

# **CITY OF STEINBACH**

**Consolidated Financial Statements  
Year ended December 31, 2012**

## STATEMENT OF RESPONSIBILITY

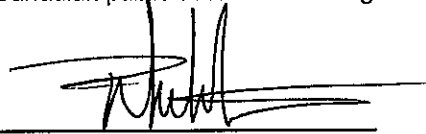
The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Steinbach and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian 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 as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Independent 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.

Steinbach, Manitoba

Date 19-06-2013



*Troy Warkentin*  
Assistant City Manager

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the City of Steinbach, which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the City of Steinbach as at December 31, 2012, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2012 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada  
June 19, 2013



Chambers Fraser  
Professional Accountants

**CITY OF STEINBACH**  
**Consolidated Financial Statements**  
**Year ended December 31, 2012**

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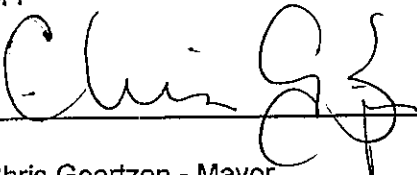
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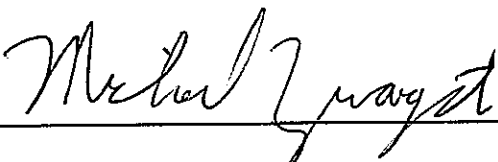
**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	\$ 12,234,412	\$ 10,862,952
Amounts receivable (Note 4)	2,281,859	3,400,348
Portfolio investments (Note 5)	<u>1,604,091</u>	<u>1,094,792</u>
	<u>\$ 16,120,362</u>	<u>\$ 15,358,092</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 2,969,268	\$ 3,322,925
Deferred revenue (Note 7)	2,324,469	1,548,156
Landfill closure and post closure liabilities (Note 8)	1,839,593	1,709,008
Long-term debt (Note 9)	5,481,832	6,265,583
Other liabilities	<u>123,672</u>	<u>138,352</u>
	<u>12,738,834</u>	<u>12,984,024</u>
<b>NET FINANCIAL ASSETS</b>	<u>\$ 3,381,528</u>	<u>\$ 2,374,068</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	138,144,295	132,601,304
Prepaid expenses	<u>74,502</u>	<u>71,400</u>
	<u>138,218,797</u>	<u>132,672,704</u>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<u>\$141,600,325</u>	<u>\$135,046,772</u>

**COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)**

Approved on behalf of Council:

  
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 Chris Goertzen - Mayor

  
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 Michael Zwaagstra - Councillor  
 / Deputy Mayor

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**Year ended December 31, 2012**

	<u>2012 Budget (Note 14)</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
<b>REVENUE</b>			
Property taxes	\$ 11,300,871	\$ 11,376,670	\$ 9,792,196
Grants in lieu of taxation	133,748	137,376	127,887
User fees	3,172,822	4,446,414	4,125,007
Permits, licences and fines	265,800	656,837	609,819
Investment income	63,408	233,556	264,971
Contributed infrastructure assets	9,893,334	2,769,502	2,812,561
Other revenue	196,537	557,820	250,465
Water and sewer	2,595,061	2,842,395	2,752,227
Grants - Province of Manitoba	2,854,261	3,268,654	3,038,423
Grants - other	603,400	842,264	1,362,822
	<u>31,079,242</u>	<u>27,131,488</u>	<u>25,136,378</u>
Total revenue (Schedules 2, 4 and 5)			
<b>EXPENSES</b>			
General government services	2,914,974	2,852,634	2,897,907
Protective services	2,992,621	3,042,262	2,563,117
Transportation services	4,600,199	4,745,988	4,650,802
Environmental health services	2,001,810	2,255,621	1,838,426
Public health and welfare services	99,659	105,914	93,916
Regional planning and development	212,768	453,742	324,791
Resource conservation and industrial development	73,986	290,789	151,073
Recreation and cultural services	3,551,928	3,391,077	3,335,758
Water and sewer services	3,406,448	3,439,908	3,274,933
	<u>19,854,393</u>	<u>20,577,935</u>	<u>19,130,723</u>
Total expenses (Schedules 3, 4 and 5)			
<b>ANNUAL SURPLUS</b>	<u>11,224,849</u>	6,553,553	6,005,655
<b>ACCUMULATED SURPLUS BEGINNING OF YEAR</b>		<u>135,046,772</u>	<u>129,041,117</u>
<b>ACCUMULATED SURPLUS END OF YEAR</b>		<u>\$ 141,600,325</u>	<u>\$ 135,046,772</u>

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended December 31, 2012**

	<u>2012 Budget (Note 14)</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 11,224,849</b>	<b>\$ 6,553,553</b>	<b>\$ 6,005,655</b>
Acquisition of tangible capital assets	(19,343,334)	(11,180,867)	(11,842,468)
Amortization of tangible capital assets	4,951,799	5,364,687	4,959,901
Loss (Gain) on sale of tangible capital assets	-	(275,806)	50,233
Proceeds on sale of tangible capital assets	-	548,995	165,268
Increase in prepaid expense	-	(3,102)	(6,057)
	<u>(14,391,535)</u>	<u>(5,546,093)</u>	<u>(6,673,123)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b><u>(3,166,686)</u></b>	<b>1,007,460</b>	<b>(667,468)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<u>2,374,068</u>	<u>3,041,536</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b><u>\$ 3,381,528</u></b>	<b><u>\$ 2,374,068</u></b>

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 6,553,553	\$ 6,005,655
Changes in non-cash items:		
Amounts receivable	1,118,489	3,815,810
Prepays	(3,102)	(6,057)
Accounts payable and accrued liabilities	(353,657)	194,033
Deferred revenue	776,313	514,248
Landfill closure and post closure liabilities	130,585	102,928
Other liabilities	(14,680)	26,631
Loss (Gain) on sale of tangible capital assets	(275,806)	50,233
Contributed infrastructure assets revenue	(2,769,502)	(2,812,561)
Amortization	5,364,687	4,959,901
Cash provided by operating transactions	<u>10,526,880</u>	<u>12,850,821</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	548,995	165,268
Cash used to acquire tangible capital assets	<u>(8,411,365)</u>	<u>(9,029,907)</u>
Cash applied to capital transactions	<u>(7,862,370)</u>	<u>(8,864,639)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of portfolio investments	125,020	467,656
Purchase of portfolio investments	<u>(634,319)</u>	<u>(874,814)</u>
Cash applied to investing transactions	<u>(509,299)</u>	<u>(407,158)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	1,195,000	1,840,000
Debt repayment	<u>(1,978,751)</u>	<u>(1,840,925)</u>
Cash applied to financing transactions	<u>(783,751)</u>	<u>(925)</u>
<b>INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>1,371,460</b>	<b>3,578,099</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>10,862,952</b></u>	<u><b>7,284,853</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u><u><b>\$ 12,234,412</b></u></u>	<u><u><b>\$ 10,862,952</b></u></u>



**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

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**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 controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Jake Epp Library  
Steinbach Community Development Corporation

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

**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, 2012**

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**g) Tangible Capital Assets**

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 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	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 of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

**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 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.

**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:

	<u>2012</u>	<u>2011</u>
Cash	\$ 12,234,412	\$ 10,862,952
Temporary Investments	-	-
	<u>\$ 12,234,412</u>	<u>\$ 10,862,952</u>

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

Designated Reserve Funds	<u>\$ 3,516,076</u>	<u>\$ 4,457,393</u>
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**4. Amounts Receivable**

Amounts receivable are valued at their net realizable value.

