

CITY OF STEINBACH
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

City of Steinbach
225 Reimer Ave
Steinbach, Manitoba
R5G 2J1

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 Chartered Professional Accountants of Canada.

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

Reid & Miller Chartered Professional Accountants Inc. 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 public sector accounting standards.



Troy Warkentin, CPA, CMA,
CMMA
City Manager

Independent Auditors' Report

To the Mayor and members of Council of the
City of Steinbach

Opinion

We have audited the accompanying consolidated financial statements of City of Steinbach, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Steinbach as at December 31, 2019, and the results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The December 31, 2018 consolidated financial statements were audited by another auditor who expressed an unqualified opinion on those statements on May 7, 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Steinbach's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on City of Steinbach's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause City of Steinbach to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Reid & Miller

June 2, 2020
Winnipeg, Manitoba

Chartered Professional Accountants Inc.

CITY OF STEINBACH
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

	Page
Consolidated Statement of Financial Position.....	7
Consolidated Statement of Operations.....	8
Consolidated Statement of Net Financial Assets.....	9
Consolidated Statement of Cash Flows.....	10
Notes to the Consolidated Financial Statements.....	11 - 24
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	25
Schedule 2 - Consolidated Schedule of Revenues.....	26
Schedule 3 - Consolidated Schedule of Expenses.....	27 - 28
Schedule 4 - Consolidated Schedule of Operations by Program.....	29 - 30
Schedule 5 - Consolidated Details and Reconciliation to Core Government Results.....	31
Schedule 6 - Schedule of Change in Reserve Fund Balances.....	32 - 33
Schedule 7 - Schedule of Financial Position for Utilities.....	34
Schedule 8 - Schedule of Utility Operations.....	35 - 36
Schedule 9 - Reconciliation of the Financial Plan to the Budget.....	37
Schedule 10 - Analysis of Taxes on Roll.....	38
Schedule 11 - Analysis of Tax Levy.....	39
Schedule 12 - Schedule of General Operating Fund Expenses.....	40
Schedule 13 - Estimated Reconciliation of Annual Surplus.....	42

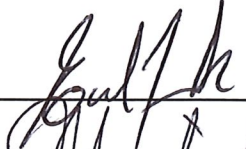
CITY OF STEINBACH

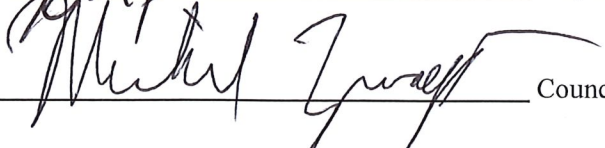
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	2019 Actual \$	2018 Actual \$
FINANCIAL ASSETS		
Cash and temporary investments	19,163,983	11,805,783
Accounts receivable (note 3)	5,172,625	6,376,727
Portfolio investments (note 4)	8,472,268	8,229,062
	<u>32,808,876</u>	<u>26,411,572</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	4,732,138	5,134,315
Deferred revenue (note 6)	442,049	4,288,644
Landfill closure and post closure liabilities (note 7)	6,776,792	6,245,846
Long-term debt (note 8)	6,975,752	2,548,962
Other liabilities (note 9)	142,399	149,530
	<u>19,069,130</u>	<u>18,367,297</u>
NET FINANCIAL ASSETS	<u>13,739,746</u>	<u>8,044,275</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	183,952,467	178,275,234
Prepaid expenses	123,181	129,117
	<u>184,075,648</u>	<u>178,404,351</u>
ACCUMULATED SURPLUS (note 16)	<u>197,815,394</u>	<u>186,448,626</u>

Approved on Behalf of the Council


 _____ Mayor


 _____ Councillor

The accompanying notes are an integral part of these financial statements

CITY OF STEINBACH**CONSOLIDATED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2019**

	2019 Budget \$	2019 Actual \$	2018 Actual \$
REVENUE			
Property taxes	15,593,658	16,061,699	15,655,334
Grants in lieu of taxation	177,592	177,592	192,523
User fees	5,436,228	8,551,772	5,335,942
Grants - Province of Manitoba	2,897,626	3,528,862	3,208,561
Grants - Other	1,188,912	3,600,534	800,528
Permits, licences and fees	445,147	908,070	544,964
Investment revenue	153,000	831,306	515,193
Other revenue	733,835	2,947,650	5,173,603
Water and sewer	3,648,460	5,747,073	10,318,666
Total revenue (<i>schedules 2, 4 and 5</i>)	<u>30,274,458</u>	<u>42,354,558</u>	<u>41,745,314</u>
EXPENSES			
General government services	4,564,681	4,457,999	4,745,389
Protective services	5,002,967	4,544,845	4,330,137
Transportation services	7,335,962	7,293,498	8,124,734
Environmental health services	2,782,470	3,321,316	3,136,804
Public health and welfare services	138,660	125,442	122,505
Regional planning and development	458,615	444,647	526,814
Resource conservation and industrial development	80,000	300,457	335,046
Recreation and cultural services	5,193,814	5,194,601	5,013,142
Water and sewer	5,460,273	5,304,985	4,830,463
Total expenses (<i>schedules 3, 4 and 5</i>)	<u>31,017,442</u>	<u>30,987,790</u>	<u>31,165,034</u>
ANNUAL SURPLUS	(742,984)	11,366,768	10,580,280
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>186,448,626</u>	<u>186,448,626</u>	<u>175,868,346</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>185,705,642</u></u>	<u><u>197,815,394</u></u>	<u><u>186,448,626</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF STEINBACH**CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS****For the Year Ended December 31, 2019**

	2019 Budget \$	2019 Actual \$	2018 Actual \$
ANNUAL SURPLUS	<u>(742,984)</u>	<u>11,366,768</u>	<u>10,580,280</u>
Acquisition of tangible capital assets	-	(11,284,201)	(12,267,820)
Contributed infrastructure assets revenue	-	(3,013,258)	(6,217,356)
Proceeds on disposal of tangible capital assets	-	290,415	394,753
Amortization of tangible capital assets	8,256,476	8,278,505	9,253,887
Loss (gain) on sale of tangible capital assets	-	51,306	(235,572)
Decrease (increase) in prepaid expense	-	5,936	(22,081)
CHANGE IN NET FINANCIAL ASSETS	7,513,492	5,695,471	1,486,091
NET FINANCIAL ASSETS BEGINNING OF YEAR	<u>8,044,275</u>	<u>8,044,275</u>	<u>6,558,184</u>
NET FINANCIAL ASSETS END OF YEAR	<u><u>15,557,767</u></u>	<u><u>13,739,746</u></u>	<u><u>8,044,275</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF STEINBACH**CONSOLIDATED STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2019**

