

TOWN OF MORRIS

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

TOWN OF MORRIS

Consolidated Financial Statements

For the Year Ended December 31, 2019

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STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of management of the Town of Morris and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants 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 Town met with management and the external auditor 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.

BDO Canada LLP as the Town's appointed external auditor, have audited the consolidated financial statements. The independent 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. Those standards require that they comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, and present fairly the financial position and results of its operations and its cash flows of the Town in accordance with Canadian public sector accounting standards.



Brigitte Doerksen, Chief Administrative Officer

July 23, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of Town of Morris

Opinion

We have audited the consolidated financial statements of the Town of Morris and its controlled entities (the Town), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2019, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended 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 Town 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 these 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 these 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants

Winnipeg, Manitoba

July 23, 2020

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and bank	\$ 2,370,717	\$ 1,751,803
Amounts receivable (Note 4)	1,024,057	1,040,057
Portfolio investments	83,666	48,008
Real estate properties held for sale	145,965	170,788
Other assets	7,002	4,755
	<u>3,631,407</u>	<u>3,015,411</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	876,939	563,715
Deferred revenue	76,478	91,785
Long-term debt (Note 6)	2,161,150	1,689,950
Other liabilities	6,234	6,686
	<u>3,120,801</u>	<u>2,352,136</u>
NET FINANCIAL ASSETS	<u>510,606</u>	<u>663,275</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	17,363,121	15,631,189
Inventories (Note 7)	53,916	37,099
Prepaid expenses	53,419	71,109
	<u>17,470,456</u>	<u>15,739,397</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 17,981,062</u>	<u>\$ 16,402,672</u>

Approved on behalf of Council:



 Scott Crick, Mayor



 Brigitte Doerksen, Chief Administrative Officer

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2019

	2019 Budget (Note 11)	2019 Actual	2018 Actual
REVENUE			
Property taxes	\$ 2,500,799	\$ 2,475,766	\$ 2,460,305
Grants in lieu of taxation	95,138	93,048	93,018
User fees	523,230	525,801	501,294
Grants - Province of Manitoba	353,447	442,123	400,819
Grants - Other	294,930	262,248	173,477
Permits, licences and fines	19,375	36,485	19,128
Investment income	8,145	34,053	23,419
Other revenue	136,916	1,265,740	222,058
Water and sewer	<u>1,055,072</u>	<u>1,055,306</u>	<u>987,851</u>
Total revenue (Schedules 2, 4 and 5)	<u>4,987,052</u>	<u>6,190,570</u>	<u>4,881,369</u>
EXPENSES			
General government services	715,816	710,550	698,859
Protective services	483,404	449,157	447,478
Transportation services	956,368	903,058	863,123
Environmental health services	115,870	101,957	103,104
Public health and welfare services	55,095	44,067	45,596
Regional planning and development	163,748	156,561	181,893
Resource conservation and industrial development	83,118	48,317	95,013
Recreation and cultural services	1,252,090	1,226,765	1,251,963
Water and sewer services	<u>1,109,674</u>	<u>971,748</u>	<u>997,692</u>
Total expenses (Schedules 3, 4 and 5)	<u>4,935,183</u>	<u>4,612,180</u>	<u>4,684,721</u>
ANNUAL SURPLUS	<u>\$ 51,869</u>	1,578,390	196,648
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>16,402,672</u>	<u>16,206,024</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 9)		<u>\$ 17,981,062</u>	<u>\$ 16,402,672</u>

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	<u>2019 Budget (Note 11)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
ANNUAL SURPLUS	\$ 51,869	\$ 1,578,390	\$ 196,648
Acquisition of tangible capital assets	(1,527,100)	(2,463,698)	(774,920)
Amortization of tangible capital assets	605,780	726,228	724,641
Loss (gain) on sale of tangible capital assets	-	3,638	(47,283)
Proceeds on sale of tangible capital assets	-	1,900	128,625
Increase in inventories	-	(16,817)	(2,083)
Decrease (increase) in prepaid expenses	-	17,690	(23,057)
	<u>(921,320)</u>	<u>(1,731,059)</u>	<u>5,923</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (869,451)</u>	(152,669)	202,571
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>663,275</u>	<u>460,704</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 510,606</u>	<u>\$ 663,275</u>

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,578,390	\$ 196,648
Loss (gain) on sale of real estate properties for sale	9,620	(46,437)
Loss (gain) on sale of tangible capital assets	3,638	(846)
Donated land	738,675	-
Amortization	726,228	724,641
	<u>3,056,551</u>	<u>874,006</u>
Changes in non-cash working capital items		
Amounts receivable	16,000	(15,605)
Other assets	(2,247)	(583)
Inventories	(16,817)	(2,083)
Prepaid expenses	17,690	(23,057)
Accounts payable and accrued liabilities	313,224	66,879
Deferred revenue	(15,307)	67,045
Other liabilities	(452)	2,457
	<u>3,368,642</u>	<u>969,059</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	1,900	128,625
Cash applied to acquire tangible capital assets	(3,202,373)	(774,920)
	<u>(3,200,473)</u>	<u>(646,295)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of real estate properties	20,000	-
Purchase of portfolio investments	(35,658)	4,233
Acquisition of real estate properties	(4,797)	(8,459)
	<u>(20,455)</u>	<u>(4,226)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	618,878	91,730
Debt payments	(147,678)	(255,718)
	<u>471,200</u>	<u>(163,988)</u>
Cash provided by (applied to) financing transactions	<u>471,200</u>	<u>(163,988)</u>
NET INCREASE IN CASH AND BANK	618,914	154,550
CASH AND BANK, BEGINNING OF YEAR	<u>1,751,803</u>	<u>1,597,253</u>
CASH AND BANK, END OF YEAR	<u><u>\$ 2,370,717</u></u>	<u><u>\$ 1,751,803</u></u>

