

CITY OF STEINBACH

**Consolidated Financial Statements
Year ended December 31, 2015**

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.

Steinbach, Manitoba



Troy Warkentin
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, 2015 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2015, 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, 2015, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2015 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada
June 21, 2016



Chambers Fraser
Professional Accountants

CITY OF STEINBACH
Consolidated Financial Statements
Year ended December 31, 2015

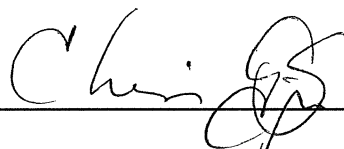
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**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015**


	<u>2015</u>	<u>Restated 2014</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 14,209,145	\$ 16,989,170
Amounts receivable (Note 4)	5,484,718	3,893,434
Portfolio investments (Note 5)	638,182	713,136
	<u>\$ 20,332,045</u>	<u>\$ 21,595,740</u>
LIABILITIES		
Temporary Borrowings (Note 6)	\$ 50,000	\$ -
Accounts payable and accrued liabilities (Note 7)	3,068,300	3,392,190
Deferred revenue (Note 8)	4,245,984	3,990,518
Landfill closure and post closure liabilities (Note 9)	2,222,357	2,121,215
Long-term debt (Note 10)	9,346,032	9,527,870
Other liabilities	59,173	116,212
	<u>18,991,846</u>	<u>19,148,005</u>
NET FINANCIAL ASSETS	<u>\$ 1,340,199</u>	<u>\$ 2,447,735</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	161,151,653	158,211,305
Prepaid expenses	101,673	98,766
	<u>161,253,326</u>	<u>158,310,071</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$162,593,525</u>	<u>\$160,757,806</u>

COMMITMENTS AND CONTINGENCIES (NOTES 11 AND 12)

Approved on behalf of Council:



Chris Goertzen - Mayor



John Fehr - Councillor / Deputy Mayor

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended December 31, 2015

	2015 Budget (Note 15)	2015 Actual	Restated 2014 Actual
REVENUE			
Property taxes	\$ 13,576,828	\$ 14,156,395	\$ 13,666,082
Grants in lieu of taxation	146,585	154,053	175,277
User fees	4,876,222	4,726,510	4,756,204
Permits, licences and fines	559,400	377,054	415,566
Investment income	102,010	318,594	399,732
Contributed infrastructure assets	5,250,146	357,597	3,458,019
Other revenue	145,865	245,286	2,162,974
Water and sewer	2,987,180	3,088,420	2,873,663
Grants - Province of Manitoba	2,627,134	5,574,848	3,639,263
Grants - other	798,400	804,288	227,122
	<u>31,069,770</u>	<u>29,803,045</u>	<u>31,773,902</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	3,623,819	4,147,831	3,124,317
Protective services	3,701,145	3,557,517	3,254,305
Transportation services	5,714,034	7,680,151	6,190,020
Environmental health services	2,422,774	2,614,420	2,552,843
Public health and welfare services	115,988	121,003	113,793
Regional planning and development	424,250	398,491	325,317
Resource conservation and industrial development	76,395	486,429	448,502
Recreation and cultural services	4,241,974	4,259,448	4,008,128
Water and sewer services	4,668,366	4,702,036	4,358,676
	<u>24,988,744</u>	<u>27,967,326</u>	<u>24,375,901</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	<u><u>6,081,026</u></u>	1,835,719	7,398,001
ACCUMULATED SURPLUS BEGINNING OF YEAR		<u>160,757,806</u>	<u>153,359,805</u>
ACCUMULATED SURPLUS END OF YEAR		<u><u>\$ 162,593,525</u></u>	<u><u>\$ 160,757,806</u></u>

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2015

	2015 Budget (Note 15)	2015 Actual	Restated 2014 Actual
ANNUAL SURPLUS	\$ 6,081,026	\$ 1,835,719	\$ 7,398,001
Acquisition of tangible capital assets	(17,685,646)	(9,889,871)	(20,562,780)
Amortization of tangible capital assets	6,521,078	6,924,461	6,523,637
(Gain) Loss on sale of tangible capital assets	-	3,789	(714,940)
Proceeds on sale of tangible capital assets	-	21,273	935,776
Increase in prepaid expense	-	(2,907)	(4,497)
	<u>(11,164,568)</u>	<u>(2,943,255)</u>	<u>(13,822,804)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(5,083,542)</u>	(1,107,536)	(6,424,803)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>2,447,735</u>	<u>8,872,538</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 1,340,199</u>	<u>\$ 2,447,735</u>

The accompanying notes are an integral part of this financial statement

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2015

	<u>2015</u>	<u>Restated 2014</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,835,719	\$ 7,398,001
Changes in non-cash items:		
Amounts receivable	(1,591,284)	(1,550,960)
Prepays	(2,907)	(4,497)
Accounts payable and accrued liabilities	(323,890)	951,642
Deferred revenue	255,466	756,423
Landfill closure and post closure liabilities	101,142	143,016
Other liabilities	(57,039)	(17,875)
(Gain) loss on sale of tangible capital assets	3,789	(714,940)
Contributed infrastructure assets revenue	(357,597)	(3,458,019)
Amortization	6,924,461	6,523,637
Cash provided by operating transactions	<u>6,787,860</u>	<u>10,026,428</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	21,273	935,776
Cash used to acquire tangible capital assets	<u>(9,532,274)</u>	<u>(17,104,761)</u>
Cash applied to capital transactions	<u>(9,511,001)</u>	<u>(16,168,985)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	128,337	1,537,064
Purchase of portfolio investments	<u>(53,383)</u>	<u>(83,064)</u>
Cash provided by investing transactions	<u>74,954</u>	<u>1,454,000</u>
FINANCING TRANSACTIONS		
Proceeds of temporary borrowing	50,000	
Temporary borrowing repayment	-	(38,250)
Proceeds of long-term debt	2,145,000	4,965,000
Debt repayment	<u>(2,326,838)</u>	<u>(2,707,028)</u>
Cash provided by (applied to) financing transactions	<u>(131,838)</u>	<u>2,219,722</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(2,780,025)	(2,468,835)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>16,989,170</u>	<u>19,458,005</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 14,209,145</u>	<u>\$ 16,989,170</u>

