

CITY OF MORDEN

**Consolidated Financial Statements
For the Year Ended December 31, 2019**

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.

Nicole Enns
City Manager

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, 2019 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2019, 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, 2019, and the consolidated results of its operations, change in net financial assets, and cash flows and supporting schedules for the year ended December 31, 2019 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.

August 10, 2021
Morden, Manitoba

Krahn Friesen Menfeld
CHARTERED PROFESSIONAL ACCOUNTANTS

CITY OF MORDEN

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**CITY OF MORDEN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 10,571,006	\$ 9,753,416
Amounts receivable (Note 4)	3,692,960	2,285,860
Loans and advances	-	-
Other assets	506,279	506,766
	<u>\$ 14,770,245</u>	<u>\$ 12,546,042</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 2,472,006	\$ 1,221,053
Severance and vested sick leave payable	58,068	70,169
Deferred revenue (Note 7)	4,010,489	3,230,127
Landfill closure and post closure liabilities (Note 8)	3,788	1,545
Long-term debt (Note 9)	4,443,850	4,803,196
Obligations under capital lease (Note 10)	12,480	17,866
	<u>11,000,681</u>	<u>9,343,956</u>
NET FINANCIAL ASSETS	<u>\$ 3,769,564</u>	<u>\$ 3,202,086</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 53,217,665	\$ 53,551,113
Inventories (Note 5)	486,202	689,757
Prepaid expenses	20,155	19,069
	<u>53,724,022</u>	<u>54,259,939</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$ 57,493,586</u>	<u>\$ 57,462,025</u>

COMMITMENTS (Note 11)

Approved on behalf of Council:

Brandon Burley - Mayor

Garry Hiebert - Councillor

**CITY OF MORDEN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2019**

	<u>2019 Budget (Schedule 9)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
REVENUE			
Property taxes	\$ 8,369,951	\$ 8,598,134	\$ 8,199,921
Grants in lieu of taxation	261,599	258,853	259,699
User fees	2,218,492	2,035,814	1,990,522
Permits, licences and fines	243,650	245,173	237,647
Investment income	146,257	213,235	169,970
Other revenue	337,408	990,851	243,792
Sale of land held for resale	-	162,528	1,508,388
Water and sewer	2,568,664	3,388,573	2,632,698
Grants - Province of Manitoba	2,283,368	2,141,256	3,058,105
Grants - other	1,120,536	469,894	419,280
	<u>17,549,925</u>	<u>18,504,311</u>	<u>18,720,022</u>
EXPENSES			
General government services	2,311,211	2,859,996	1,851,500
Protective services	2,982,163	2,899,927	2,778,999
Transportation services	2,484,529	2,745,574	2,978,710
Environmental health services	1,648,786	1,944,936	1,025,012
Public health and welfare services	223,927	207,882	171,341
Environmental Development Services	2,500	-	-
Economic Development Services	1,767,424	1,620,110	1,142,923
Recreation and cultural services	3,662,438	3,886,174	3,705,310
Water and sewer services	2,403,134	2,300,548	2,322,949
	<u>17,486,112</u>	<u>18,465,147</u>	<u>15,976,744</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	<u>63,813</u>	<u>39,164</u>	<u>2,743,278</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		57,462,025	54,726,535
CONSOLIDATING RATE ADJUSTMENT (NOTE 20)		<u>(7,603)</u>	<u>(7,788)</u>
ACCUMULATED SURPLUS, END OF YEAR		<u><u>\$57,493,586</u></u>	<u><u>\$ 57,462,025</u></u>

CITY OF MORDEN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2019

	2019 Budget (Schedule 9)	2019 Actual	2018 Actual
ANNUAL SURPLUS	\$ 63,813	\$ 39,164	\$ 2,743,278
Acquisition of tangible capital assets	(7,718,000)	(4,000,478)	(4,625,846)
Amortization of tangible capital assets	2,723,524	2,723,524	2,619,075
Correction of prior period	-	-	13,146
Loss (Gain) on sale of tangible capital assets	-	(14,157)	138
Write-down of tangible capital assets	-	750,048	-
Proceeds on sale of tangible capital assets	-	56,780	100,667
Consolidation rate adjustment	-	(7,603)	(7,788)
Decrease (increase) in inventories	-	203,555	(43,712)
Tangible capital asset transferred to inventory	-	-	-
Amortization adjustment	-	817,730	-
Decrease (increase) in prepaid expense	-	(1,085)	(2,836)
	<u>(4,994,476)</u>	<u>528,314</u>	<u>(1,947,156)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>(4,930,663)</u>	567,478	796,122
NET FINANCIAL ASSETS , BEGINNING OF YEAR		<u>3,202,086</u>	<u>2,405,964</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 3,769,564</u>	<u>\$ 3,202,086</u>

CITY OF MORDEN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 39,164	\$ 2,743,278
Changes in non-cash items:		
Amounts receivable	(1,407,100)	(754,326)
Inventories	203,555	(43,712)
Prepays	(1,085)	(2,836)
Other assets	487	34,665
Accounts payable and accrued liabilities	1,250,953	(256,001)
Severance and vested sick leave payable	(12,101)	695
Landfill closure and post closure liabilities	2,243	144
Deferred revenue	780,362	432,695
Correction to prior period	-	4,914
Amortization adjustment	817,730	-
Loss (Gain) on sale of tangible capital asset	(14,157)	138
Write-down of tangible capital assets	750,048	-
Consolidation rate adjustment	(7,603)	(7,788)
Amortization	<u>2,723,524</u>	<u>2,619,075</u>
Cash provided by operating transactions	<u>5,126,020</u>	<u>4,770,941</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	56,780	100,667
Cash used to acquire tangible capital assets	<u>(4,000,478)</u>	<u>(4,625,846)</u>
Cash applied to capital transactions	<u>(3,943,698)</u>	<u>(4,525,179)</u>
INVESTING TRANSACTIONS		
Loans and advances repaid	-	-
Cash applied to investing transactions	<u>-</u>	<u>-</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	461,521	1,406,923
Debt repayment	(825,652)	(902,881)
Obligation under capital lease	-	-
Repayment of obligation under capital lease	<u>(601)</u>	<u>(4,876)</u>
Cash applied to financing transactions	<u>(364,732)</u>	<u>499,166</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	817,590	744,928
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>9,753,416</u>	<u>9,008,488</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$10,571,006</u></u>	<u><u>\$ 9,753,416</u></u>

