

CITY OF STEINBACH

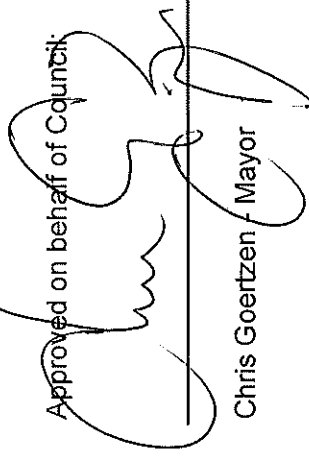
**Consolidated Financial Statements
Year ended December 31, 2009**

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


	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 13,720,014	\$ 8,587,153
Amounts receivable (Note 4)	2,415,007	1,531,909
Portfolio investments (Note 5)	671,414	631,694
Other assets	-	5,000
	<u>\$ 16,806,435</u>	<u>\$ 10,755,757</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 2,287,072	\$ 1,597,242
Deferred revenue (Note 7)	935,046	431,616
Landfill closure and post closure liabilities (Note 8)	984,529	883,859
Long-term debt (Note 9)	7,927,285	2,554,789
Other liabilities	98,471	141,762
	<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	61,588	59,965
	<u>114,984,566</u>	<u>107,912,046</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 119,558,598</u>	<u>\$ 113,058,534</u>

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

Approved on behalf of Council:



Chris Goertzen - Mayor



Abraham Hiebert - Councillor

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Steinbach and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

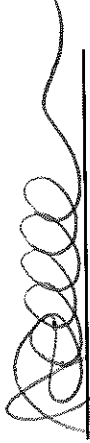
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Chambers, Fraser & Co. as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The 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, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.

Steinbach, Manitoba

Date

06/30/2010



Jack Kehler
City Manager

STATEMENT OF RESPONSIBILITY

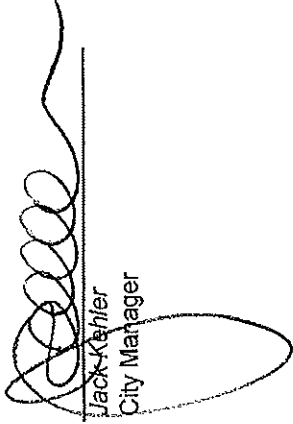
The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Steinbach and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

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Steinbach, Manitoba

Date 06/30/2010



Jack Kehler
City Manager

AUDITOR'S REPORT

To the Mayor and members of Council of the
CITY OF STEINBACH

We have audited the consolidated statement of financial position of the City of Steinbach as of December 31, 2009 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended. These consolidated financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Steinbach at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Winnipeg, Canada
March 19, 2010

Chambers, Fraser & Co.
Chartered Accountants

CITY OF STEINBACH
Consolidated Financial Statements
Year ended December 31, 2009

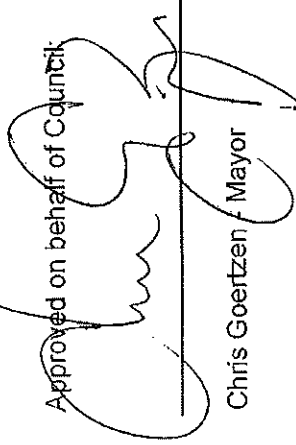
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**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009**


	2009	2008
FINANCIAL ASSETS		
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Amounts receivable (Note 4)	2,415,007	1,531,909
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Other liabilities	98,471	141,762
	12,232,403	5,609,269
	\$ 4,574,033	\$ 5,146,488
NET FINANCIAL ASSETS (NET DEBT)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$114,922,977	\$107,852,081
Prepaid expenses	61,588	59,965
	114,984,566	107,912,046
ACCUMULATED SURPLUS (DEFICIT)	\$119,558,598	\$113,058,534

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

Approved on behalf of Council:



Chris Goertzen, Mayor



Abraham Hiebert - Councillor

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

	2009 Budget (Note 15)	2009 Actual	2008 Actual
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, licences 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	2,085,725	2,249,863	1,744,690
Total revenue (Schedules 2, 4 and 5)	21,544,226	23,711,275	22,238,884
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	2,979,613	2,965,215	2,640,811
Total expenses (Schedules 3, 4 and 5)	16,925,680	17,211,210	15,541,575
ANNUAL SURPLUS (DEFICIT)	4,618,546	6,500,065	6,697,308
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR (Note 16)	113,058,534	113,058,534	106,361,225
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 117,677,080	\$ 119,558,598	\$ 113,058,534

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2009

	2009 Budget (Note 15)	2009 Actual	2008 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 4,618,546	\$ 6,500,065	\$ 6,697,308
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 prepaid expense	-	(1,623)	212
	<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	5,146,488	5,146,488	5,105,764
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ (689,658)	\$ 4,574,033	\$ 5,146,488

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

	2009	2008
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 6,500,065	\$ 6,697,308
Changes in non-cash items:		
Amounts receivable	(883,098)	(350,916)
Prepays	(1,623)	212
Other assets	5,000	-
Accounts payable and accrued liabilities	689,829	(348,759)
Deferred revenue	503,430	11,490
Landfill closure and post closure liabilities	100,670	92,428
Other liabilities	(43,291)	(10,369)
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
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>\$ 13,720,014</u>	<u>\$ 8,587,153</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

1. Status of the City of Steinbach

The incorporated City of Steinbach is a municipal government that was first created as a Town on January 1, 1947 pursuant to the Manitoba Municipal Act. The Municipality continued as a City as of January 1, 1997. The City provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The City owns one utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants 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 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 reporting 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.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

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

d) Investments

Temporary investments are accounted for at the lower of cost and market.

