

CITY OF MORDEN
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

CITY OF MORDEN
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STATEMENT OF RESPONSIBILITY

To the Mayor and Council of the City of Morden:

Management is responsible for preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of Members who are neither management nor employees of the City. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the City's external auditors.

Sensus Chartered Professional Accountants Ltd., an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and report directly to them: their report follows. The external auditors have full and free access to, and meet periodically and separately with, both council and management to discuss their audit findings.

Gordon Maddock
Deputy - Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of:
City of Morden
Morden, Manitoba

Qualified Opinion

We have audited the consolidated financial statements of City of Morden, which comprise of the statement of financial position as at December 31, 2022 and the statement of operations, statement of changes in net financial assets, and statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of City of Morden as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The City has control of municipal entities noted in the significant accounting policies note whereby the City's pro-rata share of each of the assets, liabilities, revenues, expenses and surplus are combined on a line-by-line basis in the consolidated financial statements of the City of Morden. The financial statements and information to support the completeness, existence, accuracy and valuation of the financial data of Menzies Medical Centre Board Inc. for the year ended December 31, 2022 and 2021 were not subject to audit in accordance with Canadian generally accepted auditing standards. Accordingly, we were not able to determine whether any adjustments might be necessary to the financial data of Menzies Medical Centre Board Inc. that has been consolidated into these financial statements.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Morden'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 of Morden's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City of Morden to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the directions, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Brandon, Manitoba
October 12, 2023


 Chartered Professional Accountants Ltd.

CITY OF MORDEN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (Note 3)	\$ 15,125,051	\$18,646,448
Amounts receivable (Note 4)	1,663,977	2,358,031
Portfolio investments (Note 5)	1,656,849	940,275
	<u>18,445,877</u>	<u>21,944,754</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	3,118,243	4,040,183
Severance and sick leave payable	63,357	67,981
Deferred revenue (Note 2)	5,835,897	5,931,661
Landfill closure and post closure liabilities	67,489	7,515
Long-term debt (Note 8)	5,586,120	6,385,076
Obligations under capital lease	23,733	
	<u>14,694,839</u>	<u>16,432,416</u>
NET FINANCIAL ASSETS	<u>3,751,038</u>	<u>5,512,338</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	66,345,423	61,884,167
Inventories (Note 6)	181,923	142,773
Prepaid expenses	102,658	79,445
Real estate properties held for sale (Note 2)	303,705	381,803
	<u>66,933,709</u>	<u>62,488,188</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 70,684,747</u>	<u>\$68,000,526</u>

CITY OF MORDEN
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	2022 Budget (Note 13)	2022 Actual	2021 Actual
REVENUE			
Property taxes	\$ 9,109,709	\$ 9,531,833	\$ 9,254,810
Grants in lieu of taxation	584,410	269,620	261,245
User fees	2,704,579	2,222,526	2,166,643
Permits, licences and fines	248,200	322,105	285,677
Investment income	101,932	234,158	117,077
Other revenue	473,173	736,122	1,343,031
Water and sewer	6,330,768	3,629,351	3,510,452
Grants - Province of Manitoba	1,685,145	1,960,041	1,764,733
Grants - Other	960,663	2,248,241	2,566,988
Total revenue (Schedules 2, 4 and 5)	<u>22,198,579</u>	<u>21,153,997</u>	21,270,656
EXPENSES			
General government services	1,745,392	1,311,204	1,521,978
Protective services	3,434,727	3,422,013	3,200,698
Transportation services	3,138,886	3,080,117	2,507,694
Environmental health services	1,043,172	1,160,750	1,006,938
Public health and welfare services	314,065	243,296	270,301
Regional planning and development	181,555	215,188	202,897
Resource conservation and industrial development	991,728	2,005,067	1,517,984
Recreation and cultural services	4,071,146	4,048,062	3,716,066
Water and sewer services	3,298,398	2,984,079	2,816,288
Total expenses (Schedules 3, 4 and 5)	<u>18,219,069</u>	<u>18,469,776</u>	16,760,844
ANNUAL SURPLUS	<u>\$ 3,979,510</u>	2,684,221	4,509,812
ACCUMULATED SURPLUS, BEGINNING OF YEAR		68,000,526	63,490,714
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 70,684,747</u>	<u>\$ 68,000,526</u>

CITY OF MORDEN**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2022

	2022 Budget (Note 13)	2022 Actual	2021 Actual
ANNUAL SURPLUS	\$ 3,979,510	\$ 2,684,221	\$ 4,509,812
Acquisition of tangible capital assets	(11,062,753)	(7,728,372)	(9,438,970)
Amortization of tangible capital assets	3,221,957	3,221,957	3,019,285
Decrease in properties held for sale		78,099	11,840
Loss (gain) on sale of tangible capital assets		12,776	(36,845)
Proceeds on sale of tangible capital assets		32,383	55,288
Increase in inventories		(39,148)	(47,364)
Decrease (increase) in prepaid expenses		(23,216)	16,950
	(7,840,796)	(4,445,521)	(6,419,816)
CHANGE IN NET FINANCIAL ASSETS	\$ (3,861,286)	(1,761,300)	(1,910,004)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		5,512,338	7,422,342
NET FINANCIAL ASSETS, END OF YEAR		\$ 3,751,038	\$ 5,512,338

CITY OF MORDEN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	2022	2021
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,684,221	\$ 4,509,812
Changes in non-cash items:		
Amounts receivable	694,056	1,587,050
Inventories	(39,148)	(47,306)
Prepays	(23,216)	16,950
Accounts payable and accrued liabilities	(926,564)	1,523,188
Deferred revenue	(95,765)	5,579,420
Landfill closure and post closure liabilities	59,974	579
Gain on sale of properties held for resale	(415,425)	(477,179)
Loss (gain) on sale of tangible capital assets	12,776	(36,845)
Amortization	3,221,957	3,019,285
Cash provided by operating transactions	<u>5,172,866</u>	<u>15,674,954</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	32,383	55,288
Cash used to acquire tangible capital assets	(7,728,372)	(9,438,970)
Cash applied to capital transactions	<u>(7,695,989)</u>	<u>(9,383,682)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments		189,172
Proceeds on sale of real estate properties	495,893	577,818
Purchase of portfolio investments		(21,764)
Acquisition of real estate properties	(2,369)	(88,800)
Loans and advances issued	(716,574)	
Cash applied to investing transactions	<u>(223,050)</u>	<u>656,426</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	73,860	2,300,229
Debt repayment	(872,817)	(844,141)
Repayment of obligation under capital lease	23,733	
Cash applied to financing transactions	<u>(775,224)</u>	<u>1,456,088</u>
INCREASE (DECREASE) IN CASH	<u>(3,521,397)</u>	<u>8,403,786</u>
CASH, BEGINNING OF YEAR	<u>18,646,448</u>	<u>10,242,662</u>
CASH, END OF YEAR	<u>\$ 15,125,051</u>	<u>\$18,646,448</u>

