

# **CITY OF STEINBACH**

**Consolidated Financial Statements  
Year ended December 31, 2010**

## STATEMENT OF RESPONSIBILITY

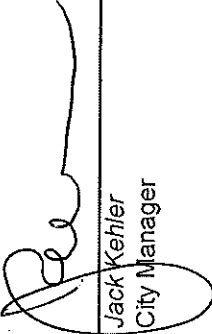
The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Steinbach and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian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

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

Chambers, Fraser & Co. as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The 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 June 21, 2011

  
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Jack Kehler  
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, 2010 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2010, 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, 2010, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2010 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada  
June 21, 2011



Chambers, Fraser & Co.  
Chartered Accountants

**CITY OF STEINBACH**  
Consolidated Financial Statements  
Year ended December 31, 2010

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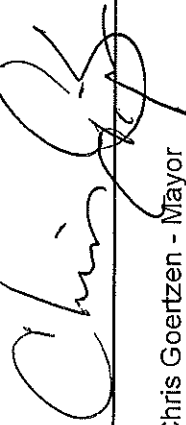
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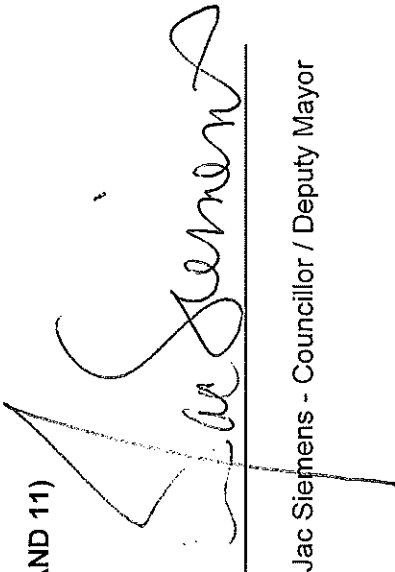
**CITY OF STEINBACH  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	\$ 7,284,853	\$ 13,720,014
Amounts receivable (Note 4)	7,216,158	2,415,007
Portfolio investments (Note 5)	<u>687,634</u>	<u>671,414</u>
	<u>\$ 15,188,645</u>	<u>\$ 16,806,435</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 3,128,892	\$ 2,287,073
Deferred revenue (Note 7)	1,033,908	935,046
Landfill closure and post closure liabilities (Note 8)	1,606,080	984,529
Long-term debt (Note 9)	6,266,508	7,927,284
Other liabilities	<u>111,721</u>	<u>98,471</u>
	<u>12,147,109</u>	<u>12,232,403</u>
	<u>\$ 3,041,536</u>	<u>\$ 4,574,032</u>
<b>NET FINANCIAL ASSETS</b>		
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$125,934,238	114,922,978
Prepaid expenses	<u>65,343</u>	<u>61,589</u>
	<u>125,999,581</u>	<u>114,984,567</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$129,041,117</u>	<u>\$119,558,599</u>

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

Approved on behalf of Council:

  
Chris Goertzen - Mayor

  
Jac Siemens - Councillor / Deputy Mayor

**CITY OF STEINBACH  
CONSOLIDATED STATEMENT OF OPERATIONS  
Year ended December 31, 2010**

	2010 Budget (Note 14)	2010 Actual	2009 Actual
<b>REVENUE</b>			
Property taxes	\$ 9,423,216	\$ 9,557,219	\$ 8,124,974
Grants in lieu of taxation	121,091	124,316	121,262
User fees	3,047,741	3,707,850	3,151,411
Permits, licences and fines	209,800	343,691	232,462
Investment income	151,493	190,621	149,400
Contributed infrastructure assets	2,000,000	3,154,955	5,952,568
Other revenue	(111,000)	265,322	23,899
Water and sewer	2,322,000	2,506,314	2,249,864
Grants - Province of Manitoba	4,660,318	4,987,546	3,218,209
Grants - other	3,028,400	3,382,560	487,229
<b>Total revenue (Schedules 2, 4 and 5)</b>	<b>24,853,059</b>	<b>28,220,394</b>	<b>23,711,278</b>
<b>EXPENSES</b>			
General government services	2,842,147	2,790,858	2,557,858
Protective services	2,509,901	2,378,057	2,370,978
Transportation services	4,360,680	4,556,435	4,284,413
Environmental health services	1,477,289	2,291,266	1,390,144
Public health and welfare services	92,783	95,335	85,633
Regional planning and development	280,200	239,092	336,397
Resource conservation and industrial development	83,189	150,934	156,965
Recreation and cultural services	3,125,334	3,129,839	3,063,609
Water and sewer services	3,122,721	3,106,060	2,965,216
<b>Total expenses (Schedules 3, 4 and 5)</b>	<b>17,894,244</b>	<b>18,737,876</b>	<b>17,211,213</b>
<b>ANNUAL SURPLUS</b>	<b>6,958,815</b>	<b>9,482,518</b>	<b>6,500,065</b>
<b>ACCUMULATED SURPLUS BEGINNING OF YEAR</b>		<b>119,558,599</b>	<b>113,058,534</b>
<b>ACCUMULATED SURPLUS END OF YEAR</b>		<b>\$ 129,041,117</b>	<b>\$ 119,558,599</b>

CITY OF STEINBACH  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
Year ended December 31, 2010

	2010 Budget (Note 14)	2010 Actual	2009 Actual
<b>ANNUAL SURPLUS</b>	<b>\$ 6,958,815</b>	<b>\$ 9,482,518</b>	<b>\$ 6,500,065</b>
Acquisition of tangible capital assets	(16,128,500)	(16,297,133)	(11,999,548)
Amortization of tangible capital assets	4,557,000	4,858,824	4,563,424
Loss (Gain) on sale of tangible capital assets	151,000	(160,070)	107,891
Proceeds on sale of tangible capital assets	-	587,119	257,336
Increase in prepaid expense	-	(3,754)	(1,624)
	<u>(11,420,500)</u>	<u>(11,015,014)</u>	<u>(7,072,521)</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b><u>(4,461,685)</u></b>	<b><u>(1,532,496)</u></b>	<b><u>(572,456)</u></b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<b><u>4,574,032</u></b>	<b><u>5,146,488</u></b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$</b>	<b><u>3,041,536</u></b>	<b><u>\$ 4,574,032</u></b>

