

TOWN OF MORRIS

**Consolidated Financial Statements
For the Year Ended December 31, 2023**

TOWN OF MORRIS

Consolidated Financial Statements

For the Year Ended December 31, 2023

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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.

A handwritten signature in blue ink, appearing to read 'Blou', is written over a horizontal line. The signature is stylized and cursive.

Brigitte Doerksen, Chief Administrative Officer

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, 2023, 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, 2023, 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.

BDO Canada LLP

Chartered Professional Accountants

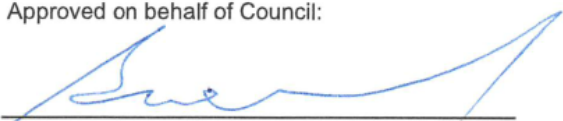
Winnipeg, Manitoba

January 24, 2025

**TOWN OF MORRIS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated - Note 3)
FINANCIAL ASSETS		
Cash and bank	\$ 8,481,038	\$ 4,419,451
Amounts receivable (Note 5)	1,589,806	1,145,120
Portfolio investments	27,255	7,932
Real estate properties held for sale	711,429	711,429
Other assets	<u>58,460</u>	<u>82,058</u>
	<u>10,867,988</u>	<u>6,365,990</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,704,955	1,031,887
Deferred revenue	4,299,532	195,381
Asset retirement obligations (Note 7)	228,735	219,032
Long-term debt (Note 8)	2,351,641	2,252,767
Obligation under capital lease (Note 9)	5,581	24,337
Other liabilities	<u>16,390</u>	<u>4,402</u>
	<u>8,606,834</u>	<u>3,727,806</u>
NET FINANCIAL ASSETS	<u>2,261,154</u>	<u>2,638,184</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	21,431,344	17,933,456
Inventories (Note 10)	67,473	51,952
Prepaid expenses	<u>66,535</u>	<u>63,015</u>
	<u>21,565,352</u>	<u>18,048,423</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 23,826,506</u>	<u>\$ 20,686,607</u>

Approved on behalf of Council:



Scott Crick, Mayor



Brigitte Doerksen, Chief Administrative Officer

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2023

	2023 Budget (Note 14)	2023 Actual	2022 Actual (Restated - Note 3)
REVENUE			
Property taxes	\$ 2,733,772	\$ 2,698,245	\$ 2,617,394
Grants in lieu of taxation	91,869	91,869	87,894
User fees	486,925	392,842	483,870
Grants - Province of Manitoba	578,504	2,587,700	536,303
Grants - Other	189,410	213,782	175,611
Permits, licences and fines	17,200	19,803	18,940
Investment income	9,351	203,538	81,919
Other revenue	343,934	813,424	739,531
Water and sewer	1,789,189	1,553,187	1,246,817
Total revenue (Schedules 2, 4 and 5)	6,240,154	8,574,390	5,988,279
EXPENSES			
General government services	837,172	846,435	820,465
Protective services	554,804	486,073	512,095
Transportation services	1,161,544	944,196	969,586
Environmental health services	149,675	126,624	106,670
Public health and welfare services	58,118	55,300	50,628
Regional planning and development	337,550	210,812	216,781
Resource conservation and industrial development	201,077	135,069	78,926
Recreation and cultural services	1,378,745	1,353,848	1,287,297
Water and sewer services	2,391,367	1,276,134	1,084,027
Total expenses (Schedules 3, 4 and 5)	7,070,052	5,434,491	5,126,475
ANNUAL SURPLUS (DEFICIT)	\$ (829,898)	3,139,899	861,804
ACCUMULATED SURPLUS, BEGINNING OF YEAR		20,686,607	20,016,700
ADJUSTMENT TO ACCUMULATED SURPLUS			
Adoption of Asset Retirement Obligations Standard (Note 3)		-	(191,897)
ACCUMULATED SURPLUS, END OF YEAR (Note 12)		\$ 23,826,506	\$ 20,686,607

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2023

	<u>2023 Budget (Note 14)</u>	<u>2023 Actual</u>	<u>2022 Actual</u> <small>(Restated - Note 3)</small>
ANNUAL SURPLUS (DEFICIT)	\$ (829,898)	\$ 3,139,899	\$ 861,804
Acquisition of tangible capital assets	(929,894)	(4,358,462)	(1,075,007)
Amortization of tangible capital assets	855,904	855,904	819,010
Asset Retirement Obligations	-	-	-
Loss on sale of tangible capital assets	-	4,670	-
Transfer of land to real estate properties held for sale	-	-	659,192
Decrease (increase) in inventories	-	(15,521)	11,053
Increase in prepaid expenses	-	(3,520)	(6,904)
	<u>(73,990)</u>	<u>(3,516,929)</u>	<u>407,344</u>
CHANGE IN NET FINANCIAL ASSETS	<u>\$ (903,888)</u>	(377,030)	1,269,148
NET FINANCIAL ASSETS, BEGINNING OF YEAR		2,638,184	1,578,776
ADJUSTMENT ON ADOPTION OF ASSET RETIREMENT OBLIGATIONS STANDARD (Note 3)		<u>-</u>	<u>(209,740)</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 2,261,154</u>	<u>\$ 2,638,184</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH PROVIDED BY (APPLIED TO) THE FOLLOWING:	2023	2022
		(Restated - Note 3)
OPERATING TRANSACTIONS		
Annual surplus	\$ 3,139,899	\$ 861,804
Loss (gain) on sale of real estate properties for sale	4,670	(124,028)
Amortization of tangible capital assets	855,904	819,010
	<u>4,000,473</u>	<u>1,556,786</u>
Changes in non-cash working capital items		
Amounts receivable	(444,686)	(100,168)
Other assets	23,598	(77,380)
Inventories	(15,521)	11,053
Prepaid expenses	(3,520)	(6,904)
Accounts payable and accrued liabilities	673,068	151,169
Asset retirement obligations	9,703	9,291
Deferred revenue	4,104,151	(9,503)
Other liabilities	11,988	(1,250)
	<u>8,359,254</u>	<u>1,533,094</u>
CAPITAL TRANSACTIONS		
Cash applied to acquire tangible capital assets	<u>(4,358,462)</u>	<u>(1,075,007)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of real estate properties	-	191,400
Purchase of portfolio investments	(19,323)	25,390
Acquisition of real estate properties	-	12,728
	<u>(19,323)</u>	<u>229,518</u>
Cash provided by (applied to) investing transactions	<u>(19,323)</u>	<u>229,518</u>
FINANCING TRANSACTIONS		
Debt payments	98,874	(168,398)
Repayment of obligation under capital lease	(18,756)	(5,941)
	<u>80,118</u>	<u>(174,339)</u>
Cash provided by (applied to) financing transactions	<u>80,118</u>	<u>(174,339)</u>
NET INCREASE IN CASH AND BANK	4,061,587	513,266
CASH AND BANK, BEGINNING OF YEAR	4,419,451	3,906,185
CASH AND BANK, END OF YEAR	<u>\$ 8,481,038</u>	<u>\$ 4,419,451</u>

