

FINANCIAL

REPORT

2005

TOWN OF MORDEN

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TOWN OF MORDEN

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(ALL AMOUNTS HAVE BEEN ROUNDED OFF TO THE NEAREST DOLLAR)

AUDITOR'S REPORT

**To the Mayor and Councilors
Town of Morden
Morden, Manitoba
R6M 1V3**

We have audited the balance sheets of the Town of Morden as at December 31, 2005 and the statements of revenue and expenditure, changes in surplus and source and application of capital funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2005 and the results of its operations and changes in surplus and source and application of capital funds for the year then ended in accordance with accounting principles generally accepted for municipal corporations in Manitoba.

**June 28, 2006
Morden, Manitoba**

**Krahn & Friesen
Chartered Accountants**

**GENERAL OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2005**

ASSETS

CASH			
Cash on Hand		400	
Cash on Deposit		0	
Deposit Receipts		0	400
RECEIVABLES			
Tax Assets - Schedule 1		205,654	
Government Grants - Schedule 3		58,072	
Own Funds and Agencies			
Utility Operating Fund			
Utility Capital Fund	469,512		
General Capital Fund	565,910		
Reserves			
Trusts		1,035,422	
Operating Accounts Receivable			
Organizations and Individuals	156,114		
Federal Government			
Federal Government Enterprises			
Provincial Government	3,021		
Provincial Government Enterprises			
Other Local Governments		159,135	
Other Receivables		24,930	
Sub Total		1,483,213	
Less: Allowances for Doubtful Accounts			
Other Allowances		0	1,483,213
INVESTMENT - SCHEDULE 6			4,000,000
INVENTORIES			
PREPAID EXPENSES			
TOTAL ASSETS			5,483,613

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions		139,228	
Own Funds			
Other			139,228
PAYABLES			
School Levies - Schedule 4		0	
Own Funds and Agencies			
Utility Operating Fund	499,359		
Reserves	3,151,815		
Trusts	184,495		
Other		3,835,669	
Operating Accounts Payable			
Organizations and Individuals	82,105		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		82,105	
Debenture Instalments			3,917,774
OTHER LIABILITIES			
Land Sale Deposits			
Debenture Levies in Advance			
Prepaid Taxes			
Deferred Revenue - Note			0
TOTAL CURRENT LIABILITIES			4,057,002
ALLOWANCE FOR TAX ASSETS - STATEMENT 8			266,079
NOMINAL SURPLUS - STATEMENT 8			1,160,532
TOTAL LIABILITIES AND SURPLUS			5,483,613

STATEMENT 2

GENERAL RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2005

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
General			1,243,049		1,243,049
Replacement			801,991		801,991
Community Development			604,170		604,170
TOTAL	0	0	2,649,210	0	2,649,210

STATEMENT 3

GENERAL CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2005

ASSETS

CASH ON HAND AND ON DEPOSIT - STATEMENT 13					
RECEIVABLES - STATEMENT 13					
Government Grants - Schedule 3					
Own Funds and Agencies					
Other Accounts					
Organizations and Individuals					
Federal Government					
Federal Government Enterprises					
Provincial Government					
Provincial Government Enterprises					
Other Local Governments				0	0
CONSTRUCTION IN PROGRESS (note 4)					565,910
FIXED ASSETS					
Buildings				2,862,098	
Machinery and Equipment				4,803,524	
Land				1,258,561	
Other				1,875,528	10,799,711
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)					
Debenture Levies					
Deferred Liability Levies					
OTHER ASSETS					0
TOTAL ASSETS					11,365,621

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS					
Chartered Banks					
Other Financial Institutions					
Own Funds				565,910	
Other					565,910
PAYABLES					
Organizations and Individuals					
Federal Government					
Federal Government Enterprises					
Provincial Government					
Provincial Government Enterprises					0
OTHER LIABILITIES					
LONG-TERM DEBT					
Debentures - Schedule 8					
Deferred Liabilities - Note					0
CAPITAL SURPLUS - STATEMENT 8					10,799,711
TOTAL LIABILITIES AND SURPLUS					11,365,621

