

CITY OF STEINBACH
STEINBACH, MANITOBA
SUMMARIZED
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2017

**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, 2017, 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, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated June 19, 2018.

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, 2017 are a fair summary of the audited financial statements, in accordance with Canadian public sector accounting standards.



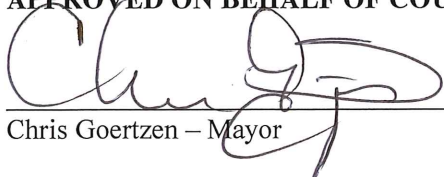
Chambers Fraser
Chartered Professional Accountants

Winnipeg, Manitoba
June 19, 2018

CITY OF STEINBACH
SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments	15,817,886	16,276,559
Amounts receivable	5,801,773	6,642,236
Portfolio investments	4,681,749	658,744
Loans and advances	<u>15,000</u>	<u>15,000</u>
	<u>26,316,408</u>	<u>23,592,539</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,921,588	4,550,268
Deferred revenue	3,655,916	2,893,640
Landfill closure and post closure liabilities	5,780,750	2,224,118
Long-term debt	7,204,488	9,605,465
Other liabilities	<u>195,482</u>	<u>72,623</u>
	<u>19,758,224</u>	<u>19,346,114</u>
NET FINANCIAL ASSETS	<u>6,558,184</u>	<u>4,246,425</u>
NON-FINANCIAL ASSETS		
Tangible capital assets – schedule 1	169,203,126	170,645,687
Prepaid expenses	<u>107,036</u>	<u>111,376</u>
	<u>169,310,162</u>	<u>170,757,063</u>
ACCUMULATED SURPLUS	<u>175,868,346</u>	<u>175,003,448</u>

APPROVED ON BEHALF OF COUNCIL:


 Chris Goertzen – Mayor


 Cari Penner – Councillor / Deputy Mayor

CITY OF STEINBACH**SUMMARIZED CONSOLIDATED STATEMENT OF OPERATIONS****Year Ended December 31, 2017**

	2017	2017	2016
	Budget	Actual	Actual
	Note 3		
	\$	\$	\$
REVENUE			
Property taxes	15,117,985	15,175,836	14,984,416
Grants in lieu of taxation	160,468	164,338	154,573
User fees	4,582,011	5,585,115	6,635,201
Permits, licenses and fines	397,750	669,462	436,052
Investment income	129,934	316,178	288,376
Contributed infrastructure assets			6,859,425
Other revenue	173,033	1,096,228	243,198
Water and sewer	3,106,091	3,468,679	3,108,541
Grants – Province of Manitoba	3,814,204	4,355,697	5,820,679
Grants – other	1,518,400	1,248,787	1,458,814
Total revenue	<u>28,999,876</u>	<u>32,080,321</u>	39,989,274
EXPENSES			
General government services	3,863,142	3,544,910	3,515,910
Protective services	4,519,546	4,282,639	3,477,228
Transportation services	6,304,778	6,591,754	8,057,758
Environmental health services	2,779,697	6,075,594	2,575,691
Public health and welfare services	127,505	130,407	122,553
Regional planning and development	661,965	439,171	358,641
Resource conservation and industrial development	78,180	565,287	465,971
Recreation and cultural services	4,737,942	4,805,365	4,364,558
Water and sewer services	4,745,927	4,780,335	4,641,001
Total expenses	<u>27,818,681</u>	<u>31,215,463</u>	27,579,311
ANNUAL SURPLUS	<u>1,181,195</u>	864,858	12,409,963
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>175,003,488</u>	162,593,525
ACCUMULATED SURPLUS, END OF YEAR		<u>175,868,346</u>	175,003,488

CITY OF STEINBACH

SUMMARIZED CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	2016 Actual
	Note 3		
	\$	\$	\$
ANNUAL SURPLUS	<u>1,181,195</u>	<u>864,858</u>	12,409,963
Acquisition of tangible capital assets	(24,557,000)	(6,708,112)	(16,644,007)
Amortization of tangible capital assets	7,044,139	7,923,656	7,082,987
(Gain) Loss on sale of tangible capital assets		(647,109)	11,043
Proceeds on sale of tangible capital assets		874,126	55,943
Increase in other non financial assets		<u>4,340</u>	(9,703)
	<u>(17,512,861)</u>	<u>1,446,901</u>	(9,503,737)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(16,331,666)</u>	2,311,759	2,906,226
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>4,246,425</u>	1,340,199
NET FINANCIAL ASSETS, END OF YEAR		<u>6,558,184</u>	4,246,425

