

CITY OF STEINBACH

**Consolidated Financial Statements
Year ended December 31, 2011**

STATEMENT OF RESPONSIBILITY


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

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

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

Steinbach, Manitoba

Date June 19, 2012.



Jack Kehler
City Manager

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the City of Steinbach, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations, change in net financial assets and cash flows for the year ended December 31, 2011, 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, 2011, and the consolidated results of its operations, change in net financial assets, and cash flows for the year ended December 31, 2011 in accordance with Canadian public sector accounting standards.



Winnipeg, Canada
June 19, 2012

Chambers, Fraser & Co.
Chartered Accountants

CITY OF STEINBACH

Consolidated Financial Statements

Year ended December 31, 2011

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**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011**

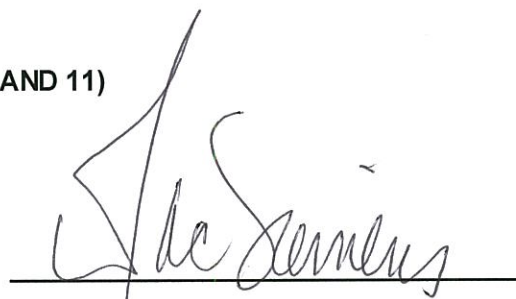
	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 10,862,952	\$ 7,284,853
Amounts receivable (Note 4)	3,421,579	7,216,158
Portfolio investments (Note 5)	<u>1,094,792</u>	<u>687,634</u>
	<u>\$ 15,379,323</u>	<u>\$ 15,188,645</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 3,344,156	\$ 3,128,892
Deferred revenue (Note 7)	1,548,156	1,033,908
Landfill closure and post closure liabilities (Note 8)	1,709,008	1,606,080
Long-term debt (Note 9)	6,265,583	6,266,508
Other liabilities	<u>138,352</u>	<u>111,721</u>
	<u>13,005,255</u>	<u>12,147,109</u>
NET FINANCIAL ASSETS	<u>\$ 2,374,068</u>	<u>\$ 3,041,536</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	132,601,304	125,934,238
Prepaid expenses	<u>71,400</u>	<u>65,343</u>
	<u>132,672,704</u>	<u>125,999,581</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$135,046,772</u>	<u>\$129,041,117</u>

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

Approved on behalf of Council:



Chris Goertzen - Mayor



Jac Siemens - Councillor / Deputy Mayor

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended December 31, 2011

	<u>2011 Budget (Note 14)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
REVENUE			
Property taxes	\$ 9,873,920	\$ 9,850,958	\$ 9,557,219
Grants in lieu of taxation	122,175	127,887	124,316
User fees	3,276,823	4,125,007	3,707,850
Permits, licences and fines	259,800	609,819	343,691
Investment income	153,440	264,971	190,621
Contributed infrastructure assets	9,220,680	2,812,561	3,154,955
Other revenue	42,354	191,703	265,322
Water and sewer	2,388,000	2,752,227	2,506,314
Grants - Province of Manitoba	3,774,061	3,038,423	4,987,546
Grants - other	1,683,400	1,362,822	3,382,560
Total revenue (Schedules 2, 4 and 5)	<u>30,794,653</u>	<u>25,136,378</u>	<u>28,220,394</u>
EXPENSES			
General government services	3,036,239	2,897,907	2,790,858
Protective services	2,608,056	2,563,117	2,378,057
Transportation services	4,615,184	4,650,802	4,556,435
Environmental health services	1,672,489	1,838,426	2,291,266
Public health and welfare services	94,885	93,916	95,335
Regional planning and development	237,323	324,791	239,092
Resource conservation and industrial development	68,553	151,073	150,934
Recreation and cultural services	3,323,638	3,335,758	3,129,839
Water and sewer services	2,497,228	3,274,933	3,106,060
Total expenses (Schedules 3, 4 and 5)	<u>18,153,595</u>	<u>19,130,723</u>	<u>18,737,876</u>
ANNUAL SURPLUS	<u>12,641,058</u>	6,005,655	9,482,518
ACCUMULATED SURPLUS BEGINNING OF YEAR		<u>129,041,117</u>	<u>119,558,599</u>
ACCUMULATED SURPLUS END OF YEAR		<u>\$ 135,046,772</u>	<u>\$ 129,041,117</u>

CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2011

	<u>2011 Budget (Note 14)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
ANNUAL SURPLUS	\$ 12,641,058	\$ 6,005,655	\$ 9,482,518
Acquisition of tangible capital assets	(18,442,880)	(11,842,468)	(16,297,133)
Amortization of tangible capital assets	4,195,760	4,959,901	4,858,824
Loss (Gain) on sale of tangible capital assets	-	50,233	(160,070)
Proceeds on sale of tangible capital assets	-	165,268	587,119
Increase in prepaid expense	-	(6,057)	(3,754)
	<u>(14,247,120)</u>	<u>(6,673,123)</u>	<u>(11,015,014)</u>
DECREASE IN NET FINANCIAL ASSETS	<u>(1,606,062)</u>	<u>(667,468)</u>	<u>(1,532,496)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>3,041,536</u>	<u>4,574,032</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 2,374,068</u>	<u>\$ 3,041,536</u>

**CITY OF STEINBACH
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2011**

	<u>2011</u>	<u>2010</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 6,005,655	\$ 9,482,518
Changes in non-cash items:		
Amounts receivable	3,794,579	(4,801,151)
Prepays	(6,057)	(3,754)
Accounts payable and accrued liabilities	215,264	841,819
Deferred revenue	514,248	98,862
Landfill closure and post closure liabilities	102,928	621,551
Other liabilities	26,631	13,250
Loss (Gain) on sale of tangible capital assets	50,233	(160,070)
Contributed infrastructure assets revenue	(2,812,561)	(3,154,955)
Amortization	4,959,901	4,858,824
Cash provided by operating transactions	<u>12,850,821</u>	<u>7,796,894</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	165,268	587,119
Cash used to acquire tangible capital assets	<u>(9,029,907)</u>	<u>(13,142,178)</u>
Cash applied to capital transactions	<u>(8,864,639)</u>	<u>(12,555,059)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	467,656	358,784
Purchase of portfolio investments	<u>(874,814)</u>	<u>(375,004)</u>
Cash applied to investing transactions	<u>(407,158)</u>	<u>(16,220)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,840,000	200,000
Debt repayment	<u>(1,840,925)</u>	<u>(1,860,776)</u>
Cash applied to financing transactions	<u>(925)</u>	<u>(1,660,776)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	3,578,099	(6,435,161)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>7,284,853</u>	<u>13,720,014</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 10,862,952</u></u>	<u><u>\$ 7,284,853</u></u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

1. Status of the City of Steinbach

The incorporated City of Steinbach is a municipal government that was first created as a Town on January 1, 1947 pursuant to the Manitoba Municipal Act. The Municipality continued as a City as of January 1, 1997. The City provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The City owns one utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Jake Epp Library
Steinbach Community Development Corporation

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these financial statements.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Investments

Temporary investments are accounted for at the lower of cost and market.