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. STATUS OF THE CITY OF MORDEN

The incorporated City of Morden ("the City") is a municipal government that was created in 1895 pursuant to the Manitoba Municipal Act. The City provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The City 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. SUMMARY OF 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:

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 City. 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 City. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the City. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Morden Community Development Corporation

The City has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted for on a proportionate consolidation basis whereby the City'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:

Menzies Medical Centre Board - 43.50% (2021 - 43.50%)
South Central Regional Library - 21.10% (2021 - 21.10%)
MSTW Planning District - 25% (2021 - 25%)
Morden Veterinary Services District - 23% (2021 - 23%)
Pembina Valley Water Co-op - 3% (2021 - 3%)
Solid Waste Area Management Project - 33.33% (2021 - 33.33%)

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

Trust funds and their related operations administered by the City are not consolidated in these financial statements. The trust funds administered by the City are presented in Note 16.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash and Temporary Investments

Cash and temporary investments include cash and temporary investments which comprise term deposits and guaranteed investment certificates.

Investments

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

Portfolio investments are accounted for at cost.

Real Estate Properties Held for Sale

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

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.

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.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City does not capitalize internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

Land	Indefinite
Land improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer hardware and software	4 years

Infrastructure Assets

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

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 City, forests, water, and other natural resources are not recognized as tangible capital assets.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulation 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 stipulation an equivalent amount of revenue is recognized as the liability is settled.

Deferred Revenue

Deferred revenue represents grants, user charges and other fees which have been received, for which the related services or projects have yet to be provided or started. These amounts will be recognized as revenue in the fiscal year the services are provided or as the project occurs.

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.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

3. CASH

The Municipality has an authorized line of credit at Access Credit Union Ltd. in the amount of \$3,000,000 with interest at a rate of 5.95%(2021 - 1.95%).

The City has designated \$11,735,444 (2021 - \$12,263,837) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances.

4. AMOUNTS RECEIVABLE

Amounts receivable are valued at their net realized value.

	2022	2021
Taxes on roll (Schedule 11)	\$ 519,081	\$ 255,740
Government grants	153,591	
Utility customers (Schedule 8)	255,944	176,249
Organizations and individuals	735,361	1,926,042
	<u>\$ 1,663,977</u>	<u>\$ 2,358,031</u>

5. PORTFOLIO INVESTMENTS

The following are portfolio investments held by controlled entities and government partnerships.

	2022	2021
Marketable securities:		
Solid Waste Area Management Project (33.33%)	\$ 1,096,690	\$ 418,204
Menzies Medical Centre Board (43.50%)	22,049	21,750
Morden Community Development Corporation Ltd. (100%)	500,000	500,000
Pembina Valley Water Cooperative Inc. (2.85%)	38,110	321
	<u>\$ 1,656,849</u>	<u>\$ 940,275</u>

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

6. INVENTORIES

	2022	2021
Inventories for use:		
Chemicals	\$ 70,417	\$ 111,860
Fuel	14,709	11,723
Other supplies	96,797	19,190
	<u>\$ 181,923</u>	<u>\$ 142,773</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable	\$ 2,150,258	\$ 3,074,094
Accrued expenses	598,913	562,529
School levies	139,792	200,700
Other governments	229,280	202,860
	<u>\$ 3,118,243</u>	<u>\$ 4,040,183</u>

8. LONG-TERM DEBT

	2022	2021
General Authority		
Debenture, payable at \$140,054 annually including interest at 3.89%, maturing December, 2027.	\$ 616,862	\$ 727,924
Debenture, payable at \$96,292 annually including interest at 3.125%, maturing December, 2029.	597,108	672,388
Debenture, payable at \$175,844 annually including interest at 2.50%, maturing December, 2035.	1,930,530	2,055,329
South Central Regional Library, Canadian Emergency Business Account loan, interest free until the end of the initial term date of December 31, 2023 Annual interest of 5.00% during extended term.	8,440	8,440
Menzies Medical Centre Board Inc. , payable monthly at \$13,500 including interest at 3.45%, maturing October 2026.	254,121	311,154
Morden Community Development Corporation Ltd., loan is callable on demand including interest at 4.20% secured by the City of Morden	195,000	240,000

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. LONG-TERM DEBT (Continued)

Morden Community Development Corporation Ltd., loan is callable on demand including interest at 2.45% secured by the City of Morden

105,000 140,000

3,707,061 4,155,235

Utility Funds

Debenture, payable at \$210,848 annually including interest at 5.75%, matured November, 2022.

199,384

Debenture, payable at \$250,809 annually including interest at 4.20%, maturing December, 2028.

