

CITY OF STEINBACH
STEINBACH, MANITOBA
SUMMARIZED FINANCIAL REPORT
DECEMBER 31, 2008

Chambers, Fraser & Co.
Chartered Accountants

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Chartered Accountants

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AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

To the Mayor and Councillors
City of Steinbach
Steinbach, Manitoba

The accompanying summarized balance sheet and statements of revenue and expenditure, changes in surplus and source and application of capital funds are derived from the complete financial statements of the City of Steinbach as at December 31, 2008 and for the year then ended, on which we expressed an opinion without reservation in our report dated February 19, 2009. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the City's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



Chambers, Fraser & Co.
Municipal Auditors

Winnipeg, Manitoba
February 19, 2009

CITY OF STEINBACH

SUMMARIZED BALANCE SHEET

December 31

| | 2008 | 2007 |
|--------------------------------|-------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 8,427,361 | 10,281,206 |
| Receivables | 1,520,471 | 1,170,706 |
| Prepaid expenses | 59,966 | 60,176 |
| | <u>10,007,798</u> | <u>11,512,088</u> |
| INVESTMENTS | 746,171 | 364,042 |
| CAPITAL | | |
| Construction in progress | 140,563 | |
| Fixed assets | 48,792,487 | 45,634,307 |
| Debt charges recoverable | 2,722,528 | 3,550,573 |
| | <u>51,655,578</u> | <u>49,184,880</u> |
| | <u>62,409,547</u> | <u>61,061,010</u> |
| LIABILITIES AND SURPLUS | | |
| LIABILITIES | | |
| Current | | |
| Payables | 1,039,172 | 1,473,596 |
| Other | 764,433 | 681,118 |
| | <u>1,803,605</u> | <u>2,154,714</u> |
| Long-Term Debenture Debt | | |
| General | 2,309,676 | 2,866,816 |
| Utility | 412,852 | 683,757 |
| | <u>2,722,528</u> | <u>3,550,573</u> |
| Total Liabilities | <u>4,526,133</u> | <u>5,705,287</u> |
| SURPLUS | | |
| Unrestricted | | |
| General operating | 1,274,166 | 1,205,841 |
| Utility operating | 469,122 | 455,901 |
| | <u>1,743,288</u> | <u>1,661,742</u> |
| Equity In Capital Assets | | |
| General | 33,235,453 | 30,489,951 |
| Utility | 15,557,034 | 15,144,356 |
| | <u>48,792,487</u> | <u>45,634,307</u> |
| Restricted Reserves | | |
| General | 6,485,627 | 6,988,853 |
| Utility | 862,012 | 1,070,821 |
| | <u>7,347,639</u> | <u>8,059,674</u> |
| Total Equity | <u>57,883,414</u> | <u>55,355,723</u> |
| | <u>62,409,547</u> | <u>61,061,010</u> |

