

CITY OF STEINBACH

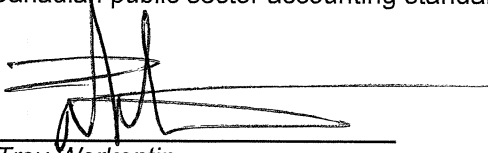
**Consolidated Financial Statements
Year ended December 31, 2018**

STATEMENT OF RESPONSIBILITY

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

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

Chambers Fraser as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Independent Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



Troy Warkentin
City Manager

Steinbach, Manitoba

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the City of Steinbach, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City of Steinbach as at December 31, 2018, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2018 in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direct, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Winnipeg, Canada
May 7, 2019



Chambers Fraser
Chartered Professional Accountants

CITY OF STEINBACH

Consolidated Financial Statements

Year ended December 31, 2018

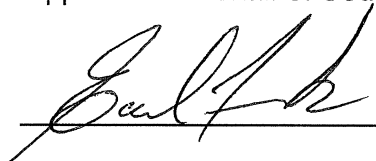
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	20
Schedule 2 - Consolidated Schedule of Revenues	21
Schedule 3 - Consolidated Schedule of Expenses	22
Schedule 4 - Consolidated Statement of Operations by Program	23
Schedule 5 - Consolidated Details and Reconciliation to Core Government Results	25
Schedule 6 - Schedule of Change in Reserve Fund Balances	26
Schedule 7 - Schedule of Financial Position for Utilities	28
Schedule 8 - Schedule of Utility Operations	29
Schedule 9 - Reconciliation of the Financial Plan to the Budget	30
Schedule 10 - Analysis of Taxes on Roll	31
Schedule 11 - Analysis of Tax Levy	32
Schedule 12 - Schedule of General Operating Fund Expenses	33
Schedule 13 - Reconciliation of Annual Surplus	34

**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

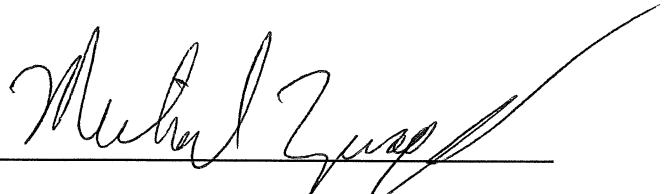
	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 11,805,783	\$ 15,817,886
Amounts receivable (Note 4)	6,376,727	5,801,773
Portfolio investments (Note 5)	8,229,062	4,681,749
Loans and advances	-	15,000
	<u>\$ 26,411,572</u>	<u>\$ 26,316,408</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 5,134,315	\$ 2,921,588
Unearned revenue (Note 7)	4,288,644	3,655,916
Landfill closure and post closure liabilities (Note 8)	6,245,846	5,780,750
Long-term debt (Note 9)	2,548,962	7,204,488
Other liabilities	149,530	195,482
	<u>18,367,297</u>	<u>19,758,224</u>
NET FINANCIAL ASSETS	<u>\$ 8,044,275</u>	<u>\$ 6,558,184</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	178,275,234	169,203,126
Prepaid expenses	129,117	107,036
	<u>178,404,351</u>	<u>169,310,162</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$186,448,626</u>	<u>\$175,868,346</u>

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

Approved on behalf of Council:



Earl Funk - Mayor



Michael Zwaagstra - Councillor /
Deputy Mayor

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended December 31, 2018

	<u>2018 Budget (Note 14)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
REVENUE			
Property taxes	\$ 15,273,653	\$ 15,655,334	\$ 15,175,836
Grants in lieu of taxation	176,093	192,523	164,338
User fees	6,000,427	5,523,257	5,585,115
Permits, licences and fines	421,675	544,964	669,462
Investment income	111,300	515,193	316,178
Contributed infrastructure assets	5,904,400	6,217,356	-
Other revenue	195,881	714,674	1,096,228
Water and sewer	3,216,556	3,782,524	3,468,679
Grants - Province of Manitoba	3,475,694	3,702,905	4,355,697
Grants - other	5,559,400	4,427,969	1,248,787
Total revenue (Schedules 2, 4 and 5)	<u>40,335,079</u>	<u>41,276,699</u>	<u>32,080,321</u>
EXPENSES			
General government services	4,121,158	4,418,074	3,544,911
Protective services	4,820,448	4,330,136	4,282,639
Transportation services	7,201,924	8,124,734	6,591,754
Environmental health services	3,156,884	3,136,804	6,075,594
Public health and welfare services	129,879	122,505	130,407
Regional planning and development	606,400	526,814	439,171
Resource conservation and industrial development	74,100	333,747	565,287
Recreation and cultural services	4,769,143	4,873,142	4,805,365
Water and sewer services	5,027,007	4,830,463	4,780,335
Total expenses (Schedules 3, 4 and 5)	<u>29,906,944</u>	<u>30,696,419</u>	<u>31,215,463</u>
ANNUAL SURPLUS	<u><u>10,428,135</u></u>	<u>10,580,280</u>	864,858
ACCUMULATED SURPLUS BEGINNING OF YEAR		<u>175,868,346</u>	<u>175,003,488</u>
ACCUMULATED SURPLUS END OF YEAR		<u><u>\$ 186,448,626</u></u>	<u><u>\$ 175,868,346</u></u>

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2018

	<u>2018 Budget (Note 14)</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
ANNUAL SURPLUS	\$ 10,428,135	\$ 10,580,280	\$ 864,858
Acquisition of tangible capital assets	(23,150,900)	(18,485,176)	(6,708,110)
Amortization of tangible capital assets	7,883,917	9,253,887	7,923,656
(Gain) Loss on sale of tangible capital assets	-	(235,572)	(647,109)
Proceeds on sale of tangible capital assets	-	394,753	874,124
Increase in prepaid expense	-	(22,081)	4,340
	<u>(15,266,983)</u>	<u>(9,094,189)</u>	<u>1,446,901</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(4,838,848)</u>	1,486,091	2,311,759
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>6,558,184</u>	<u>4,246,425</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 8,044,275</u>	<u>\$ 6,558,184</u>