	2019 Actual \$	2018 Actual \$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING TRANSACTIONS		
Annual surplus	11,366,768	10,580,280
Changes in non-cash items:		
Amortization	8,278,505	9,253,887
Loss (Gain) on disposal of tangible capital assets	51,306	(235,572)
Contributed infrastructure assets revenue	<u>(3,013,258)</u>	<u>(6,217,356)</u>
	16,683,321	13,381,239
Net changes in non-cash working capital affecting operations <i>(note 19)</i>	<u>(2,507,788)</u>	<u>2,713,516</u>
	<u>14,175,533</u>	<u>16,094,755</u>
CAPITAL TRANSACTIONS		
Proceeds from sale of tangible capital assets	290,415	394,753
Cash used to acquire tangible capital assets	<u>(11,284,201)</u>	<u>(12,267,820)</u>
	<u>(10,993,786)</u>	<u>(11,873,067)</u>
INVESTING		
Purchase of portfolio investments	(243,206)	(3,547,313)
Loans and advances repaid	-	15,000
	<u>(243,206)</u>	<u>(3,532,313)</u>
FINANCING		
Long-term debt issued	7,175,000	-
Reduction in long-term debt	(2,748,210)	(4,655,526)
Change in other liabilities	<u>(7,131)</u>	<u>(45,952)</u>
	4,419,659	(4,701,478)
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	7,358,200	(4,012,103)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>11,805,783</u>	<u>15,817,886</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>19,163,983</u>	<u>11,805,783</u>
CASH AND TEMPORARY INVESTMENTS IS REPRESENTED BY:		
Cash and temporary investments	16,368,825	9,067,294
Internally restricted cash	<u>2,795,158</u>	<u>2,738,489</u>
	<u>19,163,983</u>	<u>11,805,783</u>

The accompanying notes are an integral part of these financial statements

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

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 public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) REPORTING ENTITY

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the City. 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 City.

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 consolidated financial statements.

Trust funds and their related operations administered by the City are not consolidated in these financial statements. The trust funds administered by the City are presented in Schedule 7 - Schedule of Trust Funds.

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) REAL ESTATE PROPERTIES HELD FOR SALE

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

f) 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.

g) NON-FINANCIAL ASSETS

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

h) TANGIBLE CAPITAL ASSETS

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

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 City does not capitalize internal finance 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 and land improvements	Indefinite
Buildings and leasehold improvements	25 to 40 years
Vehicles and equipment	
Vehicles	5 years
Machinery and equipment	10 to 15 years

Infrastructure Assets

Roads, Streets, and Bridges	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 Years
Traffic lights and equipment	10 to 30 years
Land	Indefinite
Land improvements	30 to 50 years
Underground networks	30 to 100 years
Machinery & 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 City, forests, water, and other natural resources are not recognized as tangible capital assets.

i) 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.

j) 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 has 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.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

k) 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.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure 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.

CITY OF STEINBACH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2019

3. ACCOUNTS RECEIVABLE

Amounts receivable are valued at their net realizable value.

	<u>2019</u>	<u>2018</u>
	\$	\$
Tax assets (<i>schedule 10</i>)	2,545,557	1,949,409
Government grants and receivables	796,322	2,173,267
Utility customers	1,114,459	1,027,042
Accrued interest	80,101	61,402
Organizations and individuals	829,421	995,737
Other	-	282,489
	<u>5,365,860</u>	<u>6,489,346</u>
Allowance for doubtful accounts	<u>(193,235)</u>	<u>(112,619)</u>
	<u><u>5,172,625</u></u>	<u><u>6,376,727</u></u>

4. PORTFOLIO INVESTMENTS

	<u>2019</u>	<u>2018</u>
	\$	\$
Marketable securities		
Other securities	8,421,864	8,181,857
Patronage allocations	50,404	47,205
	<u>8,472,268</u>	<u>8,229,062</u>

The aggregate market value of the marketable securities at December 31, 2019 is \$8,493,180 (2018 - \$8,232,372).
Portfolio investments earned \$78,237 in investment income during the year (2018 - \$61,450).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
	\$	\$
Trade payables	3,153,856	2,813,340
Government payables	26,973	867,395
Accrued expenses	599,321	601,035
School levies	951,988	852,545
	<u>4,732,138</u>	<u>5,134,315</u>

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

6. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
	\$	\$
Capital development	-	2,147,245
Federal gas tax	-	1,554,124
Land dedication	337,238	315,827
Perpetual care	-	162,572
Other	104,811	108,876
	<u>442,049</u>	<u>4,288,644</u>

Gas tax funding no longer qualifies for deferral under PS3410, this change has been applied prospectively.

Capital development perpetual care fee deferrals have now been reconized in revenue since there are no external stipulations in order to defer income.

Land dedication fees have been deferred due to section 136(1) and 140(2) of The Planning Act of Manitoba

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITIES

Operating Landfill Sites:

The Municipality currently has a permit, issued in 2011 by the Province of Manitoba, to operate a Class 1 landfill site. 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.

Closed Landfill Sites

Legislation requires the Municipality to monitor its closed landfill site(s). Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

Estimated closure and post closure costs are calculated as follows:

	Landfill East Cell		Landfill West Cell		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Estimated closure and post closure costs	20,721,585	20,721,585	11,444,102	11,444,102	32,165,687	32,165,687
Discount rate applied	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %
Discounted costs	7,945,631	7,605,271	4,813,427	4,606,150	12,759,058	12,211,421
Expected year landfill capacity to be reached	2037	2037	2,011	2,011		
Capacity (tonnes):						
Used to date	275,000	240,000	670,000	670,000	945,000	910,000
Remaining	838,000	873,000	-	-	838,000	873,000
Total	1,113,000	1,113,000	670,000	670,000	1,783,000	1,783,000
Percent utilized	24.71 %	21.56 %	100.00 %	100.00 %	53.00 %	51.04 %
Total	1,963,365	1,639,696	4,813,427	4,606,150	6,776,792	6,245,846

