

CITY OF MORDEN

**Consolidated Financial Statements
For the Year Ended December 31, 2020**

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the *City of Morden* and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Krahn Friesen Neufeld Chartered Professional Accountants Inc. as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



Nicole Reidle
City Manager

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of the City of Morden, which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Morden as at December 31, 2020, and the consolidated results of its operations, change in net financial assets, and cash flows and supporting schedules for the year ended December 31, 2020 in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the 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 the City's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the 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's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Krahn Friesen Neufeld

December 7, 2021
Morden, Manitoba

CHARTERED PROFESSIONAL ACCOUNTANTS

CITY OF MORDEN

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**CITY OF MORDEN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 10,830,342	\$ 10,571,006
Amounts receivable (Note 4)	3,347,277	3,657,577
Loans and advances	-	-
Other assets	506,816	506,279
	<u>\$ 14,684,435</u>	<u>\$ 14,734,862</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 2,073,928	\$ 2,374,060
Severance and vested sick leave payable	65,756	58,068
Deferred revenue (Note 7)	3,444,142	4,010,489
Landfill closure and post closure liabilities (Note 8)	6,937	3,788
Long-term debt (Note 9)	4,686,904	4,443,850
Obligations under capital lease (Note 10)	6,529	12,480
	<u>10,284,196</u>	<u>10,902,735</u>
NET FINANCIAL ASSETS	<u>\$ 4,400,239</u>	<u>\$ 3,832,127</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 54,929,974	\$ 53,193,449
Inventories (Note 5)	487,080	486,202
Prepaid expenses	36,737	20,155
	<u>55,453,791</u>	<u>53,699,806</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$ 59,854,030</u>	<u>\$ 57,531,933</u>

COMMITMENTS (Note 11)

Approved on behalf of Council:



Brandon Burley - Mayor



Garry Hiebert - Councillor

CITY OF MORDEN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2020

	<u>2020 Budget (Schedule 9)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
REVENUE			
Property taxes	\$ 8,721,030	\$ 8,973,682	\$ 8,598,134
Grants in lieu of taxation	259,318	259,318	258,853
User fees	2,158,745	1,951,773	2,000,431
Permits, licences and fines	195,645	192,158	245,173
Investment income	161,235	136,926	213,235
Other revenue	306,603	519,764	990,851
Sale of land held for resale	-	50,700	162,528
Water and sewer	2,643,539	2,699,897	3,388,573
Grants - Province of Manitoba	3,110,660	2,871,102	2,141,256
Grants - other	549,151	1,273,784	469,894
Total revenue (Schedules 2, 4 and 5)	<u>18,105,926</u>	<u>18,929,104</u>	<u>18,468,928</u>
EXPENSES			
General government services	2,138,499	1,912,131	2,859,996
Protective services	3,156,978	3,053,816	2,899,927
Transportation services	2,766,742	2,590,441	2,745,574
Environmental health services	1,028,910	1,139,901	1,944,936
Public health and welfare services	846,598	764,278	232,098
Environmental Development Services	2,500	-	-
Economic Development Services	1,151,834	1,149,257	1,522,164
Recreation and cultural services	3,811,672	3,610,343	3,886,174
Water and sewer services	2,584,891	2,421,020	2,300,548
Total expenses (Schedules 3, 4 and 5)	<u>17,488,624</u>	<u>16,641,187</u>	<u>18,391,417</u>
ANNUAL SURPLUS	<u>617,302</u>	<u>2,287,917</u>	<u>77,511</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED		57,493,586	57,462,025
CORRECTION TO PRIOR PERIOD (NOTE 21)		<u>38,347</u>	<u>-</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED		57,531,933	57,462,025
CONSOLIDATING RATE ADJUSTMENT (NOTE 20)		<u>34,180</u>	<u>(7,603)</u>
ACCUMULATED SURPLUS, END OF YEAR		<u><u>\$59,854,030</u></u>	<u><u>\$ 57,531,933</u></u>

**CITY OF MORDEN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2020**

	2020 Budget (Schedule 9)	2020 Actual	2019 Actual
ANNUAL SURPLUS	\$ 617,302	\$ 2,287,917	\$ 77,511
Acquisition of tangible capital assets	(6,985,000)	(4,698,251)	(4,000,478)
Amortization of tangible capital assets	2,848,027	2,848,027	2,723,524
Correction of prior period	-	38,347	-
Loss (Gain) on sale of tangible capital assets	-	(1,063)	(14,157)
Write-down of tangible capital assets	-	43,599	774,264
Proceeds on sale of tangible capital assets	-	28,214	56,780
Consolidation rate adjustment	-	34,180	(7,603)
Decrease (increase) in inventories	-	(878)	203,555
Tangible capital asset transferred to inventory	-	-	-
Amortization adjustment	-	-	817,730
Decrease (increase) in prepaid expense	-	(11,980)	(1,085)
	<u>(4,136,973)</u>	<u>(1,719,805)</u>	<u>552,530</u>
CHANGE IN NET FINANCIAL ASSETS	<u>(3,519,671)</u>	568,112	630,041
NET FINANCIAL ASSETS , BEGINNING OF YEAR		<u>3,832,127</u>	<u>3,202,086</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 4,400,239</u>	<u>\$ 3,832,127</u>

**CITY OF MORDEN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,287,917	\$ 77,511
Changes in non-cash items:		
Amounts receivable	310,300	(1,371,717)
Inventories	(878)	203,555
Prepays	(11,980)	(1,085)
Other assets	(537)	487
Accounts payable and accrued liabilities	(300,132)	1,153,007
Severance and vested sick leave payable	7,688	(12,101)
Landfill closure and post closure liabilities	3,149	2,243
Deferred revenue	(566,347)	780,362
Correction to prior period	38,347	-
Amortization adjustment	-	817,730
Loss (Gain) on sale of tangible capital asset	(1,063)	(14,157)
Write-down of tangible capital assets	43,599	774,264
Consolidation rate adjustment	34,180	(7,603)
Amortization	<u>2,848,027</u>	<u>2,723,524</u>
Cash provided by operating transactions	<u>4,692,270</u>	<u>5,126,020</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	28,214	56,780
Cash used to acquire tangible capital assets	<u>(4,698,251)</u>	<u>(4,000,478)</u>
Cash applied to capital transactions	<u>(4,670,037)</u>	<u>(3,943,698)</u>
INVESTING TRANSACTIONS		
Loans and advances repaid	-	-
Cash applied to investing transactions	-	-
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,253,531	461,521
Debt repayment	(1,010,477)	(825,652)
Obligation under capital lease	-	-
Repayment of obligation under capital lease	<u>(5,951)</u>	<u>(601)</u>
Cash applied to financing transactions	<u>237,103</u>	<u>(364,732)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	259,336	817,590
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>10,571,006</u>	<u>9,753,416</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$10,830,342</u></u>	<u><u>\$10,571,006</u></u>

