

**MUNICIPALITY OF MORRIS-TURNBERRY
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

SEEBACH & COMPANY
Chartered Professional Accountants

MUNICIPALITY OF MORRIS-TURNBERRY

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Management's Responsibility for the Financial Statements

The management of The Municipality of Morris Turnberry has prepared the accompanying consolidated financial statements and is responsible for their accuracy and integrity. These standards consolidate all operations for which the Municipality has legislative and financial responsibility. The consolidated financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Municipality's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management.

Council reviews and approves the consolidated financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Municipality of Morris Turnberry. The external auditors have access to, and met with, Municipal Council to discuss their audit and the results of their examination.

The 2023 financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

Municipality of Morris Turnberry



Trevor Hallam
CAO/Clerk



Sean Brophy
Treasurer

July 2, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Morris-Turnberry

Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Morris-Turnberry ("the Entity"), which are comprised of the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 2, 2024

MUNICIPALITY OF MORRIS-TURNBERRY
STATEMENT OF FINANCIAL POSITION

as at December 31	2023	2022 restated (see Note 2)
Financial Assets		
Cash	4,758,792	4,634,839
Investments	338,630	87,758
Taxes receivable	485,208	387,751
Accounts receivable	1,108,510	1,133,829
Loans receivable	680,532	631,995
	7,371,672	6,876,172
Liabilities		
Account payable and accrued liabilities	673,398	780,144
Asset retirement obligations	1,455,292	1,419,797
Municipal debt	1,503,912	1,492,830
	3,632,602	3,692,771
Net financial assets	3,739,070	3,183,401
Non-financial assets		
Tangible capital assets	21,171,395	21,322,592
Accumulated surplus	\$ 24,910,465	\$ 24,505,993

The accompanying notes and schedules are an integral part of these financial statements

MUNICIPALITY OF MORRIS-TURNBERRY
STATEMENT OF OPERATIONS

for the year ended December 31	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
Revenue			
Taxation for municipal purposes	4,779,423	4,763,349	4,473,471
User fees	1,820,468	1,261,343	1,052,676
Government transfers - federal	123,891	173,891	223,798
Government transfers - provincial	748,343	888,708	1,632,594
Bank and investment income	148,400	288,363	111,671
Other revenue	45,000	165,985	44,793
Gain(loss) on disposal of capital assets		(40,256)	1,362,637
	7,665,525	7,501,383	8,901,640
Expenditure			
General government	762,992	713,346	631,213
Protection services	1,605,117	1,301,333	1,098,167
Roadways	2,199,500	2,770,230	2,758,218
Environmental services	724,624	873,273	784,611
Health services	17,455	18,434	11,930
Recreation and culture	778,142	754,532	215,276
Planning and development	1,326,077	665,763	423,960
	7,413,907	7,096,911	5,923,375
Annual surplus (deficit)	251,618	404,472	2,978,265
Accumulated surplus beginning of year as previously stated	24,505,993	24,505,993	21,179,884
Change in accounting policy (note 2)	-	-	347,844
Accumulated surplus beginning of year restated	24,505,993	24,505,993	21,527,728
Accumulated surplus end of year	\$ 24,757,611	\$ 24,910,465	\$ 24,505,993

The accompanying notes and schedules are an integral part of these financial statements

MUNICIPALITY OF MORRIS-TURNBERRY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
Annual surplus (deficit)	251,618	404,472	2,978,265
Amortization of tangible capital assets	-	1,010,010	1,007,021
Acquisition of tangible capital assets	(2,620,098)	(960,169)	(2,254,279)
Proceeds from sale of tangible capital assets	2,618,412	61,100	2,620,097
(Gain) loss on disposition of tangible capital assets	-	40,256	(1,362,637)
Increase (decrease) in net financial assets	249,932	555,669	2,988,467
Net financial assets beginning of year as previously stated		3,183,401	\$ 796,101
Change in accounting policy (note 2)	-	-	(601,167)
Net financial assets beginning of year restated	-	3,183,401	194,934
Net financial assets end of year		\$ 3,739,070	\$ 3,183,401

The accompanying notes and schedules are an integral part of these financial statements