The accompanying notes are an integral part of this financial statement

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 10,580,280	\$ 864,858
Changes in non-cash items:		
Amounts receivable	(574,954)	840,463
Prepays	(22,081)	4,340
Accounts payable and accrued liabilities	2,212,727	(1,628,680)
Unearned revenue	632,728	762,276
Landfill closure and post closure liabilities	465,096	3,556,632
Other liabilities	(45,952)	122,859
(Gain) loss on sale of tangible capital assets	(235,572)	(647,109)
Contributed infrastructure assets revenue	(6,217,356)	-
Amortization	9,253,887	7,923,656
Cash provided by operating transactions	<u>16,048,803</u>	<u>11,799,295</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	394,753	874,124
Cash used to acquire tangible capital assets	<u>(12,267,820)</u>	<u>(6,708,110)</u>
Cash applied to capital transactions	<u>(11,873,067)</u>	<u>(5,833,986)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	594,534	24,240
Loans and advances repaid	15,000	-
Purchase of portfolio investments	<u>(4,141,847)</u>	<u>(4,047,245)</u>
Cash applied to investing transactions	<u>(3,532,313)</u>	<u>(4,023,005)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(4,655,526)</u>	<u>(2,400,977)</u>
Cash applied to financing transactions	<u>(4,655,526)</u>	<u>(2,400,977)</u>
DECREASE IN CASH AND TEMPORARY INVESTMENTS	(4,012,103)	(458,673)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>15,817,886</u>	<u>16,276,559</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 11,805,783</u></u>	<u><u>\$ 15,817,886</u></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, 2018

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, 2018

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, 2018

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.

Unearned revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

j) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued amounts 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>2018</u>	<u>2017</u>
Cash	\$ 11,805,783	\$ 15,817,886
Temporary Investments	-	-
	<u>\$ 11,805,783</u>	<u>\$ 15,817,886</u>

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

Designated Reserve Funds	<u>\$ 2,738,490</u>	<u>\$ 2,693,988</u>
--------------------------	---------------------	---------------------

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2018</u>	<u>2017</u>
Taxes on roll (Schedule 10)	\$ 1,949,409	\$ 2,195,885
Government grants	2,173,267	1,068,293
Utility customers	1,027,042	943,671
Accrued interest	61,402	57,618
Organizations and individuals	995,737	1,490,428
Other governments	282,489	161,758
	<u>6,489,346</u>	<u>5,917,653</u>
Less allowances for doubtful amounts	<u>(112,619)</u>	<u>(115,880)</u>
	<u>\$ 6,376,727</u>	<u>\$ 5,801,773</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

5. Portfolio Investments

	<u>2018</u>	<u>2017</u>
Marketable securities:		
Other securities	<u>8,181,857</u>	4,632,529
	\$ 8,181,857	\$ 4,632,529
Other investments	<u>47,205</u>	49,220
	<u>\$ 8,229,062</u>	<u>\$ 4,681,749</u>

The aggregate market value of the marketable securities at December 31, 2018 is **\$8,232,372** (2017 - \$4,681,390). Portfolio investments earned **\$61,450** in investment income during the year (2017 - \$62,752).

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

Designated Reserve Funds	<u>\$ 8,093,000</u>	<u>\$ 4,556,307</u>
--------------------------	----------------------------	----------------------------

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 2,813,340	\$ 748,071
Accrued expenses	601,035	618,790
Accrued interest payable	-	10,770
School levies	852,545	740,372
Other governments	<u>867,395</u>	<u>803,585</u>
	<u>\$ 5,134,315</u>	<u>\$ 2,921,588</u>

7. Deferred Revenue:

	<u>2018</u>	<u>2017</u>
Capital Development	\$ 2,147,245	\$ 1,880,162
Federal Gas Tax	1,554,124	1,248,775
Land Dedication	315,827	310,883
Perpetual Care	<u>162,572</u>	<u>104,044</u>
	<u>4,179,768</u>	<u>3,543,864</u>
Other	<u>108,876</u>	<u>112,052</u>
	<u>\$ 4,288,644</u>	<u>\$ 3,655,916</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

8. Landfill Closure and Post Closure Liabilities

	<u>2018</u>	<u>2017</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 41 years	<u>\$ 11,444,102</u>	<u>\$ 11,444,102</u>
Discount rate	<u>4.50%</u>	<u>4.50%</u>
Discounted costs	<u>\$ 4,606,150</u>	<u>\$ 4,407,799</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>\$ 4,606,150</u>	<u>\$ 4,407,799</u>
Landfill East Cell		
Estimated closure and post closure costs over the next 51 years	<u>\$ 20,721,585</u>	<u>\$ 20,721,585</u>
Discount rate	<u>4.50%</u>	<u>4.50%</u>
Discounted costs	<u>\$ 7,604,091</u>	<u>\$ 7,276,642</u>
Expected year capacity will be reached	2037	2037
Capacity (tonnes, volume, acreage, years):		
Used to date	240,000	210,000
Remaining	873,000	903,000
Total	<u>1,113,000</u>	<u>1,113,000</u>
Percent utilized	<u>21.56%</u>	<u>18.87%</u>
Liability based on percentage	<u>\$ 1,639,696</u>	<u>\$ 1,372,951</u>
b) Closed Landfill Site(s)		
Estimated post closure costs over the next 51 years	<u>\$ -</u>	<u>\$ -</u>
Total landfill closure and post closure liabilities	<u>\$ 6,245,846</u>	<u>\$ 5,780,750</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