CITY OF MORDEN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2020

1. Status of the City of Morden

The incorporated City of Morden is a municipal government that was created in 1895 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Municipality owns two utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organization is:

Morden Community Development Corporation

The Municipality has several partnership agreements in place, and as such, consistent with Canadian public sector accounting standards for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

	<u>2020</u>	<u>2019</u>
<i>Agassiz Medical Centre Board</i>	43.50%	43.50%
<i>South Central Regional Library</i>	21.10%	21.10%
<i>MSTW Planning District</i>	25.00%	25.00%
<i>Morden Veterinary Services District</i>	23.00%	23.00%
<i>Pembina Valley Water Co-op</i>	1.38%	1.51%
<i>Solid Waste Area Management Project</i>	33.33%	33.33%

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

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Investments

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

e) Landfill Closure and Post Closure Liabilities

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

2. Significant Accounting Policies (continued from previous page)

f) Non-Financial Assets

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

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize interest charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized over its useful life. Assets under construction are not amortized until the asset is put in use.

General Tangible Capital Assets

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

Infrastructure Assets

Transportation		
Land	Indefinite	
Road surface	20 to 30 years	
Road grade	20 to 60 years	8%
Bridges	25 to 50 years	
Traffic lights and equipment	10 years	
Water and Sewer		
Land	Indefinite	
Land improvements	30 to 50 years	
Buildings	25 to 40 years	
Underground networks	40 to 60 years	
Machinery and equipment	10 to 20 years	
Dams and other surface water structures	40 to 60 years	
Engineering costs	15 years	

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

h) Leases

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

i) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at the lower of cost and replacement value.

2. Significant Accounting Policies (continued from previous page)

j) Revenue Recognition

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

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

k) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly. There is measurement uncertainty in accounts receivable as the amounts collected differ from the amounts reported as collectable. Amounts receivable are reported less an allowance for doubtful accounts to account for this uncertainty.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 9,876,692	\$ 10,376,838
Temporary investments	<u>953,650</u>	<u>194,168</u>
	<u>\$ 10,830,342</u>	<u>\$ 10,571,006</u>

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

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2020</u>	<u>2019</u>
Taxes on roll (Schedule 10)	\$ 521,354	\$ 425,579
Government grants	699,723	1,150,786
Utility customers	153,939	150,899
Goods and Services Tax Recoverable	1,250,428	911,434
Organizations and individuals	<u>721,833</u>	<u>1,018,879</u>
	<u>3,347,277</u>	<u>3,657,577</u>

5. Inventories

	<u>2020</u>	<u>2019</u>
Inventories for sale:		
Food and beverages	\$ -	\$ -
Land for resale	<u>393,643</u>	<u>401,357</u>
	<u>393,643</u>	<u>401,357</u>
Inventories for use:		
Chemicals, herbicides, insecticides	53,918	45,489
Fuel	11,723	11,723
Other supplies	<u>27,796</u>	<u>27,633</u>
	<u>93,437</u>	<u>84,845</u>
Total Inventories	<u>\$ 487,080</u>	<u>\$ 486,202</u>

6. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 1,221,310	\$ 1,544,264
Lot development deposits	131,875	116,525
Tax sale proceeds	-	-
Accrued expenses	448,373	467,048
School levies (Schedule 12)	<u>272,370</u>	<u>246,223</u>
	<u>\$ 2,073,928</u>	<u>\$ 2,374,060</u>

7. Deferred revenue

	<u>2020</u>	<u>2019</u>
Deferred government transfers	\$ 3,154,167	\$ 3,589,372
Deferred other contributions	158,482	138,740
Unearned revenue	<u>131,493</u>	<u>282,377</u>
	<u>\$ 3,444,142</u>	<u>\$ 4,010,489</u>

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Municipality is currently operating a landfill site in partnership with the City of Winkler and the Rural Municipality of Stanley. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	<u>2020</u>	<u>2019</u>
Estimated closure and post closure costs	\$ 9,228,288	\$ 9,228,288
Discounted costs	<u>\$ 117,056</u>	<u>\$ 66,696</u>
Expected year capacity will be reached	2131	2131
Capacity (tonnes, volume, acreage, years):		
Used to date	24	23
Remaining	111	112
Total	135	135
Percent utilized	<u>17.78%</u>	<u>17.04%</u>
Liability based on percentage	<u>\$ 20,810</u>	<u>\$ 11,363</u>
City of Morden's Share (33.33%)	<u>\$ 6,937</u>	<u>\$ 3,788</u>

9. Long Term Debt

	2020	2019
General Authority:		
Access Credit Union demand loan repaid in the current year, held by Morden Veterinary Services District Board.	\$ -	\$ 2,072
Canadian Imperial Bank of Commerce, various demand loans, interest rates range from prime to 3.56%, payable at a range from \$111-\$1,426 monthly including interest, held by Pembina Valley Water Co-op. There is a general security agreement over accounts receivable and all property held by the Cooperative. If not demanded, all loans mature July 2033.	227,264	253,453
Access Credit Union loan, various demand loans, interest at 2.45%-4.2%, current payments are interest only, held by Morden Community Development Corporation Ltd. These loans are secured by the City of Morden.	440,000	650,000
Access Credit Union loan, interest at 3.45% per annum, repayable in monthly blended payments of \$5,873, held by Agassiz Medical Centre Board Inc.	369,743	-
Canada Emergency Business Account - \$6,330 non-interest bearing until December 31, 2022. Repayment of 75% of principal on or before December 31, 2022 will result in the remaining balance forgiven. Beginning January 1, 2023, the loan will bear interest at 5% payable monthly, with the outstanding principal due in full by December 31, 2025. Secured by a government guarantee.	6,330	-
Local Improvement Debenture, interest at 3.89% payable at \$140,054 annually including interest, maturing December 31, 2027, held by the City of Morden.	835,478	938,907
Local Improvement Debenture, interest at 3.13% payable at \$96,292 annually including interest, maturing December 31, 2029, held by the City of Morden.	745,386	-
Local Improvement Debenture, interest at 3.89% payable at \$140,054 annually including interest, maturing December 31, 2027, held by the City of Morden.	-	185,229
	\$ 2,624,201	\$ 2,029,661
Utility Funds:		
Debenture, interest at 5.75%, payable at \$210,848 annually including interest, maturing November 30, 2022, held by the City of Morden.	387,926	566,217
Debenture, interest at 4.2%, payable at \$250,809 annually including interest, maturing December 31, 2028, held by the City of Morden.	1,674,777	1,847,972
	2,062,703	2,414,189
	\$ 4,686,904	\$ 4,443,850