The accompanying notes are an integral part of these consolidated financial statements.

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. (2023 and 2022 - consolidated 5.9%)
Valley Regional Library (2023 and 2022 - consolidated 60%)
Valley Weed Control District (2023 and 2022 - consolidated 33.3%)
Morris District Handivan Service (2023 and 2022 - 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 17.

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) Financial Instruments

Cash and bank are measured at fair value. Amounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the Consolidated Statement of Financial Position.

Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

As the Municipality has no remeasurement gains or losses, this statement has not been presented.

d) Cash and cash equivalents

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

2. Significant Accounting Policies (continued)

e) Portfolio investment

Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

f) 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.

g) 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.

h) 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.

i) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

j) Inventories

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

2. Significant Accounting Policies (continued)

k) 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.

l) 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.

Measurement uncertainty in these financial statements exists in the estimate of asset retirement obligations. The liability associated with asset retirement obligations reflects the best estimates by management of the amount required to remediate such liabilities, the timing when such remediation will occur, and the estimated future cash flows associated with asset retirement discounted to the financial statement date. The actual future cash flows and timing of obligations arising from asset retirement may differ significantly from these estimates.

m) 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.

n) Future Changes in Accounting Standards

A number of new and amended Canadian public sector accounting standards have been issued and not applied in preparing these financial statements. These standards will come into effect as follows:

- PS 3400 Revenue (effective January 1, 2024), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of revenue. Earlier adoption is permitted.
- PS 3160 Public Private Partnerships (effective January 1, 2024), is a new standard establishing guidance on the recognition, measurement and disclosure of public private partnerships arrangements. Earlier adoption is permitted.
- PSG - 8 Purchased intangibles (effective January 1, 2024) provides guidelines on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

These new accounting standards have not been applied in preparing these consolidated financial statements. The Municipality is currently assessing the impact of the new standards, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

3. Adoption of New Accounting Standards

a) Asset Retirement Obligations

Effective January 1, 2023, the Town adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

3. Adoption of New Accounting Standards (continued)

	2022		2022
	Previously	Restatement	Restated
	Reported		
<u>Consolidated Statement of Financial Position</u>			
Tangible capital assets, at cost	\$ 34,299,408	\$ 37,996	\$ 34,337,404
Accumulated amortization of tangible capital assets	16,382,852	21,096	16,403,948
Asset retirement obligations	-	219,032	219,032
Accumulated surplus	20,888,739	(202,132)	20,686,607
<u>Consolidated Statement of Revenue, Expenses and Accumulated Surplus</u>			
Annual surplus	\$ 872,038	\$ (10,234)	\$ 861,804
Amortization of tangible capital assets	818,064	946	819,010
Accretion expense	-	9,291	9,291

b) Financial Instruments

On January 1, 2023, the Municipality adopted Public Sector Accounting Standard Section 3450, Financial Instruments. This standard was adopted using the prospective approach. First-time adoption of this basis of accounting had no impact on the Municipality's annual surplus for the year ended December 31, 2023 or on accumulated surplus as at December 31, 2022, the date of transition.

4. 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 rate of 6.70% at December 31, 2023, secured by a promissory note. The line of credit was unutilized at December 31, 2023.

The Co-operative 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 6.95% at December 31, 2023. 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, 2023, the Co-operative's line of credit was unutilized.

The Co-operative 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 6.95% at December 31, 2023. The capital loan is secured by a general security agreement over accounts receivable and all property owned by the Co-operative. At December 31, 2023, the capital loan was unutilized.

5. Amounts Receivable

Amounts receivable are comprised of the following:

	2023	2022
Taxes on roll (Schedule 10)	\$ 512,888	\$ 365,009
Utility customers	376,310	368,492
Organizations and individuals	470,489	339,715
Other governments	230,119	71,904
	1,589,806	1,145,120
Less allowances for doubtful amounts	-	-
	\$ 1,589,806	\$ 1,145,120

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2023	2022
Accounts payable	\$ 1,412,976	\$ 784,116
Accrued liabilities	173,034	161,455
Accrued interest payable	2,630	2,544
School levies	116,315	83,772
	\$ 1,704,955	\$ 1,031,887

7. Asset Retirement Obligations

The Town's asset retirement obligation consists of the following obligations:

a) Asbestos Remediation

Following the adoption of PS 3280 – Asset Retirement Obligations, one of the Town's government partnerships, Pembina Valley Water Cooperative Inc. (the "Cooperative"), has recognized an asset retirement obligation with respect to an old concrete pipeline containing asbestos. The Town has recognized their proportionate share of the Cooperative's asset retirement obligation.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

7. Asset Retirement Obligations (continued)

b) Other

The Town is responsible for an above ground fuel storage tank, ice rink compressors, and curling rink compressor. Following the adoption of PS 3280 – Asset Retirement Obligations, the Town recognized an obligation relating to the decommissioning and disposal of the above ground fuel storage tanks. The above ground fuel storage tank has an estimated useful life of 30 years, and the compressors for the ice rink and curling rink have an estimated useful life of 40 to 50 years. The estimated total undiscounted future expenditure is \$59,450, which will be incurred at the end of the assets' useful lives.