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

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>2019</u>	<u>2018</u>
<i>Agassiz Medical Centre Board</i>	43.50%	43.50%
<i>South Central Regional Library</i>	21.10%	21.30%
<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>	1.51%	1.58%
<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.

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.

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. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 10,376,838	\$ 9,420,083
Temporary investments	<u>194,168</u>	<u>333,333</u>
	<u>\$ 10,571,006</u>	<u>\$ 9,753,416</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2019</u>	<u>2018</u>
Taxes on roll (Schedule 10)	\$ 425,579	\$ 381,819
Government grants	1,150,786	499,708
Utility customers	150,899	151,265
Goods and Services Tax Recoverable	911,434	659,591
Organizations and individuals	<u>1,054,262</u>	<u>593,477</u>
	<u>3,692,960</u>	<u>2,285,860</u>

5. Inventories

Inventories for sale:

Food and beverages
Land for resale

	2019	2018
	\$ -	\$ -
	<u>401,357</u>	<u>420,496</u>
	<u>401,357</u>	<u>420,496</u>

Inventories for use:

Chemicals, herbicides, insecticides
Fuel
Other supplies

	45,489	66,602
	11,723	6,755
	<u>27,633</u>	<u>195,904</u>
	<u>84,845</u>	<u>269,261</u>

Total Inventories

	<u>\$ 486,202</u>	<u>\$ 689,757</u>
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6. Accounts Payable and Accrued Liabilities

Accounts payable
Lot development deposits
Tax sale proceeds
Accrued expenses
School levies (Schedule 12)

	2019	2018
	\$ 1,642,210	\$ 557,581
	116,525	91,750
	-	-
	467,048	571,722
	<u>246,223</u>	<u>-</u>
	<u>\$ 2,472,006</u>	<u>\$ 1,221,053</u>

7. Deferred revenue

Deferred government transfers
Deferred other contributions
Unearned revenue

	2019	2018
	\$ 3,589,372	\$ 2,938,208
	138,740	123,699
	<u>282,377</u>	<u>168,220</u>
	<u>\$ 4,010,489</u>	<u>\$ 3,230,127</u>

8. 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.

	2019	2018
Estimated closure and post closure costs	<u>\$ 9,228,288</u>	<u>\$ 9,228,288</u>
Discounted costs	<u>\$ 66,696</u>	<u>\$ 28,446</u>
Expected year capacity will be reached	2131	2131
Capacity (tonnes, volume, acreage, years):		
Used to date	23	22
Remaining	112	113
Total	135	135
Percent utilized	<u>17.04%</u>	<u>16.30%</u>
Liability based on percentage	<u>\$ 11,363</u>	<u>\$ 4,636</u>
City of Morden's Share (33.33%)	<u>\$ 3,788</u>	<u>\$ 1,545</u>

9. Long Term Debt

	2019	2018
General Authority:		
Access Credit Union demand loan, interest at 4.2%, payable at \$207 monthly including interest, maturing September 2022, held by Morden Veterinary Services District Board.	\$ 2,072	\$ 4,417
Canadian Imperial Bank of Commerce, various demand loans, interest rates range from prime to 3.56%, payable at a range from \$122-\$1,561 monthly including interest, held by Pembina Valley Water Co-op.	253,453	245,417
Access Credit Union loan, various demand loans, interest at 3.95%-4.2%, current payments are interest only, held by Morden Community Development Corporation Ltd.	650,000	394,924
Local Improvement Debenture, interest at 3.89% payable at \$140,054 annually including interest, maturing December 31, 2027, held by the City of Morden.	938,907	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.	185,229	362,991
	\$ 2,029,661	\$ 2,054,198
Utility Funds:		
Debenture, interest at 5.75%, payable at \$210,848 annually including interest, maturing November 30, 2022, held by the City of Morden.	566,217	734,813
Debenture, interest at 4.2%, payable at \$250,809 annually including interest, maturing December 31, 2028, held by the City of Morden.	1,847,972	2,014,185
	2,414,189	2,748,998
	\$ 4,443,850	\$ 4,803,196

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

2020	\$ 686,817
2021	\$ 489,870
2022	\$ 512,903
2023	\$ 326,207
2024	\$ 339,356
Thereafter	\$ 2,088,697
	\$ 4,443,850

10. Obligation under capital lease

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

	2019	2018
2020	\$ 6,931	\$ 6,931
2021	6,931	6,931
2022	-	6,931
2023	-	-
2024	-	-
Remainder of lease	-	-
Total minimum lease payments	\$ 13,862	\$ 20,793
Less amount representing future interest at 10.54%	(1,382)	(2,927)
Balance of obligation	\$ 12,480	\$ 17,866

Interest expense includes \$1,512 (2018 - \$2,055) with respect to this obligation.

Assets under capital lease includes computer equipment.