STATEMENT 4

UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2005

ASSETS

CASH			
Cash on Hand			
Cash on Deposit			
Deposit Receipts			0
RECEIVABLES			
Government Grants - Schedule 3			
Own Funds and Agencies			
General Operating Fund	499,359		
General Capital Fund			
Utility Capital Fund			
Reserves			
Trusts			499,359
Operating Accounts Receivable			
Organizations and Individuals	74,074		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			74,074
Other Receivables			
Sub Total			573,433
Less: Allowance for Doubtful Accounts			573,433
INVESTMENTS - SCHEDULE 6			
INVENTORIES			
PREPAID EXPENSES			
TOTAL ASSETS			573,433

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			0
PAYABLES			
Own Funds and Agencies			
General Operating Fund			
Reserves			
Trusts			
Other			0
Operating Accounts Payable			
Organizations and Individuals			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			0
Debenture Instalments			0
OTHER LIABILITIES			
Debenture Levies in Advance			
Prepaid Consumer Accounts			
Meter Deposits			
Other			0
TOTAL CURRENT LIABILITIES			0
NOMINAL SURPLUS - STATEMENT 8			573,433
TOTAL LIABILITIES AND SURPLUS			573,433

STATEMENT 5

UTILITY RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2005

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement			258,317		258,317
Capital Lot Levy			244,286		244,286
TOTAL	0	0	502,603	0	502,603

STATEMENT 6

UTILITY CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2005

ASSETS

CASH ON HAND AND ON DEPOSIT - STATEMENT 14				0
RECEIVABLES - STATEMENT 14				
Government Grants - Schedule 3				
Own Funds and Agencies				
Other Accounts				
Organizations and Individuals				
Federal Government				
Federal Government Enterprises				
Provincial Government				
Provincial Government Enterprises				
Other Local Governments			0	0
CONSTRUCTION IN PROGRESS (note 4)				469,512
FIXED ASSETS				
Buildings			5,705,169	
Machinery and Equipment			784,850	
Land			0	
Other			560,349	7,050,368
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)				
Debenture Levies				
Deferred Liability Levies				0
OTHER ASSETS				0
TOTAL ASSETS				7,519,880

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS				
Chartered Banks				
Other Financial Institutions				
Own Funds			469,512	
Other				469,512
PAYABLES				
Organizations and Individuals				
Federal Government				
Federal Government Enterprises				
Provincial Government				
Provincial Government Enterprises				
Other Local Governments				0
OTHER LIABILITIES				
LONG-TERM DEBT				
Debentures - Schedule 8				
Deferred Liabilities - Note				0
CAPITAL SURPLUS - STATEMENT 8				7,050,368
TOTAL LIABILITIES AND SURPLUS				7,519,880

STATEMENT 7

TRUST FUND BALANCE SHEET

AS AT DECEMBER 31, 2005

ASSETS

TRUST NAME	CASH	INVESTMENTS (SCHEDULE 6)	OTHER FUNDS	OTHER	TOTAL
Cemetery			106,068		106,068
Pension Funds					
Option Deposits					
General Recreation			78,428		78,428
TOTAL	0	0	184,496	0	184,496

LIABILITIES

	PAYABLES	OTHER FUNDS	OTHER	TRUST	TOTAL
Cemetery				106,068	106,068
Pension Funds					
Option Deposits					
General Recreation				78,428	78,428
TOTAL	0	0	0	184,496	184,496

**SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

ALLOWANCE FOR TAX ASSETS

Balance, January 1		279,796
Add:		
Transfer From Revenue - Statement 10	5,458	
Profit on Tax Title Sales		
Transfer From Nominal Surplus		
Tax Titles Established		
		5,458
Sub-Total		285,254
Deduct:		
Taxes Cancelled - Schedule 1	8,694	
T.S.C. Cancelled - Schedule 1		
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
Other tax adjustments - Enbridge	10,423	
Other tax adjustments - Misc	58	19,175
Balance, December 31 - Statement 1		266,079

NOMINAL SURPLUS - GENERAL

Balance, January 1		1,670,775
Add:		
Transfer From Deferred Surplus - Statement 9		
Transfer From Allowance For Tax Assets		
Operating Surplus - Statement 9	0	
Prior period adjustments		
		0
Sub-Total		1,670,775
Deduct:		
Accts. Rec. Cancelled		
Transfer To General Reserve - Schedule 5		
Transfer To Allowance For Tax Assets		
Transfer To Revenue - Statement 9		
Operating Deficit - Statement 9		
Land Purchase - East Subdivision (Statement 13)	397,895	
Civic Centre Renovations (Statement 13)	66,793	
Prior Period Adjustments	1,902	
House Purchase - 5th Street	43,653	510,243
Balance, December 31 - Statement 1		1,160,532