**CITY OF STEINBACH**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2010**

	2010	2009
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 9,482,518	\$ 6,500,065
Changes in non-cash items:		
Amounts receivable	(4,801,151)	(883,098)
Prepays	(3,754)	(1,624)
Other assets	-	5,000
Accounts payable and accrued liabilities	841,819	689,830
Deferred revenue	98,862	503,430
Landfill closure and post closure liabilities	621,551	100,670
Other liabilities	13,250	(43,291)
Loss (Gain) on sale of tangible capital assets	(160,070)	107,891
Contributed infrastructure assets revenue	(3,154,955)	(5,952,568)
Amortization	4,858,824	4,563,424
Cash provided by operating transactions	<u>7,796,894</u>	<u>5,589,729</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	587,119	257,336
Cash used to acquire tangible capital assets	<u>(13,142,178)</u>	<u>(6,046,980)</u>
Cash applied to capital transactions	<u>(12,555,059)</u>	<u>(5,789,644)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of portfolio investments	358,784	109,333
Purchase of portfolio investments	<u>(375,004)</u>	<u>(149,052)</u>
Cash applied to investing transactions	<u>(16,220)</u>	<u>(39,719)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	200,000	6,325,000
Debt repayment	<u>(1,860,776)</u>	<u>(952,505)</u>
Cash provided by (applied to) financing transactions	<u>(1,660,776)</u>	<u>5,372,495</u>
<b>INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS</b>	<u>(6,435,161)</u>	5,132,861
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>13,720,014</u>	<u>8,587,153</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u>\$ 7,284,853</u>	<u>\$ 13,720,014</u>



**CITY OF STEINBACH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2010**

**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, 2010**

**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 interest charges as part of the cost of its tangible capital assets.

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

The estimated useful lives are as follows:

**General Tangible Capital Assets**

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years

**Infrastructure Assets**

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 to 30 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	30 to 100 years
Machinery and equipment	10 to 50 years
Dams and other surface water structures	40 to 60 years

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

**h) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership 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, 2010**

**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>2010</u>	<u>2009</u>
Cash		
Temporary Investments	\$ 7,284,853	\$ 13,720,014
	<u>-</u>	<u>-</u>
	<u>\$ 7,284,853</u>	<u>\$ 13,720,014</u>

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

Designated Reserve Funds	<u>\$ 4,200,926</u>	<u>\$ 4,166,306</u>
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**4. Amounts Receivable**

Amounts receivable are valued at their net realizable value.

	<u>2010</u>	<u>2009</u>
Taxes on roll (Schedule 11)		
Government grants	\$ 467,379	\$ 285,170
Utility customers	5,000,197	1,064,825
Accrued interest	674,965	612,455
Organizations and individuals	15,587	13,163
Other governments	391,968	287,755
	<u>699,485</u>	<u>209,952</u>
Less allowances for doubtful amounts	7,249,581	2,473,320
	<u>(33,423)</u>	<u>(58,313)</u>
	<u>\$ 7,216,158</u>	<u>\$ 2,415,007</u>

**CITY OF STEINBACH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2010**

**5. Portfolio Investments**

	2010	2009
Marketable securities:		
Province of Manitoba	200,000	\$ 400,000
Other securities	437,091	219,694
	<u>637,091</u>	<u>\$ 619,694</u>
Other investments	50,543	51,720
	<u>687,634</u>	<u>\$ 671,414</u>

The aggregate market value of the marketable securities at December 31, 2010 is \$639,376 (2009 - \$627,046). Portfolio investments earned \$50,701 in investment income during the year (2009 - \$64,444).

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

Designated Reserve Funds	<u>544,252</u>	<u>\$ 500,000</u>
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**6. Accounts Payable and Accrued Liabilities**

	2010	2009
Accounts payable	1,329,299	\$ 847,952
Accrued expenses	711,970	613,053
Accrued interest payable	44,941	60,645
School levies (Schedule 13)	464,610	451,697
Other governments	578,072	313,726
	<u>3,128,892</u>	<u>\$ 2,287,073</u>

**7. Deferred Revenue:**

	2010	2009
Capital Development	517,255	\$ 391,420
Federal Gas Tax	158,470	62,729
Handi-Transit	69,887	117,302
Land Dedication	214,878	201,175
Perpetual Care	14,422	14,422
	<u>974,912</u>	<u>787,048</u>
Other	58,996	147,998
	<u>1,033,908</u>	<u>\$ 935,046</u>

**CITY OF STEINBACH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2010**

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

**a) Operating Landfill Site**

The Municipality currently has a permit to operate as a Class 1 landfill site in 2010 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.

	<u>2010</u>	<u>2009</u>
Estimated closure and post closure costs over the next 21 years	\$ 2,000,000	\$ 1,350,000
Discount rate	6.00%	6.00%
<b>Discounted costs</b>	<b>\$ 1,655,498</b>	<b>\$ 1,032,168</b>
Expected year capacity will be reached	2011	2010
Capacity (tons):		
Used to date	650,000	620,000
Remaining	20,000	30,000
Total	<u>670,000</u>	<u>650,000</u>
Percent utilized	97.01%	95.38%
<b>Liability based on percentage</b>	<b>\$ 1,606,080</b>	<b>\$ 984,529</b>

**b) Closed Landfill Site(s)**

Estimated closure and post closure costs over the next 20 years.	-	\$ -
<b>Total landfill closure and post closure liabilities</b>	<b>\$ 1,606,080</b>	<b>\$ 984,529</b>

**9. Long Term Debt**

**General Authority:**

	<u>2010</u>	<u>2009</u>
Debtenture for Acres Drive surface and drainage, at 5.24%, \$232,509 annually including interest, maturing September, 2011	\$ 220,932	\$ 430,864
Debtenture for Brandt Street sidewalks, at 5.24%, \$51,152 annually including interest, maturing September, 2011	48,605	94,790
Debtenture for the firehall, at 5.34%, \$349,725 annually including interest, maturing October, 2012	647,163	946,352
Debtenture for Southland sidewalks, at 3.53%, \$27,930 annually including interest, maturing December, 2013 *	78,206	102,517
Debtenture for Acres Drive concrete, at 3.53%, \$266,004 annually including interest, maturing February, 2014	976,357	1,200,000
Debtenture for Industrial Road concrete, at 3.20%, \$159,212 annually including interest, maturing December, 2014	588,988	725,000
<b>Total</b>	<b>\$ 2,560,251</b>	<b>\$ 3,499,523</b>

