

CITY OF STEINBACH

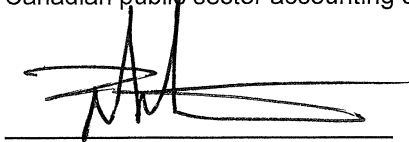
**Consolidated Financial Statements
Year ended December 31, 2016**

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, 2016 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2016, 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, 2016, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2016 in accordance with Canadian public sector accounting standards.



Winnipeg, Canada
June 6, 2017

Chambers Fraser
Chartered Professional Accountants

CITY OF STEINBACH

Consolidated Financial Statements

Year ended December 31, 2016

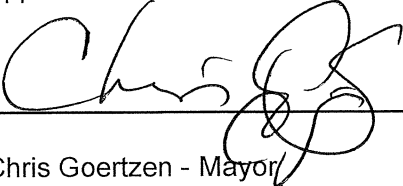
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**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016**

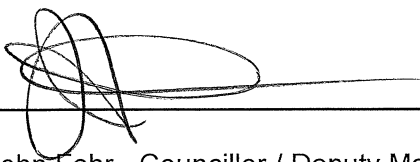
	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 16,276,559	\$ 14,209,145
Amounts receivable (Note 4)	6,642,236	5,484,718
Portfolio investments (Note 5)	658,744	638,182
Loans and advances	<u>15,000</u>	<u>-</u>
	<u>\$ 23,592,539</u>	<u>\$ 20,332,045</u>
LIABILITIES		
Temporary Borrowings (Note 6)	\$ -	\$ 50,000
Accounts payable and accrued liabilities (Note 7)	4,550,268	3,068,300
Deferred revenue (Note 8)	2,893,640	4,245,984
Landfill closure and post closure liabilities (Note 9)	2,224,118	2,222,357
Long-term debt (Note 10)	9,605,465	9,346,032
Other liabilities	<u>72,623</u>	<u>59,173</u>
	<u>19,346,114</u>	<u>18,991,846</u>
NET FINANCIAL ASSETS	<u>\$ 4,246,425</u>	<u>\$ 1,340,199</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	170,645,687	161,151,653
Prepaid expenses	<u>111,376</u>	<u>101,673</u>
	<u>170,757,063</u>	<u>161,253,326</u>
ACCUMULATED SURPLUS (Note 16)	<u><u>\$175,003,488</u></u>	<u><u>\$162,593,525</u></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, 2016

	<u>2016 Budget (Note 15)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
REVENUE			
Property taxes	\$ 14,388,111	\$ 14,984,416	\$ 14,156,395
Grants in lieu of taxation	150,785	154,573	154,053
User fees	6,389,052	6,635,201	4,726,510
Permits, licences and fines	414,410	436,052	377,054
Investment income	126,865	288,376	318,594
Contributed infrastructure assets	5,021,497	6,859,425	357,597
Other revenue	175,381	243,198	245,286
Water and sewer	3,026,899	3,108,541	3,088,420
Grants - Province of Manitoba	2,624,454	5,820,679	5,574,848
Grants - other	1,278,400	1,458,814	804,288
	<u>33,595,854</u>	<u>39,989,274</u>	<u>29,803,045</u>
Total revenue (Schedules 2, 4 and 5)			
EXPENSES			
General government services	3,917,677	3,515,910	4,147,831
Protective services	3,820,094	3,477,228	3,557,517
Transportation services	6,013,178	8,057,758	7,680,151
Environmental health services	2,637,604	2,575,691	2,614,420
Public health and welfare services	127,627	122,553	121,003
Regional planning and development	410,515	358,641	398,491
Resource conservation and industrial development	76,981	465,971	486,429
Recreation and cultural services	4,452,988	4,364,558	4,259,448
Water and sewer services	4,813,240	4,641,001	4,702,036
	<u>26,269,904</u>	<u>27,579,311</u>	<u>27,967,326</u>
Total expenses (Schedules 3, 4 and 5)			
ANNUAL SURPLUS	<u><u>7,325,950</u></u>	12,409,963	1,835,719
ACCUMULATED SURPLUS BEGINNING OF YEAR		<u>162,593,525</u>	<u>160,757,806</u>
ACCUMULATED SURPLUS END OF YEAR		<u><u>\$ 175,003,488</u></u>	<u><u>\$ 162,593,525</u></u>

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2016

	<u>2016 Budget (Note 15)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
ANNUAL SURPLUS	\$ 7,325,950	\$ 12,409,963	\$ 1,835,719
Acquisition of tangible capital assets	(17,898,497)	(16,644,007)	(9,889,871)
Amortization of tangible capital assets	6,885,539	7,082,987	6,924,461
(Gain) Loss on sale of tangible capital assets	-	11,043	3,789
Proceeds on sale of tangible capital assets	-	55,943	21,273
Increase in prepaid expense	-	(9,703)	(2,907)
	<u>(11,012,958)</u>	<u>(9,503,737)</u>	<u>(2,943,255)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(3,687,008)</u>	2,906,226	(1,107,536)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>1,340,199</u>	<u>2,447,735</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 4,246,425</u>	<u>\$ 1,340,199</u>

The accompanying notes are an integral part of this financial statement

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 12,409,963	\$ 1,835,719
Changes in non-cash items:		
Amounts receivable	(1,157,518)	(1,591,284)
Prepays	(9,703)	(2,907)
Accounts payable and accrued liabilities	1,481,968	(323,890)
Deferred revenue	(1,352,344)	255,466
Landfill closure and post closure liabilities	1,761	101,142
Other liabilities	13,450	(57,039)
(Gain) loss on sale of tangible capital assets	11,043	3,789
Contributed infrastructure assets revenue	(6,859,425)	(357,597)
Amortization	7,082,987	6,924,461
Cash provided by operating transactions	<u>11,622,182</u>	<u>6,787,860</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	55,943	21,273
Cash used to acquire tangible capital assets	<u>(9,784,582)</u>	<u>(9,532,274)</u>
Cash applied to capital transactions	<u>(9,728,639)</u>	<u>(9,511,001)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	26,187	128,337
Purchase of portfolio investments	(46,749)	(53,383)
Loans and advances issued	<u>(15,000)</u>	<u>-</u>
Cash provided by investing transactions	<u>(35,562)</u>	<u>74,954</u>
FINANCING TRANSACTIONS		
Proceeds of temporary borrowing	-	50,000
Temporary borrowing repayment	(50,000)	-
Proceeds of long-term debt	1,000,000	2,145,000
Debt repayment	<u>(740,567)</u>	<u>(2,326,838)</u>
Cash provided by (applied to) financing transactions	<u>209,433</u>	<u>(131,838)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	2,067,414	(2,780,025)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>14,209,145</u>	<u>16,989,170</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 16,276,559</u>	<u>\$ 14,209,145</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, 2016