The accompanying notes are an integral part of this financial statement

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

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, 2015

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, 2015

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>2015</u>	<u>2014</u>
Cash	\$ 14,209,145	\$ 16,989,170
Temporary Investments	-	-
	<u>\$ 14,209,145</u>	<u>\$ 16,989,170</u>

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

Designated Reserve Funds	<u>\$ 2,647,087</u>	<u>\$ 3,615,735</u>
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4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2015</u>	<u>2014</u>
Taxes on roll (Schedule 11)	\$ 1,640,737	\$ 1,329,650
Government grants	1,817,306	772,865
Utility customers	847,885	773,224
Accrued interest	15,504	18,354
Organizations and individuals	592,600	553,601
Other governments	576,743	449,049
	<u>5,490,775</u>	<u>3,896,743</u>
Less allowances for doubtful amounts	<u>(6,057)</u>	<u>(3,309)</u>
	<u>\$ 5,484,718</u>	<u>\$ 3,893,434</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

5. Portfolio Investments

	<u>2015</u>	<u>2014</u>
Marketable securities:		
Province of Manitoba	\$ -	\$ 100,000
Other securities	<u>580,645</u>	<u>555,880</u>
	<u>\$ 580,645</u>	<u>\$ 655,880</u>
Other investments	<u>57,537</u>	<u>57,256</u>
	<u><u>\$ 638,182</u></u>	<u><u>\$ 713,136</u></u>

The aggregate market value of the marketable securities at December 31, 2015 is **\$580,797** (2014 - \$661,485). Portfolio investments earned **\$38,981** in investment income during the year (2014 - \$60,621).

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

Designated Reserve Funds	<u><u>\$ 527,402</u></u>	<u><u>\$ 613,537</u></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>\$ 50,000</u>	<u>\$ -</u>
	<u><u>\$ 50,000</u></u>	<u><u>\$ -</u></u>

7. Accounts Payable and Accrued Liabilities

	<u>2015</u>	<u>2014</u>
Accounts payable	\$ 1,158,375	\$ 1,474,181
Accrued expenses	518,213	653,684
Accrued interest payable	44,573	65,450
School levies (Schedule 13)	621,681	521,882
Other governments	<u>725,458</u>	<u>676,993</u>
	<u><u>\$ 3,068,300</u></u>	<u><u>\$ 3,392,190</u></u>

8. Deferred Revenue:

	<u>2015</u>	<u>2014</u>
Capital Development	\$ 2,662,038	\$ 2,701,633
Federal Gas Tax	1,042,890	784,324
Handi-Transit	76,083	75,137
Land Dedication	298,315	295,392
Perpetual Care	<u>51,185</u>	<u>25,839</u>
	<u>4,130,511</u>	<u>3,882,325</u>
Other	<u>115,473</u>	<u>108,193</u>
	<u><u>\$ 4,245,984</u></u>	<u><u>\$ 3,990,518</u></u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

9. Landfill Closure and Post Closure Liabilities

	<u>2015</u>	<u>2014</u>
a) Operating Landfill Site		
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.		
Landfill West Cell		
Estimated closure and post closure costs over the next 23 years	<u>\$ 2,205,000</u>	<u>\$ 2,205,000</u>
Discount rate	<u>3.35%</u>	<u>3.35%</u>
Discounted costs	<u>\$ 1,953,168</u>	<u>\$ 1,946,417</u>
Year capacity reached	2011	2011
Capacity (tonnes):		
Used to date	670,000	670,000
Remaining	<u>-</u>	<u>-</u>
Total	<u>670,000</u>	<u>670,000</u>
Percent utilized	<u>100.00%</u>	<u>100.00%</u>
Liability based on percentage	<u>\$ 1,953,168</u>	<u>\$ 1,946,417</u>
Landfill East Cell		
Estimated closure and post closure costs over the next 54 years	<u>\$ 7,668,000</u>	<u>\$ 7,668,000</u>
Discount rate	<u>4.50%</u>	<u>4.50%</u>
Discounted costs	<u>\$ 2,140,050</u>	<u>\$ 2,047,894</u>
Expected year capacity will be reached	2035	2035
Capacity (tonnes, volume, acreage, years):		
Used to date	140,000	95,000
Remaining	<u>973,000</u>	<u>1,018,000</u>
Total	<u>1,113,000</u>	<u>1,113,000</u>
Percent utilized	<u>12.58%</u>	<u>8.54%</u>
Liability based on percentage	<u>\$ 269,189</u>	<u>\$ 174,798</u>
b) Closed Landfill Site(s)		
Estimated post closure costs over the next 55 years	<u>\$ -</u>	<u>\$ -</u>
Total landfill closure and post closure liabilities	<u>\$ 2,222,357</u>	<u>\$ 2,121,215</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

10. Long Term Debt

	<u>2015</u>	<u>2014</u>
General Authority:		
Debenture for Jake Epp Library expansion, interest at 3.29%, payable at \$198,149 annually including interest, maturing May, 2016	\$ 191,838	\$ 377,566
Debenture for Reimer Avenue resurfacing, interest at 3.29%, payable at \$129,898 annually including interest, maturing May, 2016	125,760	247,515
Debenture for a fire truck, interest at 3.29%, payable at \$77,058 annually including interest, maturing May, 2016	74,604	146,831
Debenture for Industrial Road construction, interest at 2.55%, payable at \$364,506 annually including interest, maturing Januarv. 2018	1,040,033	1,369,614
Debenture for Maplewood, Penfeld sidewalk, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	338,654	445,719
Debenture for fire pumper truck, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	338,654	445,719
Debenture for Third Street resurfacing, interest at 2.7%, payable at \$183,994 annually including interest, maturing December, 2019	688,923	850,000
Debenture for Kroeker Avenue, interest at 2.7%, payable at \$149,446 annually including interest, maturing December, 2019	559,568	690,400
Debenture for Elmdale Street and Lumber Avenue renewal plus Plaza improvements , interest at 2.4%, \$371,322 annually including interest, maturing December, 2020	1,730,000	-
	\$ 5,088,034	\$ 4,573,364
Utility Authority:		
Debenture for Henry Street sewer, interest at 2.89%, \$43,534 annually including interest, maturing September, 2015	\$ -	\$ 42,311
Debenture for Spruce Street sewer, interest at 2.36%, \$95,404 annually including interest, maturing December, 2017	184,255	273,207
Debenture for Spruce Street sewer, interest at 2.36%, \$53,598 annually including interest, maturing December, 2017	103,514	153,487
Debenture for Waste water lagoon expansion, interest at 2.25%, payable at \$106,850 annually including interest, maturing December, 2017	206,698	306,649
Debenture for Industrial Road watermain, interest at 2.55%, \$70,703 annually including interest, maturing January, 2018	201,733	265,661
Debenture for Industrial Road sewer, interest at 2.55%, \$37,291 annually including interest, maturing January, 2018	106,402	140,120