**CITY OF STEINBACH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2010**

**Utility Authority:**

Debtenture for water treatment, at 4.25%, \$135,724 annually including interest, maturing December, 2010	\$ -	\$ 130,278
Debtenture for pump station phase 1 , at 3.53%, \$110,835 annually including interest, maturing February, 2014	406,815	500,000
Debtenture for pump station phase 2, at 3.84%, \$201,257 annually including interest, maturing September, 2014	733,303	900,000
Debtenture for lagoon expansion, at 3.84%, \$670,855 annually including interest, maturing September, 2014	2,444,345	3,000,000
Debtenture for Henry Street sewer, interest at 2.89%, \$43,534 annually including interest, maturing September, 2015	200,000	-

Less: Owned by Municipality *	\$ 3,784,463	\$ 4,530,278
	\$ (78,206)	\$ (102,517)
	\$ 6,266,508	\$ 7,927,284

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

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

2011	\$ 1,840,925
2012	1,634,182
2013	1,349,841
2014	1,399,249
2015	42,311

**10. Commitments**

The Municipality has outstanding contractual obligations of approximately **\$3.3 million** at December 31, 2010 for various capital works.

The Municipality has undertaken to construct an expansion of its waste water lagoon, planned for completion in 2011. The Municipality is a party to a funding agreement with the Building Canada Fund - Community Component (BCF-CC) for a **\$10.5 million** project. BCF-CC has agreed to provide **\$7.0 million** toward this project, of which approximately **\$5.5 million** has been claimed to date. As part of its **\$3.5 million** commitment, the Municipality issued a debtenture in the amount of **\$3.0 million** in 2009 of the **\$3.5 million** authorized.

**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.

**CITY OF STEINBACH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2010**

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**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. The MEPP requires 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 \$214,533 (2009 - \$191,967) 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, 2008 indicated the plan is fully funded on a going concern basis but had an unfunded solvency liability of \$1.1 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, 2008. The current contribution rates are sufficient to fund the solvency unfunded liability by December 2013.

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, 2010**

**15. 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	\$ 974,006	-	\$ 26,324	\$ 947,682
Contributed Assets	3,498,306	554,727	120,206	3,932,827
	<u>\$ 4,472,312</u>	<u>\$ 554,727</u>	<u>\$ 146,530</u>	<u>\$ 4,880,509</u>
<b>Sewer services:</b>				
Grants	-	\$ 5,452,220	-	\$ 5,452,220
Contributed Assets	6,638,379	818,785	166,681	7,290,483
	<u>\$ 6,638,379</u>	<u>\$ 6,271,005</u>	<u>\$ 166,681</u>	<u>\$ 12,742,703</u>

**16. Council Indemnities**

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzan, Chris	\$ 21,265	\$ 23,119	\$ 44,384
Councillor - Enns, Roy	6,757	7,171	13,928
Councillor - Fehr, John	1,547	1,606	3,153
Councillor - Funk, Earl	1,362	1,375	2,737
Councillor - Hiebert, Abraham	8,215	7,613	15,828
Councillor - Penner, Cari	1,362	1,117	2,479
Councillor - Penner, Susan	1,362	1,188	2,550
Councillor - Rempel, Art	6,656	7,834	14,490
Councillor - Siemens, Jac	8,577	8,270	16,847
Councillor - Toews, Elbert	6,653	6,602	13,255
Councillor - Zwaagstra, Michael	7,916	7,469	15,385
	<u>\$ 71,672</u>	<u>\$ 73,364</u>	<u>\$ 145,036</u>



SCHEDULE 1

CITY OF STEINBACH  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31, 2010

Capital Assets	Buildings and Leasehold Improvements		Vehicles and Equipment		Asset Under Construction		Roads, Streets, and Bridges		Water and Sewer		Assets Under Construction		Totals					
	Land and Land Improvements	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009							
Opening costs	15,452,853	26,667,014	8,552,040	1,815,021	77,413,108	46,425,268	131,024	176,456,329	166,119,634	267,147	470,653	1,066,156	9,463,244	2,011,887	2,622,315	395,732	16,297,133	11,999,548
Additions during the year	(27,524)	1,092,783	-	(1,092,783)	54,551	24,845	(51,872)	-	-	(27,524)	1,092,783	-	-	-	-	-	-	-
Disposals and write downs	(46,601)	-	(739,321)	-	-	(33,013)	-	(818,935)	(1,662,853)	(46,601)	-	(739,321)	-	-	(33,013)	-	(818,935)	(1,662,853)
Closing costs	15,645,875	28,230,450	8,878,875	10,185,482	79,479,546	49,039,415	474,884	191,934,527	176,456,329	15,645,875	28,230,450	8,878,875	10,185,482	79,479,546	49,039,415	474,884	191,934,527	176,456,329
Accumulated Amortization	2,644,779	8,779,842	5,110,267	-	28,979,462	16,019,002	-	61,533,352	57,785,703	2,644,779	8,779,842	5,110,267	-	28,979,462	16,019,002	-	61,533,352	57,785,703
Opening accumulated amortization	285,214	648,790	452,673	-	2,350,772	1,121,375	-	4,858,824	4,563,424	285,214	648,790	452,673	-	2,350,772	1,121,375	-	4,858,824	4,563,424
Amortization	(688)	-	-	-	688	-	-	-	-	(688)	-	-	-	688	-	-	-	-
Transfer during the year	-	-	(363,070)	-	-	(28,817)	-	(391,887)	(815,776)	-	-	(363,070)	-	-	(28,817)	-	(391,887)	(815,776)
Disposals and write downs	2,929,305	9,428,632	5,199,870	-	31,330,922	17,111,560	-	66,000,289	61,533,351	2,929,305	9,428,632	5,199,870	-	31,330,922	17,111,560	-	66,000,289	61,533,351
Closing accumulated amortization	12,716,570	18,801,818	3,679,005	10,185,482	48,146,624	31,927,855	474,884	125,934,238	114,922,978	12,716,570	18,801,818	3,679,005	10,185,482	48,146,624	31,927,855	474,884	125,934,238	114,922,978
Net Book Value of Tangible Capital Assets																		

Roads, water and sewer infrastructure contributed to the Municipality in 2010 totals \$3,154,955 and were capitalized at their fair value at the time of their receipt.