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, 2016

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, 2016

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>2016</u>	<u>2015</u>
Cash	\$ 16,276,559	\$ 14,209,145
Temporary Investments	-	-
	<u>\$ 16,276,559</u>	<u>\$ 14,209,145</u>

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

Designated Reserve Funds	<u>\$ 2,668,401</u>	<u>\$ 2,647,087</u>
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4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2016</u>	<u>2015</u>
Taxes on roll (Schedule 11)	\$ 1,667,165	\$ 1,640,737
Government grants	2,744,972	1,817,306
Utility customers	784,618	847,885
Accrued interest	17,315	15,504
Organizations and individuals	671,225	592,600
Other governments	770,849	576,743
	<u>6,656,144</u>	<u>5,490,775</u>
Less allowances for doubtful amounts	<u>(13,908)</u>	<u>(6,057)</u>
	<u>\$ 6,642,236</u>	<u>\$ 5,484,718</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

5. Portfolio Investments

	<u>2016</u>	<u>2015</u>
Marketable securities:		
Other securities	605,571	580,645
	<u>\$ 605,571</u>	<u>\$ 580,645</u>
Other investments	53,173	57,537
	<u>\$ 658,744</u>	<u>\$ 638,182</u>

The aggregate market value of the marketable securities at December 31, 2016 is **\$611,853** (2015 - \$580,797). Portfolio investments earned **\$30,229** in investment income during the year (2015 - \$38,981).

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

Designated Reserve Funds	<u>\$ 541,681</u>	<u>\$ 527,402</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>\$ -</u>	<u>\$ 50,000</u>
	<u>\$ -</u>	<u>\$ 50,000</u>

7. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Accounts payable	\$ 2,686,382	\$ 1,211,617
Accrued expenses	544,128	464,971
Accrued interest payable	23,527	44,573
School levies (Schedule 13)	687,462	621,681
Other governments	608,769	725,458
	<u>\$ 4,550,268</u>	<u>\$ 3,068,300</u>

8. Deferred Revenue:

	<u>2016</u>	<u>2015</u>
Capital Development	\$ 1,497,853	\$ 2,662,038
Federal Gas Tax	825,236	1,042,890
Handi-Transit	77,038	76,083
Land Dedication	301,065	298,315
Perpetual Care	63,987	51,185
	<u>2,765,179</u>	<u>4,130,511</u>
Other	128,461	115,473
	<u>\$ 2,893,640</u>	<u>\$ 4,245,984</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

9. Landfill Closure and Post Closure Liabilities

	<u>2016</u>	<u>2015</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>\$ 2,354,057</u>	<u>\$ 2,365,769</u>
Discount rate	<u>3.35%</u>	<u>3.35%</u>
Discounted costs	<u>\$ 1,872,490</u>	<u>\$ 1,953,168</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>\$ 1,872,490</u>	<u>\$ 1,953,168</u>
Landfill East Cell		
Estimated closure and post closure costs over the next 51 years	<u>\$ 7,668,000</u>	<u>\$ 7,668,000</u>
Discount rate	<u>4.50%</u>	<u>4.50%</u>
Discounted costs	<u>\$ 2,236,352</u>	<u>\$ 2,140,050</u>
Expected year capacity will be reached	2037	2037
Capacity (tonnes, volume, acreage, years):		
Used to date	175,000	140,000
Remaining	<u>938,000</u>	<u>973,000</u>
Total	<u>1,113,000</u>	<u>1,113,000</u>
Percent utilized	<u>15.72%</u>	<u>12.58%</u>
Liability based on percentage	<u>\$ 351,628</u>	<u>\$ 269,189</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>\$ 2,224,118</u>	<u>\$ 2,222,357</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

10. Long Term Debt

	<u>2016</u>	<u>2015</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
Debenture for Reimer Avenue resurfacing, interest at 3.29%, payable at \$129,898 annually including interest, maturing May, 2016	-	125,760
Debenture for a fire truck, interest at 3.29%, payable at \$77,058 annually including interest, maturing May, 2016	-	74,604
Debenture for Industrial Road construction, interest at 2.55%, payable at \$364,506 annually including interest, maturing January, 2018	702,047	1,040,033
Debenture for Maplewood, Penfeld sidewalk, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	228,731	338,654
Debenture for fire pumper truck, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	228,731	338,654
Debenture for Third Street resurfacing, interest at 2.7%, payable at \$183,994 annually including interest, maturing December, 2019	523,503	688,923
Debenture for Kroeker Avenue, interest at 2.7%, payable at \$149,446 annually including interest, maturing December, 2019	425,208	559,568
Debenture for Elmdale Street and Lumber Avenue renewal plus Plaza improvements, interest at 2.4%, \$371,322 annually including interest, maturing December, 2020	1,400,223	1,730,000
Debenture for Barker Avenue renewal plus, interest at 2.33%, \$124,244 annually including interest, maturing December, 2021	580,000	-
	\$ 4,088,443	\$ 5,088,034
Utility Authority:		
Debenture for Spruce Street sewer, interest at 2.36%, \$95,404 annually including interest, maturing December, 2017	\$ 93,203	\$ 184,255
Debenture for Spruce Street sewer, interest at 2.36%, \$53,598 annually including interest, maturing December, 2017	52,361	103,514
Debenture for Waste water lagoon expansion, interest at 2.25%, payable at \$106,850 annually including interest, maturing January, 2017	104,499	206,698
Debenture for Industrial Road watermain, interest at 2.55%, \$70,703 annually including interest, maturing January, 2018	136,175	201,733
Debenture for Industrial Road sewer, interest at 2.55%, \$37,291 annually including interest, maturing January, 2018	71,824	106,402