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

2021	\$ 622,860
2022	\$ 656,520
2023	\$ 467,935
2024	\$ 485,672
2025	\$ 504,206
Thereafter	\$ 1,949,711
	\$ 4,686,904

10. Obligation under capital lease

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

	<u>2020</u>	<u>2019</u>
2021	\$ 6,931	\$ 6,931
2022	-	6,931
2023	-	-
2024	-	-
2025	-	-
Remainder of lease	-	-
	<hr/>	<hr/>
Total minimum lease payments	\$ 6,931	\$ 13,862
Less amount representing future interest at 10.54%	<u>(402)</u>	<u>(1,382)</u>
Balance of obligation	<u>\$ 6,529</u>	<u>\$ 12,480</u>

Interest expense includes \$916 (2019 - \$1,512) with respect to this obligation.

Assets under capital lease includes computer equipment.

	<u>2020</u>	<u>2019</u>
Cost of leased tangible capital asset	\$ 27,144	\$ 27,144
Accumulated amortization of leased tangible capital asset.	<u>(21,535)</u>	<u>(16,286)</u>
	<u>\$ 5,609</u>	<u>\$ 10,858</u>

Amortization expense includes \$5,429 (2019 - \$5,429) on leased tangible capital asset.

11. Commitments

The City has negotiated a 5 year contract with Municipal Waste Management for handling and disposal of garbage, recycling, and compost. Annual charges under the contract are determined by reference to certain waste volumes handled. Payments made under the contract for the year 2020 were approximately \$649,407.

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

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

Pembina Valley Water Cooperative Inc. is currently upgrading the Morris water treatment plant and the Stephenfield water treatment plant. As part of the upgrade and pipeline, the Cooperative has entered into a separate agreements with the Manitoba Water Service Board (MWSB) for engineering projects and project management.

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

12. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The cost of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. Pension expense is based on the contribution rate. The MEPP requires that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling for employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$382,046 (2019: \$332,092) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2019 indicated the plan was 99.7% funded on a going concern basis and had an unfunded solvency liability of \$288.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2019.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

South Regional Library permanent employees are also members of the Municipal Employees' Benefit Program (MEBP), which is a multi-employer defined benefit pension plan. In accordance with the Canadian Institute of Chartered Professional Accountants Handbook section PS3250 the plan is accounted for as a defined contribution plan, thus the expense for the plan is equal to the organization's required contribution for the year. In 2020, the proportionate consolidating amount of the pension plan expense was \$5,295 (2019 - \$7,623).

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. Budget

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

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 9 - Reconciliation of the Financial Plan to the Budget.

15. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
Fund balances:		
General operating fund - Nominal surplus	\$ (1,762,328)	\$ (3,882,337)
Utility operating fund - Nominal surplus	(4,211,627)	(4,016,172)
TCA net of related borrowings	48,146,221	46,739,045
Reserve Funds (Schedule 6)	<u>13,805,440</u>	<u>14,487,183</u>
Accumulated surplus of municipality unconsolidated	\$ 55,977,706	\$ 53,327,719
Accumulated surpluses of consolidated entities	<u>3,876,324</u>	<u>4,204,214</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 59,854,030</u>	<u>\$ 57,531,933</u>

16. Public Utilities Board

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

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

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

Water services:				
Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water Plant	\$ 2,969,654	-	\$ 79,223	\$ 2,890,431
Sewer services:				
Description of Utility	Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Lagoon	\$ 1,124,074	\$ -	\$ 30,381	\$ 1,093,693

17. Economic Dependence

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

	2020	2019
Agassiz Medical Centre	47%	50%
South Central Regional Library	92%	92%
Morden Veterinary Services District	100%	100%
Morden Community Development Corporation	33%	53%

18. Capital Disclosures

Pembina Valley Water Cooperative Inc. is subject to externally imposed capital requirements with respect to their demand loans. The Cooperative monitors capital based on the debt service ratio. The debt service ratio will be calculated as EBITDA divided by regularly scheduled principal payments plus interest expense. This ratio cannot be less than 1.5:1.0. The Cooperative is in compliance with the debt service ratio at year end.

19. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$75,000 annually to any member of council, officer or employee of the City. To view this disclosure please contact the City of Morden and request the audited *Public Sector Compensation Disclosure Schedule*.

20. Change in consolidation rates

Consolidation rates for 2020 for several government partnerships changed from prior year giving rise to opening surplus differences. This difference of \$34,180 has been recorded as a decrease to current year opening surplus.

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

21. Correction to prior period

Prior period opening surplus was understated by \$38,347 due to a combination of prior period adjustments from Agassiz Medical Centre Board, Morden Community Development Corporation and a missed elimination entry in 2019. The cumulative effect of the error reduced prior period accounts payable by \$120,000, reduced prior period buildings by \$31,436, and decreased prior period expenses by \$38,347.

22. Segmented Information

The City of Morden provides a wide ranges of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health
- Public Health and Welfare Services
- Regional Planning and Development
- Resources 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.

23. Government Partnerships

The municipality has several partnership agreements for municipal services. The consolidated financial statements include the municipality's proportionate interest, as disclosed in note 2(a). This includes \$1,379,272 of cumulative elimination entries in 2020 (2019:\$1,138,463). The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	<u>2020</u>	<u>2019</u>
Financial Position		
Financial assets	\$ 3,698,711.00	\$ 4,459,024.00
Financial liabilities	1,596,723.00	2,035,914.00
Net financial assets (liabilities)	\$ 2,101,988.00	\$ 2,423,110.00
Non-financial assets	3,153,608.00	2,919,567.00
Accumulated surplus	<u>\$ 5,255,596.00</u>	<u>\$ 5,342,677.00</u>
Result of Operations		
Revenues	\$ 1,668,117.00	\$ 1,432,068.00
Expenses	1,939,561.00	2,709,867.00
Annual surplus	<u>\$ (271,444.00)</u>	<u>\$ (1,277,799.00)</u>

24. Unused credit facilities

The City of Morden has a \$3,000,000 authorized line of credit with the Access Credit Union. The line of credit, which was not utilized at year-end, has an interest rate of 1.95%.

The SWAMP has a \$33,000 authorized line of credit with the Access Credit Union. The line of credit, which was not utilized at year-end, has an interest rate of 2.45%. The line of credit is secured by investments with Access Credit Union.

