

CITY OF STEINBACH
STEINBACH, MANITOBA
SUMMARIZED
CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2010

Chambers, Fraser & Co.
Chartered Accountants

**REPORT OF THE INDEPENDENT AUDITOR
ON THE SUMMARY FINANCIAL STATEMENTS**

To the Mayor and Councillors
City of Steinbach
Steinbach, Manitoba

The accompanying summary financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2010, the summary consolidated statements of operations, cash flows and changes in net financial assets for the year then ended, and related notes, are derived from the audited financial statements of the City of Steinbach for the year ended December 31, 2010. We expressed an unmodified audit opinion on those financial statements in our report dated June 21, 2011.

The summary financial statements do not contain all the disclosures required by the Canadian public sector accounting standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the City of Steinbach.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation and fair presentation of a summary of the audited financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the City of Steinbach for the year ended December 31, 2010 are a fair summary of the audited financial statements, in accordance with Canadian public sector accounting standards.

Chambers, Fraser & Co.
Chartered Accountants

Winnipeg, Manitoba
June 21, 2011

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

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

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

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

CITY OF STEINBACH

SUMMARIZED CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2010

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

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

	<u>2010</u>	<u>2009</u>
	\$	\$
OPERATING TRANSACTIONS		
Annual surplus	9,482,518	6,500,065
Changes in non-cash items:		
Landfill closure and post closure liabilities	621,551	100,670
Loss (Gain) on sale of tangible capital assets	(160,070)	107,891
Contributed infrastructure assets revenue	(3,154,955)	(5,952,568)
Amortization	4,858,824	4,563,424
Other non-cash items	<u>(3,850,974)</u>	<u>270,247</u>
Cash provided by operating transactions	<u>7,796,894</u>	<u>5,589,729</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	587,119	257,336
Cash used to acquire tangible capital assets	<u>(13,142,178)</u>	<u>(6,046,980)</u>
Cash applied to capital transactions	<u>(12,555,059)</u>	<u>(5,789,644)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	358,784	109,333
Purchase of portfolio investments	<u>(375,004)</u>	<u>(149,052)</u>
Cash applied to investing transactions	<u>(16,220)</u>	<u>(39,719)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	200,000	6,325,000
Debt repayment	<u>(1,860,776)</u>	<u>(952,505)</u>
Cash provided by (applied to) financing transactions	<u>(1,660,776)</u>	<u>5,372,495</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(6,435,161)	5,132,861
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>13,720,014</u>	<u>8,587,153</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>7,284,853</u></u>	<u><u>13,720,014</u></u>

CITY OF STEINBACH

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

1. Reporting Entity

The summarized 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.

2. 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.

3. 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.

SUMMARIZED CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2010

	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 \$	2010 \$	2009 \$
Cost									
Opening costs	15,452,853	26,667,014	8,552,040	1,815,021	77,413,108	46,425,268	131,024	176,456,329	166,119,634
Additions during the year	267,147	470,653	1,066,156	9,463,244	2,011,887	2,622,315	395,732	16,297,133	11,999,548
Transfers during the year	(27,524)	1,092,783		(1,092,783)	54,551	24,845	(51,872)		
Disposals and write downs	(46,601)		(739,321)			(33,013)		(818,935)	(1,662,853)
Closing costs	15,645,875	28,230,450	8,878,875	10,185,482	79,479,546	49,039,415	474,884	191,934,527	176,456,329
Accumulated Amortization									
Opening accumulated amortization	2,644,779	8,779,842	5,110,267		28,979,462	16,019,002		61,533,352	57,785,703
Amortization	285,214	648,790	452,673		2,350,772	1,121,375		4,858,824	4,563,424
Transfers during the year	(688)				688				
Disposals and write downs			(363,070)			(28,817)		(391,887)	(815,776)
Closing accumulated amortization	2,929,305	9,428,632	5,199,870		31,330,922	17,111,560		66,000,289	61,533,351
Net Book Value of Tangible Capital Assets	12,716,570	18,801,818	3,679,005	10,185,482	48,148,624	31,927,855	474,884	125,934,238	114,922,978

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

CITY OF STEINBACH

SCHEDULE 2

SUMMARIZED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2010

	2010							
	General	Machinery	Land &	Capital	Environmental	Aquatic	Perpetual	Committed
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Investment income	18,133	2,274	6,167	25,587	41,783	2,065	1,834	7,393
Other income								
Total revenue	18,133	2,274	6,167	25,587	41,783	2,065	1,834	7,393
TRANSFERS								
Transfers from general operating			772,473	470,235	435,974	100,000	30,699	56,991
Transfers to general operating								(73,207)
Transfers from utility operating								
Acquisition of tangible capital assets					(1,550,000)			(23,273)
CHANGE IN RESERVE FUND BALANCES	18,133	2,274	778,640	495,822	(1,072,243)	102,065	32,533	(32,096)
FUND SURPLUS, BEGINNING OF YEAR	836,346	304,887	652,543	1,783,456	2,431,863	217,944	220,726	505,432
FUND SURPLUS, END OF YEAR	854,479	307,161	1,431,183	2,279,278	1,359,620	320,009	253,259	473,336
EXTERNALLY RESTRICTED				517,255			14,422	
INTERNALLY RESTRICTED	854,479	307,161	1,431,183	1,762,023	1,359,620	320,009	238,837	473,336
	854,479	307,161	1,431,183	2,279,278	1,359,620	320,009	253,259	473,336

CITY OF STEINBACH

SCHEDULE 2

SUMMARIZED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2010

	2010					2009	
	Land Dedication \$	Gas Tax \$	Handi Transit \$	Recreation \$	Utility Replacement \$	Total \$	Total \$
REVENUE							
Investment income	1,916	1,769	2,285		19,490	130,696	121,958
Other income							12,029
Total revenue	1,916	1,769	2,285		19,490	130,696	133,989
TRANSFERS							
Transfers from general operating	11,787	603,972		200,000		2,682,131	1,681,291
Transfers to general operating						(73,207)	(34,032)
Transfers from utility operating					450,000	450,000	550,000
Acquisition of tangible capital assets		(510,000)	(49,700)		(545,000)	(2,677,973)	(922,711)
CHANGE IN RESERVE FUND BALANCES	13,703	95,741	(47,415)	200,000	(75,510)	511,647	1,408,535
FUND SURPLUS, BEGINNING OF YEAR	201,175	62,729	117,302		1,421,772	8,756,175	7,347,640
FUND SURPLUS, END OF YEAR	214,878	158,470	69,887	200,000	1,346,262	9,267,822	8,756,175
EXTERNALLY RESTRICTED	214,878	158,470	69,887			974,912	787,048
INTERNALLY RESTRICTED				200,000	1,346,262	8,292,910	7,969,127
	214,878	158,470	69,887	200,000	1,346,262	9,267,822	8,756,175