Portfolio investments are accounted for at cost.

e) 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.

f) Non-Financial Assets

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

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

g) Tangible Capital Assets

Under PSAB guidelines, the City of Steinbach has undertaken a project to identify and assign a cost valuation to all its assets. Land, building, equipment and infrastructure installations are included in the capital funds for this purpose.

Amortization of all capital assets, with the exception of land, has also been calculated as at December 31, 2008 and December 31, 2009.

The following information describes the related policies adopted for the 2009 financial statements and present a complete record of cost and accumulated amortization 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 per acceptance by the Municipality. 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.

The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over its useful life. Assets under construction are not amortized until put into use.

The estimated useful lives are as follows:

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

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.

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or 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.

**CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009**

i) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Certain government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition of tangible capital assets. In addition, certain user charges and fees are collected for which the related service have yet to be performed. Revenue is recognized in the fiscal year when the related costs are incurred, services performed or the tangible capital assets are acquired.

In accordance with PSAB guidelines, government transfers, as well as revenue from contributed assets, are required to be recognized as revenue in the consolidated financial statements in the fiscal year in which the tangible capital assets are acquired.

j) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the 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.

These financial statements include the existence of measurement uncertainty in the accrual of the landfill closure, post closure and environmental liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	2009	2008
Cash	\$ 13,720,014	\$ 8,587,153
Temporary Investments	-	-
	\$ 13,720,014	\$ 8,587,153

The Municipality has designated the following cash to reserves for commitments and tangible capital asset acquisitions.

Designated Reserve Funds	\$ 4,166,306	\$ 4,121,272
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4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	2009	2008
Taxes on roll (Schedule 11)	\$ 285,170	\$ 486,143
Government grants	1,064,825	43,907
Utility customers	612,455	412,574
Accrued interest	13,163	28,595
Organizations and individuals	287,755	444,954
Other governments	209,952	176,786
	2,473,320	1,592,959
Less allowances for doubtful amounts	(58,313)	(61,050)
	\$ 2,415,007	\$ 1,531,909

**CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009**

5. Portfolio Investments

	2009	2008
Marketable securities:		
Province of Manitoba	\$ 400,000	\$ 400,000
Other securities	219,694	211,986
	\$ 619,694	\$ 611,986
Other investments	51,720	19,709
	\$ 671,414	\$ 631,694

The aggregate market value of the marketable securities at December 31, 2009 is **\$627,046** (2008 - \$628,466). Portfolio investments earned **\$64,444** in investment income during the year (2008 - \$27,476).

The Municipality has designated the following portfolio investments to reserves for commitments and tangible capital asset acquisitions.

Designated Reserve Funds	\$ 500,000	\$ 497,440
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6. Accounts Payable and Accrued Liabilities

	2009	2008
Accounts payable	\$ 847,950	\$ 293,083
Accrued expenses	613,053	516,816
Accrued interest payable	60,645	31,057
School levies (Schedule 13)	451,697	440,442
Other governments	313,726	315,843
	\$ 2,287,072	\$ 1,597,242

7. Deferred Revenue:

	2009	2008
Capital Development	\$ 391,420	\$ 69,300
Federal Gas Tax	62,729	8,061
Handi-Transit	117,302	114,314
Land Dedication	201,175	165,144
Perpetual Care	14,422	-
	787,048	356,819
Other	147,998	74,797
	\$ 935,046	\$ 431,616

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Municipality currently has a permit to operate as a Class 1 landfill site in 2009 issued by the Province of Manitoba. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2009	2008
Estimated closure and post closure costs over the next 20 years	\$ 1,350,000	\$ 1,350,000
Discount rate	6.00%	6.00%
Discounted costs	\$ 1,032,168	\$ 973,743
Expected year capacity will be reached	2010	2010
Capacity (tons):		
Used to date	620,000	590,000
Remaining	30,000	60,000
Total	650,000	650,000
Percent utilized	95.38%	90.77%
Liability based on percentage	\$ 984,529	\$ 883,859

b) Closed Landfill Site(s)

Estimated closure and post closure costs over the next 21 years.	\$ -	\$ -
Total landfill closure and post closure liabilities	\$ 984,529	\$ 883,859

9. Long Term Debt

General Authority:

Debtenture for Industrial Road, at 4.41%, \$53,397 annually including interest, maturing November, 2009	\$ -	\$ 51,142
Debtenture for Reimer Avenue reconstruction, at 4.41%, \$95,433 annually including interest, maturing November, 2009	-	91,402
Debtenture for Deerfield Estate paving, at 4.35%, \$43,553 annually including interest, maturing December, 2009 *	-	41,738
Debtenture for Acres Drive surface and drainage, at 5.24%, \$232,509 annually including interest, maturing September, 2011	430,864	630,344
Debtenture for Brandt Street sidewalks, at 5.24%, \$51,152 annually including interest, maturing September, 2011	94,790	138,676
Debtenture for the firehall, at 5.34%, \$349,725 annually including interest, maturing October, 2012	946,352	1,230,375
Debtenture for Southland sidewalks, at 3.53%, \$27,930 annually including interest, maturing December, 2013 *	102,517	126,000
Debtenture for Acres Drive concrete, at 3.53%, \$266,004 annually including interest, maturing February, 2014	1,200,000	-
Debtenture for Industrial Road concrete, at 3.20%, \$159,212 annually including interest, maturing December, 2014	725,000	-
	\$ 3,499,524	\$ 2,309,676

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

Utility Authority:

Debtenture for Industrial Road servicing, at 4.41%, \$107,930 annually including interest, maturing November, 2009	\$	-	\$	103,371
Debtenture for First Street sewer, at 4.41%, \$56,805 annually including interest, maturing November, 2009				54,406
Debtenture for water treatment, at 4.25%, \$135,724 annually including interest, maturing December, 2010		130,278		255,075
Debtenture for pump station phase 1, at 3.53%, \$110,835 annually including interest, maturing February, 2014		500,000		-
Debtenture for pump station phase 2, at 3.84%, \$201,257 annually including interest, maturing September, 2014		900,000		-
Debtenture for lagoon expansion, at 3.84%, \$670,855 annually including interest, maturing September, 2014		3,000,000		-
	\$	4,530,278	\$	412,852
Less: Owned by Municipality *	\$	(102,517)	\$	(167,738)
	\$	7,927,285	\$	2,554,789

The debtentures of the Municipality have all been issued with a maximum term of five years to maturity.