MUNICIPALITY OF MORRIS-TURNBERRY
STATEMENT OF CASH FLOWS

for the year ended December 31	2023	2022 restated (see Note 2)
Operating activities		
Annual surplus	404,472	2,978,265
Non-cash charges to operations		
Amortization	1,010,010	1,007,021
Loss (gain) on disposal of capital assets	40,256	(1,362,637)
	<u>1,454,738</u>	<u>2,622,649</u>
Decrease (increase) in taxes receivable	(97,457)	(50,522)
Decrease (increase) in accounts receivable	25,319	(223,733)
Increase (decrease) in accounts payable	(106,746)	195,962
Increase (decrease) in deferred revenue	-	(111,409)
Increase (decrease) in asset retirement obligations	35,495	34,630
Cash provided from (used for) operating activities	<u>1,311,349</u>	<u>2,467,577</u>
Capital		
Acquisition of tangible capital assets	(960,169)	(2,254,279)
Proceeds from sale of tangible capital assets	61,100	2,620,097
Cash provided from (used for) capital activities	<u>(899,069)</u>	<u>365,818</u>
Investing		
Net decrease (increase) in investments	(250,872)	(734)
Net decrease (increase) in long-term receivables	(48,537)	118,142
Cash provided from (used for) investing activities	<u>(299,409)</u>	<u>117,408</u>
Financing		
Debt issued	-	-
Debt principal payments	11,082	(80,428)
Cash provided from (used for) financing activities	<u>11,082</u>	<u>(80,428)</u>
Net increase (decrease) in cash	123,953	2,870,375
Net cash less bank indebtedness beginning of year	4,634,839	\$ 1,764,464
Net cash less bank indebtedness end of year	\$ 4,758,792	\$ 4,634,839

The accompanying notes and schedules are an integral part of these financial statements

MUNICIPALITY OF MORRIS-TURNBERRY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. Accounting policies

The consolidated financial statements of the Municipality of Morris-Turnberry are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenue and expenditures, reserves and reserve funds and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for their administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include water systems operated by the municipality and the municipality's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Bluevale Community Committee

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements do not include trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Non-financial assets

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

d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

<u>Classification</u>	<u>Useful Life</u>
Land improvements	30 years
Buildings	50 - 60 years
Building improvements	25 years
Transportation roads infrastructure	10 - 100 years
Water system	30 - 80 years
Vehicles and heavy equipment	8 - 18 years
Other equipment	5 - 20 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

1. Accounting policies (cont'd)

- i) The municipality has a capitalization threshold of \$2,000 for land, \$15,000 for buildings and transportation infrastructure and \$1,000 - \$5,000 for various types of equipment, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.
- ii) Contribution of tangible capital assets
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.
- iii) Leases
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
- e) Inventories
Inventories are recorded at the lower of cost or net realizable value.
- f) Reserves for future expenditures
Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.
- g) Pension and employee benefits
The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.
- h) Deferred revenue
Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged. These amounts will be recognized as revenues in the period in which related expenditure are incurred.
- i) Investments
Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.
- j) Use of estimates
The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.
- k) Asset Retirement Obligations
Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.
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.

1. Accounting policies (cont'd)

k) Asset Retirement Obligations (cont'd)

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.

l) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

Government transfers are recognized in the in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made.

2. Change in Accounting Policy

- (a) Effective January 1, 2023 the Municipality adopted new Public Sector Accounting Handbook Standard PS 3280 - Asset Retirement Obligations. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods.

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation, and associated tangible capital asset, upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the landfill site owned by the Municipality.

On January 1, 2022, the Municipality recognized an additional asset retirement obligation relating to buildings owned by the Municipality that contain asbestos.

The impact of adoption of this standard was as follows:

	2022
Increase in tangible capital assets	907,628
Decrease in landfill liability	795,000
Increase in asset retirement obligations	(1,419,797)
Increase in Environmental services expenses	64,667
Increase in Recreation and culture expenses	<u>346</u>
Increase in opening accumulated surplus	<u>\$ 347,844</u>

The change in accounting policy resulted in a \$64,667 increase in the previously reported Environmental services expenses and a \$346 increase in the previously reported Recreation and culture expenses for the 2022 year and a corresponding decrease of \$65,013 in the previously reported annual surplus for the 2022 year.

- (b) On January 1, 2023, the Municipality adopted the following standards on a prospective basis: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The adoption of these standards had no impact on the opening balances.

2. (b) Change in Accounting Policy (cont'd)

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

3. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts levied were:

	2023	2022
County of Huron	\$2,680,546	\$2,472,738
School Boards	1,157,422	1,124,091

4. Investments

Investments are comprised of guaranteed investment certificates yielding interest of 2.7%-5%, with laddered maturities in 2024 to 2028.