The related asset retirement costs for the above assets are being amortized on a straight-line basis. The liabilities have been estimated using a net present value technique with a discount rate of 4.66%.

Changes in the asset retirement obligations in the year are as follows:

	<u>Asbestos</u>	<u>Other</u>	<u>2023</u>
Balance, beginning of year	\$ 167,479	\$ 51,552	\$ 219,032
Additions	-	-	-
Retirement expense	-	-	-
Change in estimates	-	-	-
Accretion expense	7,302	2,401	9,703
Balance, end of year	\$ 174,782	\$ 53,953	\$ 228,735

	<u>Asbestos</u>	<u>Other</u>	<u>2022</u>
Balance, beginning of year	\$ 160,482	\$ 49,259	\$ 209,741
Additions	-	-	-
Retirement expense	-	-	-
Change in estimates	-	-	-
Accretion expense	6,997	2,294	9,291
Balance, end of year	<u>\$ 167,479</u>	<u>\$ 51,553</u>	<u>\$ 219,032</u>

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

8. Long-term Debt

	<u>2023</u>	<u>2022</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.	\$ 175,843	\$ 217,026
Loan - Interest at 5.00%, monthly interest payments, principal reductions from the net sale proceeds of commercial land inventory, due December 2029.	518,351	518,351
<u>Utility</u>		
Loan - Interest at 5.00%, monthly interest payments, principal reductions from the net sale proceeds of commercial land inventory, due December 2029.	289,714	289,714
	983,908	1,025,091
<u>Morris Multiplex Inc.</u>		
Loan - Repayable monthly at \$849 including principal and interest, interest	53,919	41,880
<u>Pembina Valley Water Cooperative Inc.</u>		
Loan - Demand facility with 30 day bankers' acceptances, repayable \$6,099 monthly including principal and interest. The outstanding loan is subject to an interest rate swap agreement with the bank on an original notional principal amount of \$849,600 whereby the Cooperative receives a floating interest rate while paying a fixed rate of 3.56% including stamping fee of 0.81% until July 23, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, matures July 2033.	592,305.0	644,560

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

8. Long-term Debt (continued)

	<u>2023</u>	<u>2022</u>
Loan - Demand facility with 30 day bankers' acceptances, repayable \$901 monthly plus interest at the CIBC's bankers' acceptance floating rate and stamping fee of 0.81%, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, matures July 2033.	56,234	61,952
Loan - Demand facility with 30 day bankers' acceptances, repayable \$477 monthly plus interest at the CIBC's bankers' acceptance floating rate and stamping fee of 0.81%, amortized over 15 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded, matures July 2033.	124,386	135,204
Loan - Demand facility with 30 day bankers' acceptances, repayable \$738 monthly plus interest. The outstanding loan is subject to an interest rate swap agreement with the bank on an original notional principal amount of \$177,000 whereby the Cooperative receives a floating interest rate while paying a fixed rate of 2.45% including a stamping fee of 0.81% until November 2041, amortized over 20 years. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative. If not demanded matures November 2041.	158,563	167,413
Loan - The advance is part of a revolving demand facility for \$767,000 for capital projects, with interest only payments until the earlier of twelve months after the initial advance and completion of each discrete project, at which time repayment terms will be set. Interest is charged at prime rate minus 0.25%. At December 31, 2021 the Cooperative had unutilized capacity under this facility of \$743,236. Secured by a general security agreement over accounts receivable and all property owned by the Cooperative.	382,326	176,667
	1,367,733	1,227,676
	\$ 2,351,641	\$ 2,252,767

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

2024	\$ 220,418
2025	226,404
2026	206,667
2027	194,872
2028	204,107
Thereafter	<u>1,299,174</u>
	\$ 2,351,641

Schedule of Debentures Pending

<u>Authority</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Expended</u>
By-law 05/22	Construction - water reservoir pump station	\$ 480,000	\$ 240,228

Construction costs are temporarily financed by line of credit disclosed at Note 4.

9. Contractual Obligations

The Town has entered into a capital lease for the acquisition of equipment. The lease is due in 2024 with total payments of \$5,581.

During the year, the Town entered into a financial assistance agreement with the Province of Manitoba through Early Learning and Child Care Program to fund construction of a child care centre. The cost of the project is anticipated to be approximately \$6,215,131 to be funded by a grant from the Province of Manitoba of \$5,615,131 and an interfund transfer from the Town of Morris of \$600,000. The Town has engaged a third-party for the design-build project. The facility is under construction at year end with total cost included in tangible capital assets under construction of \$1,691,002 at December 31, 2023.

10. Inventories

Inventories held for consumption consist of supplies.

11. 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 required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Town on behalf of its employees amounted to \$60,543 (2022 - \$57,424) 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, 2022 indicated the plan was 111.6% funded on a going concern basis and had an unfunded solvency liability of \$19.3 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, 2022.

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.