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

Debenture for Lumber Avenue watermain, interest at 2.67%, \$41,668 annually including interest, maturing December, 2018	80,114	118,615
Debenture for Lumber Avenue sewer, interest at 2.67%, \$51,341 annually including interest, maturing December, 2018	98,712	146,151
Debenture for Third Street watermain, interest at 2.7%, \$54,116 annually including interest, maturing December, 2019	153,971	202,624
Debenture for Third Street sewermain, interest at 2.7%, \$32,470 annually including interest, maturing December, 2019	92,383	121,575
Debenture for west side trunk sewer, interest at 2.7%, \$438,338 annually including interest, maturing December, 2019	1,247,169	1,641,258
Debenture for Kroeker Avenue watermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	307,820	405,087
Debenture for Kroeker Avenue sewermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	307,820	405,086
Debenture for Elmdale Street and Lumber Avenue watermain, interest at 2.4%, \$48,723 annually including interest, maturing December, 2020	184,538	228,000
Debenture for Elmdale Street and Lumber Avenue sewermain, interest at 2.4%, \$40,352 annually including interest, maturing December, 2020	151,354	187,000
Debenture for Barker Avenue watermain, interest at 2.33%, \$40,701 annually including interest, maturing December, 2021	190,000	-
Debenture for Barker Avenue sewermain, interest at 2.33%, \$49,269, annually including interest, maturing December, 2021	230,000	-
	\$ 3,501,943	\$ 4,257,998
	\$ 7,590,386	\$ 9,346,032
Add: Delayed debenture payment withdrawal due December 31st	\$ 2,015,080	\$ -
	\$ 9,605,465	\$ 9,346,032

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:

2017	\$ 2,615,193
2018	2,426,231
2019	1,685,474
2020	654,157
2021	209,330

11. Commitments

The Municipality has outstanding contractual obligations of approximately **\$1,390,000** at December 31, 2016 for capital works projects (**\$460,000**) and those related to land purchases (**\$930,000**).

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.

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

13. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$365,916 (2015 - \$371,714) 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, 2015 indicated the plan was 96.1% funded on a going concern basis and had an unfunded solvency liability of \$251.7 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, 2015.

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

	<u>2016</u>	<u>2015</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 2,519,184	\$ 2,390,859
Utility operating fund - Nominal surplus	983,908	927,711
General capital fund - Capital surplus	104,821,384	96,479,180
Utility capital fund - Capital surplus	55,000,479	52,072,395
Reserve funds	<u>13,383,778</u>	<u>13,771,057</u>
	\$ 176,708,733	\$ 165,641,202
Deferred Revenue - Reserves	<u>(2,765,179)</u>	<u>(4,130,511)</u>
Accumulated surplus of municipality unconsolidated	173,943,554	161,510,691
Accumulated surpluses of consolidated entities	<u>1,059,934</u>	<u>1,082,834</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 175,003,488</u>	<u>\$ 162,593,525</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

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	\$ 816,059	\$ -	\$ 26,325	\$ 789,734
Contributed Assets	6,616,929	1,428,303	289,495	7,755,737
	<u>\$ 7,432,988</u>	<u>\$ 1,428,303</u>	<u>\$ 315,820</u>	<u>\$ 8,545,471</u>
Sewer services:				
Grants	\$ 6,475,000		\$ 175,000	\$ 6,300,000
Contributed Assets	9,839,456	974,575	252,300	10,561,731
	<u>\$ 16,314,456</u>	<u>\$ 974,575</u>	<u>\$ 427,300</u>	<u>\$ 16,861,731</u>

18. Council Indemnities

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzen, Chris	\$ 23,105	\$ 22,590	\$ 45,695
Councillor - Fehr, John	10,167	8,468	18,635
Councillor - Funk, Earl	9,202	8,453	17,655
Councillor - Penner, Cari	8,774	6,797	15,571
Councillor - Penner, Susan	9,125	8,228	17,353
Councillor - Siemens, Jac	9,244	8,953	18,197
Councillor - Zwaagstra, Michael	9,127	8,014	17,141
	<u>\$ 78,744</u>	<u>\$ 71,503</u>	<u>\$ 150,247</u>

19 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, 2016

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	2016	RESTATED 2015
Cost									
Opening costs	17,371,091	47,434,155	11,657,523	9,873,749	98,756,766	67,177,728	3,577,819	255,848,831	246,330,534
Additions during the year	203,661	1,246,987	884,537	1,378,977	7,638,829	5,093,778	197,238	16,644,007	9,889,871
Transfer during the year	-	8,272,058	-	(8,272,058)	1,501,029	1,303,307	(2,804,336)	-	-
Disposals and write downs	-	-	(156,918)	-	-	-	-	(156,918)	(371,574)
Closing costs	<u>17,574,752</u>	<u>56,953,200</u>	<u>12,385,142</u>	<u>2,980,668</u>	<u>107,896,624</u>	<u>73,574,813</u>	<u>970,721</u>	<u>272,335,920</u>	<u>255,848,831</u>
Accumulated Amortization									
Opening accum'd amortization	4,521,445	14,533,776	7,118,579	-	44,605,798	23,917,580	-	94,697,178	88,119,230
Amortization	351,233	1,241,492	661,305	-	3,190,578	1,638,379	-	7,082,987	6,924,461
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(89,932)	-	-	-	-	(89,932)	(346,513)
Closing accum'd amortization	<u>4,872,678</u>	<u>15,775,268</u>	<u>7,689,952</u>	<u>-</u>	<u>47,796,376</u>	<u>25,555,959</u>	<u>-</u>	<u>101,690,233</u>	<u>94,697,178</u>
Net Book Value of Tangible Capital Assets	<u>12,702,074</u>	<u>41,177,932</u>	<u>4,695,190</u>	<u>2,980,668</u>	<u>60,100,248</u>	<u>48,018,854</u>	<u>970,721</u>	<u>170,645,687</u>	<u>161,151,653</u>

Roads, water and sewer infrastructure contributed to the Municipality in 2016 totals \$6,859,425 and were capitalized at their fair value at the time of their receipt.

