

CITY OF STEINBACH
STEINBACH, MANITOBA
SUMMARIZED
CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2009

Chambers, Fraser & Co.
Chartered Accountants

**AUDITORS' REPORT ON SUMMARIZED
CONSOLIDATED FINANCIAL STATEMENTS**

To the Mayor and Councillors
City of Steinbach
Steinbach, Manitoba

The accompanying summarized consolidated statements of financial position, operations, cash flows and changes in net financial assets are derived from the complete consolidated financial statements of the City of Steinbach as at December 31, 2009 and for the year then ended, on which we expressed an opinion without reservation in our report dated March 19, 2010. The fair summarization of the complete consolidated 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 consolidated financial statements.

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

These summarized consolidated 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 consolidated financial statements.

Chambers, Fraser & Co.
Municipal Auditors

Winnipeg, Manitoba
March 19, 2010

CITY OF STEINBACH**SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at December 31, 2009**

	<u>2009</u>	<u>2008</u>
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments	13,720,014	8,587,153
Amounts receivable	2,415,007	1,531,909
Portfolio investments	671,414	631,694
Other assets	<u> </u>	<u>5,000</u>
	<u>16,806,435</u>	<u>10,755,757</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,287,072	1,597,242
Deferred revenue	935,046	431,616
Landfill closure and post closure liabilities	984,529	883,859
Long-term debt	7,927,285	2,554,789
Other liabilities	<u>98,471</u>	<u>141,762</u>
	<u>12,232,403</u>	<u>5,609,269</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>4,574,033</u>	<u>5,146,488</u>
NON-FINANCIAL ASSETS		
Tangible capital assets – schedule 1	114,922,977	107,852,081
Prepaid expenses	<u>61,588</u>	<u>59,965</u>
	<u>114,984,566</u>	<u>107,912,046</u>
ACCUMULATED SURPLUS (DEFICIT) – note 4	<u>119,558,598</u>	<u>113,058,534</u>

CITY OF STEINBACH**SUMMARIZED CONSOLIDATED STATEMENT OF OPERATIONS****Year Ended December 31, 2009**

	2009	2009	2008
	Budget	Actual	Actual
	Note 3		
	\$	\$	\$
REVENUE			
Property taxes	7,878,581	8,124,975	8,253,924
Grants in lieu of taxation	113,086	121,262	123,306
User fees	2,528,275	3,151,411	3,330,904
Grants – Province of Manitoba	2,098,668	3,218,209	2,150,904
Grants – other	523,400	487,229	394,669
Permits, licenses and fines	218,700	232,462	298,371
Investment income	104,583	149,400	428,609
Contributed infrastructure assets	5,952,568	5,952,568	6,085,293
Other revenue	40,640	23,897	(571,786)
Water and sewer	<u>2,085,725</u>	<u>2,249,863</u>	<u>1,744,690</u>
Total revenue	<u>21,544,226</u>	<u>23,711,275</u>	<u>22,238,884</u>
EXPENSES			
General government services	2,694,863	2,557,855	2,216,775
Protective services	2,336,361	2,370,978	2,065,160
Transportation services	4,298,873	4,284,414	4,113,860
Environmental health services	1,310,430	1,390,144	1,386,194
Public health and welfare services	87,105	85,633	88,728
Regional planning and development	184,530	336,397	221,365
Resource conservation and industrial development	73,868	156,965	33,748
Recreation and cultural services	2,960,037	3,063,610	2,774,933
Water and sewer services	<u>2,979,613</u>	<u>2,965,215</u>	<u>2,640,811</u>
Total expenses	<u>16,925,680</u>	<u>17,211,210</u>	<u>15,541,575</u>
ANNUAL SURPLUS (DEFICIT)	4,618,546	6,500,065	6,697,308
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 4)	<u>113,058,534</u>	<u>113,058,534</u>	<u>106,361,225</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>117,677,080</u>	<u>119,558,598</u>	<u>113,058,534</u>

CITY OF STEINBACH

SUMMARIZED CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2009

	<u>2009 Budget</u> (Note 3)	<u>2009 Actual</u>	2008 <u>Actual</u>
	\$	\$	\$
ANNUAL SURPLUS (DEFICIT)	<u>4,618,546</u>	<u>6,500,065</u>	<u>6,697,308</u>
Acquisition of tangible capital assets	(15,018,116)	(11,999,548)	(11,488,305)
Amortization of tangible capital assets	4,563,424	4,563,424	4,166,178
Loss (Gain) on sale of tangible capital assets		107,891	652,231
Proceeds on sale of tangible capital assets		257,336	13,100
Decrease (increase) in other non financial assets		<u>(1,623)</u>	<u>212</u>
	<u>(10,454,692)</u>	<u>(7,072,520)</u>	<u>(6,656,584)</u>
CHANGE IN NET FINANCIAL ASSETS	(5,836,146)	(572,455)	40,724
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>5,146,488</u>	<u>5,146,488</u>	<u>5,105,764</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u><u>(689,658)</u></u>	<u><u>4,574,033</u></u>	<u><u>5,146,488</u></u>