Portfolio investments are accounted for at cost.

e) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition per acceptance by the Municipality. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize interest charges as part of the cost of its tangible capital assets.

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

The estimated useful lives are as follows:

General Tangible Capital Assets

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

Infrastructure Assets

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

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

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

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>2011</u>	<u>2010</u>
Cash	\$ 10,862,952	\$ 7,284,853
Temporary Investments	-	-
	<u>\$ 10,862,952</u>	<u>\$ 7,284,853</u>

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

Designated Reserve Funds	<u>\$ 4,457,393</u>	<u>\$ 4,200,926</u>
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4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2011</u>	<u>2010</u>
Taxes on roll (Schedule 11)	\$ 633,751	\$ 467,379
Government grants	1,262,285	5,000,197
Utility customers	639,773	674,965
Accrued interest	21,584	15,587
Organizations and individuals	603,724	391,968
Other governments	270,372	699,485
	<u>3,431,489</u>	<u>7,249,581</u>
Less allowances for doubtful amounts	(9,910)	(33,423)
	<u>\$ 3,421,579</u>	<u>\$ 7,216,158</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

5. Portfolio Investments

	<u>2011</u>	<u>2010</u>
Marketable securities:		
Province of Manitoba	\$ 600,000	\$ 200,000
Other securities	447,907	437,091
	<u>\$ 1,047,907</u>	<u>\$ 637,091</u>
Other investments	46,885	50,543
	<u>\$ 1,094,792</u>	<u>\$ 687,634</u>

The aggregate market value of the marketable securities at December 31, 2011 is \$1,047,217 (2010 - \$639,376). Portfolio investments earned \$38,107 in investment income during the year (2010 - \$50,701).

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

Designated Reserve Funds	<u>\$ 948,463</u>	<u>\$ 544,252</u>
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6. Accounts Payable and Accrued Liabilities

	<u>2011</u>	<u>2010</u>
Accounts payable	\$ 1,622,210	\$ 1,329,299
Accrued expenses	708,386	711,970
Accrued interest payable	68,891	44,941
School levies (Schedule 13)	433,418	464,610
Other governments	511,251	578,072
	<u>\$ 3,344,156</u>	<u>\$ 3,128,892</u>

7. Deferred Revenue:

	<u>2011</u>	<u>2010</u>
Capital Development	\$ 879,732	\$ 517,255
Federal Gas Tax	271,641	158,470
Handi-Transit	71,298	69,887
Land Dedication	241,859	214,878
Perpetual Care	14,422	14,422
	<u>1,478,952</u>	<u>974,912</u>
Other	69,204	58,996
	<u>\$ 1,548,156</u>	<u>\$ 1,033,908</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

8. Landfill Closure and Post Closure Liabilities

	<u>2011</u>	<u>2010</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 24 years (2010 - 21 years)	<u>\$ 2,100,000</u>	<u>\$ 2,000,000</u>
Discount rate	<u>3.35%</u>	<u>6.00%</u>
Discounted costs	<u>\$ 1,709,008</u>	<u>\$ 1,655,498</u>
Expected year capacity will be reached	2011	2011
Capacity (tonnes):		
Used to date	670,000	650,000
Remaining	-	20,000
Total	<u>670,000</u>	<u>670,000</u>
Percent utilized	<u>100.00%</u>	<u>97.01%</u>
Liability based on percentage	<u>\$ 1,709,008</u>	<u>\$ 1,606,080</u>
Landfill East Cell		
Estimated closure and post closure costs over the next 57 years	<u>\$ 7,668,000</u>	
Discount rate	<u>4.50%</u>	
Discounted costs	<u>\$ 1,794,563</u>	
Expected year capacity will be reached	2035	
Capacity (tonnes, volume, acreage, years):		
Used to date	-	
Remaining	1,113,000	
Total	<u>1,113,000</u>	
Percent utilized	<u>0.00%</u>	
Liability based on percentage	<u>\$ -</u>	
b) Closed Landfill Site(s)		
Estimated post closure costs over the next 57 years	<u>\$ -</u>	<u>\$ -</u>
Total landfill closure and post closure liabilities	<u>\$ 1,709,008</u>	<u>\$ 1,606,080</u>

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

9. Long Term Debt

	<u>2011</u>	<u>2010</u>
General Authority:		
Debenture for Acres Drive surface and drainage, at 5.24%, \$232,509 annually including interest, maturing September, 2011	\$ -	\$ 220,932
Debenture for Brandt Street sidewalks, at 5.24%, \$51,152 annually including interest, maturing September, 2011	-	48,605
Debenture for the firehall, at 5.34%, \$349,725 annually including interest, maturing October, 2012	331,997	647,163
Debenture for Southland sidewalks, at 3.53%, \$27,930 annually including interest, maturing December, 2013 *	53,036	78,206
Debenture for Acres Drive concrete, at 3.53%, \$266,004 annually including interest, maturing February, 2014	744,818	976,357
Debenture for Industrial Road concrete, at 3.20%, \$159,212 annually including interest, maturing December, 2014	448,623	588,988
Debenture for Jake Epp Library expansion, interest at 3.29%, payable at \$198,149 annually including interest, maturing May, 2016	900,000	-
Debenture for Reimer Avenue resurfacing, interest at 3.29%, payable at \$129,898 annually including interest, maturing May, 2016	590,000	-
Debenture for a fire truck, interest at 3.29%, payable at \$77,058 annually including interest, maturing May, 2016	350,000	-
	<u>\$ 3,418,474</u>	<u>\$ 2,560,251</u>
Utility Authority:		
Debenture for pump station phase 1, at 3.53%, \$110,835 annually including interest, maturing February, 2014	\$ 310,341	\$ 406,815
Debenture for pump station phase 2, at 3.84%, \$201,257 annually including interest, maturing September, 2014	560,206	733,303
Debenture for lagoon expansion, at 3.84%, \$670,855 annually including interest, maturing September, 2014	1,867,352	2,444,345
Debenture for Henry Street sewer, interest at 2.89%, \$43,534 annually including interest, maturing September, 2015	162,246	200,000
	<u>\$ 2,900,145</u>	<u>\$ 3,784,463</u>
	\$ 6,318,619	\$ 6,344,714
Less: Owned by Municipality *	<u>\$ (53,036)</u>	<u>\$ (78,206)</u>
	<u>\$ 6,265,583</u>	<u>\$ 6,266,508</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:

2012	\$ 1,978,751
2013	1,705,746
2014	1,766,863
2015	422,020
2016	392,203

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

10. Commitments

The Municipality has outstanding contractual obligations of approximately \$1.2 million at December 31, 2011 for various capital works.

The Municipality has undertaken to construct an expansion of its waste water lagoon, largely completed in 2011. The Municipality is a party to a funding agreement with the Building Canada Fund - Community Component (BCF-CC) for a \$10.5 million project. BCF-CC has agreed to provide \$7.0 million toward this project, all of which has been claimed. As part of its \$3.5 million commitment, the Municipality issued a debenture in the amount of \$3.0 million in 2009 and the remaining \$0.5 million in early 2012, as authorized.

11. Contingencies

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

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

12. Retirement Benefits

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP requires that employees contribute 6.3% of basic annual earnings up to the CPP ceiling plus 7.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$223,430 (2010 - \$214,533) and are included in the statement of operations.

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

13. Financial Instruments

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

14. Budget

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

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

CITY OF STEINBACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011

15. Accumulated Surplus

	2011	2010
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 1,876,273	\$ 1,805,378
Utility operating fund - Nominal surplus	631,220	591,070
General capital fund - Capital surplus	77,720,917	74,788,362
Utility capital fund - Capital surplus	45,680,941	42,439,077
Reserve funds	9,494,707	9,267,822
	<u>\$ 135,404,058</u>	<u>\$ 128,891,709</u>
Deferred Revenue - Reserves	<u>(1,478,952)</u>	<u>(974,912)</u>
Accumulated surplus of municipality unconsolidated	133,925,106	127,916,797
Accumulated surpluses of consolidated entities	<u>1,121,666</u>	<u>1,124,320</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 135,046,772</u>	<u>\$ 129,041,117</u>

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	\$ 947,682	\$ -	\$ 26,324	\$ 921,358
Contributed Assets	<u>3,932,827</u>	<u>526,659</u>	<u>142,395</u>	<u>4,317,091</u>
	<u>\$ 4,880,509</u>	<u>\$ 526,659</u>	<u>\$ 168,719</u>	<u>\$ 5,238,449</u>
Sewer services:				
Grants	\$ 5,452,220	\$ 1,557,576	\$ -	\$ 7,009,796
Contributed Assets	<u>7,290,483</u>	<u>602,395</u>	<u>186,571</u>	<u>7,706,307</u>
	<u>\$ 12,742,703</u>	<u>\$ 2,159,971</u>	<u>\$ 186,571</u>	<u>\$ 14,716,103</u>

17. Council Indemnities

Council Members	Taxable Compensation	Expenses	Total
Mayor - Goertzan, Chris	\$ 21,694	\$ 26,166	\$ 47,860
Councillor - Fehr, John	9,017	10,334	19,351
Councillor - Funk, Earl	8,528	8,501	17,029
Councillor - Penner, Cari	8,085	4,859	12,944
Councillor - Penner, Susan	8,508	8,026	16,534
Councillor - Siemens, Jac	10,175	9,781	19,956
Councillor - Zwaagstra, Michael	<u>8,320</u>	<u>8,137</u>	<u>16,457</u>
	<u>\$ 74,327</u>	<u>\$ 75,804</u>	<u>\$ 150,131</u>

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2011

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	2011	2010
Cost									
Opening costs	15,645,875	28,230,451	8,878,875	10,185,482	79,479,546	49,039,414	474,885	191,934,528	176,456,329
Additions during the year	45,738	2,277,272	997,561	3,312,162	2,461,134	1,972,646	775,955	11,842,468	16,297,133
Transfer during the year	-	1,753,022	-	(1,753,022)	254,266	3,045	(257,311)	-	-
Disposals and write downs	(3,840)	(58,673)	(351,032)	-	-	(31,465)	-	(445,010)	(818,935)
Closing costs	15,687,773	32,202,072	9,525,404	11,744,622	82,194,946	50,983,640	993,529	203,331,986	191,934,527
Accumulated Amortization									
Opening accum'd amortization	2,929,305	9,428,632	5,199,870	-	31,330,922	17,111,560	-	66,000,289	61,533,352
Amortization	298,857	687,067	467,193	-	2,323,266	1,183,518	-	4,959,901	4,858,824
Transfer during the year	-	-	-	-	-	-	-	-	-
Disposals and write downs	-	(7,041)	(191,176)	-	-	(31,291)	-	(229,508)	(391,887)
Closing accum'd amortization	3,228,162	10,108,658	5,475,887	-	33,654,188	18,263,787	-	70,730,682	66,000,289
Net Book Value of Tangible Capital Assets	12,459,611	22,093,414	4,049,517	11,744,622	48,540,758	32,719,853	993,529	132,601,304	125,934,238

Roads, water and sewer infrastructure contributed to the Municipality in 2011 totals \$2,812,561 and were capitalized at their fair value at the time of their receipt.