	<u>2019</u>	<u>2018</u>
Cost of leased tangible capital asset	\$ 27,144	\$ 27,144
Accumulated amortization of leased tangible capital asset.	<u>(16,286)</u>	<u>(10,858)</u>
	<u>\$ 10,858</u>	<u>\$ 16,286</u>

Amortization expense includes \$5,429 (2018 - \$5,429) on leased tangible capital asset.

11. 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 2019 were approximately \$673,141.

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. has entered into a memo of understanding with the Town of Carman to contribute a minimum of \$22,650 to upgrade the Stephenfield Water Treatment Plant and distribution system in order to supply the Town of Carman with 100% of the potable drinking water required by the Town of Carman.

12. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The 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 \$332,092 (2018: \$340,036) 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, 2018 indicated the plan was 101.3% funded on a going concern basis and had an unfunded solvency liability of \$229.8 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, 2018.

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.

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 2019, the proportionate consolidating amount of the pension plan expense was \$7,623 (2018 - \$6,758).

13. 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.

14. Budget

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

15. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Fund balances:		
General operating fund - Nominal surplus	\$ (4,002,337)	\$ (3,266,236)
Utility operating fund - Nominal surplus	(4,016,172)	(3,886,982)
TCA net of related borrowings	46,739,045	45,807,008
Reserve Funds (Schedule 6)	<u>14,487,183</u>	<u>13,312,011</u>
Accumulated surplus of municipality unconsolidated	\$ 53,207,719	\$ 51,965,801
Accumulated surpluses of consolidated entities	<u>4,285,867</u>	<u>5,496,224</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 57,493,586</u>	<u>\$ 57,462,025</u>

16. Public Utilities Board

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

Water services:	Unamortized		Amortization	Unamortized
Description of Utility	Opening	Additions	During Year	Balance
	Balance	During Year	During Year	Ending
Water Plant	<u>\$ 3,048,877</u>	<u>-</u>	<u>\$ 79,223</u>	<u>\$ 2,969,654</u>
Sewer services:				
Description of Utility	Opening	Additions	Amortization	Unamortized
	Balance	During Year	During Year	Balance
	Balance	During Year	During Year	Ending
Lagoon	<u>\$ 1,154,455</u>	<u>\$ -</u>	<u>\$ 30,381</u>	<u>\$ 1,124,074</u>

17. 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>2019</u>	<u>2018</u>
Agassiz Medical Centre	50%	40%
South Central Regional Library	92%	87%
Morden Veterinary Services District	100%	100%
Morden Community Development Corporation	53%	94%

18. 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 cooperative was not in compliance with the debt service ratio at year end.

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 \$75,000 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 2019 for several government partnerships changed from prior year giving rise to opening surplus differences. This difference of \$7,603 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. Write down of Tangible Capital Assets

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. The City had acquired a total of \$873,459 of Morenet assets.

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 write down was recorded in the Statement of Operations under General government services. 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.

CITY OF MORDEN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2019

SCHEDULE 1

	General Capital Assets						Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2019	2018	
Opening costs	\$ 8,581,761	\$ 13,882,680	\$ 7,392,770	\$ 666,944	\$ 1,094,443	\$ 27,748,714	\$ 29,937,841	\$ 2,125,701	\$ 91,430,854	\$ 86,987,709	
Adjustment to opening (Note 1)			(1,985)	-	-	-	(34,959)	-	(36,944)	(32,451)	
Restated opening costs	8,581,761	13,882,680	7,390,785	666,944	1,094,443	27,748,714	29,902,882	2,125,701	91,393,910	86,955,258	
Additions during the year	386,834	321,530	429,608	19,185	75,632	1,390,737	1,261,330	115,622	4,000,478	4,625,846	
Transfers during the year	90,011	-	-	-	(90,011)	-	-	-	-	-	
Disposals and write downs	(4,382)	-	(133,486)	-	(750,048)	-	-	-	(887,916)	(150,250)	
Closing costs	9,054,224	14,204,210	7,686,907	686,129	330,016	29,139,451	31,164,212	2,241,323	94,506,472	91,430,854	
Accumulated Amortization											
Opening accum'd amortization	2,557,365	5,029,620	3,891,626	483,822	-	15,193,953	10,723,355	-	37,879,741	35,329,417	
Adjustment to opening (Note 1)	-	-	(786)	-	-	-	(11,431)	-	(12,217)	(14,623)	
Restated opening costs	2,557,365	5,029,620	3,890,840	483,822	-	15,193,953	10,711,924	-	37,867,524	35,314,794	
Amortization	236,542	366,067	486,909	78,979	-	845,305	709,722	-	2,723,524	2,619,075	
Adjustments to useful life	817,730	-	-	-	-	-	-	-	817,730	-	
Disposals and write downs	-	-	(119,971)	-	-	-	-	-	(119,971)	(54,128)	
Closing accum'd amortization	3,611,637	5,395,687	4,257,778	562,801	-	16,039,258	11,421,646	-	41,288,807	37,879,741	
Net Book Value of Tangible Capital Assets	\$ 5,442,587	\$ 8,808,523	\$ 3,429,129	\$ 123,328	\$ 330,016	\$ 13,100,193	\$ 19,742,566	\$ 2,241,323	\$ 53,217,665	\$ 53,551,113	