CITY OF STEINBACH**SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS****Year Ended December 31, 2009**

	<u>2009</u>	<u>2008</u>
	\$	\$
OPERATING TRANSACTIONS		
Annual surplus (deficit)	6,500,065	6,697,308
Changes in non-cash items:		
Landfill closure and post closure liabilities	100,670	92,428
Loss (Gain) on sale of tangible capital assets	107,891	652,231
Contributed infrastructure assets revenue	(5,952,568)	(6,085,293)
Amortization	4,563,424	4,166,178
Other non-cash items	<u>270,247</u>	<u>(698,342)</u>
Cash provided by (applied to) operating transactions	<u>5,589,729</u>	<u>4,824,510</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	257,336	13,100
Cash used to acquire tangible capital assets	<u>(6,046,980)</u>	<u>(5,403,012)</u>
Cash provided by (applied to) capital transactions	<u>(5,789,644)</u>	<u>(5,389,912)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	109,333	83,012
Purchase of portfolio investments	<u>(149,053)</u>	<u>(381,222)</u>
Cash provided by (applied to) investing transactions	<u>(39,720)</u>	<u>(298,210)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	6,325,000	
Debt repayment	<u>(952,505)</u>	<u>(908,299)</u>
Cash provided by (applied to) financing transactions	<u>5,372,495</u>	<u>(908,299)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	5,132,861	(1,771,910)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>8,587,153</u>	<u>10,359,063</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>13,720,014</u></u>	<u><u>8,587,153</u></u>

CITY OF STEINBACH

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2009

1. Reporting Entity

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

Jake Epp Library
Steinbach Community Development Corporation

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

2. Landfill Closure and Post Closure Liabilities

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

3. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results.

4. Changes in Accounting Policies

The Municipality has restated its summarized financial statements to comply with the adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

Section PS3150 requires governments to record and amortize their tangible capital assets on their financial statements. In addition, leases, which substantially transfer all the risks and benefits of ownership to the government, should be treated as capital leases.

PS3270 requires governments to accrue their landfill closure and post closure costs as the landfill is used. In accordance with PSAB's recommendations on liabilities and contingent liabilities, the Municipality has for the first time recorded the cost of remediation for contaminated sites.

Finally, PSAB also requires that the government reporting entity include all the organizations controlled by the government. PSAB also requires governments to account for government partnerships on a proportional consolidated basis whereby the government consolidates their pro-rata share of the partnership's assets, liabilities, revenues and expenses.

CITY OF STEINBACH**SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at December 31, 2009****4. Changes in Accounting Policies (continued)**

	<u>2009</u>	<u>2008</u>
	\$	\$
Opening fund balances:		
Nominal Surplus – General Operating Fund	1,274,166	1,205,841
General Reserve Funds	6,485,628	6,988,853
Surplus – General Capital Fund	33,235,453	30,489,951
Nominal Surplus – Utility Operating Fund	469,122	455,901
Utility Reserve Funds	862,012	1,070,821
Surplus – Utility Capital Fund	<u>15,557,034</u>	<u>15,144,356</u>
Opening accumulated surplus, as previously reported	57,883,415	55,355,723
Accounting policy adjustments:		
Tangible capital assets	106,997,446	100,337,476
Fixed assets in the capital funds	(51,655,575)	(49,184,880)
Rounding	(3)	3
Landfill closure and post closure liabilities	(883,859)	(791,431)
Deferred Revenue	<u>(356,819)</u>	<u>(354,272)</u>
Opening non-consolidated accumulated surplus, restated	111,984,605	105,362,619
Consolidation of controlled entities	<u>1,073,929</u>	<u>998,606</u>
Opening consolidated accumulated surplus, as restated	113,058,534	106,361,225
Consolidated annual surplus	<u>6,500,065</u>	<u>6,697,308</u>
Consolidated accumulated surplus, end of year	<u><u>119,558,598</u></u>	<u><u>113,058,534</u></u>