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

8. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
	\$	\$
General Authority:		
Municipal debenture for Third Street resurfacing, interest at 2.7%, payable at \$183,994 annually including interest, maturing December 2019.	-	179,163
Municipal debenture for Kroeker Avenue, interest at 2.7%, payable at \$149,446 annually including interest, maturing December 2019.	-	145,523
Municipal debenture for Elmdale Street and Lumber Avenue renewal plus Plaza improvements, interest at 2.4%, payable at \$371,322 annually including interest, maturing December 2020	362,604	716,725
Municipal debenture for Barkman Avenue renewal, interest at 2.33%, payable at \$124,244 annually including interest, maturing December 2021.	240,043	355,993
Municipal debenture for Elmdale Street surface renewal, interest at 2.78%, payable at \$151,889 annually including interest, maturing December 2024.	700,000	-
Municipal debenture for McKenzie Avenue Surface Renewal, interest at 3.29%, payable at \$66,050 annually including interest, maturing December 2023.	243,841	-
Municipal debenture for the purchase of a fire department rescue truck, interest at 7.0%, payable at \$195,113 annually including interest, maturing December 2024.	800,000	-
	<u>2,346,488</u>	<u>1,397,404</u>
Utility Funds:		
Municipal debenture for Third Street watermain, interest at 2.7%, payable at \$54,116 annually including interest, maturing December 2019.	-	52,695
Municipal debenture for Third Street sewermain, interest at 2.7%, payable at \$32,470 annually including interest, maturing December 2019.	-	31,617
Municipal debenture for west side trunk sewer, interest at 2.7%, payable at \$438,338 annually including interest, maturing December 2019.	-	426,831
Municipal debenture for Kroeker Avenue watermain, interest at 2.7%, payable at \$108,188 annually including interest, maturing December 2019.	-	105,348
Municipal debenture for Kroeker Avenue sewermain, interest at 2.7%, payable at \$108,188 annually including interest, maturing December 2019.	-	105,348

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

8. LONG-TERM DEBT (continued)

Municipal debenture for Elmdale Street and Lumber Avenue watermain, interest at 2.4%, payable at \$48,723 annually including interest, maturing December 2020.	48,002	94,458
Municipal debenture for Elmdale Street and Lumber Avenue sewermain, interest at 2.4%, payable at \$40,352 annually including interest, maturing December 2020.	38,979	77,472
Municipal debenture for Barkman Avenue watermain, interest at 2.33%, payable at \$40,701 annually including interest, maturing December 2021.	78,634	116,618
Municipal debenture for Barkman Avenue sewermain, interest at 2.33%, payable at \$49,269 annually including interest, maturing December 2021.	95,190	141,171
Municipal debenture for Supplementary Water Supply, interest at 3.29%, payable at \$1,183,391 annually including interest, maturing December 2023.	4,368,459	-
	4,629,264	1,151,558
	6,975,752	2,548,962

Estimated principal repayments for the next five years are as follows:

2020	2,023,383
2021	1,628,083
2022	1,470,279
2023	1,524,008
2024	329,999

Schedule of Debenture Pending

<u>Authority</u>	<u>Purpose</u>	<u>Amount Authorized</u>
By-law 2131	Kroeker Avenue Infrastructure Renewal	2,210,000
By-law 2132	Clearspring Greens Pathway Construction	625,000

9. OTHER LIABILITIES

	<u>2019</u>	<u>2018</u>
	\$	\$
Deferred grants	11,559	4,284
Deposits	130,840	145,246
	142,399	149,530

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

10. DEBT CHARGES - AT LARGE

Purpose and By-law	Assessment	2019 Mill Rate	Levy	2018 Levy
			\$	\$
Utility District			-	301,713
Water District	968,932,940	1.503	1,456,306	-
Waste Water District	1,069,262,060	0.634	677,912	735,320
Georgetown Sidewalk District			-	59,544
			<u>2,134,218</u>	<u>1,096,577</u>

11. SPECIAL LEVIES

Purpose and By-law	Assessment	2019 Mill Rate	Levy	2018 Levy
			\$	\$
Waste Collection & Disposal			666,094	630,420
Section 312 M.A	1,101,374,230	4.000	4,405,497	4,305,512
			<u>5,071,591</u>	<u>4,935,932</u>

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 Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$411,196 (2018 - \$437,364) and are included in the statement of operations.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

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. 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 budget figures used in these financial statements have been approved by council.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in *Schedule 9 - Reconciliation of the Financial Plan to the Budget*.

The budget numbers are unaudited and, accordingly, I express no assurance in respect to the budget.

15. SEGMENTED INFORMATION

The City of Steinbach provides a wide ranges of services to its residents.

Segment information has been provided in *Schedule 4* for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health
- Public Health and Welfare Services
- Regional Planning and Development
- Resources Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies of the segments are consistent with those followed in the preparation of the financial statements as described in the summary of significant accounting policies.

CITY OF STEINBACH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at December 31, 2019****16. ACCUMULATED SURPLUS**

	<u>2019</u>	<u>2018</u>
	\$	\$
Accumulated surplus consists of the following:		
General Operating Fund - Nominal Surplus, excluding Tangible Capital Assets	10,808,451	2,682,823
Utility Operating Funds - Nominal Surplus, excluding Tangible Capital Assets	6,503,864	1,099,631
General Operating Tangible Capital Assets, net of related borrowings	95,942,113	102,381,796
Assets under construction paid by operating fund	(6,540,139)	(4,042,471)
Less: Utility Operating borrowings related to capital assets	(4,629,265)	(1,151,558)
Tangible Capital Assets, net of related borrowings	59,439,338	61,787,079
Deferred Revenue - Reserves	-	(4,179,768)
Reserve Funds	23,108,813	20,707,365
Accumulated surplus of municipality unconsolidated	195,802,579	184,478,926
Accumulated surpluses of consolidated controlled entities	2,012,815	1,969,700
Accumulated Surplus per Statement of Financial Position	197,815,394	186,448,626

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

17. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of The *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount in exceeding \$75,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2019:

- (a) Compensation paid to members of council amounted to \$203,436 in aggregate;
- (b) There were no members of council receiving compensation in excess of \$75,000 individually, except as noted below. The breakdown of compensation and expenses paid to members of council are as follows:

Council Member	Compensation	Expenses	Total
Funk, Earl	54,706	10,197	64,903
Hiebert, Jacob	24,984	7,696	32,680
Hiebert, Wilhelm	25,164	7,674	32,838
Penner, Damian	25,230	7,090	32,320
Penner, Susan	23,225	5,149	28,374
Siemens, Waldo	23,412	6,016	29,428
Zwaagstra, Michael	26,715	5,742	32,457
	<u>203,436</u>	<u>49,564</u>	<u>253,000</u>

- (c) The following individuals received compensation in excess of \$75,000:

Name	Position	Amount
Dyck, Russ	Manager, Parks & Recreation	82,942
Froese, Andrew	Waterworks Lead Hand	79,212
Heppner, Mike	Manager, Waterworks	94,770
Hrehirchuk, Brian	Senior Manager, Finance	104,522
Lange, Lisa	Senior Manager, Human Resources & Payroll	92,118
Mehling, Russell	Engineering Technologist	77,197
Penner, Paul	Senior Manager, Operations	111,088
Rach, Aaron	Municipal Engineer	82,347
Reimer, Randy	Manager, Public Works	92,445
Roukema, Paul	Information Systems Manager	78,795
Shymko, Kyle	City Engineer	104,451
Toews, Kelvin F	Fire Chief	85,238
Trauer, Kirby	Public Works Lead Hand	75,858
Warkentin, Troy	City Manager	171,705

CITY OF STEINBACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019

18. PUBLIC UTILITY 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 City 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 City has determined it not to be reasonably cost effective to estimate this revenue prior to 2005.

