

# **CITY OF STEINBACH**

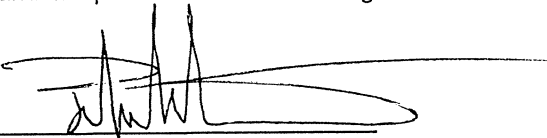
**Consolidated Financial Statements  
Year ended December 31, 2013**

## 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.

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.



*Troy Warkentin*  
City Manager

Steinbach, Manitoba

June 17, 2014

## 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, 2013 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2013, 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, 2013, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2013 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada  
June 17, 2014

  
Chambers Fraser  
Professional Accountants

# **CITY OF STEINBACH**

## **Consolidated Financial Statements**

### **Year ended December 31, 2013**

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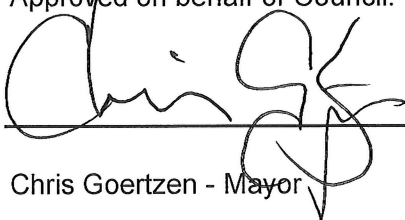
<b>Consolidated Statement of Financial Position</b>	<b>5</b>
<b>Consolidated Statement of Operations</b>	<b>6</b>
<b>Consolidated Statement of Change in Net Financial Assets</b>	<b>7</b>
<b>Consolidated Statement of Cash Flows</b>	<b>8</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>9</b>
<b>Schedule 1 - Consolidated Schedule of Tangible Capital Assets</b>	<b>18</b>
<b>Schedule 2 - Consolidated Schedule of Revenues</b>	<b>19</b>
<b>Schedule 3 - Consolidated Schedule of Expenses</b>	<b>20</b>
<b>Schedule 4 - Consolidated Statement of Operations by Program</b>	<b>21</b>
<b>Schedule 5 - Consolidated Details and Reconciliation to Core Government Results</b>	<b>23</b>
<b>Schedule 6 - Schedule of Change in Reserve Fund Balances</b>	<b>24</b>
<b>Schedule 7 - Schedule of Trust Funds</b>	<b>26</b>
<b>Schedule 8 - Schedule of Financial Position for Utilities</b>	<b>27</b>
<b>Schedule 9 - Schedule of Utility Operations</b>	<b>28</b>
<b>Schedule 10 - Reconciliation of the Financial Plan to the Budget</b>	<b>29</b>
<b>Schedule 11 - Analysis of Taxes on Roll</b>	<b>30</b>
<b>Schedule 12 - Analysis of Tax Levy</b>	<b>31</b>
<b>Schedule 13 - Analysis of School Accounts</b>	<b>32</b>
<b>Schedule 14 - Schedule of General Operating Fund Expenses</b>	<b>33</b>
<b>Schedule 15 - Schedule of Debentures Pending</b>	<b>34</b>
<b>Schedule 16 - Reconciliation of Annual Surplus</b>	<b>35</b>

**CITY OF STEINBACH  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at December 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	\$ 19,458,005	\$ 12,234,412
Amounts receivable (Note 4)	2,359,542	2,281,859
Portfolio investments (Note 5)	<u>2,167,136</u>	<u>1,643,078</u>
	<u>\$ 23,984,683</u>	<u>\$ 16,159,349</u>
<b>LIABILITIES</b>		
Temporary Borrowings (Note 6)	\$ 38,250	\$ -
Accounts payable and accrued liabilities (Note 7)	2,440,548	3,008,255
Deferred revenue (Note 8)	3,234,095	2,324,469
Landfill closure and post closure liabilities (Note 9)	1,978,199	1,839,593
Long-term debt (Note 10)	7,269,898	5,481,832
Other liabilities	<u>134,087</u>	<u>123,672</u>
	<u>15,095,077</u>	<u>12,777,821</u>
<b>NET FINANCIAL ASSETS</b>	<u>\$ 8,889,606</u>	<u>\$ 3,381,528</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	145,230,506	138,144,295
Prepaid expenses	<u>77,201</u>	<u>74,502</u>
	<u>145,307,707</u>	<u>138,218,797</u>
<b>ACCUMULATED SURPLUS (Note 17)</b>	<u><u>\$154,197,313</u></u>	<u><u>\$141,600,325</u></u>

**COMMITMENTS AND CONTINGENCIES (NOTES 11 AND 12)**

Approved on behalf of Council:

  
\_\_\_\_\_  
Chris Goertzen - Mayor

  
\_\_\_\_\_  
Michael Zwaagstra - Councillor  
/ Deputy Mayor

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended December 31, 2013

	<u>2013 Budget (Note 16)</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
<b>REVENUE</b>			
Property taxes	\$ 12,203,394	\$ 12,703,096	\$ 11,376,670
Grants in lieu of taxation	134,415	137,888	137,376
User fees	4,480,675	4,493,752	4,446,414
Permits, licences and fines	475,500	841,325	656,837
Investment income	63,611	355,707	233,556
Contributed infrastructure assets	6,696,658	9,081,228	2,769,502
Other revenue	152,540	1,431,674	557,820
Water and sewer	2,921,710	2,787,797	2,842,395
Grants - Province of Manitoba	2,647,254	2,874,793	3,268,654
Grants - other	603,400	341,927	842,264
	<u>30,379,157</u>	<u>35,049,187</u>	<u>27,131,488</u>
Total revenue (Schedules 2, 4 and 5)			
<b>EXPENSES</b>			
General government services	3,334,170	3,073,816	2,852,634
Protective services	3,245,595	3,154,020	3,042,262
Transportation services	4,873,466	5,013,891	4,745,988
Environmental health services	2,252,513	2,344,111	2,255,621
Public health and welfare services	108,970	108,628	105,914
Regional planning and development	423,065	339,411	453,742
Resource conservation and industrial development	85,419	422,717	290,789
Recreation and cultural services	3,766,913	3,901,599	3,391,077
Water and sewer services	3,692,639	4,094,006	3,439,908
	<u>21,782,749</u>	<u>22,452,199</u>	<u>20,577,935</u>
Total expenses (Schedules 3, 4 and 5)			
<b>ANNUAL SURPLUS</b>	<u><u>8,596,408</u></u>	12,596,988	6,553,553
<b>ACCUMULATED SURPLUS BEGINNING OF YEAR</b>		<u>141,600,325</u>	<u>135,046,772</u>
<b>ACCUMULATED SURPLUS END OF YEAR</b>		<u><u>\$ 154,197,313</u></u>	<u><u>\$ 141,600,325</u></u>

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
Year ended December 31, 2013

	<u>2013 Budget (Note 16)</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 8,596,408</b>	<b>\$ 12,596,988</b>	<b>\$ 6,553,553</b>
Acquisition of tangible capital assets	(16,842,158)	(13,339,393)	(11,180,866)
Amortization of tangible capital assets	5,358,916	6,005,329	5,364,686
Gain on sale of tangible capital assets	-	(1,114,537)	(275,806)
Proceeds on sale of tangible capital assets	-	1,362,390	548,995
Increase in prepaid expense	-	(2,699)	(3,102)
	<u>(11,483,242)</u>	<u>(7,088,910)</u>	<u>(5,546,093)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b><u>(2,886,834)</u></b>	<b>5,508,078</b>	1,007,460
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<u>3,381,528</u>	<u>2,374,068</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b><u>\$ 8,889,606</u></b>	<b><u>\$ 3,381,528</u></b>