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF REVENUES
Year ended December 31, 2011

SCHEDULE 2

	2011 Actual	2010 Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 9,181,091	\$ 8,930,494
Taxes added	611,105	582,427
Penalties and interest	58,762	44,298
	<u>9,850,958</u>	<u>9,557,219</u>
Grants in lieu of taxation:		
Federal government	21,262	21,262
Provincial government	9,132	8,984
Provincial government enterprises	73,835	70,412
Non-government organizations	23,658	23,658
	<u>127,887</u>	<u>124,316</u>
User fees		
Parking meters	20,724	20,209
Sales of service	3,459,094	3,319,730
Sales of goods	90,341	96,130
Rentals	179,077	177,150
Development charges	375,771	94,631
	<u>4,125,007</u>	<u>3,707,850</u>
Permits, licences and fines		
Permits	497,409	254,350
Licences	31,340	26,760
Fines	81,070	62,581
	<u>609,819</u>	<u>343,691</u>
Investment income:		
Cash and portfolio investments	261,978	188,769
Other	2,993	1,852
	<u>264,971</u>	<u>190,621</u>
Contributed revenue:		
Contributed infrastructure assets	2,812,561	3,154,955
	<u>2,812,561</u>	<u>3,154,955</u>
Other revenue:		
Gain (Loss) on sale of tangible capital assets	(50,233)	160,070
Miscellaneous	241,936	105,252
	<u>191,703</u>	<u>265,322</u>
Water and sewer (Schedule 4)	<u>2,752,227</u>	<u>2,506,314</u>
Grants - Province of Manitoba		
General assistance payment	1,823,314	1,769,687
General support grant	93,795	89,565
VLT revenues	160,090	158,856
Conditional grants	961,224	2,969,438
	<u>3,038,423</u>	<u>4,987,546</u>
Grants - other		
Federal government - gas tax funding	490,801	508,231
Federal government - other	868,621	2,865,826
Other local governments	3,400	8,503
	<u>1,362,822</u>	<u>3,382,560</u>
Total revenue	<u><u>25,136,378</u></u>	<u><u>28,220,394</u></u>

CITY OF STEINBACH
CONSOLIDATED SCHEDULE OF EXPENSES
Year ended December 31, 2011

SCHEDULE 3

	2011 Actual	2010 Actual
General government services:		
Legislative	\$ 166,441	\$ 162,397
General administrative	1,695,157	1,819,497
Other	1,036,309	808,964
	<u>2,897,907</u>	<u>2,790,858</u>
Protective services:		
Police	1,393,777	1,261,014
Fire	576,174	521,087
Emergency measures	25,205	47,544
Other protection	567,961	548,412
	<u>2,563,117</u>	<u>2,378,057</u>
Transportation services:		
Road transport		
Administration and engineering	202,560	194,408
Road and street maintenance	3,939,278	3,844,924
Sidewalk and boulevard maintenance	73,877	39,066
Street lighting	243,491	245,675
Other	102,110	118,953
Air transport	32,139	59,233
Public transit	57,347	54,176
	<u>4,650,802</u>	<u>4,556,435</u>
Environmental health services:		
Waste collection and disposal	1,154,045	1,627,279
Recycling	540,959	520,107
Other	143,422	143,880
	<u>1,838,426</u>	<u>2,291,266</u>
Public health and welfare services:		
Public health	74,151	75,570
Social assistance	19,765	19,765
	<u>93,916</u>	<u>95,335</u>
Regional planning and development		
Planning and zoning	175,315	111,123
Beautification and land rehabilitation	116,011	99,424
Urban area weed control	21,095	21,549
Other	12,370	6,996
	<u>324,791</u>	<u>239,092</u>
Resource conservation and industrial development		
Water resources and conservation	10,000	10,000
Regional development	8,823	6,989
Tourism	132,250	133,945
	<u>151,073</u>	<u>150,934</u>
Recreation and cultural services:		
Administration	188,100	179,814
Swimming pools and beaches	1,408,756	1,362,377
Skating and curling rinks	374,529	334,534
Parks and playgrounds	492,144	452,549
Other recreational facilities	415,955	396,317
Libraries	412,246	380,830
Other cultural facilities	44,028	23,418
	<u>3,335,758</u>	<u>3,129,839</u>
Water and sewer services (Schedule 9)	<u>3,274,933</u>	<u>3,106,060</u>
Total expenses	<u><u>19,130,723</u></u>	<u><u>18,737,876</u></u>

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year ended December 31, 2011

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
Property taxes	\$ 8,382,586	\$ 8,017,045	\$ -	\$ -	\$ -	\$ -	\$ 441,891	\$ 421,503	\$ -	\$ -
Grants in lieu of taxation	124,890	121,373	-	-	-	-	2,997	2,943	-	-
User fees	281,575	277,948	448,424	404,451	74,294	76,780	1,586,347	1,537,363	108,800	104,300
Permits, licences and fines	6,344	4,377	78,505	58,421	2,665	2,630	-	-	-	-
Investment income	184,058	105,344	-	-	43,548	38,236	21,681	41,783	4,818	1,834
Contributed infrastructure assets	-	-	-	-	1,683,508	1,781,442	-	-	-	-
Gain (Loss) on sale of assets	(50,059)	175,468	-	-	-	-	-	-	-	-
Other revenue	227,352	91,446	-	-	-	-	-	-	-	-
Water and sewer										
Prov of MB - Unconditional Grants	2,077,199	2,018,108	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	29,213	39,349	-	-	31,155	70,129	-	-	-	-
Grants - other	-	7,000	86,657	80,010	490,801	508,231	-	-	-	-
Total revenue	\$ 11,263,158	\$ 10,857,458	\$ 613,586	\$ 542,882	\$ 2,325,971	\$ 2,477,448	\$ 2,052,916	\$ 2,003,592	\$ 113,618	\$ 106,134
EXPENSES										
Personnel services	\$ 1,071,963	\$ 1,065,993	\$ 535,184	\$ 512,344	\$ 797,675	\$ 738,728	\$ 619,138	\$ 603,626	\$ 47,609	\$ 46,240
Contract services	639,865	607,150	1,676,590	1,502,064	368,698	381,085	863,013	1,383,935	35,764	39,360
Utilities	332,339	350,544	65,684	63,347	340,570	329,870	48,202	35,307	2,873	2,969
Maintenance materials and supplies	78,807	82,035	86,909	65,151	422,046	379,392	164,652	124,519	5,700	4,797
Grants and contributions	489,224	432,351	-	-	-	-	-	-	-	-
Amortization	105,048	108,582	160,722	188,610	2,653,637	2,645,966	143,422	143,880	1,970	1,969
Interest on long term debt	-	-	38,028	46,541	68,177	81,394	-	-	-	-
Other	180,659	144,202	-	-	-	-	-	-	-	-
Total expenses	\$ 2,897,905	\$ 2,790,857	\$ 2,563,117	\$ 2,378,057	\$ 4,650,803	\$ 4,556,435	\$ 1,838,427	\$ 2,291,267	\$ 93,916	\$ 95,335
Surplus (Deficit)	\$ 8,365,253	\$ 8,066,601	\$ (1,949,531)	\$ (1,835,175)	\$ (2,324,832)	\$ (2,078,987)	\$ 214,489	\$ (287,675)	\$ 19,702	\$ 10,799