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

Debenture for Lumber Avenue watermain, interest at 2.67%, \$41,668 annually including interest, maturing December, 2018	118,615	156,115
Debenture for Lumber Avenue sewer, interest at 2.67%, \$51,341 annually including interest, maturing December, 2018	146,151	192,356
Debenture for Third Street watermain, interest at 2.7%, \$54,116 annually including interest, maturing December, 2019	202,624	250,000
Debenture for Third Street sewermain, interest at 2.7%, \$32,470 annually including interest, maturing December, 2019	121,575	150,000
Debenture for west side trunk sewer, interest at 2.7%, \$438,338 annually including interest, maturing December, 2019	1,641,258	2,025,000
Debenture for Kroeker Avenue watermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	405,087	499,800
Debenture for Kroeker Avenue sewermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	405,087	499,800
Debenture for Elmdale Street and Lumber Avenue watermain, interest at 2.4%, \$48,723 annually including interest, maturing December, 2020	227,000	-
Debenture for Elmdale Street and Lumber Avenue sewermain, interest at 2.4%, \$40,352 annually including interest, maturing December, 2020	188,000	-
	\$ 4,257,998	\$ 4,954,506
	\$ 9,346,032	\$ 9,527,870

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:

2016	\$ 2,755,646
2017	2,424,310
2018	2,230,895
2019	1,485,581
2020	449,600

11. Commitments

The Municipality has outstanding contractual obligations of approximately **\$840,000** at December 31, 2015 for capital works projects (**\$600,000**) and those related to land purchases (**\$240,000**).

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.

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

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 \$371,714 (2014 - \$309,057) 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, 2014 indicated the plan was 95.2% funded on a going concern basis and had an unfunded solvency liability of \$237.2 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, 2014.

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.

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. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results.

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

16. Accumulated Surplus

	2015	Restated 2014
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 2,390,859	\$ 2,269,071
Utility operating fund - Nominal surplus	927,711	860,463
General capital fund - Capital surplus	96,479,180	92,905,969
Utility capital fund - Capital surplus	52,072,395	52,751,773
Reserve funds	<u>13,771,057</u>	<u>14,746,537</u>
	\$ 165,641,202	\$ 163,533,813
Deferred Revenue - Reserves	<u>(4,130,511)</u>	<u>(3,882,326)</u>
Accumulated surplus of municipality unconsolidated	161,510,691	159,651,487
Accumulated surpluses of consolidated entities	<u>1,082,834</u>	<u>1,106,319</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 162,593,525</u>	<u>\$ 160,757,806</u>

Restatement of the prior year's figures is to reflect an overstatement of contributed assets as result of duplicate recording and the related amortization thereof, as follows:

Infrastructure assets - General capital fund	\$ (858,354)
General capital fund - Capital surplus	\$ (858,354)
Contributed infrastructure assets revenue (2012 - \$858,354)	
Amortization - transportation (2013 - \$20,846)	\$ (34,932)
General operating fund - Nominal surplus	\$ (802,576)

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

17. Public Utilities Board

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

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

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

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Ending Balance
Water services:				
Grants	\$ 842,384	\$ -	\$ 26,325	\$ 816,059
Contributed Assets	6,796,174	107,562	286,807	6,616,929
	<u>\$ 7,638,558</u>	<u>\$ 107,562</u>	<u>\$ 313,132</u>	<u>\$ 7,432,988</u>
Sewer services:				
Grants	\$ 6,650,000		\$ 175,000	\$ 6,475,000
Contributed Assets	10,091,756	-	252,300	9,839,456
	<u>\$ 16,741,756</u>	<u>\$ -</u>	<u>\$ 427,300</u>	<u>\$ 16,314,456</u>

18. Council Indemnities

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzan, Chris	\$ 23,204	\$ 22,321	\$ 45,525
Councillor - Fehr, John	9,163	7,338	16,501
Councillor - Funk, Earl	9,271	8,386	17,657
Councillor - Penner, Cari	9,304	7,905	17,209
Councillor - Penner, Susan	9,412	8,122	17,534
Councillor - Siemens, Jac	9,080	8,412	17,492
Councillor - Zwaagstra, Michael	10,411	8,999	19,410
	<u>\$ 79,845</u>	<u>\$ 71,483</u>	<u>\$ 151,328</u>

19. Comparative Figures

Certain comparative figures have been revised to conform with current years presentation.

20. Segmented Information

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

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

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

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

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2015

SCHEDULE 1

	Capital Assets				Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Assets Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2015	RESTATED 2014
Cost									
Opening costs	17,089,923	46,716,800	10,831,602	8,218,729	97,671,452	64,989,618	812,410	246,330,534	226,029,731
Additions during the year	281,167	442,120	1,178,355	1,906,803	1,845,743	717,798	3,517,885	9,889,871	20,562,780
Transfer during the year	-	275,235	-	(251,783)	(760,430)	1,476,127	(739,149)	-	-
Disposals and write downs	-	-	(352,433)	-	-	(5,814)	(13,327)	(371,574)	(261,977)
Closing costs	<u>17,371,090</u>	<u>47,434,155</u>	<u>11,657,524</u>	<u>9,873,749</u>	<u>98,756,765</u>	<u>67,177,729</u>	<u>3,577,819</u>	<u>255,848,831</u>	<u>246,330,534</u>
Accumulated Amortization									
Opening accum'd amortization	4,170,212	13,313,046	6,877,055	-	41,483,751	22,275,165	-	88,119,229	81,636,728
Amortization	351,233	1,220,730	582,222	-	3,122,047	1,648,229	-	6,924,461	6,523,637
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(340,698)	-	-	(5,814)	-	(346,512)	(41,136)
Closing accum'd amortization	<u>4,521,445</u>	<u>14,533,776</u>	<u>7,118,579</u>	<u>-</u>	<u>44,605,798</u>	<u>23,917,580</u>	<u>-</u>	<u>94,697,178</u>	<u>88,119,229</u>
Net Book Value of Tangible Capital Assets	<u>12,849,645</u>	<u>32,900,379</u>	<u>4,538,945</u>	<u>9,873,749</u>	<u>54,150,967</u>	<u>43,260,149</u>	<u>3,577,819</u>	<u>161,151,653</u>	<u>158,211,305</u>

Roads, water and sewer infrastructure contributed to the Municipality in 2015 totals \$357,597 and were capitalized at their fair value at the time of their receipt.

**CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF REVENUES
Year ended December 31, 2015**

SCHEDULE 2

	2015 Actual	2014 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$12,820,287	\$12,604,896
Taxes added	1,336,108	1,061,186
	14,156,395	13,666,082
Grants in lieu of taxation:		
Federal government	21,424	21,424
Provincial government	10,214	10,082
Provincial government enterprises	99,392	120,736
Non-government organizations	23,023	23,035
	154,053	175,277
User fees		
Parking meters	10,114	12,429
Sales of service	4,009,081	3,947,219
Sales of goods	88,892	83,828
Rentals	344,406	222,095
Development charges	274,017	490,633
	4,726,510	4,756,204
Permits, licences and fines		
Permits	287,434	327,313
Licences	32,195	33,725
Fines	57,425	54,528
	377,054	415,566
Investment income:		
Cash and portfolio investments	316,867	397,701
Other	1,727	2,031
	318,594	399,732
Contributed revenue:		
Contributed infrastructure assets	357,597	3,458,019
	357,597	3,458,019
Other revenue:		
Gain (Loss) on sale of tangible capital assets	(3,789)	714,940
Penalties and interest	149,377	109,432
Donations	35,971	1,243,342
Miscellaneous	63,727	95,260
	245,286	2,162,974
Water and sewer (Schedule 4)	3,088,420	2,873,663
Grants - Province of Manitoba		
General assistance payment	2,145,349	2,145,349
General support grant	114,901	112,209
Municipal program grants (<i>formerly VLT revenues</i>)	200,881	200,881
Conditional grants	3,113,717	1,180,824
	5,574,848	3,639,263
Grants - other		
Federal government - gas tax funding	462,033	216,943
Federal government - other	338,855	5,779
Other local governments	3,400	3,400
Non-government organizations	-	1,000
	804,288	227,122
Total revenue	29,803,045	31,773,902

**CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF EXPENSES
Year ended December 31, 2015**

SCHEDULE 3

	<u>2015 Actual</u>	<u>2014 Actual</u>
General government services:		
Legislative	\$ 163,387	\$ 186,069
General administrative	2,242,496	2,022,958
Other	1,741,948	915,290
	<u>4,147,831</u>	<u>3,124,317</u>
Protective services:		
Police	2,223,002	1,875,999
Fire	823,369	849,551
Emergency measures	26,820	20,014
Other protection	484,326	508,741
	<u>3,557,517</u>	<u>3,254,305</u>
Transportation services:		
Road transport		
Administration and engineering	208,716	228,651
Road and street maintenance	6,896,498	5,414,732
Sidewalk and boulevard maintenance	25,170	48,898
Street lighting	292,373	281,685
Other	134,156	102,146
Air transport	46,138	39,309
Public transit	77,100	74,599
	<u>7,680,151</u>	<u>6,190,020</u>
Environmental health services:		
Waste collection and disposal	1,520,036	1,539,353
Recycling	792,585	719,725
Other	301,799	293,765
	<u>2,614,420</u>	<u>2,552,843</u>
Public health and welfare services:		
Public health	101,238	94,028
Social assistance	19,765	19,765
	<u>121,003</u>	<u>113,793</u>
Regional planning and development		
Planning and zoning	170,101	124,604
Beautification and land rehabilitation	171,960	157,408
Urban area weed control	41,530	30,405
Other	14,900	12,900
	<u>398,491</u>	<u>325,317</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Regional development	251,050	251,912
Tourism	220,379	181,590
	<u>486,429</u>	<u>448,502</u>
Recreation and cultural services:		
Administration	358,392	261,432
Swimming pools and beaches	1,570,665	1,535,384
Skating and curling rinks	396,352	464,759
Parks and playgrounds	754,299	607,263
Other recreational facilities	628,335	583,912
Libraries	516,350	512,488
Other cultural facilities	35,055	42,890
	<u>4,259,448</u>	<u>4,008,128</u>
Water and sewer services (Schedule 9)	<u>4,702,036</u>	<u>4,358,676</u>
Total expenses	<u><u>27,967,326</u></u>	<u><u>24,375,901</u></u>

CITY OF STEINBACH

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2015

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE										
Property taxes	\$12,359,484	\$ 11,591,634	\$ -	\$ -	\$ -	\$ -	\$ 555,222	\$ 527,400	\$ -	\$ -
Grants in lieu of taxation	150,732	172,037	-	-	-	-	3,321	3,240	-	-
User fees	497,948	376,707	458,838	506,791	77,781	76,152	1,870,821	1,868,240	134,514	114,325
Permits, licences and fines	10,358	7,448	56,150	52,243	2,030	3,190	-	-	-	-
Investment income	213,269	287,247	-	-	76,613	76,792	7,376	5,926	4,200	4,960
Contributed infrastructure assets	-	-	-	-	250,035	2,224,886	-	-	-	-
Gain (Loss) on sale of assets	(2,136)	714,940	-	-	-	-	-	-	-	-
Other revenue	237,497	1,433,902	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,461,131	2,458,439	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	31,894	30,862	-	-	2,887,490	998,866	-	-	-	-
Grants - other	-	-	-	-	787,033	216,943	-	-	-	-
Total revenue	\$ 15,960,177	\$ 17,073,216	\$ 514,988	\$ 559,034	\$ 4,080,982	\$ 3,596,829	\$ 2,436,740	\$ 2,404,806	\$ 138,714	\$ 119,285
EXPENSES										
Personnel services	\$ 1,258,004	\$ 1,227,399	\$ 709,908	\$ 729,131	\$ 868,682	\$ 890,507	\$ 793,867	\$ 723,990	\$ 63,215	\$ 58,998
Contract services	628,901	661,904	2,474,805	2,134,594	2,342,984	1,061,164	1,331,152	1,320,148	41,521	37,941
Utilities	416,926	433,162	99,627	73,947	419,442	412,305	42,212	42,045	3,155	3,276
Maintenance materials and supplies	244,451	76,915	88,677	81,315	437,366	455,801	145,390	172,896	5,623	6,089
Grants and contributions	996,823	308,355	-	-	-	-	-	-	-	-
Amortization	104,973	85,104	135,647	162,055	3,525,552	3,304,855	301,799	293,765	7,489	7,489
Interest on long term debt	-	-	15,147	20,283	86,125	65,389	-	-	-	-
Other	474,459	331,472	57,000	52,980	-	-	-	-	-	-
Total expenses	\$ 4,124,537	\$ 3,124,311	\$ 3,580,811	\$ 3,254,305	\$ 7,680,151	\$ 6,190,021	\$ 2,614,420	\$ 2,552,844	\$ 121,003	\$ 113,793
Surplus (Deficit)	\$ 11,835,640	\$ 13,948,905	\$ (3,065,823)	\$ (2,695,271)	\$ (3,599,169)	\$ (2,593,192)	\$ (177,680)	\$ (148,038)	\$ 17,711	\$ 5,492