1,306,260 1,494,308

Demand loan, payable to CIBC, \$103,368 monthly principal and interest installments with monthly interest payments fixed through interest rate swaps at 3.56% including stamping fee of .81% until July 2023, unless demanded matures July 2033. Pembina Valley Water Cooperative Inc. (3%)

311,355 335,161

Demand loan, payable to CIBC, \$8,077 monthly principal installments plus interest at 2.3% plus stamping fee of .81%, unless demanded matures July 2033. Pembina Valley Water Cooperative Inc. (3%)

29,927 32,689

Demand loan, payable to CIBC, \$15,280 monthly principal installments plus interest at 0.47% plus stamping fee of 0.81%, unless demanded matures July 2033. Pembina Valley Water Cooperative Inc. (3%)

65,310 70,536

Demand loan, payable to CIBC, \$12,500 monthly principal installments plus interest at 2.45% plus stamping fee of 0.81%, unless demanded matures November 2041. Pembina Valley Water Cooperative Inc. (3%)

80,868 85,144

Demand loan, payable to CIBC, the advance is part of a revolving demand for capital projects, with interest only payments until the earlier of twelve months after the initial advance and completion of each discrete project, at which time repayment terms will be set. Interest is charged at prime rate minus 0.25%. Pembina Valley Water Cooperative Inc. (3%)

85,339 11,479

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. LONG-TERM DEBT (Continued)

Canadian Emergency Business Account loan, interest free until the end of the initial term date of December 31, 2023 Annual interest of 5.00% during extended term. Pembina Valley Water Cooperative Inc. (3%)

	1,140	
	1,879,059	2,229,841
	\$ 5,586,120	\$ 6,385,076

Principal payments due in the next five years are as follows:

2023	\$	649,624
2024		704,851
2025		729,603
2026		735,369
2027		647,164
	\$	3,466,611

9. DEBENTURES PENDING

<u>Authority</u>	<u>Purpose</u>	<u>Authorized</u>
		\$

10. RETIREMENT BENEFITS

The majority of the employees of the City 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 2.0% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the City on behalf of its employees amounted to \$378,624 (2021 - \$367,992) and are included in the statement of operations.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. RETIREMENT BENEFITS (Continued)

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, 2021 indicated the plan was 101.4% funded on a going concern basis and has an unfunded solvency liability of \$249 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, 2021.

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 requirements. As a result, solvency funding is no longer required by MEPP.

11. FINANCIAL INSTRUMENTS

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

12. 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 were \$643,121 (2021 - \$532,835).

13. BUDGET

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

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

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

14. ACCUMULATED SURPLUS

	2022	2021
Accumulated surplus consists of the following:		
General Operating Fund - Nominal Surplus	\$ 600,090	\$ 580,183
Utility Operating Fund - Deficit	(3,556,911)	(3,964,661)
TCA net of related borrowings	54,902,119	52,830,112
Reserve Funds	11,735,444	12,263,837
	<hr/>	<hr/>
Accumulated Surplus of Municipality Unconsolidated	63,680,742	61,709,471
Accumulated Surpluses of Consolidated Entities	7,004,005	6,291,055
	<hr/>	<hr/>
Accumulated Surplus per Consolidated Statement of Financial Position	\$ 70,684,747	\$ 68,000,526

15. 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. For the year ended December 31, 2022:

- a) Compensation paid to members of council amounted to \$155,822 in aggregate.
- b) There were no members of council receiving compensation in excess of \$75,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Brandon Burley	\$ 30,584	\$	30,584
Garry Hiebert	21,506		21,506
Doug Frost	21,194		21,194
Nancy Penner	20,791		20,791
Gordon Maddock	20,787		20,787
Hank Hildebrand	17,378		17,378
Jim Hunt	15,614		15,614
Sheldon Friesen	4,140		4,140
Florian Lassnig	3,828		3,828
	<hr/>		<hr/>
	\$ 155,822	\$	155,822

c) It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosures 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.

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

16. TRUST FUNDS

The City administers the following trust funds:

	Balance, beginning of year	Excess of receipts over disbursements	Balance, end of year
Cemetery Trust	\$ 200,782	14,339	\$ 215,121

17. 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 or contributed capital assets and government transfers allow for adjustments to be made, for rate setting purposes, which do not meet PSAB standards.

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

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

The following table provide historical information on capital grants for tangible or contributed capital assets with a remaining net book value.

Water services:

<u>Description of Utility</u>	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water Plant	\$ 2,940,582	\$ 190,440	\$ 79,223	\$ 3,051,799

Sewer services:

<u>Description of Utility</u>	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Lagoon	\$ 1,063,312	\$ 34,087	\$ 30,381	\$ 1,067,018

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

18. SEGMENTED INFORMATION

The City of Morden provides a wide range of services to its residents. Segment information has been provided in Schedule 4 for the following services:

- General government services
- Protective services
- Transportation services
- Environmental health services
- Public health and welfare services
- Regional planning and development
- Resource conservation and industrial development
- Recreation and cultural services
- Water and sewer services

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

19. GOVERNMENT PARTNERSHIPS

The City has several partnership agreements for municipal services. The consolidated financial statements include the City's proportionate interest, as disclosed in Note 2. The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	2022	2021
Financial Position		
Financial assets	\$ 2,482,015	\$ 2,164,854
Liabilities	1,522,978	1,408,903
Net financial assets	<u>959,037</u>	755,951
Non-financial assets	2,562,844	2,356,009
Accumulated surplus	<u>\$ 3,521,881</u>	<u>\$ 3,111,960</u>
Result of Operations		
Revenues	\$ 1,603,875	\$ 1,303,571
Expenses	1,276,187	1,115,161
Intercompany revenue and expense eliminations	<u>82,233</u>	62,500
Annual surplus	<u>\$ 409,921</u>	<u>\$ 250,910</u>

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

20. LAWSUIT

In October 2018, the City of Morden entered into an agreement with a vender 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. 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 in 2019. After the agreement was terminated by the City of Morden, a lawsuit was brought forward by the vender. A countersuit was issued by the City of Morden. The results of these lawsuits cannot be determined at this time therefore no contingent liability has been recognized on the statement of financial position.

21. SUBSEQUENT EVENTS

Subsequent to year end, the land purchase agreement between Morden Community Development Corporation Ltd. ("MCDC") and the City of Morden was dissolved. The original agreement entered into during 2022 included a loan from the City of Morden of \$2,000,000 to the MCDC to go towards the land purchase for the City of Morden Industrial Park Expansion. Subsequent to year end, the council of the City of Morden terminated the agreement as it was determined, financially this agreement does not align with the long-term planning for the City. As of year end, land included in MCDC's tangible capital assets was \$2,957,976 and will be reverted back to the City and the loan receivable/payable of \$2,000,000 will be extinguished.

22. PRIOR PERIOD ADJUSTMENT

As part of the audit, an unrecorded receivable of \$250,540 was identified that was related to the local improvement levies and road taxes owed from the sale of properties.