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, 2019

SCHEDULE 2

	2019 Actual	2018 Actual
Property taxes		
Municipal taxes levied (Schedule 11)	\$ 8,143,221	\$ 7,671,314
Taxes added (Schedule 10)	359,699	442,382
Penalties and interest (Schedule 10)	95,214	86,225
	<u>8,598,134</u>	<u>8,199,921</u>
Grants in lieu of taxation		
Federal government	11,823	14,017
Federal government enterprises	109,400	102,716
Provincial government	108,873	112,280
Provincial government enterprises	28,757	30,686
	<u>258,853</u>	<u>259,699</u>
User fees		
Sales of service	1,454,601	1,463,072
Sales other	-	-
Landfill fees	400,011	339,146
Rentals	181,202	188,304
	<u>2,035,814</u>	<u>1,990,522</u>
Grants - Province of Manitoba		
General assistance payment	1,656,460	1,512,771
General support grant	-	-
VLT revenues	-	-
Gas tax funding	278,630	-
Conditional grants	111,098	1,446,286
Grants collected by consolidated entities	95,068	99,048
	<u>2,141,256</u>	<u>3,058,105</u>
Grants - other		
Recycling subsidy	186,632	298,955
Grants collected by consolidated entities	283,262	120,325
	<u>469,894</u>	<u>419,280</u>
Permits, licences and fines		
Licences	15,948	8,410
Fees collected by consolidated entities	206,535	216,049
Fines	22,690	13,188
Building	-	-
	<u>245,173</u>	<u>237,647</u>
Investment income		
Cash and temporary investments	213,235	169,970
	<u>213,235</u>	<u>169,970</u>
Sale of Land for Resale	<u>162,528</u>	<u>1,508,388</u>
Other revenue		
Gain (loss) on sale of tangible capital assets	14,157	(138)
Donations and donated assets	869,307	40,453
Miscellaneous	87,651	169,766
Miscellaneous revenue of consolidated entities	19,736	33,711
	<u>990,851</u>	<u>243,792</u>
Water and sewer		
Water and sewer (Schedule 8)	3,287,459	2,533,353
Consolidated water cooperatives	101,114	99,345
	<u>3,388,573</u>	<u>2,632,698</u>
Total revenue	<u>\$ 18,504,311</u>	<u>\$ 18,720,022</u>

CITY OF MORDEN
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2019

SCHEDULE 3

	2019 Actual	2018 Actual
General government services:		
Legislative	\$ 226,258	\$ 203,154
General administrative	1,165,753	1,264,530
Cost of real estate sold	23,821	153,451
Write-down of tangible capital assets	750,048	-
Other	694,116	230,365
	<u>2,859,996</u>	<u>1,851,500</u>
Protective services:		
Police	2,317,791	2,211,942
Fire	575,623	561,204
Other protection	6,513	5,853
	<u>2,899,927</u>	<u>2,778,999</u>
Transportation services:		
Road transport		
Administration and engineering	364,328	632,572
Road and street maintenance	2,042,011	1,986,520
Sidewalk and boulevard maintenance	186,304	205,355
Street lighting	152,931	154,263
Other	-	-
	<u>2,745,574</u>	<u>2,978,710</u>
Environmental health services:		
Waste collection and disposal	1,374,139	430,688
Recycling	570,797	594,324
	<u>1,944,936</u>	<u>1,025,012</u>
Public health and welfare services:		
Public health	207,882	171,341
Social assistance	-	-
	<u>207,882</u>	<u>171,341</u>
Regional planning and development:		
Planning and zoning	-	-
	<u>-</u>	<u>-</u>
Resource conservation and industrial development:		
Natural Resources	-	-
Veterinary services	20,505	20,639
Community Development	1,375,083	863,848
Regional development	18,510	18,418
Industrial development	26,652	42,031
Tourism	81,210	81,854
Other Economic Services	98,150	116,133
	<u>1,620,110</u>	<u>1,142,923</u>
Recreation and cultural services:		
Community Services Department	2,951,638	2,533,612
Parks and Playgrounds	9,933	264,246
Morden Beach & Campground	303,548	291,579
Minnewasta Golf & Country Club	-	-
MB Baseball Hall of Fame	26,325	26,325
Canadian Fossil Discovery Centre	196,623	216,480
Libraries	380,863	353,593
Other cultural facilities	17,244	19,475
	<u>3,886,174</u>	<u>3,705,310</u>
Water and sewer services:		
Water and sewer services (Schedule 8)	2,212,743	2,226,724
Consolidated water cooperatives	87,805	96,225
	<u>2,300,548</u>	<u>2,322,949</u>
Total expenses	<u><u>\$ 18,465,147</u></u>	<u><u>\$ 15,976,744</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2019

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ 7,941,594	\$ 7,555,489	\$ -	\$ -	\$ -	\$ -	\$ 445,692	\$ 433,584	\$ -	\$ -
Grants in lieu of taxation	258,853	259,699	-	-	-	-	400,010	340,646	-	-
User fees	92,255	89,047	216,782	215,827	50,468	43,972	186,632	298,955	544	995
Grants - other	-	-	-	-	-	-	-	-	-	28,062
Permits, licences and fines	222,483	224,459	22,690	13,188	-	-	22,597	17,310	-	-
Investment income	160,643	134,194	-	-	-	-	-	7,765	4,186	559
Other revenue	974,391	211,550	-	-	-	-	-	-	8,760	9,298
Sale of land held for resale	-	17,000	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	1,656,460	1,542,771	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	308,630	-	28,698	54,357	-	-	-	-	-	-
Total revenue	\$ 11,615,309	\$ 10,034,209	\$ 268,170	\$ 283,372	\$ 50,468	\$ 43,972	\$ 1,054,931	\$ 1,098,260	\$ 41,552	\$ 32,203
EXPENSES										
Personnel services	\$ 806,536	\$ 741,458	\$ 2,140,884	\$ 2,031,334	\$ 627,116	\$ 950,671	\$ 126,892	\$ 124,596	\$ -	\$ -
Contract services	568,479	328,592	296,210	280,861	479,808	326,161	803,973	714,037	25,637	145,394
Utilities & Taxes	54,403	56,577	47,628	53,567	179,606	169,831	12,899	12,484	-	-
Maintenance materials and supplies	112,472	170,369	174,961	149,551	313,277	378,577	70,935	94,279	9,640	5,956
Grants and contributions	75,717	95,162	-	-	-	-	-	-	144,496	-
Amortization	110,588	98,293	181,290	192,260	1,109,463	1,104,445	111,367	72,883	17,897	17,936
Interest on long term debt	55,646	52,483	-	-	-	-	-	-	1,512	-
Other	1,076,155	308,566	58,954	71,426	36,304	49,025	818,870	6,733	8,700	2,055
Total expenses	\$ 2,859,996	\$ 1,851,500	\$ 2,899,927	\$ 2,778,999	\$ 2,745,574	\$ 2,978,710	\$ 1,944,936	\$ 1,025,012	\$ 207,882	\$ 171,341
Surplus (Deficit)	\$ 8,755,313	\$ 8,182,709	\$ (2,631,757)	\$ (2,495,627)	\$ (2,695,106)	\$ (2,934,738)	\$ (890,005)	\$ 73,248	\$ (166,330)	\$ (139,138)