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. Status of the Town of Morris

The incorporated Town of Morris (“the Town”) is a municipal government that was created in 1908 pursuant to the Manitoba Municipal Act. The Town provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, public transit, and other general government operations. The Town owns a utility, has several designated special purpose reserves and provides funding support for other entities involved in water supply, economic development, library services, and weed control.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants 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 Council which are controlled by the Town. 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 Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Interfund and intercompany balances and transactions have been eliminated. Morris Multiplex Inc. and Morris Community Development Corporation are the only controlled entities of the Town.

The Town has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Town’s pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the consolidated financial statements of the Town. Intercompany balances and transactions have been eliminated. The government partnerships include:

- Pembina Valley Water Cooperative Inc. (2019 and 2018 - consolidated 5.9%)
- Valley Regional Library (2019 and 2018 - consolidated 60%)
- Valley Weed Control District (2019 and 2018 - consolidated 33.3%)
- Morris District Handivan Service (2019 and 2018 - consolidated 50%)

The taxation with respect to the operations of the school divisions are not reflected in the Town revenue and surplus of these consolidated financial statements. Details of amounts levied, collected and payable at year end for Education Support Levy and Special Levy are presented at Schedule 12 Analysis of Tax Levy.

Trust funds and their related operations administered by the Town are not consolidated in these financial statements. The trust funds administered by the Town are presented in Note 14.

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 Bank

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.

Portfolio investments are accounted for at cost.

e) Real Estate Properties Held for Sale

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

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

2. Significant Accounting Policies (continued)

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 annual surplus, provides the change in net financial assets for the year.

Real estate properties 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 Town does not capitalize interest charges as part of the cost of its tangible capital assets.

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and Leasehold Improvements	
Buildings	40 years
Vehicles and Equipment	
Vehicles	10 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	20 years
Computer Hardware and Software	4 years

Infrastructure Assets

Roads, Streets and Bridges	
Land	Indefinite
Road surface	30 years
Road grade	40 years
Traffic lights and equipment	20 years
Water and Sewer	
Land	Indefinite
Land improvements	50 years
Buildings	40 years
Underground networks	60 years
Machinery and equipment	15 years
Dams and other surface water structures	40 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 Town, forests, water, and other natural resources are not recognized as tangible capital assets.

h) Inventories

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

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

2. Significant Accounting Policies (continued)

i) Revenue Recognition

Taxation revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers are recognized as revenue in the consolidated statement of operations as the stipulations liabilities are settled.

User fees are recognized as revenue in the year services are rendered or when consumption occurs. Permits and licenses are recognized as revenue when issued. Fines are recognized as revenue when assessed. Investment income is recognized as revenue in the period earned.

j) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the consolidated 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

k) Employee Future Benefits

The Town pays the employer portion of a multi-employer defined benefit pension plan handled by the Municipal Employees' Pension Plan (MEPP) for its employees. Under this plan, specific fixed amounts are contributed by the Town each period for services rendered by the employees matching employee contributions.

For those defined benefit plans that accumulate but do not best such as sick pay, the benefit costs are recognized and recorded only in the period when the employee is sick given that the liability for sick pay benefits has been determined to be insignificant at year end.

3. Credit Facilities

The Town has a line of credit with an authorized maximum of \$600,000 with interest at prime less 0.5% with effective 3.45% at December 31, 2019 secured by a promissory note. The line of credit was unutilized at December 31, 2019.

The The Pembina Valley Water Cooperative Inc. has an authorized line of credit of \$250,000. The line of credit is repayable on demand and bears interest at the bank's prime rate less 0.25% with effective rate of 3.45% at December 31, 2019. The line of credit is secured by a general security agreement over accounts receivable and all property owned by the Co-operative. At December 31, 2019, the Co-operative's line of credit was unutilized.

The The Pembina Valley Water Cooperative Inc. also has an authorized revolving capital loan up to \$250,000 to fund ongoing capital repairs and improvements. The capital loan is repayable on demand and bears interest at the bank's prime rate with effective rate of 3.45% at December 31, 2019. The capital loan is secured by a general security agreement over accounts receivable and all property owned by the Co-operative. At December 31, 2019, the capital loan was unutilized.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

4. Amounts Receivable

Amounts receivable are comprised of the following:

	<u>2019</u>	<u>2018</u>
Taxes on roll (Schedule 11)	\$ 331,885	\$ 242,490
Government grants	-	700
Utility customers	365,218	415,825
Organizations and individuals	252,364	295,288
Other governments	<u>74,590</u>	<u>85,754</u>
	<u>1,024,057</u>	<u>1,040,057</u>
Less allowances for doubtful amounts	-	-
	<u><u>\$ 1,024,057</u></u>	<u><u>\$ 1,040,057</u></u>

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 678,578	\$ 386,805
Accrued liabilities	127,859	106,759
Accrued interest payable	2,107	1,822
School levies	<u>68,395</u>	<u>68,329</u>
	<u><u>\$ 876,939</u></u>	<u><u>\$ 563,715</u></u>