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

	\$
2009	1,860,777
2010	1,803,171
2011	1,595,337
2012	1,309,874
2013	1,358,126

10. Commitments

The Municipality has outstanding contractual obligations of approximately \$325,000 at December 31, 2009 for capital works.

The Municipality has undertaken to construct an expansion of its waste water lagoon. The Municipality is a party to a funding agreement with the Building Canada Fund - Community Component (BCF-CC) for a \$10.5 million project. BCF-CC has agreed to provide \$7.0 million toward this project. As part of its \$3.5 million commitment, the Municipal has already issued a debenture in the amount of \$3.0 million.

11. Contingencies

The Municipality has not recognized a liability for certain legal obligations, primarily related to the special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value of the removal and disposal costs cannot be reasonably estimated.

Lawsuits have been filed against the Municipality for incidents which arise in the ordinary course of operations. In the opinion of management, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

12. Retirement Benefits

The majority of the employees of the Municipality 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 Canadian Institute of Chartered Accountants Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEBP by placing plan assets in trust and through MEBP investment policy. Pension expense is based on MEBP management's best estimates. In consultation with its actuaries, the MEBP requires that employees contribute 5.3% of basic annual earnings up to the CPP ceiling plus 6.5% of basic annual earnings in excess of the CPP ceiling. The employers are required to match the employee contributions to the MEBP. The required contributions provide a high level of assurance that benefits, as provided by MEBP, will be fully represented by fund assets at retirement.

**CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009**

Variance between actuarial funding estimates and actual expenditures may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation as of December 31, 2008 indicates the plan is fully funded. Actual contributions to MEBP made during the year by the Municipality on behalf of its employees amounted to **\$191,967** (2008 - \$171,395) and are included in the statement of operations.

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. Subsequent Events

Subsequent to the year-end, the Municipality contracted for construction of its waste water lagoon at approximately **\$8.1 million**. This project is to be financed by funding provided per Note 10 and long term debt.

15. 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.

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

16. Changes in Accounting Policies

The Municipality has restated its 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 of 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 consolidation basis whereby the government consolidates their pro-rata share of the partnership's assets, liabilities, revenues and expenses.

	2009	2008
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, all funds, as previously reported	\$ 57,883,415	\$ 55,355,723
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 and government partnerships	<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>\$ 119,558,598</u>	<u>\$ 113,058,534</u>

**CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009**

17. 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 Municipality has deferred the capital grants and revenue from contributed infrastructure assets it has received since 2005 for its utility and amortized them over the useful life of the related tangible capital assets. Management of the Municipality has determined it not to be reasonably cost effective to estimate this revenue prior to 2005.

These financial statements have been prepared on the basis of the revenue recognition policy in note 2 (i).

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Ending Balance
Water services:				
Grants	\$ 1,000,331	-	26,324	\$ 974,006
Contributed Assets	2,475,820	1,098,742	76,256	3,498,306
	<u>\$ 3,476,151</u>	<u>\$ 1,098,742</u>	<u>\$ 102,580</u>	<u>\$ 4,472,312</u>

Sewer services:

Grants	\$ -	-	-	-
Contributed Assets	5,704,286	1,082,158	148,065	6,638,379
	<u>\$ 5,704,286</u>	<u>\$ 1,082,158</u>	<u>\$ 148,065</u>	<u>\$ 6,638,379</u>

18. Council Indemnities

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzan, Chris	\$ 21,149	\$ 24,239	\$ 45,388
Councillor - Enns, Roy	8,247	9,055	17,302
Councillor - Hiebert, Abraham	8,218	8,380	16,598
Councillor - Rempel, Art	8,497	9,220	17,716
Councillor - Siemens, Waldo	8,247	8,708	16,954
Councillor - Toews, Elbert	9,005	7,798	16,803
Councillor - Zwaagstra, Michael	7,847	8,346	16,192
	<u>\$ 71,208</u>	<u>\$ 75,745</u>	<u>\$ 146,954</u>

SCHEDULE 1

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2009

	General Capital Assets				Infrastructure			Totals
	Buildings and Leasehold Improvements	Vehicles and Equipment	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction		
Cost								
Opening costs	13,545,330	9,355,491	2,154,960	70,809,515	43,768,816	-	166,119,634	154,090,984
Additions during the year	630,597	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	15,452,853	26,667,015	8,552,040	77,413,108	46,425,268	131,024	176,456,329	164,913,958
Accumulated Amortization								
Opening accum'd 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	543,796	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 accum'd amortization	2,644,779	8,779,843	5,110,267	28,979,462	16,019,001	-	61,533,351	57,061,877
Net Book Value of Tangible Capital Assets	12,808,074	17,887,172	3,441,773	1,815,022	48,433,646	131,024	114,922,977	107,852,081