* 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, 2019

	Environmental Planning and Community Develop.		Economic Development Services		Recreation and Cultural Services		Water and Sewer Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,848	\$ 210,848	\$ 8,598,134	\$ 8,199,921
Grants in lieu of taxation	-	-	-	-	-	-	-	-	258,853	259,699
User fees	2,150	3,330	136,834	137,706	1,136,771	1,158,999	-	-	2,035,814	1,990,522
Grants - other	-	-	164,804	9,763	90,396	89,211	-	-	469,894	419,280
Permits, licences and fines	-	-	-	-	-	-	-	-	245,173	237,647
Investment income	-	-	25,330	17,571	122	153	357	183	213,235	169,970
Other revenue	-	-	-	-	6,948	12,675	752	2,504	990,851	243,792
Sale of real estate properties	-	-	162,528	1,491,388	-	-	-	-	162,528	1,508,388
Water and sewer	-	-	-	-	-	-	3,388,573	2,632,698	3,388,573	2,632,698
Prov of MB - Unconditional Grants	-	-	6,770	6,555	90,698	92,493	-	-	1,753,928	1,641,819
Prov of MB - Conditional Grants	-	-	-	126,565	50,000	3,780	-	1,231,584	387,328	1,416,286
Total revenue	\$ 2,150	\$ 3,330	\$ 496,266	\$ 1,789,548	\$ 1,374,935	\$ 1,357,311	\$ 3,600,530	\$ 4,077,817	\$ 18,504,311	\$ 18,720,022
EXPENSES										
Personnel services	\$ -	\$ -	\$ 187,793	\$ 234,413	\$ 1,646,679	\$ 1,460,955	\$ 576,009	\$ 671,782	\$ 6,111,909	\$ 6,215,209
Contract services	-	-	205,216	255,603	501,810	661,618	292,995	227,587	3,174,128	2,939,853
Utilities & Taxes	-	-	180,030	136,015	401,458	377,877	99,615	92,178	975,639	898,529
Maintenance materials and supplies	-	-	180,372	159,964	588,202	538,110	477,488	470,635	1,927,347	1,967,441
Grants and contributions	-	-	597,236	-	313,019	220,336	412	427	1,130,880	315,925
Amortization	-	-	70,225	34,087	412,272	418,531	710,422	680,640	2,723,524	2,619,075
Interest on long term debt	-	-	19,337	15,091	-	-	134,790	156,123	211,285	223,697
Other	-	-	179,901	307,750	22,734	27,883	8,817	23,577	2,210,435	797,015
Total expenses	\$ -	\$ -	\$ 1,620,110	\$ 1,142,923	\$ 3,886,174	\$ 3,705,310	\$ 2,300,548	\$ 2,322,949	\$ 18,465,147	\$ 15,976,744
Surplus (Deficit)	\$ 2,150	\$ 3,330	\$ (1,123,844)	\$ 646,625	\$ (2,511,239)	\$ (2,347,999)	\$ 1,299,982	\$ 1,754,868	\$ 39,164	\$ 2,743,278

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
Year Ended December 31, 2019

	Core Government		Controlled Entities		Government Partnerships		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Property taxes	\$ 8,598,134	\$ 8,199,921	\$ -	\$ -	\$ -	\$ -	\$ 8,598,134	\$ 8,199,921
Grants in lieu of taxation	258,853	259,699	-	-	-	-	258,853	259,699
User fees	1,497,863	1,513,309	126,386	126,616	411,565	350,597	2,035,814	1,990,522
Grants - other	186,632	298,955	157,590	2,208	125,672	118,117	469,894	419,280
Permits, licences and fines	38,638	21,598	-	-	206,535	216,049	245,173	237,647
Investment income	151,978	127,398	25,330	17,571	35,927	25,001	213,235	169,970
Other revenue	971,115	210,080	-	-	19,736	33,712	990,851	243,792
Sale of real estate properties	-	17,000	162,528	1,491,388	101,114	-	162,528	1,508,388
Water and sewer	3,287,459	2,533,353	-	-	95,068	99,345	3,388,573	2,632,698
Prov of MB - Unconditional Grants	1,656,460	1,512,771	-	-	99,048	-	1,751,528	1,611,819
Prov of MB - Conditional Grants	389,728	1,446,286	-	-	-	-	389,728	1,446,286
Total revenue	\$ 17,036,860	\$ 16,140,370	\$ 471,834	\$ 1,637,783	\$ 995,617	\$ 941,869	\$ 18,504,311	\$ 18,720,022
EXPENSES								
Personnel services	\$ 5,714,583	\$ 5,847,202	148,126	-	397,326	368,007	6,111,909	6,215,209
Contract services	2,967,089	2,746,524	72,455	146,251	58,913	47,078	3,174,128	2,939,853
Utilities	874,874	842,405	82,116	27,664	28,310	28,460	975,639	898,529
Maintenance materials and supplies	1,706,200	1,796,393	468,000	36,081	139,031	134,967	1,927,347	1,967,441
Grants and contributions	662,468	315,498	63,245	-	412	427	1,130,880	315,925
Amortization	2,499,865	2,472,043	19,196	27,347	160,414	119,685	2,723,524	2,619,075
Interest on long term debt	182,494	193,142	168,340	14,848	9,595	15,707	211,285	223,697
Other	1,193,932	432,869	-	337,694	848,163	26,452	2,210,435	797,015
Total expenses	\$ 15,801,505	\$ 14,646,076	\$ 1,021,478	\$ 589,885	\$ 1,642,164	\$ 740,783	\$ 18,465,147	\$ 15,976,744
Surplus	\$ 1,235,355	\$ 1,494,294	\$ (549,644)	\$ 1,047,898	\$ (646,547)	\$ 201,086	\$ 39,164	\$ 2,743,278