	<u>2012</u>	<u>2011</u>
Taxes on roll (Schedule 11)	\$ 817,808	\$ 633,751
Government grants	26,777	1,262,285
Utility customers	695,820	639,773
Accrued interest	25,490	21,584
Organizations and individuals	580,806	574,235
Other governments	157,481	270,372
	<u>2,304,182</u>	<u>3,402,000</u>
Less allowances for doubtful amounts	<u>(22,323)</u>	<u>(1,652)</u>
	<u>\$ 2,281,859</u>	<u>\$ 3,400,348</u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

**5. Portfolio Investments**

	<u>2012</u>	<u>2011</u>
Marketable securities:		
Province of Manitoba	\$ 1,100,000	\$ 600,000
Other securities	<u>453,287</u>	<u>447,907</u>
	\$ 1,553,287	\$ 1,047,907
Other investments	<u>50,804</u>	<u>46,885</u>
	<u><u>\$ 1,604,091</u></u>	<u><u>\$ 1,094,792</u></u>

The aggregate market value of the marketable securities at December 31, 2012 is **\$1,556,325** (2011 - \$1,047,217). Portfolio investments earned **\$45,165** in investment income during the year (2011 - \$38,107).

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

Designated Reserve Funds	<u><u>\$ 1,448,463</u></u>	<u><u>\$ 948,463</u></u>
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**6. Accounts Payable and Accrued Liabilities**

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 1,061,668	\$ 1,622,209
Accrued expenses	642,028	708,386
Accrued interest payable	89,027	68,891
School levies (Schedule 13)	576,404	433,418
Other governments	<u>600,141</u>	<u>490,021</u>
	<u><u>\$ 2,969,268</u></u>	<u><u>\$ 3,322,925</u></u>

**7. Deferred Revenue:**

	<u>2012</u>	<u>2011</u>
Capital Development	\$ 1,841,974	\$ 879,732
Federal Gas Tax	34,896	271,641
Handi-Transit	72,737	71,298
Land Dedication	266,558	241,859
Perpetual Care	<u>15,407</u>	<u>14,422</u>
	2,231,572	1,478,952
Other	<u>92,897</u>	<u>69,204</u>
	<u><u>\$ 2,324,469</u></u>	<u><u>\$ 1,548,156</u></u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

**8. Landfill Closure and Post Closure Liabilities**

	<u>2012</u>	<u>2011</u>
<b>a) Operating Landfill Site</b>		
The Municipality currently has a permit to operate as a Class 1 landfill site in 2011 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.		
<b>Landfill West Cell</b>		
Estimated closure and post closure costs over the next 23 years	<u>\$ 2,205,000</u>	<u>\$ 2,100,000</u>
Discount rate	<u>3.35%</u>	<u>3.35%</u>
<b>Discounted costs</b>	<u><b>\$ 1,789,862</b></u>	<u><b>\$ 1,709,008</b></u>
Expected year capacity will be reached	<b>2011</b>	<b>2011</b>
Capacity (tonnes):		
Used to date	<b>670,000</b>	<b>670,000</b>
Remaining	<u>-</u>	<u>-</u>
Total	<u><b>670,000</b></u>	<u><b>670,000</b></u>
Percent utilized	<u>100.00%</u>	<u>100.00%</u>
<b>Liability based on percentage</b>	<u><b>\$ 1,789,862</b></u>	<u><b>\$ 1,709,008</b></u>
<b>Landfill East Cell</b>		
Estimated closure and post closure costs over the next 56 years	<u>\$ 7,668,000</u>	<u>\$ 7,668,000</u>
Discount rate	<u>4.50%</u>	<u>4.50%</u>
<b>Discounted costs</b>	<u><b>\$ 1,845,034</b></u>	<u><b>\$ 1,794,563</b></u>
Expected year capacity will be reached	<b>2035</b>	<b>2035</b>
Capacity (tonnes, volume, acreage, years):		
Used to date	<b>30,000</b>	<b>-</b>
Remaining	<u>1,083,000</u>	<u>1,113,000</u>
Total	<u><b>1,113,000</b></u>	<u><b>1,113,000</b></u>
Percent utilized	<u>2.70%</u>	<u>0.00%</u>
<b>Liability based on percentage</b>	<u><b>\$ 49,731</b></u>	<u><b>\$ -</b></u>
<b>b) Closed Landfill Site(s)</b>		
Estimated post closure costs over the next 56 years	<u>\$ -</u>	<u>\$ -</u>
<b>Total landfill closure and post closure liabilities</b>	<u><b>\$ 1,839,593</b></u>	<u><b>\$ 1,709,008</b></u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

**9. Long Term Debt**

	<u>2012</u>	<u>2011</u>
<b>General Authority:</b>		
Debenture for the firehall, at 5.34%, \$349,725 annually including interest, maturing October, 2012	\$ -	\$ 331,997
Debenture for Southland sidewalks, at 3.53%, \$27,930 annually including interest, maturing December, 2013 *	<b>26,978</b>	53,036
Debenture for Acres Drive concrete, at 3.53%, \$266,004 annually including interest, maturing February, 2014	<b>505,108</b>	744,818
Debenture for Industrial Road concrete, at 3.20%, \$159,212 annually including interest, maturing December, 2014	<b>303,767</b>	448,623
Debenture for Jake Epp Library expansion, interest at 3.29%, payable at \$198,149 annually including interest, maturing May, 2016	<b>731,461</b>	900,000
Debenture for Reimer Avenue resurfacing, interest at 3.29%, payable at \$129,898 annually including interest, maturing May, 2016	<b>479,513</b>	590,000
Debenture for a fire truck, interest at 3.29%, payable at \$77,058 annually including interest, maturing May, 2016	<b>284,457</b>	350,000
	<u><b>\$ 2,331,284</b></u>	<u><b>\$ 3,418,474</b></u>
<b>Utility Authority:</b>		
Debenture for pump station phase 1 , at 3.53%, \$110,835 annually including interest, maturing February, 2014	<b>\$ 210,461</b>	\$ 310,341
Debenture for pump station phase 2, at 3.84%, \$201,257 annually including interest, maturing September, 2014	<b>380,461</b>	560,206
Debenture for lagoon expansion, at 3.84%, \$670,855 annually including interest, maturing September, 2014	<b>1,268,203</b>	1,867,352
Debenture for Henry Street sewer, interest at 2.89%, \$43,534 annually including interest, maturing September, 2015	<b>123,401</b>	162,246
Debenture for Spruce Street sewer, interest at 2.36%, \$95,404 annually including interest, maturing December, 2017	<b>445,000</b>	-
Debenture for Spruce Street sewer, interest at 2.36%, \$53,598 annually including interest, maturing December, 2017	<b>250,000</b>	-
Debenture for Waste water lagoon expansion, interest at 2.25%, payable at \$106,850 annually including interest, maturing December, 2017	<b>500,000</b>	-
	<u><b>\$ 3,177,526</b></u>	<u><b>\$ 2,900,145</b></u>
	<b>\$ 5,508,810</b>	\$ 6,318,619
Less: Owned by Municipality *	<u><b>\$ (26,978)</b></u>	<u><b>\$ (53,036)</b></u>
	<u><b>\$ 5,481,832</b></u>	<u><b>\$ 6,265,583</b></u>