**CONSOLIDATED SCHEDULE OF REVENUES**  
**Year ended December 31, 2010**

	2010 Actual	2009 Actual
<b>Property taxes:</b>		
Municipal taxes levied (Schedule 12)	\$ 8,930,494	\$ 7,267,584
Taxes added	582,427	683,603
Prepaid local improvement levies	-	133,442
Penalties and interest	44,298	40,345
	<u>9,557,219</u>	<u>8,124,974</u>
<b>Grants in lieu of taxation:</b>		
Federal government	21,262	17,055
Provincial government	8,984	11,955
Provincial government enterprises	70,412	72,680
Non-government organizations	23,658	19,572
	<u>124,316</u>	<u>121,262</u>
<b>User fees</b>		
Parking meters	20,209	19,082
Sales of service	3,319,730	2,626,972
Sales of goods	96,130	93,707
Rentals	177,150	212,700
Development charges	94,631	198,950
	<u>3,707,850</u>	<u>3,151,411</u>
<b>Permits, licences and fines</b>		
Permits	254,350	155,537
Licences	26,760	31,475
Fines	62,581	45,450
	<u>343,691</u>	<u>232,462</u>
<b>Investment income:</b>		
Cash and portfolio investments	188,769	147,648
Other	1,852	1,752
	<u>190,621</u>	<u>149,400</u>
<b>Contributed revenue:</b>		
Contributed infrastructure assets	3,154,955	5,952,568
	<u>3,154,955</u>	<u>5,952,568</u>
<b>Other revenue:</b>		
Gain (Loss) on sale of tangible capital assets	160,070	(107,891)
Miscellaneous	105,252	131,790
	<u>265,322</u>	<u>23,899</u>
<b>Water and sewer (Schedule 4)</b>	<u>2,506,314</u>	<u>2,249,864</u>
<b>Grants - Province of Manitoba</b>		
General assistance payment	1,769,687	1,658,758
General support grant	89,565	84,395
VLT revenues	158,856	229,089
Conditional grants	2,969,438	1,245,967
	<u>4,987,546</u>	<u>3,218,209</u>
<b>Grants - other</b>		
Federal government - gas tax funding	508,231	465,970
Federal government - other	2,865,826	14,339
Other local governments	8,503	3,400
Non-government organizations	-	3,520
	<u>3,382,560</u>	<u>487,229</u>
<b>Total revenue</b>	<u>28,220,394</u>	<u>23,711,278</u>

## CITY OF STEINBACH

## SCHEDULE 3

## CONSOLIDATED SCHEDULE OF EXPENSES

Year ended December 31, 2010

	2010 Actual	2009 Actual
<b>General government services:</b>		
Legislative	\$ 162,397	\$ 157,460
General administrative	1,819,497	1,584,197
Other	808,964	816,201
	<u>2,790,858</u>	<u>2,557,858</u>
<b>Protective services:</b>		
Police	1,261,014	1,274,684
Fire	521,087	495,401
Emergency measures	47,544	45,274
Other protection	548,412	555,619
	<u>2,378,057</u>	<u>2,370,978</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	194,408	189,149
Road and street maintenance	3,844,924	3,579,432
Sidewalk and boulevard maintenance	39,066	76,818
Street lighting	245,675	236,810
Other	118,953	109,374
Air transport	59,233	33,310
Public transit	54,176	59,520
	<u>4,556,435</u>	<u>4,284,413</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,627,279	988,290
Recycling	520,107	264,125
Other	143,880	137,729
	<u>2,291,266</u>	<u>1,390,144</u>
<b>Public health and welfare services:</b>		
Public health	75,570	65,868
Social assistance	19,765	19,765
	<u>95,335</u>	<u>85,633</u>
<b>Regional planning and development</b>		
Planning and zoning	111,123	200,373
Beautification and land rehabilitation	99,424	114,256
Urban area weed control	21,549	17,268
Other	6,996	4,500
	<u>239,092</u>	<u>336,397</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	10,000	10,000
Regional development	6,989	10,584
Tourism	133,945	136,324
Other	-	57
	<u>150,934</u>	<u>156,965</u>
<b>Recreation and cultural services:</b>		
Administration	179,814	170,301
Swimming pools and beaches	1,362,377	1,317,207
Skating and curling rinks	334,534	411,639
Parks and playgrounds	452,549	384,374
Other recreational facilities	396,317	394,199
Libraries	380,830	364,913
Other cultural facilities	23,418	20,976
	<u>3,129,839</u>	<u>3,063,609</u>
<b>Water and sewer services (Schedule 9)</b>	<u>3,106,060</u>	<u>2,965,216</u>
<b>Total expenses</b>	<u>18,737,876</u>	<u>17,211,213</u>

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*Close  
 costs*

SCHEDULE 4

CITY OF STEINBACH  
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
 Year ended December 31, 2010