* 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, 2011

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,481	\$ 1,118,671	\$ 9,850,958	\$ 9,557,219
Grants in lieu of taxation	-	-	-	-	-	-	-	-	127,887	124,316
User fees	374,548	94,309	21,231	21,231	1,229,788	1,191,468	-	-	4,125,007	3,707,850
Permits, licences and fines	12,390	12,950	509,915	265,313	-	-	-	-	609,819	343,691
Investment income	-	-	-	-	10,866	3,424	-	-	264,971	190,621
Contributed infrastructure assets	-	-	-	-	-	-	1,129,053	1,373,513	2,812,561	3,154,955
Gain (Loss) on sale of assets	-	-	-	-	-	-	(174)	(15,398)	(50,233)	160,070
Other revenue	2,354	2,457	-	-	12,230	11,349	-	-	241,936	105,252
Water and sewer	-	-	-	-	-	-	2,752,227	2,506,314	2,752,227	2,506,314
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,077,199	2,018,108
Prov of MB - Conditional Grants	15,000	29,000	-	-	104,784	104,850	781,072	2,726,110	961,224	2,969,438
Grants - other	-	-	-	-	6,576	61,209	778,788	2,726,110	1,362,822	3,382,560
Total revenue	\$ 404,292	\$ 138,716	\$ 531,146	\$ 286,544	\$ 1,364,244	\$ 1,372,300	\$ 6,467,447	\$ 10,435,320	\$ 25,136,378	\$ 28,220,394
EXPENSES										
Personnel services	\$ 61,726	\$ 53,693	\$ 1,500	\$ -	\$ 1,804,412	\$ 1,751,897	\$ 748,026	\$ 785,332	\$ 5,687,233	\$ 5,557,853
Contract services	211,410	134,338	143,721	145,072	483,929	392,206	511,895	398,798	4,934,885	4,984,008
Utilities	3,377	2,765	5,852	5,852	336,370	343,576	205,079	189,060	1,340,346	1,323,290
Maintenance materials and supplies	47,899	47,918	-	-	272,329	239,560	180,170	180,439	1,258,512	1,123,811
Grants and contributions	-	-	-	-	-	-	-	-	489,224	432,351
Amortization	379	379	-	-	408,123	391,185	1,486,601	1,378,252	4,959,902	4,858,823
Interest on long term debt	-	-	-	10	19,740	-	130,521	160,616	256,466	288,561
Other	-	-	-	-	10,853	11,414	12,643	13,563	204,155	169,179
Total expenses	\$ 324,791	\$ 239,093	\$ 151,073	\$ 150,934	\$ 3,335,756	\$ 3,129,838	\$ 3,274,935	\$ 3,106,060	\$ 19,130,723	\$ 18,737,876
Surplus (Deficit)	\$ 79,501	\$ (100,377)	\$ 380,073	\$ 135,610	\$ (1,971,512)	\$ (1,757,538)	\$ 3,192,512	\$ 7,329,260	\$ 6,005,655	\$ 9,482,518

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year ended December 31, 2011

	Core Government		Controlled Entities		Total	
	2011	2010	2011	2010	2011	2010
REVENUE						
Property taxes	\$ 9,850,958	\$ 9,557,219	\$ -	\$ -	\$ 9,850,958	\$ 9,557,219
Grants in lieu of taxation	127,887	124,316	-	-	127,887	124,316
User fees	4,019,634	3,596,959	105,373	110,891	4,125,007	3,707,850
Permits, licences and fines	609,819	343,691	-	-	609,819	343,691
Investment income	261,978	188,769	2,993	1,852	264,971	190,621
Contributed infrastructure assets	2,812,561	3,154,955			2,812,561	3,154,955
Gain (Loss) on sale of assets	(50,233)	160,070			(50,233)	160,070
Other revenue	227,352	91,446	14,584	13,806	241,936	105,252
Water and sewer	2,752,227	2,506,314			2,752,227	2,506,314
Prov of MB - Unconditional Grants	2,077,199	2,018,108			2,077,199	2,018,108
Prov of MB - Conditional Grants	854,040	2,857,085	107,184	112,353	961,224	2,969,438
Grants - other	1,359,646	3,379,854	3,176	2,706	1,362,822	3,382,560
Total revenue	\$ 24,903,068	\$ 27,978,786	\$ 233,310	\$ 241,608	\$ 25,136,378	\$ 28,220,394
EXPENSES						
Personnel services	\$ 5,454,970	\$ 5,325,151	\$ 232,263	\$ 232,702	\$ 5,687,233	\$ 5,557,853
Contract services	4,904,458	4,961,366	30,427	22,642	4,934,885	4,984,008
Utilities	1,330,326	1,313,687	10,020	9,603	1,340,346	1,323,290
Maintenance materials and supplies	1,163,002	1,050,609	95,510	73,202	1,258,512	1,123,811
Grants and contributions	489,224	432,351	-	-	489,224	432,351
Amortization	4,951,800	4,850,759	8,102	8,064	4,959,902	4,858,823
Interest on long term debt	256,466	288,551	-	10	256,466	288,561
Other	193,302	157,765	10,853	11,414	204,155	169,179
Total expenses	\$ 18,743,548	\$ 18,380,239	\$ 387,175	\$ 357,637	\$ 19,130,723	\$ 18,737,876
Surplus (Deficit)	\$ 6,159,520	\$ 9,598,547	\$ (153,865)	\$ (116,029)	\$ 6,005,655	\$ 9,482,518

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year ended December 31, 2011