The debentures 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:

2012	<b>\$ 1,933,934</b>
2013	<b>2,000,333</b>
2014	<b>660,895</b>
2015	<b>636,606</b>
2016	<b>250,064</b>

**10. Commitments**

The Municipality has outstanding contractual obligations of approximately **\$239,000** at December 31, 2012 for the 2013 capital works program.

**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 MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. Prior to the contribution rate increase noted below, the MEPP required that employees contribute 6.3% of basic annual earnings up to the CPP ceiling plus 7.5% 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 \$256,812 (2011 - \$223,430) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2011 indicated the plan was 97.5% funded on a going concern basis and had an unfunded solvency liability of \$161.3 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2011. The valuation also disclosed that the existing contribution rate was insufficient to pay the minimum required contribution being the normal actuarial cost of the annual benefit accrued and the required amortization payment in respect of the going concern unfunded actuarial liability. The Board of Trustees amended the plan to increase the contribution rate by 1% effective July 1, 2012 and by another 1% effective January 1, 2013 to meet the minimum contribution requirement.

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 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.

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2012**

**15. Accumulated Surplus**

	<u>2012</u>	<u>2011</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 2,020,904	\$ 1,876,273
Utility operating fund - Nominal surplus	720,461	631,220
General capital fund - Capital surplus	79,936,641	77,724,552
Utility capital fund - Capital surplus	47,552,630	45,677,306
Reserve funds	<u>12,399,554</u>	<u>9,494,707</u>
	<b>\$ 142,630,190</b>	<b>\$ 135,404,058</b>
Deferred Revenue - Reserves	<u>(2,231,572)</u>	<u>(1,478,952)</u>
Accumulated surplus of municipality unconsolidated	<b>140,398,618</b>	133,925,106
Accumulated surpluses of consolidated entities	<u>1,201,707</u>	<u>1,121,666</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u><b>\$ 141,600,325</b></u>	<u><b>\$ 135,046,772</b></u>

**16. 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).

<u>Description of Utility</u>	<u>Unamortized Opening Balance</u>	<u>Additions During Year</u>	<u>Amortization During Year</u>	<u>Unamortized Ending Balance</u>
<b>Water services:</b>				
Grants	\$ 921,358	\$ -	\$ 26,324	\$ 895,034
Contributed Assets	<u>4,317,091</u>	<u>525,081</u>	<u>163,461</u>	<u>4,678,711</u>
	<u><b>\$ 5,238,449</b></u>	<u><b>\$ 525,081</b></u>	<u><b>\$ 189,785</b></u>	<u><b>\$ 5,573,745</b></u>
<b>Sewer services:</b>				
Grants	\$ 7,009,796	\$ (9,796)	\$ -	\$ 7,000,000
Contributed Assets	<u>7,706,307</u>	<u>569,123</u>	<u>201,630</u>	<u>8,073,800</u>
	<u><b>\$ 14,716,103</b></u>	<u><b>\$ 559,327</b></u>	<u><b>\$ 201,630</b></u>	<u><b>\$ 15,073,800</b></u>

**17. Council Indemnities**

<u>Council Members</u>	<u>Taxable Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor - Goertzan, Chris	\$ 22,712	\$ 27,811	\$ 50,523
Councillor - Fehr, John	8,351	7,563	15,914
Councillor - Funk, Earl	8,724	8,445	17,169
Councillor - Penner, Cari	8,171	7,037	15,208
Councillor - Penner, Susan	8,831	8,258	17,089
Councillor - Siemens, Jac	10,294	9,826	20,120
Councillor - Zwaagstra, Michael	<u>8,694</u>	<u>8,277</u>	<u>16,971</u>
	<u><b>\$ 75,777</b></u>	<u><b>\$ 77,217</b></u>	<u><b>\$ 152,994</b></u>



**CITY OF STEINBACH**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**Year ended December 31, 2012**

**SCHEDULE 1**

	<b>Capital Assets</b>				<b>Infrastructure</b>			<b>Totals</b>	
	<b>Land and Land Improvements</b>	<b>Buildings and Leasehold Improvements</b>	<b>Vehicles and Equipment</b>	<b>Assets Under Construction</b>	<b>Roads, Streets, and Bridges</b>	<b>Water and Sewer</b>	<b>Assets Under Construction</b>	<b>2012</b>	<b>2011</b>
<b>Cost</b>									
Opening costs	15,687,773	32,202,073	9,525,404	11,744,621	82,194,946	50,983,640	993,529	203,331,986	191,934,528
Additions during the year	270,051	1,575,307	698,296	307,243	2,438,855	2,742,762	3,148,353	11,180,867	11,842,468
Transfer during the year	-	11,944,676	-	(11,944,676)	903,488	36,162	(939,650)	-	-
Disposals and write downs	(215,663)	-	(300,675)	-	-	(39,061)	-	(555,399)	(445,010)
Closing costs	<b>15,742,161</b>	<b>45,722,056</b>	<b>9,923,025</b>	<b>107,188</b>	<b>85,537,289</b>	<b>53,723,503</b>	<b>3,202,232</b>	<b>213,957,454</b>	<b>203,331,986</b>
<b>Accumulated Amortization</b>									
Opening accum'd amortization	3,228,162	10,108,659	5,475,887	-	33,654,188	18,263,786	-	70,730,682	66,000,289
Amortization	301,144	821,968	542,542	-	2,444,210	1,254,823	-	5,364,687	4,959,901
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(243,345)	-	-	(38,865)	-	(282,210)	(229,508)
Closing accum'd amortization	<b>3,529,306</b>	<b>10,930,627</b>	<b>5,775,084</b>	<b>-</b>	<b>36,098,398</b>	<b>19,479,744</b>	<b>-</b>	<b>75,813,159</b>	<b>70,730,682</b>
Net Book Value of Tangible Capital Assets	<b>12,212,855</b>	<b>34,791,429</b>	<b>4,147,941</b>	<b>107,188</b>	<b>49,438,891</b>	<b>34,243,759</b>	<b>3,202,232</b>	<b>138,144,295</b>	<b>132,601,304</b>

Roads, water and sewer infrastructure contributed to the Municipality in 2012 totals \$2,769,501 and were capitalized at their fair value at the time of their receipt.