6. Long-term Debt

	<u>2019</u>	<u>2018</u>
<u>General Operating</u>		
Debenture - Interest at 2.20%, annual principal payments of \$55,738 plus interest, with a final principal payment of \$477,140 due December 2026.	\$ 356,180	\$ 396,866
Debenture - Interest at 2.50%, annual payments of \$75,000 principal plus interest payable monthly due December 2021.	150,000	225,000
Loan - Interest at 0.05%, annual principal payments of \$2,666 plus interest due February 2021.	37,325	69,317
Loan - Repayable monthly at \$848 including principal and interest, interest is charged at 5.60%, due February 2022.	58,911	65,589
Loan - Interest at 3.45%, monthly interest payments, principal reductions from the net sale proceeds of commercial land	<u>550,000</u>	-
	<u><u>1,152,416</u></u>	<u><u>756,772</u></u>

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

6. Long-term Debt (continued)

	<u>2019</u>	<u>2018</u>
<u>Pembina Valley Water Cooperative Inc.</u>		
Demand facility with 30 day Banker's Acceptances reducing by \$6,926 principal and interest instalments per month, with monthly interest payments fixed through interest rate swaps at 3.56% including stamping fee of 0.81% until July 2023, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, due July 2033.	787,305	831,602
Demand facility with 30 day Banker's Acceptances reducing by \$541 principal instalments per month, plus interest at the CIBC Banker's Acceptance floating rate of 2.07% at December 31, 2019 plus stamping fee of 0.81% amortized over 15 years. Secured by a general security agreement.	79,108	84,827
Derivative Contract - Interest rate swap locked in a fixed interest rate through July 2023.	18,421	16,749
Revolving demand facility with interest only payable monthly until the earlier of twelve months after the initial advance and completion of each discrete project, at which time repayment terms will be set. Interest is charged at prime rate minus 0.25% with effective rate of 3.70% at December 31, 2019. At December 31, 2019, the Cooperative had unutilized capacity under this facility of \$529,300. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative.	123,900	-
	<u>1,008,734</u>	<u>933,178</u>
	<u>\$ 2,161,150</u>	<u>\$ 1,689,950</u>

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

2020	\$ 885,713
2021	188,251
2022	155,484
2023	105,419
2024	108,348
Thereafter	717,935

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. Inventories

Inventories held for consumption consist of supplies.

8. Retirement Benefits

The majority of the employees of the Town 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 costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250 Retirement Benefits.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP 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 from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Town on behalf of its employees amounted to \$49,913 (\$52,209 in 2018) and are included in the consolidated statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2018 indicated the plan was 101.3% funded on a going concern basis and had an unfunded solvency liability of \$229.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2018.

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

9. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2019</u>	<u>2018</u>
General Operating Fund - Nominal surplus	\$ 669,631	\$ 669,634
Utility Operating Fund - Nominal surplus	65,810	65,810
Tangible capital assets, net of related borrowings	13,576,630	12,424,251
Reserve Funds	<u>2,045,611</u>	<u>1,721,728</u>
Accumulated surplus of Town, unconsolidated	16,357,682	14,881,423
Accumulated surplus of consolidated entities	<u>1,623,380</u>	<u>1,521,249</u>
Accumulated surplus per consolidated statement of financial position	<u>\$ 17,981,062</u>	<u>\$ 16,402,672</u>

10. Financial Instruments

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

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

11. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Town 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 consolidated financial statements have been approved by Council.

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

12. Government Partnerships

The Town has entered into partnership agreements for municipal services as disclosed in Note 2a. The condensed supplementary financial information of all government partnerships, in aggregate, is as follows:

	<u>2019</u>	<u>2018</u>
Financial Position		
Total assets	<u>\$ 2,668,900</u>	<u>\$ 2,417,697</u>
Total liabilities	<u>\$ 1,146,070</u>	<u>\$ 926,363</u>
Accumulated surplus	<u>1,522,830</u>	<u>1,491,334</u>
	<u>\$ 2,668,900</u>	<u>\$ 2,417,697</u>
Results of Operations		
Revenue	<u>\$ 528,264</u>	<u>\$ 468,155</u>
Expenses	<u>441,878</u>	<u>430,447</u>
Annual surplus	<u>\$ 86,386</u>	<u>\$ 37,708</u>

13. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment. General Government includes Council indemnities, administration, legal, audit, assessment, taxation, elections, conventions, damage claims, liability insurance, and other government sundry.

Protective Services

Protection is comprised of, fire protection, building inspection, emergency operations and animal control services. The fire department is comprised of paid on-call volunteers who provide fire suppression services, fire prevention programs, training and education. The fire department also responds to motor vehicle accidents. The building inspector inspects residential buildings for compliance with the Manitoba Building Code. Emergency operations include the Emergency coordinator as well as the emergency operations centres when required.

Transportation Services

Transportation services is responsible for snow clearing, cleaning streets in urban areas, grading gravel roads, and applying dust abatement to gravel roads. The department maintains boulevards and parks in the urban areas as well as maintenance. The department is also responsible for maintaining and improving drainage along municipal roads as well as paying for utility costs for street lights in urban and rural areas.

Environmental Health

Contractors provide services for waste disposal and transportation to the disposal ground as well as the pickup of materials to be recycled.

Public Health

The Town pays the Province an annual levy to administer social assistance to the residents of the Town.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

13. Segmented Information (continued)

Regional Planning and Development

The Town is in partnership with the Pembina Valley Development Corporation which controls the development and planning within the municipalities. The Planning District reviews the development plan and makes recommendation on subdivision applications. Each council is responsible for final decisions on subdivision application and for its own Zoning By-law.