Furthermore, an unrecorded land swap from 2021 was identified that resulted in an increase of \$88,800 in real estate properties held for sale and accounts payable.

As a result of these adjustments the prior years financial assets increased by \$250,540, non-financial assets increased by \$88,800, liabilities increased by \$88,800 and beginning accumulated surplus increased by \$250,540.

CITY OF MORDEN
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2022

Cost	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2022	2021
Opening costs	\$ 9,155,074	18,009,945	10,104,442	784,419	1,055,012	32,090,787	35,144,534	2,550,378	\$ 108,894,591	\$ 99,601,475
Additions during the year	3,666,775	902,734	606,166	1,164	127,543	701,878	1,173,426	548,686	7,728,372	9,438,970
Disposals and write downs			(108,464)						(108,464)	(145,854)
Transfers										
Closing costs	<u>12,821,849</u>	<u>18,912,679</u>	<u>10,602,144</u>	<u>785,583</u>	<u>1,182,555</u>	<u>32,792,665</u>	<u>36,317,960</u>	<u>3,099,064</u>	<u>116,514,499</u>	<u>108,894,591</u>
Accumulated Amortization										
Opening accum'd amortization	3,810,445	6,222,482	5,369,783	691,289		17,805,169	13,111,256		47,010,424	44,118,549
Amortization	246,674	446,589	634,846	37,175		982,148	874,525		3,221,957	3,019,285
Disposals and write downs			(63,305)						(63,305)	(127,410)
Closing accum'd amortization	<u>4,057,119</u>	<u>6,669,071</u>	<u>5,941,324</u>	<u>728,464</u>		<u>18,787,317</u>	<u>13,985,781</u>		<u>50,169,076</u>	<u>47,010,424</u>
Net Book Value of Tangible Capital Assets	<u>\$ 8,764,730</u>	<u>12,243,608</u>	<u>4,660,820</u>	<u>57,119</u>	<u>1,182,555</u>	<u>14,005,348</u>	<u>22,332,179</u>	<u>3,099,064</u>	<u>\$ 66,345,423</u>	<u>\$ 61,884,167</u>

CITY OF MORDEN
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF REVENUES
For the year ended December 31, 2022

	2022 Actual	2021 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 9,327,731	\$ 8,856,630
Taxes added	204,102	398,180
	<u>9,531,833</u>	<u>9,254,810</u>
Grants in lieu of taxation:	<u>269,620</u>	<u>261,245</u>
User fees:		
Sales of service	2,048,088	1,986,321
Rentals	174,438	180,322
	<u>2,222,526</u>	<u>2,166,643</u>
Permits, licences and fines:		
Permits	289,411	239,994
Licences	8,090	17,915
Fines	24,604	27,768
	<u>322,105</u>	<u>285,677</u>
Investment income:		
Cash and temporary investments	<u>234,158</u>	<u>117,077</u>
Other revenue:		
Loss (gain) on sale of tangible capital assets	(12,776)	36,845
Gain on sale of real estate held for sale	415,425	477,179
Contributed assets and donations	28,808	446,562
Penalties and interest	110,731	125,949
Miscellaneous	193,934	256,496
	<u>736,122</u>	<u>1,343,031</u>
Water and sewer		
Municipal utility	3,113,908	3,235,493
Consolidated water co-operatives	515,443	274,959
	<u>3,629,351</u>	<u>3,510,452</u>
Grants - Province of Manitoba:		
Municipal operating grants	1,703,987	1,656,460
Conditional grants	256,054	108,273
	<u>1,960,041</u>	<u>1,764,733</u>
Sub-total	<u>\$ 18,905,756</u>	<u>\$18,703,668</u>

CITY OF MORDEN
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF REVENUES
For the year ended December 31, 2022

	2022 Actual	2021 Actual
Sub-total (Carry forward)	\$ 18,905,756	\$18,703,668
Grants - other:		
Federal government - gas tax funding	487,686	954,168
Federal government - other	143,628	514,876
Other conditional grants	1,399,980	888,112
Recycling subsidy	216,947	209,832
	<u>2,248,241</u>	<u>2,566,988</u>
Total revenue	\$ 21,153,997	\$21,270,656

CITY OF MORDEN
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended December 31, 2022

	2022 Actual	2021 Actual
General government services:		
Legislative	\$ 183,852	\$ 156,875
General administrative	981,797	1,070,101
Other	145,555	295,002
	<u>1,311,204</u>	<u>1,521,978</u>
Protective services:		
Police	2,716,224	2,499,792
Fire	705,789	700,906
	<u>3,422,013</u>	<u>3,200,698</u>
Transportation services:		
Road transport		
Administration and engineering	527,797	473,683
Road and street maintenance	2,082,130	1,728,790
Sidewalk and boulevard maintenance	143,879	139,815
Street lighting	173,264	165,406
Disaster financial assistance	153,047	
	<u>3,080,117</u>	<u>2,507,694</u>
Environmental health services:		
Waste collection and disposal	759,512	583,039
Recycling	401,238	423,899
	<u>1,160,750</u>	<u>1,006,938</u>
Public health and welfare services:		
Public health	100,698	184,221
Medical care	142,598	86,080
	<u>243,296</u>	<u>270,301</u>
Regional planning and development:		
Planning and zoning	215,188	202,897
Resource conservation and industrial development:		
Veterinary services	35,638	29,569
Community development	1,296,690	1,278,181
Regional development	561,329	71,349
Industrial development	32,915	64,385
Tourism	78,495	74,500
	<u>2,005,067</u>	<u>1,517,984</u>
Sub-total	<u>\$ 11,437,635</u>	<u>\$10,228,490</u>

CITY OF MORDEN
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended December 31, 2022

	2022 Actual	2021 Actual
Sub-total (Carry forward)	\$ 11,437,635	\$10,228,490
Recreation and cultural services:		
Community services department	3,114,423	2,750,829
Swimming pools and beaches	376,928	346,575
Parks and playgrounds	20,923	20,345
MB Baseball Hall of Fame	13,163	26,325
Canadian Fossil Discovery Centre	137,240	179,480
Libraries	385,385	392,512
	<u>4,048,062</u>	<u>3,716,066</u>
Water and sewer (Schedule 9)		
Municipal utility	2,775,116	2,598,421
Consolidated water co-operatives	208,963	217,867
	<u>2,984,079</u>	<u>2,816,288</u>
Total expenses	\$ 18,469,776	\$16,760,844