NOMINAL SURPLUS - UTILITY

Balance, January 1		551,088
Add:		
Transfer From Deferred Surplus - Statement 11		
Other Transfers (Specify)		
Prior Period Adjustment		
Operating Surplus - Statement 11	34,132	34,132
		585,220
Sub-Total		585,220
Deduct:		
Accts. Rec. Cancelled		
Transfer To Utility Revenue - Statement 11		
Operating Deficit - Statement 11		
RM of Stanley - Lagoon Dumping Fees	11,787	11,787
Balance, December 31 - Statement 4		573,433

CAPITAL SURPLUS - GENERAL

Balance, January 1		9,764,050
Add:		
Capital Assets Acquired	1,035,661	
		1,035,661
Sub-Total		10,799,711
Deduct:		
Disposal of Capital Assets		
		0
Balance, December 31 - Statement 3		10,799,711

CAPITAL SURPLUS - UTILITY

Balance, January 1		6,993,224
Add:		
Capital Assets Acquired	57,144	
		57,144
Sub-Total		7,050,368
Deduct:		
Disposal of Capital Assets		
		0
Balance, December 31 - Statement 6		7,050,368

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005**

REVENUE

TOTAL REVENUE FROM TAXATION			3,236,648
OTHER REVENUE			
Taxes Added - Schedule 1		150,638	
Licenses and Permits		19,201	
Fines		21,926	
Parking Meters			
Sales of Service			
General Government			
Protection		82,268	
Transportation	55,593		
Less: Costs		55,593	
Environmental Health		172	
Public Health and Welfare		1,415	
Planning and Development		4,870	
Economic Development			
Recreation and Culture		599,532	743,850
Sales of Goods			12,878
Rentals			120,529
Concessions and Franchises			
Returns From Investments			86,439
Transfers From Utilities and Enterprises			
Tax Penalties - Schedule 1			24,453
Miscellaneous Revenue			77,571
Grants in Lieu of Taxes - Schedule 3			
Federal Government		208,028	
Federal Government Enterprises		28,465	
Provincial Government		113,619	
Provincial Government Enterprises		86,471	
Other Local Governments			
Non-Government Organizations			436,583
Unconditional Government Transfers - Schedule 3			
Federal Government			
Provincial - Municipal Tax Sharing		841,572	
- Municipal Support Grants		40,997	
- VLT Revenues		114,100	
Other Local Governments			996,669
Conditional Government Transfers - Schedule 3			
Federal Government		196,886	
Provincial Government		25,471	
Other Local Governments			222,357
			2,913,094
TOTAL REVENUE FROM EXTERNAL SOURCES			6,149,742
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			0
TRANSFER FROM RESERVES - SCHEDULE 5			0
OPERATING DEFICIT - STATEMENT 8			
TOTAL			6,149,742

EXPENDITURE

GENERAL GOVERNMENT SERVICES		629,283
PROTECTIVE SERVICES		961,646
TRANSPORTATION SERVICES		610,019
ENVIRONMENTAL HEALTH SERVICES		294,015
PUBLIC HEALTH AND WELFARE SERVICES		111,852
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES		47,668
ECONOMIC DEVELOPMENT SERVICES		372,427
COMMUNITY SERVICES		1,630,001
FISCAL SERVICES		913,095
TOTAL SERVICES		5,570,006
SURPLUS APPROPRIATIONS AND TRANSFERS		
Deferred Surplus - Operating Deficit		
Deferred Surplus - By-Law Obligation		0
Transfer to Reserves - Statement 10		579,736
		579,736
OPERATING SURPLUS - STATEMENT 8		0
TOTAL		6,149,742