Resource Conservation and Industrial Development

The Town is a member of the Valley Weed Control District wherein the parties have agreed to take joint action in the controlling, destroying and eradication of noxious weeds within the boundaries of the District. The District also provides administration of the West Nile Virus Program. The Town's Economic Development Officer is responsible for the development and marketing of town real estate assets. This position is also involved in tourism development for the Town.

Recreation and Cultural Services

The Town provides services in order to improve the health and development of its citizens. Library services are provided through the Valley Regional Library. Community hall services are provided through the Southern Manitoba Convention Centre. The Town supports the local arenas and community centres as well as providing insurance coverage for buildings and volunteers.

Water and Sewer Services

The Town supplies the water and sewer utility to the residents of Morris. The department also maintains the water and sewer utility, processing and cleaning sewage and ensuring the water and sewer systems meet all provincial standards.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and government business partnerships that are directly attributable to a particular segment are allocated to that segment.

14. Trust Funds

The Town of Morris administers the following trust funds:

	Balance, Beginning of Year	Excess of Receipts over Disbursements	Balance, End of Year
Cemetery Trust	\$ 72,438	\$ 7,345	\$ 79,783
Library Trust	14,849	295	15,144
	<u>\$ 87,287</u>	<u>\$ 7,640</u>	<u>\$ 94,927</u>

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

15. Public Sector Compensation Disclosure

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$75,000 annually to any member of council, officer or employee of the Town. For the year ended December 31, 2019:

- a) Compensation paid to members of council amounted to \$99,836 in aggregate.
- b) There were no members of Council receiving compensation in excess of \$75,000 individually.

Amounts paid to the Council members are as follows:

<u>Council Members</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
M. Baxter, Councillor	\$ 10,704	\$ 631	\$ 11,334
S. Crick, Mayor	14,010	2,431	16,441
C. Hamblin, Deputy Mayor	13,504	2,407	15,912
M. Johnston, Councillor	12,600	3,361	15,961
T. Lewis, Councillor	12,457	2,239	14,696
R. Murray, Councillor	13,359	3,149	16,508
T. Thiessen, Councillor	8,540	444	8,985
	<u>\$ 85,175</u>	<u>\$ 14,662</u>	<u>\$ 99,836</u>

- c) The following officers received compensation in excess of \$75,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Doerksen, B.	Chief Administrative Officer	\$ 98,287
Janke, C.	Assistant Chief Administrative Officer	\$ 82,867

16. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2019	2018
Cost										
Opening costs	\$ 1,284,998	\$ 7,448,875	\$ 2,811,910	\$ 82,950	\$ 37,448	\$ 7,583,268	\$ 9,768,206	\$ -	\$ 29,017,655	\$ 28,364,228
Additions during the year	560,513	33,962	68,906	20,806	-	1,055,650	459,490	264,371	2,463,698	774,920
Disposals and write downs	-	-	(55,383)	-	-	-	-	-	(55,383)	(121,493)
Closing costs	1,845,511	7,482,837	2,825,433	103,756	37,448	8,638,918	10,227,696	264,371	31,425,970	29,017,655
Accumulated Amortization										
Opening accum'd amortization	526,293	2,262,177	1,387,037	63,464	-	4,052,489	5,095,006	-	13,386,466	12,701,976
Amortization	22,856	186,134	147,928	4,236	-	173,719	191,355	-	726,228	724,641
Disposals and write downs	-	-	(49,845)	-	-	-	-	-	(49,845)	(40,151)
Closing accum'd amortization	549,149	2,448,311	1,485,120	67,700	-	4,226,208	5,286,361	-	14,062,849	13,386,466
Net Book Value of Tangible Capital Assets	\$ 1,296,362	\$ 5,034,526	\$ 1,340,313	\$ 36,056	\$ 37,448	\$ 4,412,710	\$ 4,941,335	\$ 264,371	\$ 17,363,121	\$ 15,631,189

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2019

SCHEDULE 2

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 2,454,799	\$ 2,391,507
Taxes added	20,967	68,798
	<u>2,475,766</u>	<u>2,460,305</u>
Grants in lieu of taxation		
Federal government	921	924
Federal government enterprises	27,686	27,505
Provincial government	61,917	62,056
Provincial government enterprises	2,524	2,533
	<u>93,048</u>	<u>93,018</u>
User fees		
Sales of service	207,809	209,511
Rentals	17,143	15,771
Facility use fees	300,849	276,012
	<u>525,801</u>	<u>501,294</u>
Grants - Province of Manitoba		
General assistance payment	351,162	313,510
Conditional grants	90,961	87,309
	<u>442,123</u>	<u>400,819</u>
Grants - other		
Federal government - gas tax funding	202,199	101,670
Federal government - other	1,350	12,562
Other local governments	58,699	59,245
	<u>262,248</u>	<u>173,477</u>
Permits, licences and fines		
Permits	25,204	9,342
Licences	305	358
Fines	10,976	9,428
	<u>36,485</u>	<u>19,128</u>
Investment income		
Cash and temporary investments	34,053	23,419
Other revenue		
(Loss) gain on sale of tangible capital assets	(3,638)	846
(Loss) gain on sale of real estate held for sale	(9,620)	46,437
Penalties and interest	39,163	31,619
Donated land	738,675	-
Other	501,160	143,156
	<u>1,265,740</u>	<u>222,058</u>
Water and sewer	<u>1,055,306</u>	<u>987,851</u>
Total revenue	<u>\$ 6,190,570</u>	<u>\$ 4,881,369</u>