CITY OF MORDEN

SCHEDULE 4 - CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

For the year ended December 31, 2022

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE										
Property taxes	\$ 9,320,985	\$ 9,043,962								
Grants in lieu of taxation	269,620	261,245								
User fees	68,381	93,120	249,207	288,586	67,393	122,790	443,196	404,042	345	310
Grants - other	1,798,881	2,066,293					216,947	209,832	83,368	70,266
Permits, licences and fines	97,439	76,140								
Investment income	180,197	78,229					35,064	28,298	2,192	1,239
Other revenue	679,398	1,259,390					1,106	30,829	28,396	34,948
Water and sewer										
Prov of MB - unconditional grants	1,703,987	1,656,460								
Prov of MB - conditional grants	153,047									
Total revenue	14,271,935	14,534,839	249,207	288,586	67,393	122,790	696,313	673,001	114,301	106,763
EXPENSES										
Personnel services	766,629	702,629	2,565,421	2,394,266	796,496	744,472	158,428	146,070		
Contract services	239,054	358,159	236,085	238,225	163,554	72,478	772,318	675,065	85,504	35,638
Utilities	40,455	38,179	33,094	41,085	177,888	175,232	4,534	4,192		
Maintenance, materials and supplies	53,448	108,847	319,990	259,957	707,311	340,127	95,849	62,109	12,054	9,181
Grants and contributions	86,653	77,565							96,378	116,876
Amortization	58,700	67,962	267,423	243,872	1,234,868	1,175,385	129,621	118,907	30,500	30,345
Interest on long-term debt				23,293					17,210	13,589
Other	66,265	168,637						595	1,650	64,672
Total expenses	1,311,204	1,521,978	3,422,013	3,200,698	3,080,117	2,507,694	1,160,750	1,006,938	243,296	270,301
Surplus (Deficit)	\$12,960,731	\$13,012,861	(3,172,806)	(2,912,112)	(3,012,724)	(2,384,904)	(464,437)	(333,937)	(128,995)	(163,538)

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

CITY OF MORDEN
SCHEDULE 4 - CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the year ended December 31, 2022

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE										
Property taxes							210,848	210,848	\$ 9,531,833	\$ 9,254,810
Grants in lieu of taxation									269,620	261,245
User fees	97,373	77,933	317,911	288,179	978,720	891,683			2,222,526	2,166,643
Grants - other			40,281	119,713	108,764	100,884			2,248,241	2,566,988
Permits, licences and fines	224,666	209,537							322,105	285,677
Investment income	7,686	3,170	7,759	5,929	1,260	212			234,158	117,077
Other revenue	3,545	7,645	228	232	23,449	9,987			736,122	1,343,031
Water and sewer							3,629,351	3,510,452	3,629,351	3,510,452
Prov of MB - unconditional grants									1,703,987	1,656,460
Prov of MB - conditional grants					103,007	108,273			256,054	108,273
Total revenue	333,270	298,285	366,179	414,053	1,215,200	1,111,039	3,840,199	3,721,300	21,153,997	21,270,656
EXPENSES										
Personnel services	101,982	99,197	407,142	359,464	1,656,456	1,420,684	700,654	705,606	7,153,208	6,572,388
Contract services	2,623	4,182	623,662	499,720	610,861	631,021	484,038	289,736	3,217,699	2,804,224
Utilities	2,851	3,056	64,941	47,046	225,731	222,091	87,181	84,418	636,675	615,299
Maintenance, materials and supplies	59,266	54,704	163,966	210,692	669,287	655,798	739,032	796,500	2,820,203	2,497,915
Grants and contributions			637,879	239,351	248,338	279,816			1,069,248	713,608
Amortization	6,165	8,112	93,363	96,835	526,792	450,344	874,525	827,523	3,221,957	3,019,285
Interest on long-term debt			14,114	46,773	101,047	30,842	98,649	106,763	231,020	221,260
Other	42,301	33,646		18,103	9,550	25,470		5,742	119,766	316,865
Total expenses	215,188	202,897	2,005,067	1,517,984	4,048,062	3,716,066	2,984,079	2,816,288	18,469,776	16,760,844
Surplus (Deficit)	118,082	95,388	(1,638,888)	(1,103,931)	(2,832,862)	(2,605,027)	856,120	905,012	\$ 2,684,221	\$ 4,509,812

CITY OF MORDEN

SCHEDULE 5 - CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the year ended December 31, 2022

	Core Government		Controlled Entities		Government Partnerships		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE								
Property taxes	\$ 9,531,833	\$ 9,254,810					\$ 9,531,833	\$ 9,254,810
Grants in lieu of taxation	269,620	261,245					269,620	261,245
User fees	1,452,560	1,467,304	317,911	288,179	452,055	411,160	2,222,526	2,166,643
Grants - other	2,015,828	2,276,125	25,911	107,654	206,502	183,209	2,248,241	2,566,988
Permits, licences and fines	97,439	76,140			224,666	209,537	322,105	285,677
Investment income	180,920	78,229	7,759	5,928	45,479	32,920	234,158	117,077
Other revenue	679,399	1,259,390			56,723	83,641	736,122	1,343,031
Water and sewer	3,113,908	3,235,621			515,443	274,831	3,629,351	3,510,452
Prov of MB - unconditional grants	1,703,987	1,656,460					1,703,987	1,656,460
Prov of MB - conditional grants	153,047				103,007	108,273	256,054	108,273
Total revenue	19,198,541	19,565,324	351,581	401,761	1,603,875	1,303,571	21,153,997	21,270,656
EXPENSES								
Personnel services	6,688,400	6,139,599			464,808	432,788	7,153,208	6,572,387
Contract services	2,602,122	2,355,602	407,147	330,992	208,430	117,631	3,217,699	2,804,225
Utilities	554,428	549,872	56,346	40,160	25,901	25,267	636,675	615,299
Maintenance, materials and supplies	2,478,386	2,129,132	65,701	131,517	276,116	237,266	2,820,203	2,497,915
Grants and contributions	1,069,248	713,608					1,069,248	713,608
Amortization	2,925,220	2,731,772	76,137	80,595	220,600	206,918	3,221,957	3,019,285
Interest on long-term debt	179,683	179,612	14,114	13,942	37,223	27,706	231,020	221,260
Other	76,657	233,309		15,971	43,109	67,585	119,766	316,865
Total expenses	16,574,144	15,032,506	619,445	613,177	1,276,187	1,115,161	18,469,776	16,760,844
Surplus (Deficit)	\$ 2,624,397	\$ 4,532,818	(267,864)	(211,416)	327,688	188,410	\$ 2,684,221	\$ 4,509,812