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

CITY OF STEINBACH

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2015

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,241,690	\$ 1,547,048	\$ 14,156,396	\$ 13,666,082
Grants in lieu of taxation	-	-	-	-	-	-	-	-	154,053	175,277
User fees	268,372	491,246	22,116	19,074	1,396,120	1,303,668	-	-	4,726,510	4,756,203
Permits, licences and fines	6,585	23,630	301,931	329,055	-	-	-	-	377,054	415,566
Investment income	-	-	-	-	17,136	24,806	-	-	318,594	399,731
Contributed infrastructure assets	-	-	-	-	-	-	107,562	1,233,133	357,597	3,458,019
Gain (Loss) on sale of assets	-	-	-	-	-	-	(1,653)	-	(3,789)	714,940
Other revenue	-	-	-	-	11,578	14,134	-	-	249,075	1,448,036
Water and sewer	-	-	-	-	-	-	3,088,420	2,873,663	3,088,420	2,873,663
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,461,131	2,458,439
Prov of MB - Conditional Grants	-	-	-	-	194,332	151,096	-	-	3,113,716	1,180,824
Grants - other	-	-	-	-	17,255	10,179	-	-	804,288	227,122
Total revenue	\$ 274,957	\$ 514,876	\$ 324,047	\$ 348,129	\$ 1,636,421	\$ 1,503,883	\$ 4,436,019	\$ 5,653,844	\$ 29,803,045	\$ 31,773,902
EXPENSES										
Personnel services	\$ 105,803	\$ 70,971	\$ -	\$ 675	\$ 2,238,375	\$ 2,142,349	\$ 1,022,774	\$ 968,394	\$ 7,060,628	\$ 6,812,414
Contract services	219,478	183,802	237,251	198,667	587,289	578,463	860,397	650,046	8,723,778	6,826,729
Utilities	2,045	635	249,178	249,160	503,007	399,082	269,745	296,058	2,005,337	1,909,670
Maintenance materials and supplies	71,165	69,909	-	-	270,829	256,935	203,649	295,015	1,467,150	1,414,875
Grants and contributions	-	-	-	-	-	-	-	-	996,823	308,355
Amortization	-	-	-	-	636,957	603,084	2,212,044	2,067,284	6,924,461	6,523,636
Interest on long term debt	-	-	-	-	8,348	14,394	125,337	66,957	234,957	167,023
Other	-	-	-	-	14,641	13,823	8,092	14,924	554,192	413,199
Total expenses	\$ 398,491	\$ 325,317	\$ 486,429	\$ 448,502	\$ 4,259,446	\$ 4,008,130	\$ 4,702,038	\$ 4,358,678	\$ 27,967,326	\$ 24,375,901
Surplus (Deficit)	\$ (123,534)	\$ 189,559	\$ (162,382)	\$ (100,373)	\$ (2,623,025)	\$ (2,504,247)	\$ (266,019)	\$ 1,295,166	\$ 1,835,719	\$ 7,398,001

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2015

	Core Government		Controlled Entities		Total	
	2015	2014	2015	2014	2015	2014
REVENUE						
Property taxes	\$ 14,156,396	\$ 13,666,082	\$ -	\$ -	\$ 14,156,396	\$ 13,666,082
Grants in lieu of taxation	154,053	175,277	-	-	154,053	175,277
User fees	4,618,023	4,655,038	108,487	101,165	4,726,510	4,756,203
Permits, licences and fines	377,054	415,566	-	-	377,054	415,566
Investment income	316,867	397,700	1,727	2,031	318,594	399,731
Contributed infrastructure assets	357,597	3,458,019	-	-	357,597	3,458,019
Gain (Loss) on sale of assets	(3,789)	714,940	-	-	(3,789)	714,940
Other revenue	237,497	1,433,902	11,578	14,134	249,075	1,448,036
Water and sewer	3,088,420	2,873,663	-	-	3,088,420	2,873,663
Prov of MB - Unconditional Grants	2,461,131	2,458,439	-	-	2,461,131	2,458,439
Prov of MB - Conditional Grants	2,987,528	1,054,728	126,188	126,096	3,113,716	1,180,824
Grants - other	787,033	217,943	17,255	9,179	804,288	227,122
Total revenue	\$ 29,537,810	\$ 31,521,297	\$ 265,235	\$ 252,605	\$ 29,803,045	\$ 31,773,902
EXPENSES						
Personnel services	\$ 6,775,821	\$ 6,527,285	\$ 284,807	\$ 285,129	\$ 7,060,628	\$ 6,812,414
Contract services	8,697,060	6,797,678	26,718	29,051	8,723,778	6,826,729
Utilities	1,752,527	1,655,792	252,810	253,878	2,005,337	1,909,670
Maintenance materials and supplies	1,369,359	1,323,182	97,791	91,693	1,467,150	1,414,875
Grants and contributions	996,823	308,355	-	-	996,823	308,355
Amortization	6,885,539	6,486,145	38,922	37,491	6,924,461	6,523,636
Interest on long term debt	234,957	167,023	-	-	234,957	167,023
Other	539,551	399,376	14,641	13,823	554,192	413,199
Total expenses	\$ 27,251,637	\$ 23,664,836	\$ 715,689	\$ 711,065	\$ 27,967,326	\$ 24,375,901
Surplus (Deficit)	\$ 2,286,173	\$ 7,856,461	\$ (450,454)	\$ (458,460)	\$ 1,835,719	\$ 7,398,001