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF REVENUES
Year ended December 31, 2016

SCHEDULE 2

	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 13,684,327	\$ 12,820,287
Taxes added	<u>1,300,089</u>	<u>1,336,108</u>
	<u>14,984,416</u>	<u>14,156,395</u>
Grants in lieu of taxation:		
Federal government	19,322	21,424
Provincial government	11,989	10,214
Provincial government enterprises	99,197	99,392
Non-government organizations	<u>24,065</u>	<u>23,023</u>
	<u>154,573</u>	<u>154,053</u>
User fees		
Parking meters	8,867	10,114
Sales of service	4,609,228	4,009,081
Sales of goods	76,011	88,892
Rentals	334,865	344,406
Development charges	<u>1,606,230</u>	<u>274,017</u>
	<u>6,635,201</u>	<u>4,726,510</u>
Permits, licences and fines		
Permits	312,382	287,434
Licences	32,940	32,195
Fines	<u>90,730</u>	<u>57,425</u>
	<u>436,052</u>	<u>377,054</u>
Investment income:		
Cash and portfolio investments	287,335	316,867
Other	<u>1,041</u>	<u>1,727</u>
	<u>288,376</u>	<u>318,594</u>
Contributed revenue:		
Contributed infrastructure assets	<u>6,859,425</u>	<u>357,597</u>
	<u>6,859,425</u>	<u>357,597</u>
Other revenue:		
Gain (Loss) on sale of tangible capital assets	(11,043)	(3,789)
Penalties and interest	167,678	149,377
Donations	21,096	35,971
Miscellaneous	<u>65,467</u>	<u>63,727</u>
	<u>243,198</u>	<u>245,286</u>
Water and sewer (Schedule 4)	<u>3,108,541</u>	<u>3,088,420</u>
Grants - Province of Manitoba		
General assistance payment	2,145,349	2,145,349
General support grant	123,786	114,901
Municipal program grants (<i>formerly VLT revenues</i>)	200,881	200,881
Conditional grants	<u>3,350,663</u>	<u>3,113,717</u>
	<u>5,820,679</u>	<u>5,574,848</u>
Grants - other		
Federal government - gas tax funding	948,034	462,033
Federal government - other	499,380	338,855
Other local governments	3,400	3,400
Non-government organizations	<u>8,000</u>	<u>-</u>
	<u>1,458,814</u>	<u>804,288</u>
Total revenue	<u><u>39,989,274</u></u>	<u><u>29,803,045</u></u>

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF EXPENSES
Year ended December 31, 2016

SCHEDULE 3

	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
General government services:		
Legislative	\$ 173,411	\$ 163,387
General administrative	2,186,655	2,242,496
Other	1,155,844	1,741,948
	<u>3,515,910</u>	<u>4,147,831</u>
Protective services:		
Police	2,038,190	2,223,002
Fire	863,465	823,369
Emergency measures	25,010	26,820
Other protection	550,563	484,326
	<u>3,477,228</u>	<u>3,557,517</u>
Transportation services:		
Road transport		
Administration and engineering	169,427	208,716
Road and street maintenance	7,347,557	6,896,498
Sidewalk and boulevard maintenance	30,557	25,170
Street lighting	271,938	292,373
Other	133,095	134,156
Air transport	27,930	46,138
Public transit	77,254	77,100
	<u>8,057,758</u>	<u>7,680,151</u>
Environmental health services:		
Waste collection and disposal	1,544,906	1,520,036
Recycling	699,877	792,585
Other	330,908	301,799
	<u>2,575,691</u>	<u>2,614,420</u>
Public health and welfare services:		
Public health	102,788	101,238
Social assistance	19,765	19,765
	<u>122,553</u>	<u>121,003</u>
Regional planning and development		
Planning and zoning	109,785	170,101
Beautification and land rehabilitation	155,030	171,960
Urban area weed control	76,226	41,530
Other	17,600	14,900
	<u>358,641</u>	<u>398,491</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Regional development	251,668	251,050
Tourism	199,303	220,379
	<u>465,971</u>	<u>486,429</u>
Recreation and cultural services:		
Administration	343,730	358,392
Swimming pools and beaches	1,637,885	1,570,665
Skating and curling rinks	474,555	396,352
Parks and playgrounds	732,943	754,299
Other recreational facilities	633,956	628,335
Libraries	496,561	516,350
Other cultural facilities	44,928	35,055
	<u>4,364,558</u>	<u>4,259,448</u>
Water and sewer services (Schedule 9)	<u>4,641,001</u>	<u>4,702,036</u>
Total expenses	<u><u>27,579,311</u></u>	<u><u>27,967,326</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2016

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE										
Property taxes	\$13,118,340	\$ 12,359,484	\$ -	\$ -	\$ -	\$ -	\$ 578,844	\$ 555,222	\$ -	\$ -
Grants in lieu of taxation	151,171	150,732	-	-	-	-	3,402	3,321	-	-
User fees	495,389	497,948	475,716	458,838	76,244	77,781	2,408,760	1,870,821	136,378	134,514
Permits, licences and fines	29,657	10,358	77,586	56,150	1,860	2,030	-	-	-	-
Investment income	199,156	213,269	-	-	60,593	76,613	7,516	7,376	4,406	4,200
Contributed infrastructure assets	-	-	-	-	4,456,547	250,035	-	-	-	-
Gain (Loss) on sale of assets	1,941	(2,136)	-	-	-	-	-	-	-	-
Other revenue	237,734	237,497	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,470,016	2,461,131	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	53,680	31,894	-	-	2,683,122	2,887,490	-	-	-	-
Grants - other	-	-	-	-	948,034	787,033	-	-	-	-
Total revenue	<u>\$ 16,757,084</u>	<u>\$ 15,960,177</u>	<u>\$ 553,302</u>	<u>\$ 514,988</u>	<u>\$ 8,226,400</u>	<u>\$ 4,080,982</u>	<u>\$ 2,998,522</u>	<u>\$ 2,436,740</u>	<u>\$ 140,784</u>	<u>\$ 138,714</u>
EXPENSES										
Personnel services	\$ 1,290,220	\$ 1,258,004	\$ 747,847	\$ 709,908	\$ 895,533	\$ 868,682	\$ 827,417	\$ 793,867	\$ 69,391	\$ 63,215
Contract services	702,525	628,901	2,317,140	2,474,805	2,642,801	2,342,984	1,235,148	1,331,152	36,271	41,521
Utilities	428,533	416,926	108,004	99,627	386,943	419,442	42,964	42,212	3,591	3,155
Maintenance materials and supplies	97,271	244,451	78,306	88,677	406,999	437,366	139,254	145,390	5,811	5,623
Grants and contributions	432,391	996,823	-	-	-	-	-	-	-	-
Amortization	112,513	104,973	187,554	135,647	3,634,195	3,525,552	330,908	301,799	7,489	7,489
Interest on long term debt	-	-	8,724	15,147	91,287	86,125	-	-	-	-
Other	423,071	474,459	59,040	57,000	-	-	-	-	-	-
Total expenses	<u>\$ 3,486,524</u>	<u>\$ 4,124,537</u>	<u>\$ 3,506,615</u>	<u>\$ 3,580,811</u>	<u>\$ 8,057,758</u>	<u>\$ 7,680,151</u>	<u>\$ 2,575,691</u>	<u>\$ 2,614,420</u>	<u>\$ 122,553</u>	<u>\$ 121,003</u>
Surplus (Deficit)	<u>\$ 13,270,560</u>	<u>\$ 11,835,640</u>	<u>\$ (2,953,313)</u>	<u>\$ (3,065,823)</u>	<u>\$ 168,642</u>	<u>\$ (3,599,169)</u>	<u>\$ 422,831</u>	<u>\$ (177,680)</u>	<u>\$ 18,231</u>	<u>\$ 17,711</u>