CITY OF MORDEN
SCHEDULE 6 - SCHEDULE OF CHANGES IN RESERVE FUND BALANCES
For the year ended December 31, 2022

	2022		Sub Total
	W & S Reserve	W & S Capital Reserve	
REVENUE			
Investment income	\$ 49,027	3,555	\$ 52,582
Other income		39,763	39,763
Total revenue	49,027	43,318	92,345
EXPENSES			
Investment charges			
Other expenses			
Total expenses			
NET REVENUES	49,027	43,318	92,345
TRANSFERS			
Debt repayment			
Transfers from operating fund			
Transfers to operating fund			
Transfers from utility fund	142,513		142,513
Transfers to utility fund	(613,947)		(613,947)
Acquisition of tangible capital assets			
CHANGE IN RESERVE FUND BALANCES	(422,407)	43,318	(379,089)
FUND SURPLUS, BEGINNING OF YEAR	3,269,394	214,211	3,483,605
FUND SURPLUS, END OF YEAR	\$ 2,846,987	257,529	\$ 3,104,516

CITY OF MORDEN
SCHEDULE 6 - SCHEDULE OF CHANGES IN RESERVE FUND BALANCES
For the year ended December 31, 2022

	2022					2021	
	General Reserve	Replacement Reserve	Community Development Reserve	Gas Tax Reserve	Recreation Reserve	Total	Total
REVENUE							
Investment income	\$ 64,035	14,548	21,223	33,322	1,305	\$ 187,015	\$ 78,229
Other income	39,763					79,526	123,958
Total revenue	103,798	14,548	21,223	33,322	1,305	266,541	202,187
EXPENSES							
Investment charges							
Other expenses							
Total expenses							
NET REVENUES	103,798	14,548	21,223	33,322	1,305	266,541	202,187
TRANSFERS							
Debt repayment							
Transfers from operating fund	509,942	356,000		487,686		1,353,628	1,641,792
Transfers to operating fund	(77,657)	(352,721)		(926,245)		(1,356,623)	(2,329,278)
Transfers from utility fund						142,513	433,289
Transfers to utility fund				(320,505)		(934,452)	(1,289,980)
Acquisition of tangible capital assets							
CHANGE IN RESERVE FUND BALANCES	536,083	17,827	21,223	(725,742)	1,305	(528,393)	(1,341,990)
FUND SURPLUS, BEGINNING OF YEAR	3,787,723	1,206,337	1,278,746	2,428,803	78,623	12,263,837	13,605,827
FUND SURPLUS, END OF YEAR	\$ 4,323,806	1,224,164	1,299,969	1,703,061	79,928	\$ 11,735,444	\$ 12,263,837

CITY OF MORDEN
SCHEDULE 7 - SCHEDULE OF L.U.D. OPERATIONS -
For the year ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Taxation	\$	\$	\$
Total revenue			
EXPENSES			
General government			
Transportation services			
Environmental health			
Regional planning and development			
Recreation and cultural services			
Total expenses			
NET REVENUES			
TRANSFERS			
CHANGES IN L.U.D. BALANCES	\$		
UNEXPENDED BALANCE, BEGINNING OF YEAR			
UNEXPENDED BALANCE, END OF YEAR		\$	\$

CITY OF MORDEN
SCHEDULE 8- SCHEDULE OF FINANCIAL POSITION FOR UTILITY
For the year ended December 31, 2022

	2022			2021
	Morden	Pembina Valley Water Cooperative Inc.	Total	Total
FINANCIAL ASSETS				
Cash and temporary investments	\$	\$ 149,491	\$ 149,491	\$ 92,105
Amounts receivable (Note 4)	219,748	36,196	255,944	176,249
Portfolio investments		38,110	38,110	321
	<u>219,748</u>	<u>223,797</u>	<u>443,545</u>	<u>268,675</u>
LIABILITIES				
Accounts payable and accrued liabilities		89,331	89,331	21,965
Deferred revenue		87,578	87,578	88,674
Long-term debt (Note 8)	1,306,260	572,799	1,879,059	2,229,841
Due to other funds	3,844,047		3,844,047	4,226,692
Other				
	<u>5,150,307</u>	<u>749,708</u>	<u>5,900,015</u>	<u>6,567,172</u>
NET DEBT	<u>(4,930,559)</u>	<u>(525,911)</u>	<u>(5,456,470)</u>	<u>(6,298,497)</u>
NON-FINANCIAL ASSETS				
Tangible capital assets (Schedule 1)	23,931,466	1,499,777	25,431,243	24,583,656
Inventories	67,387	3,031	70,418	111,859
Prepaid expenses		389	389	503
	<u>23,998,853</u>	<u>1,503,197</u>	<u>25,502,050</u>	<u>24,696,018</u>
FUND SURPLUS	<u>\$ 19,068,294</u>	<u>\$ 977,286</u>	<u>\$ 20,045,580</u>	<u>\$ 18,397,521</u>