9. Long Term Debt

	<u>2018</u>	<u>2017</u>
General Authority:		
Debenture for Industrial Road construction, interest at 2.55%, payable at \$364,506 annually including interest, maturing January, 2018	\$ -	\$ 355,443
Debenture for Maplewood, Penfeld sidewalk, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	-	115,872
Debenture for fire pumper truck, interest at 2.67%, payable at \$118,966 annually including interest, maturing December, 2018	-	115,872
Debenture for Third Street resurfacing, interest at 2.7%, payable at \$183,994 annually including interest, maturing December, 2019	179,163	353,623
Debenture for Kroeker Avenue, interest at 2.7%, payable at \$149,446 annually including interest, maturing December, 2019	145,523	287,225
Debenture for Elmdale Street and Lumber Avenue renewal plus Plaza improvements, interest at 2.4%, \$371,322 annually including interest, maturing December, 2020	716,725	1,062,529
Debenture for Barker Avenue renewal plus, interest at 2.33%, \$124,244 annually including interest, maturing December, 2021	355,993	469,281
	<u>\$ 1,397,404</u>	<u>\$ 2,759,845</u>
Utility Authority:		
Debenture for Industrial Road watermain, interest at 2.55%, \$70,703 annually including interest, maturing January, 2018	\$ -	\$ 68,945
Debenture for Industrial Road sewer, interest at 2.55%, \$37,291 annually including interest, maturing January, 2018	-	36,364
Debenture for Lumber Avenue watermain, interest at 2.67%, \$41,668 annually including interest, maturing December, 2018	-	40,585
Debenture for Lumber Avenue sewer, interest at 2.67%, \$51,341 annually including interest, maturing December, 2018	-	50,006
Debenture for Third Street watermain, interest at 2.7%, \$54,116 annually including interest, maturing December, 2019	52,695	104,007
Debenture for Third Street sewermain, interest at 2.7%, \$32,470 annually including interest, maturing December, 2019	31,617	62,404
Debenture for west side trunk sewer, interest at 2.7%, \$438,338 annually including interest, maturing December, 2019	426,831	842,456
Debenture for Kroeker Avenue watermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	105,348	207,931
Debenture for Kroeker Avenue sewermain, interest at 2.7%, \$108,188 annually including interest, maturing December, 2019	105,348	207,930
Debenture for Elmdale Street and Lumber Avenue watermain, interest at 2.4%, \$48,723 annually including interest, maturing December, 2020	94,458	140,033
Debenture for Elmdale Street and Lumber Avenue sewermain, interest at 2.4%, \$40,352 annually including interest, maturing December, 2020	77,472	114,851

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

Debenture for Barker Avenue watermain, interest at 2.33%, \$40,701 annually including interest, maturing December, 2021	116,618	153,730
Debenture for Barker Avenue sewermain, interest at 2.33%, \$49,269, annually including interest, maturing December, 2021	141,170	186,094
	<u>\$ 1,151,558</u>	<u>\$ 2,215,336</u>
	\$ 2,548,962	\$ 4,975,181
Add: Delayed debenture payment withdrawal due December 31st	<u>\$ -</u>	<u>\$ 2,229,307</u>
	<u>\$ 2,548,962</u>	<u>\$ 7,204,488</u>

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

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

2019	\$ 1,685,494
2020	654,151
2021	209,318

Schedule of Debenture Pending

Authority	Purpose	Amount Authorized
By-law # 2085 / 2114	Secondary water supply system	\$ 5,375,000
By-law # 2089	Fire truck	800,000
By-law # 2090 / 2113	2018 Infrastructure renewal	300,000
By-law # 2112	2019 Infrastructure renewal	700,000

10. Commitments

The Municipality has outstanding contractual obligations of approximately **\$4.9M** at December 31, 2018, related to capital works projects, land acquisitions and the current year annexation.

11. Contingencies

The Municipality has not recognized a liability for certain legal obligations, primarily related to the special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value of the removal and disposal costs cannot be reasonably estimated.

Lawsuits have been filed against the Municipality for incidents which arise in the ordinary course of operations. In the opinion of management, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

For the fiscal year ended December 31, 2018, the Municipality has no contingent assets.

12. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the 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 \$437,364 (2017 - \$403,091) and are included in the statement of operations.

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

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, 2017 indicated the plan was 100.8% funded on a going concern basis and had an unfunded solvency liability of \$246.8 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, 2017.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. Budget

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

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 9 - Reconciliation of the Financial Plan to the Budget.

15. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 2,682,823	\$ 2,592,212
Utility operating fund - Nominal surplus	1,099,631	1,041,599
General capital fund - Capital surplus	102,381,796	101,032,486
Utility capital fund - Capital surplus	61,787,078	56,444,302
Reserve funds	<u>20,707,366</u>	<u>16,532,780</u>
	\$ 188,658,694	\$ 177,643,379
Deferred Revenue - Reserves	<u>(4,179,768)</u>	<u>(3,543,864)</u>
Accumulated surplus of municipality unconsolidated	184,478,926	174,099,515
Accumulated surpluses of consolidated entities	<u>1,969,700</u>	<u>1,768,831</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 186,448,626</u>	<u>\$ 175,868,346</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

16. Public Utilities Board

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

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

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

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Ending Balance
Water services:				
Grants	\$ 2,598,123	\$ 4,449,101	\$ 91,063	\$ 6,956,161
Contributed Assets	<u>7,409,109</u>	<u>785,241</u>	<u>346,628</u>	<u>7,847,722</u>
	<u><u>\$ 10,007,232</u></u>	<u><u>\$ 5,234,342</u></u>	<u><u>\$ 437,691</u></u>	<u><u>\$ 14,803,883</u></u>
Sewer services:				
Grants	\$ 6,903,849	\$ -	\$ 188,141	\$ 6,715,708
Contributed Assets	<u>10,293,188</u>	<u>1,221,925</u>	<u>268,543</u>	<u>11,246,570</u>
	<u><u>\$ 17,197,037</u></u>	<u><u>\$ 1,221,925</u></u>	<u><u>\$ 456,684</u></u>	<u><u>\$ 17,962,278</u></u>

17. Council Indemnities

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzen, Chris	\$ 25,618	\$ 19,650	\$ 45,268
Councillor / Mayor - Funk, Earl	16,499	14,468	30,967
Councillor - Fehr, John	10,728	9,249	19,977
Councillor - Hiebert, Bill	2,820	3,222	6,042
Councillor - Hiebert, Jake	2,820	3,233	6,053
Councillor - Penner, Cari	11,408	6,655	18,063
Councillor - Penner, Damian	2,854	3,271	6,125
Councillor - Penner, Susan	14,000	12,221	26,221
Councillor - Siemens, Jac	14,007	13,383	27,390
Councillor - Zwaagstra, Michael	<u>13,534</u>	<u>11,549</u>	<u>25,083</u>
	<u><u>\$ 114,288</u></u>	<u><u>\$ 96,901</u></u>	<u><u>\$ 211,189</u></u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2018

18 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.