	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	General Government*	Protective Services	Transportation Services	Environmental Health Services	Public Health and Welfare Services	General Government*	Protective Services	Transportation Services	Environmental Health Services	Public Health and Welfare Services
Property taxes	\$ 8,017,045	\$ -	\$ -	\$ 133,442	\$ 421,503	\$ 398,254	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	121,373	-	-	2,943	1,537,363	1,089,375	-	-	-	-
User fees	277,948	314,578	263,849	76,780	78,257	1,089,375	-	-	-	-
Permits, licences and fines	4,377	6,354	41,665	1,495	1,495	1,089,375	-	-	-	-
Investment income	105,344	88,054	-	38,236	11,465	-	-	-	-	-
Contributed infrastructure assets	-	-	1,781,442	-	41,783	43,567	-	-	-	-
Gain (Loss) on sale of assets	175,468	(107,891)	-	-	-	-	-	-	-	-
Other revenue	91,446	117,482	-	-	-	-	-	-	-	-
Water and sewer	2,018,108	1,972,242	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	39,349	44,784	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	7,000	-	12,000	70,129	1,070,325	-	-	-	-	-
Grants - other	\$ 9,846,796	\$ 542,882	\$ 317,514	\$ 2,477,448	\$ 5,532,622	\$ 1,534,085	\$ 2,003,592	\$ 1,534,085	\$ 106,134	\$ 101,566
Total revenue	\$ 10,857,458	\$ 9,846,796	\$ 542,882	\$ 2,477,448	\$ 5,532,622	\$ 1,534,085	\$ 2,003,592	\$ 1,534,085	\$ 106,134	\$ 101,566
EXPENSES										
Personnel services	\$ 1,065,993	\$ 932,784	\$ 512,344	\$ 738,728	\$ 733,255	\$ 528,959	\$ 603,626	\$ 528,959	\$ 46,240	\$ 42,233
Contract services	607,150	556,016	1,502,064	381,085	385,643	579,503	1,383,935	579,503	39,360	36,639
Utilities	350,544	299,186	63,347	325,395	315,677	38,475	39,781	38,475	2,969	2,098
Maintenance materials and supplies	82,035	77,640	65,151	379,392	346,491	105,478	124,519	105,478	4,797	4,663
Grants and contributions	432,351	400,528	-	-	-	-	-	-	-	-
Amortization	108,582	141,282	188,610	2,645,966	2,423,234	143,880	143,880	143,880	1,969	-
Interest on long term debt	-	-	46,541	81,394	80,114	-	-	-	-	-
Other	144,203	150,420	-	-	-	-	-	-	-	-
Total expenses	\$ 2,790,858	\$ 2,557,856	\$ 2,378,057	\$ 4,551,960	\$ 4,284,414	\$ 1,390,144	\$ 2,295,741	\$ 1,390,144	\$ 95,335	\$ 85,633
Surplus (Deficit)	\$ 8,066,600	\$ 7,288,940	\$ (1,835,175)	\$ (2,074,512)	\$ 1,248,208	\$ 143,941	\$ (292,149)	\$ 143,941	\$ 10,799	\$ 15,933

\* 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, 2010

	2010	2009	2010	2009	2010	2009	2010	2009	Total
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,124,975
Grants in lieu of taxation	-	-	-	-	-	-	-	-	121,262
User fees	94,309	220,148	21,231	1,191,468	1,086,061	-	-	-	3,151,411
Permits, licences and fines	12,950	17,070	265,313	-	-	3,891	-	-	232,462
Investment income	-	-	-	3,424	-	-	-	-	149,400
Contributed infrastructure assets	-	-	-	-	-	-	-	-	5,952,568
Gain (Loss) on sale of assets	2,457	2,450	-	11,349	11,857	-	-	-	131,789
Water and sewer	-	-	-	-	-	-	-	-	2,249,864
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,506,314
Prov of MB - Conditional Grants	29,000	30,000	-	104,850	104,378	-	-	-	1,972,242
Grants - other	-	-	-	61,209	5,739	-	-	-	1,249,487
Total revenue	\$ 138,716	\$ 269,668	\$ 286,544	\$ 1,372,300	\$ 1,211,926	\$ 10,435,320	\$ 4,731,223	\$ 28,220,394	\$ 23,711,278
<b>EXPENSES</b>									
Personnel services	\$ 53,693	\$ 62,718	\$ -	\$ 1,751,897	\$ 1,654,224	\$ 785,332	\$ 777,197	\$ 5,557,853	\$ 5,218,399
Contract services	134,338	223,067	145,072	392,206	507,167	398,798	443,507	4,984,008	4,382,015
Utilities	2,765	-	5,852	343,576	327,656	189,060	171,593	1,323,289	1,220,005
Maintenance materials and supplies	47,918	50,613	-	239,560	233,374	180,439	143,449	1,123,811	1,035,158
Grants and contributions	-	-	-	-	-	-	-	-	400,528
Amortization	379	-	-	391,185	328,082	1,378,252	1,343,421	4,858,823	4,563,424
Interest on long term debt	-	-	10	-	-	160,616	82,383	288,561	224,491
Other	-	-	-	11,414	13,107	13,563	3,666	169,180	167,193
Total expenses	\$ 239,093	\$ 336,398	\$ 150,934	\$ 3,129,838	\$ 3,063,610	\$ 3,106,060	\$ 2,965,216	\$ 18,737,876	\$ 17,211,213
Surplus (Deficit)	\$ (100,377)	\$ (66,730)	\$ 135,610	\$ (1,757,538)	\$ (1,851,684)	\$ 7,329,260	\$ 1,766,007	\$ 9,482,518	\$ 6,500,065

SCHEDULE 5

CITY OF STEINBACH  
 CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS  
 Year ended December 31, 2010

	2010		2009		2008	
	Government		Controlled		Total	
	2010	2009	2010	2009	2009	2008
<b>REVENUE</b>						
Property taxes	\$ 9,557,219	\$ 8,124,975	\$ -	\$ -	\$ 9,557,219	\$ 8,124,975
Grants in lieu of taxation	124,316	121,262	-	-	124,316	121,262
User fees	3,596,959	3,065,024	110,891	86,387	3,707,850	3,151,411
Permits, licenses and fines	343,691	232,462	-	-	343,691	232,462
Investment income	188,769	147,648	1,852	1,752	190,621	149,400
Contributed infrastructure assets	3,154,955	5,952,568	-	-	3,154,955	5,952,568
Gain (Loss) on sale of assets	160,070	(107,891)	-	-	160,070	(107,891)
Other revenue	91,446	117,482	13,806	14,307	105,252	131,789
Water and sewer	2,506,314	2,249,864	-	-	2,506,314	2,249,864
Prov of MB - Unconditional Grants	2,018,108	1,972,242	-	-	2,018,108	1,972,242
Prov of MB - Conditional Grants	2,857,085	1,142,209	112,353	107,278	2,969,438	1,249,487
Grants - other	3,379,854	481,370	2,706	2,339	3,382,560	483,709
Total revenue	\$ 27,978,786	\$ 23,499,215	\$ 241,608	\$ 212,063	\$ 28,220,394	\$ 23,711,278
<b>EXPENSES</b>						
Personnel services	\$ 5,325,151	\$ 4,996,567	\$ 232,702	\$ 221,832	\$ 5,557,853	\$ 5,218,399
Contract services	4,961,366	4,359,347	22,642	22,668	4,984,008	4,382,015
Utilities	1,313,686	1,210,979	9,603	9,026	1,323,289	1,220,005
Maintenance materials and supplies	1,050,609	961,232	73,202	73,926	1,123,811	1,035,158
Grants and contributions	432,351	400,528	-	-	432,351	400,528
Amortization	4,850,759	4,556,208	8,064	7,216	4,858,823	4,563,424
Interest on long term debt	288,551	224,407	10	84	288,561	224,491
Other	157,766	154,086	11,414	13,107	169,180	167,193
Total expenses	\$ 18,380,239	\$ 16,863,354	\$ 357,637	\$ 347,859	\$ 18,737,876	\$ 17,211,213
Surplus (Deficit)	\$ 9,598,547	\$ 6,635,861	\$ (116,029)	\$ (135,796)	\$ 9,482,518	\$ 6,500,065