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2019

SCHEDULE 3

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
General government services		
Legislative	\$ 104,321	\$ 84,908
General administrative	451,956	454,341
Other	154,273	159,610
	<u>710,550</u>	<u>698,859</u>
Protective services		
Police	204,519	204,519
Fire	123,279	119,451
Emergency measures	20,963	21,761
Other protection	100,396	101,747
	<u>449,157</u>	<u>447,478</u>
Transportation services		
Road transport		
Administration and engineering	508,556	518,035
Road and street maintenance	13,380	21,767
Sidewalk and boulevard maintenance	4,018	9,856
Street lighting	44,315	43,139
Other	270,805	245,532
Public transit	61,984	24,794
	<u>903,058</u>	<u>863,123</u>
Environmental health services		
Waste collection and disposal	101,957	103,104
Public health and welfare services		
Public health	32,971	34,500
Social assistance	11,096	11,096
	<u>44,067</u>	<u>45,596</u>
Regional planning and development		
Planning and zoning	-	320
Urban renewal	151,948	176,960
Other	4,613	4,613
	<u>156,561</u>	<u>181,893</u>
Resource conservation and industrial development		
Rural area weed control	34,542	36,380
Industrial development	-	41,469
Other	13,775	17,164
	<u>48,317</u>	<u>95,013</u>
Recreation and cultural services		
Administration	69,898	113,787
Community centers and halls	799,455	789,240
Swimming pools and beaches	161,661	150,310
Parks and playgrounds	3,016	3,496
Other recreational facilities	1,085	1,382
Other cultural facilities	191,650	193,748
	<u>1,226,765</u>	<u>1,251,963</u>
Water and sewer services	<u>971,748</u>	<u>997,692</u>
Total expenses	<u>\$ 4,612,180</u>	<u>\$ 4,684,721</u>

TOWN OF MORRIS

SCHEDULE 4

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

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ 2,475,766	\$ 2,460,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	93,048	93,018	-	-	-	-	-	-	-	-
User fees	4,560	4,560	17,143	15,771	37,435	27,275	-	-	-	-
Prov of MB - Unconditional Grants	351,162	313,510	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	4,164	22,725	-	-	-	-	59,362	35,556	-	-
Grants - other	231,656	131,008	-	-	-	-	-	-	-	-
Permits, licences and fines	36,485	19,128	-	-	-	-	-	-	-	-
Investment income	17,239	13,714	363	44	5,199	4,206	-	-	7,048	3,842
Other revenue	772,410	166,884	-	-	39,143	24,027	-	-	-	-
Recovery of bad debts	-	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Total revenue	3,986,490	3,224,852	17,506	15,815	81,777	55,508	59,362	35,556	7,048	3,842
EXPENSES										
Personnel services	349,953	339,695	35,185	29,402	275,760	276,325	-	-	32,611	32,585
Contract services	207,800	215,374	283,855	288,806	140,012	122,281	101,957	103,104	11,096	11,096
Utilities	6,990	6,236	26,906	27,541	59,009	58,653	-	-	-	-
Maintenance materials and supplies	-	-	45,357	45,565	151,181	168,167	-	-	225	1,780
Grants and contributions	108,541	94,181	-	-	-	-	-	-	-	-
Amortization	5,307	6,735	57,854	56,164	246,778	237,432	-	-	135	135
Interest on long-term debt	15,822	18,395	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-	-	-	-
Other	16,137	18,243	-	-	30,318	265	-	-	-	-
Total expenses	710,550	698,859	449,157	447,478	903,058	863,123	101,957	103,104	44,067	45,596
Surplus (Deficit)	\$ 3,275,940	\$ 2,525,993	\$ (431,651)	\$ (431,663)	\$ (821,281)	\$ (807,615)	\$ (42,595)	\$ (67,548)	\$ (37,019)	\$ (41,754)

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

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2019

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,475,766	\$ 2,460,305
Grants in lieu of taxation	-	-	-	-	-	-	-	-	93,048	93,018
User fees	-	-	31,372	38,571	435,291	415,117	-	-	525,801	501,294
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	351,162	313,510
Prov of MB - Conditional Grants	-	-	-	-	27,435	29,028	-	-	90,961	87,309
Grants - other	-	-	-	-	30,592	42,469	-	-	262,248	173,477
Permits, licences and fines	-	-	-	-	-	-	-	-	36,485	19,128
Investment income	-	-	792	564	3,412	1,049	-	-	34,053	23,419
Other revenue	-	-	-	-	18,121	23,430	436,066	7,717	1,265,740	222,058
Water and sewer	-	-	-	-	-	-	1,055,306	987,851	1,055,306	987,851
Total revenue	-	-	32,164	39,135	514,851	511,093	1,491,372	995,568	6,190,570	4,881,369
EXPENSES										
Personnel services	-	-	13,625	13,692	280,443	282,653	151,417	134,874	1,138,994	1,109,226
Contract services	121,480	138,257	1,200	43,474	370,858	350,631	110,831	104,193	1,349,089	1,377,216
Utilities	140	265	1,927	2,502	43,501	33,684	48,146	44,658	186,619	173,539
Maintenance materials and supplies	21,913	30,271	14,431	20,916	89,027	38,471	432,402	455,134	754,536	760,304
Grants and contributions	8,415	8,415	-	-	222,969	279,831	1,608	1,595	341,533	384,022
Amortization	4,613	4,613	8,132	10,625	218,941	220,274	194,388	188,663	736,148	724,641
Interest on long-term debt	-	-	-	-	-	-	31,033	50,507	46,855	68,902
Other	-	72	9,002	3,804	1,026	46,419	1,923	18,068	58,406	86,871
Total expenses	156,561	181,893	48,317	95,013	1,226,765	1,251,963	971,748	997,692	4,612,180	4,684,721
Surplus (Deficit)	\$ (156,561)	\$ (181,893)	\$ (16,153)	\$ (55,878)	\$ (711,914)	\$ (740,870)	\$ 519,624	\$ (2,124)	\$ 1,578,390	\$ 196,648