Income from investments for the year was \$ 6,241 (2022 - \$ 2,436).

5. Loans receivable

	2023	2022
Property owners for water system capital costs	542,926	566,319
Property owners for sewer project capital costs	31,493	34,987
Property owners for municipal drains	8,634	23,539
Property owners for tile drain loans	<u>97,479</u>	<u>7,150</u>
	\$ 680,532	\$ 631,995

Amounts due in the next five years are as follows:

2024: \$29,458	2025: \$26,962	2026: \$33,958	2027: \$35,511	2028: \$31,137
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6. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Morris Landfill and the Turnberry Landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Morris Landfill has been estimated using a net present value technique with a discount rate of 2.5% (2022 – 2.5%). The estimated total undiscounted future expenditures are \$1,417,000 (2022 - \$1,417,000), which are to be incurred over 38 years. The liability is expected to be fully settled in 60 years.

The liability for the Turnberry Landfill has been estimated using a net present value technique with a discount rate of 2.5% (2022 – 2.5%). The estimated total undiscounted future expenditures are \$920,000 (2022 - \$920,000), which are to be incurred over 134 years. The liability is expected to be fully settled in 134 years.

6. Asset Retirement Obligations (cont'd)

The Municipality owns a building which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

The carrying amount of the liabilities are as follows:

	Morris Landfill	Turnberry Landfill	Asbestos	Total
Asset retirement obligation as at December 31, 2022	1,109,414	303,383	7,000	1,419,797
Increase due to accretion expense	<u>27,735</u>	<u>7,585</u>	<u>175</u>	<u>35,495</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 1,137,149</u>	<u>\$ 310,968</u>	<u>\$ 7,175</u>	<u>\$ 1,455,292</u>

7. Municipal debt

Debt payable	2023	2022
Water debenture payable to Ontario Infrastructure Projects Corporation in semi-annual payments of \$ 29,721. including interest at 4.36% maturing Nov 2040	708,472	736,119
Belgrave Development project debenture payable to Ontario Infrastructure and Lands Corporation in semi-annual payments of \$ 32,504. including interest at 1.82% maturing December 2035	697,961	749,561
Tile drain loans payable to the Ministry of Finance maturing from 2024 to 2033 with interest rates at 6%	<u>97,479</u>	<u>7,150</u>
	<u>\$ 1,503,912</u>	<u>\$ 1,492,830</u>

Principal payments due in the next five years are as follows:

2024: \$92,204	2025: \$91,185	2026: \$93,944	2027: \$96,807	2028: \$99,778
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8. Pension agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed for the year was \$112,859 (2022: \$102,882) for current services and is included as an expenditure on the consolidated statement of financial activities.

9. Contingencies

In the ordinary course of business, various claims and lawsuits are brought against the municipality. Because settlement amounts, if any, cannot be determined or because claims are expected to be within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

10. Contractual obligations

The municipality has entered into certain contracts for services for future years including operation of water system at a base cost of \$59,930 per year plus annual CPI adjustments for the period January 2024 to December 2029.

The municipality has contracted with other municipalities for fire protection services with automatic annual renewals but subject to termination on notice within specific time periods. Costs are partly fixed with adjustments for consumer price index increases and partly variable based on shared costs.

11. Tangible capital assets

Schedule 3 provides information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

i) Contributed tangible capital assets

The municipality records all tangible capital assets contributed by external parties at fair value.

ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of \$1 because of the difficulty of determining a tenable valuation.

12. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of change in net assets and operations for comparative purposes. The 2023 budget amounts for the municipality have been approved by Council. Certain amounts have been reclassified to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budget annual surplus (deficit)	-
Less: proceeds of disposal of capital assets	(34,000)
Add: acquisition of tangible capital assets	1,044,500
loan principal payment	51,601
net transfers to(from) reserves	<u>(810,483)</u>
Budgeted surplus reported on statement of operations	<u>\$ 251,618</u>

13. Schedule of accumulated surplus

	2023	2022
Surpluses		
Invested in tangible capital assets		
Tangible capital assets	21,171,395	21,322,592
General revenue fund surplus (deficit)		
Township general	-	-
Bluevale Community Committee	31,613	21,351
Unfunded		
Long-term debt	(697,961)	(749,561)
Asset retirement obligations	<u>(1,455,292)</u>	<u>(1,419,797)</u>
	<u>19,049,755</u>	<u>19,174,585</u>
Reserves (schedule 1)	<u>5,860,710</u>	<u>5,331,408</u>
Accumulated surplus	<u>\$ 24,910,465</u>	<u>\$ 24,505,993</u>