No capital grants have been deferred and amortized in these financial statements.

Water Services:		Unamortized			Unamortized
Description of Utility		Opening Balance	Additions During Year	Amortization During Year	Ending Balance
Grants		6,956,161	941,219	91,063	7,806,317
Contributed Assets		7,847,722	591,663	378,038	8,061,347
		<u>14,803,883</u>	<u>1,532,882</u>	<u>469,101</u>	<u>15,867,664</u>

Sewer Services:		Unamortized			Unamortized
Description of Utility		Opening Balance	Additions During Year	Amortization During Year	Ending Balance
Grants		6,715,708	-	188,141	6,527,567
Contributed Assets		11,246,570	336,302	288,908	11,293,964
		<u>17,962,278</u>	<u>336,302</u>	<u>477,049</u>	<u>17,821,531</u>

19. CHANGES IN WORKING CAPITAL

	<u>2019</u>	<u>2018</u>
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	1,204,102	(574,954)
Prepaid expenses	5,936	(22,081)
Accounts payable and accrued liabilities	(402,177)	2,213,727
Deferred revenue	(3,846,595)	631,728
Landfill closure and post closure liabilities	530,946	465,096
	<u>(2,507,788)</u>	<u>2,713,516</u>

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2019

	General Capital Assets					Infrastructure			2019	2018
	Land and Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets under Construction	Actual	Actual
Cost										
Balance, beginning of year	8,849,475	42,845,973	11,904,611	-	1,660,055	126,973,648	95,268,523	9,306,071	296,808,356	278,542,725
Asset purchases	298,672	222,570	2,101,930	10,946	1,412,819	4,299,975	13,473,985	1,158,278	22,979,175	18,485,176
Disposals and write downs	86,738	247,314	582,981	-	-	-	26,598	8,655,118	9,598,749	219,545
Balance, end of year	9,061,409	42,821,229	13,423,560	10,946	3,072,874	131,273,623	108,715,910	1,809,231	310,188,782	296,808,356
Accumulated Amortization										
Balance, beginning of year	185,692	13,461,118	7,748,897	-	-	59,543,929	37,593,486	-	118,533,122	109,339,599
Amortization	800	1,290,970	611,085	-	-	4,027,911	2,347,739	-	8,278,505	9,253,887
Disposals and write downs	-	9,885	540,601	-	-	-	24,826	-	575,312	60,364
Balance, end of year	186,492	14,742,203	7,819,381	-	-	63,571,840	39,916,399	-	126,236,315	118,533,122
Net book value	8,874,917	28,079,026	5,604,179	10,946	3,072,874	67,701,783	68,799,511	1,809,231	183,952,467	178,275,234

CONSOLIDATED SCHEDULE OF REVENUES

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
PROPERTY TAXES			
Municipal taxes levied (<i>schedule 11</i>)	14,877,707	14,877,707	14,577,695
Taxes added	545,000	1,013,041	910,888
Business tax	170,951	170,951	166,751
	<u>15,593,658</u>	<u>16,061,699</u>	<u>15,655,334</u>
GRANTS IN LIEU OF TAXATION			
Federal government	177,592	177,592	192,523
USER FEES			
Parking meters	4,100	6,928	8,295
Sales of service	5,388,128	8,440,202	4,763,826
Sales of goods	44,000	76,007	74,958
Rentals	-	28,635	198,164
Development charges	-	-	290,699
	<u>5,436,228</u>	<u>8,551,772</u>	<u>5,335,942</u>
GRANTS - PROVINCE OF MANITOBA			
General assistance payment	2,720,000	2,970,927	2,719,455
Conditional grants	177,626	557,935	489,106
	<u>2,897,626</u>	<u>3,528,862</u>	<u>3,208,561</u>
GRANTS - OTHER			
Federal government - gas tax funding	851,863	3,252,058	459,811
Other local governments	333,049	336,680	327,315
Other grant	4,000	11,796	13,402
	<u>1,188,912</u>	<u>3,600,534</u>	<u>800,528</u>
PERMITS, LICENCES AND FEES			
Permits	334,000	739,357	420,909
Licences	31,647	36,730	39,845
Fines	79,500	131,983	84,210
	<u>445,147</u>	<u>908,070</u>	<u>544,964</u>
INVESTMENT REVENUE			
Interest	153,000	831,306	515,193
OTHER REVENUE			
Gain (loss) on sale of tangible capital assets	-	(51,306)	235,572
Miscellaneous	83,269	110,577	117,078
Contributed assets	-	2,085,292	4,130,315
Penalties and interest	136,125	226,164	198,192
Donations	-	33,480	25,131
Other	514,441	543,443	467,315
	<u>733,835</u>	<u>2,947,650</u>	<u>5,173,603</u>
WATER AND SEWER			
Municipal utility (<i>schedule 8</i>)	3,648,460	5,747,073	10,318,666
TOTAL REVENUE	<u><u>30,274,458</u></u>	<u><u>42,354,558</u></u>	<u><u>41,745,314</u></u>

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	295,656	262,717	236,341
General administrative	4,269,025	4,195,282	4,509,048
	<u>4,564,681</u>	<u>4,457,999</u>	<u>4,745,389</u>
PROTECTIVE SERVICES			
Police	3,139,850	2,738,856	2,667,614
Fire	1,066,892	1,123,971	1,000,652
Emergency measures	38,130	33,342	32,622
Other protective services	758,095	648,676	629,249
	<u>5,002,967</u>	<u>4,544,845</u>	<u>4,330,137</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	451,064	455,284	461,941
Road and street maintenance	6,398,782	6,329,405	7,194,880
Sidewalk and boulevard maintenance	51,500	64,415	52,382
Street lighting	318,000	323,805	297,678
Air transport	32,305	29,971	30,899
Public transit	84,311	90,618	86,954
	<u>7,335,962</u>	<u>7,293,498</u>	<u>8,124,734</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	1,689,320	2,212,165	2,088,796
Recycling	739,350	755,372	679,425
Other	353,800	353,779	368,583
	<u>2,782,470</u>	<u>3,321,316</u>	<u>3,136,804</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Public health	118,895	105,677	102,740
Social assistance	19,765	19,765	19,765
	<u>138,660</u>	<u>125,442</u>	<u>122,505</u>
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	133,565	90,860	224,254
Beautification and land rehabilitation	216,150	181,894	178,824
Urban area weed control	62,900	80,498	68,012
Other	46,000	91,395	55,724
	<u>458,615</u>	<u>444,647</u>	<u>526,814</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Water resources and conservation	15,000	15,000	15,000
Regional development	-	28,530	8,293
Tourism	65,000	256,927	311,753
	<u>80,000</u>	<u>300,457</u>	<u>335,046</u>