TOWN OF MORRIS

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2019

	Core Government		Controlled Entities		Government Partnerships		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Property taxes	\$ 2,475,766	\$ 2,460,305	\$ -	\$ -	\$ -	\$ -	\$ 2,475,766	\$ 2,460,305
Grants in lieu of taxation	93,048	93,018	-	-	-	-	93,048	93,018
User fees	137,681	126,276	331,213	321,122	56,907	53,896	525,801	501,294
Prov of MB - Unconditional Grants	351,162	313,510	-	-	-	-	351,162	313,510
Prov of MB - Conditional Grants	68,724	66,078	-	-	22,237	21,231	90,961	87,309
Grants - other	250,902	163,465	-	-	11,346	10,012	262,248	173,477
Permits, licences and fines	36,485	19,128	-	-	-	-	36,485	19,128
Investment income	28,908	20,631	471	308	4,674	2,480	34,053	23,419
Other revenue	1,206,235	166,884	8,877	19,813	50,628	35,361	1,265,740	222,058
Recovery of bad debts	-	-	-	-	-	-	-	-
Water and sewer	672,834	642,676	-	-	382,472	345,175	1,055,306	987,851
Total revenue	5,321,745	4,071,971	340,561	341,243	528,264	468,155	6,190,570	4,881,369
EXPENSES								
Personnel services	\$ 1,011,783	\$ 998,491	-	-	127,213	110,737	1,138,996	1,109,228
Contract services	1,082,016	1,130,771	215,515	191,427	52,746	55,017	1,350,277	1,377,215
Utilities	151,761	139,638	1,187	1,638	32,484	32,263	185,432	173,539
Maintenance materials and supplies	622,266	683,534	69,571	2,345	62,700	74,425	754,537	760,304
Grants and contributions	339,925	382,427	-	-	7,535	1,595	347,460	384,022
Amortization	605,780	606,269	33,218	34,929	91,223	83,443	730,221	724,641
Interest on long-term debt	15,822	18,832	-	-	31,033	50,070	46,855	68,902
Bad debt	-	-	-	-	9,003	-	9,003	-
Other	16,129	18,316	5,329	45,657	27,941	22,897	49,399	86,870
Total expenses	3,845,482	3,978,278	324,820	275,996	441,878	430,447	4,612,180	4,684,721
Surplus	\$ 1,476,263	\$ 93,693	\$ 15,741	\$ 65,247	\$ 86,386	\$ 37,708	\$ 1,578,390	\$ 196,648

TOWN OF MORRIS
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2019

SCHEDULE 6

										2019	2018
	General	Machinery Replacement	Fire Reserve	Land Development	Pool	Arena	Hospital	Gas Tax	Utility	Total	Total
REVENUE											
Interest earned	\$ 9,272	\$ 1,174	\$ 363	\$ 13	\$ 21	\$ 5	\$ 4,720	\$ 3,058	\$ 2,328	\$ 20,954	\$ 13,615
Other income	-	-	-	-	-	-	-	-	-	-	-
Total revenue	9,272	1,174	363	13	21	5	4,720	3,058	2,328	20,954	13,615
EXPENSES											
Investment charges	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-	-	-
NET REVENUES	9,272	1,174	363	13	21	5	4,720	3,058	2,328	20,954	13,615
TRANSFERS											
Transfers from (to) operating fund	215,387	20,000	25,000	-	-	-	17,500	(106,512)	-	171,375	255,998
Transfers from utility fund	-	-	-	-	-	-	-	-	131,554	131,554	(46,942)
CHANGE IN RESERVE FUND BALANCES	224,659	21,174	25,363	13	21	5	22,220	(103,454)	133,882	323,883	222,671
FUND SURPLUS, BEGINNING OF YEAR	778,507	64,001	15,523	775	1,252	286	266,381	301,097	293,906	1,721,728	1,499,057
FUND SURPLUS, END OF YEAR	\$ 1,003,166	\$ 85,175	\$ 40,886	\$ 788	\$ 1,273	\$ 291	\$ 288,601	\$ 197,643	\$ 427,788	\$ 2,045,611	\$ 1,721,728

TOWN OF MORRIS
SCHEDULE OF L.U.D. OPERATIONS
For the Year Ended December 31, 2019

SCHEDULE 7

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Revenue			
Taxation	\$ -	\$ -	\$ -
Other revenue	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
General government			
Indemnities	-	-	-
Transportation services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Ditches and road drainage	-	-	-
Snow and ice removal	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues (expenses)	-	-	-
Transfers:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other	-	-	-
Change in L.U.D. balances	-	-	-
Unexpended balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Unexpended balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF MORRIS
SCHEDULE OF FINANCIAL POSITION FOR UTILITY
For the Year Ended December 31, 2019

SCHEDULE 8

	<u>2019</u>	<u>2018</u>
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 365,218	\$ 415,825
Due from other funds	<u>(164,613)</u>	<u>(194,478)</u>
	200,605	221,347
LIABILITIES		
Due to other funds	<u>134,795</u>	<u>155,538</u>
NET ASSET	65,810	65,809
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,041,688</u>	<u>2,714,340</u>
FUND SURPLUS	<u><u>\$ 3,107,498</u></u>	<u><u>\$ 2,780,149</u></u>