12. Accumulated Surplus

Accumulated surplus consists of the following:

	2023	2022 <small>(Restated - Note 3)</small>
General Operating Fund - Nominal surplus	\$ 1,261,606	\$ 1,261,607
Utility Operating Fund - Nominal surplus	72,236	72,236
Tangible capital assets, net of related borrowings	15,941,208	13,106,182
Reserve Funds	3,677,444	3,730,457
Accumulated surplus of Town, unconsolidated	20,952,494	18,170,482
Accumulated surplus of consolidated entities	2,874,013	2,516,125
Accumulated surplus per consolidated statement of financial position	<u>\$ 23,826,507</u>	<u>\$ 20,686,607</u>

13. Financial Instrument Risk Management

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 credit, liquidity, interest, currency and market risk arising from these financial instruments, except as otherwise disclosed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk through its cash and accounts receivable. The Town holds its cash and bank at a credit union with deposits guaranteed. The Town is not exposed to significant credit risk relating to the accounts receivable as the amounts due are spread among a broad base of ratepayers, payment in full is typically collected when it is due, and balances are secured by real property, and grants are paid pursuant to signed agreements.

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to liquidity risk through its accounts payable and debt. The Municipality manages its cash flow to maintain adequate levels of working capital to ensure all its obligations can be met when they fall due.

14. 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.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

15. 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>2023</u>	<u>2022</u>
Financial Position		
Total assets	<u>\$ 75,520,131</u>	<u>\$ 61,760,494</u>
Total liabilities	<u>\$ 37,828,684</u>	<u>\$ 26,461,333</u>
Accumulated surplus	<u>37,691,447</u>	<u>35,299,161</u>
	<u>\$ 75,520,131</u>	<u>\$ 61,760,494</u>
Results of Operations		
Revenue	<u>\$ 14,254,770</u>	<u>\$ 10,172,869</u>
Expenses	<u>8,834,758</u>	<u>8,431,863</u>
Annual surplus	<u>\$ 5,420,012</u>	<u>\$ 1,741,006</u>

16. 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 serves, 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 operation 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.

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.

TOWN OF MORRIS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

17. 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	\$ 92,037	\$ 7,486	\$ 99,523
Library Trust	15,888	762	16,650
	<u>\$ 107,925</u>	<u>\$ 8,249</u>	<u>\$ 116,173</u>

18. 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 \$85,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2023:

a) Compensation paid to members of council amounted to \$82,773 in aggregate.

b) There were no members of council receiving compensation in excess of \$85,000 individually.

Amounts paid to the Council members are as follows:

Council Members	Compensation	Expenses	Total
M. Baxter, Councillor	\$ 11,190	\$ 78	\$ 11,268
S. Crick, Mayor	13,023	1,110	14,133
C. Hamblin, Deputy Mayor	13,311	1,191	14,502
T. Lewis, Councillor	11,415	269	11,684
T. Thiessen, Councillor	9,332	182	9,514
T. Braun, Councillor	11,396	23	11,419
D. Funk, Councillor	10,253	-	10,253
	<u>\$ 79,920</u>	<u>\$ 2,853</u>	<u>\$ 82,773</u>

c) The following officers received compensation in excess of \$85,000:

Name	Position	Amount
Doerksen, B.	Chief Administrative Officer	\$ 115,699
Janke, C.	Chief Financial Officer	90,341

19. 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 Town defers the capital grants and revenue from contributed infrastructure assets it receives for its utilities and amortizes them over the useful life of the related tangible capital asset.

No capital grants or revenue from contributed infrastructure assets have been deferred and amortized in these consolidated financial statements.

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water services	<u>\$ -</u>	<u>\$ 240,230</u>	<u>\$ -</u>	<u>\$ 240,230</u>

The additions during the current year are under construction at year end. As such, no amortization has been recorded for the current year.

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023

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	2023	2022
Cost										(Restated - Note 3)
Opening costs	\$2,167,277.00	\$7,712,333.00	\$ 3,203,133.00	\$ 133,866.00	\$ 39,144.00	\$ 8,908,610.00	\$ 11,710,232.00	\$ 462,807.00	\$ 34,337,402.00	\$ 33,895,472
Additions during the year	494,742.00	71,757.00	127,816.00	21,300.00	1,857,017.00	723,990.00	161,409.00	1,027,632.00	4,485,663.00	1,706,882
Disposals and write downs	-	-	(41,230.00)	-	-	(84,945.00)	(8,370.00)	(127,201.00)	(261,746.00)	(1,264,950)
Closing costs	2,662,019.00	7,784,090.00	3,289,719.00	155,166.00	1,896,161.00	9,547,655.00	11,863,271.00	1,363,238.00	38,561,319.00	34,337,404
Accumulated Amortization										
Opening accum'd amortization	680,323	3,032,794	1,891,646	95,323	-	4,793,707	5,910,154	-	16,403,947	15,584,938
Amortization	74,067	192,084	162,891	13,345	-	190,972	222,545	-	855,904	819,010
Disposals and write downs	-	-	(41,195)	-	-	(80,615)	(8,066)	-	(129,876)	-
Closing accum'd amortization	754,390	3,224,878	2,013,342	108,668	-	4,904,064	6,124,633	-	17,129,975	16,403,948
Net Book Value of Tangible Capital Assets	\$ 1,907,629	\$ 4,559,212	\$ 1,276,377	\$ 46,498	\$ 1,896,161	\$ 4,643,591	\$ 5,738,638	\$ 1,363,238	\$ 21,431,344	\$ 17,933,456

