

**FINANCIAL**

**REPORT**

**2006**

**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, 2006 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, 2006 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 27, 2007  
Morden, Manitoba**

**Krahn & Friesen  
Chartered Accountants**

**GENERAL OPERATING FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006**

**ASSETS**

<b>CASH</b>			
Cash on Hand		400	
Cash on Deposit		0	
Deposit Receipts		0	400
<b>RECEIVABLES</b>			
Tax Assets - Schedule 1		200,108	
Government Grants - Schedule 3		312,178	
Own Funds and Agencies			
Utility Operating Fund			
Utility Capital Fund	1,032,153		
General Capital Fund	1,757,945		
Reserves			
Trusts		2,790,098	
Operating Accounts Receivable			
Organizations and Individuals	85,862		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		85,862	
Other Receivables		35,556	
Sub Total		3,423,802	
Less: Allowances for Doubtful Accounts			
Other Allowances		0	3,423,802
INVESTMENT - SCHEDULE 6			1,600,000
INVENTORIES			
PREPAID EXPENSES			
<b>TOTAL ASSETS</b>			<b>5,024,202</b>

**LIABILITIES AND SURPLUS**

<b>TEMPORARY BORROWINGS</b>			
Chartered Banks			
Other Financial Institutions		48,573	
Own Funds			
Other			48,573
<b>PAYABLES</b>			
School Levies - Schedule 4		0	
Own Funds and Agencies			
Utility Operating Fund	513,044		
Reserves	2,653,743		
Trusts	187,790		
Other		3,354,577	
Operating Accounts Payable			
Organizations and Individuals	176,401		
Federal Government	13,037		
Federal Government Enterprises			
Provincial Government	52		
Provincial Government Enterprises			
Other Local Governments		189,490	
Debenture Instalments			3,544,067
<b>OTHER LIABILITIES</b>			
Land Sale Deposits			
Debenture Levies in Advance			
Prepaid Taxes			
Deferred Revenue - Note			0
<b>TOTAL CURRENT LIABILITIES</b>			<b>3,592,640</b>
ALLOWANCE FOR TAX ASSETS - STATEMENT 8			271,030
NOMINAL SURPLUS - STATEMENT 8			1,160,532
<b>TOTAL LIABILITIES AND SURPLUS</b>			<b>5,024,202</b>

STATEMENT 2

GENERAL RESERVE FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
General			1,363,794		1,363,794
Replacement			628,159		628,159
Community Development			172,850		172,850
Gas Tax			2,466		2,466
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2,167,269</b>	<b>0</b>	<b>2,167,269</b>

STATEMENT 3

GENERAL CAPITAL FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006

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					1,757,945
FIXED ASSETS					
Buildings				3,341,219	
Machinery and Equipment				5,223,006	
Land				1,258,561	
Other				2,120,211	11,942,997
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)					
Debenture Levies					
Deferred Liability Levies					
OTHER ASSETS					0
<b>TOTAL ASSETS</b>					<b>13,700,942</b>

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS					
Chartered Banks					
Other Financial Institutions					
Own Funds				1,757,945	
Other					1,757,945
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					11,942,997
<b>TOTAL LIABILITIES AND SURPLUS</b>					<b>13,700,942</b>

STATEMENT 4

UTILITY OPERATING FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006

ASSETS

<b>CASH</b>			
Cash on Hand			
Cash on Deposit			
Deposit Receipts			0
<b>RECEIVABLES</b>			
Government Grants - Schedule 3			
Own Funds and Agencies			
General Operating Fund	513,044		
General Capital Fund			
Utility Capital Fund			
Reserves			
Trusts			513,044
Operating Accounts Receivable			
Organizations and Individuals	102,001		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			102,001
Other Receivables			
Sub Total			615,045
Less: Allowance for Doubtful Accounts			615,045
<b>INVESTMENTS - SCHEDULE 6</b>			
<b>INVENTORIES</b>			
<b>PREPAID EXPENSES</b>			
<b>TOTAL ASSETS</b>			<b>615,045</b>

LIABILITIES AND SURPLUS

<b>TEMPORARY BORROWINGS</b>			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			0
<b>PAYABLES</b>			
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
<b>OTHER LIABILITIES</b>			
Debenture Levies in Advance			
Prepaid Consumer Accounts			
Meter Deposits			
Other			0
<b>TOTAL CURRENT LIABILITIES</b>			<b>0</b>
<b>NOMINAL SURPLUS - STATEMENT 8</b>			<b>615,045</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>			<b>615,045</b>