**CITY OF STEINBACH**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
**Year ended December 31, 2012**

**SCHEDULE 2**

	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
<b>Property taxes:</b>		
Municipal taxes levied (Schedule 12)	<b>\$10,546,765</b>	\$ 9,181,091
Taxes added	<b>829,905</b>	611,105
	<u><b>11,376,670</b></u>	<u>9,792,196</u>
<b>Grants in lieu of taxation:</b>		
Federal government	<b>22,591</b>	21,262
Provincial government	<b>9,867</b>	9,132
Provincial government enterprises	<b>80,774</b>	73,835
Non-government organizations	<b>24,144</b>	23,658
	<u><b>137,376</b></u>	<u>127,887</u>
<b>User fees</b>		
Parking meters	<b>21,205</b>	20,724
Sales of service	<b>3,681,169</b>	3,459,094
Sales of goods	<b>66,604</b>	90,341
Rentals	<b>191,861</b>	179,077
Development charges	<b>485,575</b>	375,771
	<u><b>4,446,414</b></u>	<u>4,125,007</u>
<b>Permits, licences and fines</b>		
Permits	<b>543,054</b>	497,409
Licences	<b>26,845</b>	31,340
Fines	<b>86,938</b>	81,070
	<u><b>656,837</b></u>	<u>609,819</u>
<b>Investment income:</b>		
Cash and portfolio investments	<b>229,776</b>	261,978
Other	<b>3,780</b>	2,993
	<u><b>233,556</b></u>	<u>264,971</u>
<b>Contributed revenue:</b>		
Contributed infrastructure assets	<b>2,769,502</b>	2,812,561
	<u><b>2,769,502</b></u>	<u>2,812,561</u>
<b>Other revenue:</b>		
Gain (Loss) on sale of tangible capital assets	<b>275,806</b>	(50,233)
Penalties and interest	<b>80,400</b>	58,762
Miscellaneous	<b>201,614</b>	241,936
	<u><b>557,820</b></u>	<u>250,465</u>
<b>Water and sewer (Schedule 4)</b>	<u><b>2,842,395</b></u>	<u>2,752,227</u>
<b>Grants - Province of Manitoba</b>		
General assistance payment	<b>2,151,882</b>	1,823,314
General support grant	<b>97,424</b>	93,795
VLT revenues	<b>206,097</b>	160,090
Conditional grants	<b>813,251</b>	961,224
	<u><b>3,268,654</b></u>	<u>3,038,423</u>
<b>Grants - other</b>		
Federal government - gas tax funding	<b>840,717</b>	490,801
Federal government - other	<b>(1,853)</b>	868,621
Other local governments	<b>3,400</b>	3,400
	<u><b>842,264</b></u>	<u>1,362,822</u>
<b>Total revenue</b>	<u><u><b>27,131,488</b></u></u>	<u><u>25,136,378</u></u>

**CITY OF STEINBACH  
CONSOLIDATED SCHEDULE OF EXPENSES  
Year ended December 31, 2012**

**SCHEDULE 3**

	<u>2012 Actual</u>	<u>2011 Actual</u>
<b>General government services:</b>		
Legislative	\$ 169,892	\$ 166,441
General administrative	1,805,385	1,695,157
Other	<u>877,357</u>	<u>1,036,309</u>
	<u>2,852,634</u>	<u>2,897,907</u>
<b>Protective services:</b>		
Police	1,729,301	1,393,777
Fire	719,632	576,174
Emergency measures	18,815	25,205
Other protection	<u>574,514</u>	<u>567,961</u>
	<u>3,042,262</u>	<u>2,563,117</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	205,111	202,560
Road and street maintenance	4,061,608	3,939,278
Sidewalk and boulevard maintenance	21,734	73,877
Street lighting	252,920	243,491
Other	104,477	102,110
Air transport	40,060	32,139
Public transit	<u>60,078</u>	<u>57,347</u>
	<u>4,745,988</u>	<u>4,650,802</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,373,678	1,154,045
Recycling	586,526	540,959
Other	<u>295,417</u>	<u>143,422</u>
	<u>2,255,621</u>	<u>1,838,426</u>
<b>Public health and welfare services:</b>		
Public health	86,149	74,151
Social assistance	<u>19,765</u>	<u>19,765</u>
	<u>105,914</u>	<u>93,916</u>
<b>Regional planning and development</b>		
Planning and zoning	309,679	175,315
Beautification and land rehabilitation	118,563	116,011
Urban area weed control	14,700	21,095
Other	<u>10,800</u>	<u>12,370</u>
	<u>453,742</u>	<u>324,791</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	15,000	10,000
Regional development	9,246	8,823
Tourism	<u>266,543</u>	<u>132,250</u>
	<u>290,789</u>	<u>151,073</u>
<b>Recreation and cultural services:</b>		
Administration	187,897	188,100
Swimming pools and beaches	1,434,071	1,408,756
Skating and curling rinks	350,933	374,529
Parks and playgrounds	531,564	492,144
Other recreational facilities	443,001	415,955
Libraries	393,478	412,246
Other cultural facilities	<u>50,133</u>	<u>44,028</u>
	<u>3,391,077</u>	<u>3,335,758</u>
<b>Water and sewer services (Schedule 9)</b>	<u>3,439,908</u>	<u>3,274,933</u>
<b>Total expenses</b>	<u><u>20,577,935</u></u>	<u><u>19,130,723</u></u>