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2023

SCHEDULE 2

	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Property taxes		
Municipal taxes levied (Schedule 12)	\$ 2,664,023	\$ 2,531,537
Taxes added	34,222	85,857
	<u>2,698,245</u>	<u>2,617,394</u>
Grants in lieu of taxation		
Federal government	921	895
Federal government enterprises	28,564	26,523
Provincial government	1,047	1,053
Provincial government enterprises	61,337	59,423
	<u>91,869</u>	<u>87,894</u>
User fees		
Sales of service	156,914	234,320
Facility use fees	235,928	249,550
	<u>392,842</u>	<u>483,870</u>
Grants - Province of Manitoba		
General assistance payment	686,065	352,017
Conditional grants	1,901,635	184,286
	<u>2,587,700</u>	<u>536,303</u>
Grants - other		
Federal government - gas tax funding	110,667	106,055
Federal government - other	6,911	6,100
Other local governments	96,204	63,456
	<u>213,782</u>	<u>175,611</u>
Permits, licences and fines		
Permits	15,223	16,760
Licences	1,491	242
Fines	3,089	1,938
	<u>19,803</u>	<u>18,940</u>
Investment income		
Cash and temporary investments	203,538	81,919
Other revenue		
Gain (loss) on sale of tangible capital assets	(4,365)	-
Gain on sale of real estate held for sale	-	124,028
Penalties and interest	57,525	47,138
Donated assets	393,968	-
Other	366,296	568,365
	<u>813,424</u>	<u>739,531</u>
Water and sewer	<u>1,553,187</u>	<u>1,246,817</u>
Total revenue	<u>\$ 8,574,390</u>	<u>\$ 5,988,279</u>

TOWN OF MORRIS
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2023

SCHEDULE 3

	2023 Actual	2022 Actual <small>(Restated - Note 3)</small>
General government services		
Legislative	\$ 98,218	\$ 104,706
General administrative	537,535	501,981
Other	210,682	213,778
	<u>846,435</u>	<u>820,465</u>
Protective services		
Police	204,519	204,519
Fire	152,242	169,407
Emergency measures	28,983	24,863
Other protection	100,329	113,306
	<u>486,073</u>	<u>512,095</u>
Transportation services		
Road transport		
Administration and engineering	515,141	524,087
Road and street maintenance	16,416	28,884
Sidewalk and boulevard maintenance	3,531	4,725
Street lighting	48,354	47,867
Other	284,750	299,208
Public transit	76,004	64,815
	<u>944,196</u>	<u>969,586</u>
Environmental health services		
Waste collection and disposal	126,624	106,670
Public health and welfare services		
Public health	44,204	39,532
Social assistance	11,096	11,096
	<u>55,300</u>	<u>50,628</u>
Regional planning and development		
Planning and zoning	7,882	-
Urban renewal	202,158	215,029
Other	772	1,752
	<u>210,812</u>	<u>216,781</u>
Resource conservation and industrial development		
Rural area weed control	13,809	19,352
Industrial development	84,043	17,837
Other	37,217	41,737
	<u>135,069</u>	<u>78,926</u>
Sub-totals forward	<u>\$ 2,804,509</u>	<u>\$ 2,755,151</u>
Sub-totals forward	<u>\$ 2,804,509</u>	<u>\$ 2,755,151</u>
Recreation and cultural services		
Administration	137,195	105,670
Community centers and halls	793,008	807,718
Swimming pools and beaches	176,034	140,031
Parks and playgrounds	14,013	8,575
Other recreational facilities	13,965	17,304
Other cultural facilities	219,633	207,999
	<u>1,353,848</u>	<u>1,287,297</u>
Water and sewer services	<u>1,276,134</u>	<u>1,084,027</u>
Total expenses	<u>\$ 5,434,491</u>	<u>\$ 5,126,475</u>

TOWN OF MORRIS
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2023

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE										
Property taxes	\$ 2,698,245	\$ 2,617,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	91,869	87,894	-	-	-	-	-	-	-	-
User fees	5,010	4,596	-	-	35,377	31,941	-	-	-	-
Prov of MB - Unconditional Grants	686,065	352,017	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	1,768,459	86,832	-	-	15,000	-	84,420	69,716	-	-
Grants - other	147,167	134,466	-	-	-	-	-	-	-	-
Permits, licences and fines	19,803	18,940	-	-	-	-	-	-	-	-
Investment income	128,478	47,925	3,952	1,253	30,511	11,777	-	-	35,213	13,648
Other revenue	477,741	108,290	-	-	19,825	19,752	-	-	-	-
Recovery of bad debts	-	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Total revenue	6,022,837	3,458,354	3,952	1,253	100,713	63,470	84,420	69,716	35,213	13,648
EXPENSES										
Personnel services	400,527	393,221	55,931	59,454	246,568	240,780	-	-	38,638	35,309
Contract services	248,770	222,438	302,342	304,900	141,321	162,252	126,624	106,670	12,071	12,546
Utilities	4,775	7,216	28,053	28,181	65,146	65,573	-	-	-	-
Maintenance materials and supplies	-	-	41,777	64,041	197,547	206,715	-	-	4,457	2,640
Grants and contributions	131,112	142,250	-	-	-	-	-	-	-	-
Accretion	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	20,577	16,958	-	-	-	-
Interest on long-term debt	13,748	11,765	57,971	55,519	257,670	250,807	-	-	134	133
Bad debt	28,463	25,033	-	-	-	(89)	-	-	-	-
Other	19,038	18,542	-	-	15,367	26,590	-	-	-	-
Total expenses	846,433	820,465	486,074	512,095	944,196	969,586	126,624	106,670	55,300	50,628
Surplus (deficit)	\$ 5,176,404	\$ 2,637,889	\$ (482,122)	\$ (510,842)	\$ (843,483)	\$ (906,116)	\$ (42,204)	\$ (36,954)	\$ (20,087)	\$ (36,980)