19 Contractual rights

The Municipality has outstanding contractual rights of approximately \$1.1M at December 31, 2018, related to authorized agreements for commercial rental, fire protection and development, as follows:

Contractual rights \$M	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>
Total	<u>\$ 0.26</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.76</u>

20 Related party disclosures

The related parties of the Municipality are disclosed in note 2 a) under reporting entity and note 17 in respect to Council. The Municipality has no additional information to disclose for the year-ended December 31, 2018.

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2018

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	2018	2017
Cost									
Opening costs	17,976,233	59,416,671	12,866,502	2,461,929	108,765,415	75,780,009	1,275,967	278,542,726	272,306,964
Additions during the year	1,189,538	421,452	647,481	8,567,334	4,578,137	3,002,969	78,265	18,485,176	6,708,110
Transfer during the year	-	1,476,209	-	(1,476,209)	70,532	-	(70,532)	-	-
Disposals and write downs	(142,425)	-	(77,121)	-	-	-	-	(219,546)	(472,348)
Closing costs	<u>19,023,346</u>	<u>61,314,332</u>	<u>13,436,862</u>	<u>9,553,054</u>	<u>113,414,084</u>	<u>78,782,978</u>	<u>1,283,700</u>	<u>296,808,356</u>	<u>278,542,726</u>
Accumulated Amortization									
Opening accum'd amortization	5,217,270	17,261,792	8,128,560	-	51,388,821	27,343,157	-	109,339,600	101,661,275
Amortization	340,877	1,553,330	745,717	-	4,756,017	1,857,946	-	9,253,887	7,923,656
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	(60,365)	-	-	-	-	(60,365)	(245,331)
Closing accum'd amortization	<u>5,558,147</u>	<u>18,815,122</u>	<u>8,813,912</u>	<u>-</u>	<u>56,144,838</u>	<u>29,201,103</u>	<u>-</u>	<u>118,533,122</u>	<u>109,339,600</u>
Net Book Value of Tangible Capital Assets	<u>13,465,199</u>	<u>42,499,210</u>	<u>4,622,950</u>	<u>9,553,054</u>	<u>57,269,246</u>	<u>49,581,875</u>	<u>1,283,700</u>	<u>178,275,234</u>	<u>169,203,126</u>

Roads, water and sewer infrastructure contributed to the Municipality in 2018 totals \$ 6,217,356 and were capitalized at their fair value at the time of their receipt.

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF REVENUES
Year ended December 31, 2018

SCHEDULE 2

	2018	2017
	Actual	Actual
Property taxes:		
Municipal taxes levied (Schedule 11)	\$ 14,744,446	\$ 14,612,797
Taxes added	910,888	563,039
	15,655,334	15,175,836
Grants in lieu of taxation:		
Federal government	20,908	20,345
Provincial government	14,827	12,614
Provincial government enterprises	130,462	106,043
Non-government organizations	26,326	25,336
	192,523	164,338
User fees		
Parking meters	8,295	(8,688)
Sales of service	4,763,826	4,868,339
Sales of goods	74,958	76,108
Rentals	385,479	361,190
Development charges	290,699	288,166
	5,523,257	5,585,115
Permits, licences and fines		
Permits	420,909	530,432
Licences	39,845	37,900
Fines	84,210	101,130
	544,964	669,462
Investment income:		
Cash and portfolio investments	496,873	313,341
Other	18,320	2,837
	515,193	316,178
Contributed revenue:		
Contributed infrastructure assets	6,217,356	-
	6,217,356	-
Other revenue:		
Gain (Loss) on sale of tangible capital assets	235,572	647,109
Penalties and interest	198,193	205,365
Donations	25,131	8,636
Miscellaneous	255,778	235,118
	714,674	1,096,228
Water and sewer (Schedule 4)	3,782,524	3,468,679
Grants - Province of Manitoba		
Municipal Operating Grants	2,719,455	2,722,914
Conditional grants	983,450	1,632,783
	3,702,905	4,355,697
Grants - other		
Federal government - gas tax funding	459,811	315,713
Federal government - other	3,962,178	919,429
Other municipal governments	5,980	3,400
Non-government organizations	-	10,245
	4,427,969	1,248,787
Total revenue	41,276,699	32,080,321

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF EXPENSES
Year ended December 31, 2018

SCHEDULE 3

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
General government services:		
Legislative	\$ 236,341	\$ 192,587
General administrative	2,199,734	2,137,245
Other	1,981,999	1,215,079
	<u>4,418,074</u>	<u>3,544,911</u>
Protective services:		
Police	2,667,613	2,625,636
Fire	1,000,652	1,017,215
Emergency measures	32,622	27,676
Other protection	629,249	612,112
	<u>4,330,136</u>	<u>4,282,639</u>
Transportation services:		
Road transport		
Administration and engineering	461,941	280,611
Road and street maintenance	7,076,755	5,729,898
Sidewalk and boulevard maintenance	52,382	42,808
Street lighting	297,678	284,439
Other	118,125	131,496
Air transport	30,899	29,143
Public transit	86,954	93,359
	<u>8,124,734</u>	<u>6,591,754</u>
Environmental health services:		
Waste collection and disposal	2,088,796	5,062,992
Recycling	679,425	665,633
Other	368,583	346,969
	<u>3,136,804</u>	<u>6,075,594</u>
Public health and welfare services:		
Public health	102,740	110,642
Social assistance	19,765	19,765
	<u>122,505</u>	<u>130,407</u>
Regional planning and development		
Planning and zoning	224,254	124,220
Beautification and land rehabilitation	178,824	168,632
Urban area weed control	68,012	56,509
Other	55,724	89,810
	<u>526,814</u>	<u>439,171</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Regional development	6,994	256,109
Tourism	311,753	294,178
	<u>333,747</u>	<u>565,287</u>
Sub-totals forward	<u>20,992,814</u>	<u>21,629,763</u>
Sub-totals forward	<u>20,992,814</u>	<u>21,629,763</u>
Recreation and cultural services:		
Administration	358,618	348,350
Swimming pools and beaches	1,753,602	1,730,325
Skating and curling rinks	522,296	510,158
Parks and playgrounds	817,809	812,026
Other recreational facilities	870,761	875,666
Libraries	514,312	493,828
Other cultural facilities	35,744	35,012
	<u>4,873,142</u>	<u>4,805,365</u>
Water and sewer services (Schedule 8)	<u>4,830,463</u>	<u>4,780,335</u>
Total expenses	<u><u>30,696,419</u></u>	<u><u>31,215,463</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2018