## CITY OF STEINBACH

## SCHEDULE 4

## CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2012

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>										
Property taxes	\$ 9,882,333	\$ 8,323,824	\$ -	\$ -	\$ -	\$ -	\$ 467,856	\$ 441,891	\$ -	\$ -
Grants in lieu of taxation	134,298	124,890	-	-	-	-	3,078	2,997	-	-
User fees	321,637	281,575	461,870	448,424	98,888	74,294	1,604,305	1,586,347	128,328	108,800
Permits, licences and fines	7,854	6,344	80,844	78,505	5,070	2,665	-	-	-	-
Investment income	146,440	184,058	-	-	57,711	43,548	5,275	21,681	6,041	4,818
Contributed infrastructure assets	-	-	-	-	1,675,299	1,683,508	-	-	-	-
Gain (Loss) on sale of assets	221,055	(50,059)	-	-	-	-	-	-	-	-
Other revenue	264,422	286,114	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,455,404	2,077,199	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	27,026	29,213	-	-	32,181	31,155	-	-	-	-
Grants - other	-	-	-	86,657	840,717	490,801	-	-	-	-
<b>Total revenue</b>	<b>\$ 13,460,469</b>	<b>\$ 11,263,158</b>	<b>\$ 542,714</b>	<b>\$ 613,586</b>	<b>\$ 2,709,866</b>	<b>\$ 2,325,971</b>	<b>\$ 2,080,514</b>	<b>\$ 2,052,916</b>	<b>\$ 134,369</b>	<b>\$ 113,618</b>
<b>EXPENSES</b>										
Personnel services	\$ 1,207,509	\$ 1,071,963	\$ 667,519	\$ 535,184	\$ 859,258	\$ 797,675	\$ 669,756	\$ 619,138	\$ 50,905	\$ 47,609
Contract services	522,380	639,865	1,993,794	1,676,590	237,248	368,698	1,060,913	863,013	41,709	35,764
Utilities	355,431	332,339	66,199	65,684	368,181	340,570	46,377	48,202	3,203	2,873
Maintenance materials and supplies	87,821	78,807	100,612	86,909	451,215	422,046	183,159	164,652	7,694	5,700
Grants and contributions	351,128	489,224	-	-	-	-	-	-	-	-
Amortization	97,822	105,048	190,765	160,722	2,780,207	2,653,637	295,417	143,422	2,404	1,970
Interest on long term debt	-	-	23,374	38,028	49,879	68,177	-	-	-	-
Other	230,539	180,659	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 2,852,630</b>	<b>\$ 2,897,905</b>	<b>\$ 3,042,263</b>	<b>\$ 2,563,117</b>	<b>\$ 4,745,988</b>	<b>\$ 4,650,803</b>	<b>\$ 2,255,622</b>	<b>\$ 1,838,427</b>	<b>\$ 105,915</b>	<b>\$ 93,916</b>
<b>Surplus (Deficit)</b>	<b>\$ 10,607,839</b>	<b>\$ 8,365,253</b>	<b>\$ (2,499,549)</b>	<b>\$ (1,949,531)</b>	<b>\$ (2,036,122)</b>	<b>\$ (2,324,832)</b>	<b>\$ (175,108)</b>	<b>\$ 214,489</b>	<b>\$ 28,454</b>	<b>\$ 19,702</b>

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

## CITY OF STEINBACH

## SCHEDULE 4

## CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2012

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,481	\$ 1,026,481	\$ 11,376,670	\$ 9,792,196
Grants in lieu of taxation	-	-	-	-	-	-	-	-	137,376	127,887
User fees	483,054	374,548	20,981	21,231	1,327,349	1,229,788	-	-	4,446,412	4,125,007
Permits, licences and fines	21,910	12,390	541,159	509,915	-	-	-	-	656,837	609,819
Investment income	-	-	-	-	18,090	10,866	-	-	233,557	264,971
Contributed infrastructure assets	-	-	-	-	-	-	1,094,203	1,129,053	2,769,502	2,812,561
Gain (Loss) on sale of assets	-	-	60,840	-	(7,036)	-	947	(174)	275,806	(50,233)
Other revenue	2,697	2,354	-	-	14,895	12,230	-	-	282,014	300,698
Water and sewer	-	-	-	-	-	-	2,842,395	2,752,227	2,842,395	2,752,227
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,455,404	2,077,199
Prov of MB - Conditional Grants	655,000	15,000	-	-	103,942	104,784	(4,898)	781,072	813,251	961,224
Grants - other	-	-	-	-	6,445	6,576	(4,898)	778,788	842,264	1,362,822
Total revenue	\$ 1,162,661	\$ 404,292	\$ 622,980	\$ 531,146	\$ 1,463,685	\$ 1,364,244	\$ 4,954,230	\$ 6,467,447	\$ 27,131,488	\$ 25,136,378
<b>EXPENSES</b>										
Personnel services	\$ 64,116	\$ 61,726	\$ 1,500	\$ 1,500	\$ 1,864,012	\$ 1,804,412	\$ 772,800	\$ 748,026	\$ 6,157,375	\$ 5,687,233
Contract services	338,071	211,410	282,829	143,721	454,027	483,929	653,139	511,895	5,584,110	4,934,885
Utilities	1,473	3,377	6,460	5,852	345,010	336,370	206,852	205,079	1,399,186	1,340,346
Maintenance materials and supplies	49,704	47,899	-	-	260,966	272,329	121,383	180,170	1,262,554	1,258,512
Grants and contributions	-	-	-	-	-	-	-	-	351,128	489,224
Amortization	379	379	-	-	429,370	408,123	1,568,322	1,486,601	5,364,686	4,959,902
Interest on long term debt	-	-	-	-	25,913	19,740	106,067	130,521	205,233	256,466
Other	-	-	-	-	11,778	10,853	11,346	12,643	253,663	204,155
Total expenses	\$ 453,743	\$ 324,791	\$ 290,789	\$ 151,073	\$ 3,391,076	\$ 3,335,756	\$ 3,439,909	\$ 3,274,935	\$ 20,577,935	\$ 19,130,723
<b>Surplus (Deficit)</b>	\$ 708,918	\$ 79,501	\$ 332,191	\$ 380,073	\$ (1,927,391)	\$ (1,971,512)	\$ 1,514,321	\$ 3,192,512	\$ 6,553,553	\$ 6,005,655

## CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2012

	Core Government		Controlled Entities		Total	
	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>						
Property taxes	\$ 11,376,670	\$ 9,792,196	\$ -	\$ -	\$ 11,376,670	\$ 9,792,196
Grants in lieu of taxation	137,376	127,887	-	-	137,376	127,887
User fees	4,392,673	4,019,634	53,739	105,373	4,446,412	4,125,007
Permits, licences and fines	656,837	609,819	-	-	656,837	609,819
Investment income	229,777	261,978	3,780	2,993	233,557	264,971
Contributed infrastructure assets	2,769,502	2,812,561	-	-	2,769,502	2,812,561
Gain (Loss) on sale of assets	222,002	(50,233)	53,804	-	275,806	(50,233)
Other revenue	264,422	286,114	17,592	14,584	282,014	300,698
Water and sewer	2,842,395	2,752,227	-	-	2,842,395	2,752,227
Prov of MB - Unconditional Grants	2,455,404	2,077,199	-	-	2,455,404	2,077,199
Prov of MB - Conditional Grants	706,659	854,040	106,592	107,184	813,251	961,224
Grants - other	839,219	1,359,646	3,045	3,176	842,264	1,362,822
Total revenue	<u>\$ 26,892,936</u>	<u>\$ 24,903,068</u>	<u>\$ 238,552</u>	<u>\$ 233,310</u>	<u>\$ 27,131,488</u>	<u>\$ 25,136,378</u>
<b>EXPENSES</b>						
Personnel services	\$ 5,945,309	\$ 5,454,970	\$ 212,066	\$ 232,263	\$ 6,157,375	\$ 5,687,233
Contract services	5,546,649	4,904,458	37,461	30,427	5,584,110	4,934,885
Utilities	1,387,066	1,330,326	12,120	10,020	1,399,186	1,340,346
Maintenance materials and supplies	1,177,027	1,163,002	85,527	95,510	1,262,554	1,258,512
Grants and contributions	351,128	489,224	-	-	351,128	489,224
Amortization	5,358,916	4,951,800	5,770	8,102	5,364,686	4,959,902
Interest on long term debt	205,233	256,466	-	-	205,233	256,466
Other	241,885	193,302	11,778	10,853	253,663	204,155
Total expenses	<u>\$ 20,213,213</u>	<u>\$ 18,743,548</u>	<u>\$ 364,722</u>	<u>\$ 387,175</u>	<u>\$ 20,577,935</u>	<u>\$ 19,130,723</u>
<b>Surplus (Deficit)</b>	<u>\$ 6,679,723</u>	<u>\$ 6,159,520</u>	<u>\$ (126,170)</u>	<u>\$ (153,865)</u>	<u>\$ 6,553,553</u>	<u>\$ 6,005,655</u>