	2011							
	General	Machinery Replacement	Land & Facility	Capital Development	Environmental	Aquatic Centre	Perpetual Care	Committed Expenditures
REVENUE								
Investment income	\$ 14,278	\$ 3,390	\$ 24,037	\$ 39,910	\$ 21,681	\$ 4,277	\$ 4,818	\$ 32,177
Total revenue	14,278	3,390	24,037	39,910	21,681	4,277	4,818	32,177
TRANSFERS								
Transfers from general operating	-	200,000	180,177	906,717	439,150	100,000	21,882	774,899
Transfers to general operating	-	-	-	-	-	-	-	(14,720)
Transfers from utility operating	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(153,000)	(450,000)	(385,000)	(1,792,500)	-	-	(23,600)
CHANGE IN RESERVE FUND BALANCES	14,278	50,390	(245,786)	561,627	(1,331,669)	104,277	26,700	768,756
FUND SURPLUS, BEGINNING OF YEAR	854,479	307,161	1,431,183	2,279,278	1,359,620	320,009	253,259	473,336
FUND SURPLUS, END OF YEAR	<u>\$ 868,757</u>	<u>\$ 357,551</u>	<u>\$ 1,185,397</u>	<u>\$ 2,840,905</u>	<u>\$ 27,951</u>	<u>\$ 424,286</u>	<u>\$ 279,959</u>	<u>\$ 1,242,092</u>

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year ended December 31, 2011

	2011						2010
	Land Dedication	Gas Tax	Handi Transit	Recreation	Utility Replacement		Total
REVENUE							
Investment income	\$ 2,419	\$ 3,199	\$ 1,411	\$ 4,037	\$ 22,211		\$ 177,845
Total revenue	2,419	3,199	1,411	4,037	22,211	-	177,845
TRANSFERS							
Transfers from general operating	24,562	603,972	-	200,000	-		3,451,359
Transfers to general operating	-	-	-	-	-		(14,720)
Transfers from utility operating	-	-	-	-	450,000		450,000
Acquisition of tangible capital assets	-	(494,000)	-	-	(539,500)		(3,837,600)
CHANGE IN RESERVE FUND BALANCES	26,981	113,171	1,411	204,037	(67,289)	-	226,884
FUND SURPLUS, BEGINNING OF YEAR	214,878	158,470	69,887	200,000	1,346,262		9,267,822
FUND SURPLUS, END OF YEAR	\$ 241,859	\$ 271,641	\$ 71,298	\$ 404,037	\$ 1,278,973	\$ -	\$ 9,494,706

CITY OF STEINBACH
 SCHEDULE OF TRUST FUNDS
 Year ended December 31, 2011

SCHEDULE 7

	Total	
	2011	2010
ASSETS		
Cash and temporary investments	\$ -	\$ -
Portfolio investments	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Due to Municipality	\$ -	\$ -
Fund balance	-	-
	<u>\$ -</u>	<u>\$ -</u>
REVENUES		
Contributions and donations	\$ -	\$ -
Investment income	-	-
	<u>-</u>	<u>-</u>
EXPENDITURES		
Cemetery maintenance	-	-
Distribution to beneficiaries	-	-
Other	-	-
	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

CITY OF STEINBACH
 SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
 Year ended December 31, 2011

SCHEDULE 8

	2011	Total 2010
FINANCIAL ASSETS		
Amounts receivable	\$ 1,875,553	\$ 5,255,359
	<u>\$ 1,875,553</u>	<u>\$ 5,255,359</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 94,277	\$ 118,022
Long-term debt (Note 9)	2,900,145	3,784,463
Due to other funds	1,475,822	4,324,835
	<u>4,470,244</u>	<u>8,227,320</u>
NET DEBT	<u>\$ (2,594,691)</u>	<u>\$ (2,971,961)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	\$ 48,894,127	\$ 45,989,232
Prepaid expenses	12,725	12,876
	<u>48,906,852</u>	<u>46,002,108</u>
FUND SURPLUS	<u>\$ 46,312,161</u>	<u>\$ 43,030,147</u>

COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)

CITY OF STEINBACH
SCHEDULE OF UTILITY OPERATIONS
Year ended December 31, 2011

SCHEDULE 9

	2011 Budget	2011 Actual	2010 Actual
REVENUE			
Water			
Water fees	\$ 1,438,700	1,653,195	\$ 1,505,765
sub-total- water	<u>1,438,700</u>	<u>1,653,195</u>	<u>1,505,765</u>
Sewer			
Sewer fees	817,800	962,865	855,798
sub-total- sewer	<u>817,800</u>	<u>962,865</u>	<u>855,798</u>
Property taxes	<u>1,026,481</u>	<u>1,026,481</u>	1,118,671
Government transfers			
Operating	-	2,284	-
Capital	2,000,000	1,557,576	5,452,220
sub-total- government transfers	<u>2,000,000</u>	<u>1,559,860</u>	<u>5,452,220</u>
Other			
Hydrant rentals	63,500	64,250	63,500
Connection charges	1,000	3,087	-
Installation service	56,700	40,603	51,321
Penalties	3,100	9,088	7,411
Contributed infrastructure assets	3,313,800	1,129,053	1,373,513
Gain (Loss) on sale of tangible capital assets	-	(174)	(15,398)
Other income	7,200	19,139	22,519
sub-total- other	<u>3,445,300</u>	<u>1,265,046</u>	<u>1,502,866</u>
Total revenue	<u>8,728,281</u>	<u>6,467,447</u>	10,435,320
EXPENSES			
General			
Administration	231,000	228,110	240,043
Billing and collection	9,800	7,411	4,783
Interest on short term debt	-	12,642	13,562
sub-total- general	<u>240,800</u>	<u>248,163</u>	<u>258,388</u>
Water			
Purification and treatment	172,550	181,873	179,292
Transmission and distribution	622,500	594,500	522,187
Service and other supply costs	186,000	215,066	203,772
sub-total- water general	<u>981,050</u>	<u>991,439</u>	<u>905,251</u>
Water Amortization & Interest			
Amortization	364,703	761,753	686,820
Interest on long term debt	36,770	37,182	52,133
sub-total- water amortization & interest	<u>401,473</u>	<u>798,935</u>	<u>738,953</u>
Sewer			
Collection system costs	230,700	232,543	229,158
Treatment and disposal cost	92,600	88,284	63,974
Lift Station costs	99,750	97,382	110,419
sub-total- sewer general	<u>423,050</u>	<u>418,209</u>	<u>403,551</u>
Sewer Amortization & Interest			
Amortization	358,549	724,848	691,433
Interest on long term debt	92,306	93,339	108,484
sub-total- sewer amortization & interest	<u>450,855</u>	<u>818,187</u>	<u>799,917</u>
Total expenses	<u>2,497,228</u>	<u>3,274,933</u>	3,106,060
NET REVENUES	6,231,053	3,192,514	7,329,260
TRANSFERS			
Transfers to reserve funds	(350,000)	(450,000)	(450,000)
Transfer for capital purposes from reserve funds	<u>539,500</u>	<u>539,500</u>	<u>545,000</u>
CHANGE IN UTILITY FUND BALANCE	<u>5,881,053</u>	3,282,014	7,424,260
FUND SURPLUS, BEGINNING OF YEAR		<u>43,030,147</u>	35,605,887
FUND SURPLUS, END OF YEAR		<u>\$ 46,312,161</u>	<u>\$ 43,030,147</u>