SUMMARIZED CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2009

	General Capital Assets				Infrastructure			Totals	
	Land and Land Improvements \$	Buildings and Leasehold Improvements \$	Vehicles and Equipment \$	Assets Under Construction \$	Roads, Streets, and Bridges \$	Water and Sewer \$	Assets Under Construction \$	2009 \$	2008 \$
Cost									
Opening costs	13,545,330	26,485,522	9,355,491	2,154,960	70,809,515	43,768,816		166,119,634	154,090,984
Additions during the year	630,597	261,786	108,946	1,254,446	6,956,297	2,656,452	131,024	11,999,548	11,488,305
Transfer during the year	1,311,237	283,147		(1,594,384)					
Disposals and write downs	(34,312)	(363,440)	(912,397)		(352,704)			(1,662,853)	(665,331)
Closing costs	<u>15,452,853</u>	<u>26,667,015</u>	<u>8,552,040</u>	<u>1,815,022</u>	<u>77,413,108</u>	<u>46,425,268</u>	<u>131,024</u>	<u>176,456,329</u>	<u>164,913,958</u>
Accumulated Amortization									
Opening accumulated amortization	2,471,011	8,168,342	5,257,575		26,921,487	14,967,289		57,785,704	52,895,699
Amortization	173,768	645,687	543,795		2,148,462	1,051,712		4,563,424	4,166,178
Disposals and write downs		(34,186)	(691,103)		(90,487)			(815,776)	
Closing accumulated amortization	<u>2,644,779</u>	<u>8,779,843</u>	<u>5,110,267</u>		<u>28,979,462</u>	<u>16,019,001</u>		<u>61,533,351</u>	<u>57,061,877</u>
Net Book Value of Tangible Capital Assets	<u>12,808,074</u>	<u>17,887,172</u>	<u>3,441,773</u>	<u>1,815,022</u>	<u>48,433,646</u>	<u>30,406,267</u>	<u>131,024</u>	<u>114,922,977</u>	<u>107,852,081</u>

Roads, water and sewer infrastructure contributed to the Municipality in 2009 totals \$5,952,568 and were capitalized at their fair value at the time of their receipt.

CITY OF STEINBACH

SCHEDULE 2

SUMMARIZED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

	2009						
	General	Machinery	Land &	Capital	Environmental	Aquatic	Perpetual
	\$	Replacement	Facility	Development	\$	Centre	Care
		\$	\$	\$	\$	\$	\$
REVENUE							
Investment income	23,288	3,012	4,389	10,753	43,567	2,722	2,423
Other income		12,029					
Total revenue	23,288	15,041	4,389	10,753	43,567	2,722	2,423
TRANSFERS							
Transfers from general operating			100,000	521,070	338,976	100,000	47,697
Transfers to general operating				(50,000)	(114,680)		
Acquisition of tangible capital assets							
CHANGE IN RESERVE FUND BALANCES	23,288	15,041	104,389	481,823	267,862	102,722	50,120
FUND SURPLUS, BEGINNING OF YEAR	813,058	289,846	548,154	1,301,634	2,164,000	115,221	170,607
FUND SURPLUS, END OF YEAR	836,346	304,887	652,543	1,783,456	2,431,863	217,944	220,726
EXTERNALLY RESTRICTED				391,420			14,422
INTERNALLY RESTRICTED	836,346	304,887	652,543	1,392,036	2,431,863	217,944	206,304
	<u>836,346</u>	<u>304,887</u>	<u>652,543</u>	<u>1,783,456</u>	<u>2,431,863</u>	<u>217,944</u>	<u>220,726</u>

Note: Externally restricted reserve balances are included in deferred revenue whereas internally restricted reserve balances are included in accumulated surplus.

CITY OF STEINBACH

SCHEDULE 2

SUMMARIZED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

	2009					2008	
	Committed Expenditures \$	Land Dedication \$	Gas Tax \$	Handi Transit \$	Utility Replacement \$	Total \$	Total \$
REVENUE							
Investment income	14,807	4,121	130	2,988	9,760	121,958	279,178
Other income						12,029	16,040
Total revenue	14,807	4,121	130	2,988	9,760	133,987	295,218
TRANSFERS							
Transfers from general operating	21,000	31,910	520,638			1,681,291	1,631,161
Transfers to general operating	(34,032)					(34,032)	(30,000)
Acquisition of tangible capital assets	(291,930)		(466,100)			(922,710)	(2,804,413)
Transfers from utility operating					550,000	550,000	250,000
Transfers to utility operating							(54,000)
CHANGE IN RESERVE FUND BALANCES	(290,156)	36,031	54,668	2,988	559,760	1,408,535	(712,034)
FUND SURPLUS, BEGINNING OF YEAR	795,588	165,144	8,061	114,314	862,012	7,347,640	8,059,674
FUND SURPLUS, END OF YEAR	505,432	201,175	62,729	117,302	1,421,772	8,756,175	7,347,640
EXTERNALLY RESTRICTED		201,175	62,729	117,302		787,048	356,819
INTERNALLY RESTRICTED	505,432				1,421,772	7,969,127	6,990,821
	505,432	201,175	62,729	117,302	1,421,772	8,756,175	7,347,640