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

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2009

	2009 Actual	2008 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 7,267,584	\$ 7,000,776
Taxes added	683,603	1,168,101
Prepaid local improvement levies	\$ 133,442	\$ 44,872
Penalties and interest	40,345	40,174
	<u>8,124,975</u>	<u>8,253,924</u>
Grants in lieu of taxation:		
Federal government	17,055	17,056
Provincial government	11,955	12,402
Provincial government enterprises	72,680	74,538
Non-government organizations	19,572	19,310
	<u>121,262</u>	<u>123,306</u>
User fees		
Parking meters	19,082	19,327
Sales of service	2,626,972	2,654,185
Sales of goods	93,707	86,861
Rentals	212,700	212,427
Development charges	198,950	358,105
	<u>3,151,411</u>	<u>3,330,904</u>
Grants - Province of Manitoba		
General assistance payment	1,658,758	1,663,581
General support grant	84,395	78,411
VLТ revenues	229,089	225,966
Conditional grants	1,245,967	182,947
	<u>3,218,209</u>	<u>2,150,904</u>
Grants - other		
Federal government - gas tax funding	465,970	361,384
Federal government - other	14,339	29,885
Other local governments	3,400	3,400
Non-government organizations	3,520	
	<u>487,229</u>	<u>394,669</u>
Permits, licences and fines		
Permits	155,537	215,834
Licences	31,475	32,155
Fines	45,450	50,382
	<u>232,462</u>	<u>298,371</u>
Investment income:		
Cash and portfolio investments	147,648	421,855
Other	1,752	6,754
	<u>149,400</u>	<u>428,609</u>
Contributed revenue:		
Contributed infrastructure assets	5,952,568	6,085,293
	<u>5,952,568</u>	<u>6,085,293</u>
Other revenue:		
Gain (Loss) on sale of tangible capital assets	(107,891)	(652,231)
Miscellaneous	131,789	80,445
	<u>23,897</u>	<u>(571,786)</u>
Water and sewer (Schedule 4)	2,249,863	1,744,690
Total revenue	<u>23,711,275</u>	<u>22,238,884</u>

CITY OF STEINBACH

SCHEDULE 3

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2009

	2009 Actual	2008 Actual
General government services:		
Legislative	\$ 157,460	\$ 154,797
General administrative	1,584,197	1,424,311
Other	816,199	637,667
	<u>2,557,855</u>	<u>2,216,775</u>
Protective services:		
Police	1,274,684	1,054,570
Fire	495,401	410,691
Emergency measures	45,274	72,250
Other protection	555,619	527,648
	<u>2,370,978</u>	<u>2,065,160</u>
Transportation services:		
Road transport		
Administration and engineering	189,149	197,423
Road and street maintenance	3,579,432	3,423,750
Sidewalk and boulevard maintenance	76,818	87,735
Street lighting	236,810	238,853
Other	109,374	81,560
Air transport	33,310	33,420
Public transit	59,520	51,118
	<u>4,284,414</u>	<u>4,113,860</u>
Environmental health services:		
Waste collection and disposal	988,290	993,878
Recycling	264,125	247,606
Other	137,729	144,710
	<u>1,390,144</u>	<u>1,386,194</u>
Public health and welfare services:		
Public health	65,868	68,964
Social assistance	19,765	19,765
	<u>85,633</u>	<u>88,728</u>
Regional planning and development		
Planning and zoning	200,373	118,982
Beautification and land rehabilitation	114,256	81,196
Urban area weed control	17,268	16,687
Other	4,500	4,500
	<u>336,397</u>	<u>221,365</u>
Resource conservation and industrial development		
Water resources and conservation	10,000	10,000
Regional development	10,584	15,474
Tourism	136,324	8,274
Other	57	-
	<u>156,965</u>	<u>33,748</u>
Recreation and cultural services:		
Administration	170,301	162,023
Swimming pools and beaches	1,317,207	1,216,023
Skating and curling rinks	411,639	324,754
Parks and playgrounds	384,374	370,877
Other recreational facilities	394,199	335,596
Libraries	364,913	341,916
Other cultural facilities	20,976	23,743
	<u>3,063,610</u>	<u>2,774,933</u>
Water and sewer services (Schedule 9)	<u>2,965,215</u>	<u>2,640,811</u>
Total expenses	<u>17,211,210</u>	<u>15,541,575</u>

SCHEDULE 4

CITY OF STEINBACH
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2009

	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
General Government*	\$ 7,292,820	\$ 7,532,378	\$ -	\$ -	\$ 133,442	\$ 44,872	\$ 398,254	\$ 376,215	\$ -	\$ -
Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental Health Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Health and Welfare Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	\$ 7,292,820	\$ 7,532,378	\$ -	\$ -	\$ 133,442	\$ 44,872	\$ 398,254	\$ 376,215	\$ -	\$ -
Grants in lieu of taxation	118,373	120,471	-	-	-	-	2,889	2,835	-	-
User fees	314,578	314,588	263,849	271,419	78,257	86,445	1,089,375	1,069,231	99,143	100,625
Prov of MB - Unconditional Grants	1,972,242	1,967,958	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	44,784	47,994	-	-	1,070,325	30,500	-	-	-	-
Grants - other	-	-	12,000	27,613	465,970	361,384	-	-	-	-
Permits, licenses and fines	6,354	5,546	41,665	47,932	1,495	2,105	-	-	-	-
Investment income	88,054	285,093	-	-	11,465	55,066	43,567	77,487	2,423	4,551
Contributed infrastructure assets	-	-	-	-	3,771,668	3,502,277	-	-	-	-
Gain (Loss) on sale of assets	(107,891)	(592,005)	-	-	-	-	-	-	-	-
Other revenue	117,482	66,279	-	-	-	-	-	-	-	-
Water and sewer	\$ 9,846,795	\$ 9,748,301	\$ 317,514	\$ 346,964	\$ 5,532,622	\$ 4,082,649	\$ 1,534,085	\$ 1,525,768	\$ 101,566	\$ 105,176
REVENUE										
Personnel services	\$ 932,784	\$ 900,591	\$ 486,529	\$ 459,566	\$ 733,255	\$ 729,759	\$ 528,959	\$ 492,954	\$ 42,233	\$ 39,293
Contract services	556,016	436,596	1,499,973	1,220,343	385,643	323,961	579,503	564,851	36,639	40,485
Utilities	299,186	290,342	59,439	83,072	315,677	303,836	38,475	35,852	2,098	2,107
Maintenance materials and supplies	77,640	59,705	73,450	65,981	346,491	333,401	105,478	146,589	4,663	6,843
Grants and contributions	400,528	378,155	-	-	-	-	-	-	-	-
Amortization	141,282	66,378	189,676	122,190	2,423,234	2,276,579	137,729	144,710	-	-
Interest on long term debt	-	-	61,910	96,525	80,114	59,678	-	-	-	-
Other	150,419	85,007	-	17,482	-	86,647	-	1,239	-	-
Total expenses	\$ 2,557,855	\$ 2,216,775	\$ 2,370,978	\$ 2,065,160	\$ 4,284,414	\$ 4,113,860	\$ 1,390,144	\$ 1,386,194	\$ 85,633	\$ 88,728
Surplus (Deficit)	\$ 7,288,940	\$ 7,531,526	\$ (2,053,464)	\$ (1,718,196)	\$ 1,248,208	\$ (31,211)	\$ 143,941	\$ 139,574	\$ 15,933	\$ 16,448