CITY OF STEINBACH
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year ended December 31, 2015

SCHEDULE 6

	2015							Committed Expenditures
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	
REVENUE								
Investment income	\$ 9,928	\$ 6,498	\$ 13,027	\$ 65,255	\$ 7,376	\$ 1,827	\$ 4,200	\$ 36,497
Total revenue	9,928	6,498	13,027	65,255	7,376	1,827	4,200	36,497
TRANSFERS								
Transfers from general operating	-	-	-	212,306	217,885	-	36,123	1,316,755
Transfers to general operating	-	-	-	-	-	-	-	(705,589)
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(206,448)	(40,000)	(1,748,421)	(235,716)	-	-	(573,643)
CHANGE IN RESERVE FUND BALANCES	9,928	(199,950)	(26,973)	(1,470,860)	(10,455)	1,827	40,323	74,020
FUND SURPLUS, BEGINNING OF YEAR	914,095	602,968	878,602	5,018,627	624,857	122,443	402,732	2,902,224
FUND SURPLUS, END OF YEAR	<u>\$ 924,023</u>	<u>\$ 403,018</u>	<u>\$ 851,630</u>	<u>\$ 3,547,767</u>	<u>\$ 614,401</u>	<u>\$ 124,270</u>	<u>\$ 443,054</u>	<u>\$ 2,976,244</u>

CITY OF STEINBACH
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year ended December 31, 2015

SCHEDULE 6

	2015						2014
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
REVENUE							
Investment income	\$ 2,923	\$ 10,948	\$ 945	\$ 13,992	\$ 16,222	\$ 189,638	\$ 238,374
Total revenue	2,923	10,948	945	13,992	16,222	189,638	238,374
TRANSFERS							
Transfers from general operating	-	720,600	-	964,784	-	3,468,452	4,617,628
Transfers to general operating	-	-	-	(75,000)	-	(780,589)	(364,507)
Transfers from utility operating	-	-	-	-	707,994	707,994	507,994
Transfers to utility operating	-	-	-	-	(107,994)	(107,994)	(107,994)
Acquisition of tangible capital assets	-	(472,982)	-	(921,883)	(253,888)	(4,452,981)	(8,177,132)
CHANGE IN RESERVE FUND BALANCES	2,923	258,567	945	(18,108)	362,334	(975,479)	(3,285,636)
FUND SURPLUS, BEGINNING OF YEAR	295,392	784,324	75,137	712,396	1,412,740	14,746,537	18,032,173
FUND SURPLUS, END OF YEAR	<u>\$ 298,315</u>	<u>\$ 1,042,890</u>	<u>\$ 76,082</u>	<u>\$ 694,288</u>	<u>\$ 1,775,073</u>	<u>\$ -</u>	<u>\$ 14,746,537</u>

**CITY OF STEINBACH
SCHEDULE OF TRUST FUNDS
Year ended December 31, 2015**

SCHEDULE 7

	Total	
	2015	2014
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	-	-
	<u>\$ -</u>	<u>\$ -</u>
REVENUES		
Contributions and donations	\$ -	\$ -
Investment income	-	-
	<u>-</u>	<u>-</u>
EXPENDITURES		
Cemetery maintenance	-	-
Distribution to beneficiaries	-	-
Other	-	-
	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

CITY OF STEINBACH
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
 Year ended December 31, 2015

SCHEDULE 8

	2015	Total 2014
FINANCIAL ASSETS		
Amounts receivable	\$ 847,885	\$ 773,224
Due from other funds	<u>108,278</u>	<u>177,954</u>
	<u>\$ 956,163</u>	<u>\$ 951,178</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 75,528	\$ 101,258
Long-term debt (Note 10)	<u>4,257,999</u>	<u>4,954,506</u>
	<u>4,333,527</u>	<u>5,055,764</u>
NET DEBT	<u>\$ (3,377,364)</u>	<u>\$ (4,104,586)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	\$ 56,361,069	\$ 57,701,523
Prepaid expenses	<u>16,401</u>	<u>15,298</u>
	<u>56,377,470</u>	<u>57,716,821</u>
FUND SURPLUS	<u>\$ 53,000,106</u>	<u>\$ 53,612,235</u>

COMMITMENTS AND CONTINGENCIES (Notes 11 and 12)

