>    | <u>\$ (7,571,815)</u> | <u>\$ -</u>       | <u>\$ -</u>       |

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## SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year Ended December 31, 2018

|  | 2018<br>Budget      | 2018<br>Actual       | 2017<br>Actual       |
|--|---------------------|----------------------|----------------------|
| <b>General Government Services:</b>                      |                     |                      |                      |
| Legislative  | \$ 176,200          | \$ 203,154           | \$ 182,004           |
| General Administrative                                   | 957,533             | 1,120,445            | 1,056,745            |
| Cost of Real Estate sold                                 | -                   | 153,451              | 289,633              |
| Other  | 322,882             | 230,365              | 245,492              |
|  | <u>1,456,615</u>    | <u>1,707,415</u>     | <u>1,773,874</u>     |
| <b>Protective Services:</b>                              |                     |                      |                      |
| Police   | 2,264,431           | 2,211,943            | 2,145,241            |
| Fire   | 471,136             | 561,204              | 566,667              |
| Other  | -                   | 5,852                | 7,877                |
|  | <u>2,735,567</u>    | <u>2,778,999</u>     | <u>2,719,785</u>     |
| <b>Transportation Services:</b>                          |                     |                      |                      |
| Administration and engineering                           | 488,950             | 632,572              | 525,433              |
| Road and street maintenance                              | 623,319             | 1,986,520            | 1,931,818            |
| Sidewalk and boulevard maintenance                       | 8,910               | 205,355              | 118,055              |
| Street lighting  | 110,656             | 154,263              | 155,680              |
| Other  | 4,000               | -                    | -                    |
|  | <u>1,235,835</u>    | <u>2,978,710</u>     | <u>2,730,986</u>     |
| <b>Environmental health services:</b>                    |                     |                      |                      |
| Waste collection and disposal                            | 161,089             | 200,882              | 186,648              |
| Recycling  | 388,700             | 594,324              | 482,985              |
| Other  | -                   | -                    | -                    |
|  | <u>549,789</u>      | <u>795,206</u>       | <u>669,633</u>       |
| <b>Public health and welfare services:</b>               |                     |                      |                      |
| Public health  | 146,500             | 149,606              | 53,712               |
| Social assistance  | 20,060              | -                    | 1,252                |
|  | <u>166,560</u>      | <u>149,606</u>       | <u>54,964</u>        |
| <b>Regional planning and development:</b>                |                     |                      |                      |
| Planning and zoning                                      | 2,500               | -                    | 1,732                |
| <b>Resource conservation and industrial development:</b> |                     |                      |                      |
| Natural resources  | -                   | -                    | -                    |
| Veterinary services                                      | 9,851               | 9,949                | 9,851                |
| Community development                                    | 454,050             | 638,782              | 678,351              |
| Regional development                                     | 25,151              | 18,418               | 19,388               |
| Industrial development                                   | 16,320              | 42,031               | 58,803               |
| Tourism  | 78,500              | 81,854               | 76,795               |
| Other economic services                                  | 72,252              | 116,132              | 24,033               |
|  | <u>656,124</u>      | <u>907,166</u>       | <u>867,221</u>       |
| <b>Recreation and cultural services:</b>                 |                     |                      |                      |
| Community Services Department                            | 1,505,118           | 2,533,612            | 2,320,790            |
| Parks and playgrounds                                    | 433,500             | 264,246              | 637,183              |
| Morden Beach & Campground                                | 260,850             | 291,579              | 318,610              |
| Minnewasta Golf & Country Club                           | -                   | -                    | 250,000              |
| MB Baseball Hall of Fame                                 | 26,325              | 26,325               | 26,325               |
| Canadian Fossil Discovery Centre                         | 184,480             | 216,480              | 199,276              |
| Libraries  | 143,030             | 153,153              | 139,027              |
| Other cultural facilities                                | 78,925              | 19,475               | 18,249               |
|  | <u>2,632,228</u>    | <u>3,504,870</u>     | <u>3,909,460</u>     |
| <b>Total expenses</b>                                    | <u>\$ 9,435,218</u> | <u>\$ 12,821,972</u> | <u>\$ 12,727,655</u> |

## RECONCILIATION OF ANNUAL SURPLUS

Year Ended December 31, 2018

|  | 2018                |                   | 2017                |                     |
|--|---------------------|-------------------|---------------------|---------------------|
|  | General             | Utility           | Total               | Total               |
| <b>MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT</b>               | \$ (535,039)        | \$ 167,638        | \$ (367,401)        | \$ (202,150)        |
| <b>Adjustments for reporting under PSAB</b>                                  |                     |                   |                     |                     |
| Eliminate income - transfers from reserves                                   | (1,138,956)         | (367,069)         | (1,506,025)         | (1,162,945)         |
| Eliminate expense - transfers to reserves                                    | 731,152             | 660,546           | 1,391,698           | 2,677,338           |
| Eliminate expense - acquisition of tangible capital assets                   | 3,437,374           | 395,552           | 3,832,926           | 1,070,351           |
| Increase revenue - donated assets  | 40,452              | -                 | 40,452              | 516,916             |
| Increase revenue - net surplus of consolidated entities                      | 1,243,173           | 5,807             | 1,248,980           | 681,077             |
| Decrease revenue - proceeds on sale  | (92,534)            | -                 | (92,534)            | (103,044)           |
| Decrease revenue - interest on L.I.D.s                                       |                     |                   |                     |                     |
| Decrease revenue - deferred income   | (441,987)           | -                 | (441,987)           | (371,896)           |
| Increase (decrease) revenue - gain/(loss) on sale of tangible capital assets | (138)               |                   | (138)               | 2,287               |
| Decrease expense - principal portion and interest of L.I.D./debenture debt   | 532,800             | 318,943           | 851,743             | 978,293             |
| Decrease expense - consolidation elimination entries                         | 415,398             | 1,593             | 416,991             | 130,757             |
| Increase expense - amortization of tangible capital assets                   | (1,818,250)         | (659,726)         | (2,477,976)         | (2,436,351)         |
| Increase expense - cost of land sold   | (153,451)           |                   | (153,451)           | (289,633)           |
|  | 2,755,033           | 355,646           | 3,110,679           | 1,693,150           |
| <b>NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS</b>                  | <b>\$ 2,219,994</b> | <b>\$ 523,284</b> | <b>\$ 2,743,278</b> | <b>\$ 1,491,000</b> |

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