CITY OF STEINBACH  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year ended December 31, 2012

SCHEDULE 6

	2012							Committed Expenditures
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	
<b>REVENUE</b>								
Investment income	\$ 17,456	\$ 4,423	\$ 19,105	\$ 51,820	\$ 5,275	\$ 6,563	\$ 6,041	\$ 21,291
Total revenue	17,456	4,423	19,105	51,820	5,275	6,563	6,041	21,291
<b>TRANSFERS</b>								
Transfers from general operating	-	225,000	653,977	1,426,836	245,620	200,000	47,163	522,000
Transfers to general operating	-	-	-	-	-	-	-	(27,017)
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	(309,000)	(197,410)	(33,000)	-	-	(369,000)
<b>CHANGE IN RESERVE FUND BALANCES</b>	17,456	229,423	364,083	1,281,246	217,895	206,563	53,203	147,274
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	868,758	357,551	1,185,398	2,840,904	27,951	424,285	279,959	1,242,094
<b>FUND SURPLUS, END OF YEAR</b>	<u>\$ 886,214</u>	<u>\$ 586,975</u>	<u>\$ 1,549,480</u>	<u>\$ 4,122,150</u>	<u>\$ 245,846</u>	<u>\$ 630,848</u>	<u>\$ 333,163</u>	<u>\$ 1,389,368</u>

CITY OF STEINBACH  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year ended December 31, 2012

SCHEDULE 6

	2012					2011	
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
<b>REVENUE</b>							
Investment income	\$ 7,719	\$ 5,483	\$ 1,439	\$ 8,155	\$ 21,155	\$ 175,926	\$ 177,845
Total revenue	7,719	5,483	1,439	8,155	21,155	-	175,926
<b>TRANSFERS</b>							
Transfers from general operating	16,980	603,972	-	500,000	-	4,441,548	3,451,359
Transfers to general operating	-	-	-	-	-	(27,017)	(14,720)
Transfers from utility operating	-	-	-	-	530,000	530,000	450,000
Acquisition of tangible capital assets	-	(846,200)	-	-	(461,000)	(2,215,610)	(3,837,600)
<b>CHANGE IN RESERVE FUND BALANCES</b>	24,699	(236,745)	1,439	508,155	90,155	-	2,904,847
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	241,859	271,641	71,297	404,037	1,278,973		9,494,707
<b>FUND SURPLUS, END OF YEAR</b>	<u>\$ 266,558</u>	<u>\$ 34,896</u>	<u>\$ 72,736</u>	<u>\$ 912,192</u>	<u>\$ 1,369,128</u>	<u>\$ -</u>	<u>\$ 12,399,554</u>



**CITY OF STEINBACH  
SCHEDULE OF TRUST FUNDS  
Year ended December 31, 2012**

**SCHEDULE 7**

	Total	
	2012	2011
<b>ASSETS</b>		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to Municipality	\$ -	\$ -
Fund balance	-	-
	<u>\$ -</u>	<u>\$ -</u>
<b>REVENUES</b>		
Contributions and donations	\$ -	\$ -
Investment income	-	-
	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
Cemetery maintenance	-	-
Distribution to beneficiaries	-	-
Other	-	-
	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STEINBACH  
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES  
 Year ended December 31, 2012

SCHEDULE 8

	Total	
	2012	2011
<b>FINANCIAL ASSETS</b>		
Amounts receivable	\$ 695,820	\$ 1,875,553
	<u>\$ 695,820</u>	<u>\$ 1,875,553</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 99,574	\$ 94,277
Long-term debt (Note 9)	3,177,526	2,900,145
Due to other funds	408,229	1,479,457
	<u>3,685,329</u>	<u>4,473,879</u>
<b>NET DEBT</b>	<u>\$ (2,989,509)</u>	<u>\$ (2,598,326)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	\$ 51,248,517	\$ 48,894,127
Prepaid expenses	14,083	12,725
	<u>51,262,600</u>	<u>48,906,852</u>
<b>FUND SURPLUS</b>	<u>\$ 48,273,091</u>	<u>\$ 46,308,526</u>

COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)

CITY OF STEINBACH  
SCHEDULE OF UTILITY OPERATIONS  
Year ended December 31, 2012

SCHEDULE 9

	2012 Budget	2012 Actual	2011 Actual
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ 1,566,000	1,668,259	\$ 1,653,195
sub-total- water	<u>1,566,000</u>	<u>1,668,259</u>	<u>1,653,195</u>
<b>Sewer</b>			
Sewer fees	895,560	972,284	962,865
sub-total- sewer	<u>895,560</u>	<u>972,284</u>	<u>962,865</u>
<b>Property taxes</b>	<u>1,026,481</u>	<u>1,026,481</u>	<u>1,026,481</u>
<b>Government transfers</b>			
Operating	-	-	2,284
Capital	-	(9,796)	1,557,576
sub-total- government transfers	<u>-</u>	<u>(9,796)</u>	<u>1,559,860</u>
<b>Other</b>			
Hydrant rentals	63,500	64,250	64,250
Connection charges	-	17,000	3,087
Installation service	50,000	75,844	40,603
Penalties	7,000	8,553	9,088
Contributed infrastructure assets	3,823,447	1,094,203	1,129,053
Gain (Loss) on sale of tangible capital assets	-	947	(174)
Other income	13,001	36,205	19,139
sub-total- other	<u>3,956,948</u>	<u>1,297,002</u>	<u>1,265,046</u>
<b>Total revenue</b>	<u>7,444,989</u>	<u>4,954,230</u>	<u>6,467,447</u>
<b>EXPENSES</b>			
<b>General</b>			
Administration	255,460	229,771	228,110
Billing and collection	9,800	5,200	7,411
Interest on short term debt	-	11,345	12,642
sub-total- general	<u>265,260</u>	<u>246,316</u>	<u>248,163</u>
<b>Water</b>			
Purification and treatment	177,238	172,208	181,873
Transmission and distribution	592,409	535,868	594,500
Service and other supply costs	195,150	240,382	215,066
sub-total- water general	<u>964,797</u>	<u>948,458</u>	<u>991,439</u>
<b>Water Amortization &amp; Interest</b>			
Amortization	761,753	824,013	761,753
Interest on long term debt	28,418	26,934	37,182
sub-total- water amortization & interest	<u>790,171</u>	<u>850,947</u>	<u>798,935</u>
<b>Sewer</b>			
Collection system costs	235,104	270,903	232,543
Treatment and disposal cost	257,750	195,965	88,284
Lift Station costs	101,650	103,877	97,382
sub-total- sewer general	<u>594,504</u>	<u>570,745</u>	<u>418,209</u>
<b>Sewer Amortization &amp; Interest</b>			
Amortization	724,848	744,309	724,848
Interest on long term debt	66,868	79,133	93,339
sub-total- sewer amortization & interest	<u>791,716</u>	<u>823,442</u>	<u>818,187</u>
<b>Total expenses</b>	<u>3,406,448</u>	<u>3,439,908</u>	<u>3,274,933</u>
<b>NET REVENUES</b>	<u>4,038,541</u>	<u>1,514,322</u>	<u>3,192,514</u>
<b>TRANSFERS</b>			
Transfers to reserve funds	(350,000)	(530,000)	(450,000)
Transfer for capital purposes (to) from general capital funds	-	519,243	(3,635)
Transfer for capital purposes from reserve funds	-	461,000	539,500
<b>CHANGE IN UTILITY FUND BALANCE</b>	<u>3,688,541</u>	<u>1,964,565</u>	<u>3,278,379</u>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		<u>46,308,526</u>	<u>43,030,147</u>
<b>FUND SURPLUS, END OF YEAR</b>		<u>\$ 48,273,091</u>	<u>\$ 46,308,526</u>