STATEMENT 5

UTILITY RESERVE FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement			196,756		196,756
Capital Lot Levy			289,718		289,718
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>486,474</b>	<b>0</b>	<b>486,474</b>

STATEMENT 6

UTILITY CAPITAL FUND BALANCE SHEET  
AS AT DECEMBER 31, 2006

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				1,032,153
FIXED ASSETS				
Buildings			5,705,169	
Machinery and Equipment			836,278	
Land			0	
Other			560,349	7,101,796
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)				
Debenture Levies				
Deferred Liability Levies				0
OTHER ASSETS				0
<b>TOTAL ASSETS</b>				<b>8,133,949</b>

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS				
Chartered Banks				
Other Financial Institutions				
Own Funds			1,032,153	
Other				1,032,153
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				7,101,796
<b>TOTAL LIABILITIES AND SURPLUS</b>				<b>8,133,949</b>

STATEMENT 7

TRUST FUND BALANCE SHEET

AS AT DECEMBER 31, 2006

ASSETS

TRUST NAME	CASH	INVESTMENTS (SCHEDULE 6)	OTHER FUNDS	OTHER	TOTAL
Cemetery			107,793		107,793
Pension Funds					
Option Deposits					
General Recreation			79,997		79,997
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>187,790</b>	<b>0</b>	<b>187,790</b>

LIABILITIES

	PAYABLES	OTHER FUNDS	OTHER	TRUST	TOTAL
Cemetery				107,793	107,793
Pension Funds					
Option Deposits					
General Recreation				79,997	79,997
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>187,790</b>	<b>187,790</b>

**SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**ALLOWANCE FOR TAX ASSETS**

Balance, January 1		266,079
Add:		
Transfer From Revenue - Statement 10	7,390	
Profit on Tax Title Sales		
Transfer From Nominal Surplus		
Tax Titles Established		
		7,390
Sub-Total		273,469
Deduct:		
Taxes Cancelled - Schedule 1	2,439	
T.S.C. Cancelled - Schedule 1		
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
Other tax adjustments - Enbridge		
Other tax adjustments - Misc		2,439
<b>Balance, December 31 - Statement 1</b>		<b>271,030</b>

**NOMINAL SURPLUS - GENERAL**

Balance, January 1		1,160,532
Add:		
Transfer From Deferred Surplus - Statement 9		
Transfer From Allowance For Tax Assets		
Operating Surplus - Statement 9	0	
Prior period adjustments		
		0
Sub-Total		1,160,532
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		
Prior Period Adjustments		0
<b>Balance, December 31 - Statement 1</b>		<b>1,160,532</b>

**NOMINAL SURPLUS - UTILITY**

Balance, January 1		573,432
Add:		
Transfer From Deferred Surplus - Statement 11		
Other Transfers (Specify)		
Prior Period Adjustment		
Operating Surplus - Statement 11	41,613	
		41,613
Sub-Total		615,045
Deduct:		
Accts. Rec. Cancelled		
Transfer To Utility Revenue - Statement 11		
Operating Deficit - Statement 11		
RM of Stanley - Lagoon Dumping Fees		0
<b>Balance, December 31 - Statement 4</b>		<b>615,045</b>

**CAPITAL SURPLUS - GENERAL**

Balance, January 1		10,799,711
Add:		
Capital Assets Acquired	1,144,636	
		1,144,636
Sub-Total		11,944,347
Deduct:		
Disposal of Capital Assets	1,350	
		1,350
<b>Balance, December 31 - Statement 3</b>		<b>11,942,997</b>

**CAPITAL SURPLUS - UTILITY**

Balance, January 1		7,050,368
Add:		
Capital Assets Acquired	51,428	
		51,428
Sub-Total		7,101,796
Deduct:		
Disposal of Capital Assets		
		0
<b>Balance, December 31 - Statement 6</b>		<b>7,101,796</b>