STATEMENT 10

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
General Government Services				
Legislative	135,300	130,493	4,807	
General Administrative	389,097	385,763	3,334	
Other General Government	120,000	113,027	6,973	
Total	644,397	629,283	15,114	0
Protective Services				
Police Protection	704,620	722,825		18,205
Youth Justice	6,100	8,487		2,387
Fire Protection	222,903	219,613	3,290	
Emergency Measures	0	2,127		2,127
Other Protection	6,405	8,595		2,190
Total	940,028	961,647	3,290	24,909
Transportation Services				
Road Transport				
Administration				
Engineering	61,200	62,233		1,033
Roads and Streets	442,950	445,810		2,860
Bridges, Subways				
Street Lighting	89,650	98,371		8,721
Traffic Services	5,850	3,605	2,245	
Parking				
Other Road Transport				
Air Transport				
Water Transport				
Public Transit				
Total	599,650	610,019	2,245	12,614
Environmental Health Services				
Garbage and Waste Collection and Disposal	175,950	174,384	1,566	
Other Environmental Health	131,800	119,631	12,169	
Total	307,750	294,015	13,735	0
Public Health & Welfare Services				
Public Health	33,950	90,173		56,223
Medical Care				
Hospital Care				
Social Welfare	21,680	21,680		0
Total	55,630	111,853	0	56,223
Environmental Planning & Community Development Services				
Environmental Planning and Zoning	2,700	1,779	921	
Community Development	38,500	45,889		7,389
Housing				
Total	41,200	47,668	921	7,389
Economic Development Services				
Natural Resources	6,850	6,735	115	
Regional Development	312,622	301,425	11,197	
Industrial Development	56,000	25,552	30,448	
Other Economic Services	40,500	38,715	1,785	
Total	415,972	372,427	43,545	0
Community Services				
Recreation Facilities	1,398,875	1,474,916		76,041
Cultural Buildings and Facilities	132,183	155,085		22,902
Other Recreation and Cultural Services				
Education Grants				
Total	1,531,058	1,630,001	0	98,943
SUB-TOTALS FORWARD	4,535,685	4,656,913	78,850	200,078

STATEMENT 10

**GENERAL OPERATING FUND
COMPARISON OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
SUB-TOTALS FORWARD	4,535,685	4,656,913	78,850	200,078
Fiscal Services				
Transfers to Other Governments				
Other Municipal Governments				
Transfers to Own Funds				
Allowance for Tax Assets - Statement 8	5,458	5,458	0	
Capital Fund - Statement 13	856,270	505,504	350,766	
Utility Fund - Statement 11	242,042	242,042	0	
Other Funds				
Phase-in Tax Credit				
Public Debt Charges				
Debenture Debt Charges - Schedule 7				
Other Long-Term Debt Charges	160,091	160,091	0	
Interest on Short-Term Financing				
Bank Loan Interest				
Other Fund Loan Interest				
Tax Discounts - Schedule 1				
Other Debt Charges				
Debenture Discount				
Debenture Issue Costs				
Other				
Other Fiscal Services				
Total	1,263,861	913,095	350,766	0
Transfer to Reserves (schedule 5)				
General Reserve	49,300	326,345		277,045
Specific Reserve				
- Replacement Reserve	148,000	148,152		152
- Capital Development				
- Other Community Development Reserve	60,000	105,238		45,238
Total	257,300	579,735	0	322,435
Surplus Appropriations				
Total Estimated	6,056,846			
Total Actual		6,149,743		
Total Underspent				
Total Overspent				92,897

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	OVER(UNDER)
REVENUE			
Tax Revenue	3,674,023	3,673,232	-791
Other Revenue	2,382,823	2,476,511	93,688
Revenue Surplus (Deficit)	6,056,846	6,149,743	92,897
EXPENDITURE	6,056,846	6,149,743	92,897
OPERATING SURPLUS (DEFICIT)	0	-0	-0

STATEMENT 11

**UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005**

REVENUE

	METERED	FLAT RATE	TOTAL
CONSUMER SALES			
Residential			
Commercial and Bulk			
Industrial			
Federal and Provincial			
Municipal and Schools			
Total	772,977		772,977
Less: Discounts			
Refunds and Cancellations		-31	-31
			772,946
ADMINISTRATION CHARGES			149,836
PENALTIES			4,036
HYDRANT RENTALS			19,980
CONSUMER INSTALLATION SERVICE			
CONNECTION REVENUE - NET			9,322
PROVINCIAL GRANTS			
OTHER REVENUE			17,355
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10			
Re: Debentures			242,042
Re: Operations			242,042
TRANSFER FROM RESERVE FUND - SCHEDULE 5			
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
OPERATING DEFICIT - STATEMENT 8			
TOTAL			1,215,517