CITY OF STEINBACH

SUMMARIZED STATEMENT OF REVENUE AND EXPENDITURE

GENERAL OPERATING FUND

Year Ended December 31

| | Budget 2008 | 2008 | Actual 2007 |
|-------------------------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| REVENUE | | | |
| Taxation | | | |
| Tax levy | 7,003,608 | 7,000,776 | 6,123,085 |
| Taxes added | 700,000 | 1,168,101 | 875,381 |
| Tax penalties | 30,000 | 40,174 | 33,420 |
| Grants in lieu | 110,165 | 123,306 | 169,111 |
| | <u>7,843,773</u> | <u>8,332,357</u> | <u>7,200,997</u> |
| Government Transfers | | | |
| Federal | 260,000 | 260,319 | 208,255 |
| Provincial | 1,895,500 | 2,037,157 | 2,077,922 |
| | <u>2,155,500</u> | <u>2,297,476</u> | <u>2,286,177</u> |
| Other Revenue | | | |
| Sale of services | 2,140,700 | 2,909,823 | 2,693,610 |
| Sale of land | | 5,100 | 288,971 |
| Donations | | 12,640 | 46,326 |
| Miscellaneous | 491,200 | 832,342 | 752,220 |
| | <u>2,631,900</u> | <u>3,759,905</u> | <u>3,781,127</u> |
| Total Revenue From External Sources | 12,631,173 | 14,389,738 | 13,268,301 |
| Transfers From Reserves | 91,032 | 30,000 | 25,793 |
| Total Revenue | <u>12,722,205</u> | <u>14,419,738</u> | <u>13,294,094</u> |
| EXPENDITURE | | | |
| Services | | | |
| General government | 2,482,982 | 2,336,543 | 2,091,019 |
| Protective | 1,904,880 | 1,850,760 | 1,781,630 |
| Transportation | 1,689,499 | 1,734,891 | 1,559,036 |
| Environmental health | 997,943 | 1,139,167 | 1,146,165 |
| Public health and welfare | 93,865 | 88,728 | 85,020 |
| Environmental development | 195,350 | 223,877 | 193,654 |
| Economic development | 32,600 | 19,074 | 10,000 |
| Recreation and cultural | 2,151,572 | 2,135,639 | 1,987,683 |
| Fiscal | 2,604,407 | 3,191,573 | 2,626,563 |
| Total Services | 12,153,098 | 12,720,252 | 11,480,770 |
| Transfers To Reserves | 569,107 | 1,631,161 | 1,729,558 |
| Total Expenditure | <u>12,722,205</u> | <u>14,351,413</u> | <u>13,210,328</u> |
| OPERATING SURPLUS | <u>Nil</u> | <u>68,325</u> | <u>83,766</u> |

CITY OF STEINBACH**SUMMARIZED STATEMENT OF REVENUE AND EXPENDITURE****UTILITY OPERATING FUND**

| | Year Ended December 31 | | |
|-------------------------------------|------------------------|------------------|------------------|
| | Budget | | Actual |
| | 2008 | 2008 | 2007 |
| | \$ | \$ | \$ |
| REVENUE | | | |
| Consumers | | | |
| Water and sewage | 1,588,610 | 1,599,606 | 1,531,237 |
| Penalties | 4,000 | 5,765 | 5,499 |
| Hydrant rentals | 32,045 | 32,045 | 31,850 |
| Installation service | 55,000 | 74,410 | 21,750 |
| Connections | 1,000 | 14,000 | 30,418 |
| Miscellaneous | 7,000 | 18,864 | 22,494 |
| | <u>1,687,655</u> | <u>1,744,690</u> | <u>1,643,248</u> |
| Total Revenue From External Sources | | | |
| Transfers From | | | |
| General operations | 300,459 | 300,459 | 394,385 |
| Reserves | 95,000 | 54,000 | |
| | <u>395,459</u> | <u>354,459</u> | <u>394,385</u> |
| Total Revenue | <u>2,083,114</u> | <u>2,099,149</u> | <u>2,037,633</u> |
| EXPENDITURE | | | |
| Services | | | |
| Water supply | 1,131,130 | 1,079,502 | 944,632 |
| Sewage collection and disposal | 391,525 | 385,103 | 398,560 |
| Fiscal | 310,459 | 371,323 | 437,604 |
| | <u>1,833,114</u> | <u>1,835,928</u> | <u>1,780,796</u> |
| Total Services | | | |
| Transfer to Reserve | 250,000 | 250,000 | 250,000 |
| Total Expenditure | <u>2,083,114</u> | <u>2,085,928</u> | <u>2,030,796</u> |
| OPERATING SURPLUS | <u>Nil</u> | <u>13,221</u> | <u>6,837</u> |