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

SCHEDULE 4

CITY OF STEINBACH
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2009

	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Water and Sewer Services		Recreation and Cultural Services		Resource Conservation and Industrial Dev		Regional Planning and Development		Total	
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	-	-	-	-	-	-	-	-	-	-
User fees	220,148	377,933	1,110,662	1,110,662	-	-	-	-	3,330,904	1,967,958
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	1,972,242	1,82,947
Prov of MB - Conditional Grants	30,000	-	104,378	104,453	-	-	-	-	483,709	394,669
Grants - other	-	-	5,739	5,672	-	-	-	-	232,462	298,371
Ferrets, licences and fines	17,070	29,720	-	-	213,068	165,878	-	-	149,400	428,609
Investment income	-	-	3,891	6,412	-	-	-	-	5,952,568	6,085,293
Contributed infrastructure assets	-	-	\$ 2,180,900	\$ 2,583,016	-	-	-	-	131,789	80,445
Gain (Loss) on sale of assets	2,450	2,952	-	-	11,214	11,857	-	-	2,249,863	1,744,690
Other revenue	-	-	-	-	-	-	-	-	1,744,690	1,744,690
Water and sewer	\$ 269,668	\$ 410,605	\$ 1,238,413	\$ 1,238,413	\$ 213,068	\$ 165,878	\$ 410,605	\$ 165,878	\$ 22,238,884	\$ 22,238,884
Total revenue										
EXPENSES										
Personnel services	\$ 62,718	\$ 45,884	\$ 1,520,005	\$ 1,520,005	\$ 800	\$ 500	\$ 45,884	\$ 500	\$ 4,940,481	\$ 4,940,481
Contract services	223,067	131,634	443,507	380,033	507,167	26,289	150,500	5,881	3,475,904	1,203,582
Utilities	-	-	171,593	319,604	327,656	5,588	-	-	1,220,005	993,671
Maintenance materials and supplies	50,613	43,846	143,449	209,818	233,374	-	-	-	1,035,157	378,155
Grants and contributions	-	-	-	-	-	-	-	-	400,528	378,155
Amortization	-	-	1,343,421	334,859	328,082	-	-	-	4,563,424	4,166,180
Interest on long term debt	-	-	82,383	-	1,071	84	-	-	224,492	185,293
Other	-	-	3,665	10,614	13,107	-	-	-	167,190	198,308
Total expenses	\$ 336,397	\$ 221,365	\$ 2,965,215	\$ 2,774,933	\$ 3,063,610	\$ 33,748	\$ 156,965	\$ 156,965	\$ 17,211,210	\$ 15,541,575
Surplus (Deficit)	\$ (66,730)	\$ 189,240	\$ 1,766,007	\$ (1,536,519)	\$ (1,851,684)	\$ 179,320	\$ 8,913	\$ 189,240	\$ 6,500,065	\$ 6,697,308

CITY OF STEINBACH
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
 Year Ended December 31, 2009

	Controlled			Core		
	2009	2008	Total	2009	2008	Total
REVENUE						
Property taxes	\$ 8,124,975	\$ -	\$ 8,124,975	\$ 8,253,924	\$ 123,306	\$ 8,377,230
Grants in lieu of taxation	121,262	-	121,262	3,249,644	81,260	3,330,904
User fees	3,065,024	81,260	3,151,411	1,967,958	1,972,242	1,967,958
Prov of MB - Unconditional Grants	1,972,242	1,07,353	1,249,487	1,142,209	1,82,947	1,967,958
Prov of MB - Conditional Grants	1,142,209	107,353	1,249,487	75,594	182,947	1,967,958
Grants - other	481,370	2,272	483,709	392,397	394,669	394,669
Permits, licenses and fines	232,462	-	232,462	298,371	298,371	298,371
Investment income	147,648	6,754	149,400	421,855	428,609	428,609
Contributed infrastructure assets	5,952,568	-	5,952,568	6,085,293	6,085,293	6,085,293
Gain (Loss) on sale of assets	(107,891)	14,166	(107,891)	(652,231)	(652,231)	(652,231)
Other revenue	117,482	-	117,482	66,279	80,445	80,445
Water and sewer	2,249,863	-	2,249,863	1,744,690	1,744,690	1,744,690
Total revenue	\$ 23,499,212	\$ 211,805	\$ 23,711,275	\$ 22,027,079	\$ 22,238,884	\$ 22,238,884
EXPENSES						
Personnel services	\$ 4,996,568	\$ 200,732	\$ 5,218,400	\$ 4,739,749	\$ 4,940,481	\$ 4,940,481
Contract services	4,359,346	24,859	4,382,014	3,451,045	3,475,904	3,475,904
Utilities	1,210,979	9,860	1,220,005	1,193,722	1,203,582	1,203,582
Maintenance materials and supplies	961,231	71,973	1,035,157	921,698	993,671	993,671
Grants and contributions	400,528	-	400,528	378,155	378,155	378,155
Amortization	4,556,208	8,526	4,563,424	4,157,654	4,166,180	4,166,180
Interest on long term debt	224,408	1,071	224,492	184,222	185,293	185,293
Other	154,083	10,614	167,190	187,694	198,308	198,308
Total expenses	\$ 16,863,351	\$ 327,635	\$ 17,211,210	\$ 15,213,940	\$ 15,541,575	\$ 15,541,575
Surplus (Deficit)	\$ 6,635,861	\$ (115,830)	\$ 6,500,065	\$ 6,813,138	\$ 6,697,308	\$ 6,697,308