**SCHEDULE OF UTILITY OPERATIONS - Town of Morris Utility
For the Year Ended December 31, 2019**

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
REVENUE			
Water			
Water fees	<u>\$ 646,600</u>	<u>\$ 644,873</u>	<u>\$ 610,305</u>
Sewer	<u>-</u>	<u>-</u>	<u>-</u>
Property taxes	<u>-</u>	<u>-</u>	<u>26,705</u>
Other			
Hydrant rentals	6,000	6,000	6,000
Connection charges	-	-	1,800
Penalties	20,000	21,961	24,371
Other income	-	433,825	200
	<u>26,000</u>	<u>461,786</u>	<u>32,371</u>
Total revenue	<u>\$ 672,600</u>	<u>\$ 1,106,659</u>	<u>\$ 669,381</u>

SCHEDULE OF UTILITY OPERATIONS (cont'd) - Town of Morris Utility
For the Year Ended December 31, 2019

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
EXPENSES			
General			
Administration	<u>\$ 151,920</u>	<u>\$ 87,530</u>	<u>\$ 123,459</u>
Water General			
Purification and treatment	500	348	271
Water purchases	350,000	351,974	325,126
Transmission and distribution	116,930	60,155	53,967
Connection costs	5,000	6,606	
	<u>472,430</u>	<u>419,083</u>	<u>379,364</u>
Water - Amortization and Interest			
Amortization	<u>113,082</u>	<u>113,082</u>	<u>110,568</u>
Sewer General			
Collection system costs	23,500	12,382	11,321
Lift station costs	24,750	15,679	30,535
	<u>48,250</u>	<u>28,061</u>	<u>41,856</u>
Sewer - Amortization and Interest			
Amortization	-	-	-
Interest on long-term debt	-	-	436
	<u>-</u>	<u>-</u>	<u>436</u>
Total expenses	<u>785,682</u>	<u>647,756</u>	<u>655,683</u>
NET OPERATING SURPLUS (DEFICIT)	<u>(113,082)</u>	<u>458,903</u>	<u>13,698</u>
TRANSFERS			
Transfers from reserve funds	<u>-</u>	<u>(131,554)</u>	<u>46,942</u>
CHANGE IN UTILITY FUND BALANCE	<u>\$ (113,082)</u>	<u>327,349</u>	<u>60,640</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>2,780,149</u>	<u>2,719,509</u>
FUND SURPLUS, END OF YEAR		<u>\$ 3,107,498</u>	<u>\$ 2,780,149</u>

TOWN OF MORRIS
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the Year Ended December 31, 2019

SCHEDULE 10

	<u>Financial Plan General</u>	<u>Financial Plan Utility</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Consolidated Entities</u>	<u>PSAS Budget</u>
REVENUE							
Property taxes	\$ 2,500,799		\$ -	\$ -	\$ -	\$ -	\$ 2,500,799
Grants in lieu of taxation	95,138		-	-	-	-	95,138
User fees	135,110		-	-	-	388,120	523,230
Grants - Province of Manitoba	331,210		-	-	-	22,237	353,447
Grants - other	283,584		-	-	-	11,346	294,930
Permits, licences and fines	19,375		-	-	-	-	19,375
Investment income	3,000		-	-	-	5,145	8,145
Other revenue	77,411		-	-	-	59,505	136,916
Water and sewer	-	672,600	-	-	-	382,472	1,055,072
Transfers from accumulated surplus	-		-	-		-	-
Prior years' levies unexpended	-		-	-		-	-
Transfers from reserves	395,000		-	-	(395,000)	-	-
Total revenue	3,840,627	672,600	-	-	(395,000)	868,825	4,987,052
EXPENSES							
General government services	690,754		5,307	17,207	2,548	-	715,816
Protective services	425,550		57,854			-	483,404
Transportation services	663,450		246,778			46,140	956,368
Environmental health services	115,870		-			-	115,870
Public health and welfare services	54,960		135			-	55,095
Regional planning and development	159,135		4,613			-	163,748
Resource cons and industrial dev	46,370		8,132			28,616	83,118
Recreation and cultural services	714,263		218,941			318,886	1,252,090
Water and sewer services	-	672,600	194,388			242,686	1,109,674
Fiscal services	-		-			-	-
Transfer to capital	527,100				(527,100)	-	-
Transfer to utility	-				-	-	-
Debt charges	137,739			(137,739)		-	-
Short-term interest	17,500			(17,500)		-	-
Transfer to reserves	285,388				(285,388)	-	-
Transfer to utility	-				-	-	-
Allowance for tax assets	2,548				(2,548)	-	-
Total expenses	3,840,627	672,600	736,148	(138,032)	(812,488)	636,328	4,935,183
Surplus (Deficit)	\$ -	\$ -	\$ (736,148)	\$ 138,032	\$ 417,488	\$ 232,497	\$ 51,869