The Pembina Valley Water Cooperative has an authorized line of credit from Canadian Imperial Bank of Commerce in the amount of \$250,000. The interest rate is at the bank's prime rate less 0.25% and is secured by a general security agreement over accounts receivable and all property owned by the Cooperative. At December 31, 2020 the capacity was unused.

The Pembina Valley Water Cooperative has revolving capital loan from Canadian Imperial Bank of Commerce up to \$250,000. The interest rate is at the bank's prime rate. The loan is secured by a general security agreement over accounts receivable and all property owned by the Cooperative. At December 31, 2020 the capacity was unused.

25. Uncertainty due to COVID-19 pandemic

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economics.

Restrictions arising from the COVID-19 pandemic caused disruptions to operations during 2020, primarily to the recreation and cultural services administered by the City. The disruption to operations has continued throughout 2021. It is not known how long the pandemic will last or how long restrictions will be in place. The potential financial impacts in the future for the City and consolidating entities resulting from the effects of the COVID-19 pandemic cannot be reasonably estimated.

26. Lawsuit

In October 2018, City of Morden entered into an agreement with a certain vendor under the MoreNet Service Agreement, to provide internet services for its residents. As part of the agreement, the City would build towers and procure related infrastructure, also known as MoreNet assets.

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 the previous year. After the agreement was terminated by the City of Morden, a lawsuit was brought forth by the vendor. A countersuit was issued by the City of Morden. The results of these lawsuits cannot be determined at this time.

CITY OF MORDEN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2020

SCHEDULE 1

	General Capital Assets					Infrastructure				Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2020	2019	
Opening costs	\$ 9,054,224	\$ 14,172,774	\$ 7,686,907	\$ 686,129	\$ 330,016	\$ 29,139,451	\$ 31,164,212	\$ 2,241,323	\$ 94,475,036	\$ 91,430,854	
Adjustment to opening (Note 1)			(43)	(1,408)	(12,610)	-	(53,998)	(5,543)	(73,602)	(36,944)	
Restated opening costs	9,054,224	14,172,774	7,686,864	684,721	317,406	29,139,451	31,110,214	2,235,780	94,401,434	91,393,910	
Additions during the year	68,216	371,672	1,383,279	44,099	515,321	700,797	1,557,589	116,132	4,757,105	4,000,478	
Transfers during the year			28,158	16,993	(56,780)	11,629					
Disposals and write downs (Note 2)			(144,240)	(649)	(39,349)		(3,604)	(63,104)	(250,946)	(919,352)	
Closing costs	9,122,440	14,544,446	8,954,061	745,164	736,598	29,851,877	32,664,199	2,288,808	98,907,593	94,475,036	
Accumulated Amortization											
Opening accum'd amortization	3,611,637	5,388,467	4,257,778	562,801	-	16,039,258	11,421,646	-	41,281,587	37,879,741	
Adjustment to opening (Note 1)	-	112	(492)	(202)	-	-	(23,259)	-	(23,841)	(12,217)	
Restated opening costs	3,611,637	5,388,579	4,257,286	562,599	-	16,039,258	11,398,387	-	41,257,746	37,867,524	
Amortization	242,128	380,302	540,212	87,466	-	854,291	743,628	-	2,848,027	2,723,524	
Adjustments to useful life										817,730	
Disposals and write downs	-		(124,725)	(648)	-	-	(2,781)	-	(128,154)	(127,191)	
Closing accum'd amortization	3,853,765	5,768,881	4,672,773	649,417	-	16,893,549	12,139,224	-	43,977,619	41,281,587	
Net Book Value of Tangible Capital Assets	\$ 5,268,675	\$ 8,775,565	\$ 4,281,288	\$ 95,747	\$ 736,598	\$ 12,958,328	\$ 20,524,965	\$ 2,288,808	\$ 54,929,974	\$ 53,193,449	

Note 1) Due to change in consolidation rates for a few government partnerships an adjustment to opening cost and opening accumulated amortization was required. There was also a prior period adjustment to buildings as a result of the consolidation of Agassiz Medical Centre Board.

Note 2) Total write downs in the current year include \$39,349 (general assets under construction) and \$4,250 (infrastructure assets under construction).

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2020

	2020 Actual	2019 Actual
Property taxes		
Municipal taxes levied (Schedule 11)	\$ 8,489,962	\$ 8,143,221
Taxes added (Schedule 10)	394,327	359,699
Penalties and interest (Schedule 10)	89,393	95,214
	<u>8,973,682</u>	<u>8,598,134</u>
Grants in lieu of taxation		
Federal government	12,048	11,823
Federal government enterprises	103,525	109,400
Provincial government	115,234	108,873
Provincial government enterprises	28,511	28,757
	<u>259,318</u>	<u>258,853</u>
User fees		
Sales of service	1,278,107	1,454,601
Sales other	-	-
Landfill fees	477,886	400,011
Rentals	195,780	145,819
	<u>1,951,773</u>	<u>2,000,431</u>
Grants - Province of Manitoba		
General assistance payment	1,656,460	1,656,460
General support grant	-	-
VLT revenues	-	-
Gas tax funding	901,686	278,630
Conditional grants	218,923	111,098
Grants collected by consolidated entities	94,033	95,068
	<u>2,871,102</u>	<u>2,141,256</u>
Grants - other		
Federal safe restart funding	518,952	-
Recycling subsidy	208,729	186,632
Grants collected by consolidated entities	546,103	283,262
	<u>1,273,784</u>	<u>469,894</u>
Permits, licences and fines		
Licences	9,930	15,948
Fees collected by consolidated entities	159,131	206,535
Fines	23,097	22,690
Building	-	-
	<u>192,158</u>	<u>245,173</u>
Investment income		
Cash and temporary investments	136,926	213,235
Sale of Land for Resale	<u>50,700</u>	<u>162,528</u>
Other revenue		
Gain (loss) on sale of tangible capital assets	1,063	14,157
Donations and donated assets	314,220	869,307
Miscellaneous	166,656	87,651
Miscellaneous revenue of consolidated entities	37,825	19,736
	<u>519,764</u>	<u>990,851</u>
Water and sewer		
Water and sewer (Schedule 8)	2,604,758	3,287,459
Consolidated water cooperatives	95,139	101,114
	<u>2,699,897</u>	<u>3,388,573</u>
Total revenue	<u>\$ 18,929,104</u>	<u>\$ 18,468,928</u>