SUMMARIZED STATEMENT OF CHANGES IN SURPLUS

| | Year Ended December 31, 2008 | | |
|---------------------------------|------------------------------|----------------------|------------|
| | General Operating | Utility Operating | Total |
| UNRESTRICTED | | | |
| | \$ | \$ | \$ |
| Balance December 31, 2006 | 1,395,302 | 128,721 | 1,524,023 |
| Accounting policy changes | (273,227) | 320,343 | 47,116 |
| 2007 Operating surplus | 83,766 | 6,837 | 90,603 |
| Balance December 31, 2007 | 1,205,841 | 455,901 | 1,661,742 |
| 2008 Operating surplus | 68,325 | 13,221 | 81,546 |
| Balance December 31, 2008 | 1,274,166 | 469,122 | 1,743,288 |
| EQUITY IN CAPITAL ASSETS | | | |
| | \$ | \$ | \$ |
| Balance December 31, 2006 | 28,071,904 | 14,897,554 | 42,969,458 |
| 2007 Transactions | | | |
| Transfer equipment | 22,808 | (22,808) | |
| Acquisitions | 2,510,627 | 166,529 | 2,677,156 |
| Disposals | (115,388) | (11,828) | (127,216) |
| Capitalize buildings | | 114,909 | 114,909 |
| Balance December 31, 2007 | 30,489,951 | 15,144,356 | 45,634,307 |
| 2008 Transactions | | | |
| Asset write ups (downs) - net | (269,391) | (56,387) | (325,778) |
| Transfer equipment | (2,555) | 2,555 | |
| Acquisitions | 2,896,003 | 350,556 | 3,246,559 |
| Disposals | (148,180) | (3,838) | (152,018) |
| Capitalize buildings | 269,625 | 119,792 | 389,417 |
| Balance December 31, 2008 | 33,235,453 | 15,557,034 | 48,792,487 |

SUMMARIZED STATEMENT OF CHANGES IN SURPLUS

| RESTRICTED RESERVES | Year Ended December 31, 2008 | | |
|-----------------------------|------------------------------|------------------|------------------|
| | Total | Utility | Total |
| | General | Water & Sewer | |
| | \$ | \$ | \$ |
| Balance December 31, 2006 | 6,281,086 | 891,969 | 7,173,055 |
| 2007 Transactions | | | |
| Interest earned | 225,781 | 36,898 | 262,679 |
| Accrued interest adjustment | 17,054 | 2,997 | 20,051 |
| Transfer from operating | 1,729,558 | 250,000 | 1,979,558 |
| Handivan depreciation | 16,039 | | 16,039 |
| Purchases | (1,254,872) | (111,043) | (1,365,915) |
| Transfer to operating | (25,793) | | (25,793) |
| Balance December 31, 2007 | 6,988,853 | 1,070,821 | 8,059,674 |
| 2008 Transactions | | | |
| Interest earned | 242,987 | 36,191 | 279,178 |
| Transfer from operating | 1,631,161 | 250,000 | 1,881,161 |
| Handivan depreciation | 16,039 | | 16,039 |
| Purchases | (2,363,413) | (441,000) | (2,804,413) |
| Transfer to operating | (30,000) | (54,000) | (84,000) |
| Balance December 31, 2008 | <u>6,485,627</u> | <u>862,012</u> | <u>7,347,639</u> |

SUMMARIZED STATEMENT OF CHANGES IN SURPLUS

| GENERAL FUND RESTRICTED RESERVES | Year Ended December 31, 2008 | | | | | | | |
|-------------------------------------|------------------------------|-------------------------------|-------------------------|-----------------------------|--------------------|---------------------------|-----------------|------------------|
| | General | Equipment Replace- ment | Land and Facility | Capital Develop- ment | Environ- mental | Committed Expenditures | Other Page 4 | Total General |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance December 31, 2006 | 749,301 | 239,235 | 698,526 | 1,460,437 | 2,491,793 | 403,985 | 237,809 | 6,281,086 |
| 2007 Transactions | | | | | | | | |
| Interest earned | 33,625 | 9,956 | 26,171 | 56,326 | 74,280 | 15,467 | 9,956 | 225,781 |
| Accrued interest adjustment | 1,660 | 816 | 1,777 | 4,161 | 7,127 | 1,062 | 451 | 17,054 |
| Transfer from operating | | | 109,419 | 298,410 | 269,431 | 704,018 | 348,280 | 1,729,558 |
| Handivan depreciation | | 16,039 | | | | | | 16,039 |
| Purchases | | | | (250,000) | (800,000) | (104,872) | (100,000) | (1,254,872) |
| Transfer to operating | | | | | | (25,793) | | (25,793) |
| Balance December 31, 2007 | 784,586 | 266,046 | 835,893 | 1,569,334 | 2,042,631 | 993,867 | 496,496 | 6,988,853 |
| 2008 Transactions | | | | | | | | |
| Interest earned | 28,472 | 7,761 | 26,689 | 47,695 | 77,487 | 34,809 | 20,074 | 242,987 |
| Transfer from operating | | | | 507,605 | 320,139 | 378,640 | 424,777 | 1,631,161 |
| Handivan depreciation | | | | | | | | 16,039 |
| Purchases | | 16,039 | | | | | | |
| Transfer to operating | | | (314,428) | (823,000) | (276,257) | (581,728) | (368,000) | (2,363,413) |
| | | | | | | (30,000) | | (30,000) |
| Balance December 31, 2008 | 813,058 | 289,846 | 548,154 | 1,301,634 | 2,164,000 | 795,588 | 573,347 | 6,485,627 |