**CITY OF STEINBACH**  
**RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET**  
**Year ended December 31, 2012**

**SCHEDULE 10**

	<b>Financial Plan General</b>	<b>Financial Plan Utility(ies)</b>	<b>Amortization (TCA)</b>	<b>Interest Expense</b>	<b>Transfers</b>	<b>Long Term Accruals</b>	<b>Municipality Budget</b>	<b>Consolidated Entities</b>	<b>PSAB Budget</b>
<b>REVENUE</b>									
Property taxes	\$ 11,300,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,300,871	\$ -	\$ 11,300,871
Grants in lieu of taxation	133,748	-	-	-	-	-	133,748	-	133,748
User fees	3,509,420	-	(300,000)	-	(109,500)	-	3,099,920	72,902	3,172,822
Permits, licences and fines	265,800	-	-	-	-	-	265,800	-	265,800
Investment income	60,000	-	-	-	-	-	60,000	3,408	63,408
Contributed infrastructure assets	-	-	9,893,334	-	-	-	9,893,334	-	9,893,334
Other revenue	94,000	-	-	-	-	-	94,000	102,537	196,537
Water and sewer	-	2,595,061	-	-	-	-	2,595,061	-	2,595,061
Grants - Province of Manitoba	2,111,200	-	640,000	-	-	-	2,751,200	103,061	2,854,261
Grants - other	600,000	-	-	-	-	-	600,000	3,400	603,400
Transfers from General	-	1,026,481	-	-	(1,026,481)	-	-	-	-
Transfers from reserves	10,000	-	-	-	(10,000)	-	-	-	-
<b>Total revenue</b>	<b>\$ 18,085,039</b>	<b>\$ 3,621,542</b>	<b>\$ 10,233,334</b>	<b>\$ -</b>	<b>\$ (1,145,981)</b>	<b>\$ -</b>	<b>\$ 30,793,934</b>	<b>\$ 285,308</b>	<b>\$ 31,079,242</b>
<b>EXPENSES</b>									
General government services	\$ 2,973,414	\$ -	\$ 89,289	\$ 12,000	\$ (159,729)	-	\$ 2,914,974	\$ -	\$ 2,914,974
Protective services	2,795,123	-	174,124	23,374	-	-	2,992,621	-	2,992,621
Transportation services	2,010,765	-	2,537,683	51,751	-	-	4,600,199	-	4,600,199
Environmental health services	1,601,578	-	269,647	-	-	130,585	2,001,810	-	2,001,810
Public health and welfare services	97,465	-	2,194	-	-	-	99,659	-	99,659
Regional planning and development	212,422	-	346	-	-	-	212,768	-	212,768
Resource cons and industrial dev	66,240	-	-	-	-	-	66,240	7,746	73,986
Recreation and cultural services	2,646,507	-	391,915	25,913	-	-	3,064,335	487,593	3,551,928
Water and sewer services	-	1,824,561	1,486,601	95,286	-	-	3,406,448	-	3,406,448
Fiscal services:									
Transfer to capital	1,510,000	405,000	(1,915,000)	-	-	-	-	-	-
Debt charges	1,207,976	1,026,481	-	(2,234,457)	-	-	-	-	-
Transfer to Utility	1,026,481	-	-	-	(1,026,481)	-	-	-	-
Short term interest	47,000	15,500	-	(62,500)	-	-	-	-	-
Other fiscal services	5,000	-	-	-	(5,000)	-	-	-	-
Transfer to reserves	1,763,586	350,000	-	-	(2,113,586)	-	-	-	-
Allowance for tax assets	121,482	-	-	-	(121,482)	-	-	-	-
<b>Total expenses</b>	<b>\$ 18,085,039</b>	<b>\$ 3,621,542</b>	<b>\$ 3,036,799</b>	<b>\$ (2,088,633)</b>	<b>\$ (3,426,278)</b>	<b>\$ 130,585</b>	<b>\$ 19,359,054</b>	<b>\$ 495,339</b>	<b>\$ 19,854,393</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,196,535</b>	<b>\$ 2,088,633</b>	<b>\$ 2,280,297</b>	<b>\$ (130,585)</b>	<b>\$ 11,434,880</b>	<b>\$ (210,031)</b>	<b>\$ 11,224,849</b>

CITY OF STEINBACH  
ANALYSIS OF TAXES ON ROLL  
Year ended December 31, 2012

**SCHEDULE 11**

	<u>2012</u>	<u>2011</u>
<b>Balance, beginning of year</b>	<b>\$ 633,751</b>	<b>\$ 467,379</b>
<b>Add:</b>		
Tax levy (Schedule 12)	22,519,938	20,443,019
Taxes added	829,905	611,105
Penalties or interest	80,400	58,762
Other accounts added	139,369	126,432
Tax Adjustments (specify)      Taxes Overpaid	93,305	72,285
<b>Sub-total</b>	<b><u>23,662,917</u></b>	<b><u>21,311,603</u></b>
<b>Deduct:</b>		
Cash collections - current	20,845,950	18,602,479
Cash collections - arrears	507,492	448,159
Writeoffs	100,811	103,156
M.P.T.C. - cash advance	2,024,607	1,991,437
<b>Sub-total</b>	<b><u>23,478,860</u></b>	<b><u>21,145,231</u></b>
<b>Balance, end of year</b>	<b><u>\$ 817,808</u></b>	<b><u>\$ 633,751</u></b>