* 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, 2016

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,287,231	\$ 1,241,690	\$ 14,984,415	\$ 14,156,396
Grants in lieu of taxation	-	-	-	-	-	-	-	-	154,573	154,053
User fees	1,607,918	268,372	22,756	22,116	1,412,040	1,396,120	-	-	6,635,201	4,726,510
Permits, licences and fines	22,970	6,585	303,979	301,931	-	-	-	-	436,052	377,054
Investment income	-	-	-	-	16,705	17,136	-	-	288,376	318,594
Contributed infrastructure assets	-	-	-	-	-	-	2,402,878	107,562	6,859,425	357,597
Gain (Loss) on sale of assets	-	-	-	-	-	-	(12,984)	(1,653)	(11,043)	(3,789)
Other revenue	-	-	-	-	16,508	11,578	-	-	254,242	249,075
Water and sewer	-	-	-	-	-	-	3,108,541	3,088,420	3,108,541	3,088,420
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,470,016	2,461,131
Prov of MB - Conditional Grants	-	-	-	-	118,197	194,332	495,664	-	3,350,663	3,113,716
Grants - other	-	-	-	-	15,116	17,255	495,663	-	1,458,813	804,288
Total revenue	\$ 1,630,888	\$ 274,957	\$ 326,735	\$ 324,047	\$ 1,578,566	\$ 1,636,421	\$ 7,776,993	\$ 4,436,019	\$ 39,989,274	\$ 29,803,045
EXPENSES										
Personnel services	\$ 96,301	\$ 105,803	\$ -	\$ -	\$ 2,321,399	\$ 2,238,375	\$ 1,053,720	\$ 1,022,774	\$ 7,301,828	\$ 7,060,628
Contract services	166,561	219,478	215,899	237,251	625,195	587,289	708,311	860,397	8,649,851	8,723,778
Utilities	12,460	2,045	250,072	249,178	487,218	503,007	306,301	269,745	2,026,086	2,005,337
Maintenance materials and supplies	83,319	71,165	-	-	264,578	270,829	285,036	203,649	1,360,574	1,467,150
Grants and contributions	-	-	-	-	-	-	-	-	432,391	996,823
Amortization	-	-	-	-	641,871	636,957	2,168,457	2,212,044	7,082,987	6,924,461
Interest on long term debt	-	-	-	-	10,230	8,348	106,631	125,337	216,872	234,957
Other	-	-	-	-	14,067	14,641	12,544	8,092	508,722	554,192
Total expenses	\$ 358,641	\$ 398,491	\$ 465,971	\$ 486,429	\$ 4,364,558	\$ 4,259,446	\$ 4,641,000	\$ 4,702,038	\$ 27,579,311	\$ 27,967,326
Surplus (Deficit)	\$ 1,272,247	\$ (123,534)	\$ (139,236)	\$ (162,382)	\$ (2,785,992)	\$ (2,623,025)	\$ 3,135,993	\$ (266,019)	\$ 12,409,963	\$ 1,835,719

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2016

	Core Government		Controlled Entities		Total	
	2016	2015	2016	2015	2016	2015
REVENUE						
Property taxes	\$ 14,984,415	\$ 14,156,396	\$ -	\$ -	\$ 14,984,415	\$ 14,156,396
Grants in lieu of taxation	154,573	154,053	-	-	154,573	154,053
User fees	6,543,183	4,618,023	92,018	108,487	6,635,201	4,726,510
Permits, licences and fines	436,052	377,054	-	-	436,052	377,054
Investment income	287,335	316,867	1,041	1,727	288,376	318,594
Contributed infrastructure assets	6,859,425	357,597	-	-	6,859,425	357,597
Gain (Loss) on sale of assets	(11,043)	(3,789)	-	-	(11,043)	(3,789)
Other revenue	237,734	237,497	16,508	11,578	254,242	249,075
Water and sewer	3,108,541	3,088,420	-	-	3,108,541	3,088,420
Prov of MB - Unconditional Grants	2,470,016	2,461,131	-	-	2,470,016	2,461,131
Prov of MB - Conditional Grants	3,224,466	2,987,528	126,197	126,188	3,350,663	3,113,716
Grants - other	1,451,697	787,033	7,116	17,255	1,458,813	804,288
Total revenue	\$ 39,746,394	\$ 29,537,810	\$ 242,880	\$ 265,235	\$ 39,989,274	\$ 29,803,045
EXPENSES						
Personnel services	\$ 7,012,072	\$ 6,775,821	\$ 289,756	\$ 284,807	\$ 7,301,828	\$ 7,060,628
Contract services	8,624,358	8,697,060	25,493	26,718	8,649,851	8,723,778
Utilities	1,772,847	1,752,527	253,239	252,810	2,026,086	2,005,337
Maintenance materials and supplies	1,289,227	1,369,359	71,347	97,791	1,360,574	1,467,150
Grants and contributions	432,391	996,823	-	-	432,391	996,823
Amortization	7,044,139	6,885,539	38,848	38,922	7,082,987	6,924,461
Interest on long term debt	216,872	234,957	-	-	216,872	234,957
Other	494,655	539,551	14,067	14,641	508,722	554,192
Total expenses	\$ 26,886,561	\$ 27,251,637	\$ 692,750	\$ 715,689	\$ 27,579,311	\$ 27,967,326
Surplus (Deficit)	\$ 12,859,833	\$ 2,286,173	\$ (449,870)	\$ (450,454)	\$ 12,409,963	\$ 1,835,719