CITY OF STEINBACH

SUMMARIZED STATEMENT OF CHANGES IN SURPLUS

Year Ended December 31, 2008

| OTHER GENERAL FUND | Aquatic Centre | Perpetual Care | Land Dedication | Gas Tax | Handi Transit | Total Other General |
|-----------------------------|-------------------|-------------------|--------------------|------------|------------------|---------------------------|
| RESTRICTED RESERVES | | | | | | |
| Balance December 31, 2006 | \$ 14,151 | \$ 128,816 | \$ 94,842 | \$ | \$ | \$ 237,809 |
| 2007 Transactions | | | | | | |
| Interest earned | 605 | 5,001 | 2,566 | 871 | 913 | 9,956 |
| Accrued interest adjustment | 52 | 364 | 35 | | | 451 |
| Transfer from operating | | 13,035 | 17,790 | 208,255 | 109,200 | 348,280 |
| Purchases | | | | (100,000) | | (100,000) |
| Balance December 31, 2007 | 14,808 | 147,216 | 115,233 | 109,126 | 110,113 | 496,496 |
| 2008 Transactions | | | | | | |
| Interest earned | 413 | 4,551 | 4,293 | 6,616 | 4,201 | 20,074 |
| Purchases | | | | (368,000) | | (368,000) |
| Transfer from operating | 100,000 | 18,840 | 45,618 | 260,319 | | 424,777 |
| Balance December 31, 2008 | 115,221 | 170,607 | 165,144 | 8,061 | 114,314 | 573,347 |

CITY OF STEINBACH

**SUMMARIZED STATEMENT OF CHANGES IN
SOURCE AND APPLICATION OF CAPITAL FUNDS**

| | Year Ended December 31 | |
|--|------------------------|------------------|
| | 2008 | 2007 |
| | \$ | \$ |
| GENERAL CAPITAL | | |
| Source | | |
| Capital Funding | | |
| Short-term borrowing - operating fund | 33,907 | |
| Long-term borrowing - debentures issued | 126,000 | 1,500,000 |
| Prepaid local improvements | 44,872 | |
| Capital expenditures from revenue | 1,953,677 | 1,559,905 |
| Capital expenditures from reserves | 2,363,413 | 1,254,872 |
| Grants | 37,407 | |
| Cost recoveries | 197,584 | 67,595 |
| | <u>4,756,860</u> | <u>4,382,372</u> |
| Application | | |
| Capital Expenditures | | |
| General government | 186,430 | 584,825 |
| Protection | 1,016,139 | 1,985,432 |
| Transportation | 2,178,541 | 572,279 |
| Recreation and culture | 1,056,902 | 312,038 |
| Environmental health | 284,941 | 927,798 |
| | <u>4,722,953</u> | <u>4,382,372</u> |
| Unexpended funds - December 31 - operating fund | <u>33,907</u> | |
| | <u>4,756,860</u> | <u>4,382,372</u> |
| UTILITY CAPITAL | | |
| Source | | |
| Capital Funding | | |
| Short-term borrowing - operating fund | 140,563 | |
| Capital expenditures from revenue | 59,350 | 41,386 |
| Capital expenditures from reserves | 441,000 | 111,043 |
| Grants | | 13,014 |
| | <u>640,913</u> | <u>165,443</u> |
| Unexpended funds January 1 - other funds | | 71,834 |
| | <u>640,913</u> | <u>237,277</u> |
| Application | | |
| Capital Expenditures | | |
| Water supply | 248,535 | 76,861 |
| Sewage disposal | 392,378 | 88,582 |
| | <u>640,913</u> | <u>165,443</u> |
| Repayment of short-term borrowing - operating fund | | 71,834 |
| | <u>640,913</u> | <u>237,277</u> |