**CITY OF STEINBACH  
ANALYSIS OF TAX LEVY  
Year ended December 31, 2012**

**SCHEDULE 12**

	<b>2012</b>			<b>2011</b>
	<b>Assessment</b>	<b>Mill Rate</b>	<b>Levy</b>	<b>Levy</b>
Debt charges:				
Frontage	Various	Various	\$ 213,406	\$ 213,406
L.I.D. General District	698,096,160	1.438	1,003,862	875,624
At large Utility District	616,165,240	0.516	317,941	311,848
Waste Water District	671,919,290	1.086	729,704	714,413
sub-total - Debt charges			<u>2,264,913</u>	<u>2,115,291</u>
Reserves:				
Recreation	615,855,360	1.119	<u>689,142</u>	<u>196,586</u>
General Municipal	615,855,360	6.829	<u>4,205,676</u>	<u>3,851,380</u>
Special levies:				
Waste & Disposal	-	-	467,856	441,891
Section 312 M.A.	698,096,160	4.000	2,792,385	2,457,891
sub-total -Special levies			<u>3,260,241</u>	<u>2,899,782</u>
Business tax	23,007,820	0.500	114,713	104,996
Business fees	-	-	12,748	12,748
sub-total - Business			<u>127,461</u>	<u>117,744</u>
Adjustments from school levy below			<u>(668)</u>	<u>308</u>
<b>Total municipal taxes (Schedule 2)</b>			<u><b>10,546,765</b></u>	<u>9,181,091</u>
Education support levy	204,518,480	11.360	2,323,330	2,204,565
Special levy:				
Hanover SD#15	588,256,720	16.403	9,649,175	9,057,671
Adjustments of school levy to municipal taxes			<u>668</u>	<u>(308)</u>
<b>Total education taxes</b>			<u><b>11,973,173</b></u>	<u>11,261,928</u>
			<u><b>\$ 22,519,938</b></u>	<u>\$ 20,443,019</u>

CITY OF STEINBACH  
 ANALYSIS OF SCHOOL ACCOUNTS  
 Year ended December 31, 2012

SCHEDULE 13

	2012				2011
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 103,519	\$ 2,415,429	\$ (2,383,684)	\$ 135,264	\$ 103,519
Special levies					
Hanover SD#15	<u>329,899</u>	<u>9,815,478</u>	<u>(9,704,237)</u>	<u>441,140</u>	<u>329,899</u>
<b>Total</b>	<b><u>\$ 433,418</u></b>	<b><u>\$ 12,230,907</u></b>	<b><u>\$ (12,087,921)</u></b>	<b><u>\$ 576,404</u></b>	<b><u>\$ 433,418</u></b>

**CITY OF STEINBACH**  
**SCHEDULE OF GENERAL OPERATING FUND EXPENSES**  
Year ended December 31, 2012

**SCHEDULE 14**

	<b>2012</b>	2011
	<b>Actual</b>	Actual
<b>General government services:</b>		
Legislative	\$ 169,892	\$ 166,441
General administrative	1,805,385	1,695,157
Other	1,163,564	1,267,518
	<u>3,138,841</u>	<u>3,129,116</u>
<b>Protective services:</b>		
Police	1,729,301	1,393,777
Fire	719,632	576,174
Emergency measures	18,815	25,205
Other protection	574,514	567,961
	<u>3,042,262</u>	<u>2,563,117</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	205,111	202,560
Road and street maintenance	4,061,608	3,939,278
Sidewalk and boulevard maintenance	21,734	73,877
Street lighting	252,920	243,491
Other	104,477	102,110
Air transport	40,060	32,139
Public transit	60,078	57,347
	<u>4,745,988</u>	<u>4,650,802</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,373,678	1,154,045
Recycling	586,526	540,959
Other	295,417	143,422
	<u>2,255,621</u>	<u>1,838,426</u>
<b>Public health and welfare services:</b>		
Public health	86,149	74,151
Social assistance	19,765	19,765
	<u>105,914</u>	<u>93,916</u>
<b>Regional planning and development</b>		
Planning and zoning	309,679	175,315
Beautification and land rehabilitation	118,563	116,011
Urban area weed control	14,700	21,095
Other	10,800	12,370
	<u>453,742</u>	<u>324,791</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	15,000	10,000
Regional development	1,500	1,500
Tourism	266,543	132,250
	<u>283,043</u>	<u>143,750</u>
<b>Recreation and cultural services:</b>		
Administration	187,897	188,100
Swimming pools and beaches	1,434,071	1,408,756
Skating and curling rinks	350,933	374,529
Parks and playgrounds	531,564	492,144
Other recreational facilities	443,001	415,955
Libraries	36,502	32,394
Other cultural facilities	50,133	44,028
	<u>3,034,101</u>	<u>2,955,906</u>
<b>Total expenses</b>	<u>17,059,512</u>	<u>15,699,824</u>



**CITY OF STEINBACH**  
**SCHEDULE OF DEBENTURES PENDING**  
**Year ended December 31, 2012**

**SCHEDULE 15**

<b>Authority</b>	<b>Purpose</b>	<b>Source of Funds</b>	<b>Authorized</b>	<b>Expended</b>
1942	Concrete Surfacing / Watermains		2,354,000	2,095,814
1946	Sidewalk Construction		550,000	13,470
1989	Fire Truck		550,000	
1990	Water & Sewer mains		500,000	21,555
1991	Asphalt Resurfacing		850,000	19,255
1992	Water & Sewer mains		400,000	9,336
			\$ 5,204,000	\$ 2,159,430

CITY OF STEINBACH  
RECONCILIATION OF ANNUAL SURPLUS  
December 31, 2012

SCHEDULE 16

	General	2012 Utility	Total	2011 Total
<b>MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT</b>	\$ 144,630	\$ 89,242	\$ 233,872	\$ 111,046
<b>Adjustments for reporting under public sector accounting standards</b>				
Capital :				
Increase revenue - contributed infrastructure	1,675,299	1,094,203	<b>2,769,502</b>	2,812,561
Increase revenue - capital grants and other revenue	788,124	15,118	<b>803,242</b>	1,696,647
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	(207,922)	(196)	<b>(208,118)</b>	(160,061)
Decrease expense - contribution to capital (net of recoveries)	1,555,210	436,659	<b>1,991,869</b>	1,176,304
Decrease expense - principal portion of debenture debt	1,087,191	917,618	<b>2,004,809</b>	1,866,094
Increase expense - amortization of tangible capital assets	(3,790,594)	(1,568,322)	<b>(5,358,916)</b>	(4,951,799)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	166,768	-	<b>166,768</b>	174,015
Eliminate expense - appropriations to reserves	4,441,548	530,000	<b>4,971,548</b>	3,901,359
Eliminate revenue - transfers from reserves to operating funds	(27,017)	-	<b>(27,017)</b>	(14,720)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	(743,462)	-	<b>(743,462)</b>	(500,210)
Other:				
Increase expense - landfill liability	(130,585)	-	<b>(130,585)</b>	(102,927)
	4,959,190	1,514,322	<b>6,473,512</b>	6,008,309
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	80,041	-	<b>80,041</b>	(2,654)
<b>NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS</b>	<b>\$ 5,039,231</b>	<b>\$ 1,514,322</b>	<b>\$ 6,553,553</b>	<b>\$ 6,005,655</b>