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year ended December 31, 2011

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Municipality Budget	Consolidated Entities	PSAB Budget
REVENUE									
Property taxes	\$ 9,873,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,873,920	\$ -	\$ 9,873,920
Grants in lieu of taxation	122,175	-	-	-	-	-	122,175	-	122,175
User fees	3,242,122	-	-	-	(80,000)	-	3,162,122	114,701	3,276,823
Permits, licences and fines	259,800	-	-	-	-	-	259,800	-	259,800
Investment income	150,000	-	-	-	-	-	150,000	3,440	153,440
Contributed infrastructure assets	-	-	9,220,680	-	-	-	9,220,680	-	9,220,680
Other revenue	40,000	-	-	-	-	-	40,000	2,354	42,354
Water and sewer	-	2,388,000	-	-	-	-	2,388,000	-	2,388,000
Grants - Province of Manitoba	2,071,000	-	1,600,000	-	-	-	3,671,000	103,061	3,774,061
Grants - other	600,000	-	1,080,000	-	-	-	1,680,000	3,400	1,683,400
Transfers from General	-	1,026,481	-	-	(1,026,481)	-	-	-	-
Total revenue	<u>\$ 16,359,017</u>	<u>\$ 3,414,481</u>	<u>\$ 11,900,680</u>	<u>\$ -</u>	<u>\$ (1,106,481)</u>	<u>\$ -</u>	<u>\$ 30,567,697</u>	<u>\$ 226,956</u>	<u>\$ 30,794,653</u>
EXPENSES									
General government services	\$ 3,069,995	\$ -	\$ 105,024	\$ 14,400	\$ (153,180)	-	\$ 3,036,239	\$ -	\$ 3,036,239
Protective services	2,409,343	-	160,685	38,028	-	-	2,608,056	-	2,608,056
Transportation services	1,891,215	-	2,653,031	70,938	-	-	4,615,184	-	4,615,184
Environmental health services	1,529,100	-	143,389	-	-	-	1,672,489	-	1,672,489
Public health and welfare services	92,915	-	1,970	-	-	-	94,885	-	94,885
Regional planning and development	236,944	-	379	-	-	-	237,323	-	237,323
Resource cons and industrial dev	61,230	-	-	-	-	-	61,230	7,323	68,553
Recreation and cultural services	2,507,726	-	408,030	19,740	-	-	2,935,496	388,142	3,323,638
Water and sewer services	-	1,644,900	723,252	129,076	-	-	2,497,228	-	2,497,228
Fiscal services:									
Transfer to capital	1,135,800	377,600	(1,513,400)	-	-	-	-	-	-
Debt charges	1,086,532	1,026,481	-	(2,113,013)	-	-	-	-	-
Transfer to Utility	1,026,481	-	-	-	(1,026,481)	-	-	-	-
Short term interest	142,525	15,500	-	(158,025)	-	-	-	-	-
Other fiscal services	7,146	-	-	-	(7,146)	-	-	-	-
Transfer to reserves	1,090,680	350,000	-	-	(1,440,680)	-	-	-	-
Allowance for tax assets	71,385	-	-	-	(71,385)	-	-	-	-
Total expenses	<u>\$ 16,359,017</u>	<u>\$ 3,414,481</u>	<u>\$ 2,682,360</u>	<u>\$ (1,998,856)</u>	<u>\$ (2,698,872)</u>	<u>\$ -</u>	<u>\$ 17,758,130</u>	<u>\$ 395,465</u>	<u>\$ 18,153,595</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,218,320</u>	<u>\$ 1,998,856</u>	<u>\$ 1,592,391</u>	<u>\$ -</u>	<u>\$ 12,809,567</u>	<u>\$ (168,509)</u>	<u>\$ 12,641,058</u>

CITY OF STEINBACH
 ANALYSIS OF TAXES ON ROLL
 Year ended December 31, 2011

SCHEDULE 11

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 467,379	\$ 285,170
Add:		
Tax levy (Schedule 12)	20,443,019	19,871,528
Taxes added	611,105	582,427
Penalties or interest	58,762	44,298
Other accounts added	126,432	91,970
Tax Adjustments (specify) Taxes Overpaid	72,285	59,870
Sub-total	<u>21,311,603</u>	<u>20,650,093</u>
Deduct:		
Cash collections - current	18,662,958	18,298,683
Cash collections - arrears	387,680	274,212
Writeoffs	103,156	92,429
M.P.T.C. - cash advance	1,991,437	1,802,560
Sub-total	<u>21,145,231</u>	<u>20,467,884</u>
Balance, end of year	<u>\$ 633,751</u>	<u>\$ 467,379</u>