CITY OF STEINBACH
SCHEDULE OF UTILITY OPERATIONS
Year ended December 31, 2015

SCHEDULE 9

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Water			
Water fees	\$ 1,846,080	1,919,757	\$ 1,775,762
sub-total- water	<u>1,846,080</u>	<u>1,919,757</u>	<u>1,775,762</u>
Sewer			
Sewer fees	989,800	1,003,851	879,601
sub-total- sewer	<u>989,800</u>	<u>1,003,851</u>	<u>879,601</u>
Property taxes	<u>1,241,690</u>	<u>1,241,690</u>	<u>1,547,048</u>
Other			
Hydrant rentals	75,195	75,195	71,760
Connection charges	-	8,000	42,500
Installation service	53,560	46,383	62,692
Penalties	8,000	11,131	10,886
Contributed infrastructure assets	1,942,321	107,562	1,233,133
Gain (Loss) on sale of tangible capital assets	-	(1,653)	-
Other income	14,545	24,103	30,462
sub-total- other	<u>2,093,621</u>	<u>270,721</u>	<u>1,451,433</u>
Total revenue	<u>6,171,191</u>	<u>4,436,019</u>	<u>5,653,844</u>
EXPENSES			
General			
Administration	306,440	305,187	285,532
Billing and collection	15,870	15,565	10,188
Interest on short term debt	-	8,092	14,924
sub-total- general	<u>322,310</u>	<u>328,844</u>	<u>310,644</u>
Water			
Purification and treatment	223,760	176,992	167,790
Transmission and distribution	605,240	595,498	572,224
Service and other supply costs	260,790	245,586	363,836
sub-total- water general	<u>1,089,790</u>	<u>1,018,076</u>	<u>1,103,850</u>
Water Amortization & Interest			
Amortization	992,281	1,061,765	989,350
Interest on long term debt	37,500	36,116	26,011
sub-total- water amortization & interest	<u>1,029,782</u>	<u>1,097,881</u>	<u>1,015,361</u>
Sewer			
Collection system costs	390,330	328,697	325,900
Treatment and disposal cost	521,620	535,590	272,121
Lift Station costs	146,850	153,448	211,920
sub-total- sewer general	<u>1,058,800</u>	<u>1,017,735</u>	<u>809,941</u>
Sewer Amortization & Interest			
Amortization	1,075,003	1,150,279	1,077,934
Interest on long term debt	92,682	89,221	40,946
sub-total- sewer amortization & interest	<u>1,167,684</u>	<u>1,239,500</u>	<u>1,118,880</u>
Total expenses	<u>4,668,366</u>	<u>4,702,036</u>	<u>4,358,676</u>
NET REVENUES	<u>1,502,825</u>	<u>(266,017)</u>	<u>1,295,168</u>
TRANSFERS			
Transfers (to) from reserve funds	(300,000)	(600,000)	(400,000)
Transfer for capital purposes (to) from general capital funds	-	-	(3,635)
Transfer for capital purposes from reserve funds	-	253,888	912,635
CHANGE IN UTILITY FUND BALANCE	<u>1,202,825</u>	<u>(612,129)</u>	<u>1,804,168</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>53,612,235</u>	<u>51,808,067</u>
FUND SURPLUS, END OF YEAR		<u>\$ 53,000,106</u>	<u>\$ 53,612,235</u>

CITY OF STEINBACH
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year ended December 31, 2015

SCHEDULE 10

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Municipality Budget	Consolidated Entities	PSAB Budget
REVENUE									
Property taxes	\$ 13,576,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,576,828	\$ -	\$ 13,576,828
Grants in lieu of taxation	146,585	-	-	-	-	-	146,585	-	146,585
User fees	4,829,106	-	80,000	-	(140,000)	-	4,769,106	107,116	4,876,222
Permits, licences and fines	559,400	-	-	-	-	-	559,400	-	559,400
Investment income	100,000	-	-	-	-	-	100,000	2,010	102,010
Contributed infrastructure assets	-	-	5,250,146	-	-	-	5,250,146	-	5,250,146
Other revenue	135,865	-	-	-	-	-	135,865	10,000	145,865
Water and sewer	-	2,987,180	-	-	-	-	2,987,180	-	2,987,180
Grants - Province of Manitoba	2,503,080	-	-	-	-	-	2,503,080	124,054	2,627,134
Grants - other	695,000	-	100,000	-	-	-	795,000	3,400	798,400
Transfers from General	-	1,241,690	-	-	(1,241,690)	-	-	-	-
Transfers from reserves	374,507	107,994	-	-	(482,501)	-	-	-	-
Total revenue	\$ 22,920,371	\$ 4,336,864	\$ 5,430,146	\$ -	\$ (1,864,191)	\$ -	\$ 30,823,190	\$ 246,580	\$ 31,069,770
EXPENSES									
General government services	\$ 3,918,196	\$ -	\$ 99,212	\$ 29,130	\$ (422,719)	-	\$ 3,623,819	\$ -	\$ 3,623,819
Protective services	3,557,795	-	128,203	15,147	-	-	3,701,145	-	3,701,145
Transportation services	2,296,090	-	3,332,066	85,878	-	-	5,714,034	-	5,714,034
Environmental health services	2,031,970	-	285,236	-	-	105,568	2,422,774	-	2,422,774
Public health and welfare services	108,910	-	7,078	-	-	-	115,988	-	115,988
Regional planning and development	424,250	-	-	-	-	-	424,250	-	424,250
Resource cons and industrial dev	65,000	-	-	-	-	-	65,000	11,395	76,395
Recreation and cultural services	3,218,750	-	602,000	8,348	-	-	3,829,098	412,876	4,241,974
Water and sewer services	-	2,470,900	2,067,284	130,182	-	-	4,668,366	-	4,668,366
Fiscal services:									
Transfer to capital	1,135,000	200,000	(1,335,000)	-	-	-	-	-	-
Debt charges	1,340,983	1,241,690	-	(2,582,673)	-	-	-	-	-
Transfer to Utility	1,241,690	-	-	-	(1,241,690)	-	-	-	-
Short term interest	102,850	16,280	-	(119,130)	-	-	-	-	-
Transfer to reserves	3,334,291	407,994	-	-	(3,742,285)	-	-	-	-
Allowance for tax assets	144,596	-	-	-	(144,596)	-	-	-	-
Total expenses	\$ 22,920,371	\$ 4,336,864	\$ 5,186,078	\$ (2,433,118)	\$ (5,551,290)	\$ 105,568	\$ 24,564,473	\$ 424,271	\$ 24,988,744
Surplus (Deficit)	\$ -	\$ -	\$ 244,068	\$ 2,433,118	\$ 3,687,099	\$ (105,568)	\$ 6,258,717	\$ (177,691)	\$ 6,081,026

**CITY OF STEINBACH
ANALYSIS OF TAXES ON ROLL
Year ended December 31, 2015**

SCHEDULE 11

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,329,650	\$ 950,566
Add:		
Tax levy (Schedule 12)	27,308,707	26,231,647
Taxes added	1,336,108	1,061,186
Penalties or interest	149,377	109,432
Other accounts added	168,841	128,581
Tax Adjustments (specify) Taxes Overpaid	58,501	134,336
Sub-total	<u>29,021,534</u>	<u>27,665,182</u>
Deduct:		
Cash collections - current	25,246,320	24,154,137
Cash collections - arrears	942,143	768,450
Writeoffs	321,850	219,333
M.P.T.C. - cash advance	2,200,134	2,144,178
Sub-total	<u>28,710,447</u>	<u>27,286,098</u>
Balance, end of year	<u>\$ 1,640,737</u>	<u>\$ 1,329,650</u>