EXPENDITURE

WATER SUPPLY			778,651
SEWAGE COLLECTION AND DISPOSAL			103,548
TRANSFER TO CAPITAL - STATEMENT 14			57,144
TRANSFERS TO RESERVE - SCHEDULE 5			
DEBENTURE DEBT CHARGES - SCHEDULE 7			0
OTHER LONG-TERM DEBT CHARGES			242,042
DEFERRED SURPLUS - OPERATING DEFICIT			
Deferred Surplus - Operating Deficit, 20__			
20__			
20__			0
OPERATING SURPLUS - STATEMENT 8			34,132
TOTAL			1,215,517

STATEMENT 12

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	806,635	778,651	27,984	
Sewage Collection and Disposal	109,900	103,548	6,352	
Transfer to Capital	52,245	57,144		4,899
Transfers to Reserve				
Debenture Debt Charges	0	0	0	
Other Long-Term Debt Charges	242,042	242,042	0	
Surplus Appropriations				
Total Estimated	1,210,822			
Total Actual		1,181,385		
Total Underspent			29,437	
Total Overspent				

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	OVER (UNDER)
REVENUE	1,210,822	1,215,517	4,695
EXPENDITURE	1,210,822	1,181,385	-29,437
OPERATING SURPLUS (DEFICIT)	0	34,132	34,132

**STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

SOURCE

UNEXPENDED FUNDS, JANUARY 1			
Cash			
Receivables			0
SHORT-TERM BORROWING			
Bank			
Other Funds			
Other			0
LONG-TERM BORROWING			
Debentures - Schedule 8			
Other			0
PREPAID LOCAL IMPROVEMENT LEVIES			0
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 10			505,504
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			381,156
GRANTS - SCHEDULE 3			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
Other			0
ACCOUNTS PAYABLE, DECEMBER 31			
OTHER From Nominal Surplus (Statement 8)			464,688
TOTAL			1,351,348

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	LOCAL IMPROVEMENTS			TOTAL
	CONSTRUCTION	PURCHASE		
General Government	70,635	404,786		475,421
Protection	883	231,903		232,786
Transportation	117,589	45,257	261,632	424,478
Recreation and Culture	86,298	124,565	7,800	218,663
				0
				0
TOTAL	275,405	806,511	269,432	1,351,348

REPAYMENT OF SHORT-TERM BORROWING			
Bank			
Other Funds		0	
Other			0
DEBENTURE DISCOUNT AND INTEREST			
REPAYMENT OF ACCOUNTS PAYABLE			
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 3			
Cash			
Receivables			0
OTHER			
TOTAL			1,351,348

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables		0
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		0
LONG-TERM BORROWING		
Debentures - Schedule 8		
Other		0
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11		57,144
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		0
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		0
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
TOTAL		57,144

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	CONSTRUCTION	PURCHASE	LOCAL IMPROVEMENTS	TOTAL
Water Supply		57,144		57,144
Sewage Disposal				0
Sewage Inspection				0
Construction in Progress				0
TOTAL	0	57,144	0	57,144

REPAYMENT OF SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		0
DEBENTURE DISCOUNT AND INTEREST		
REPAYMENT OF ACCOUNTS PAYABLE		
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6		
Cash		
Receivables		0
OTHER		
TOTAL		57,144

SCHEDULE 1

**ANALYSIS OF TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	141,880	46	17,783	
ADD:				
Tax Levy - Schedule 2	7,309,728			
Taxes Added - Statement 9	150,638			
Penalties or Interest Added - Statement 9	24,453			
Other Accounts Added	23,940			
Taxes Overpaid	400			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				
Return to Roll				
SUB-TOTAL	7,651,039	46	17,783	0
DEDUCT:				
Cash Collections:	6,723,788			
Arrears	118,749			
Current	6,605,039			
Transfers Re Tax Sale				
Cancellations	8,694			
Returned to Roll				
Title Value of Land Sales				
Transfers Re Titles Acquired				
Tax Discounts - Statement 10				
R.H.O.A. - Cash Advance	730,732			
Other Credits:				
TOTAL	7,463,214			
BALANCE, DECEMBER 31 (Statement 1)	205,654	46	17,783	0