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 12,596,988	\$ 6,553,553
Changes in non-cash items:		
Amounts receivable	(77,683)	1,118,489
Prepays	(2,699)	(3,102)
Accounts payable and accrued liabilities	(567,707)	(346,595)
Deferred revenue	909,626	776,313
Landfill closure and post closure liabilities	138,606	130,585
Other liabilities	10,415	(14,680)
Gain on sale of tangible capital assets	(1,114,537)	(275,806)
Contributed infrastructure assets revenue	(9,081,228)	(2,769,502)
Amortization	6,005,329	5,364,686
Cash provided by operating transactions	<u>8,817,110</u>	<u>10,533,941</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	1,362,390	548,995
Cash used to acquire tangible capital assets	<u>(4,258,165)</u>	<u>(8,411,364)</u>
Cash applied to capital transactions	<u>(2,895,775)</u>	<u>(7,862,369)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of portfolio investments	373,989	125,020
Purchase of portfolio investments	<u>(898,047)</u>	<u>(641,381)</u>
Cash applied to investing transactions	<u>(524,058)</u>	<u>(516,361)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of temporary borrowing	38,250	-
Proceeds of long-term debt	3,722,000	1,195,000
Debt repayment	<u>(1,933,934)</u>	<u>(1,978,751)</u>
Cash provided by (applied to) financing transactions	<u>1,826,316</u>	<u>(783,751)</u>
<b>INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>7,223,593</b>	<b>1,371,460</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>12,234,412</b></u>	<u><b>10,862,952</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u><u><b>\$ 19,458,005</b></u></u>	<u><u><b>\$ 12,234,412</b></u></u>



**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

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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 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 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, 2013**

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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, 2013**

**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>2013</u>	<u>2012</u>
Cash	\$ 19,458,005	\$ 12,234,412
Temporary Investments	-	-
	<u>\$ 19,458,005</u>	<u>\$ 12,234,412</u>

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

Designated Reserve Funds	<u>\$ 3,576,165</u>	<u>\$ 3,516,076</u>
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**4. Amounts Receivable**

Amounts receivable are valued at their net realizable value.

	<u>2013</u>	<u>2012</u>
Taxes on roll (Schedule 11)	\$ 950,566	\$ 817,808
Government grants	178,374	26,777
Utility customers	712,190	695,820
Accrued interest	35,777	25,490
Organizations and individuals	365,844	580,806
Other governments	201,893	157,481
	<u>2,444,644</u>	<u>2,304,182</u>
Less allowances for doubtful amounts	<u>(85,102)</u>	<u>(22,323)</u>
	<u>\$ 2,359,542</u>	<u>\$ 2,281,859</u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

**5. Portfolio Investments**

	<u>2013</u>	<u>2012</u>
Marketable securities:		
Province of Manitoba	\$ 1,200,000	\$ 1,100,000
Other securities	<u>915,305</u>	<u>492,274</u>
	\$ 2,115,305	\$ 1,592,274
Other investments	<u>51,831</u>	<u>50,804</u>
	<u>\$ 2,167,136</u>	<u>\$ 1,643,078</u>

The aggregate market value of the marketable securities at December 31, 2012 is **\$2,141,909** (2012 - \$1,591,023). Portfolio investments earned **\$39,334** in investment income during the year (2012 - \$45,165).

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

Designated Reserve Funds	<u>\$ 1,958,649</u>	<u>\$ 1,448,463</u>
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**6. Temporary Borrowings**

Jake Epp Library, a controlled organization, has a unsecured line of credit with Royal Bank of Canada, at prime plus 2%.

	<u>\$ 38,250</u>	<u>\$ -</u>
	<u>\$ 38,250</u>	<u>\$ -</u>

**7. Accounts Payable and Accrued Liabilities**

	<u>2013</u>	<u>2012</u>
Accounts payable	\$ 717,340	\$ 1,061,668
Accrued expenses	678,107	681,015
Accrued interest payable	108,284	89,027
School levies (Schedule 13)	308,876	576,404
Other governments	<u>627,941</u>	<u>600,141</u>
	<u>\$ 2,440,548</u>	<u>\$ 3,008,255</u>

**8. Deferred Revenue:**

	<u>2013</u>	<u>2012</u>
Capital Development	\$ 2,462,955	\$ 1,841,974
Federal Gas Tax	305,579	34,896
Handi-Transit	74,204	72,737
Land Dedication	272,251	266,558
Perpetual Care	<u>25,840</u>	<u>15,407</u>
	3,140,829	2,231,572
Other	<u>93,266</u>	<u>92,897</u>
	<u>\$ 3,234,095</u>	<u>\$ 2,324,469</u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

**9. Landfill Closure and Post Closure Liabilities**

	<u>2013</u>	<u>2012</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 24 years	<u>\$ 2,205,000</u>	<u>\$ 2,205,000</u>
Discount rate	<u>3.35%</u>	<u>3.35%</u>
<b>Discounted costs</b>	<u><b>\$ 1,875,893</b></u>	<u><b>\$ 1,789,862</b></u>
Year capacity reached	<b>2011</b>	<b>2011</b>
Capacity (tonnes):		
Used to date	<u>670,000</u>	<u>670,000</u>
Remaining	<u>-</u>	<u>-</u>
Total	<u>670,000</u>	<u>670,000</u>
Percent utilized	<u>100.00%</u>	<u>100.00%</u>
<b>Liability based on percentage</b>	<u><b>\$ 1,875,893</b></u>	<u><b>\$ 1,789,862</b></u>
<b>Landfill East Cell</b>		
Estimated closure and post closure costs over the next 55 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>\$ 1,897,777</b></u>	<u><b>\$ 1,845,034</b></u>
Expected year capacity will be reached	<b>2035</b>	<b>2035</b>
Capacity (tonnes, volume, acreage, years):		
Used to date	<u>60,000</u>	<u>30,000</u>
Remaining	<u>1,053,000</u>	<u>1,083,000</u>
Total	<u>1,113,000</u>	<u>1,113,000</u>
Percent utilized	<u>5.39%</u>	<u>2.70%</u>
<b>Liability based on percentage</b>	<u><b>\$ 102,306</b></u>	<u><b>\$ 49,731</b></u>
<b>b) Closed Landfill Site(s)</b>		
Estimated post closure costs over the next 55 years	<u>\$ -</u>	<u>\$ -</u>
<b>Total landfill closure and post closure liabilities</b>	<u><b>\$ 1,978,199</b></u>	<u><b>\$ 1,839,593</b></u>