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS - Morden

For the year ended December 31, 2022

	Budget	2022	2021
REVENUE			
Water			
Water fees	\$ 1,725,600	\$ 1,803,387	\$ 1,643,500
Bulk water fees		4,440	3,685
Sub-Total - Water	1,725,600	1,807,827	1,647,185
Sewer			
Sewer fees	537,450	558,080	583,316
Sub-Total - Sewer	537,450	558,080	583,316
Property taxes	210,848	210,848	210,848
Government transfers	3,525,000	234,389	129,374
Other			
Hydrant rentals	57,000	78,955	57,000
Connection charges	150	25	150
Penalties	11,000	15,133	12,000
Contributed tangible capital assets		202,596	592,412
Administration fees	213,970	216,903	214,056
Other income	30,000		
Sub-Total - Other	312,120	513,612	875,618
Total revenue	\$ 6,311,018	\$ 3,324,756	\$ 3,446,341

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS (continued) - Morden

For the year ended December 31, 2022

EXPENSES	Budget	2022	2021
General			
Administration	\$ 278,896	\$ 199,098	\$ 178,690
Sub-Total - General	<u>278,896</u>	<u>199,098</u>	<u>178,690</u>
Water General			
Purification and treatment	836,028	758,993	888,386
Transmission and distribution	222,600	180,832	116,223
Water purchases	462,773	329,349	179,129
Connection costs	112,385	165,125	148,321
Sub-Total - Water General	<u>1,633,786</u>	<u>1,434,299</u>	<u>1,332,059</u>
Water Amortization and Interest			
Amortization		518,124	488,241
Sub-Total - Water Amortization & Interest		<u>518,124</u>	<u>488,241</u>
Sewer General			
Collection system costs	109,855	82,203	80,672
Treatment and disposal cost	94,470	92,958	58,594
Lift station costs	64,840	54,444	65,004
Other sewage and disposal costs		8,300	8,300
Sub-Total - Sewer General	<u>269,165</u>	<u>237,905</u>	<u>212,570</u>
Sewer Amortization and Interest			
Amortization		307,054	294,215
Interest on long-term debt		78,636	92,646
Sub-Total - Sewer Amortization & Interest		<u>385,690</u>	<u>386,861</u>
Total expenses	<u>2,181,847</u>	<u>2,775,116</u>	<u>2,598,421</u>
NET OPERATING SURPLUS	<u>\$ 4,129,171</u>	<u>549,640</u>	<u>847,920</u>
TRANSFERS			
Transfers from reserve funds		791,939	856,691
CHANGE IN UTILITY FUND BALANCE		1,341,579	1,704,611
FUND SURPLUS, BEGINNING OF YEAR		17,726,715	16,022,104
FUND SURPLUS, END OF YEAR		<u>\$ 19,068,294</u>	<u>\$17,726,715</u>

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS - Pembina Valley Water Cooperative Inc.

For the year ended December 31, 2022

	Budget	2022	2021
REVENUE			
Water			
Water fees	\$	\$ 227,000	\$ 218,281
Sub-Total - Water		<u>227,000</u>	<u>218,281</u>
Government transfers			
Government transfers - provincial		162,853	31,798
Government transfers - other		78,920	1,981
Sub-Total - Government transfers		<u>241,773</u>	<u>33,779</u>
Other			
Investment income		2,522	87
Gain on sale of tangible capital assets			128
Other income		44,148	22,684
Sub-Total - Other		<u>46,670</u>	<u>22,899</u>
Total revenue	\$	\$ 515,443	\$ 274,959

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS (continued) - Pembina Valley Water

Cooperative Inc.

For the year ended December 31, 2022

EXPENSES	Budget	2022	2021
General			
Administration	\$	\$ 78,193	\$ 84,273
Utilities (telephone, electricity, etc)		16,340	15,594
Sub-Total - General		<u>94,533</u>	<u>99,867</u>
Water General			
Purification and treatment		45,070	53,074
Connection costs			5,742
Sub-Total - Water General		<u>45,070</u>	<u>58,816</u>
Water Amortization & Interest			
Amortization		49,347	45,067
Interest on long-term debt		20,013	14,117
Sub-Total - Water Amortization & Interest		<u>69,360</u>	<u>59,184</u>
Total expenses		<u>208,963</u>	<u>217,867</u>
NET OPERATING SURPLUS	\$	306,480	57,092
TRANSFERS			
CHANGE IN UTILITY FUND BALANCE		306,480	57,092
FUND SURPLUS, BEGINNING OF YEAR		<u>670,806</u>	<u>613,714</u>
FUND SURPLUS, END OF YEAR	\$	<u><u>977,286</u></u>	<u><u>\$ 670,806</u></u>

CITY OF MORDEN

SCHEDULE 10 - RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the year ended December 31, 2022

	<u>Financial Plan General</u>	<u>Financial Plan Utility</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE							
Property taxes	\$ 8,898,861	210,848					\$ 9,109,709
Grants in lieu of taxation	584,410						584,410
User fees	2,078,476					626,103	2,704,579
Grants - Province of Manitoba	1,685,145						1,685,145
Grants - other	487,686					472,977	960,663
Permits, licences and fines	69,200					179,000	248,200
Investment income	60,000					41,932	101,932
Other revenue	449,538					23,635	473,173
Water and sewer		6,100,170				230,598	6,330,768
Transfers from accumulated surplus							
Transfers from reserves	2,228,157	1,962,487			(4,190,644)		
Total revenue	<u>16,541,473</u>	<u>8,273,505</u>			<u>(4,190,644)</u>	<u>1,574,245</u>	<u>22,198,579</u>
EXPENSES							
General government services	1,683,972		59,289		2,131		1,745,392
Protective services	3,167,304		267,423				3,434,727
Transportation services	1,904,018		1,234,868				3,138,886
Environmental health services	685,834					357,338	1,043,172
Public health and welfare services	152,370		288			161,407	314,065
Regional planning and development	1,250					180,305	181,555
Resource cons and industrial dev	552,812		14,344			424,572	991,728
Recreation and cultural services	3,212,628		524,419	101,047		233,052	4,071,146
Water and sewer services		2,181,847	825,178	78,636		212,737	3,298,398
Fiscal services:							
Transfer to capital	3,432,753	5,630,000			(9,062,753)		
Debt charges	422,773	461,658		(884,431)			
Short- term interest							
Transfer to reserves	1,323,628				(1,323,628)		
Allowance for tax assets	2,131				(2,131)		
Total expenses	<u>16,541,473</u>	<u>8,273,505</u>	<u>2,925,809</u>	<u>(704,748)</u>	<u>(10,386,381)</u>	<u>1,569,411</u>	<u>18,219,069</u>
Surplus (Deficit)	<u>\$</u>		<u>(2,925,809)</u>	<u>704,748</u>	<u>6,195,737</u>	<u>4,834</u>	<u>\$ 3,979,510</u>