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2020

	2020 Actual	2019 Actual
General government services:		
Legislative	\$ 163,611	\$ 226,258
General administrative	1,395,776	1,165,753
Cost of real estate sold	7,714	23,821
Write-down of tangible capital assets	-	750,048
Other	345,030	694,116
	<u>1,912,131</u>	<u>2,859,996</u>
Protective services:		
Police	2,412,467	2,317,791
Fire	636,279	575,623
Other protection	5,070	6,513
	<u>3,053,816</u>	<u>2,899,927</u>
Transportation services:		
Road transport		
Administration and engineering	454,394	364,328
Road and street maintenance	1,824,352	2,042,011
Sidewalk and boulevard maintenance	155,084	186,304
Street lighting	156,611	152,931
Other	-	-
	<u>2,590,441</u>	<u>2,745,574</u>
Environmental health services:		
Waste collection and disposal	553,008	1,374,139
Recycling	586,893	570,797
	<u>1,139,901</u>	<u>1,944,936</u>
Public health and welfare services:		
Public health	764,278	232,098
Social assistance	-	-
	<u>764,278</u>	<u>232,098</u>
Regional planning and development:		
Planning and zoning	-	-
	<u>-</u>	<u>-</u>
Resource conservation and industrial development:		
Natural Resources	-	-
Veterinary services	19,646	20,505
Community Development	982,652	1,277,137
Regional development	19,500	18,510
Industrial development	57,717	26,652
Tourism	37,140	81,210
Other Economic Services	32,602	98,150
	<u>1,149,257</u>	<u>1,522,164</u>
Recreation and cultural services:		
Community Services Department	2,660,007	2,951,638
Parks and Playgrounds	20,887	9,933
Morden Beach & Campground	339,280	303,548
Minnewasta Golf & Country Club	-	-
MB Baseball Hall of Fame	26,325	26,325
Canadian Fossil Discovery Centre	179,480	196,623
Libraries	367,291	380,863
Other cultural facilities	17,073	17,244
	<u>3,610,343</u>	<u>3,886,174</u>
Water and sewer services:		
Water and sewer services (Schedule 8)	2,338,461	2,212,743
Consolidated water cooperatives	82,559	87,805
	<u>2,421,020</u>	<u>2,300,548</u>
Total expenses	<u>\$ 16,641,187</u>	<u>\$ 18,391,417</u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2020

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE										
Property taxes	\$ 8,239,104	\$ 7,941,594	\$ -	\$ -	\$ -	\$ -	\$ 523,730	\$ 445,692	\$ -	\$ -
Grants in lieu of taxation	259,318	258,853	-	-	-	-	-	-	-	-
User fees	95,310	92,255	207,879	216,782	41,132	50,468	477,886	400,010	396	544
Grants - other	518,952	-	-	-	-	-	208,728	186,632	323,242	28,422
Permits, licences and fines	169,061	222,483	23,097	22,690	-	-	-	-	-	-
Investment income	80,243	160,643	-	-	-	-	28,270	22,597	2,623	4,186
Other revenue	483,717	973,986	-	-	-	-	-	-	24,676	8,760
Sale of land held for resale	-	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	1,656,460	1,656,460	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	1,066,959	308,630	51,250	28,698	-	-	-	-	-	-
Total revenue	\$ 12,569,124	\$ 11,614,904	\$ 282,226	\$ 268,170	\$ 41,132	\$ 50,468	\$ 1,238,614	\$ 1,054,931	\$ 350,937	\$ 41,912
EXPENSES										
Personnel services	\$ 919,208	\$ 806,536	\$ 2,293,303	\$ 2,140,884	\$ 756,771	\$ 627,116	\$ 145,001	\$ 126,892	\$ -	\$ -
Contract services	457,689	568,479	284,965	296,210	242,220	479,808	792,180	803,973	617,935	25,637
Utilities & Taxes	51,619	54,403	48,948	47,628	182,177	179,606	13,655	12,899	-	-
Maintenance materials and supplies	70,253	112,472	146,967	174,961	214,832	313,277	88,896	70,935	7,949	9,640
Grants and contributions	90,531	75,717	-	-	-	-	-	-	85,281	144,496
Amortization	121,951	110,588	222,310	181,290	1,119,442	1,109,463	100,290	111,367	30,949	17,897
Interest on long term debt	67,812	55,646	-	-	-	-	360	-	6,069	1,512
Other	133,068	1,076,155	57,323	58,954	74,999	36,304	(481)	818,870	16,095	32,916
Total expenses	\$ 1,912,131	\$ 2,859,996	\$ 3,053,816	\$ 2,899,927	\$ 2,590,441	\$ 2,745,574	\$ 1,139,901	\$ 1,944,936	\$ 764,278	\$ 232,098
Surplus (Deficit)	\$ 10,656,993	\$ 8,754,908	\$ (2,771,590)	\$ (2,631,757)	\$ (2,549,309)	\$ (2,695,106)	\$ 98,713	\$ (890,005)	\$ (413,341)	\$ (190,186)

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

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2020

	Environmental Planning and Community Develop.		Economic Development Services		Recreation and Cultural Services		Water and Sewer Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019		
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,848	\$ 210,848	\$ 8,973,682	\$ 8,598,134
Grants in lieu of taxation	-	-	-	-	-	-	-	-	259,318	258,853
User fees	3,800	2,150	145,229	101,450	980,141	1,136,772	-	-	1,951,773	2,000,431
Grants - other	-	-	93,906	164,804	128,956	90,036	-	-	1,273,784	469,894
Permits, licences and fines	-	-	-	-	-	-	-	-	192,158	245,173
Investment income	-	-	25,247	25,330	395	122	148	357	136,926	213,235
Other revenue	-	-	-	45	3,611	7,308	7,760	752	519,764	990,851
Sale of real estate properties	-	-	50,700	162,528	-	-	-	-	50,700	162,528
Water and sewer	-	-	-	-	-	-	2,699,897	3,388,573	2,699,897	3,388,573
Prov of MB - Unconditional Grants	-	-	6,770	6,770	89,663	90,698	-	-	1,752,893	1,753,928
Prov of MB - Conditional Grants	-	-	-	-	-	50,000	-	-	1,118,209	387,328
Total revenue	\$ 3,800	\$ 2,150	\$ 321,852	\$ 460,927	\$ 1,202,766	\$ 1,374,936	\$ 2,918,653	\$ 3,600,530	\$ 18,929,104	\$ 18,468,928
EXPENSES										
Personnel services	\$ -	\$ -	\$ 264,640	\$ 187,793	\$ 1,502,864	\$ 1,646,679	\$ 652,322	\$ 576,009	\$ 6,534,109	\$ 6,111,909
Contract services	-	-	134,132	673,216	554,668	501,810	231,350	292,995	3,315,139	3,642,128
Utilities & Taxes	-	-	180,462	180,030	347,797	401,458	95,697	99,615	920,355	975,639
Maintenance materials and supplies	-	-	157,947	180,372	466,445	588,202	568,867	477,488	1,722,156	1,927,347
Grants and contributions	-	-	103,723	9,236	299,637	313,019	321	412	579,493	542,880
Amortization	-	-	88,898	70,225	419,972	412,272	744,215	710,422	2,848,027	2,723,524
Interest on long term debt	-	-	22,579	19,337	-	-	117,274	134,790	214,094	211,285
Other	-	-	196,876	201,955	18,960	22,734	10,974	8,817	507,814	2,256,705
Total expenses	\$ -	\$ -	\$ 1,149,257	\$ 1,522,164	\$ 3,610,343	\$ 3,886,174	\$ 2,421,020	\$ 2,300,548	\$ 16,641,187	\$ 18,391,417
Surplus (Deficit)	\$ 3,800	\$ 2,150	\$ (827,405)	\$ (1,061,237)	\$ (2,407,577)	\$ (2,511,238)	\$ 497,633	\$ 1,299,982	\$ 2,287,917	\$ 77,511