14. Segmented information

The Municipality of Morris-Turnberry provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information provided in schedule 4. Municipal taxation revenue and the Ontario Municipal Partnership Fund grant are allocated to general government. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

14. Segmented information (cont'd)

Environmental Services

Environmental services include sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

15. Financial instrument risk management

Credit risk

The Township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

Municipality of Morris-Turnberry
Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2023

Schedule 1

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year
		From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
For general government	918,719	164,652		164,652	129,668		129,668	953,703
For protection services	718,670	131,004		131,004		151,785	151,785	697,889
For transportation services	1,510,556	804,366		804,366	8,014		8,014	2,306,908
For environmental services	426,644	180,857		180,857	11,000	42,873	53,873	553,628
For health services	36,045			-			-	36,045
For recreation and cultural services	656,155	146,551		146,551	469,900		469,900	332,806
For planning and development	1,064,619			-	84,888		84,888	979,731
	5,331,408	1,427,430	-	1,427,430	703,470	194,658	898,128	\$ 5,860,710

Municipality of Morris-Turnberry
Schedule of Deferred Revenue
For the Year Ended December 31, 2023

Schedule 2

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year
		From Operations	Interest	Total	To Operations	To Capital Acquisitions	Total	
Canada Community Building Fund	-	115,697	92	115,789		115,789	115,789	\$ -

Municipality of Morris-Turnberry
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

Schedule 3A

	General				Infrastructure				Total Net Book Value 2023	Total Net Book Value 2022 restated (note 2)
	Land	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads, Streetlights & Storm Sewers	Underground and other Networks	Bridges and other Structures		
Cost										
Balance, beginning of year (adjusted)	1,506,467	1,181,048	768,494	2,596,115	1,768,856	16,507,221	1,880,262	12,340,655	38,549,118	38,229,341
Add: Additions during the year			138,252	80,406		571,557		169,954	960,169	2,254,278
Less: Disposals during the year			(31,005)	(49,000)		(1,105,610)			(1,185,615)	(1,934,501)
Transfers									-	-
Balance, end of year	1,506,467	1,181,048	875,741	2,627,521	1,768,856	15,973,168	1,880,262	12,510,609	38,323,672	38,549,118
Accumulated amortization										
Balance, beginning of year - adjusted	217,162	722,273	532,578	1,430,437	878,343	8,072,571	375,180	4,997,982	17,226,526	16,896,547
Add: Amortization during the year	50,199	32,948	47,046	173,762	56,885	412,569	24,389	212,212	1,010,010	1,007,021
Less: Accumulated amortization on disposals			(31,005)	(39,059)		(1,014,195)			(1,084,259)	(677,042)
Balance, end of year	267,361	755,221	548,619	1,565,140	935,228	7,470,945	399,569	5,210,194	17,152,277	17,226,526
Net Book Value of Tangible Capital Assets	1,239,106	425,827	327,122	1,062,381	833,628	8,502,223	1,480,693	7,300,415	\$ 21,171,395	\$ 21,322,592

Municipality of Morris-Turnberry
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

Schedule 3B

	General Government	Protection	Roads	Water system	Storm Sewer Lines	Landfill	Health	Recreation and Cultural	Planning and Development	Total Net Book Value 2023	Total Net Book Value 2022 restated (note 2)
Cost											
Balance, beginning of year	617,944	61,400	32,085,270	3,686,735	101,676	1,614,689	44,581	336,823	-	38,549,118	38,229,341
Add: Additions during the year	13,087		935,632						11,450	960,169	2,254,278
Less: Disposals during the year	(11,585)		(1,174,030)							(1,185,615)	(1,934,501)
Transfers										-	-
Balance, end of year	619,446	61,400	31,846,872	3,686,735	101,676	1,614,689	44,581	336,823	11,450	38,323,672	38,549,118
Accumulated Amortization											
Balance, beginning of year	427,995	34,674	14,885,860	1,253,523	38,541	351,269	-	234,664	-	17,226,526	16,896,547
Add: Amortization during the year	22,977	6,061	826,255	81,273	1,271	61,423		9,605	1,145	1,010,010	1,007,021
Less: Accumulated amortization on disposals	(11,585)		(1,072,674)							(1,084,259)	(677,042)
Balance, end of year	439,387	40,735	14,639,441	1,334,796	39,812	412,692	-	244,269	1,145	17,152,277	17,226,526
Net Book Value of Tangible Capital Assets	180,059	20,665	17,207,431	2,351,939	61,864	1,201,997	44,581	92,554	10,305	\$ 21,171,395	\$ 21,322,592