* 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, 2023

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,698,245	\$ 2,617,394
Grants in lieu of taxation	-	-	-	-	-	-	-	-	91,869	87,894
User fees	-	-	15,889	22,688	336,566	424,645	-	-	392,842	483,870
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	686,065	352,017
Prov of MB - Conditional Grants	-	-	-	-	33,756	27,738	-	-	1,901,635	184,286
Grants - other	-	-	-	-	66,616	41,145	-	-	213,783	175,611
Permits, licences and fines	-	-	-	-	-	-	-	-	19,803	18,940
Investment income	-	-	1,057	403	4,250	6,883	-	-	203,461	81,889
Other revenue	-	-	2,962	3,841	20,896	29,033	292,076	578,645	813,500	739,561
Water and sewer	-	-	-	-	-	-	1,553,187	1,246,817	1,553,187	1,246,817
Total revenue	-	-	19,908	26,932	462,084	529,444	1,845,263	1,825,462	8,574,390	5,988,279
EXPENSES										
Personnel services	-	-	-	5,590	22,398	23,214	202,675	189,913	966,737	947,481
Contract services	-	-	-	-	581,003	537,013	61,115	45,962	1,473,246	1,391,781
Utilities	199,633	187,746	87,054	20,323	224,640	178,172	53,108	50,697	662,409	537,908
Maintenance materials and supplies	147	64	707	2,571	14,369	89,710	618,946	500,950	877,950	866,691
Grants and contributions	9,981	17,806	7,500	12,205	26,817	20,810	-	2,601	175,410	195,672
Accretion	-	-	-	-	-	-	7,302	6,997	7,302	6,997
Amortization	75	8,875	5,927	5,927	264,720	230,144	225,193	224,522	516,492	486,426
Interest on long-term debt	-	-	-	-	2,401	2,294	66,710	52,180	398,634	372,698
Bad debt	772	1,752	27,368	27,205	217,232	205,705	-	-	273,835	259,606
Other	204	538	6,512	5,105	267	236	41,088	10,204	82,476	61,215
Total expenses	210,812	216,781	135,068	78,926	1,353,847	1,287,298	1,276,137	1,084,026	5,434,491	5,126,475
Surplus (deficit)	\$ (210,812)	\$ (216,781)	\$ (115,160)	\$ (51,994)	\$ (891,763)	\$ (757,854)	\$ 569,126	\$ 741,436	\$ 3,139,899	\$ 861,804

(Restated - Note 3)

TOWN OF MORRIS

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2023

	Core Government		Controlled Entities		Government Partnerships		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
								(Restated - Note 3)
REVENUE								
Property taxes	\$ 2,698,245	\$ 2,617,394	\$ -	\$ -	\$ -	\$ -	\$ 2,698,245	\$ 2,617,394
Grants in lieu of taxation	91,869	87,894	-	-	-	-	91,869	87,894
User fees	122,228	107,611	225,348	328,830	542,491	47,429	890,067	483,870
Prov of MB - Unconditional Grants	686,065	352,017	-	-	-	-	686,065	352,017
Prov of MB - Conditional Grants	1,858,379	162,048	-	-	239,308	22,238	2,097,687	184,286
Grants - other	199,347	162,032	-	-	110,460	13,579	309,807	175,611
Permits, licences and fines	19,803	18,940	-	-	-	-	19,803	18,940
Investment income	196,687	73,804	1,182	638	5,669	7,477	203,538	81,919
Other revenue	477,741	108,291	12,777	10,756	75,044	620,486	565,562	739,533
Recovery of bad debts	-	-	-	-	-	-	-	-
Water and sewer	1,036,796	792,529	-	-	(25,049)	454,286	1,011,747	1,246,815
Total revenue	<u>7,387,160</u>	<u>4,482,560</u>	<u>239,307</u>	<u>340,224</u>	<u>947,923</u>	<u>1,165,495</u>	<u>8,574,390</u>	<u>5,988,279</u>
EXPENSES								
Personnel services	\$ 1,173,798	\$ 1,101,315	\$ -	\$ -	165,322	\$ 162,405	1,339,120	1,263,720
Contract services	1,252,404	1,096,935	299,425	312,326	54,867	46,989	1,606,696	1,456,250
Utilities	148,377	146,016	1,249	1,228	39,191	38,431	188,817	185,675
Maintenance materials and supplies	361,722	380,724	421,706	413,063	106,577	95,250	890,005	889,037
Grants and contributions	368,685	356,302	-	5,927	-	(3,326)	368,685	358,903
Accretion	2,401	2,294	-	-	7,302	6,997	9,703	9,291
Amortization	689,543	675,122	33,149	30,894	131,121	119,244	853,813	825,260
Interest on long-term debt	41,577	35,782	-	-	53,596	41,430	95,173	77,212
Bad debt	-	-	-	-	-	(88)	-	(88)
Other	19,242	19,621	1,961	985	61,276	40,609	82,479	61,215
Total expenses	<u>4,057,749</u>	<u>3,814,111</u>	<u>757,490</u>	<u>764,423</u>	<u>619,252</u>	<u>547,941</u>	<u>5,434,491</u>	<u>5,126,475</u>
Surplus (deficit)	<u>\$ 3,329,411</u>	<u>\$ 668,449</u>	<u>\$ (518,183)</u>	<u>\$ (424,199)</u>	<u>\$ 328,671</u>	<u>\$ 617,554</u>	<u>\$ 3,139,899</u>	<u>\$ 861,804</u>

TOWN OF MORRIS
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 For the Year Ended December 31, 2023

SCHEDULE 6

										2023	2022
	General	Machinery Replacement	Fire Reserve	Land Development	Pool	Arena	Hospital	Gas Tax	Utility	Total	Total
REVENUE											
Interest earned	\$ 87,968	\$ 7,845	\$ 3,952	\$ 39	\$ 63	\$ 14	\$ 14,201	\$ 21,122	\$ 21,012	\$ 156,217	\$ 48,640
EXPENSES	-	-	-	-	-	-	-	-	-	-	-
NET REVENUE	87,968	7,845	3,952	39	63	14	14,201	21,122	21,012	156,217	48,640
TRANSFERS											
Transfers from operating fund	292,104	25,000	25,000	-	-	-	-	(551,333)	-	(209,229)	247,901
Transfers from utility fund	-	-	-	-	-	-	-	-	-	-	151,447
CHANGE IN RESERVE FUND BALANCES	380,072	32,845	28,952	39	63	14	14,201	(530,211)	21,012	(53,012)	447,988
FUND SURPLUS, BEGINNING OF YEAR	1,865,363	163,624	82,427	809	1,307	300	296,189	546,584	773,854	3,730,456	3,282,469
FUND SURPLUS, END OF YEAR	\$ 2,245,435	\$ 196,469	\$ 111,379	\$ 848	\$ 1,370	\$ 314	\$ 310,390	\$ 16,373	\$ 794,866	\$ 3,677,444	\$ 3,730,457