SCHEDULE 6

CITY OF STEINBACH  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year ended December 31, 2010

	2010							
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	Committed Expenditures
<b>REVENUE</b>								
Investment income	\$ 18,133	\$ 2,274	\$ 6,167	\$ 25,587	\$ 41,783	\$ 2,065	\$ 1,834	\$ 7,393
Other income	-	-	-	-	-	-	-	-
Total revenue	18,133	2,274	6,167	25,587	41,783	2,065	1,834	7,393
<b>TRANSFERS</b>								
Transfers from general operating	-	-	-	470,235	435,974	100,000	30,699	56,991
Transfers to general operating	-	-	-	-	-	-	-	(73,207)
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	(1,550,000)	-	-	(23,273)
<b>CHANGE IN RESERVE FUND BALANCES</b>	18,133	2,274	778,640	495,822	(1,072,243)	102,065	32,533	(32,096)
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	836,346	304,887	652,543	1,783,456	2,431,863	217,944	220,726	505,432
<b>FUND SURPLUS, END OF YEAR</b>	\$ 854,479	\$ 307,161	\$ 1,431,183	\$ 2,279,278	\$ 1,359,620	\$ 320,009	\$ 253,259	\$ 473,336

**SCHEDULE 6**

**CITY OF STEINBACH  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year ended December 31, 2010**

	2010				2009		
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
<b>REVENUE</b>							
Investment income	\$ 1,916	\$ 1,769	\$ 2,285	\$ -	\$ 19,490	\$ 130,696	\$ 121,958
Other income	-	-	-	-	-	-	12,029
Total revenue	1,916	1,769	2,285	-	19,490	130,696	133,987
<b>TRANSFERS</b>							
Transfers from general operating	11,787	603,972	-	200,000	-	2,682,131	1,681,291
Transfers to general operating	-	-	-	-	-	(73,207)	(34,032)
Transfers from utility operating	-	-	-	-	450,000	450,000	550,000
Acquisition of tangible capital assets	-	(510,000)	(49,700)	-	(545,000)	(2,677,973)	(922,711)
<b>CHANGE IN RESERVE FUND BALANCES</b>	13,703	95,741	(47,415)	200,000	(75,510)	511,647	1,408,535
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	201,175	62,729	117,302	-	1,421,772	8,756,175	7,347,640
<b>FUND SURPLUS, END OF YEAR</b>	\$ 214,878	\$ 158,470	\$ 69,887	\$ 200,000	\$ 1,346,262	\$ 9,267,822	\$ 8,756,175



CITY OF STEINBACH  
 SCHEDULE OF TRUST FUNDS  
 Year ended December 31, 2010

SCHEDULE 7

	2010	Total	2009
<b>ASSETS</b>			
Cash and temporary investments	\$ -	\$ -	-
Portfolio investments	-	-	-
Other	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Due to Municipality	\$ -	\$ -	-
Fund balance	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>REVENUES</b>			
Contributions and donations	\$ -	\$ -	-
Investment income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Cemetery maintenance	-	-	-
Distribution to beneficiaries	-	-	-
Other	-	-	-
	<u>-</u>	<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>	<u>-</u>

## CITY OF STEINBACH

## SCHEDULE 8

## SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

Year ended December 31, 2010

	Total	
	2010	2009
<b>FINANCIAL ASSETS</b>		
Amounts receivable	\$ 5,255,359	\$ 612,455
Due from other funds	-	3,216,960
	<u>\$ 5,255,359</u>	<u>\$ 3,829,415</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 118,022	\$ 125,956
Long-term debt (Note 9)	3,784,463	4,530,278
Due to other funds	4,324,835	-
	<u>8,227,320</u>	<u>4,656,234</u>
<b>NET DEBT</b>	<u>\$ (2,971,961)</u>	<u>\$ (826,819)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	\$ 45,989,232	\$ 36,420,536
Prepaid expenses	12,876	12,170
	<u>46,002,108</u>	<u>36,432,706</u>
<b>FUND SURPLUS</b>	<u>\$ 43,030,147</u>	<u>\$ 35,605,887</u>

**COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)**

CITY OF STEINBACH  
 SCHEDULE OF UTILITY OPERATIONS  
 Year ended December 31, 2010