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

**10. Long Term Debt**

	<u>2013</u>	<u>2012</u>
<b>General Authority:</b>		
Debenture for Southland sidewalks, at 3.53%, \$27,930 annually including interest, maturing December, 2013 *	\$ -	\$ 26,978
Debenture for Acres Drive concrete, at 3.53%, \$266,004 annually including interest, maturing February, 2014	<b>256,933</b>	505,108
Debenture for Industrial Road concrete, at 3.20%, \$159,212 annually including interest, maturing December, 2014	<b>154,275</b>	303,767
Debenture for Jake Epp Library expansion, interest at 3.29%, payable at \$198,149 annually including interest, maturing May, 2016	<b>557,377</b>	731,461
Debenture for Reimer Avenue resurfacing, interest at 3.29%, payable at \$129,898 annually including interest, maturing May, 2016	<b>365,391</b>	479,513
Debenture for a fire truck, interest at 3.29%, payable at \$77,058 annually including interest, maturing May, 2016	<b>216,758</b>	284,457
Debenture for Industrial Road construction, interest at 2.55%, payable at \$364,506 annually including interest, maturing January, 2018	<b>1,691,000</b>	-
Debenture for Maplewood, Penfeld sidewalk, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	<b>550,000</b>	-
Debenture for fire pumper truck, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	<b>550,000</b>	-
	<u><b>\$ 4,341,734</b></u>	<u><b>\$ 2,331,284</b></u>
<b>Utility Authority:</b>		
Debenture for pump station phase 1 , at 3.53%, \$110,835 annually including interest, maturing February, 2014	<b>\$ 107,056</b>	\$ 210,461
Debenture for pump station phase 2, at 3.84%, \$201,257 annually including interest, maturing September, 2014	<b>193,814</b>	380,461
Debenture for lagoon expansion, at 3.84%, \$670,855 annually including interest, maturing September, 2014	<b>646,047</b>	1,268,203
Debenture for Henry Street sewer, interest at 2.89%, \$43,534 annually including interest, maturing September, 2015	<b>83,434</b>	123,401
Debenture for Spruce Street sewer, interest at 2.36%, \$95,404 annually including interest, maturing December, 2017	<b>360,106</b>	445,000
Debenture for Spruce Street sewer, interest at 2.36%, \$53,598 annually including interest, maturing December, 2017	<b>202,307</b>	250,000
Debenture for Waste water lagoon expansion, interest at 2.25%, payable at \$106,850 annually including interest, maturing December, 2017	<b>404,400</b>	500,000
Debenture for Industrial Road watermain, interest at 2.55%, \$70,703 annually including interest, maturing January, 2018	<b>328,000</b>	-
Debenture for Industrial Road sewer, interest at 2.55%, \$37,291 annually including interest, maturing January, 2018	<b>173,000</b>	-

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

Debenture for Lumber Avenue watermain, interest at 2.67%, \$41,668 annually including interest, maturing December, 2018	<b>192,640</b>	-
Debenture for Lumber Avenue sewer, interest at 2.67%, \$51,341 annually including interest, maturing December, 2018	<b>237,360</b>	-
	<u><b>\$ 2,928,164</b></u>	<u><b>\$ 3,177,526</b></u>
	<b>\$ 7,269,898</b>	<b>\$ 5,508,810</b>
Less: Owned by Municipality *	<u><b>\$ -</b></u>	<u><b>\$ (26,978)</b></u>
	<u><b>\$ 7,269,898</b></u>	<u><b>\$ 5,481,832</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:

2014	<b>\$ 2,707,028</b>
2015	<b>1,385,958</b>
2016	<b>1,380,516</b>
2017	<b>1,013,309</b>
2018	<b>783,087</b>

**11. Commitments**

The Municipality has outstanding contractual obligations of approximately **\$1,900,000** at December 31, 2013 for the 2014 capital works program (**\$1,149,000**) and those related to land purchases (**\$751,000**).

**12. 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.

**13. 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 \$335,394 (2012 - \$256,812) 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, 2012 indicated the plan was 94% funded on a going concern basis and had an unfunded solvency liability of \$220.5 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, 2012.

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.

**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

**14. 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.

**15. Subsequent Events**

Subsequent to the year-end, the Municipality awarded a tender for the construction of a new curling facility for approximately **\$6.7 million**. This project is to be funded by a combination of reserve, debenture and other funding.

**16. 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.

**17. Accumulated Surplus**

	<u>2013</u>	<u>2012</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 2,150,120	\$ 2,020,904
Utility operating fund - Nominal surplus	812,425	720,461
General capital fund - Capital surplus	84,199,369	79,936,641
Utility capital fund - Capital surplus	50,995,642	47,552,630
Reserve funds	<u>18,032,173</u>	<u>12,399,554</u>
	\$ 156,189,729	\$ 142,630,190
Deferred Revenue - Reserves	<u>(3,140,829)</u>	<u>(2,231,572)</u>
Accumulated surplus of municipality unconsolidated	153,048,900	140,398,618
Accumulated surpluses of consolidated entities	<u>1,148,413</u>	<u>1,201,707</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 154,197,313</u>	<u>\$ 141,600,325</u>



**CITY OF STEINBACH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2013**

**18. Public Utilities Board**

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

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

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

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Ending Balance
<b>Water services:</b>				
Grants	\$ 895,034	\$ -	\$ 26,324	\$ 868,710
Contributed Assets	4,678,711	1,945,051	184,464	6,439,298
	<u>\$ 5,573,745</u>	<u>\$ 1,945,051</u>	<u>\$ 210,788</u>	<u>\$ 7,308,008</u>
<b>Sewer services:</b>				
Grants	\$ 7,000,000		\$ 175,000	\$ 6,825,000
Contributed Assets	8,073,800	1,851,426	211,116	9,714,110
	<u>\$ 15,073,800</u>	<u>\$ 1,851,426</u>	<u>\$ 386,116</u>	<u>\$ 16,539,110</u>

**19. Council Indemnities**

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzan, Chris	\$ 22,696	\$ 27,611	\$ 50,307
Councillor - Fehr, John	8,916	9,569	18,485
Councillor - Funk, Earl	9,113	9,948	19,061
Councillor - Penner, Cari	9,329	9,158	18,487
Councillor - Penner, Susan	9,085	8,627	17,712
Councillor - Siemens, Jac	8,699	8,074	16,773
Councillor - Zwaagstra, Michael	9,987	8,914	18,901
	<u>\$ 77,825</u>	<u>\$ 81,901</u>	<u>\$ 159,726</u>

**20. Prior Period Adjustment**

The 2012 comparative figures have been restated to correctly report investments and related accrued retirement benefits, as follows:

	Revised	Original	Change
Portfolio investments	1,643,078	1,604,091	38,987
Accounts payable and accrued liabilities	3,008,255	2,969,268	38,987