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ 14,011,561	\$ 13,201,365	\$ -	\$ -	\$ -	\$ -	\$ 630,420	\$ 597,270	\$ -	\$ -
Grants in lieu of taxation	188,932	160,855	-	-	-	-	3,591	3,483	-	-
User fees	540,970	520,757	452,583	501,029	72,352	64,902	2,401,491	2,465,814	153,145	138,464
Permits, licences and fines	24,816	24,463	79,037	96,534	3,190	1,000	-	-	-	-
Investment income	337,522	226,174	-	-	100,874	55,065	22,330	10,378	8,486	4,808
Contributed infrastructure assets	-	-	-	-	4,130,315	-	-	-	-	-
Gain (Loss) on sale of assets	59,247	(85,739)	-	-	-	-	-	-	-	-
Other revenue	462,944	434,134	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,719,455	2,722,914	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	87,653	62,634	-	-	176,394	690,425	-	-	-	-
Grants - other	-	-	-	-	459,811	315,713	-	-	-	-
Total revenue	\$ 18,433,100	\$ 17,267,557	\$ 531,620	\$ 597,563	\$ 4,942,936	\$ 1,127,105	\$ 3,057,832	\$ 3,076,945	\$ 161,631	\$ 143,272
EXPENSES										
Personnel services	\$ 1,493,549	\$ 1,370,652	\$ 886,376	\$ 887,214	\$ 1,317,887	\$ 1,082,673	\$ 884,685	\$ 863,179	\$ 72,851	\$ 71,632
Contract services	683,196	636,611	3,025,285	2,968,310	499,642	425,259	1,664,403	4,679,492	38,932	41,981
Utilities	370,935	439,334	110,706	107,293	422,885	438,532	47,408	44,727	3,366	3,465
Maintenance materials and supplies	79,121	69,909	96,555	99,400	518,888	452,984	174,998	149,300	6,367	5,840
Grants and contributions	1,232,568	320,402	-	-	-	-	-	-	-	-
Amortization	186,771	119,382	168,653	176,508	5,310,510	4,102,941	368,583	346,969	988	7,489
Interest on long term debt	-	-	3,094	6,107	50,809	79,704	-	-	-	-
Other	343,605	561,869	67,800	64,560	4,113	9,663	(3,273)	(8,073)	-	-
Total expenses	\$ 4,389,745	\$ 3,518,159	\$ 4,358,469	\$ 4,309,392	\$ 8,124,734	\$ 6,591,756	\$ 3,136,804	\$ 6,075,594	\$ 122,504	\$ 130,407
Surplus (Deficit)	\$ 14,043,355	\$ 13,749,398	\$ (3,826,849)	\$ (3,711,829)	\$ (3,181,798)	\$ (5,464,651)	\$ (78,972)	\$ (2,998,649)	\$ 39,127	\$ 12,865

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

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2018

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,013,354	\$ 1,377,201	\$ 15,655,335	\$ 15,175,836
Grants in lieu of taxation	-	-	-	-	-	-	-	-	192,523	164,338
User fees	280,446	280,015	24,700	23,106	1,597,569	1,591,028	-	-	5,523,256	5,585,115
Permits, licences and fines	25,540	22,792	412,381	524,673	-	-	-	-	544,964	669,462
Investment income	-	-	-	-	45,981	19,753	-	-	515,193	316,178
Contributed infrastructure assets	-	-	-	-	-	-	2,087,041	-	6,217,356	-
Gain (Loss) on sale of assets	-	-	169,072	732,848	7,253	-	-	-	235,572	647,109
Other revenue	-	4,331	-	-	16,157	10,654	-	-	479,101	449,119
Water and sewer	-	-	-	-	-	-	3,782,524	3,468,679	3,782,524	3,468,679
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,719,455	2,722,914
Prov of MB - Conditional Grants	19,766	20,557	-	-	205,292	126,130	494,345	733,037	983,450	1,632,783
Grants - other	-	-	-	-	13,402	17,509	3,954,757	915,566	4,427,970	1,248,788
Total revenue	\$ 325,752	\$ 327,695	\$ 606,153	\$ 1,280,627	\$ 1,885,654	\$ 1,765,074	\$ 11,332,021	\$ 6,494,483	\$ 41,276,699	\$ 32,080,321
EXPENSES										
Personnel services	\$ 104,241	\$ 101,055	\$ -	\$ -	\$ 2,463,123	\$ 2,415,261	\$ 1,176,146	\$ 1,103,367	\$ 8,398,858	\$ 7,895,033
Contract services	324,392	249,724	329,081	312,012	717,547	706,628	736,125	686,446	8,018,603	10,706,463
Utilities	19,791	8,325	4,079	250,001	529,180	521,256	265,123	313,248	1,773,473	2,126,181
Maintenance materials and supplies	78,390	80,067	112	-	275,879	264,049	226,275	282,342	1,456,585	1,403,891
Grants and contributions	-	-	-	-	-	-	-	-	1,232,568	320,402
Amortization	-	-	-	-	868,080	877,647	2,350,302	2,292,720	9,253,887	7,923,656
Interest on long term debt	-	-	-	-	6,785	8,941	55,130	85,944	115,818	180,696
Other	-	-	475	3,274	12,546	11,580	21,361	16,268	446,627	659,141
Total expenses	\$ 526,814	\$ 439,171	\$ 333,747	\$ 565,287	\$ 4,873,140	\$ 4,805,362	\$ 4,830,462	\$ 4,780,335	\$ 30,696,419	\$ 31,215,463
Surplus (Deficit)	\$ (201,062)	\$ (111,476)	\$ 272,406	\$ 715,340	\$ (2,987,486)	\$ (3,040,288)	\$ 6,501,559	\$ 1,714,148	\$ 10,580,280	\$ 864,858