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2020

	Core Government		Controlled Entities		Government Partnerships		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE								
Property taxes	\$ 8,973,682	\$ 8,598,134	\$ -	\$ -	\$ -	\$ -	\$ 8,973,682	\$ 8,598,134
Grants in lieu of taxation	259,318	258,853	-	-	-	-	259,318	258,853
User fees	1,330,862	1,497,863	135,214	126,386	485,697	376,182	1,951,773	2,000,431
Grants - other	724,633	186,632	86,645	157,590	462,506	125,672	1,273,784	469,894
Permits, licences and fines	34,213	38,638	-	-	157,945	206,535	192,158	245,173
Investment income	75,691	151,978	25,247	25,330	35,988	35,927	136,926	213,235
Other revenue	480,761	971,115	-	-	39,003	19,736	519,764	990,851
Sale of real estate properties	-	-	50,700	162,528	-	-	50,700	162,528
Water and sewer	2,604,758	3,287,459	-	-	95,139	101,114	2,699,897	3,388,573
Prov of MB - Unconditional Grants	1,658,860	1,658,860	-	-	94,033	95,068	1,752,893	1,753,928
Prov of MB - Conditional Grants	1,118,209	387,328	-	-	-	-	1,118,209	387,328
Total revenue	\$ 17,260,987	\$ 17,036,860	\$ 297,806	\$ 471,834	\$ 1,370,311	\$ 960,234	\$ 18,929,104	\$ 18,468,928
EXPENSES								
Personnel services	\$ 6,140,066	\$ 5,714,583	\$ 107,005	\$ -	\$ 394,043	\$ 397,326	\$ 6,534,109	\$ 6,111,909
Contract services	2,558,096	2,968,640	61,637	57,362	650,038	616,126	3,315,139	3,642,128
Utilities	830,058	874,874	49,156	72,455	28,660	28,310	920,355	975,639
Maintenance materials and supplies	1,531,293	1,706,200	6,000	82,116	141,707	139,031	1,722,156	1,927,347
Grants and contributions	573,172	542,468	76,274	-	321	412	579,493	542,880
Amortization	2,612,042	2,499,865	22,545	63,245	159,711	160,414	2,848,027	2,723,524
Interest on long term debt	178,345	182,494	191,216	19,196	13,204	9,595	214,094	211,285
Other	278,554	1,193,932	-	214,610	38,044	848,163	507,814	2,256,705
Total expenses	\$ 14,701,626	\$ 15,683,056	\$ 513,833	\$ 508,984	\$ 1,425,728	\$ 2,199,377	\$ 16,641,187	\$ 18,391,417
Surplus	\$ 2,559,361	\$ 1,353,804	\$ (216,027)	\$ (37,150)	\$ (55,417)	\$ (1,239,143)	\$ 2,287,917	\$ 77,511

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2020

	2020										2019	
	General Reserve	Replacement Reserve	Community Development Reserve	Gas Tax Reserve	Cemetery Reserve	Recreation Reserve	W & S Reserve	W & S Capital Reserve	Total	Total		
REVENUE												
Investment income	\$ 40,958	\$ 8,517	\$ 12,628	\$ 45,768	\$ 2,253	\$ 760	\$ 49,669	\$ 1,518	\$ 162,071	\$ 297,855		
Contributions and donations					3,375				3,375	7,500		
Other income	95,157	-	-	466,482					561,639	995,934		
Total revenue	136,115	8,517	12,628	512,250	5,628	760	49,669	1,518	727,085	1,301,289		
EXPENSES												
Maintenance	-	-	-	-	-	-	-	-	-	-		
Other expenses	1,564		20,000						21,564			
Total expenses	1,564	-	20,000	-	-	-	-	-	21,564	-		
NET REVENUES	134,551	8,517	(7,372)	512,250	5,628	760	49,669	1,518	705,521	1,301,289		
TRANSFERS												
Transfer from surplus		-	-	-	-	-	-	-	-	-		
Transfers from (to) operating fund	-	347,223	-	-	-	-	629,390	-	976,613	1,044,704		
Transfers from (to) utility fund												
Acquisition of tangible capital assets	(113,044)	(136,221)	-	(901,687)			(1,212,925)		(2,363,877)	(1,170,821)		
CHANGE IN RESERVE FUND	21,507	219,519	(7,372)	(389,437)	5,628	760	(533,866)	1,518	(681,743)	1,175,172		
FUND SURPLUS, BEGINNING OF	3,537,901	547,937	1,278,658	4,060,918	193,983	77,404	4,637,545	152,837	14,487,183	13,312,011		
FUND SURPLUS, END OF YEAR	\$ 3,559,408	\$ 767,456	\$ 1,271,286	\$3,671,481	\$199,611	\$ 78,164	\$ 4,103,679	\$154,355	\$ 13,805,440	\$ 14,487,183		

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
	Morden	Morden
	Water & Sewer	Water & Sewer
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 153,939	\$ 150,899
Due from other funds		
	<u>153,939</u>	<u>150,899</u>
LIABILITIES		
Long-term debt (Note 9)	2,062,703	2,414,189
Due to other funds	4,419,486	4,212,560
	<u>6,482,189</u>	<u>6,626,749</u>
NET DEBT	<u>(6,328,250)</u>	<u>(6,475,850)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	22,296,434	21,442,972
Inventories	53,918	45,489
	<u>22,350,352</u>	<u>21,488,461</u>
FUND SURPLUS	<u>\$ 16,022,102</u>	<u>\$ 15,012,611</u>