CITY OF MORDEN
SCHEDULE 11 - ANALYSIS OF TAXES ON ROLL
For the year ended December 31, 2022

	2022	2021
Balance, beginning of year	\$ 255,740	\$ 521,354
Add:		
Tax levy (Schedule 12)	16,431,755	15,905,910
Taxes added	204,102	398,180
Penalties or interest	110,731	125,949
Sub-total	16,746,588	16,430,039
Deduct:		
Cash collections - current	15,308,001	15,290,722
Writeoffs	54,395	69,967
E.P.T.C. - cash advance	1,120,851	1,334,964
Sub-total	16,483,247	16,695,653
Balance, end of year	\$ 519,081	\$ 255,740

CITY OF MORDEN
SCHEDULE 12 - ANALYSIS OF TAX LEVY
For the year ended December 31, 2022

	2022		2021	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage			\$ 10,584	\$ 32,173
Mill rate (L.I.D.)	476,145,280	0.432	205,696	205,695
Mill rate (Rec Centre)	524,363,610	0.327	171,467	173,199
Mill rate (Rec Centre Phase 3)	485,655,950	0.280	135,984	135,900
Fire heavy rescue	524,363,610	0.179	93,861	94,008
Sub-Total - Debt charges			<u>617,592</u>	<u>640,975</u>
Reserves:				
Replacement	485,655,950	1.017	493,911	452,528
Machinery	485,655,950	0.650	315,676	
Sub-Total - Reserves			<u>809,587</u>	<u>452,528</u>
General Municipal	485,655,950	8.767	<u>4,257,746</u>	<u>4,202,051</u>
Special levies:				
Assessment	485,655,950	0.254	123,357	123,159
Special services	524,363,610	5.701	2,989,397	2,925,476
Sanitation Collection & Fees			527,408	508,386
Sub-Total - Special levies			<u>3,640,162</u>	<u>3,557,021</u>
Business tax			<u>2,644</u>	<u>4,055</u>
Total municipal taxes (Schedule 2)			<u>9,327,731</u>	<u>8,856,630</u>
Education support levy	98,617,950	8.713	<u>859,258</u>	<u>843,441</u>
Special levy:				
Western School Division	469,496,090	13.301	<u>6,244,766</u>	<u>6,205,839</u>
Sub-Total - Special levies			<u>6,244,766</u>	<u>6,205,839</u>
Total education taxes			<u>7,104,024</u>	<u>7,049,280</u>
Total tax levy (Schedule 11)			<u>\$ 16,431,755</u>	<u>\$ 15,905,910</u>

CITY OF MORDEN

SCHEDULE 13 - SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the year ended December 31, 2022

	2022	2021
General government services:		
Legislative	\$ 183,852	\$ 156,875
General administrative	982,386	1,070,101
Other	144,966	295,002
	1,311,204	1,521,978
Protective services:		
Police	2,716,224	2,499,792
Fire	705,789	700,906
	3,422,013	3,200,698
Transportation services:		
Road transport		
Administration and engineering	527,797	473,683
Road and street maintenance	2,082,130	1,728,790
Sidewalk and boulevard maintenance	143,879	139,815
Street lighting	173,264	165,406
Disaster financial assistance	153,047	
	3,080,117	2,507,694
Environmental health services:		
Waste collection and disposal	330,882	258,252
Recycling	401,238	423,899
	732,120	682,151
Public health and welfare services:		
Public health	155,072	218,804
Resource conservation and industrial development:		
Veterinary services	17,577	19,280
Community development	1,248,138	1,247,790
Regional development	561,329	71,349
Industrial development	32,915	64,385
Tourism	78,495	74,500
	1,938,454	1,477,304
Sub-total	\$10,638,980	\$ 9,608,629

CITY OF MORDEN

SCHEDULE 13 - SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the year ended December 31, 2022

	2022	2021
Sub-total (carry forward)	\$10,638,980	\$ 9,608,629
Recreation and cultural services:		
Community services department	3,114,423	2,750,829
Swimming pools and beaches	376,928	346,575
Parks and playgrounds	20,923	20,345
MB Baseball Hall of Fame	13,163	26,325
Canadian Fossil Discovery Centre	137,240	179,480
Libraries	150,497	147,058
	<hr/>	<hr/>
	3,813,174	3,470,612
Total expenses	\$14,452,154	\$13,079,241

CITY OF MORDEN
SCHEDULE 14 - RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
For the year ended December 31, 2022

	2022			2021
	General	Utility	Total	Total
MUNICIPAL SURPLUS UNDER THE MUNICIPAL ACT	\$ 19,907	407,750	\$ 427,657	\$ 545,636
Adjustments for reporting under public sector accounting standards				
Eliminate expense - transfers to reserves	1,353,628	142,513	1,496,141	2,075,081
Eliminate revenue - transfers from reserves	(1,356,623)	(934,452)	(2,291,075)	(3,619,258)
Increase revenue - reserve funds interest	266,541		266,541	202,187
Increase (decrease) revenue - net surplus (deficit) of consolidated entities	406,470	306,480	712,950	622,278
Increase expense - amortization of tangible capital assets	(2,100,579)	(825,178)	(2,925,757)	(2,731,772)
Decrease expense - principal portion of debenture debt	311,142	387,432	698,574	694,233
Increase (decrease) revenue - gain (loss) on sale of tangible capital assets	(12,776)		(12,776)	5,773
Eliminate revenue - proceeds on new debenture debt				(2,200,000)
Eliminate revenue - proceeds on sale of tangible capital assets	(31,577)		(31,577)	(8,500)
Eliminate expense - acquisitions of tangible capital assets	2,971,968	1,371,575	4,343,543	8,924,154
NET SURPLUS PER STATEMENT OF OPERATIONS	\$ 1,828,101	856,120	\$ 2,684,221	\$ 4,509,812