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year ended December 31, 2016

	2016								
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care		Committed Expenditures
REVENUE									
Investment income	\$ 9,422	\$ 4,437	\$ 12,025	\$ 45,975	\$ 7,515	\$ 1,562	\$ 4,406	\$ 39,203	
Total revenue	9,422	4,437	12,025	45,975	7,515	1,562	4,406	39,203	
TRANSFERS									
Transfers from general operating	-	-	550,000	859,848	747,983	100,000	32,214	1,053,529	
Transfers to general operating	-	-	-	(115,850)	-	-	-	(381,507)	
Transfers from utility operating	-	-	-	-	-	-	-	-	
Acquisition of tangible capital assets	-	(315,470)	(300,000)	(1,777,658)	(336,698)	-	-	(634,453)	
CHANGE IN RESERVE FUND BALANCES	9,422	(311,033)	262,025	(987,685)	418,801	101,562	36,620	76,773	
FUND SURPLUS, BEGINNING OF YEAR	924,023	403,018	851,630	3,547,767	614,401	124,270	443,054	2,976,244	
FUND SURPLUS, END OF YEAR	<u>\$ 933,445</u>	<u>\$ 91,985</u>	<u>\$ 1,113,654</u>	<u>\$ 2,560,082</u>	<u>\$ 1,033,202</u>	<u>\$ 225,833</u>	<u>\$ 479,674</u>	<u>\$ 3,053,017</u>	

CITY OF STEINBACH
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year ended December 31, 2016

SCHEDULE 6

	2016						2015
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
REVENUE							
Investment income	\$ 2,750	\$ 14,253	\$ 956	\$ 14,467	\$ 19,907	\$ 176,879	\$ 189,638
Total revenue	2,750	14,253	956	14,467	19,907	-	176,879
TRANSFERS							
Transfers from general operating	-	730,380	-	1,099,409	-	5,173,363	3,468,452
Transfers to general operating	-	-	-	-	-	(497,357)	(780,589)
Transfers from utility operating	-	-	-	-	357,994	357,994	707,994
Transfers to utility operating	-	-	-	-	(107,994)	(107,994)	(107,994)
Acquisition of tangible capital assets	-	(962,288)	-	(1,054,846)	(108,751)	(5,490,164)	(4,452,981)
CHANGE IN RESERVE FUND BALANCES	2,750	(217,654)	956	59,030	161,156	-	(387,279)
FUND SURPLUS, BEGINNING OF YEAR	298,315	1,042,890	76,082	694,288	1,775,073	13,771,057	14,746,537
FUND SURPLUS, END OF YEAR	\$ 301,065	\$ 825,236	\$ 77,038	\$ 753,318	\$ 1,936,229	\$ -	\$ 13,383,778

CITY OF STEINBACH
SCHEDULE OF TRUST FUNDS
Year ended December 31, 2016

SCHEDULE 7

	Total	
	2016	2015
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

SCHEDULE 8

	2016	Total 2015
FINANCIAL ASSETS		
Amounts receivable	\$ 784,618	\$ 847,885
Due from other funds	<u>1,339,044</u>	<u>108,278</u>
	<u>\$ 2,123,662</u>	<u>\$ 956,163</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 73,814	\$ 75,528
Long-term debt (Note 10)	<u>4,574,328</u>	<u>4,257,999</u>
	<u>4,648,142</u>	<u>4,333,527</u>
NET DEBT	<u>\$ (2,524,480)</u>	<u>\$ (3,377,364)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	\$ 58,502,420	\$ 56,361,069
Prepaid expenses	<u>16,909</u>	<u>16,401</u>
	<u>58,519,329</u>	<u>56,377,470</u>
FUND SURPLUS	<u>\$ 55,994,849</u>	<u>\$ 53,000,106</u>

COMMITMENTS AND CONTINGENCIES (Notes 11 and 12)