**GENERAL OPERATING FUND  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**REVENUE**

TOTAL REVENUE FROM TAXATION			3,568,881
OTHER REVENUE			
Taxes Added - Schedule 1		125,010	
Licenses and Permits		10,194	
Fines		25,952	
Parking Meters		0	
Sales of Service			
General Government	0		
Protection	76,104		
Transportation	76,514		
Less: Costs	76,514		
Environmental Health	229		
Public Health and Welfare	1,835		
Planning and Development	6,770		
Economic Development	0		
Recreation and Culture	662,896	824,348	
Sales of Goods		3,550	
Rentals		103,842	
Concessions and Franchises		0	
Returns From Investments		168,170	
Transfers From Utilities and Enterprises			
Tax Penalties - Schedule 1		26,035	
Miscellaneous Revenue		35,197	
Grants in Lieu of Taxes - Schedule 3			
Federal Government	32,057		
Federal Government Enterprises	221,606		
Provincial Government	121,394		
Provincial Government Enterprises	87,878		
Other Local Governments			
Non-Government Organizations		462,935	
Unconditional Government Transfers - Schedule 3			
Federal Government			
Provincial - Municipal Tax Sharing	880,092		
- Municipal Support Grants	47,215		
- VLT Revenues	109,926		
Other Local Governments	0	1,037,233	
Conditional Government Transfers - Schedule 3			
Federal Government	313,178		
Provincial Government	258,856		
Other Local Governments	0	572,034	3,394,500
TOTAL REVENUE FROM EXTERNAL SOURCES			6,963,381
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			0
TRANSFER FROM RESERVES - SCHEDULE 5			0
OPERATING DEFICIT - STATEMENT 8			
<b>TOTAL</b>			<b>6,963,381</b>

**EXPENDITURE**

GENERAL GOVERNMENT SERVICES		663,848	
PROTECTIVE SERVICES		976,521	
TRANSPORTATION SERVICES		652,501	
ENVIRONMENTAL HEALTH SERVICES		316,838	
PUBLIC HEALTH AND WELFARE SERVICES		110,647	
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES		22,116	
ECONOMIC DEVELOPMENT SERVICES		456,807	
COMMUNITY SERVICES		1,755,059	
FISCAL SERVICES		1,327,919	
TOTAL SERVICES		6,282,256	
SURPLUS APPROPRIATIONS AND TRANSFERS			
Deferred Surplus - Operating Deficit			
Deferred Surplus - By-Law Obligation		0	
Transfer to Reserves - Statement 10		681,125	681,125
OPERATING SURPLUS - STATEMENT 8			0
<b>TOTAL</b>			<b>6,963,381</b>

## STATEMENT 10

**GENERAL OPERATING FUND  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
<b>General Government Services</b>				
Legislative	136,150	139,679		3,529
General Administrative	420,150	398,413	21,737	
Other General Government	137,000	125,756	11,244	
Total	693,300	663,848	32,981	3,529
<b>Protective Services</b>				
Police Protection	820,138	760,838	59,300	
Youth Justice	0	0	0	0
Fire Protection	241,407	210,823	30,584	
Emergency Measures	2,000	0	2,000	
Other Protection	4,450	4,860		410
Total	1,067,995	976,521	91,884	410
<b>Transportation Services</b>				
Road Transport				
Administration				
Engineering	78,210	81,763		3,553
Roads and Streets	499,290	449,762	49,528	
Bridges, Subways				
Street Lighting	94,700	116,573		21,873
Traffic Services	3,350	4,403		1,053
Parking				
Other Road Transport				
Air Transport				
Water Transport				
Public Transit				
Total	675,550	652,501	49,528	26,479
<b>Environmental Health Services</b>				
Garbage and Waste Collection and Disposal	191,700	187,673	4,027	
Other Environmental Health	128,402	129,165		763
Total	320,102	316,838	4,027	763
<b>Public Health &amp; Welfare Services</b>				
Public Health	89,400	87,798	1,602	
Medical Care				
Hospital Care				
Social Welfare	23,300	22,849	451	
Total	112,700	110,647	2,053	
<b>Environmental Planning &amp; Community Development Services</b>				
Environmental Planning and Zoning	2,700	792	1,908	
Community Development	78,960	21,324	57,636	
Housing				
Total	81,660	22,116	59,544	0
<b>Economic Development Services</b>				
Natural Resources	6,850	6,350	500	
Regional Development	337,568	326,609	10,959	
Industrial Development	52,000	70,278		18,278
Other Economic Services	57,700	53,570	4,130	
Total	454,118	456,807	15,589	18,278
<b>Community Services</b>				
Recreation Facilities	1,511,977	1,566,681		54,704
Cultural Buildings and Facilities	176,126	188,378		12,252
Other Recreation and Cultural Services				
Education Grants				
Total	1,688,103	1,755,059	0	66,956
<b>SUB-TOTALS FORWARD</b>	<b>5,093,528</b>	<b>4,954,337</b>	<b>255,606</b>	<b>116,415</b>