CONSOLIDATED SCHEDULE OF EXPENSES

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
RECREATION AND CULTURAL SERVICES			
Administration	376,206	391,649	358,618
Swimming pools and beaches	1,870,400	1,806,566	1,753,602
Skating and curling rinks	513,300	483,277	522,296
Parks and playgrounds	903,250	971,407	817,809
Other recreational facilities	869,276	863,054	870,761
Libraries	631,794	642,968	654,312
Other cultural facilities	29,588	35,680	35,744
	<u>5,193,814</u>	<u>5,194,601</u>	<u>5,013,142</u>
WATER AND SEWER			
Municipal utility (<i>schedule 8</i>)	5,460,273	5,304,985	4,830,463
	<u>5,460,273</u>	<u>5,304,985</u>	<u>4,830,463</u>
TOTAL EXPENSES	<u><u>31,017,442</u></u>	<u><u>30,987,790</u></u>	<u><u>31,165,034</u></u>

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2019

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	16,061,699	15,655,334	-	-	-	-	-	-	-	-
Grants in lieu of taxation	177,592	192,523	-	-	-	-	-	-	-	-
User fees	18,798	478,356	343,966	452,707	81,355	72,353	2,835,623	1,804,813	390,930	211,673
Prov of MB - unconditional grants	2,970,927	2,719,455	-	-	-	-	-	-	-	-
Prov of MB - conditional grants	411,319	342,452	-	-	-	-	-	-	-	-
Grants - Other	3,252,058	459,811	-	-	-	-	-	-	-	-
Permits, licences and fees	776,087	460,754	131,983	84,210	-	-	-	-	-	-
Investment revenue	806,535	496,873	-	-	-	-	-	-	-	-
Other revenue	2,918,551	4,981,121	-	-	-	-	-	-	-	-
Water and sewer	(2,100,906)	(1,013,354)	-	-	-	-	-	-	-	-
Total revenue	25,292,660	24,773,325	475,949	536,917	81,355	72,353	2,835,623	1,804,813	390,930	211,673
EXPENSES										
Personnel services	2,032,976	2,221,151	997,688	887,628	1,496,878	1,505,317	736,193	1,179,197	68,098	72,852
Contract services	67,296	106,763	2,478,053	2,419,502	317,971	296,264	-	-	-	-
Utilities	85,963	82,883	74,041	73,959	163,120	144,932	38,133	33,443	-	-
Maintenance materials & supplies	615,683	534,035	827,479	780,395	942,835	867,711	1,662,265	1,555,581	48,498	48,665
Grants & contributions	932,854	1,559,883	-	-	-	-	-	-	-	-
Amortization	177,652	186,771	167,584	168,653	4,372,694	5,310,510	353,779	368,583	8,846	988
Interest on long term debt	39,638	53,903	-	-	-	-	-	-	-	-
Bad debts expense	300,882	-	-	-	-	-	-	-	-	-
Other operating expense	205,055	-	-	-	-	-	530,946	-	-	-
Total expenses	4,457,999	4,745,389	4,544,845	4,330,137	7,293,498	8,124,734	3,321,316	3,136,804	125,442	122,505
SURPLUS (DEFICIT)	20,834,661	20,027,936	(4,068,896)	(3,793,220)	(7,212,143)	(8,052,381)	(485,693)	(1,331,991)	265,488	89,168

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

CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2019

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Property taxes	-	-	-	-	-	-	-	-	16,061,699	15,655,334
Grants in lieu of taxation	-	-	-	-	-	-	-	-	177,592	192,523
User fees	3,170,986	578,472	-	-	1,710,114	1,737,568	-	-	8,551,772	5,335,942
Prov of MB - unconditional grants	-	-	-	-	-	-	-	-	2,970,927	2,719,455
Prov of MB - conditional grants	-	-	-	-	146,616	146,654	-	-	557,935	489,106
Grants - Other	-	-	-	-	348,476	340,717	-	-	3,600,534	800,528
Permits, licences and fees	-	-	-	-	-	-	-	-	908,070	544,964
Investment revenue	22,649	17,010	-	-	2,122	1,310	-	-	831,306	515,193
Other revenue	14,821	169,072	-	-	14,278	23,410	-	-	2,947,650	5,173,603
Water and sewer	-	-	-	-	-	-	5,747,073	10,318,666	5,747,073	10,318,666
Total revenue	<u>3,208,456</u>	<u>764,554</u>	<u>-</u>	<u>-</u>	<u>2,221,606</u>	<u>2,249,659</u>	<u>5,747,073</u>	<u>10,318,666</u>	<u>42,354,558</u>	<u>41,745,314</u>
EXPENSES										
Personnel services	116,432	104,240	-	-	2,581,645	2,412,304	1,037,864	911,648	9,067,774	9,294,337
Contract services	-	-	2,282	2,328	30,526	39,549	1,189,880	1,046,065	4,086,008	3,910,471
Utilities	8,897	13,782	-	-	369,654	366,695	465,336	441,911	1,205,144	1,157,605
Maintenance materials & supplies	319,318	408,792	298,175	332,718	1,204,443	1,169,511	3,395	2,562	5,922,091	5,699,970
Grants & contributions	-	-	-	-	-	-	1,580	1,483	934,434	1,561,366
Amortization	-	-	-	-	850,211	868,080	2,347,739	2,350,302	8,278,505	9,253,887
Interest on long term debt	-	-	-	-	4,577	6,785	203,703	55,131	247,918	115,819
Bad debts expense	-	-	-	-	-	-	-	-	300,882	-
Other operating expense	-	-	-	-	153,545	150,218	55,488	21,361	945,034	171,579
Total expenses	<u>444,647</u>	<u>526,814</u>	<u>300,457</u>	<u>335,046</u>	<u>5,194,601</u>	<u>5,013,142</u>	<u>5,304,985</u>	<u>4,830,463</u>	<u>30,987,790</u>	<u>31,165,034</u>
SURPLUS (DEFICIT)	<u>2,763,809</u>	<u>237,740</u>	<u>(300,457)</u>	<u>(335,046)</u>	<u>(2,972,995)</u>	<u>(2,763,483)</u>	<u>442,088</u>	<u>5,488,203</u>	<u>11,366,768</u>	<u>10,580,280</u>