CITY OF STEINBACH
SCHEDULE OF UTILITY OPERATIONS

SCHEDULE 9

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Water			
Water fees	\$ 1,881,140	1,949,434	\$ 1,919,757
sub-total- water	<u>1,881,140</u>	<u>1,949,434</u>	<u>1,919,757</u>
Sewer			
Sewer fees	988,630	998,788	1,003,851
sub-total- sewer	<u>988,630</u>	<u>998,788</u>	<u>1,003,851</u>
Property taxes	<u>1,287,231</u>	<u>1,287,231</u>	<u>1,241,690</u>
Government transfers			
Capital	-	991,327	-
sub-total- government transfers	<u>-</u>	<u>991,327</u>	<u>-</u>
Other			
Hydrant rentals	75,870	75,870	75,195
Connection charges	-	-	8,000
Installation service	55,000	32,685	46,383
Penalties	7,500	10,791	11,131
Contributed infrastructure assets	1,824,919	2,402,878	107,562
Gain (Loss) on sale of tangible capital assets	-	(12,984)	(1,653)
Other income	18,759	40,973	24,103
sub-total- other	<u>1,982,048</u>	<u>2,550,213</u>	<u>270,721</u>
Total revenue	<u>6,139,049</u>	<u>7,776,993</u>	<u>4,436,019</u>
EXPENSES			
General			
Administration	319,792	322,443	305,187
Billing and collection	17,830	17,415	15,565
Interest on short term debt	-	12,545	8,092
sub-total- general	<u>337,622</u>	<u>352,403</u>	<u>328,844</u>
Water			
Purification and treatment	221,095	193,424	176,992
Transmission and distribution	701,975	642,633	595,498
Service and other supply costs	269,480	249,437	245,586
sub-total- water general	<u>1,192,550</u>	<u>1,085,494</u>	<u>1,018,076</u>
Water Amortization & Interest			
Amortization	1,047,932	1,027,283	1,061,765
Interest on long term debt	34,383	32,991	36,116
sub-total- water amortization & interest	<u>1,082,314</u>	<u>1,060,274</u>	<u>1,097,881</u>
Sewer			
Collection system costs	410,847	430,696	328,697
Treatment and disposal cost	326,830	286,805	535,590
Lift Station costs	222,360	210,515	153,448
sub-total- sewer general	<u>960,037</u>	<u>928,016</u>	<u>1,017,735</u>
Sewer Amortization & Interest			
Amortization	1,164,112	1,141,174	1,150,279
Interest on long term debt	76,791	73,640	89,221
sub-total- sewer amortization & interest	<u>1,240,904</u>	<u>1,214,814</u>	<u>1,239,500</u>
Total expenses	<u>4,813,427</u>	<u>4,641,001</u>	<u>4,702,036</u>
NET REVENUES	<u>1,325,622</u>	<u>3,135,992</u>	<u>(266,017)</u>
TRANSFERS			
Transfers (to) from reserve funds	(300,000)	(250,000)	(600,000)
Transfer for capital purposes from reserve funds	-	108,751	253,888
CHANGE IN UTILITY FUND BALANCE	<u>1,025,622</u>	<u>2,994,743</u>	<u>(612,129)</u>
FUND SURPLUS, BEGINNING OF YEAR	-	<u>53,000,106</u>	<u>53,612,235</u>
FUND SURPLUS, END OF YEAR	-	<u>\$ 55,994,849</u>	<u>\$ 53,000,106</u>

CITY OF STEINBACH
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

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	\$ 14,388,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,388,111	\$ -	\$ 14,388,111
Grants in lieu of taxation	150,785	-	-	-	-	-	150,785	-	150,785
User fees	5,148,328	-	1,275,000	-	(140,000)	-	6,283,328	105,724	6,389,052
Permits, licences and fines	414,410	-	-	-	-	-	414,410	-	414,410
Investment income	125,000	-	-	-	-	-	125,000	1,865	126,865
Contributed infrastructure assets		-	5,021,497	-	-	-	5,021,497	-	5,021,497
Other revenue	166,181	-	-	-	-	-	166,181	9,200	175,381
Water and sewer		3,026,899	-	-	-	-	3,026,899	-	3,026,899
Grants - Province of Manitoba	2,500,400	-	-	-	-	-	2,500,400	124,054	2,624,454
Grants - other	730,000	-	545,000	-	-	-	1,275,000	3,400	1,278,400
Transfers from General		1,287,231	-	-	(1,287,231)	-	-	-	-
Transfers from reserves	471,507	107,994	-	-	(579,501)	-	-	-	-
Total revenue	\$ 24,094,722	\$ 4,422,124	\$ 6,841,497	\$ -	\$ (2,006,732)	\$ -	\$ 33,351,611	\$ 244,243	\$ 33,595,854
EXPENSES									
General government services	\$ 4,145,164	\$ -	\$ 106,995	\$ 29,860	\$ (364,342)	-	\$ 3,917,677	\$ -	\$ 3,917,677
Protective services	3,631,879	-	178,355	9,860	-	-	3,820,094	-	3,820,094
Transportation services	2,464,021	-	3,455,955	93,202	-	-	6,013,178	-	6,013,178
Environmental health services	2,196,314	-	314,678	-	-	126,612	2,637,604	-	2,637,604
Public health and welfare services	120,505	-	7,122	-	-	-	127,627	-	127,627
Regional planning and development	410,515	-	-	-	-	-	410,515	-	410,515
Resource cons and industrial dev	65,000	-	-	-	-	-	65,000	11,981	76,981
Recreation and cultural services	3,420,978	-	610,390	13,151	-	-	4,044,519	408,469	4,452,988
Water and sewer services		2,490,209	2,212,044	110,987	-	-	4,813,240	-	4,813,240
Fiscal services:									
Transfer to capital	977,000	220,000	(1,197,000)	-	-	-	-	-	-
Debt charges	1,712,306	1,287,231	-	(2,999,537)	-	-	-	-	-
Transfer to Utility	1,287,231	-	-	-	(1,287,231)	-	-	-	-
Short term interest	128,170	16,690	-	(144,860)	-	-	-	-	-
Transfer to reserves	3,332,666	407,994	-	-	(3,740,660)	-	-	-	-
Allowance for tax assets	202,973	-	-	-	(202,973)	-	-	-	-
Total expenses	\$ 24,094,722	\$ 4,422,124	\$ 5,688,539	\$ (2,887,337)	\$ (5,595,206)	\$ 126,612	\$ 25,849,454	\$ 420,450	\$ 26,269,904
Surplus (Deficit)	\$ -	\$ -	\$ 1,152,958	\$ 2,887,337	\$ 3,588,474	\$ (126,612)	\$ 7,502,157	\$ (176,207)	\$ 7,325,950

**CITY OF STEINBACH
ANALYSIS OF TAXES ON ROLL
Year ended December 31, 2016**

SCHEDULE 11

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	<u>\$ 1,640,737</u>	<u>\$ 1,329,646</u>
Add:		
Tax levy (Schedule 12)	29,020,297	27,308,707
Taxes added	1,300,089	1,336,108
Penalties or interest	167,677	149,377
Other accounts added	203,656	168,841
Tax Adjustments (specify) Taxes Overpaid	<u>66,451</u>	<u>58,501</u>
Sub-total	<u>30,758,170</u>	<u>29,021,534</u>
Deduct:		
Cash collections - current	26,962,118	25,246,320
Cash collections - arrears	1,239,067	942,143
Writeoffs	270,123	321,846
M.P.T.C. - cash advance	<u>2,260,434</u>	<u>2,200,134</u>
Sub-total	<u>30,731,742</u>	<u>28,710,443</u>
Balance, end of year	<u>\$ 1,667,165</u>	<u>\$ 1,640,737</u>