Municipality of Morris-Turnberry
Segmented Information
For the Year Ended December 31, 2023

Schedule 4

	General Government	Police Protection	Fire Protection	Building Inspection	Other Protection	Roads, Street lights & Storm Sewers	Water System	Waste Disposal	Other Environmental	Health	Recreation and Culture	Zoning and Development	Total 2023	Total 2022 restated (see Note 2)
Revenue														
Taxation	4,763,349												4,763,349	4,473,471
User charges	13,608			129,637	19,307	40,582	190,314	408,222			27,781	431,892	1,261,343	1,052,676
Grants - federal	50,000					115,697					8,194		173,891	223,798
Grants - provincial	373,205					311,010		52,474				152,019	888,708	1,632,594
Interest and penalties	336,545											428	336,973	156,463
Other revenue											117,375		117,375	-
Gain (loss) on disposal of assets						(40,256)							(40,256)	1,362,637
	5,536,707	-	-	129,637	19,307	427,033	190,314	460,696	-	-	153,350	584,339	7,501,383	8,901,639
Operating expenditure														
Wages, salaries and benefits	447,651			136,105	11,128	743,580	6,600	72,645	51,749	3,112		25,000	1,497,570	1,452,217
Contract services	120,372	469,348	516,579	298	125,691	653,659	109,689	304,679	-	15,322	695,801	584,317	3,595,755	2,676,688
Supplies and materials	122,346			25,149	10,974	545,465	72,909	128,735	3,552	-	48,951		958,081	752,819
Asset retirement obligation accretion								35,320			175		35,495	34,630
Amortization	22,977			5,583	478	827,526	81,273	61,423	1,145		9,605		1,010,010	1,007,021
	713,346	469,348	516,579	167,135	148,271	2,770,230	270,471	602,802	56,446	18,434	754,532	609,317	7,096,911	5,923,375
Net revenue (expense)	4,823,361	(469,348)	(516,579)	(37,498)	(128,964)	(2,343,197)	(80,157)	(142,106)	(56,446)	(18,434)	(601,182)	(24,978)	404,472	2,978,264

NOTICE TO READER

To Council and Committee Members

On the basis of information provided by management, we have compiled the balance sheet of Municipality of Morris-Turnberry Bluevale Community Committee as at December 31, 2023, the statement of income and accumulated net revenue for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information (“financial information”).

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.



Chartered Professional Accountants
Licensed Public Accountants
Clinton, Ontario
July 2, 2024

MUNICIPALITY OF MORRIS-TURNBERRY**BLUEVALE COMMUNITY COMMITTEE****STATEMENT OF FINANCIAL POSITION**

Unaudited - See Compilation Report

as at December 31	2023	2022
Assets		
Cash	41,199	18,881
Accounts receivable	375	2,830
Prepaid expenses	1,208	-
HST recoverable	-	402
	\$ 42,782	\$ 22,113
Liabilities		
Accounts payable	1,046	762
HST payable	123	-
Loan payable - Municipality of Morris-Turnberry	10,000	-
	11,169	762
Accumulated net revenue		
Balance beginning of year	21,351	27,123
Net revenue (deficit) for year	10,262	(5,772)
	\$ 31,613	\$ 21,351
	\$ 42,782	\$ 22,113

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended December 31	2023	2022
Revenue		
Municipality of Morris-Turnberry	2,040	2,040
Hall rentals and memberships	4,388	1,422
Interest	1,316	422
Donations	1,963	2,160
Fundraising revenue	18,502	16,871
Ball tournament	-	-
Homecoming revenue	966	-
Diamond rental	646	345
	29,821	23,260
Expenditure		
Repairs, maintenance and equipment	4,319	9,374
Utilities	3,685	3,067
Administrative	181	-
Telephone and internet	1,054	954
Fundraising expenses and event prizes	9,558	12,558
Homecoming exepenses	762	-
Donations	-	3,079
	19,559	29,032
Net revenue (deficit) for year	\$ 10,262	(\$ 5,772)

**MUNICIPALITY OF MORRIS-TURNBERRY
BLUEVALE COMMUNITY COMMITTEE
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2023

1. Accounting policies

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of accounts receivable and accounts payable and accrued liabilities. Property, plant and equipment purchases are expensed as incurred.