CITY OF STEINBACH

NOTES TO SUMMARIZED FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

In accordance with Canadian accounting policies generally accepted for municipal corporations in Manitoba, the municipality has adopted the following accounting practices:

- a) Fixed assets purchased through revenue funds are charged to expense in the year of acquisition. These assets together with fixed assets purchased through reserve funds, are recorded in the capital fund without any provision for depreciation. Fixed assets partially purchased through debentures have been recorded at cost except for any portion shown as a capital asset.
- b) Capital assets financed through debentures are recorded at a value equal to the debenture debt. The applicable revenue funds are charged with the annual debenture principal retirement and the capital assets are reduced by a similar amount.

2. TANGIBLE CAPITAL ASSETS

Under P.S.A.B. guidelines, the City of Steinbach has undertaken a project to identify and assign a cost valuation to all its assets. Land, buildings and equipment are included in the capital funds for this purpose.

The remaining assets, which all relate to infrastructure installations, have been assigned costs which will be recorded for the 2009 financial statements.

Amortization of all capital assets, with the exception of land, has also been calculated as at December 31, 2007 and December 31, 2008, and will be recorded for the 2009 financial statements.

The following information describes the related policies adopted for the 2009 financial statements and presents a complete record of costs and accumulated amortization at December 31, 2007 and December 31, 2008 for this purpose.

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

General Tangible Capital Assets

| | |
|---|----------------|
| Land | Indefinite |
| Land Improvements | 10 to 30 years |
| Buildings and leasehold improvements | |
| Buildings | 25 to 40 years |
| Leasehold improvements | Life of lease |
| Vehicles and Equipment | |
| Vehicles | 5 years |
| Machinery, equipment and furniture | 10 years |
| Maintenance and road construction equipment | 15 years |
| Computer Hardware and Software | 4 years |

CITY OF STEINBACH

NOTES TO SUMMARIZED FINANCIAL STATEMENTS

DECEMBER 31, 2008

Infrastructure Assets

Transportation

| | |
|------------------------------|----------------|
| Land | Indefinite |
| Road surface | 20 to 30 years |
| Road grade | 40 years |
| Bridges | 25 to 50 years |
| Traffic lights and equipment | 10 to 30 years |

Water and Sewer

| | |
|---|-----------------|
| Land | Indefinite |
| Land improvements | 30 to 50 years |
| Buildings | 25 to 40 years |
| Underground networks | 30 to 100 years |
| Machinery and equipment | 10 to 50 years |
| Dams and other surface water structures | 40 to 60 years |

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

| | Cost | Accumulated Amortization | Net Book Value | |
|--|--------------------|-----------------------------|--------------------|-------------------|
| | \$ | \$ | 2008 | 2007 |
| | \$ | \$ | \$ | \$ |
| <u>General Tangible Capital Assets</u> | | | | |
| Land and land improvements | 12,530,755 | 2,293,319 | 10,237,436 | 9,976,726 |
| Buildings and leasehold improvements | 26,485,522 | 8,168,342 | 18,317,180 | 18,023,149 |
| Vehicles, equipment and computer hardware and software | 9,247,263 | 5,179,099 | 4,068,164 | 4,307,012 |
| Assets under construction | 2,154,960 | | 2,154,960 | 1,010,145 |
| <u>Infrastructure Assets</u> | | | | |
| Roads, streets and bridges | 68,897,031 | 26,561,480 | 42,335,551 | 39,519,459 |
| Water and sewer | 43,768,816 | 14,967,289 | 28,801,527 | 26,429,671 |
| | <u>163,084,347</u> | <u>57,169,529</u> | <u>105,914,818</u> | <u>99,266,162</u> |

Roads, water and sewer contributed to the Municipality in 2008 totals \$5,880,809 and were capitalized at the fair value at the time of their receipt.

Total amortization expense for the year ended December 31, 2008 was \$4,168,966. Amortization expense for the utility operations was \$1,226,856. No amortization expense was recorded in the financial statements.