TOWN OF MORRIS
SCHEDULE OF FINANCIAL POSITION FOR UTILITY
For the Year Ended December 31, 2023

SCHEDULE 7

	<u>2023</u>	<u>2022</u>
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	<u>\$ 376,310</u>	<u>\$ 368,492</u>
LIABILITIES		
Deferred revenue	-	-
Due to other funds	544,302	296,256
Long-Term debt	<u>289,714</u>	<u>289,714</u>
	<u>834,016</u>	<u>585,970</u>
NET DEBT	(457,706)	(217,478)
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,571,804</u>	<u>3,200,467</u>
FUND SURPLUS	<u><u>\$ 3,114,098</u></u>	<u><u>\$ 2,982,989</u></u>

TOWN OF MORRIS

SCHEDULE 8

**SCHEDULE OF UTILITY OPERATIONS - Town of Morris Utility
For the Year Ended December 31, 2023**

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
REVENUE			
Water			
Water fees	<u>\$ 682,000</u>	<u>\$ 763,351</u>	<u>\$ 695,481</u>
Property taxes	<u>-</u>	<u>13,114</u>	<u>79,328</u>
Other			
Hydrant rentals	6,450	6,450	6,450
Penalties	11,234	13,651	11,270
Government transfers - capital		240,230	-
Loss on sale of tangible capital assets	-	-	-
	<u>17,684</u>	<u>260,331</u>	<u>17,720</u>
Total revenue	<u>\$ 699,684</u>	<u>\$ 1,036,796</u>	<u>\$ 792,529</u>

SCHEDULE OF UTILITY OPERATIONS (cont'd) - Town of Morris Utility
For the Year Ended December 31, 2023

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
EXPENSES			
General			
Administration	<u>\$ 149,684</u>	<u>\$ 107,862</u>	<u>\$ 94,483</u>
Water General			
Purification and treatment	1,000	572	-
Water purchases	390,000	424,654	377,026
Transmission and distribution	104,100	64,953	26,477
Connection costs	5,000	4,000	-
	<u>500,100</u>	<u>494,179</u>	<u>403,503</u>
Water - Amortization and Interest			
Amortization	<u>114,648</u>	<u>114,648</u>	<u>122,236</u>
Sewer General			
Collection system costs	56,100	34,114	21,359
Lift station costs	43,800	18,297	14,218
	<u>99,900</u>	<u>52,411</u>	<u>35,577</u>
Sewer - Interest			
Interest on long-term debt	<u>13,114</u>	<u>13,114</u>	<u>10,749</u>
Total expenses	<u>877,446</u>	<u>782,214</u>	<u>666,548</u>
NET OPERATING SURPLUS (DEFICIT)	(177,762)	254,582	125,981
TRANSFERS			
Transfers from (to) operating and capital fund	510,000	-	(357,920)
Transfers to reserve funds	<u>-</u>	<u>(123,473)</u>	<u>(143,304)</u>
CHANGE IN UTILITY FUND BALANCE	<u><u>\$ 332,238</u></u>	131,109	(375,243)
FUND SURPLUS, BEGINNING OF YEAR		<u>2,982,989</u>	<u>3,358,232</u>
FUND SURPLUS, END OF YEAR		<u><u>\$ 3,114,098</u></u>	<u><u>\$ 2,982,989</u></u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2023

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Accretion Expense	Interest Expense	Transfers	Consolidated Entities	PSAS Budget
REVENUE								
Property taxes	\$ 2,731,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,731,024
Grants in lieu of taxation	94,617	-	-	-	-	-	-	94,617
User fees	216,311	-	-	-	-	-	270,614	486,925
Grants - Province of Manitoba	535,248	-	-	-	-	-	43,256	578,504
Grants - other	174,974	-	-	-	-	-	14,436	189,410
Permits, licences and fines	17,200	-	-	-	-	-	-	17,200
Investment income	2,500	-	-	-	-	-	6,851	9,351
Other revenue	8,253	-	-	-	-	-	335,681	343,934
Water and sewer	-	1,272,798	-	-	-	-	516,391	1,789,189
Transfers from reserves	1,216,229	-	-	-	-	(1,216,229)	-	-
Total revenue	<u>4,996,356</u>	<u>1,272,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,216,229)</u>	<u>1,187,229</u>	<u>6,240,154</u>
EXPENSES								
General government services	790,941	-	13,748	-	28,377	4,106	-	837,172
Protective services	496,833	-	57,971	-	-	-	-	554,804
Transportation services	827,870	-	257,670	-	-	-	76,004	1,161,544
Environmental health services	149,675	-	-	-	-	-	-	149,675
Public health and welfare services	57,984	-	134	-	-	-	-	58,118
Regional planning and development	336,778	-	772	-	-	-	-	337,550
Resource cons and industrial dev	159,900	-	27,368	-	-	-	13,809	201,077
Recreation and cultural services	913,502	-	217,232	2,401	-	-	245,610	1,378,745
Water and sewer services	-	1,272,798	114,648	-	-	510,000	493,921	2,391,367
Fiscal services								
Transfer to capital	929,894	-	-	-	-	(929,894)	-	-
Transfer to utility	13,114	-	-	-	-	(13,114)	-	-
Debt charges	78,092	-	-	-	(78,092)	-	-	-
Short-term interest	17,000	-	-	-	(17,000)	-	-	-
Transfer to reserves	220,667	-	-	-	-	(220,667)	-	-
Allowance for tax assets	4,106	-	-	-	-	(4,106)	-	-
Total expenses	<u>4,996,356</u>	<u>1,272,798</u>	<u>689,543</u>	<u>2,401</u>	<u>(66,715)</u>	<u>(653,675)</u>	<u>829,344</u>	<u>7,070,052</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (689,543)</u>	<u>\$ (2,401)</u>	<u>\$ 66,715</u>	<u>\$ (562,554)</u>	<u>\$ 357,885</u>	<u>\$ (829,898)</u>