**TOWN OF MORRIS
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2019**

SCHEDULE 11

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 242,490	\$ 249,964
Add:		
Tax levy (Schedule 12)	3,772,642	3,693,353
Taxes added	20,967	68,792
Penalties or interest	39,163	31,619
Other accounts added	-	-
Tax Adjustments (specify)	-	-
Tax Adjustments (specify)	-	-
	<u>3,832,772</u>	<u>3,793,764</u>
Deduct:		
Cash collections - current	3,362,898	3,398,880
Cash collections - arrears	-	-
Transfers Re Tax Sale	-	-
Writeoffs	-	-
Title value of land sales	-	-
Title value of tax titles acquired	-	-
Tax discounts	16,138	17,587
M.P.T.C. - cash advance	364,341	384,771
Other credits - M.P.T.C. adjustment	-	-
	<u>3,743,377</u>	<u>3,801,238</u>
Balance, end of year	<u>\$ 331,885</u>	<u>\$ 242,490</u>

**TOWN OF MORRIS
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2019**

SCHEDULE 12

	2019			2018
	Assessment	Mill Rate	Levy	Levy
Other governments (L.U.D.):	-	0.000%	\$ -	\$ -
Debt charges:				
LI.D.	-	0.000%	-	39,563
By-Law 09/11 LDS	79,572,100	1.020%	81,164	80,677
ARENA	79,572,100	0.650%	51,722	51,974
sub-total - Debt charges			<u>132,886</u>	<u>172,214</u>
Deferred surplus			-	-
Reserves:				
General	79,572,100	0.240%	19,097	19,393
Replacement	79,572,100	0.240%	19,097	-
Fire	79,572,100	0.300%	23,872	-
Hospital	79,572,100	0.210%	16,710	16,290
Pool	79,572,100	0.000%	-	-
Gas Tax	79,572,100	0.000%	-	-
sub-total - Reserves			<u>78,776</u>	<u>35,683</u>
Special levies				
03/17	91,420,470	3.810%	348,312	363,292
02/17	48,892,100		129,120	120,680
			<u>477,432</u>	<u>483,972</u>
General municipal:				
Rural area	-	0.000%	-	-
At large	79,572,100	22.190%	1,765,705	1,699,638
sub-total - General municipal			<u>1,765,705</u>	<u>1,699,638</u>
Business tax (rate%)	-	0.000%	-	-
Total municipal taxes (Schedule 2)			<u>2,454,799</u>	<u>2,391,507</u>
Education support levy	27,199,250	9.770%	265,737	255,710
Special levy:				
Education support levy	77,531,790	13.570%	1,052,106	1,046,136
Total education taxes			<u>1,317,843</u>	<u>1,301,846</u>
Total tax levy (Schedule 11)			<u>\$ 3,772,642</u>	<u>\$ 3,693,353</u>

TOWN OF MORRIS
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
Year Ended December 31, 2019

SCHEDULE 13

	<u>2019 Actual</u>	<u>2018 Actual</u>
General government services		
Legislative	\$ 104,321	\$ 84,908
General administrative	451,956	454,341
Other	154,273	159,610
	<u>710,550</u>	<u>698,859</u>
Protective services		
Police	204,519	204,519
Fire	123,279	119,451
Emergency measures	20,963	21,761
Other protection	100,396	101,747
	<u>449,157</u>	<u>447,478</u>
Transportation services		
Road transport		
Administration and engineering	508,556	518,035
Road and street maintenance	13,380	21,767
Sidewalk and boulevard maintenance	4,018	9,856
Street lighting	44,315	43,139
Other	270,805	245,532
	<u>841,074</u>	<u>838,329</u>
Environmental health services		
Waste collection and disposal	101,957	103,104
Public health and welfare services		
Public health	32,971	34,500
Social assistance	11,096	11,096
	<u>44,067</u>	<u>45,596</u>
Regional planning and development		
Planning and zoning	-	320
Urban renewal	151,948	176,960
Other	4,613	4,613
	<u>156,561</u>	<u>181,893</u>
Resource conservation and industrial development		
Industrial development	-	41,469
Other	13,775	17,164
	<u>13,775</u>	<u>58,633</u>
Recreation and cultural services		
Administration	69,898	113,787
Community centers and halls	453,278	485,979
Swimming pools and beaches	161,661	150,310
Parks and playgrounds	3,016	3,496
Other recreational facilities	1,085	1,382
Other cultural facilities	191,650	193,748
	<u>880,588</u>	<u>948,702</u>
Total expenses	<u><u>\$ 3,197,729</u></u>	<u><u>\$ 3,322,594</u></u>

TOWN OF MORRIS
RECONCILIATION OF ANNUAL SURPLUS
December 31, 2019

SCHEDULE 14
(Unaudited)

	General	2019 Utility	Total	2018 Total
MUNICIPAL SURPLUS UNDER THE MUNICIPAL ACT	\$ -	\$ -	\$ -	\$ -
Adjustments for reporting under Public Sector Accounting Standards				
Eliminate expense - Transfers to reserves	480,775	-	480,775	318,798
Eliminate revenue - Transfers from reserves	(309,400)	131,554	(177,846)	(109,742)
Increase revenue - Reserve funds interest	20,954	-	20,954	13,615
Increase revenue - Net surplus of consolidated entities	102,127	-	102,127	102,953
Decrease revenue - proceeds exceeding gain on disposal of capital assets	(5,538)	-	(5,538)	(80,980)
Increase expense - Amortization of tangible capital assets	(492,698)	(113,082)	(605,780)	(606,269)
Eliminate expense - Acquisitions of tangible capital assets	1,725,589	440,431	2,166,020	444,899
Decrease expense - Principal portion of debenture debt, net of new debt	147,678	-	147,678	209,352
Increase revenue - proceeds on debenture debt	(550,000)	-	(550,000)	(95,978)
ANNUAL SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 1,119,487	\$ 458,903	\$ 1,578,390	\$ 196,648