SCHEDULE 2

**ANALYSIS OF TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2005**

Other Governments (L.U.D.)	ASSESSMENT	MILL RATE	LEVY
Debt Charges			
Frontage			50,296
Mill Rate (L.I.D.) (Civic Centre)	143,288,130	1.690	242,157
Total	133,240,010	0.830	110,589
Minister of Intergovernmental Affairs (assessment)	133,240,010	0.680	90,603
Deferred Surplus			
Reserves: Replacement By-Law 19-72	133,240,010	1.120	149,229
By-Law			
By-Law			
General Municipal	133,240,010	12.870	1,714,799
Special Levies (Specify)			
Special Services (Section 312)	148,187,710	6.870	1,018,050
Business Improvement Area	2,229,800	1%	27,583
Sanitation Collection & Fees			270,314
Business Tax - Rate 0 %			0
Total Municipal Taxes			3,673,620
Schools			
Prov. Education 1	92,324,780	2.450	226,196
Prov. Education 2	36,038,220	16.540	596,072
Total Education Support Program	128,363,000		822,268
Special Division Western School Division	121,798,810	21.750	2,813,840
Total School Taxes			3,636,108
TOTAL TAX LEVY - SCHEDULE 1			7,309,728

SCHEDULE 3

**ANALYSIS OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BALANCE JANUARY 1	GRANTS EARNED (Statement 9)	GRANTS RECEIVED	ADJUSTMENTS	BALANCE DECEMBER 31 (Statement 1)
GENERAL FUND					
PROVINCIAL		1,655,609			58,072
Grants in Lieu		216,041	216,041		0
Prov.-Mun. Tax Sharing		841,572	841,572		0
Municipal Support Grants		40,997	40,997		0
VLT Revenues		114,100	114,100		0
Conditional Grants					0
General Govt.					0
Protection					0
Transportation		22,400	22,400		0
Environmental Health		3,071	3,071		0
Public Health & Welfare					0
Environmental Planning					0
Economic Development					0
Recreation					0
FEDERAL					
Grants in Lieu		220,542	220,542		0
Unconditional Grants					0
Conditional Grants (Spec):					0
Career Placements					0
Goods and Services Tax	57,585	196,886	196,399		58,072
					0
LOCAL (Specify name of Govt. and type of grant as above):					

UTILITY FUND		(Statement 11)			(Statement 4)
Provincial Grant					
Federal Grant					
Local Grant					
GENERAL CAPITAL GRANTS (Specify Govt. and type as above)		(Statement 13)			(Statement 3)

UTILITY CAPITAL GRANTS		(Statement 14)			(Statement 6)
Provincial					
Federal					
Local					
Total	57,585	1,655,609	1,655,122	0	58,072

Note: Provincial and Federal includes both Government and Enterprises.

SCHEDULE 4

**ANALYSIS OF SCHOOL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	OUTSTANDING JANUARY 1	CURRENT REQUIREMENT	CURRENT PAYMENTS	OUTSTANDING DECEMBER 31 (STATEMENT 1)
EDUCATION SUPPORT PROGRAM	0	821,867	821,867	0
SPECIAL LEVIES:				
School Division _____ Western _____	0	2,813,838	2,813,838	0

TOTAL	0	3,635,705	3,635,705	0

**ANALYSIS OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

RESERVE NAME BY-LAW NO.	GENERAL 4-09	EQUIPMENT REPLACEMENT 19-72	COMMUNITY DEVELOPMENT 35-76	
BALANCE, JANUARY 1	979,598	873,122	476,776	
ADD: Interest Earned	24,914	23,282	12,906	
Transfer from Operating (Statement 10)	326,345	148,152	105,238	
Sale of land			13,974	
Received from other entities	46,287			
SUB-TOTAL	1,377,144	1,044,556	608,894	
DEDUCT: Purchases (Statement 13)	133,867	242,565	4,724	
Transfer To Revenue (Statement 9)				
Prior Period Adjustment	228			
BALANCE, DECEMBER 31 - Statement 2	1,243,049	801,991	604,170	0
RESERVE NAME BY-LAW NO.				
BALANCE, JANUARY 1				
ADD: Interest Earned				
Transfer from Operating (Statement 10)				
SUB-TOTAL				
DEDUCT: Purchases (Statement 13)				
Transfer to Revenue (Statement 9)				
BALANCE, DECEMBER 31 - Statement 2				
RESERVE NAME BY-LAW NO.	UTILITY REPLACEMENT 4-65	UTILITY 44-81	UTILITY	UTILITY
BALANCE, JANUARY 1	211,999	162,973		
ADD: Interest Earned	5,512	5,142		
Transfer from Operating (Statement 11)				
Capital Lot Levies		71,000		
Dumping Fee - RM of Stanley	40,806			
Prior period adjustment		5,171		
SUB-TOTAL	258,317	244,286		
DEDUCT: Purchases (Statement 14)				
Transfer To Revenue (Statement 11)				
BALANCE, DECEMBER 31 - Statement 5	258,317	244,286		