**TOWN OF MORRIS
ANALYSIS OF TAXES ON ROLL
For the Year Ended December 31, 2023**

SCHEDULE 10

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 365,009	\$ 332,382
Add:		
Tax levy (Schedule 12)	4,079,849	3,877,410
Taxes added	34,222	85,857
Penalties or interest	57,525	47,138
	<u>4,171,596</u>	<u>4,010,405</u>
Deduct:		
Cash collections - current	3,813,682	3,729,329
Tax discounts	19,039	17,894
M.P.T.C. - cash advance	190,997	230,555
	<u>4,023,718</u>	<u>3,977,778</u>
Balance, end of year	<u>\$ 512,888</u>	<u>\$ 365,009</u>

TOWN OF MORRIS
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2023

SCHEDULE 11

	2023			2022
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
ARENA	99,313,530	0.525%	\$ 52,140.00	\$ 52,544.00
By-Law 06/19 Land	99,313,530	0.525%	23,835	146,760
sub-total - Debt charges			75,975	199,304
Reserves:				
General	99,313,530	0.590%	58,595	57,979
Replacement	99,313,530	0.250%	24,828	24,460
Fire	99,313,530	0.250%	24,828	24,460
sub-total - Reserves			108,251	106,899
Special levies				
03/17	113,151,870	3.610%	408,478	380,955
02/17	60,628,700	0.000%	172,444	162,072
			580,922	543,027
General municipal:				
At large	99,313,530	19.120%	1,898,875	1,682,307
Total municipal taxes (Schedule 2)			2,664,023	2,531,537
Education support levy	-	0.000%	263,179	268,876
Special levy:				
Education support levy	-	0.000%	1,152,647	1,076,997
Total education taxes			1,415,826	1,345,873
Total tax levy (Schedule 11)			\$ 4,079,849	\$ 3,877,410

SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2023

	2023 Actual	2022 Actual (Restated - Note 3)
General government services		
Legislative	\$ 98,218	\$ 104,706
General administrative	537,535	501,981
Other	210,682	213,778
	<u>846,435</u>	<u>820,465</u>
Protective services		
Police	204,519	204,519
Fire	152,242	169,407
Emergency measures	28,983	24,863
Other protection	100,329	113,306
	<u>486,073</u>	<u>512,095</u>
Transportation services		
Road transport		
Administration and engineering	515,141	524,087
Road and street maintenance	16,416	28,884
Sidewalk and boulevard maintenance	3,531	4,725
Street lighting	48,354	47,867
Other	284,750	298,393
	<u>868,192</u>	<u>903,956</u>
Environmental health services		
Waste collection and disposal	126,624	106,670
Public health and welfare services		
Public health	44,204	39,532
Social assistance	11,096	11,096
	<u>55,300</u>	<u>50,628</u>
Regional planning and development		
Planning and zoning	7,882	-
Urban renewal	202,158	215,029
Other	772	1,752
	<u>210,812</u>	<u>216,781</u>
Resource conservation and industrial development		
Industrial development	84,043	17,837
Other	37,217	41,737
	<u>121,260</u>	<u>59,574</u>
Recreation and cultural services		
Administration	137,195	105,670
Community centers and halls	547,398	472,401
Swimming pools and beaches	176,034	140,031
Parks and playgrounds	14,013	8,575
Other recreational facilities	13,965	17,304
Other cultural facilities	219,633	207,999
	<u>1,108,238</u>	<u>951,980</u>
Total expenses	<u>\$ 3,822,934</u>	<u>\$ 3,622,149</u>

TOWN OF MORRIS
RECONCILIATION OF ANNUAL SURPLUS
For the Year December 31, 2023

SCHEDULE 13
(Unaudited)

	General	2023 Utility	Total	2022 Total
MUNICIPAL SURPLUS UNDER THE MUNICIPAL ACT	\$ -	\$ -	\$ -	\$ - (Restated - Note 3)
Adjustments for reporting under Public Sector Accounting Standards				
Eliminate expense - Transfers to reserves	(551,333)	-	(551,333)	222,901
Eliminate revenue - Transfers from reserves	342,104	-	342,104	176,447
Increase revenue - Reserve funds interest	156,217	-	156,217	48,639
Increase revenue - Net surplus of consolidated entities	357,886	-	357,886	668,757
Increase expense - Amortization of tangible capital assets	(574,896)	(114,648)	(689,544)	(675,124)
Eliminate expense - Acquisitions of tangible capital assets	3,225,639	485,985	3,711,624	179,174
Decrease revenue - Proceeds exceeding gain on disposal of capital assets	(4,365)	-	(4,365)	-
Decrease expense - Principal portion of debenture debt	41,183	-	41,183	237,362
Increase revenue - Debenture pending	-	(240,228)	(240,228)	-
Increase revenue - Proceeds on obligations under capital lease	18,756	-	18,756	5,942
Decrease revenue - Accretion of asset retirement obligations	(2,401)	-	(2,401)	(2,294)
ANNUAL SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 3,008,790	\$ 131,109	\$ 3,139,899	\$ 861,804