**CITY OF STEINBACH
ANALYSIS OF TAX LEVY
Year ended December 31, 2015**

SCHEDULE 12

	2015			2014
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 472,500	\$ 676,878
L.I.D. General District	874,834,440	1.065	\$ 931,699	\$ 816,845
At large Utility District	773,949,360	0.395	\$ 305,710	\$ 455,928
Waste Water District	856,979,930	0.990	\$ 848,410	\$ 934,107
Georgetown Sidewalk District	45,586,440	1.302	\$ 59,354	\$ 59,461
sub-total - Debt charges			<u>2,617,673</u>	<u>2,943,219</u>
Reserves:				
Recreation	765,844,700	1.241	<u>950,413</u>	<u>916,186</u>
General Municipal	765,844,700	6.609	<u>5,060,606</u>	<u>4,690,933</u>
Special levies:				
Waste & Disposal	-	-	<u>555,222</u>	<u>527,400</u>
Section 312 M.A.	874,834,440	4.000	<u>3,499,338</u>	<u>3,385,885</u>
sub-total -Special levies			<u>4,054,560</u>	<u>3,913,285</u>
Business tax	23,900,300	0.500	119,175	125,582
Business fees	-	-	18,344	15,920
sub-total - Business			<u>137,519</u>	<u>141,502</u>
Adjustments from school levy below			(484)	(229)
Total municipal taxes (Schedule 2)			<u>12,820,287</u>	<u>12,604,896</u>
Education support levy	238,575,590	11.610	2,769,863	2,654,955
Special levy:				
Hanover SD#15	731,510,910	16.019	11,718,073	10,971,567
Adjustments of school levy to municipal taxes			<u>484</u>	<u>229</u>
Total education taxes			<u>14,488,420</u>	<u>13,626,751</u>
			<u>\$ 27,308,707</u>	<u>\$ 26,231,647</u>

CITY OF STEINBACH
 ANALYSIS OF SCHOOL ACCOUNTS
 Year ended December 31, 2015

SCHEDULE 13

	2015				2014
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 121,091	\$ 2,875,603	\$ (2,855,789)	\$ 140,905	\$ 121,091
Special levies					
Hanover SD#15	400,791	11,902,188	(11,822,203)	480,776	400,791
Total	\$ 521,882	\$ 14,777,791	\$ (14,677,992)	\$ 621,681	\$ 521,882

CITY OF STEINBACH
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
Year ended December 31, 2015

SCHEDULE 14

	2015	2014
	Actual	Actual
General government services:		
Legislative	\$ 163,387	\$ 186,069
General administrative	2,242,496	2,022,958
Other	<u>2,308,918</u>	<u>1,471,656</u>
	<u>4,714,801</u>	<u>3,680,683</u>
Protective services:		
Police	2,223,002	1,875,999
Fire	823,369	849,551
Emergency measures	26,820	20,014
Other protection	<u>484,326</u>	<u>508,741</u>
	<u>3,557,517</u>	<u>3,254,305</u>
Transportation services:		
Road transport		
Administration and engineering	208,716	228,651
Road and street maintenance	6,896,498	5,414,732
Sidewalk and boulevard maintenance	25,170	48,898
Street lighting	292,373	281,685
Other	134,156	102,146
Air transport	46,138	39,309
Public transit	<u>77,100</u>	<u>74,599</u>
	<u>7,680,151</u>	<u>6,190,020</u>
Environmental health services:		
Waste collection and disposal	1,520,036	1,539,353
Recycling	792,585	719,725
Other	<u>301,799</u>	<u>293,765</u>
	<u>2,614,420</u>	<u>2,552,843</u>
Public health and welfare services:		
Public health	101,238	94,028
Social assistance	<u>19,765</u>	<u>19,765</u>
	<u>121,003</u>	<u>113,793</u>
Regional planning and development		
Planning and zoning	170,101	124,604
Beautification and land rehabilitation	171,960	157,408
Urban area weed control	41,530	30,405
Other	<u>14,900</u>	<u>12,900</u>
	<u>398,491</u>	<u>325,317</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Regional development	-	675
Tourism	<u>220,379</u>	<u>181,590</u>
	<u>235,379</u>	<u>197,265</u>
Recreation and cultural services:		
Administration	358,392	261,432
Swimming pools and beaches	1,570,665	1,535,384
Skating and curling rinks	396,352	464,759
Parks and playgrounds	754,299	607,263
Other recreational facilities	628,335	583,912
Libraries	51,711	52,660
Other cultural facilities	<u>35,055</u>	<u>42,890</u>
	<u>3,794,809</u>	<u>3,548,300</u>
Total expenses	<u><u>23,116,571</u></u>	<u><u>19,862,526</u></u>

CITY OF STEINBACH
SCHEDULE OF DEBENTURES PENDING
Year ended December 31, 2015

SCHEDULE 15

Authority	Purpose	Source of Funds	Authorized	Expended
2060	Infrastructure renewal		\$ 1,000,000	\$ 61,199
			\$ 1,000,000	\$ 61,199

CITY OF STEINBACH
RECONCILIATION OF ANNUAL SURPLUS
December 31, 2015

SCHEDULE 16

	General	2015 Utility	Total	Restated 2014 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	\$ 121,787	\$ 67,248	\$ 189,035	\$ 166,988
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - contributed infrastructure / other donated assets	250,035	107,562	357,597	3,458,019
Increase revenue - capital grants and other revenue	3,229,767	-	3,229,767	2,190,742
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	(20,908)	(4,153)	(25,061)	(220,840)
Decrease expense - contribution to capital (net of recoveries)	(525,468)	63,861	(461,607)	1,617,321
Decrease expense - principal portion of debenture debt	1,215,330	1,111,508	2,326,838	2,707,028
Increase expense - amortization of tangible capital assets	(4,673,495)	(2,212,044)	(6,885,539)	(6,486,145)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	185,770	-	185,770	233,220
Eliminate expense - appropriations to reserves	3,468,452	707,994	4,176,446	5,125,622
Eliminate revenue - transfers from reserves to operating funds	(780,589)	(107,994)	(888,583)	(472,501)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	(244,318)	-	(244,318)	(736,343)
Other:				
Increase expense - landfill liability	(101,142)	-	(101,142)	(143,016)
	2,125,221	(266,018)	1,859,203	7,440,095
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(23,484)	-	(23,484)	(42,094)
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 2,101,737	\$ (266,018)	\$ 1,835,719	\$ 7,398,001