CITY OF MORDEN

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2019

SCHEDULE 6

	2019										2018	
	General Reserve	Replacement Reserve	Community Development Reserve	Gas Tax Reserve	Cemetery Reserve	Recreation Reserve	W & S Reserve	W & S Capital Reserve	Total	Total		
REVENUE												
Investment income	\$ 78,868	\$ 12,214	\$ 28,504	\$ 64,873	\$ 4,325	\$ 1,725	\$ 103,939	\$ 3,407	\$ 297,855	\$ 269,540		
Contributions and donations					7,500				7,500	9,548		
Other income	34,866	-	-	929,793				31,275	995,934	567,775		
Total revenue	113,734	12,214	28,504	994,666	11,825	1,725	103,939	34,682	1,301,289	846,863		
EXPENSES												
Maintenance	-	-	-	-	-	-	-	-	-	-		
Other expenses	-	-	-	-	-	-	-	-	-	-		
Total expenses	-	-	-	-	-	-	-	-	-	-		
NET REVENUES	113,734	12,214	28,504	994,666	11,825	1,725	103,939	34,682	1,301,289	846,863		
TRANSFERS												
Transfer from surplus		-	-	-	-	-	-	-	-	-		
Transfers from (to) operating fund	-	327,832	-	-	-	-	716,872	-	1,044,704	1,094,751		
Transfers from (to) utility fund												
Acquisition of tangible capital assets	(8,934)	(216,372)	(273,198)	(278,629)			(393,688)	-	(1,170,821)	(1,512,274)		
CHANGE IN RESERVE FUND	104,800	123,674	(244,694)	716,037	11,825	1,725	427,123	34,682	1,175,172	429,340		
FUND SURPLUS, BEGINNING OF	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		
FUND SURPLUS, END OF YEAR	\$ 3,537,901	\$ 547,937	\$ 1,278,658	\$ 4,060,918	\$ 193,983	\$ 77,404	\$ 4,637,545	\$ 152,837	\$ 14,487,183	\$ 13,312,011		

CITY OF MORDEN
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
Year Ended December 31, 2019

SCHEDULE 7

	<u>2019</u>	<u>2018</u>
	<u>Morden</u>	<u>Morden</u>
	<u>Water & Sewer</u>	<u>Water & Sewer</u>
	<u>Total</u>	<u>Total</u>
FINANCIAL ASSETS		
Amounts receivable	\$ 150,899	\$ 151,265
Due from other funds		
	<u>150,899</u>	<u>151,265</u>
LIABILITIES		
Long-term debt (Note 9)	2,414,189	2,748,998
Due to other funds	4,212,560	4,104,849
	<u>6,626,749</u>	<u>6,853,847</u>
NET DEBT	<u>(6,475,850)</u>	<u>(6,702,582)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	21,442,972	20,824,825
Inventories	45,489	66,602
	<u>21,488,461</u>	<u>20,891,427</u>
FUND SURPLUS	<u>\$ 15,012,611</u>	<u>\$ 14,188,845</u>