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2018

	Core Government		Controlled Entities		Total	
	2018	2017	2018	2017	2018	2017
REVENUE						
Property taxes	\$ 15,655,335	\$ 15,175,836	\$ -	\$ -	\$ 15,655,335	\$ 15,175,836
Grants in lieu of taxation	192,523	164,338	-	-	192,523	164,338
User fees	5,426,288	5,492,697	96,968	92,418	5,523,256	5,585,115
Permits, licences and fines	544,964	669,462	-	-	544,964	669,462
Investment income	496,873	313,341	18,320	2,837	515,193	316,178
Contributed infrastructure assets	6,217,356	-	-	-	6,217,356	-
Gain (Loss) on sale of assets	59,247	(85,739)	176,325	732,848	235,572	647,109
Other revenue	462,944	434,134	16,157	14,985	479,101	449,119
Water and sewer	3,782,524	3,468,679	-	-	3,782,524	3,468,679
Prov of MB - Unconditional Grants	2,719,455	2,722,914	-	-	2,719,455	2,722,914
Prov of MB - Conditional Grants	836,796	1,506,653	146,654	126,130	983,450	1,632,783
Grants - other	4,414,568	1,241,524	13,402	7,264	4,427,970	1,248,788
Total revenue	\$ 40,808,873	\$ 31,103,839	\$ 467,826	\$ 976,482	\$ 41,276,699	\$ 32,080,321
EXPENSES						
Personnel services	\$ 8,109,965	\$ 7,615,447	\$ 288,893	\$ 279,586	\$ 8,398,858	\$ 7,895,033
Contract services	7,985,386	10,677,393	33,217	29,070	8,018,603	10,706,463
Utilities	1,765,844	1,872,931	7,629	253,250	1,773,473	2,126,181
Maintenance materials and supplies	1,379,797	1,325,835	76,788	78,056	1,456,585	1,403,891
Grants and contributions	1,232,568	320,402	-	-	1,232,568	320,402
Amortization	9,219,162	7,883,917	34,725	39,739	9,253,887	7,923,656
Interest on long term debt	115,818	180,696	-	-	115,818	180,696
Other	433,606	644,287	13,021	14,854	446,627	659,141
Total expenses	\$ 30,242,146	\$ 30,520,908	\$ 454,273	\$ 694,555	\$ 30,696,419	\$ 31,215,463
Surplus (Deficit)	\$ 10,566,727	\$ 582,931	\$ 13,553	\$ 281,927	\$ 10,580,280	\$ 864,858

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year ended December 31, 2018

	2018							Committed Expenditures
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	
REVENUE								
Investment income	\$ 14,124	\$ 4,311	\$ 11,391	\$ 61,224	\$ 22,330	\$ 6,639	\$ 8,486	\$ 57,031
Total revenue	14,124	4,311	11,391	61,224	22,330	6,639	8,486	57,031
TRANSFERS								
Transfers from general operating	-	200,000	569,310	1,213,026	732,377	100,000	48,084	429,918
Transfers to general operating	-	-	-	-	-	-	-	(1,199,759)
Transfers from utility operating	-	-	-	-	-	-	-	-
Transfers to utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	(191,842)	(192,807)	-	-	(361,110)
CHANGE IN RESERVE FUND BALANCES	14,124	204,311	580,701	1,082,408	561,900	106,639	56,570	(1,073,920)
FUND SURPLUS, BEGINNING OF YEAR	942,809	342,909	906,047	3,275,859	1,610,261	528,101	527,445	3,357,166
FUND SURPLUS, END OF YEAR	\$ 956,932	\$ 547,220	\$ 1,486,748	\$ 4,358,267	\$ 2,172,160	\$ 634,741	\$ 584,015	\$ 2,283,246

CITY OF STEINBACH
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year ended December 31, 2018

SCHEDULE 6

	2018						2017
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement	Total	Total
REVENUE							
Investment income	\$ 4,944	\$ 17,696	\$ -	\$ 38,031	\$ 33,262	\$ 279,469	\$ 175,199
Total revenue	4,944	17,696	-	38,031	33,262	279,469	175,199
TRANSFERS							
Transfers from general operating	-	765,160	-	1,168,761	-	5,226,636	5,373,334
Transfers to general operating	-	-	-	-	-	(1,199,759)	(452,362)
Transfers from utility operating	-	-	-	-	1,236,000	1,236,000	987,994
Transfers to utility operating	-	-	-	-	(107,994)	(107,994)	(107,994)
Acquisition of tangible capital assets	-	(477,507)	-	-	(36,500)	(1,259,765)	(2,827,170)
CHANGE IN RESERVE FUND BALANCES	4,944	305,349	-	1,206,793	1,124,768	4,174,586	3,149,001
FUND SURPLUS, BEGINNING OF YEAR	310,883	1,248,775	-	1,312,721	2,169,805	16,532,780	13,383,778
FUND SURPLUS, END OF YEAR	\$ 315,827	\$ 1,554,123	\$ -	\$ 2,519,513	\$ 3,294,573	\$ 20,707,366	\$ 16,532,780

CITY OF STEINBACH
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

SCHEDULE 7

	<u>2018</u>	<u>Total</u> 2017
	Total	Total
FINANCIAL ASSETS		
Amounts receivable	\$ 1,027,042	\$ 943,671
Due from other funds	-	1,325,187
	<u>\$ 1,027,042</u>	<u>\$ 2,268,858</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 75,141	\$ 70,787
Long-term debt (Note 9)	1,151,558	3,377,697
Due to other funds	3,915,829	-
	<u>5,142,528</u>	<u>3,448,484</u>
NET DEBT	<u>\$ (4,115,486)</u>	<u>\$ (1,179,626)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	\$ 66,981,108	\$ 58,647,034
Prepaid expenses	21,088	18,492
	<u>67,002,196</u>	<u>58,665,526</u>
FUND SURPLUS	<u>\$ 62,886,710</u>	<u>\$ 57,485,900</u>