SCHEDULE 6

ANALYSIS OF INVESTMENTS
AS AT DECEMBER 31, 2005

TYPE	DUE DATE Y/M/D	INTEREST RATE	INTEREST EARNED	AMOUNT	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA AND AGENCIES					0
OTHER PROVINCES OR PROVINCIAL AGENCIES					
DEBENTURES OF OWN MUNICIPALITY	BY-LAW				0
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY					0
OTHER INVESTMENTS					
Term Deposits	(retired in 2005)	(various rates)	77,912	0	
Term Deposit #3122	2006/May-31	6.000	0	200,000	
Term Deposit #13136	2006/Jan-03	2.900	0	100,000	
Term Deposit #13298	2006/Jan-06	3.010	0	1,000,000	
Term Deposit #13494	2006/Jan-03	3.100	0	500,000	
Term Deposit #13512	2006/Jan-31	3.150	0	500,000	
Term Deposit #13532	2006/Jan-05	3.100	0	1,000,000	
Term Deposit #13543	2006/Mar-07	3.260	0	200,000	
Term Deposit #13610	2006/Mar-15	3.330	0	500,000	4,000,000
TOTAL INVESTMENTS					4,000,000

INVESTMENT HOLDINGS
AS AT DECEMBER 31, 2005

TYPE	NAME OF RESERVE	RESERVED (Statements 2/5)	TRUST (Statement 7)	UNRESERVED (Statements 1/4)	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA					0
OTHER PROVINCES OR AGENCIES					0
DEBENTURES OF OWN MUNICIPALITY					0
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY					0
OTHER INVESTMENTS				4,000,000	4,000,000
TOTAL INVESTMENTS					4,000,000

INVESTMENT CHANGES
2005

TOTAL INVESTMENTS, JANUARY 1				3,600,000
INVESTMENTS ACQUIRED			3,800,000	3,800,000
INVESTMENTS SOLD				7,400,000
INVESTMENTS MATURED			3,400,000	3,400,000
TOTAL INVESTMENTS, DECEMBER 31				4,000,000

**STATISTICAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

TAXABLE ASSESSMENT (PORTIONED)

Land		TO BE COMPLETED BY DEPARTMENT
Buildings		
Total Real Property		
Personal Property		
Subject to Grant		
Total Taxable & Grant Property		
Exempt Business		

POPULATION (LATEST CENSUS OF CANADA) 6,142

BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)	92,897
Expended - Under (Over)	-92,897
Estimated Surplus (Deficit)	0
Operating Surplus (Deficit)	0
Operating Surplus (Deficit) - Prior Year	0
Gain or (Loss) in Surplus from prior year	0

CASH POSITION

	GENERAL FUND	COMBINED FUNDS
Cash Surplus (Deficit) - Current Year	3,861,172	3,861,172
Cash Surplus (Deficit) - Prior Year	3,775,367	3,775,367
Gain or (Loss)	85,805	85,805

DEFICIT RECOVERIES AND DEFERRED SURPLUS LEVIES

GENERAL FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December 31
	Date	Term	Amount			

UTILITY FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December 31
	Board Order	Term	Amount			

BY-LAW OBLIGATIONS

Year	Purpose	By-Law Number	Term	Amount	Recoveries	Outstanding December 31

TAX COLLECTIONS

TAXES ON ROLL - Current - Cash Collections	6,605,039
- Tax Credit Programs	730,732
- Arrears	118,749
- Total	7,454,520
TAX SALE CERTIFICATES	
LAND SALES	
TOTAL COLLECTIONS	7,454,520

Note 1

Significant Accounting Policies

(a) Accrual Accounting

The accounts of the Town are maintained on the accrual basis except that interest incurred on debt is accounted for on the cash basis.

(b) Inventories

Purchases such as construction materials, repair parts, fuel, and supplies are not carried as inventory and are charged to operations at the time of purchase.