## STATEMENT 10

**GENERAL OPERATING FUND  
COMPARISON OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
SUB-TOTALS FORWARD	5,093,528	4,954,337	255,606	116,415
<b>Fiscal Services</b>				
Transfers to Other Governments				
Other Municipal Governments				
Transfers to Own Funds				
Allowance for Tax Assets - Statement 8	7,390	7,390	0	
Capital Fund - Statement 13	682,717	922,917		240,200
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	155,570	155,570	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	1,087,719	1,327,919	0	240,200
<b>Transfer to Reserves (schedule 5)</b>				
General Reserve	266,960	376,353		109,393
Specific Reserve				
- Replacement Reserve	8,000	13,705		5,705
- Capital Development				
- Other				
Community Development Reserve	60,000	60,000		0
Gas Tax Reserve	231,067	231,067		0
Total	566,027	681,125	0	115,098
<b>Surplus Appropriations</b>				
Total Estimated	6,747,274			
Total Actual		6,963,381		
Total Underspent				
Total Overspent				216,107

**RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT**

REVENUE	ESTIMATED	ACTUAL	OVER(UNDER)
Tax Revenue	4,031,675	4,031,815	140
Other Revenue	2,697,599	2,931,566	233,967
Transfers from Acc. Surplus & Reserves	18,000	0	-18,000
Revenue Surplus (Deficit)	6,747,274	6,963,381	216,107
<b>EXPENDITURE</b>	6,747,274	6,963,381	216,107
<b>OPERATING SURPLUS (DEFICIT)</b>	0	0	0

**UTILITY OPERATING FUND  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**REVENUE**

CONSUMER SALES	METERED	FLAT RATE	TOTAL
Residential			
Commercial and Bulk			
Industrial			
Federal and Provincial			
Municipal and Schools			
<b>Total</b>	1,048,385		1,048,385
Less: Discounts			
Refunds and Cancellations		-558	-558
			1,047,827
<b>ADMINISTRATION CHARGES</b>			171,893
<b>PENALTIES</b>			5,411
<b>HYDRANT RENTALS</b>			23,100
<b>CONSUMER INSTALLATION SERVICE</b>			0
<b>CONNECTION REVENUE - NET</b>			6,495
<b>PROVINCIAL GRANTS</b>			0
<b>OTHER REVENUE</b>			12,236
<b>TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10</b>			
Re: Debentures		242,042	
Re: Operations		0	242,042
<b>TRANSFER FROM RESERVE FUND - SCHEDULE 5</b>			
<b>TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8</b>			
<b>OPERATING DEFICIT - STATEMENT 8</b>			
<b>TOTAL</b>			<b>1,509,004</b>

**EXPENDITURE**

<b>WATER SUPPLY</b>		829,603
<b>SEWAGE COLLECTION AND DISPOSAL</b>		111,318
<b>TRANSFER TO CAPITAL - STATEMENT 14</b>		51,428
<b>TRANSFERS TO RESERVE - SCHEDULE 5</b>		233,000
<b>DEBENTURE DEBT CHARGES - SCHEDULE 7</b>		0
<b>OTHER LONG-TERM DEBT CHARGES</b>		242,042
<b>DEFERRED SURPLUS - OPERATING DEFICIT</b>		
Deferred Surplus - Operating Deficit, 20__		
20__		
20__		0
<b>OPERATING SURPLUS - STATEMENT 8</b>		
<b>TOTAL</b>		<b>1,467,391</b>

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	803,725	829,603		25,878
Sewage Collection and Disposal	124,550	111,318	13,232	
Transfer to Capital	38,600	51,428		12,828
Transfers to Reserve	233,000	233,000		
Debenture Debt Charges	0	0	0	
Other Long-Term Debt Charges	242,042	242,042	0	
Surplus Appropriations				
Total Estimated	1,441,917			
Total Actual		1,467,391		
Total Underspent				
Total Overspent				25,474

**RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT**

	ESTIMATED	ACTUAL	OVER (UNDER)
<b>REVENUE</b>	1,441,917	1,509,004	67,087
<b>EXPENDITURE</b>	1,441,917	1,467,391	25,474
<b>OPERATING SURPLUS (DEFICIT)</b>	0	41,613	41,613

**STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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			922,917
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			1,322,944
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)			
<b>TOTAL</b>			<b>2,245,861</b>