SCHEDULE 6

CITY OF STEINBACH
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2009

	2009						
REVENUE	Investment income	\$ 23,288	\$ 3,012	\$ 4,389	\$ 10,753	\$ 43,567	\$ 2,722
	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
	Transfers to general operating	-	-	-	-	-	-
	Transfers from utility operating	-	-	-	-	-	-
	Transfers to utility operating	-	-	-	-	-	-
	Acquisition of tangible capital assets	-	-	-	(50,000)	(114,680)	-
	Change in Reserve Fund Balances	23,288	15,041	104,389	481,823	267,862	102,722
FUND SURPLUS, BEGINNING OF YEAR	813,058	289,846	548,154	1,301,634	2,164,000	115,221	
FUND SURPLUS, END OF YEAR	\$ 836,346	\$ 304,887	\$ 652,543	\$ 1,783,456	\$ 2,431,863	\$ 217,944	\$ 220,726

General	21,000	47,697	14,807
Machinery Replacement	(34,032)	-	-
Land & Facility	-	-	-
Capital Development	-	-	-
Environmental	-	-	-
Aquatic Centre	-	-	-
Perpetual Care	-	-	-
Committed Expenditures	21,000	47,697	14,807

SCHEDULE 6

CITY OF STEINBACH
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2009

	2009		2008	
	Utility Replacement	Handli Transit	Land Dedication	Gas Tax
REVENUE				
Investment income	\$ 9,760	\$ 2,988	\$ 4,121	\$ 130
Other income	-	-	-	-
Total revenue	9,760	2,988	4,121	130
TRANSFERS				
Transfers from general operating	-	-	31,910	520,638
Transfers to general operating	-	-	-	-
Transfers from utility operating	550,000	-	-	-
Transfers to utility operating	-	-	-	-
Acquisition of tangible capital assets	-	-	-	(466,100)
CHANGE IN RESERVE FUND BALANCES	559,760	2,988	36,031	54,668
FUND SURPLUS, BEGINNING OF YEAR	862,012	114,314	165,144	8,061
FUND SURPLUS, END OF YEAR	\$ 1,421,772	\$ 117,302	\$ 201,175	\$ 62,729
REVENUE				
Investment income	\$ 9,760	\$ 2,988	\$ 4,121	\$ 130
Other income	-	-	-	-
Total revenue	9,760	2,988	4,121	130
TRANSFERS				
Transfers from general operating	-	-	31,910	520,638
Transfers to general operating	-	-	-	-
Transfers from utility operating	550,000	-	-	-
Transfers to utility operating	-	-	-	-
Acquisition of tangible capital assets	-	-	-	(466,100)
CHANGE IN RESERVE FUND BALANCES	559,760	2,988	36,031	54,668
FUND SURPLUS, BEGINNING OF YEAR	862,012	114,314	165,144	8,061
FUND SURPLUS, END OF YEAR	\$ 1,421,772	\$ 117,302	\$ 201,175	\$ 62,729

CITY OF STEINBACH
 SCHEDULE OF TRUST FUNDS
 Year Ended December 31, 2009

SCHEDULE 7

	Total	
	2009	2008
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	-	-
	<u>\$ -</u>	<u>\$ -</u>
REVENUES		
Contributions and donations	\$ -	\$ -
Investment income	-	-
	<u>-</u>	<u>-</u>
EXPENDITURES		
Cemetery maintenance	-	-
Distribution to beneficiaries	-	-
Other	-	-
	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

CITY OF STEINBACH

SCHEDULE 8

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year Ended December 31, 2009

	Total	
	2009	2008
FINANCIAL ASSETS		
Amounts receivable	\$ 612,455	\$ 412,574
Due from other funds	3,216,960	0
	<u>\$ 3,829,415</u>	<u>\$ 412,575</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 125,956	\$ 50,987
Long-term debt (Note 9)	4,530,277	412,851
Due to other funds	-	46,347
	<u>4,656,233</u>	<u>510,184</u>
	<u>\$ (826,818)</u>	<u>\$ (97,609)</u>
NET FINANCIAL ASSETS (NET DEBT)		
	<u>\$ 36,420,536</u>	<u>\$ 34,476,727</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	12,170	10,763
Prepaid expenses	36,432,705	34,487,489
	<u>\$ 35,605,887</u>	<u>\$ 34,389,880</u>
FUND SURPLUS (DEFICIT)		
	<u>\$ 35,605,887</u>	<u>\$ 34,389,880</u>
COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)		