SCHEDULE 9

	2010 Budget	2010 Actual	2009 Actual
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ 1,372,700	1,505,765	\$ 1,312,512
sub-total- water	<u>1,372,700</u>	<u>1,505,765</u>	<u>1,312,512</u>
<b>Sewer</b>			
Sewer fees	817,800	855,798	756,974
sub-total- sewer	<u>817,800</u>	<u>855,798</u>	<u>756,974</u>
Property taxes	1,118,671	1,118,671	300,459
<b>Government transfers</b>			
Capital	5,000,000	5,452,220	-
sub-total- government transfers	<u>5,000,000</u>	<u>5,452,220</u>	<u>-</u>
<b>Other</b>			
Hydrant rentals	63,500	63,500	61,625
Connection charges	1,000	-	-
Installation service	56,700	51,321	70,316
Penalties	3,100	7,411	6,187
Contributed infrastructure assets	1,000,000	1,373,513	2,180,900
Gain (Loss) on sale of tangible capital assets	-	(15,398)	-
Other income	7,200	22,519	42,250
sub-total- other	<u>1,131,500</u>	<u>1,502,866</u>	<u>2,361,278</u>
<b>Total revenue</b>	<b>9,440,671</b>	<b>10,435,320</b>	<b>4,731,223</b>
<b>EXPENSES</b>			
<b>General</b>			
Administration	257,600	240,043	222,613
Billing and collection	7,300	4,783	2,183
Interest on short term debt	-	13,562	3,665
sub-total- general	<u>264,900</u>	<u>258,388</u>	<u>228,461</u>
<b>Water</b>			
Purification and treatment	186,000	179,292	160,052
Transmission and distribution	593,200	522,187	532,864
Service and other supply costs	184,000	203,772	204,556
sub-total- water general	<u>963,200</u>	<u>905,251</u>	<u>897,472</u>
<b>Water Amortization &amp; Interest</b>			
Amortization	850,000	686,820	634,451
Interest on long term debt	57,743	108,484	38,185
sub-total- water amortization & interest	<u>907,743</u>	<u>795,304</u>	<u>672,636</u>
<b>Sewer</b>			
Collection system costs	226,000	229,158	232,213
Treatment and disposal cost	68,100	63,974	75,740
Lift Station costs	96,300	110,419	105,526
sub-total- sewer general	<u>390,400</u>	<u>403,551</u>	<u>413,479</u>
<b>Sewer Amortization &amp; Interest</b>			
Amortization	494,000	691,433	708,970
Interest on long term debt	102,478	52,133	44,198
sub-total- sewer amortization & interest	<u>596,478</u>	<u>743,566</u>	<u>753,168</u>
<b>Total expenses</b>	<b>3,122,721</b>	<b>3,106,060</b>	<b>2,965,216</b>
<b>NET REVENUES</b>	<b>6,317,950</b>	<b>7,329,260</b>	<b>1,766,007</b>
<b>TRANSFERS</b>			
Transfers to reserve funds	(300,000)	(450,000)	(550,000)
Transfer for capital purposes from reserve funds		545,000	
<b>CHANGE IN UTILITY FUND BALANCE</b>	<b>6,017,950</b>	<b>7,424,260</b>	<b>1,216,007</b>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		<b>35,605,887</b>	<b>34,389,880</b>
<b>FUND SURPLUS, END OF YEAR</b>		<b>\$ 43,030,147</b>	<b>\$ 35,605,887</b>

SCHEDULE 10

CITY OF STEINBACH  
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
Year ended December 31, 2010

	Financial Plan	Financial Plan	Amortization	Interest	Expense	Transfers	Accruals	Municipality	Consolidated	PSAB
	General	Utility(ies)	(TCA)	Interest	Expense	Transfers	Long Term	Budget	Entitles	Budget
<b>REVENUE</b>										
Property taxes	\$ 9,423,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,423,216	\$ -	\$ 9,423,216
Grants in lieu of taxation	121,091	-	-	-	-	-	-	121,091	-	121,091
User fees	3,023,010	-	-	-	-	(80,000)	-	2,943,010	104,731	3,047,741
Permits, licences and fines	209,800	-	-	-	-	-	-	209,800	-	209,800
Investment income	150,000	-	-	-	-	-	-	150,000	1,493	151,493
Contributed infrastructure assets	-	-	2,000,000	-	-	-	-	2,000,000	-	2,000,000
Other revenue	40,000	-	(151,000)	-	-	-	-	(111,000)	-	(111,000)
Water and sewer	-	2,322,000	-	-	-	-	-	2,322,000	-	2,322,000
Grants - Province of Manitoba	2,054,700	-	2,500,000	-	-	-	-	4,554,700	105,618	4,660,318
Grants - other	525,000	-	2,500,000	-	-	-	-	3,025,000	3,400	3,028,400
Transfers from General	1,118,671	-	-	-	-	(1,118,671)	-	-	-	-
Transfers from reserves	109,000	-	-	-	-	(109,000)	-	-	-	-
<b>Total revenue</b>	<b>\$ 15,655,817</b>	<b>\$ 3,440,671</b>	<b>\$ 6,849,000</b>	<b>\$ -</b>	<b>\$ (1,307,671)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,637,817</b>	<b>\$ 215,242</b>	<b>\$ 24,853,059</b>
<b>EXPENSES</b>										
General government services	\$ 2,891,082	\$ -	\$ 100,235	\$ 14,500	\$ (163,670)	\$ -	\$ -	\$ 2,842,147	\$ -	\$ 2,842,147
Protective services	2,289,250	-	174,110	46,541	-	-	-	2,509,901	-	2,509,901
Transportation services	1,836,730	-	2,442,556	81,394	-	-	-	4,360,680	-	4,360,680
Environmental health services	1,344,470	-	132,819	-	-	-	-	1,477,289	-	1,477,289
Public health and welfare services	90,965	-	1,818	-	-	-	-	92,783	-	92,783
Regional planning and development	279,850	-	350	-	-	-	-	280,200	-	280,200
Resource cons and industrial dev	76,200	-	-	-	-	-	-	76,200	6,989	83,189
Recreation and cultural services	2,421,950	-	361,112	-	-	-	-	2,783,062	342,272	3,125,334
Water and sewer services	-	1,618,500	1,344,000	160,221	-	-	-	3,122,721	-	3,122,721
Fiscal services:										
Transfer to capital	925,500	388,000	(1,313,500)	-	-	-	-	-	-	-
Debt charges	1,086,532	1,118,671	-	(2,205,203)	-	-	-	-	-	-
Short term interest	139,500	15,500	-	(155,000)	-	-	-	-	-	-
Transfer to Utility	1,118,671	-	-	(1,118,671)	-	-	-	-	-	-
Transfer to reserves	1,087,576	300,000	-	(1,387,576)	-	-	-	-	-	-
Allowance for tax assets	67,541	-	-	(67,541)	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 15,655,817</b>	<b>\$ 3,440,671</b>	<b>\$ 3,243,500</b>	<b>\$ (2,057,547)</b>	<b>\$ (2,737,458)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,544,983</b>	<b>\$ 349,261</b>	<b>\$ 17,894,244</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,605,500</b>	<b>\$ 2,057,547</b>	<b>\$ 1,429,787</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,092,834</b>	<b>\$ (134,019)</b>	<b>\$ 6,958,815</b>