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

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2019

	Core Government		Controlled Entities		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
REVENUE						
Property taxes	16,061,699	5,655,334	-	-	16,061,699	5,655,334
Grants in lieu of taxation	177,592	192,523	-	-	177,592	192,523
User fees	8,453,095	5,237,674	98,677	98,268	8,551,772	5,335,942
Prov of MB - unconditional grants	2,970,927	2,719,455	-	-	2,970,927	2,719,455
Prov of MB - conditional grants	411,319	342,452	146,616	146,654	557,935	489,106
Grants - Other	3,252,058	459,811	348,476	340,717	3,600,534	800,528
Permits, licences and fees	908,070	544,964	-	-	908,070	544,964
Investment revenue	806,535	496,873	24,771	18,320	831,306	515,193
Other revenue	2,918,551	4,981,121	29,099	192,482	2,947,650	5,173,603
Water and sewer	5,747,073	0,318,666	-	-	5,747,073	0,318,666
Total revenue	<u>41,706,919</u>	<u>10,948,873</u>	<u>647,639</u>	<u>796,441</u>	<u>42,354,558</u>	<u>11,745,314</u>
EXPENSES						
Personnel services	8,776,875	9,005,444	290,899	288,893	9,067,774	9,294,337
Contract services	4,056,240	3,874,926	29,768	35,545	4,086,008	3,910,471
Utilities	1,198,050	1,149,976	7,094	7,629	1,205,144	1,157,605
Maintenance materials & supplies	5,820,901	5,621,408	101,190	78,562	5,922,091	5,699,970
Grants & contributions	934,434	1,561,366	-	-	934,434	1,561,366
Amortization	8,256,476	9,219,162	22,029	34,725	8,278,505	9,253,887
Interest on long term debt	247,918	115,819	-	-	247,918	115,819
Bad debts expense	300,882	-	-	-	300,882	-
Other operating expense	791,489	21,361	153,545	150,218	945,034	171,579
Total expenses	<u>30,383,265</u>	<u>10,569,462</u>	<u>604,525</u>	<u>595,572</u>	<u>30,987,790</u>	<u>11,165,034</u>
SURPLUS (DEFICIT)	<u>11,323,654</u>	<u>0,379,411</u>	<u>43,114</u>	<u>200,869</u>	<u>11,366,768</u>	<u>0,580,280</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2019

	General Reserve \$	Machinery Replacement Reserve \$	Land & Facility Reserve \$	Capital Development Reserve \$	Environmenta l Reserve \$	Aquatic Centre Reserve \$	Perpetual Care Reserve \$
FINANCIAL ASSETS							
Cash and temporary investments	512,320	-	-	472,522	48,728	-	418,615
Accounts receivable	892	-	-	21,366	2,020	-	729
Portfolio investments	-	-	-	2,703,705	1,552,500	-	-
Due from other funds	463,291	418,266	1,274,992	1,269,290	1,132,959	897,552	227,695
	<u>976,503</u>	<u>418,266</u>	<u>1,274,992</u>	<u>4,466,883</u>	<u>2,736,207</u>	<u>897,552</u>	<u>647,039</u>
REVENUE							
Investment revenue	<u>19,571</u>	<u>11,046</u>	<u>30,009</u>	<u>109,662</u>	<u>66,120</u>	<u>12,811</u>	<u>11,997</u>
TRANSFERS							
Transfer to reserves	-	-	208,235	971,954	1,068,826	250,000	51,027
Transfer from reserves	-	(140,000)	(450,000)	(973,000)	(570,899)	-	-
	<u>-</u>	<u>(140,000)</u>	<u>(241,765)</u>	<u>(1,046)</u>	<u>497,927</u>	<u>250,000</u>	<u>51,027</u>
CHANGE IN FUND BALANCES	<u>19,571</u>	<u>(128,954)</u>	<u>(211,756)</u>	<u>108,616</u>	<u>564,047</u>	<u>262,811</u>	<u>63,024</u>
FUND SURPLUS, BEGINNING OF YEAR	<u>956,932</u>	<u>547,220</u>	<u>1,486,748</u>	<u>4,358,267</u>	<u>2,172,160</u>	<u>634,741</u>	<u>584,015</u>
FUND SURPLUS, END OF YEAR	<u>976,503</u>	<u>418,266</u>	<u>1,274,992</u>	<u>4,466,883</u>	<u>2,736,207</u>	<u>897,552</u>	<u>647,039</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

For the Year Ended December 31, 2019

	Committed Expenditures Reserve \$	Land Dedication Reserve \$	Recreations Reserve \$	Gas Tax Reserve \$	Utility Replacement Reserve \$	2019 Actual \$	2018 Actual \$
FINANCIAL ASSETS							
Cash and temporary investments	144,470	233,603	-	-	964,900	2,795,158	2,738,489
Accounts receivable	19,398	407	8,589	-	1,680	55,081	44,285
Portfolio investments	1,565,805	-	2,498,225	-	-	8,320,235	8,093,000
Due from other funds	495,183	103,228	1,126,322	2,644,062	1,885,497	11,938,337	9,831,590
	<u>2,224,856</u>	<u>337,238</u>	<u>3,633,136</u>	<u>2,644,062</u>	<u>2,852,077</u>	<u>23,108,811</u>	<u>20,707,364</u>
REVENUE							
Investment revenue	<u>51,930</u>	<u>6,491</u>	<u>85,513</u>	<u>42,005</u>	<u>71,004</u>	<u>518,159</u>	<u>279,469</u>
TRANSFERS							
Transfer to reserves	258,940	14,920	1,028,110	1,697,934	786,500	6,336,446	5,154,883
Transfer from reserves	(369,260)	-	-	(650,000)	(1,300,000)	(4,453,159)	(1,259,766)
	<u>(110,320)</u>	<u>14,920</u>	<u>1,028,110</u>	<u>1,047,934</u>	<u>(513,500)</u>	<u>1,883,287</u>	<u>3,895,117</u>
CHANGE IN FUND BALANCES	(58,390)	21,411	1,113,623	1,089,939	(442,496)	2,401,446	4,174,586
FUND SURPLUS, BEGINNING OF YEAR	2,283,246	315,827	2,519,513	1,554,123	3,294,573	20,707,365	16,532,779
FUND SURPLUS, END OF YEAR	<u>2,224,856</u>	<u>337,238</u>	<u>3,633,136</u>	<u>2,644,062</u>	<u>2,852,077</u>	<u>23,108,811</u>	<u>20,707,365</u>