CITY OF STEINBACH

SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS

Year Ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Water fees	\$ 1,175,000	1,312,512	\$ 969,008
Sewer fees	783,100	756,974	630,598
Property taxes	300,459	300,459	300,459
Hydrant rentals	61,625	61,625	32,045
Installation service	55,000	70,316	74,410
Connection charges	1,000	-	14,000
Penalties	3,000	6,187	5,765
Gain (Loss) on sale of tangible capital assets	-	-	(60,226)
Contributed infrastructure assets	2,180,900	2,180,900	2,583,016
Other income	7,000	42,250	18,864
Total revenue	4,567,084	4,731,222	4,567,939
EXPENSES			
General			
Administration	222,754	222,613	211,756
Billing and collection	7,000	2,183	5,856
Interest on short term debt	15,000	3,665	13,049
sub-total- general	244,754	228,461	230,661
Water			
Purification and treatment	166,710	160,052	140,792
Transmission and distribution	571,550	532,864	530,606
Service and other supply costs	193,500	204,556	177,267
Amortization	634,451	634,451	567,350
Interest on long term debt	38,185	38,185	15,018
sub-total- water	1,604,395	1,570,107	1,431,034
Sewer			
Collection system costs	221,600	232,213	209,309
Treatment and disposal cost	64,300	75,740	46,630
Lift Station costs	91,395	105,526	56,062
Amortization	708,970	708,970	654,114
Interest on long term debt	44,198	44,198	13,001
sub-total- sewer	1,130,463	1,166,647	979,116
Total expenses	2,979,613	2,965,215	2,640,811
NET REVENUES	1,587,471	1,766,007	1,927,128
TRANSFERS			
Transfers from (to) reserve funds	(250,000)	(550,000)	(196,000)
Transfer for capital purposes from reserve funds	-	-	441,000
CHANGE IN UTILITY FUND BALANCE	1,337,471	1,216,007	2,172,128
FUND SURPLUS, BEGINNING OF YEAR	34,389,880	34,389,880	32,217,752
FUND SURPLUS, END OF YEAR	\$ 35,727,351	\$ 35,605,887	\$ 34,389,880

SCHEDULE 10

CITY OF STEINBACH
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year Ended December 31, 2009

	Financial Plan	Financial Plan	Financial Plan	Amortization	Interest	Long Term	Consolidated	PSAB
	General	Utility(ies)	(TCA)	Expense	Accruals	Entities	Budget	
REVENUE								
Property taxes	\$ 7,878,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,878,581
Grants in lieu of taxation	113,086	-	-	-	-	-	-	113,086
User fees	2,532,275	-	-	-	-	(4,000)	-	2,528,275
Grants - Province of Manitoba	1,995,500	-	-	-	-	103,168	-	2,098,668
Grants - other	520,000	-	-	-	-	3,400	-	523,400
Permits, licences and fines	218,700	-	-	-	-	-	-	218,700
Investment income	100,000	-	-	-	-	-	-	104,583
Contributed infrastructure assets	-	-	5,952,568	-	-	-	-	5,952,568
Other revenue	38,190	-	-	-	-	2,450	-	40,640
Water and sewer	2,085,725	-	-	-	-	-	-	2,085,725
Transfers from General	300,459	-	-	-	-	-	-	-
Transfers from reserves	21,672	-	-	-	-	(21,672)	-	-
Total revenue	\$ 13,418,004	\$ 2,386,184	\$ 5,952,568	\$ -	\$ (322,131)	\$ -	\$ 109,601	\$ 21,544,226
EXPENSES								
General government services	\$ 2,640,189	\$ -	\$ 141,282	\$ 74,500	\$ 75,000	\$ -	\$ (236,108)	\$ 2,694,863
Protective services	2,084,775	-	189,676	61,910	-	-	-	2,336,361
Transportation services	1,795,525	-	2,423,234	80,114	-	-	-	4,298,873
Environmental health services	1,072,030	-	137,729	-	100,670	-	-	1,310,430
Public health and welfare services	87,105	-	-	-	-	-	-	87,105
Regional planning and development	184,530	-	-	-	-	-	-	184,530
Resource cons and industrial dev	63,200	-	-	84	-	-	-	73,868
Recreation and cultural services	2,299,279	-	328,082	-	-	-	332,676	2,960,037
Water and sewer services	1,538,809	-	1,343,421	97,383	-	-	-	2,979,613
Fiscal services:								
Transfer to capital	1,103,600	281,916	(1,385,516)	-	-	-	-	-
Debt charges	853,699	300,459	-	(1,154,158)	-	-	-	-
Short term interest	74,500	15,000	-	(89,500)	-	-	-	-
Transfer to Utility	300,459	-	-	(300,459)	-	-	-	-
Transfer to reserves	784,113	250,000	-	(1,034,113)	-	-	-	-
Allowance for tax assets	75,000	-	-	(75,000)	-	-	-	-
Total expenses	\$ 13,418,004	\$ 2,386,184	\$ 3,177,908	\$ (929,666)	\$ (1,334,572)	\$ 100,670	\$ 107,152	\$ 16,925,680
Surplus (Deficit)	\$ -	\$ -	\$ 2,774,660	\$ 929,666	\$ 1,012,441	\$ (100,670)	\$ 2,449	\$ 4,618,546

CITY OF STEINBACH
 ANALYSIS OF TAXES ON ROLL
 Year Ended December 31, 2009

SCHEDULE 11

	2009	2008
Balance, beginning of year	\$ 486,144	\$ 325,283
Add:		
Tax levy (Schedule 12)	17,997,046	16,592,316
Taxes added	683,603	1,168,101
Penalties or interest	40,345	40,174
Other accounts added	67,994	76,124
Tax Adjustments (specify) Taxes Overpaid	168,775	37,407
Sub-total	18,957,764	17,914,122
Deduct:		
Cash collections - current	16,875,564	15,336,769
Cash collections - arrears	477,346	833,624
Writeoffs	77,737	103,521
M.P.T.C. - cash advance	1,728,092	1,479,348
Sub-total	19,158,738	17,753,262
Balance, end of year	\$ 285,170	\$ 486,143