CITY OF STEINBACH  
ANALYSIS OF TAXES ON ROLL  
Year ended December 31, 2010

SCHEDULE 11

	2010	2009
<b>Balance, beginning of year</b>		
<b>Add:</b>		
Tax levy (Schedule 12)	19,871,528	17,997,046
Taxes added	582,427	683,603
Penalties or interest	44,298	40,345
Other accounts added	91,970	67,994
Tax Adjustments (specify)	59,870	168,776
	<b>20,650,093</b>	<b>18,957,764</b>
<b>Sub-total</b>		
<b>Deduct:</b>		
Cash collections - current	18,298,683	16,875,564
Cash collections - arrears	274,212	477,346
Writeoffs	92,429	77,736
M.P.T.C. - cash advance	1,802,560	1,728,092
	<b>20,467,884</b>	<b>19,158,738</b>
<b>Sub-total</b>		
<b>Balance, end of year</b>	<b>\$ 467,379</b>	<b>\$ 285,170</b>

## CITY OF STEINBACH

## SCHEDULE 12

## ANALYSIS OF TAX LEVY

Year ended December 31, 2010

	2010		2009	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 213,406	\$ 52,581
LI.D. General District	598,311,100	1.450	867,551	801,897
At large Utility District	535,221,370	0.840	449,586	303,103
Waste Water District	577,875,500	1.160	670,336	-
sub-total - Debt charges			<u>2,200,879</u>	<u>1,157,581</u>
Reserves:				
Recreation	519,660,230	0.378	196,432	-
sub-total - Reserves			<u>196,432</u>	<u>-</u>
General Municipal	519,660,230	6.932	3,602,285	3,840,446
Special levies:				
Waste & Disposal	-	-	421,503	398,254
Section 312 M.A.	598,311,100	4.000	2,393,244	1,752,780
sub-total -Special levies			<u>2,814,747</u>	<u>2,151,034</u>
Business tax	20,892,800	0.500	104,182	108,189
Business fees	-	-	11,511	10,112
sub-total - Business			<u>115,693</u>	<u>118,301</u>
Rounding			2	1
Adjustments from school levy below			456	221
<b>Total municipal taxes (Schedule 2)</b>			<u><b>8,930,494</b></u>	<u><b>7,267,584</b></u>
Education support levy	175,551,900	12.330	2,164,555	2,121,811
Special levy:				
Hanover SD#15	493,252,510	17.794	8,776,935	8,607,872
Adjustments of schoool levy to municipal taxes			<u>(456)</u>	<u>(221)</u>
<b>Total education taxes</b>			<u><b>10,941,034</b></u>	<u><b>10,729,462</b></u>
			<u><b>\$ 19,871,528</b></u>	<u><b>\$ 17,997,046</b></u>

CITY OF STEINBACH  
 ANALYSIS OF SCHOOL ACCOUNTS  
 Year ended December 31, 2010

	2010		2009	
	Opening Balance	Current Requirement	Current Payment	Ending Balance
Education support levy	\$ 106,762	\$ 2,259,965	\$ (2,255,989)	\$ 106,762
Special levies Hanover SD#15	344,935	8,946,639	(8,937,703)	344,935
Total	\$ 451,697	\$ 11,206,604	\$ (11,193,692)	\$ 464,609
	<u>451,697</u>	<u>11,206,604</u>	<u>(11,193,692)</u>	<u>464,609</u>
				<u>451,697</u>

SCHEDULE 13

## CITY OF STEINBACH

## SCHEDULE 14

SCHEDULE OF GENERAL OPERATING FUND EXPENSES  
 Year Ended December 31, 2010

	2010 Actual	2009 Actual
<b>General government services:</b>		
Legislative	\$ 162,397	\$ 157,460
General administrative	1,819,497	1,584,197
Other	1,035,072	1,052,309
	<u>3,016,966</u>	<u>2,793,966</u>
<b>Protective services:</b>		
Police	1,261,014	1,274,684
Fire	521,087	495,401
Emergency measures	47,544	45,274
Other protection	548,412	555,619
	<u>2,378,057</u>	<u>2,370,978</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	194,408	189,149
Road and street maintenance	3,844,924	3,579,432
Sidewalk and boulevard maintenance	39,066	76,818
Street lighting	245,675	236,810
Other	118,953	109,374
Air transport	59,233	33,310
Public transit	54,176	59,520
	<u>4,556,435</u>	<u>4,284,413</u>
<b>Environmental health services:</b>		
Waste collection and disposal	1,627,279	988,290
Recycling	520,107	264,125
Other	143,880	137,729
	<u>2,291,266</u>	<u>1,390,144</u>
<b>Public health and welfare services:</b>		
Public health	75,570	65,868
Social assistance	19,765	19,765
	<u>95,335</u>	<u>85,633</u>
<b>Regional planning and development</b>		
Planning and zoning	111,123	200,373
Beautification and land rehabilitation	99,424	114,256
Urban area weed control	21,549	17,268
Other	6,996	4,500
	<u>239,092</u>	<u>336,397</u>
<b>Resource conservation and industrial development</b>		
Water resources and conservation	10,000	10,000
Tourism	133,945	136,324
Other	-	57
	<u>143,945</u>	<u>146,381</u>
<b>Recreation and cultural services:</b>		
Administration	179,814	170,301
Swimming pools and beaches	1,362,377	1,317,207
Skating and curling rinks	334,534	411,639
Parks and playgrounds	452,549	384,374
Other recreational facilities	396,317	394,199
Libraries	30,182	27,638
Other cultural facilities	23,418	20,976
	<u>2,779,191</u>	<u>2,726,334</u>
<b>Total expenses</b>	<u>15,500,287</u>	<u>14,134,246</u>



CITY OF STEINBACH

SCHEDULE 15

SCHEDULE OF DEBENTURES PENDING

Year ended December 31, 2010

Authority	Purpose	Source of Funds	Authorized	Expended
1865	Jake Epp Library		\$ 900,000	\$ -
1870	Lagoon Expansion		500,000	-
1909	Reimer Ave Resurfacing		590,000	-
1911	Fire Truck		350,000	50,000
			-	-
			<u>\$ 2,340,000</u>	<u>\$ 50,000</u>