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

For the Year Ended December 31, 2019

	2019 Actual \$	2018 Actual \$
FINANCIAL ASSETS		
Accounts receivable <i>(note 3)</i>	1,114,459	1,027,042
Due from other funds	<u>7,348,173</u>	<u>-</u>
	<u>8,462,632</u>	<u>1,027,042</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 5)</i>	94,625	75,141
Long-term debt <i>(note 8)</i>	4,629,264	1,151,558
Due to other funds	<u>7,267,356</u>	<u>3,915,829</u>
	<u>11,991,245</u>	<u>5,142,528</u>
NET DEBT	<u>(3,528,613)</u>	<u>(4,115,486)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(schedule 1)</i>	69,450,464	66,981,108
Prepaid expenses	<u>21,353</u>	<u>21,088</u>
	<u>69,471,817</u>	<u>67,002,196</u>
FUND SURPLUS	<u><u>65,943,204</u></u>	<u><u>62,886,710</u></u>

SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
REVENUE			
WATER			
Water fees	2,112,693	2,264,471	2,246,018
SEWER			
Sewer fees	1,352,000	1,400,207	1,290,512
PROPERTY TAXES			
	2,100,906	2,100,906	1,013,354
GOVERNMENT TRANSFERS			
Capital	-	941,219	4,449,101
OTHER REVENUE			
Hydrant rentals	91,350	92,370	87,760
Connection charges	-	-	13,826
Installation service	69,000	68,580	105,890
Penalties	7,880	18,342	16,521
Contributed tangible capital assets	-	927,966	2,087,041
Gain on sale of tangible capital assets	2,000	-	-
Other income	13,537	33,918	21,997
	183,767	1,141,176	2,333,035
TOTAL REVENUE	5,749,366	7,847,979	11,332,020
EXPENSES			
GENERAL			
Administration	363,563	363,563	356,340
Billing and collection	19,854	21,216	18,352
Utilities (telephone, electricity, etc)	5,191	3,395	2,562
Other administration expense	2,474	1,580	1,483
Interest on short-term debt	17,340	55,488	21,361
	408,422	445,242	400,098
WATER			
Purification and treatment	288,887	308,447	190,233
Transmission and distribution	1,016,826	864,593	718,524
Service and other supply costs	343,485	313,646	306,457
	1,649,198	1,486,686	1,215,214
WATER AMORTIZATION AND INTEREST			
Amortization	1,168,800	1,168,807	1,187,899
Interest on long-term debt	183,258	183,303	16,607
	1,352,058	1,352,110	1,204,506
SEWER			
Collection system costs	422,252	365,854	365,075

SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Treatment and disposal costs	290,546	325,287	327,541
Lift station costs	138,541	130,474	117,102
	<u>851,339</u>	<u>821,615</u>	<u>809,718</u>
SEWER AMORTIZATION AND INTEREST			
Amortization	1,178,900	1,178,932	1,162,403
Interest on long-term debt	20,356	20,400	38,524
	<u>1,199,256</u>	<u>1,199,332</u>	<u>1,200,927</u>
TOTAL EXPENSES	<u>5,460,273</u>	<u>5,304,985</u>	4,830,463
EXCESS OF REVENUE OVER EXPENSES	289,093	2,542,994	6,501,557
TRANSFERS			
Transfer to reserves	-	(786,500)	(1,128,006)
Transfer from reserves	-	1,300,000	27,259
	<u>-</u>	<u>513,500</u>	<u>(1,100,747)</u>
CHANGE IN UTILITY FUND BALANCE	289,093	3,056,494	5,400,810
FUND SURPLUS, BEGINNING OF YEAR	<u>62,886,710</u>	<u>62,886,710</u>	<u>57,485,900</u>
FUND SURPLUS, END OF YEAR	<u>63,175,803</u>	<u>65,943,204</u>	<u>62,886,710</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2019

	Financial Plan General \$	Financial Plan Utility \$	Amortization (TCA) \$	Interest Expense \$	Transfers \$	Long Term Accruals \$	Consolidated Entities \$	PSAB Budget \$
REVENUE								
Property taxes	15,593,658	-	-	-	-	-	-	15,593,658
Grants in lieu of taxation	177,592	-	-	-	-	-	-	177,592
User fees	5,392,228	-	-	-	-	-	44,000	5,436,228
Grants - Province of Manitoba	2,752,400	-	-	-	-	-	145,226	2,897,626
Grants - Other	851,863	-	-	-	-	-	337,049	1,188,912
Permits, licences and fees	445,147	-	-	-	-	-	-	445,147
Investment revenue	150,000	-	-	-	-	-	3,000	153,000
Other revenue	688,335	-	-	-	-	-	45,500	733,835
Transfers	(773,500)	2,960,000	-	-	(2,186,500)	-	-	-
Water and sewer	(2,100,906)	5,749,366	-	-	-	-	-	3,648,460
	23,176,817	8,709,366	-	-	(2,186,500)	-	574,775	30,274,458
EXPENSES								
General government services	4,226,031	-	177,650	161,000	-	-	-	4,564,681
Protective services	4,835,367	-	167,600	-	-	-	-	5,002,967
Transportation services	2,963,262	-	4,372,700	-	-	-	-	7,335,962
Environmental health services	2,428,670	-	353,800	-	-	-	-	2,782,470
Public health and welfare services	129,760	-	8,900	-	-	-	-	138,660
Regional planning and development	458,615	-	-	-	-	-	-	458,615
Resource conservation and industrial development	80,000	-	-	-	-	-	-	80,000
Recreation and cultural services	3,797,458	-	828,126	-	-	-	568,230	5,193,814
Fiscal services	1,224,877	-	-	-	(1,224,877)	-	-	-
Transfers	3,032,777	3,699,500	-	-	(6,732,277)	-	-	-
Water and sewer	-	5,009,866	2,347,700	203,614	(2,100,907)	-	-	5,460,273
	23,176,817	8,709,366	8,256,476	364,614	(10,058,061)	-	568,230	31,017,442
SURPLUS (DEFICIT)	-	-	(8,256,476)	(364,614)	7,871,561	-	6,545	(742,984)