**CITY OF STEINBACH**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**Year ended December 31, 2013**

**SCHEDULE 1**

	<b>Capital Assets</b>				<b>Infrastructure</b>			<b>Totals</b>	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Assets Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2013	2012
<b>Cost</b>									
Opening costs	15,742,161	45,722,056	9,923,022	107,188	85,537,290	53,723,503	3,202,232	213,957,452	203,331,986
Additions during the year	936,557	287,682	408,233	645,327	5,844,766	5,009,965	206,863	13,339,393	11,180,866
Transfer during the year	88,396	-	(80,245)	(8,151)	2,029,864	1,105,938	(3,135,802)	-	-
Disposals and write downs	(204,700)	-	(28,644)	-	(141,187)	(34,230)	-	(408,761)	(555,400)
Closing costs	<u>16,562,414</u>	<u>46,009,738</u>	<u>10,222,366</u>	<u>744,364</u>	<u>93,270,733</u>	<u>59,805,176</u>	<u>273,293</u>	<u>226,888,084</u>	<u>213,957,452</u>
<b>Accumulated Amortization</b>									
Opening accum'd amortization	3,529,306	10,930,627	5,775,083	-	36,098,398	19,479,743	-	75,813,157	70,730,682
Amortization	301,144	1,186,961	590,685	-	2,597,632	1,328,907	-	6,005,329	5,364,686
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(24,775)	-	(127,069)	(9,064)	-	(160,908)	(282,211)
Closing accum'd amortization	<u>3,830,450</u>	<u>12,117,588</u>	<u>6,340,993</u>	<u>-</u>	<u>38,568,961</u>	<u>20,799,586</u>	<u>-</u>	<u>81,657,578</u>	<u>75,813,157</u>
Net Book Value of Tangible Capital Assets	<u>12,731,964</u>	<u>33,892,150</u>	<u>3,881,373</u>	<u>744,364</u>	<u>54,701,772</u>	<u>39,005,590</u>	<u>273,293</u>	<u>145,230,506</u>	<u>138,144,295</u>

Roads, water and sewer infrastructure contributed to the Municipality in 2013 totals \$9,081,228 and were capitalized at their fair value at the time of their receipt.

**CITY OF STEINBACH**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
Year ended December 31, 2013

**SCHEDULE 2**

	<b>2013</b> <b>Actual</b>	<b>2012</b> <b>Actual</b>
<b>Property taxes:</b>		
Municipal taxes levied (Schedule 12)	<b>\$ 11,449,712</b>	\$ 10,546,765
Taxes added	<b>1,253,384</b>	829,905
	<b>12,703,096</b>	<b>11,376,670</b>
<b>Grants in lieu of taxation:</b>		
Federal government	<b>22,591</b>	22,591
Provincial government	<b>9,791</b>	9,867
Provincial government enterprises	<b>81,375</b>	80,774
Non-government organizations	<b>24,131</b>	24,144
	<b>137,888</b>	<b>137,376</b>
<b>User fees</b>		
Parking meters	<b>15,220</b>	21,205
Sales of service	<b>3,736,466</b>	3,681,169
Sales of goods	<b>82,202</b>	66,604
Rentals	<b>205,344</b>	191,861
Development charges	<b>454,520</b>	485,575
	<b>4,493,752</b>	<b>4,446,414</b>
<b>Permits, licences and fines</b>		
Permits	<b>704,085</b>	543,054
Licences	<b>31,395</b>	26,845
Fines	<b>105,845</b>	86,938
	<b>841,325</b>	<b>656,837</b>
<b>Investment income:</b>		
Cash and portfolio investments	<b>353,427</b>	229,776
Other	<b>2,280</b>	3,780
	<b>355,707</b>	<b>233,556</b>
<b>Contributed revenue:</b>		
Contributed infrastructure assets	<b>9,081,228</b>	2,769,502
	<b>9,081,228</b>	<b>2,769,502</b>
<b>Other revenue:</b>		
Gain on sale of tangible capital assets	<b>1,114,537</b>	275,806
Penalties and interest	<b>82,116</b>	80,400
Miscellaneous	<b>235,021</b>	201,614
	<b>1,431,674</b>	<b>557,820</b>
<b>Water and sewer (Schedule 4)</b>	<b>2,787,797</b>	<b>2,842,395</b>
<b>Grants - Province of Manitoba</b>		
General assistance payment	<b>2,145,349</b>	2,151,882
General support grant	<b>104,657</b>	97,424
VLT revenues	<b>200,881</b>	206,097
Conditional grants	<b>423,906</b>	813,251
	<b>2,874,793</b>	<b>3,268,654</b>
<b>Grants - other</b>		
Federal government - gas tax funding	<b>333,289</b>	840,717
Federal government - other	<b>4,708</b>	(1,853)
Other local governments	<b>3,400</b>	3,400
Non-government organizations	<b>530</b>	-
	<b>341,927</b>	<b>842,264</b>
<b>Total revenue</b>	<b>35,049,187</b>	<b>27,131,488</b>

**CITY OF STEINBACH**  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
**Year ended December 31, 2013**

**SCHEDULE 3**

	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
<b>General government services:</b>		
Legislative	\$ 172,610	\$ 169,892
General administrative	1,909,947	1,805,385
Other	991,259	877,357
	<u>3,073,816</u>	<u>2,852,634</u>
<b>Protective services:</b>		
Police	1,883,774	1,729,301
Fire	708,739	719,632
Emergency measures	22,658	18,815
Other protection	538,849	574,514
	<u>3,154,020</u>	<u>3,042,262</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	212,821	205,111
Road and street maintenance	4,243,614	4,061,608
Sidewalk and boulevard maintenance	59,233	21,734
Street lighting	276,527	252,920
Other	114,912	104,477
Air transport	40,407	40,060
Public transit	66,377	60,078
	<u>5,013,891</u>	<u>4,745,988</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,424,374	1,373,678
Recycling	625,866	586,526
Other	293,871	295,417
	<u>2,344,111</u>	<u>2,255,621</u>
<b>Public health and welfare services:</b>		
Public health	88,863	86,149
Social assistance	19,765	19,765
	<u>108,628</u>	<u>105,914</u>
<b>Regional planning and development</b>		
Planning and zoning	146,109	309,679
Beautification and land rehabilitation	157,026	118,563
Urban area weed control	26,776	14,700
Other	9,500	10,800
	<u>339,411</u>	<u>453,742</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	15,000	15,000
Regional development	222,600	9,246
Tourism	185,117	266,543
	<u>422,717</u>	<u>290,789</u>
<b>Recreation and cultural services:</b>		
Administration	216,972	187,897
Swimming pools and beaches	1,537,894	1,434,071
Skating and curling rinks	491,680	350,933
Parks and playgrounds	568,054	531,564
Other recreational facilities	531,839	443,001
Libraries	509,576	393,478
Other cultural facilities	45,584	50,133
	<u>3,901,599</u>	<u>3,391,077</u>
<b>Water and sewer services (Schedule 9)</b>	<u>4,094,006</u>	<u>3,439,908</u>
<b>Total expenses</b>	<u><u>22,452,199</u></u>	<u><u>20,577,935</u></u>

## CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2013

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>REVENUE</b>										
Property taxes	\$10,815,059	\$ 9,882,333	\$ -	\$ -	\$ -	\$ -	\$ 497,718	\$ 467,856	\$ -	\$ -
Grants in lieu of taxation	134,729	134,298	-	-	-	-	3,159	3,078	-	-
User fees	365,127	321,639	497,363	461,870	84,130	98,888	1,737,017	1,604,305	123,518	128,328
Permits, licences and fines	10,030	7,854	100,610	80,844	3,230	5,070	-	-	-	-
Investment income	232,120	146,439	-	-	81,695	57,711	3,665	5,275	5,913	6,041
Contributed infrastructure assets	-	-	-	-	5,284,750	1,675,299	-	-	-	-
Gain (Loss) on sale of assets	1,139,703	221,055	-	-	-	-	-	-	-	-
Other revenue	297,942	264,422	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,450,887	2,455,403	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	47,388	27,026	-	-	211,538	32,181	-	-	-	-
Grants - other	-	-	-	-	333,289	840,717	-	-	-	-
Total revenue	<b>\$ 15,492,985</b>	<b>\$ 13,460,469</b>	<b>\$ 597,973</b>	<b>\$ 542,714</b>	<b>\$ 5,998,632</b>	<b>\$ 2,709,866</b>	<b>\$ 2,241,559</b>	<b>\$ 2,080,514</b>	<b>\$ 129,431</b>	<b>\$ 134,369</b>
<b>EXPENSES</b>										
Personnel services	\$ 1,216,414	\$ 1,207,509	\$ 658,538	\$ 667,519	\$ 848,128	\$ 859,258	\$ 702,451	\$ 669,756	\$ 52,020	\$ 50,905
Contract services	538,214	522,380	2,093,531	1,993,794	373,384	237,248	1,115,629	1,060,913	38,241	41,709
Utilities	417,230	355,431	67,486	66,199	389,393	368,181	45,835	46,377	3,105	3,203
Maintenance materials and supplies	80,513	87,821	78,551	100,612	551,752	451,215	186,325	183,159	6,217	7,694
Grants and contributions	309,207	351,128	-	-	-	-	-	-	-	-
Amortization	96,965	97,822	192,041	190,765	2,778,914	2,780,207	293,871	295,417	9,045	2,404
Interest on long term debt	-	-	7,874	23,374	72,321	49,879	-	-	-	-
Other	415,274	230,539	56,000	-	-	-	-	-	-	-
Total expenses	<b>\$ 3,073,817</b>	<b>\$ 2,852,630</b>	<b>\$ 3,154,021</b>	<b>\$ 3,042,263</b>	<b>\$ 5,013,892</b>	<b>\$ 4,745,988</b>	<b>\$ 2,344,111</b>	<b>\$ 2,255,622</b>	<b>\$ 108,628</b>	<b>\$ 105,915</b>
<b>Surplus (Deficit)</b>	<b>\$ 12,419,168</b>	<b>\$ 10,607,839</b>	<b>\$ (2,556,048)</b>	<b>\$ (2,499,549)</b>	<b>\$ 984,740</b>	<b>\$ (2,036,122)</b>	<b>\$ (102,552)</b>	<b>\$ (175,108)</b>	<b>\$ 20,803</b>	<b>\$ 28,454</b>

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

CITY OF STEINBACH  
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
Year ended December 31, 2013

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,390,319	\$ 1,026,481	\$ 12,703,096	\$ 11,376,670
Grants in lieu of taxation	-	-	-	-	-	-	-	-	137,888	137,376
User fees	452,441	483,054	21,415	20,981	1,212,741	1,327,349	-	-	4,493,752	4,446,414
Permits, licences and fines	29,080	21,910	698,375	541,159	-	-	-	-	841,325	656,837
Investment income	-	-	-	-	32,314	18,090	-	-	355,707	233,556
Contributed infrastructure assets	-	-	-	-	-	-	3,796,478	1,094,203	9,081,228	2,769,502
Gain (Loss) on sale of assets	-	-	-	60,840	-	(7,036)	(25,166)	947	1,114,537	275,806
Other revenue	2,700	2,697	-	-	16,495	14,895	-	-	317,137	282,014
Water and sewer	-	-	-	-	-	-	2,787,797	2,842,395	2,787,797	2,842,395
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,450,887	2,455,403
Prov of MB - Conditional Grants	33,000	655,000	-	-	131,980	103,942	-	(4,898)	423,906	813,251
Grants - other	-	-	-	-	8,638	6,445	-	(4,898)	341,927	842,264
<b>Total revenue</b>	<b>\$ 517,221</b>	<b>\$ 1,162,661</b>	<b>\$ 719,790</b>	<b>\$ 622,980</b>	<b>\$ 1,402,168</b>	<b>\$ 1,463,685</b>	<b>\$ 7,949,428</b>	<b>\$ 4,954,230</b>	<b>\$ 35,049,187</b>	<b>\$ 27,131,488</b>
<b>EXPENSES</b>										
Personnel services	\$ 75,566	\$ 64,116	\$ -	\$ 1,500	\$ 2,060,096	\$ 1,864,012	\$ 892,035	\$ 772,800	\$ 6,505,248	\$ 6,157,375
Contract services	214,535	338,071	210,672	282,829	607,787	454,027	534,407	653,139	5,726,400	5,584,110
Utilities	835	1,473	212,045	6,460	368,465	345,010	266,486	206,852	1,770,880	1,399,186
Maintenance materials and supplies	48,474	49,704	-	-	285,389	260,966	190,695	121,383	1,427,916	1,262,554
Grants and contributions	-	-	-	-	-	-	-	-	309,207	351,128
Amortization	-	379	-	-	545,380	429,370	2,089,115	1,568,322	6,005,331	5,364,686
Interest on long term debt	-	-	-	-	20,247	25,913	97,535	106,067	197,977	205,233
Other	-	-	-	-	14,234	11,778	23,732	11,346	509,240	253,663
<b>Total expenses</b>	<b>\$ 339,410</b>	<b>\$ 453,743</b>	<b>\$ 422,717</b>	<b>\$ 290,789</b>	<b>\$ 3,901,598</b>	<b>\$ 3,391,076</b>	<b>\$ 4,094,005</b>	<b>\$ 3,439,909</b>	<b>\$ 22,452,199</b>	<b>\$ 20,577,935</b>
<b>Surplus (Deficit)</b>	<b>\$ 177,811</b>	<b>\$ 708,918</b>	<b>\$ 297,073</b>	<b>\$ 332,191</b>	<b>\$ (2,499,430)</b>	<b>\$ (1,927,391)</b>	<b>\$ 3,855,423</b>	<b>\$ 1,514,321</b>	<b>\$ 12,596,988</b>	<b>\$ 6,553,553</b>

## CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2013

	Core Government		Controlled Entities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUE</b>						
Property taxes	\$ 12,703,096	\$ 11,376,670	\$ -	\$ -	\$ 12,703,096	\$ 11,376,670
Grants in lieu of taxation	137,888	137,376	-	-	137,888	137,376
User fees	4,395,164	4,363,175	98,588	83,239	4,493,752	4,446,414
Permits, licences and fines	841,325	656,837	-	-	841,325	656,837
Investment income	353,427	229,776	2,280	3,780	355,707	233,556
Contributed infrastructure assets	9,081,228	2,769,502	-	-	9,081,228	2,769,502
Gain (Loss) on sale of assets	1,114,537	222,002	-	53,804	1,114,537	275,806
Other revenue	297,942	264,422	19,195	17,592	317,137	282,014
Water and sewer	2,787,797	2,842,395	-	-	2,787,797	2,842,395
Prov of MB - Unconditional Grants	2,450,887	2,455,403	-	-	2,450,887	2,455,403
Prov of MB - Conditional Grants	299,926	710,059	123,980	103,192	423,906	813,251
Grants - other	333,819	835,819	8,108	6,445	341,927	842,264
Total revenue	\$ 34,797,036	\$ 26,863,436	\$ 252,151	\$ 268,052	\$ 35,049,187	\$ 27,131,488
<b>EXPENSES</b>						
Personnel services	\$ 6,233,942	\$ 5,945,309	\$ 271,306	\$ 212,066	\$ 6,505,248	\$ 6,157,375
Contract services	5,689,886	5,546,649	36,514	37,461	5,726,400	5,584,110
Utilities	1,554,543	1,387,066	216,337	12,120	1,770,880	1,399,186
Maintenance materials and supplies	1,318,061	1,177,027	109,855	85,527	1,427,916	1,262,554
Grants and contributions	309,207	351,128	-	-	309,207	351,128
Amortization	5,966,471	5,358,916	38,860	5,770	6,005,331	5,364,686
Interest on long term debt	197,977	205,233	-	-	197,977	205,233
Other	495,006	241,885	14,234	11,778	509,240	253,663
Total expenses	\$ 21,765,093	\$ 20,213,213	\$ 687,106	\$ 364,722	\$ 22,452,199	\$ 20,577,935
<b>Surplus (Deficit)</b>	\$ 13,031,943	\$ 6,650,223	\$ (434,955)	\$ (96,670)	\$ 12,596,988	\$ 6,553,553

## SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year ended December 31, 2013

	2013							
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	Committed Expenditures
<b>REVENUE</b>								
Investment income	\$ 15,252	\$ 8,980	\$ 27,514	\$ 79,572	\$ 3,665	\$ 10,679	\$ 5,913	\$ 26,487
Total revenue	15,252	8,980	27,514	79,572	3,665	10,679	5,913	26,487
<b>TRANSFERS</b>								
Transfers from general operating	-	-	1,100,000	1,054,086	326,260	-	35,820	2,244,704
Transfers to general operating	-	-	-	-	-	-	-	(12,733)
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	(226,000)	(87,203)	(521,600)	-	-
<b>CHANGE IN RESERVE FUND BALANCES</b>	15,252	8,980	1,127,514	907,658	242,723	(510,921)	41,734	2,258,459
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	886,214	586,975	1,549,480	4,122,150	245,846	630,848	333,163	1,389,368
<b>FUND SURPLUS, END OF YEAR</b>	<u>\$ 901,466</u>	<u>\$ 595,954</u>	<u>\$ 2,676,994</u>	<u>\$ 5,029,808</u>	<u>\$ 488,569</u>	<u>\$ 119,927</u>	<u>\$ 374,896</u>	<u>\$ 3,647,827</u>



CITY OF STEINBACH  
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
Year ended December 31, 2013

SCHEDULE 6

	2013						2012
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
<b>REVENUE</b>							
Investment income	\$ 5,693	\$ 1,711	\$ 1,468	\$ 19,766	\$ 23,411	\$ 230,112	\$ 175,926
Total revenue	5,693	1,711	1,468	19,766	23,411	-	230,112
<b>TRANSFERS</b>							
Transfers from general operating	-	628,972	-	812,205	-	6,202,048	4,441,548
Transfers to general operating	-	-	-	-	-	(12,733)	(27,017)
Transfers from utility operating	-	-	-	-	707,994	707,994	530,000
Acquisition of tangible capital assets	-	(360,000)	-	(100,000)	(200,000)	(1,494,803)	(2,215,610)
<b>CHANGE IN RESERVE FUND BALANCES</b>	5,693	270,683	1,468	731,971	531,405	-	5,632,618
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	266,558	34,896	72,736	912,192	1,369,128	12,399,554	9,494,708
<b>FUND SURPLUS, END OF YEAR</b>	<u>\$ 272,251</u>	<u>\$ 305,579</u>	<u>\$ 74,204</u>	<u>\$ 1,644,163</u>	<u>\$ 1,900,533</u>	<u>\$ -</u>	<u>\$ 12,399,554</u>

**CITY OF STEINBACH**  
**SCHEDULE OF TRUST FUNDS**  
**Year ended December 31, 2013**

**SCHEDULE 7**

	<b>Total</b>	
	<b>2013</b>	<b>2012</b>
<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, 2013

SCHEDULE 8

	2013	Total 2012
<b>FINANCIAL ASSETS</b>		
Amounts receivable	\$ 712,190	\$ 695,820
Due from other funds	<u>81,852</u>	<u>-</u>
	<u>\$ 794,042</u>	<u>\$ 695,820</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 106,131	\$ 99,574
Long-term debt (Note 10)	2,928,164	3,177,526
Due to other funds	<u>-</u>	<u>408,229</u>
	<u>3,034,295</u>	<u>3,685,329</u>
<b>NET DEBT</b>	<u>\$ (2,240,253)</u>	<u>\$ (2,989,509)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	\$ 54,033,937	\$ 51,248,517
Prepaid expenses	<u>14,383</u>	<u>14,083</u>
	<u>54,048,320</u>	<u>51,262,600</u>
<b>FUND SURPLUS</b>	<u>\$ 51,808,067</u>	<u>\$ 48,273,091</u>

COMMITMENTS AND CONTINGENCIES (Notes 11 and 12)

CITY OF STEINBACH  
SCHEDULE OF UTILITY OPERATIONS  
Year ended December 31, 2013