CITY OF STEINBACH
ANALYSIS OF TAX LEVY
Year ended December 31, 2016

SCHEDULE 12

	2016			2015
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 472,500	\$ 472,500
L.I.D. General District	1,016,973,880	1.293	\$ 1,314,947	\$ 931,699
At large Utility District	899,393,770	0.396	\$ 356,160	\$ 305,710
Waste Water District	995,444,580	0.849	\$ 845,132	\$ 848,410
Georgetown Sidewalk District	50,308,160	1.180	\$ 59,364	\$ 59,354
sub-total - Debt charges			<u>3,048,103</u>	<u>2,617,673</u>
Reserves:				
Recreation	873,017,170	1.241	<u>1,083,414</u>	<u>950,413</u>
General Municipal	873,017,170	5.451	<u>4,758,817</u>	<u>5,060,606</u>
Special levies:				
Waste & Disposal	-	-	<u>578,844</u>	<u>555,222</u>
Section 312 M.A.	1,016,973,880	4.000	<u>4,067,896</u>	<u>3,499,338</u>
sub-total -Special levies			<u>4,646,740</u>	<u>4,054,560</u>
Business tax	25,249,100	0.500	126,246	119,175
Business fees	-	-	<u>20,515</u>	<u>18,344</u>
sub-total - Business			<u>146,761</u>	<u>137,519</u>
Adjustments from school levy below			492	(484)
Total municipal taxes (Schedule 2)			<u>13,684,327</u>	<u>12,820,287</u>
Education support levy	271,664,730	10.500	2,852,480	2,769,863
Special levy:				
Hanover SD#15	835,384,220	14.944	12,483,982	11,718,073
Adjustments of school levy to municipal taxes			<u>(492)</u>	<u>484</u>
Total education taxes			<u>15,335,970</u>	<u>14,488,420</u>
			<u>\$ 29,020,297</u>	<u>\$ 27,308,707</u>

CITY OF STEINBACH
ANALYSIS OF SCHOOL ACCOUNTS
Year ended December 31, 2016

SCHEDULE 13

	2016			2015	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 140,905	\$ 2,960,252	\$ (2,950,184)	\$ 150,973	\$ 140,905
Special levies					
Hanover SD#15	480,776	12,676,097	(12,620,384)	536,489	480,776
Total	\$ 621,681	\$ 15,636,349	\$ (15,570,568)	\$ 687,462	\$ 621,681

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year ended December 31, 2016

	2016 Actual	2015 Actual
General government services:		
Legislative	\$ 173,411	\$ 163,387
General administrative	2,186,655	2,242,496
Other	1,722,814	2,308,918
	<u>4,082,880</u>	<u>4,714,801</u>
Protective services:		
Police	2,038,190	2,223,002
Fire	863,465	823,369
Emergency measures	25,010	26,820
Other protection	550,563	484,326
	<u>3,477,228</u>	<u>3,557,517</u>
Transportation services:		
Road transport		
Administration and engineering	169,427	208,716
Road and street maintenance	7,347,557	6,896,498
Sidewalk and boulevard maintenance	30,557	25,170
Street lighting	271,938	292,373
Other	133,095	134,156
Air transport	27,930	46,138
Public transit	77,254	77,100
	<u>8,057,758</u>	<u>7,680,151</u>
Environmental health services:		
Waste collection and disposal	1,544,906	1,520,036
Recycling	699,877	792,585
Other	330,908	301,799
	<u>2,575,691</u>	<u>2,614,420</u>
Public health and welfare services:		
Public health	102,788	101,238
Social assistance	19,765	19,765
	<u>122,553</u>	<u>121,003</u>
Regional planning and development		
Planning and zoning	109,785	170,101
Beautification and land rehabilitation	155,030	171,960
Urban area weed control	76,226	41,530
Other	17,600	14,900
	<u>358,641</u>	<u>398,491</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Tourism	199,303	220,379
	<u>214,303</u>	<u>235,379</u>
Recreation and cultural services:		
Administration	343,730	358,392
Swimming pools and beaches	1,637,885	1,570,665
Skating and curling rinks	474,555	396,352
Parks and playgrounds	732,943	754,299
Other recreational facilities	633,956	628,335
Libraries	55,479	51,711
Other cultural facilities	44,928	35,055
	<u>3,923,476</u>	<u>3,794,809</u>
Total expenses	<u><u>22,812,530</u></u>	<u><u>23,116,571</u></u>

CITY OF STEINBACH
SCHEDULE OF DEBENTURES PENDING
Year ended December 31, 2016

SCHEDULE 15

Authority	Purpose	Source of Funds	Authorized	Expended
			<hr/> <hr/> \$ -	<hr/> <hr/> \$ -

CITY OF STEINBACH
RECONCILIATION OF ANNUAL SURPLUS
December 31, 2016

SCHEDULE 16

	General	2016 Utility	Total	2015 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	\$ 128,327	\$ 56,197	\$ 184,524	\$ 189,035
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - contributed infrastructure / other donated assets	4,456,547	2,402,878	6,859,425	357,597
Increase revenue - capital grants and other revenue	2,653,588	991,327	3,644,915	3,229,767
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	-	(66,985)	(66,985)	(25,061)
Decrease expense - contribution to capital (net of recoveries)	(861,954)	494,975	(366,979)	(461,607)
Decrease expense - principal portion of debenture debt	1,579,590	1,176,057	2,755,647	2,326,838
Increase expense - amortization of tangible capital assets	(4,875,682)	(2,168,457)	(7,044,139)	(6,885,539)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	173,173	-	173,173	185,770
Eliminate expense - appropriations to reserves	5,173,363	357,994	5,531,357	4,176,446
Eliminate revenue - transfers from reserves to operating funds	(497,357)	(107,994)	(605,351)	(888,583)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	1,369,037	-	1,369,037	(244,318)
Other:				
Increase expense - landfill liability	(1,761)	-	(1,761)	(101,142)
	9,296,871	3,135,992	12,432,863	1,859,203
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(22,900)	-	(22,900)	(23,484)
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 9,273,971	\$ 3,135,992	\$ 12,409,963	\$ 1,835,719