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

SCHEDULE OF UTILITY OPERATIONS - Morden Water & Sewer
Year Ended December 31, 2020

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Water fees	\$ 1,711,000	\$ 1,717,907	\$ 1,702,821
Bulk Water fees	-	2,100	2,384
Sewer fees	575,000	604,481	596,216
Administration fees	196,550	209,613	206,082
Hydrant rentals	57,000	57,000	55,000
Levies on lots sold	-	-	-
Donated Assets	-	-	681,950
Gain or (Loss) on Sale	-	-	-
Penalties	8,250	11,532	11,503
Other income	500	-	31,328
Connection charges	100	2,125	175
sub-total	<u>2,548,400</u>	<u>2,604,758</u>	<u>3,287,459</u>
Property taxes	210,848	210,848	210,848
Total revenue	<u>2,759,248</u>	<u>2,815,606</u>	<u>3,498,307</u>
EXPENSES			
General			
Administration	222,400	202,527	143,173
sub-total- general	<u>222,400</u>	<u>202,527</u>	<u>143,173</u>
Water			
Purification and treatment	803,600	690,128	641,970
Transmission and distribution	157,400	143,970	73,270
Water purchases	133,100	125,803	113,511
Service of Supply	29,100	-	-
Connection costs	75,000	76,879	43,786
Other water supply costs	23,200	20,403	20,869
Amortization	-	478,075	453,449
Interest on long term debt	-	-	-
sub-total- water	<u>1,221,400</u>	<u>1,535,258</u>	<u>1,346,855</u>
Sewer			
Collection system costs	65,000	65,782	151,141
Treatment and disposal cost	98,900	111,170	141,090
Lift Station costs	52,200	51,125	47,185
Other sewage and disposal costs	8,300	16,540	20,287
Amortization	-	245,887	236,164
Principal on long term debt	351,486	-	-
Interest on long term debt	110,172	110,172	126,848
sub-total- sewer	<u>686,058</u>	<u>600,676</u>	<u>722,715</u>
Total expenses	<u>2,129,858</u>	<u>2,338,461</u>	<u>2,212,743</u>
NET REVENUES	629,390	477,145	1,285,564
TRANSFERS			
Contribution to capital	2,080,400	1,161,736	255,074
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	<u>(2,709,790)</u>	<u>(629,390)</u>	<u>(716,872)</u>
CHANGE IN UTILITY FUND BALANCE	-	1,009,491	823,766
FUND SURPLUS, BEGINNING OF YEAR	<u>15,012,611</u>	<u>15,012,611</u>	<u>14,188,845</u>
FUND SURPLUS, END OF YEAR	<u><u>\$15,012,611</u></u>	<u><u>\$16,022,102</u></u>	<u><u>\$15,012,611</u></u>

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

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2020

	Financial Plan General	Financial Plan Utilities	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	\$ 8,721,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,721,030
Grants in lieu of taxation	259,318	-	-	-	-	-	-	259,318
User fees	1,537,834	-	-	-	-	-	620,911	2,158,745
Grants - Province of Manitoba	3,016,627	-	-	-	-	-	94,033	3,110,660
Grants - other	-	-	-	-	-	-	549,151	549,151
Permits, licences and fines	37,700	-	-	-	-	-	157,945	195,645
Investment income	100,000	-	-	-	-	-	61,235	161,235
Other revenue	216,900	-	-	-	-	-	89,703	306,603
Water and sewer	-	2,548,400	-	-	-	-	95,139	2,643,539
Transfers from accumulated surplus	-	210,848	-	-	(210,848)	-	-	-
Transfers from reserves	1,483,000	2,080,400	-	-	(3,563,400)	-	-	-
Total revenue	\$ 15,372,409	\$ 4,839,648	\$ -	\$ -	\$ (3,774,248)	\$ -	\$ 1,668,117	\$ 18,105,926
EXPENSES								
General government services	\$ 1,811,459	\$ -	\$ 113,747	\$ 67,812	\$ -	\$ -	\$ 145,481	\$ 2,138,499
Protective services	2,934,668	-	222,310	-	-	-	-	3,156,978
Transportation services	1,647,300	-	1,119,442	-	-	-	-	2,766,742
Environmental health services	736,000	-	288	-	-	-	292,622	1,028,910
Public health and welfare services	177,400	-	-	-	-	-	669,198	846,598
Regional planning and development	2,500	-	-	-	-	-	-	2,500
Resource cons and industrial dev	613,469	-	12,624	-	-	-	525,741	1,151,834
Recreation and cultural services	3,170,630	-	417,082	-	-	-	223,960	3,811,672
Water and sewer services	-	1,668,200	723,962	110,172	-	-	82,557	2,584,891
Fiscal services:								
Transfer to capital	2,825,000	2,080,400	-	-	(4,905,400)	-	-	-
Transfer to utilities	210,848	-	-	-	(210,848)	-	-	-
Debt charges	459,430	461,658	-	(921,088)	-	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Transfer to reserves	783,705	629,390	-	-	(1,413,095)	-	-	-
Allowance for tax assets	-	-	-	-	-	-	-	-
Total expenses	\$ 15,372,409	\$ 4,839,648	\$ 2,609,455	\$ (743,104)	\$ (6,529,343)	\$ -	\$ 1,939,559	\$ 17,488,624
Surplus (Deficit)	\$ -	\$ -	\$ (2,609,455)	\$ 743,104	\$ 2,755,095	\$ -	\$ (271,442)	\$ 617,302

**CITY OF MORDEN
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2020**

SCHEDULE 10

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 425,579	\$ 381,819
Add:		
Tax levy (Schedule 11)	15,577,243	15,124,645
Taxes added	394,327	359,699
Penalties or interest	89,393	95,214
Other accounts added	-	-
Taxes Overpaid	-	-
Excess Taxes Added	-	-
Sub-total	<u>16,060,963</u>	<u>15,579,558</u>
Deduct:		
Cash collections - current	13,529,045	13,240,742
Cash collections - arrears	594,763	454,409
Writeoffs & Adjustments	-	-
R.H.O.A. - cash advance	1,771,852	1,769,909
Other credits Trailer Fees W.S.D.	69,528	70,738
Sub-total	<u>15,965,188</u>	<u>15,535,798</u>
Balance, end of year	<u><u>\$ 521,354</u></u>	<u><u>\$ 425,579</u></u>