SCHEDULE 9

	2013 Budget	2013 Actual	2012 Actual
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ 1,776,920	1,691,553	\$ 1,668,259
sub-total- water	<u>1,776,920</u>	<u>1,691,553</u>	<u>1,668,259</u>
<b>Sewer</b>			
Sewer fees	1,002,800	913,013	972,284
sub-total- sewer	<u>1,002,800</u>	<u>913,013</u>	<u>972,284</u>
<b>Property taxes</b>	<u>1,390,319</u>	<u>1,390,319</u>	<u>1,026,481</u>
<b>Government transfers</b>			
Capital	-	-	(9,796)
sub-total- government transfers	<u>-</u>	<u>-</u>	<u>(9,796)</u>
<b>Other</b>			
Hydrant rentals	70,850	70,850	64,250
Connection charges	-	5,000	17,000
Installation service	51,000	76,362	75,844
Penalties	7,140	9,610	8,553
Contributed infrastructure assets	2,411,849	3,796,478	1,094,203
Gain (Loss) on sale of tangible capital assets	-	(25,166)	947
Other income	13,000	21,409	36,205
sub-total- other	<u>2,553,839</u>	<u>3,954,543</u>	<u>1,297,002</u>
<b>Total revenue</b>	<u>6,723,878</u>	<u>7,949,428</u>	<u>4,954,230</u>
<b>EXPENSES</b>			
<b>General</b>			
Administration	294,830	284,360	229,771
Billing and collection	9,850	8,016	5,200
Interest on short term debt	-	13,614	11,345
sub-total- general	<u>304,680</u>	<u>305,990</u>	<u>246,316</u>
<b>Water</b>			
Purification and treatment	196,100	187,817	172,208
Transmission and distribution	521,630	527,287	535,868
Service and other supply costs	229,400	249,014	240,382
sub-total- water general	<u>947,130</u>	<u>964,118</u>	<u>948,458</u>
<b>Water Amortization &amp; Interest</b>			
Amortization	653,633	870,685	824,013
Interest on long term debt	9,936	34,478	26,934
sub-total- water amortization & interest	<u>663,568</u>	<u>905,163</u>	<u>850,947</u>
<b>Sewer</b>			
Collection system costs	307,400	304,457	270,903
Treatment and disposal cost	409,600	189,523	195,965
Lift Station costs	127,400	143,268	103,877
sub-total- sewer general	<u>844,400</u>	<u>637,248</u>	<u>570,745</u>
<b>Sewer Amortization &amp; Interest</b>			
Amortization	914,689	1,218,430	744,309
Interest on long term debt	18,171	63,057	79,133
sub-total- sewer amortization & interest	<u>932,861</u>	<u>1,281,487</u>	<u>823,442</u>
<b>Total expenses</b>	<u>3,692,639</u>	<u>4,094,006</u>	<u>3,439,908</u>
<b>NET REVENUES</b>	<u>3,031,239</u>	<u>3,855,422</u>	<u>1,514,322</u>
<b>TRANSFERS</b>			
Transfers to reserve funds	(507,994)	(707,994)	(530,000)
Transfer for capital purposes (to) from general capital funds		187,548	519,243
Transfer for capital purposes from reserve funds		200,000	461,000
<b>CHANGE IN UTILITY FUND BALANCE</b>	<u>2,523,245</u>	<u>3,534,976</u>	<u>1,964,565</u>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		<u>48,273,091</u>	<u>46,308,526</u>
<b>FUND SURPLUS, END OF YEAR</b>		<u>\$ 51,808,067</u>	<u>\$ 48,273,091</u>

CITY OF STEINBACH  
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
Year ended December 31, 2013

SCHEDULE 10

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Municipality Budget	Consolidated Entities	PSAB Budget
<b>REVENUE</b>									
Property taxes	\$ 12,203,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,203,394	\$ -	\$ 12,203,394
Grants in lieu of taxation	134,415	-	-	-	-	-	134,415	-	134,415
User fees	3,670,360	-	870,000	-	(140,000)	-	4,400,360	80,315	4,480,675
Permits, licences and fines	475,500	-	-	-	-	-	475,500	-	475,500
Investment income	61,200	-	-	-	-	-	61,200	2,411	63,611
Contributed infrastructure assets			6,696,658				6,696,658		6,696,658
Other revenue	112,440	-	-	-	-	-	112,440	40,100	152,540
Water and sewer		2,921,710	-	-	-	-	2,921,710	-	2,921,710
Grants - Province of Manitoba	2,528,700	-	-	-	-	-	2,528,700	118,554	2,647,254
Grants - other	600,000	-	-	-	-	-	600,000	3,400	603,400
Transfers from General		1,390,319	-	-	(1,390,319)	-	-	-	-
Transfers from reserves	22,000	-	-	-	(22,000)	-	-	-	-
Total revenue	<b>\$ 19,808,009</b>	<b>\$ 4,312,029</b>	<b>\$ 7,566,658</b>	<b>\$ -</b>	<b>\$ (1,552,319)</b>	<b>\$ -</b>	<b>\$ 30,134,377</b>	<b>\$ 244,780</b>	<b>\$ 30,379,157</b>
<b>EXPENSES</b>									
General government services	\$ 3,400,123	\$ -	\$ 93,855	\$ 12,240	\$ (172,048)	-	\$ 3,334,170	\$ -	\$ 3,334,170
Protective services	3,051,840	-	185,881	7,874	-	-	3,245,595	-	3,245,595
Transportation services	2,110,420	-	2,689,774	73,272	-	-	4,873,466	-	4,873,466
Environmental health services	1,792,239	-	284,444	-	-	175,830	2,252,513	-	2,252,513
Public health and welfare services	100,215	-	8,755	-	-	-	108,970	-	108,970
Regional planning and development	423,065	-	-	-	-	-	423,065	-	423,065
Resource cons and industrial dev	67,770	-	-	-	-	-	67,770	17,649	85,419
Recreation and cultural services	2,816,315	-	527,886	20,247	-	-	3,364,448	402,465	3,766,913
Water and sewer services		2,096,210	1,568,322	28,107	-	-	3,692,639	-	3,692,639
Fiscal services:									
Transfer to capital	1,528,500	410,000	(1,938,500)	-	-	-	-	-	-
Debt charges	858,251	1,282,325	-	(2,140,576)	-	-	-	-	-
Transfer to Utility	1,390,319	-	-	-	(1,390,319)	-	-	-	-
Short term interest	47,940	15,500	-	(63,440)	-	-	-	-	-
Transfer to reserves	2,076,349	507,994	-	-	(2,584,343)	-	-	-	-
Allowance for tax assets	144,663	-	-	-	(144,663)	-	-	-	-
Total expenses	<b>\$ 19,808,009</b>	<b>\$ 4,312,029</b>	<b>\$ 3,420,416</b>	<b>\$ (2,062,276)</b>	<b>\$ (4,291,373)</b>	<b>\$ 175,830</b>	<b>\$ 21,362,635</b>	<b>\$ 420,114</b>	<b>\$ 21,782,749</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,146,242</b>	<b>\$ 2,062,276</b>	<b>\$ 2,739,054</b>	<b>\$ (175,830)</b>	<b>\$ 8,771,742</b>	<b>\$ (175,334)</b>	<b>\$ 8,596,408</b>

**CITY OF STEINBACH  
ANALYSIS OF TAXES ON ROLL  
Year ended December 31, 2013**

**SCHEDULE 11**

	<u>2013</u>	<u>2012</u>
<b>Balance, beginning of year</b>	<b>\$ 817,808</b>	<b>\$ 633,751</b>
<b>Add:</b>		
Tax levy (Schedule 12)	24,173,769	22,519,938
Taxes added	1,251,349	829,905
Penalties or interest	82,116	80,400
Other accounts added	148,273	139,369
Tax Adjustments (specify)      Taxes Overpaid	119,437	93,305
<b>Sub-total</b>	<b><u>25,774,944</u></b>	<b><u>23,662,917</u></b>
<b>Deduct:</b>		
Cash collections - current	22,751,628	20,845,950
Cash collections - arrears	717,186	507,492
Writeoffs	81,884	100,811
M.P.T.C. - cash advance	2,091,488	2,024,607
<b>Sub-total</b>	<b><u>25,642,186</u></b>	<b><u>23,478,860</u></b>
<b>Balance, end of year</b>	<b><u>\$ 950,566</u></b>	<b><u>\$ 817,808</u></b>