CITY OF STEINBACH
ANALYSIS OF TAX LEVY
Year ended December 31, 2011

SCHEDULE 12

	2011			2010
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
Frontage	Various	Various	\$ 213,406	\$ 213,406
L.I.D. General District	614,472,790	1.425	875,624	867,551
At large Utility District	545,189,490	0.572	311,848	449,586
Waste Water District	592,382,360	1.206	714,413	670,336
sub-total - Debt charges			<u>2,115,291</u>	<u>2,200,879</u>
Reserves:				
Recreation	535,657,870	0.367	<u>196,586</u>	<u>196,432</u>
General Municipal	535,657,870	7.190	<u>3,851,380</u>	<u>3,602,285</u>
Special levies:				
Waste & Disposal	-	-	441,891	421,503
Section 312 M.A.	614,472,790	4.000	<u>2,457,891</u>	<u>2,393,244</u>
sub-total -Special levies			<u>2,899,782</u>	<u>2,814,747</u>
Business tax	21,055,600	0.500	104,996	104,182
Business fees	-	-	12,748	11,511
sub-total - Business			<u>117,744</u>	<u>115,693</u>
Rounding	0		-	2
Adjustments from school levy below			<u>308</u>	<u>456</u>
Total municipal taxes (Schedule 2)			<u>9,181,091</u>	<u>8,930,494</u>
Education support levy	178,796,830	12.330	2,204,565	2,164,555
Special levy:				
Hanover SD#15	509,201,220	17.788	9,057,671	8,776,935
Adjustments of school levy to municipal taxes			<u>(308)</u>	<u>(456)</u>
Total education taxes			<u>11,261,928</u>	<u>10,941,034</u>
			<u>\$ 20,443,019</u>	<u>\$ 19,871,528</u>

CITY OF STEINBACH
 ANALYSIS OF SCHOOL ACCOUNTS
 Year ended December 31, 2011

SCHEDULE 13

	2011				2010
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 110,738	\$ 2,300,419	\$ (2,307,638)	\$ 103,519	\$ 110,738
Special levies					
Hanover SD#15	<u>353,872</u>	<u>9,228,059</u>	<u>(9,252,032)</u>	<u>329,899</u>	<u>353,872</u>
Total	<u>\$ 464,610</u>	<u>\$ 11,528,478</u>	<u>\$ (11,559,670)</u>	<u>\$ 433,418</u>	<u>\$ 464,610</u>

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

Year ended December 31, 2011

	2011 Actual	2010 Actual
General government services:		
Legislative	\$ 166,441	\$ 162,397
General administrative	1,695,157	1,819,497
Other	1,267,518	1,035,072
	<u>3,129,116</u>	<u>3,016,966</u>
Protective services:		
Police	1,393,777	1,261,014
Fire	576,174	521,087
Emergency measures	25,205	47,544
Other protection	567,961	548,412
	<u>2,563,117</u>	<u>2,378,057</u>
Transportation services:		
Road transport		
Administration and engineering	202,560	194,408
Road and street maintenance	3,939,278	3,844,924
Sidewalk and boulevard maintenance	73,877	39,066
Street lighting	243,491	245,675
Other	102,110	118,953
Air transport	32,139	59,233
Public transit	57,347	54,176
	<u>4,650,802</u>	<u>4,556,435</u>
Environmental health services:		
Waste collection and disposal	1,154,045	1,627,279
Recycling	540,959	520,107
Other	143,422	143,880
	<u>1,838,426</u>	<u>2,291,266</u>
Public health and welfare services:		
Public health	74,151	75,570
Social assistance	19,765	19,765
	<u>93,916</u>	<u>95,335</u>
Regional planning and development		
Planning and zoning	175,315	111,123
Beautification and land rehabilitation	116,011	99,424
Urban area weed control	21,095	21,549
Other	12,370	6,996
	<u>324,791</u>	<u>239,092</u>
Resource conservation and industrial development		
Water resources and conservation	10,000	10,000
Regional development	1,500	-
Tourism	132,250	133,945
	<u>143,750</u>	<u>143,945</u>
Recreation and cultural services:		
Administration	188,100	179,814
Swimming pools and beaches	1,408,756	1,362,377
Skating and curling rinks	374,529	334,534
Parks and playgrounds	492,144	452,549
Other recreational facilities	415,955	396,317
Libraries	32,394	30,182
Other cultural facilities	44,028	23,418
	<u>2,955,906</u>	<u>2,779,191</u>
Total expenses	<u><u>15,699,824</u></u>	<u><u>15,500,287</u></u>

SCHEDULE OF DEBENTURES PENDING

Year ended December 31, 2011

Authority	Purpose	Source of Funds	Authorized	Expended
1870	Lagoon Expansion /Transfer Station		500,000	300,000
1942	Concrete Surfacing / Watermains		2,354,000	24,895
1944	Watermain replacement		520,000	8,338
1945	Sewermain replacement		250,000	8,338
1946	Sidewalk Construction		550,000	50
			<hr/>	<hr/>
			\$ 4,174,000	\$ 341,621

CITY OF STEINBACH
 RECONCILIATION OF ANNUAL SURPLUS
 December 31, 2011

SCHEDULE 16

	General	2011 Utility	Total	2010 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	\$ 70,896	\$ 40,150	\$ 111,046	\$ 137,148
Adjustments for reporting under public sector accounting standards				
Capital :				
Increase revenue - contributed infrastructure	1,683,508	1,129,053	2,812,561	3,154,955
Increase revenue - capital grants and other revenue	134,201	1,562,446	1,696,647	5,622,969
Eliminate revenue - proceeds on disposal of assets (net of gain (loss) and trade-ins)	(159,887)	(174)	(160,061)	(208,408)
Decrease expense - contribution to capital (net of recoveries)	562,983	613,321	1,176,304	1,331,243
Decrease expense - principal portion of debenture debt	981,776	884,318	1,866,094	1,885,087
Increase expense - amortization of tangible capital assets	(3,465,198)	(1,486,601)	(4,951,799)	(4,850,760)
Reserve:				
Increase revenue - reserve funds interest (net of deferral)	174,015	-	174,015	128,780
Eliminate expense - appropriations to reserves	3,451,359	450,000	3,901,359	3,132,131
Eliminate revenue - transfers from reserves to operating funds	(14,720)	-	(14,720)	(73,207)
Deferred Revenue:				
Eliminate revenue - deferral of grants and restricted fees	(500,210)	-	(500,210)	(185,948)
Other:				
Increase expense - landfill liability	(102,927)	-	(102,927)	(621,551)
	2,815,796	3,192,513	6,008,309	9,452,439
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	(2,654)	-	(2,654)	30,079
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ 2,813,142	\$ 3,192,513	\$ 6,005,655	\$ 9,482,518