(c) Property and Equipment

It is the policy of Municipal corporations in Manitoba to charge property and equipment purchases to operations or against specific reserve funds in the year of acquisition and to record the purchases as assets of either the general capital fund or utility capital fund. No provision has been made for amortization. Local improvements for roads, sidewalks, sewer and water systems, etc., are financed by frontage levies on long-term debt and are generally not recorded in the capital funds.

(d) Debt Retirement

Debt retirement costs including principal and interest are charged against current revenues in the period in which they are paid.

(e) Reserve Funds

Reserve funds are established by by-law for the purpose of accumulating funds for specific purposes. Appropriations to reserve funds are recorded as expenditures in the operating funds.

Note 2

Supplementary Report

In accordance with Section 606 of the Municipal Act, a supplementary report on the examination of the affairs of the Town has been forwarded to Council.

Note 3

Accounting and Reporting Principles

In accordance with Municipal Accounting guidelines, the following accounting and reporting principles are incorporated in these statements:

(a) School and Hospital Levies

Such levies are treated as requisition taxes payable instead of expenses. This results in the school requirements and hospital deficits, where applicable, being netted against revenue from taxation and grants-in-lieu with a corresponding elimination of the related expense accounts.

(b) Local Urban District (LUD) Revenues and Expenditures

LUD levies, where applicable, are now treated as deferred revenue with a corresponding adjustment to "Revenue from Taxation". In addition, all LUD expenditures are now reported by function as municipal expenditures, thereby eliminating the fiscal service expenditure account "Transfer to LUDs".

Note 4

Construction in Progress

UTILITY CAPITAL FUND

Authority	Purpose	Source of Funds	Authorized	Outstanding
14-97	Water Treatment Facility	Various	1,700,000	453,856
20-05	Lagoon Expansion	Various	2,500,000	15,656
				469,512

TOWN OF MORDEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Note 4 (continued)

GENERAL CAPITAL FUND

Authority	Purpose	Source of Funds	Authorized	Outstanding
19-96	Glenwood Place Paving	General Revenue	34,200	7,721
8-98	12th Street N / Parkhill Paving	General Revenue	20,000	4,184
12-99	Parkhill / Maple Leaf Paving	General Revenue	67,500	21,017
13-98	Gaslight Drive Paving	General Revenue	28,500	819
9-99	Parkhill / Glenfield Paving	General Revenue	77,000	13,537
10-99	Glenview Drive Paving	General Revenue	30,150	10,035
20-03	Glenview Drive N Paving	General Revenue	30,581	14,313
9-02	Glenview - miscellaneous	General Revenue	26,000	10,046
19-03	Parkhill Place - miscellaneous	General Revenue	22,000	11,860
8-03	12th Street N Paving	General Revenue	31,000	23,456
5-03	General Facility Expansion	General Revenue	1,000,000	397,966
18-05	Alexandria / Nelson	General Revenue	150,000	50
6-05	Alexandria Bay North	General Revenue	60,000	50
7-06	Agar Crescent	General Revenue	31,000	14,247
8-05	Crocus Place / Conner Hill Drive	General Revenue	49,400	36,466
13-05	East Commercial Infrastructure	General Revenue	1,502,535	143
				565,910

Note 5

Contingencies

Accumulated Sick Time

The Town of Morden has accumulated sick time that may be owing to employees. The maximum accumulated sick time per employee is 75 days.

Note 6

The Public Sector Compensation Disclosure Act

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 individual compensation in an amount equal to or exceeding \$50,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2005;

- (a) compensation paid to members of council amounted to \$93,605 in aggregate;
- (b) there were no members of council receiving compensation in excess of \$50,000 individually; and
- (c) the following officers or employees received compensation that equals or exceeds \$50,000;

NAME	POSITION	AMOUNT
Ernie Epp	Chief Administrative Officer	\$ 89,651
Garry Hiebert	Director of Finance & Administration	\$ 61,777
Les Wieler	Director of Public Works	\$ 64,153
Barry Elliot	Director of Community Services	\$ 59,401
Brad Neduzak	Police Chief	\$ 72,469
Brent Menzies	Police Sergeant	\$ 69,853
William Flynn	Police Constable	\$ 61,453
Trevor Marek	Police Constable	\$ 60,137
Sean Aune	Police Constable	\$ 60,504
Shaun Klippenstein	Police Constable	\$ 60,257

TOWN OF MORDEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

FINANCIAL

REPORT

2005 - DRAFT FOR

DISCUSSION ONLY

TOWN OF MORDEN