**CITY OF STEINBACH**  
**ANALYSIS OF TAX LEVY**  
**Year ended December 31, 2013**

**SCHEDULE 12**

	2013		2012	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 685,906	\$ 213,406
L.I.D. General District	726,444,740	0.920	668,329	1,003,862
At large Utility District	638,248,040	0.650	414,861	317,941
Waste Water District	708,772,580	1.250	885,966	729,704
sub-total - Debt charges			<u>2,655,062</u>	<u>2,264,913</u>
Reserves:				
Recreation	644,307,270	1.241	<u>799,585</u>	<u>689,142</u>
General Municipal	644,307,270	6.927	<u>4,463,116</u>	<u>4,205,676</u>
Special levies:				
Waste & Disposal	-	-	497,718	467,856
Section 312 M.A.	726,444,740	4.000	<u>2,905,779</u>	<u>2,792,385</u>
sub-total -Special levies			<u>3,403,497</u>	<u>3,260,241</u>
Business tax	22,894,720	0.500	114,148	114,713
Business fees	-	-	14,164	12,748
sub-total - Business			<u>128,312</u>	<u>127,461</u>
Adjustments from school levy below			<u>140</u>	<u>(668)</u>
<b>Total municipal taxes (Schedule 2)</b>			<b><u>11,449,712</u></b>	<b><u>10,546,765</u></b>
Education support levy	205,152,510	11.830	2,426,954	2,323,330
Special levy:				
Hanover SD#15	613,405,770	16.787	10,297,243	9,649,175
Adjustments of school levy to municipal taxes			<u>(140)</u>	<u>668</u>
<b>Total education taxes</b>			<b><u>12,724,057</u></b>	<b><u>11,973,173</u></b>
			<b><u>\$ 24,173,769</u></b>	<b><u>\$ 22,519,938</u></b>

CITY OF STEINBACH  
 ANALYSIS OF SCHOOL ACCOUNTS  
 Year ended December 31, 2013

SCHEDULE 13

	2013			2012	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 135,264	\$ 2,523,195	\$ (2,587,810)	\$ 70,649	\$ 135,264
<b>Special levies</b>					
Hanover SD#15	441,140	10,467,608	(10,670,523)	238,225	441,140
<b>Total</b>	<u>\$ 576,404</u>	<u>\$ 12,990,803</u>	<u>\$ (13,258,333)</u>	<u>\$ 308,874</u>	<u>\$ 576,404</u>



## SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year ended December 31, 2013

	2013 Actual	2012 Actual
<b>General government services:</b>		
Legislative	\$ 172,610	\$ 169,892
General administrative	1,909,947	1,805,385
Other	1,512,921	1,163,564
	<u>3,595,478</u>	<u>3,138,841</u>
<b>Protective services:</b>		
Police	1,883,774	1,729,301
Fire	708,739	719,632
Emergency measures	22,658	18,815
Other protection	538,849	574,514
	<u>3,154,020</u>	<u>3,042,262</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	212,821	205,111
Road and street maintenance	4,243,614	4,061,608
Sidewalk and boulevard maintenance	59,233	21,734
Street lighting	276,527	252,920
Other	114,912	104,477
Air transport	40,407	40,060
Public transit	66,377	60,078
	<u>5,013,891</u>	<u>4,745,988</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,424,374	1,373,678
Recycling	625,866	586,526
Other	293,871	295,417
	<u>2,344,111</u>	<u>2,255,621</u>
<b>Public health and welfare services:</b>		
Public health	88,863	86,149
Social assistance	19,765	19,765
	<u>108,628</u>	<u>105,914</u>
<b>Regional planning and development</b>		
Planning and zoning	146,109	309,679
Beautification and land rehabilitation	157,026	118,563
Urban area weed control	26,776	14,700
Other	9,500	10,800
	<u>339,411</u>	<u>453,742</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	15,000	15,000
Regional development	-	1,500
Tourism	185,117	266,543
	<u>200,117</u>	<u>283,043</u>
<b>Recreation and cultural services:</b>		
Administration	216,972	187,897
Swimming pools and beaches	1,537,894	1,434,071
Skating and curling rinks	491,680	350,933
Parks and playgrounds	568,054	531,564
Other recreational facilities	531,839	443,001
Libraries	45,070	36,502
Other cultural facilities	45,584	50,133
	<u>3,437,093</u>	<u>3,034,101</u>
<b>Total expenses</b>	<u><u>18,192,749</u></u>	<u><u>17,059,512</u></u>

**CITY OF STEINBACH**  
**SCHEDULE OF DEBENTURES PENDING**  
**Year ended December 31, 2013**

**SCHEDULE 15**

<b>Authority</b>	<b>Purpose</b>	<b>Source of Funds</b>	<b>Authorized</b>	<b>Expended</b>
1991	Asphalt Resurfacing		\$ 850,000	\$ 75,509
1992	Water & Sewer mains		400,000	35,033
			\$ 1,250,000	\$ 110,542

CITY OF STEINBACH  
RECONCILIATION OF ANNUAL SURPLUS  
December 31, 2013

SCHEDULE 16

	General	2013 Utility	Total	2012 Total
<b>MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT</b>	\$ 129,218	\$ 91,964	\$ 221,182	\$ 233,872
<b>Adjustments for reporting under public sector accounting standards</b>				
Capital :				
Increase revenue - contributed infrastructure / other donated assets	5,332,938	3,796,478	<b>9,129,416</b>	2,769,502
Increase revenue - capital grants and other revenue	213,205	-	<b>213,205</b>	803,242
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	(222,688)	(25,166)	<b>(247,854)</b>	(208,118)
Decrease expense - contribution to capital (net of recoveries)	1,067,429	192,903	<b>1,260,332</b>	1,991,869
Decrease expense - principal portion of debenture debt	780,548	1,180,364	<b>1,960,912</b>	2,004,809
Increase expense - amortization of tangible capital assets	(3,877,355)	(2,089,115)	<b>(5,966,470)</b>	(5,358,916)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	222,951	-	<b>222,951</b>	166,768
Eliminate expense - appropriations to reserves	6,202,048	707,994	<b>6,910,042</b>	4,971,548
Eliminate revenue - transfers from reserves to operating funds	(12,733)	-	<b>(12,733)</b>	(27,017)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	(902,096)	-	<b>(902,096)</b>	(743,462)
Other:				
Increase expense - landfill liability	(138,606)	-	<b>(138,606)</b>	(130,585)
	8,794,859	3,855,422	<b>12,650,281</b>	6,473,512
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(53,293)	-	<b>(53,293)</b>	80,041
<b>NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS</b>	<b>\$ 8,741,566</b>	<b>\$ 3,855,422</b>	<b>\$ 12,596,988</b>	<b>\$ 6,553,553</b>