CITY OF MORDEN
ANALYSIS OF TAX LEVY
Year Ended December 31, 2020

SCHEDULE 11

	2020		2019	
	Assessment	Mill Rate	Levy	Levy
Other governments (L.U.D.):				
Debt charges:				
Frontage	-		32,173	128,148
Mill Rate (L.I.D.)	478,180,740	0.450%	209,378	205,108
Mill Rate (Rec Centre)	511,615,910	0.380%	189,187	189,439
Mill Rate (Rec Centre Phase 3)	475,883,200	0.300%	137,961	125,009
Minister of LG (Assessment)	475,883,200	0.260%	119,566	116,675
Fire Heavy Rescue	511,615,910	0.190%	94,593	-
	-			
Reserves:				
Replacement Reserve	475,883,200	0.670%	308,112	287,520
General Municipal	475,883,200	8.710%	3,966,857	4,003,455
Special levies:				
Special Services (Section 312)	511,615,910	5.840%	2,907,503	2,643,120
Business Levy	-	0.000%	4,055	5,036
Sanitation Collection & Fees	-	0.000%	520,576	439,710
Total municipal taxes			8,489,962	8,143,221
Education support levy	104,749,750	8.828%	821,609	807,071
Special levy:				
Western School Division	459,538,530	14.040%	6,265,673	6,174,354
Total education taxes			7,087,281	6,981,424
Total tax levy (Schedule 10)			\$ 15,577,243	\$ 15,124,645

ANALYSIS OF SCHOOL ACCOUNTS

Year Ended December 31, 2020

	2020			2019	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 40,407	\$ 924,731	\$ (920,751)	\$ 44,387	\$ 40,407
Special levies					
Western School Division	<u>205,816</u>	<u>6,521,499</u>	<u>(6,499,332)</u>	<u>227,983</u>	<u>205,816</u>
Sub-total	246,223	7,446,230	(7,420,083)	272,370	246,223
Grants in lieu of taxation	-	324,968	(324,968)	-	-
Trailer park fees	\$ -	\$ 69,528	\$ (69,528)	-	-
Total	<u>\$ 246,223</u>	<u>\$ 7,840,726</u>	<u>\$ (7,814,579)</u>	<u>\$ 272,370</u>	<u>\$ 246,223</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year Ended December 31, 2020

	2020 Budget	2020 Actual	2019 Actual
General Government Services:			
Legislative	\$ 191,754	\$ 163,611	\$ 226,258
General Administrative	1,364,805	1,234,250	1,018,827
Cost of Real Estate sold	-	7,714	23,821
Write-down of tangible capital assets	-	-	750,048
Other	218,900	345,031	694,116
	<u>1,775,459</u>	<u>1,750,606</u>	<u>2,713,070</u>
Protective Services:			
Police	2,415,693	2,412,467	2,317,791
Fire	518,975	636,279	575,623
Other	-	5,068	6,513
	<u>2,934,668</u>	<u>3,053,814</u>	<u>2,899,927</u>
Transportation Services:			
Administration and engineering	480,300	454,394	364,327
Road and street maintenance	937,900	1,824,352	2,042,011
Sidewalk and boulevard maintenance	50,500	155,084	186,304
Street lighting	167,600	156,611	152,931
Other	11,000	-	-
	<u>1,647,300</u>	<u>2,590,441</u>	<u>2,745,573</u>
Environmental health services:			
Waste collection and disposal	218,700	260,384	275,430
Recycling	517,300	586,896	570,797
Other	-	-	-
	<u>736,000</u>	<u>847,280</u>	<u>846,227</u>
Public health and welfare services:			
Public health	151,400	192,956	249,996
Social assistance	26,000	-	-
	<u>177,400</u>	<u>192,956</u>	<u>249,996</u>
Regional planning and development:			
Planning and zoning	2,500	-	-
Resource conservation and industrial development:			
Natural resources	-	-	-
Veterinary services	10,049	10,049	10,049
Community development	452,920	526,533	509,134
Regional development	19,000	19,500	18,510
Industrial development	21,000	57,717	26,652
Tourism	37,000	37,140	81,210
Other economic services	73,500	32,602	98,149
	<u>613,469</u>	<u>683,541</u>	<u>743,704</u>
Recreation and cultural services:			
Community Services Department	1,781,050	2,660,007	2,951,638
Parks and playgrounds	733,550	20,887	9,933
Morden Beach & Campground	290,100	339,280	303,548
Minnewasta Golf & Country Club	-	-	-
MB Baseball Hall of Fame	26,325	26,325	26,325
Canadian Fossil Discovery Centre	179,480	179,480	196,623
Libraries	146,875	168,423	162,583
Other cultural facilities	49,250	17,075	17,240
	<u>3,206,630</u>	<u>3,411,477</u>	<u>3,667,890</u>
Total expenses	<u>\$ 11,093,426</u>	<u>\$ 12,530,115</u>	<u>\$ 13,866,387</u>

CITY OF MORDEN
 RECONCILIATION OF ANNUAL SURPLUS
 Year Ended December 31, 2020

SCHEDULE 14

	2020		2019	
	General	Utility	Total	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ 1,004,243	\$ (50,208)	\$ 954,035	\$ 288,642

Adjustments for reporting under PSAB

Eliminate income - transfers from reserves	(1,150,933)	(1,212,925)	(2,363,858)	(1,170,881)
Eliminate expense - transfers to reserves	445,755	629,390	1,075,145	2,073,162
Eliminate expense - acquisition of tangible capital assets	2,446,902	1,482,028	3,928,930	2,123,756
Increase revenue - donated assets	304,570	-	304,570	1,458,757
Increase revenue - net surplus of consolidated entities	(291,932)	20,488	(271,444)	(1,276,923)
Increase revenue - deferred revenue spent in the current year	901,687	-	901,687	-
Decrease revenue - proceeds on sale	(28,214)	-	(28,214)	(49,826)
Decrease revenue - interest on L.I.D.s			-	-
Decrease revenue - deferred income	(569,965)	-	(569,965)	(929,793)
Increase (decrease) revenue - gain/(loss) on sale of tangible capital assets	1,063	-	1,063	(859,300)
Decrease expense - principal portion and interest of L.I.D./debenture debt	459,431	351,491	810,922	796,020
Decrease expense - consolidation elimination entries	163,468	1,334	164,802	147,583
Increase expense - amortization of tangible capital assets	(1,888,080)	(723,962)	(2,612,042)	(2,499,865)
Increase expense - cost of land sold	(7,714)		(7,714)	(23,821)
	786,038	547,844	1,333,882	(211,131)
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,790,281	\$ 497,636	\$ 2,287,917	\$ 77,511