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

SCHEDULE OF UTILITY OPERATIONS - Morden Water & Sewer
Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUE			
Water fees	\$ 1,544,000	\$ 1,702,821	\$ 1,673,124
Bulk Water fees	-	2,384	2,515
Sewer fees	543,500	596,216	586,864
Administration fees	191,550	206,082	203,103
Hydrant rentals	53,250	55,000	53,250
Levies on lots sold	-	-	-
Donated Assets	-	681,950	-
Gain or (Loss) on Sale	-	-	-
Penalties	11,000	11,503	13,557
Other income	3,500	31,328	740
Connection charges	-	175	200
sub-total	<u>2,346,800</u>	<u>3,287,459</u>	<u>2,533,353</u>
Property taxes	210,848	210,848	210,848
Total revenue	<u>2,557,648</u>	<u>3,498,307</u>	<u>2,744,201</u>
EXPENSES			
General			
Administration	170,490	143,173	157,038
sub-total- general	<u>170,490</u>	<u>143,173</u>	<u>157,038</u>
Water			
Purification and treatment	713,590	641,970	745,196
Transmission and distribution	158,090	73,270	143,871
Water purchases	110,000	113,511	116,785
Service of Supply	29,100	-	-
Connection costs	66,000	43,786	43,533
Other water supply costs	22,700	20,869	21,046
Amortization	-	453,449	423,941
Interest on long term debt	-	-	-
sub-total- water	<u>1,099,480</u>	<u>1,346,855</u>	<u>1,494,372</u>
Sewer			
Collection system costs	60,590	151,141	76,390
Treatment and disposal cost	76,400	141,090	62,466
Lift Station costs	40,445	47,185	34,691
Other sewage and disposal costs	8,300	20,287	23,268
Amortization	-	236,164	235,785
Principal on long term debt	303,845	-	-
Interest on long term debt	157,813	126,848	142,714
sub-total- sewer	<u>647,393</u>	<u>722,715</u>	<u>575,314</u>
Total expenses	<u>1,917,363</u>	<u>2,212,743</u>	<u>2,226,724</u>
NET REVENUES	640,285	1,285,564	517,477
TRANSFERS			
Contribution to capital	(3,251,000)	255,074	263,452
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	<u>2,610,715</u>	<u>(716,872)</u>	<u>(640,285)</u>
CHANGE IN UTILITY FUND BALANCE	-	823,766	140,644
FUND SURPLUS, BEGINNING OF YEAR	<u>14,188,845</u>	<u>14,188,845</u>	<u>14,048,201</u>
FUND SURPLUS, END OF YEAR	<u>\$14,188,845</u>	<u>\$15,012,611</u>	<u>\$14,188,845</u>

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

CITY OF MORDEN
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2019

SCHEDULE 9

	Financial Plan General	Financial Plan Utilities	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 8,369,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,369,951
Grants in lieu of taxation	261,599	-	-	-	-	-	-	261,599
User fees	1,680,541	-	-	-	-	-	-	1,680,541
Grants - Province of Manitoba	2,188,300	-	-	-	-	-	-	2,188,300
Grants - other	831,482	-	-	-	-	-	-	831,482
Permits, licences and fines	38,300	-	-	-	-	-	-	38,300
Investment income	85,000	-	-	-	-	-	-	85,000
Other revenue	159,706	-	-	-	-	-	-	159,706
Water and sewer	-	2,467,550	-	-	-	-	-	2,467,550
Transfers from accumulated surplus	-	210,848	-	-	(210,848)	-	-	-
Transfers from reserves	1,353,500	-	-	-	(1,353,500)	-	-	-
Total revenue	\$ 14,968,379	\$ 2,678,398	\$ -	\$ -	\$ (1,564,348)	\$ -	\$ 1,467,496	\$ 17,549,925
EXPENSES								
General government services	\$ 1,992,620	\$ -	\$ 105,783	\$ 65,882	\$ -	\$ -	\$ 146,926	\$ 2,311,211
Protective services	2,800,873	-	181,290	-	-	-	-	2,982,163
Transportation services	1,375,066	-	1,109,463	-	-	-	-	2,484,529
Environmental health services	549,789	-	288	-	-	-	-	1,098,709
Public health and welfare services	170,340	-	-	-	-	-	-	53,587
Regional planning and development	2,500	-	-	-	-	-	-	2,500
Resource cons and industrial dev	728,921	-	4,258	-	-	-	-	1,034,245
Recreation and cultural services	3,010,898	-	409,170	-	-	-	-	242,370
Water and sewer services	-	1,498,868	689,613	126,848	-	-	-	87,805
Fiscal services:								
Transfer to capital	2,901,000	-	-	-	(2,901,000)	-	-	-
Transfer to utilities	210,848	-	-	-	(210,848)	-	-	-
Debt charges	461,210	462,658	-	(923,868)	-	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Transfer to reserves	764,314	716,872	-	-	(1,481,186)	-	-	-
Allowance for tax assets	-	-	-	-	-	-	-	-
Total expenses	\$ 14,968,379	\$ 2,678,398	\$ 2,499,865	\$ (731,138)	\$ (4,593,034)	\$ -	\$ 2,663,642	\$ 17,486,112
Surplus (Deficit)	\$ -	\$ -	\$ (2,499,865)	\$ 731,138	\$ 3,028,686	\$ -	\$ (1,196,146)	\$ 63,813

**CITY OF MORDEN
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2019**

SCHEDULE 10

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 381,819	\$ 401,765
Add:		
Tax levy (Schedule 11)	15,124,645	14,483,584
Taxes added	359,699	442,382
Penalties or interest	95,214	86,225
Other accounts added	-	-
Taxes Overpaid	-	-
Excess Taxes Added	-	-
Sub-total	<u>15,579,558</u>	<u>15,012,191</u>
Deduct:		
Cash collections - current	13,240,742	12,614,431
Cash collections - arrears	454,409	614,713
Writeoffs & Adjustments	-	-
R.H.O.A. - cash advance	1,769,909	1,741,600
Other credits Trailer Fees W.S.D.	70,738	61,393
Sub-total	<u>15,535,798</u>	<u>15,032,137</u>
Balance, end of year	<u>\$ 425,579</u>	<u>\$ 381,819</u>