**APPLICATION**

FIXED ASSETS

CAPITAL EXPENDITURES	LOCAL			TOTAL
	CONSTRUCTION	PURCHASE	IMPROVEMENTS	
General Government	2,065	69,305	0	71,370
Protection	444,870	144,087	0	588,957
Transportation	46,576	171,902	1,072,688	1,291,166
Recreation and Culture	76,843	214,079	3,446	294,368
				0
				0
<b>TOTAL</b>	<b>570,354</b>	<b>599,373</b>	<b>1,076,134</b>	<b>2,245,861</b>

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			
<b>TOTAL</b>			<b>2,245,861</b>

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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		51,428
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		314,793
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		0
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
<b>TOTAL</b>		<b>366,221</b>

**APPLICATION**

FIXED ASSETS

CAPITAL EXPENDITURES	CONSTRUCTION	PURCHASE	LOCAL IMPROVEMENTS	TOTAL
Water Supply	7,591	51,428		59,019
Sewage Disposal	307,202			307,202
Sewage Inspection				0
Construction in Progress				0
<b>TOTAL</b>	<b>314,793</b>	<b>51,428</b>	<b>0</b>	<b>366,221</b>

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		
<b>TOTAL</b>		<b>366,221</b>

**SCHEDULE 1**

**ANALYSIS OF TAX ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	187,825	46	17,783	
ADD:				
Tax Levy - Schedule 2	7,826,080			
Taxes Added - Statement 9	125,010			
Penalties or Interest Added - Statement 9	26,035			
Other Accounts Added	29,549			
Taxes Overpaid	2,013			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				
Return to Roll				
Excess taxes added	115,599			
<b>SUB-TOTAL</b>	<b>8,312,111</b>	<b>46</b>	<b>17,783</b>	<b>0</b>
DEDUCT:				
Cash Collections:	7,376,126			
Arrears	174,410			
Current	7,201,716			
Transfers Re Tax Sale				
Cancellations	2,439			
Returned to Roll				
Title Value of Land Sales				
Transfers Re Titles Acquired				
Tax Discounts - Statement 10				
R.H.O.A. - Cash Advance	751,267			
Other Credits:				
<b>TOTAL</b>	<b>8,129,832</b>			
<b>BALANCE, DECEMBER 31</b>	<b>200,108</b>	<b>46</b>	<b>17,783</b>	<b>0</b>
(Statement 1)				

**SCHEDULE 2**

**ANALYSIS OF TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Other Governments (L.U.D.)	ASSESSMENT	MILL RATE	LEVY
Debt Charges			
Frontage			45,775
Mill Rate (L.I.D.)	166,809,700	1.460	243,542
(Civic Centre)	155,401,520	0.710	110,335
Total			399,652
Minister of Intergovernmental Affairs (assessment)	155,401,520	0.610	94,795
Deferred Surplus			
Reserves:			
Replacement By-Law 19-72	155,401,520	0.060	9,324
By-Law			
By-Law			
General Municipal	155,401,520	13.210	2,052,854
Special Levies (Specify)			
Special Services (Section 312)	172,027,310	6.730	1,157,744
Business Improvement Area	2,495,300	1.0%	29,924
Sanitation Collection & Fees			286,902
Business Tax - Rate 0 %			0
<b>Total Municipal Taxes</b>			<b>4,031,195</b>
Schools			
Prov. Education 1	107,508,370	n/a	n/a
Prov. Education 2	42,329,800	16.080	680,663
Total Education Support Program	149,838,170		680,663
Special Division			
Western School Division	150,982,090	20.610	3,111,741
Garden Valley School Division	126,710	19.580	2,481
<b>Total School Taxes</b>			<b>3,794,885</b>
<b>TOTAL TAX LEVY - SCHEDULE 1</b>			<b>7,826,080</b>