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

CITY OF STEINBACH
SCHEDULE OF UTILITY OPERATIONS

SCHEDULE 8

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Water			
Water fees	\$ 1,969,566	2,246,018	\$ 2,134,672
sub-total- water	<u>1,969,566</u>	<u>2,246,018</u>	<u>2,134,672</u>
Sewer			
Sewer fees	1,081,575	1,290,512	1,090,904
sub-total- sewer	<u>1,081,575</u>	<u>1,290,512</u>	<u>1,090,904</u>
Property taxes	<u>1,013,354</u>	<u>1,013,354</u>	<u>1,377,201</u>
Government transfers			
Capital	5,390,000	4,449,101	1,648,602
sub-total- government transfers	<u>5,390,000</u>	<u>4,449,101</u>	<u>1,648,602</u>
Other			
Hydrant rentals	85,120	87,760	77,490
Connection charges	-	13,826	4,500
Installation service	60,000	105,890	125,400
Penalties	7,688	16,521	12,738
Contributed infrastructure assets	2,234,500	2,087,041	-
Other income	12,607	21,997	22,975
sub-total- other	<u>2,399,915</u>	<u>2,333,035</u>	<u>243,103</u>
Total revenue	<u>11,854,410</u>	<u>11,332,020</u>	<u>6,494,482</u>
EXPENSES			
General			
Administration	363,798	360,385	343,439
Billing and collection	18,914	18,352	15,649
Interest on short term debt	-	21,361	16,268
sub-total- general	<u>382,712</u>	<u>400,098</u>	<u>375,356</u>
Water			
Purification and treatment	271,485	190,233	194,893
Transmission and distribution	784,408	718,524	624,555
Service and other supply costs	283,633	306,457	370,793
sub-total- water general	<u>1,339,526</u>	<u>1,215,214</u>	<u>1,190,241</u>
Water Amortization & Interest			
Amortization	1,158,796	1,187,899	1,129,505
Interest on long term debt	18,202	16,607	27,556
sub-total- water amortization & interest	<u>1,176,998</u>	<u>1,204,506</u>	<u>1,157,061</u>
Sewer			
Collection system costs	403,783	365,075	420,169
Treatment and disposal cost	401,731	327,541	270,940
Lift Station costs	165,886	117,102	144,965
sub-total- sewer general	<u>971,400</u>	<u>809,718</u>	<u>836,074</u>
Sewer Amortization & Interest			
Amortization	1,133,924	1,162,403	1,163,215
Interest on long term debt	39,364	38,524	58,388
sub-total- sewer amortization & interest	<u>1,173,288</u>	<u>1,200,927</u>	<u>1,221,603</u>
Total expenses	<u>5,043,924</u>	<u>4,830,463</u>	<u>4,780,335</u>
NET REVENUES	<u>6,810,486</u>	<u>6,501,557</u>	<u>1,714,147</u>
TRANSFERS			
Transfers (to) from reserve funds	(228,006)	(1,128,006)	(880,000)
Transfer for capital purposes (to) from general capital funds	-	(9,241)	-
Transfer for capital purposes from reserve funds	-	36,500	667,366
CHANGE IN UTILITY FUND BALANCE	<u>6,582,480</u>	<u>5,400,810</u>	<u>1,501,513</u>
FUND SURPLUS, BEGINNING OF YEAR	<u>57,485,900</u>	<u>57,485,900</u>	<u>55,984,387</u>
FUND SURPLUS, END OF YEAR	<u>\$ 62,886,710</u>	<u>\$ 62,886,710</u>	<u>\$ 57,485,900</u>

CITY OF STEINBACH
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

SCHEDULE 9

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Municipality Budget	Consolidated Entities	PSAB Budget
REVENUE									
Property taxes	\$ 15,273,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,273,653	\$ -	\$ 15,273,653
Grants in lieu of taxation	176,093	-	-	-	-	-	176,093	-	176,093
User fees	5,541,427	-	523,000	-	(140,000)	-	5,924,427	76,000	6,000,427
Permits, licences and fines	421,675	-	-	-	-	-	421,675	-	421,675
Investment income	110,000	-	-	-	-	-	110,000	1,300	111,300
Contributed infrastructure assets		-	5,904,400	-	-	-	5,904,400	-	5,904,400
Other revenue	167,881	-	-	-	-	-	167,881	28,000	195,881
Water and sewer		3,216,556	-	-	-	-	3,216,556	-	3,216,556
Grants - Province of Manitoba	2,732,400	-	599,000	-	-	-	3,331,400	144,294	3,475,694
Grants - other	765,000	-	4,791,000	-	-	-	5,556,000	3,400	5,559,400
Transfers from General		1,013,354	-	-	(1,013,354)	-	-	-	-
Transfers from reserves	571,407	107,994	-	-	(679,401)	-	-	-	-
Total revenue	\$ 25,759,536	\$ 4,337,904	\$ 11,817,400	\$ -	\$ (1,832,755)	\$ -	\$ 40,082,085	\$ 252,994	\$ 40,335,079
EXPENSES									
General government services	\$ 4,044,504	\$ -	\$ 151,265	\$ 41,226	\$ (115,837)	-	\$ 4,121,158	\$ -	\$ 4,121,158
Protective services	4,680,762	-	136,592	3,094	-	-	4,820,448	-	4,820,448
Transportation services	2,850,146	-	4,300,969	50,809	-	-	7,201,924	-	7,201,924
Environmental health services	2,359,114	-	298,514	-	-	499,256	3,156,884	-	3,156,884
Public health and welfare services	129,079	-	800	-	-	-	129,879	-	129,879
Regional planning and development	606,400	-	-	-	-	-	606,400	-	606,400
Resource cons and industrial dev	65,000	-	-	-	-	-	65,000	9,100	74,100
Recreation and cultural services	3,639,493	-	703,056	6,785	-	-	4,349,334	419,809	4,769,143
Water and sewer services		2,693,638	2,292,720	40,649	-	-	5,027,007	-	5,027,007
Fiscal services:									
Transfer to capital	1,325,000	170,000	(1,495,000)	-	-	-	-	-	-
Debt charges	1,431,445	1,121,349	-	(2,552,794)	-	-	-	-	-
Transfer to Utility	1,013,354	-	-	-	(1,013,354)	-	-	-	-
Short term interest	116,000	16,917	-	(132,917)	-	-	-	-	-
Transfer to reserves	3,287,761	336,000	-	-	(3,623,761)	-	-	-	-
Allowance for tax assets	211,478	-	-	-	(211,478)	-	-	-	-
Total expenses	\$ 25,759,536	\$ 4,337,904	\$ 6,388,917	\$ (2,543,148)	\$ (4,964,430)	\$ 499,256	\$ 29,478,035	\$ 428,909	\$ 29,906,944
Surplus (Deficit)	\$ -	\$ -	\$ 5,428,483	\$ 2,543,148	\$ 3,131,675	\$ (499,256)	\$ 10,604,050	\$ (175,915)	\$ 10,428,135