ANALYSIS OF TAXES ON ROLL

For the Year Ended December 31, 2019

	2019 Actual \$	2018 Actual \$
BALANCE, BEGINNING OF YEAR	<u>1,949,409</u>	<u>2,195,885</u>
Add:		
Tax Levy (<i>schedule 11</i>)	31,684,820	30,973,506
Taxes added	1,013,041	910,888
Business tax	170,951	166,751
Penalties and interest	226,164	198,192
Other accounts added	290,999	285,619
Taxes overpaid (refunds)	<u>61,584</u>	<u>100,644</u>
Sub-total	<u>35,396,968</u>	<u>34,831,485</u>
Deduct:		
Cash collections - current	28,970,103	28,497,311
Cash collections - arrears	1,397,237	1,830,425
Cancellations	148,183	213,562
Tax discounts	-	-
M.P.T.C. - cash advance	2,335,888	2,327,973
Other credit (specify)	<u>-</u>	<u>12,805</u>
Sub-total	<u>32,851,411</u>	<u>32,882,076</u>
BALANCE, END OF YEAR	<u><u>2,545,557</u></u>	<u><u>1,949,409</u></u>

ANALYSIS OF TAX LEVY

For the Year Ended December 31, 2019

	Assessment	2019 Mill Rate	Levy	2018 Levy
Debt Charges:				
Frontage			-	-
L.I.D.	088,028,600	0.834	907,731	1,038,024
At large (note 10)			2,134,218	1,096,577
			<u>3,041,949</u>	<u>2,134,601</u>
Reserves:				
Recreation	950,157,010	1.066	1,012,867	1,151,501
Other municipal levies:				
General municipal	950,157,010	6.053	5,751,300	6,355,957
Special levy (note 11)			5,071,591	4,935,932
Other			-	(296)
			<u>10,822,891</u>	<u>11,291,593</u>
Total municipal taxes (schedule 2)			<u>14,877,707</u>	<u>14,577,695</u>
Education Support Levy	310,525,270	9.770	3,033,832	2,969,369
Special levy:				
Hanover School Division	908,168,350	15.166	13,773,281	13,426,146
Other			-	296
			<u>13,773,281</u>	<u>13,426,442</u>
Total education taxes			<u>16,807,113</u>	<u>16,395,811</u>
Total tax levy (schedule 10)			<u>31,684,820</u>	<u>30,973,506</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative	295,656	262,717	236,341
General administrative	4,269,025	4,195,282	4,509,048
	<u>4,564,681</u>	<u>4,457,999</u>	<u>4,745,389</u>
PROTECTIVE SERVICES			
Police	3,139,850	2,738,856	2,667,614
Fire	1,066,892	1,123,971	1,000,652
Emergency measures	38,130	33,342	32,622
Other protective services	758,095	648,676	629,249
	<u>5,002,967</u>	<u>4,544,845</u>	<u>4,330,137</u>
TRANSPORTATION SERVICES			
Road transport			
Administration and engineering	451,064	455,284	461,941
Road and street maintenance	6,398,782	6,329,405	7,194,880
Sidewalk and boulevard maintenance	51,500	64,415	52,382
Street lighting	318,000	323,805	297,678
Air transport	32,305	29,971	30,899
Public transit	84,311	90,618	86,954
	<u>7,335,962</u>	<u>7,293,498</u>	<u>8,124,734</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste collection and disposal	1,689,320	2,212,165	2,088,796
Recycling	739,350	755,372	679,425
Other	353,800	353,779	368,583
	<u>2,782,470</u>	<u>3,321,316</u>	<u>3,136,804</u>
PUBLIC HEALTH AND WELFARE SERVICES			
Public health	118,895	105,677	102,740
Social assistance	19,765	19,765	19,765
	<u>138,660</u>	<u>125,442</u>	<u>122,505</u>
REGIONAL PLANNING AND DEVELOPMENT			
Planning and zoning	133,565	90,860	224,254
Beautification and land rehabilitation	216,150	181,894	178,824
Urban area weed control	62,900	80,498	68,012
Other	46,000	91,395	55,724
	<u>458,615</u>	<u>444,647</u>	<u>526,814</u>
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT			
Water resources and conservation	15,000	15,000	15,000
Tourism	65,000	256,927	311,753
	<u>80,000</u>	<u>271,927</u>	<u>326,753</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
RECREATION AND CULTURAL SERVICES			
Administration	376,206	391,649	358,618
Swimming pools and beaches	1,870,400	1,806,566	1,753,602
Skating and curling rinks	513,300	483,277	522,296
Parks and playgrounds	903,250	971,407	817,809
Other recreational facilities	869,276	863,054	870,761
Libraries	63,564	66,973	67,033
Other cultural facilities	29,588	35,680	35,744
	<u>4,625,584</u>	<u>4,618,606</u>	<u>4,425,863</u>
TOTAL EXPENSES	<u><u>24,988,939</u></u>	<u><u>25,078,280</u></u>	<u><u>25,738,999</u></u>

ESTIMATED RECONCILIATION OF ANNUAL SURPLUS

For the Year Ended December 31, 2019

	General \$	Utility \$	2019 Total \$	2018 Total \$
CONSOLIDATED ANNUAL SURPLUS				
<i>(statement 2)</i>	8,823,774	2,542,994	11,366,768	10,580,280
Elimination of appropriations from reserves	3,153,159	1,300,000	4,453,159	1,307,753
Elimination of appropriations to reserves	(5,549,946)	(786,500)	(6,336,446)	(6,462,636)
Consolidation of reserve operations	(518,159)	-	(518,159)	(279,469)
Elimination of controlled entity operations	(43,114)	-	(43,114)	(200,869)
Amortization of tangible capital assets	5,908,737	2,347,739	8,256,476	9,219,162
Principal portion of long term debt	(1,241,909)	(2,103,736)	(3,345,645)	(2,426,231)
Change in landfill liability	-	-	-	465,096
Change in capital grants and other funding	-	-	-	(4,808,251)
Contributed capital assets	(2,085,292)	(927,966)	(3,013,258)	(6,217,356)
Proceeds on disposal of assets	-	-	-	43,148
Change in unexpended gas tax funding	(1,554,124)	-	(1,554,124)	-
Change in unexpended development fees	(2,147,245)	-	(2,147,245)	635,904
Change in unexpended perpetual care fees	(162,572)	-	(162,572)	-
Acquisitions of capital assets from operating funds	(2,344,356)	(1,158,278)	(3,502,634)	(1,707,889)
ESTIMATED EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES FOR THE PURPOSES OF SECTION 165(1) AND (2) OF THE MUNICIPAL ACT***	2,238,953	1,214,253	3,453,206	148,642

*** Please note that this is an estimate based on the adjustments presented above since it is possible that not every required adjustment for PSAB purposes that is different from and affects the results based on the municipal budget has necessarily been reflected.

R|M

REID & MILLER

CHARTERED PROFESSIONAL ACCOUNTANTS INC