**SCHEDULE 3**

**ANALYSIS OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BALANCE JANUARY 1	GRANTS EARNED (Statement 9)	GRANTS RECEIVED	ADJUSTMENTS	BALANCE DECEMBER 31 (Statement 1)
<b>GENERAL FUND</b>					
PROVINCIAL		2,072,201			312,178
Grants in Lieu		209,272	209,272		0
Prov.-Mun. Tax Sharing		880,092	880,092		0
Municipal Support Grants		47,215	47,215		0
VLT Revenues		109,926	109,926		0
Conditional Grants					0
General Govt.		233,384	174,736		58,648
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
<b>FEDERAL</b>					
Grants in Lieu		253,663	253,663		0
Unconditional Grants					0
Conditional Grants (Spec):					0
Career Placements					0
Goods and Services Tax	58,072	313,178	117,720		253,530
					0
<b>LOCAL (Specify name of Govt. and type of grant as above):</b>					
<b>UTILITY FUND</b>		(Statement 11)			(Statement 4)
Provincial Grant					
Federal Grant					
Local Grant					
<b>GENERAL CAPITAL GRANTS (Specify Govt. and type as above)</b>		(Statement 13)			(Statement 3)
<b>UTILITY CAPITAL GRANTS</b>		(Statement 14)			(Statement 6)
Provincial					
Federal					
Local					
<b>Total</b>	58,072	2,072,201	1,818,095	0	312,178

Note: Provincial and Federal includes both Government and Enterprises.

**SCHEDULE 4**

**ANALYSIS OF SCHOOL ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	OUTSTANDING JANUARY 1	CURRENT REQUIREMENT	CURRENT PAYMENTS	OUTSTANDING DECEMBER 31 (STATEMENT 1)
EDUCATION SUPPORT PROGRAM	0	680,663	680,663	0
<b>SPECIAL LEVIES:</b>				
School Division <u>Western</u>	0	3,111,262	3,111,262	0
<u>Garden Valley</u>		2,480	2,480	0
<b>TOTAL</b>	<b>0</b>	<b>3,794,405</b>	<b>3,794,405</b>	<b>0</b>



## SCHEDULE 6

ANALYSIS OF INVESTMENTS  
AS AT DECEMBER 31, 2006

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 2006)	(various rates)	134,401	0	
Term Deposit #16644	2007/Jan-09	3.980	0	300,000	
Term Deposit #16664	2007/Jan-15	3.990	0	800,000	
Term Deposit #16671	2007/Jan-15	4.010	0	500,000	
			0		
			0		
			0		
			0		
			0		1,600,000
<b>TOTAL INVESTMENTS</b>					<b>1,600,000</b>

INVESTMENT HOLDINGS  
AS AT DECEMBER 31, 2006

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				1,600,000	1,600,000
<b>TOTAL INVESTMENTS</b>					<b>1,600,000</b>

INVESTMENT CHANGES  
2006

TOTAL INVESTMENTS, JANUARY 1				4,000,000
INVESTMENTS ACQUIRED			28,200,000	28,200,000
				32,200,000
INVESTMENTS SOLD				
INVESTMENTS MATURED			30,600,000	30,600,000
<b>TOTAL INVESTMENTS, DECEMBER 31</b>				<b>1,600,000</b>





**STATISTICAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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
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BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)	216,107
Expended - Under (Over)	-216,107
Estimated Surplus (Deficit)	0
Operating Surplus (Deficit)	0
Operating Surplus (Deficit) - Prior Year	0
<b>Gain or (Loss) in Surplus from prior year</b>	<b>0</b>

CASH POSITION	GENERAL FUND	COMBINED FUNDS
Cash Surplus (Deficit) - Current Year	1,551,827	1,551,827
Cash Surplus (Deficit) - Prior Year	3,861,172	3,861,172
Gain or (Loss)	-2,309,345	-2,309,345

**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	7,201,715	
- Tax Credit Programs	751,267	7,952,982
- Arrears		174,410
- Total		8,127,392
TAX SALE CERTIFICATES		
LAND SALES		
<b>TOTAL COLLECTIONS</b>		<b>8,127,392</b>

**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 190(2) 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**

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 5**

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, 2006;

- (a) compensation paid to members of council amounted to \$95,033 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	\$ 95,030
Garry Hiebert	Director of Finance & Administration	\$ 66,077
Les Wieler	Director of Public Works	\$ 66,077
Barry Elliot	Director of Community Services	\$ 63,629
Brad Neduzak	Police Chief	\$ 76,339
Brent Menzies	Police Sergeant	\$ 71,252
William Flynn	Police Constable	\$ 63,051
Trevor Marek	Police Constable	\$ 61,954
Sean Aune	Police Constable	\$ 63,066
Jeremy Loewen	Police Constable	\$ 51,980
Ryan Rach	Police Constable	\$ 53,922

TOWN OF MORDEN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**FINANCIAL**

**REPORT**

**2005 - DRAFT FOR**

**DISCUSSION ONLY**

**TOWN OF MORDEN**