**CITY OF STEINBACH
ANALYSIS OF TAXES ON ROLL
Year ended December 31, 2018**

SCHEDULE 10

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 2,195,885	\$ 1,667,165
Add:		
Tax levy (Schedule 11)	31,139,675	30,746,608
Taxes added	898,665	563,039
Penalties or interest	198,193	205,365
Other accounts added	285,618	165,323
Tax Adjustments (specify) Taxes Overpaid	100,644	40,585
Sub-total	<u>32,622,795</u>	<u>31,720,920</u>
Deduct:		
Cash collections - current	28,497,311	27,869,198
Cash collections - arrears	1,830,425	925,513
Writeoffs	213,562	108,425
E.P.T.C. - cash advance	2,327,973	2,289,064
Sub-total	<u>32,869,271</u>	<u>31,192,200</u>
Balance, end of year	<u>\$ 1,949,409</u>	<u>\$ 2,195,885</u>

CITY OF STEINBACH
ANALYSIS OF TAX LEVY
Year ended December 31, 2018

SCHEDULE 11

	2018		2017	
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ -	\$ 472,500
L.I.D. General District	1,063,548,940	0.976	\$ 1,038,024	\$ 1,037,602
At large Utility District	945,807,300	0.319	\$ 301,713	\$ 396,248
Waste Water District	1,044,488,140	0.704	\$ 735,320	\$ 893,921
Georgetown Sidewalk District	51,868,160	1.148	\$ 59,545	\$ 59,533
sub-total - Debt charges			<u>2,134,601</u>	<u>2,859,805</u>
Reserves:				
Recreation	927,881,880	1.241	<u>1,151,501</u>	<u>1,112,127</u>
General Municipal	927,881,880	6.850	<u>6,355,957</u>	<u>5,722,798</u>
Special levies:				
Waste & Disposal	-	-	630,420	597,270
Section 312 M.A.	1,076,377,970	4.000	<u>4,305,512</u>	<u>4,162,898</u>
sub-total -Special levies			<u>4,935,932</u>	<u>4,760,168</u>
Business tax	28,375,690	0.500	141,875	135,947
Business fees	-	-	24,296	21,558
sub-total - Business			<u>166,170</u>	<u>157,505</u>
Adjustments from school levy below			<u>285</u>	<u>395</u>
Total municipal taxes (Schedule 2)			<u>14,744,446</u>	<u>14,612,797</u>
Education support levy	303,927,200	9.770	2,969,369	3,005,261
Special levy:				
Hanover SD#15	886,623,890	15.143	13,426,146	13,128,944
Adjustments of school levy to municipal taxes			<u>(285)</u>	<u>(395)</u>
Total education taxes			<u>16,395,229</u>	<u>16,133,811</u>
			<u>\$ 31,139,675</u>	<u>\$ 30,746,608</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year ended December 31, 2018

	2018 Actual	2017 Actual
General government services:		
Legislative	\$ 236,341	\$ 192,587
General administrative	2,199,734	2,137,245
Other	2,309,317	1,782,048
	<u>4,745,392</u>	<u>4,111,880</u>
Protective services:		
Police	2,667,613	2,625,636
Fire	1,000,652	1,017,215
Emergency measures	32,622	27,676
Other protection	629,249	612,112
	<u>4,330,136</u>	<u>4,282,639</u>
Transportation services:		
Road transport		
Administration and engineering	461,941	280,611
Road and street maintenance	7,076,755	5,729,898
Sidewalk and boulevard maintenance	52,382	42,808
Street lighting	297,678	284,439
Other	118,125	131,496
Air transport	30,899	29,143
Public transit	86,954	93,359
	<u>8,124,734</u>	<u>6,591,754</u>
Environmental health services:		
Waste collection and disposal	2,088,796	5,062,992
Recycling	679,425	665,633
Other	368,583	346,969
	<u>3,136,804</u>	<u>6,075,594</u>
Public health and welfare services:		
Public health	102,740	110,642
Social assistance	19,765	19,765
	<u>122,505</u>	<u>130,407</u>
Regional planning and development		
Planning and zoning	224,254	124,220
Beautification and land rehabilitation	178,824	168,632
Urban area weed control	68,012	56,509
Other	55,724	89,810
	<u>526,814</u>	<u>439,171</u>
Resource conservation and industrial development		
Water resources and conservation	15,000	15,000
Tourism	311,753	294,178
	<u>326,753</u>	<u>309,178</u>
Recreation and cultural services:		
Administration	358,618	348,350
Swimming pools and beaches	1,753,602	1,730,325
Skating and curling rinks	522,296	510,158
Parks and playgrounds	817,809	812,026
Other recreational facilities	870,761	875,666
Libraries	67,033	55,382
Other cultural facilities	35,744	35,012
	<u>4,425,863</u>	<u>4,366,919</u>
Total expenses	<u>25,739,001</u>	<u>26,307,542</u>

CITY OF STEINBACH

SCHEDULE 13

RECONCILIATION OF ANNUAL SURPLUS

December 31, 2018

	General	2018 Utility	Total	2017 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	\$ 90,611	\$ 58,032	\$ 148,643	\$ 130,717
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - contributed infrastructure / other donated assets	4,130,315	2,087,041	6,217,356	-
Increase revenue - capital grants and other revenue	359,147	4,449,104	4,808,251	2,346,202
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	(43,148)	-	(43,148)	(213,168)
Decrease expense - contribution to capital (net of recoveries)	1,641,995	65,894	1,707,889	1,520,079
Decrease expense - principal portion of debenture debt	1,362,449	1,063,782	2,426,231	2,615,193
Increase expense - amortization of tangible capital assets	(6,868,860)	(2,350,302)	(9,219,162)	(7,883,917)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	279,469	-	279,469	174,425
Eliminate expense - appropriations to reserves	5,226,636	1,236,000	6,462,636	6,361,328
Eliminate revenue - transfers from reserves to operating funds	(1,199,759)	(107,994)	(1,307,753)	(560,356)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	(635,904)	-	(635,904)	(777,910)
Other:				
Increase expense - landfill liability	(465,096)	-	(465,096)	(3,556,632)
	3,877,855	6,501,557	10,379,412	155,961
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	200,868	-	200,868	708,897
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 4,078,723	\$ 6,501,557	\$ 10,580,280	\$ 864,858