CITY OF STEINBACH
 ANALYSIS OF TAX LEVY
 Year Ended December 31, 2009

SCHEDULE 12

	2009		2008	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 52,581	\$ 52,826
L.I.D. General District	438,195,120	1.830%	\$ 801,897	\$ 780,874
At large Utility District	398,819,830	0.760%	\$ 303,103	\$ 298,247
General Municipal	376,145,560	10.210%	\$ 3,840,446	\$ 3,686,133
Special levies:				
Waste & Disposal	-	0.000%	\$ 398,254	\$ 376,215
Section 312 M.A.	438,195,120	4.000%	\$ 1,752,780	\$ 1,688,377
Rounding	-	0.000%	\$ -	\$ 2
Business tax	0.50%	0.500%	\$ 108,189	\$ 108,756
Business fees	1.00%	1.000%	\$ 10,112	\$ 9,200
Adjustments from schoool levy below			\$ 221	\$ 146
Total municipal taxes (Schedule 2)			7,267,584	7,000,776
Education support levy	131,945,230	16.081%	\$ 2,121,811	2,074,108
Special levy:				
Hanover SD#15	355,066,290	24.243%	\$ 8,607,872	7,517,578
Adjustments of schoool levy to municipal taxes			(221)	(146)
Total education taxes			10,729,462	9,591,540
			\$ 17,997,046	\$ 16,592,316

CITY OF STEINBACH
 ANALYSIS OF SCHOOL ACCOUNTS
 Year Ended December 31, 2009

SCHEDULE 13

	2009		2008	
	Opening Balance	Current Requirement	Current Payment	Ending Balance
Education support levy	\$ 113,021	\$ 2,224,205	\$ (2,230,464)	\$ 113,021
Special levies Hanover SD#15	327,421	8,797,583	(8,780,069)	327,421
Sub-total	327,421	8,797,583	(8,780,069)	327,421
Total	\$ 440,442	\$ 11,021,788	\$ (11,010,533)	\$ 440,442

CITY OF STEINBACH

SCHEDULE 14

SCHEDULE OF DEBENTURES PENDING
Year Ended December 31, 2009

Authority	Purpose	Source of Funds	Authorized	Expended
1865	Jake Epp Library		\$ 900,000	\$ -
1870	Lagoon Expansion		500,000	-
			<u>\$ 1,400,000</u>	<u>\$ -</u>

Supplementary Audit Report
Subsection 190 (2) of The Municipal Act

To the Mayor and Councillors
City of Steinbach
Steinbach, Manitoba

Pursuant to our appointment, and in accordance with the provisions of Subsection 190 (2) of The Municipal Act, we wish to report as follows for the year ended December 31, 2009:

- (a) We have reviewed the accounting procedures and systems of control employed by the municipality and report that, in our opinion, such procedures and systems are adequate to preserve and protect the assets of the municipality.
- (b) The funds of the municipality have, to the best of our knowledge and belief, been disbursed only under authority granted by an Act of the Legislature or under authority of a resolution or by-law of the municipality made under the authority of an Act of the Legislature.
- (c) No irregularity or discrepancy in the administration of the affairs of the municipality by the council came to our notice in the course of our examination.
- (d) In our opinion, there are no matters which should be brought to the attention of council or the minister.
- (e) The accounts and records of the municipality were adequately maintained during the period under review, and we wish to acknowledge the co-operation accorded to us during our audit.



Chambers, Fraser & Co.
Municipal Auditors

March 19, 2010

Per



Ernest E. Halligan, C.A.



Annual Expenditure Report - Fiscal Year: 2009

Gas Tax Fund	Annual (\$)	To Date (\$)
City of Steinbach	2009-01-01 - 2009-12-31	2005-11-18 - 2009-12-31

Opening Balance of Unspent Funding	8,060.69	0.00
Received From Government of Manitoba	520,637.96	1,336,339.13
Plus: Interest	130.16	7,616.68
Less: Administration	0.00	0.00
Spent On Eligible Projects	466,100.00	1,281,227.00
Closing Balance of Unspent Funding	62,728.81	62,728.81

Expended on Eligible Projects

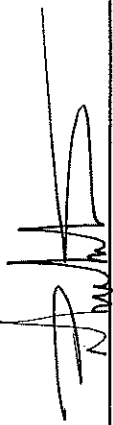
Project Number	Project Title	Expenditures (\$)
18630	Hespeler St Overlay	40,000.00
18631	Eilice Ave Sidewalk	20,200.00
18632	2009 Pavement Management Program	405,900.00
	Total	466,100.00

CERTIFICATION BY MUNICIPALITY

I, Troy Markertun Corp Services Manager of the
(Name) (Title)

City of Steinbach

Certify that the information is a true and accurate representation of the Municipality's position with respect to its Federal "Gas Tax / Public Transit" Revenues. I acknowledge and understand that any contravention with the terms and conditions of the Municipal Funding Agreement may result in an event of default resulting in the termination of funding.

Signature:  Date: Feb 26, 2010
(duly authorized signing officer for the Municipality)

AUDIT OPINION OF REGISTERED MUNICIPAL AUDITOR

I/We have examined the Annual Expenditure Report required under the Municipal Funding Agreement for the Transfer of Federal Gas Tax / Public Transit Revenues. My/Our examination was made in accordance with generally accepted accounting standards and accordingly included such tests and other procedures as I/we considered necessary. In my/our opinion, this Annual Expenditure Report is accurate and complete and complies with the terms and conditions of the Municipal Funding Agreement.

Signature:  Date: MARCH 19, 2010
(Registered Municipal Auditor)