CITY OF MORDEN
ANALYSIS OF TAX LEVY
Year Ended December 31, 2019

SCHEDULE 11

	2019		2018	
	Assessment	Mill Rate	Levy	Levy
Other governments (L.U.D.):				
Debt charges:				
Frontage	-		\$ 128,148	199,737
Mill Rate (L.I.D.)	439,850,430	0.480%	205,108	203,501
Mill Rate (Civic Centre)	464,409,000	0.420%	189,439	-
Mill Rate (Rec Centre)	432,152,030	0.300%	125,009	188,842
Mill Rate (Rec Centre Phase 3)	-		116,675	126,471
Minister of LG (Assessment)	-	0.000%	-	114,614
	-			
Reserves:				
Replacement Reserve	-	0.000%	287,520	245,037
General Municipal	432,152,030	9.690%	4,003,455	3,640,802
Special levies:				
Special Services (Section 312)	464,409,000	5.860%	2,643,120	2,519,330
Business Levy	-	0.000%	5,036	5,155
Sanitation Collection & Fees	-	0.000%	439,710	427,824
Total municipal taxes			8,143,221	7,671,314
Education support levy	93,996,330	9.770%	807,071	782,903
Special levy:				
Western School Division	416,240,660	15.320%	6,174,354	6,029,368
Total education taxes			6,981,424	6,812,270
Total tax levy (Schedule 10)			\$ 15,124,645	\$ 14,483,584

CITY OF MORDEN
ANALYSIS OF SCHOOL ACCOUNTS
Year Ended December 31, 2019

SCHEDULE 12

	2019			2018	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ -	\$ 918,344	\$ (877,937)	\$ 40,407	\$ -
Special levies					
Western School Division	-	6,447,545	(6,241,729)	205,816	-
Sub-total	-	7,365,889	(7,119,666)	246,223	-
Grants in lieu of taxation	-	348,057	(348,057)	-	-
Trailer park fees	\$ -	\$ 70,738	\$ (70,738)	-	-
Total	<u>\$ -</u>	<u>\$ 7,784,684</u>	<u>\$ (7,538,461)</u>	<u>\$ 246,223</u>	<u>\$ -</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
General Government Services:			
Legislative	\$ 193,054	\$ 226,258	\$ 203,154
General Administrative	1,506,127	1,018,827	1,120,445
Cost of Real Estate sold	-	23,821	153,451
Write-down of tangible capital assets	-	750,048	-
Other	250,515	694,116	230,365
	<u>1,949,696</u>	<u>2,713,070</u>	<u>1,707,415</u>
Protective Services:			
Police	2,304,087	2,317,791	2,211,943
Fire	496,786	575,623	561,204
Other	-	6,513	5,852
	<u>2,800,873</u>	<u>2,899,927</u>	<u>2,778,999</u>
Transportation Services:			
Administration and engineering	494,092	364,327	632,572
Road and street maintenance	742,408	2,042,011	1,986,520
Sidewalk and boulevard maintenance	8,910	186,304	205,355
Street lighting	125,656	152,931	154,263
Other	4,000	-	-
	<u>1,375,066</u>	<u>2,745,573</u>	<u>2,978,710</u>
Environmental health services:			
Waste collection and disposal	161,089	275,430	200,882
Recycling	388,700	570,797	594,324
Other	-	-	-
	<u>549,789</u>	<u>846,227</u>	<u>795,206</u>
Public health and welfare services:			
Public health	146,500	249,996	149,606
Social assistance	23,840	-	-
	<u>170,340</u>	<u>249,996</u>	<u>149,606</u>
Regional planning and development:			
Planning and zoning	2,500	-	-
Resource conservation and industrial development:			
Natural resources	-	-	-
Veterinary services	10,049	10,049	9,949
Community development	497,800	509,134	638,782
Regional development	19,000	18,510	18,418
Industrial development	16,320	26,652	42,031
Tourism	80,000	81,210	81,854
Other economic services	105,752	98,149	116,132
	<u>728,921</u>	<u>743,704</u>	<u>907,166</u>
Recreation and cultural services:			
Community Services Department	1,591,088	2,951,638	2,533,612
Parks and playgrounds	731,870	9,933	264,246
Morden Beach & Campground	271,500	303,548	291,579
Minnewasta Golf & Country Club	-	-	-
MB Baseball Hall of Fame	26,325	26,325	26,325
Canadian Fossil Discovery Centre	197,480	196,623	216,480
Libraries	149,158	162,583	153,153
Other cultural facilities	88,050	17,240	19,475
	<u>3,055,471</u>	<u>3,667,890</u>	<u>3,504,870</u>
Total expenses	<u>\$ 10,632,656</u>	<u>\$ 13,866,387</u>	<u>\$ 12,821,972</u>

RECONCILIATION OF ANNUAL SURPLUS

Year Ended December 31, 2019

	2019		2018	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 352,543	\$ (183,025)	\$ 169,518	\$ (367,401)
Adjustments for reporting under PSAB				
Eliminate income - transfers from reserves	(777,194)	(393,687)	(1,170,881)	(1,506,025)
Eliminate expense - transfers to reserves	1,325,015	748,147	2,073,162	1,391,698
Eliminate expense - acquisition of tangible capital assets	1,549,172	574,584	2,123,756	3,832,926
Increase revenue - donated assets	776,807	681,950	1,458,757	40,452
Increase revenue - net surplus of consolidated entities	(1,210,564)	14,418	(1,196,146)	1,248,980
Decrease revenue - proceeds on sale	(49,826)	-	(49,826)	(92,534)
Decrease revenue - interest on L.I.D.s				
Decrease revenue - deferred income	(929,793)	-	(929,793)	(441,987)
Increase (decrease) revenue - gain/(loss) on sale of tangible capital assets	(859,300)		(859,300)	(138)
Decrease expense - principal portion and interest of L.I.D./debenture debt	461,210	334,810	796,020	851,743
Decrease expense - consolidation elimination entries	146,028	1,555	147,583	416,991
Increase expense - amortization of tangible capital assets	(1,810,252)	(689,613)	(2,499,865)	(2,477,976)
Increase expense - cost of land sold	(23,821)		(23,821)	(153,451)
	(1,402,518)	1,272,164	(130,354)	3,110,679
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ (1,049,975)	\$ 1,089,139	\$ 39,164	\$ 2,743,278