CITY OF STEINBACH**SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS****Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
	\$	\$
OPERATING TRANSACTIONS		
Annual surplus	864,858	12,409,963
Changes in non-cash items:		
Landfill closure and post closure liabilities	3,556,632	1,761
(Gain) Loss on sale of tangible capital assets	(647,109)	11,043
Contributed infrastructure assets revenue		(6,859,425)
Amortization	7,923,656	7,082,987
Other non-cash items	101,258	(1,024,147)
	<u>11,799,295</u>	<u>11,622,182</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	874,126	55,943
Cash used to acquire tangible capital assets	(6,708,112)	(9,784,582)
	<u>(5,833,986)</u>	<u>(9,728,639)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	24,240	26,187
Purchase of portfolio investments	(4,047,245)	(46,749)
Loans and advances issued		(15,000)
	<u>(4,023,005)</u>	<u>(35,562)</u>
FINANCING TRANSACTIONS		
Temporary borrowing repayment		(50,000)
Proceeds of long-term debt		1,000,000
Debt repayment	(2,400,977)	(740,567)
	<u>(2,400,977)</u>	<u>209,433</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(458,673)	2,067,414
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>16,276,559</u>	<u>14,209,145</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>15,817,886</u>	<u>16,276,559</u>

CITY OF STEINBACH

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2017

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.

CITY OF STEINBACH

SCHEDULE 1

SUMMARIZED CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2017

	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 \$	2017 \$	2016 \$
Cost									
Opening costs	17,574,751	56,953,200	12,356,184	2,980,668	107,896,624	73,574,813	970,722	272,306,962	255,848,832
Additions during the year	465,352	1,604,739	755,649	503,139	838,503	2,120,227	420,503	6,708,112	16,644,007
Transfers during the year		1,021,877		(1,021,877)	30,288	84,969	(115,258)	(1)	
Disposals and write downs	(63,870)	(163,145)	(245,332)					(472,347)	(156,919)
Closing costs	17,976,233	59,416,671	12,866,501	2,461,930	108,765,415	75,780,009	1,275,967	278,542,726	272,335,920
Accumulated Amortization									
Opening accumulated amortization	4,872,677	15,775,268	7,660,996		47,796,376	25,555,958		101,661,275	94,697,179
Amortization	344,593	1,486,524	712,895		3,592,445	1,787,199		7,923,656	7,082,987
Transfers during the year									
Disposals and write downs			(245,331)					(245,331)	(89,933)
Closing accumulated amortization	5,217,270	17,261,792	8,128,560		51,388,821	27,343,157		109,339,600	101,690,233
Net Book Value of Tangible Capital Assets	12,758,963	42,154,879	4,737,941	2,461,930	57,376,594	48,436,852	1,275,967	169,203,126	170,645,687

Roads, water and sewer infrastructure contributed to the Municipality in 2017 totals \$ NIL 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, 2017

	2017							
	General	Machinery	Land &	Capital	Environmental	Aquatic	Perpetual	Committed
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Investment income	9,364	924	11,089	40,874	10,378	2,269	4,808	44,941
Total revenue	9,364	924	11,089	40,874	10,378	2,269	4,808	44,941
TRANSFERS								
Transfers from general operating		250,000	131,303	950,386	894,573	300,000	42,963	929,935
Transfers to general operating								(452,362)
Transfers from utility operating								
Transfers to utility operating								
Acquisition of tangible capital assets			(350,000)	(275,483)	(327,892)			(218,363)
CHANGE IN RESERVE FUND BALANCES	9,364	250,924	(207,608)	715,777	577,059	302,269	47,771	304,150
FUND SURPLUS, BEGINNING OF YEAR	933,445	91,985	1,113,654	2,560,082	1,033,202	225,833	479,674	3,053,017
FUND SURPLUS, END OF YEAR	942,809	342,909	906,047	3,275,859	1,610,261	528,101	527,445	3,357,166
EXTERNALLY RESTRICTED				1,880,162			104,044	
INTERNALLY RESTRICTED	942,809	342,909	906,047	1,395,697	1,610,261	528,101	423,401	3,357,166
	942,809	342,909	906,047	3,275,859	1,610,261	528,101	527,445	3,357,166

CITY OF STEINBACH

SCHEDULE 2

SUMMARIZED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2017

	2017					2016	
	Land Dedication \$	Gas Tax \$	Handi Transit \$	Recreation \$	Utility Replacement \$	Total \$	Total \$
REVENUE							
Investment income	3,018	9,539	774	16,281	20,942	175,199	176,879
Total revenue	3,018	9,539	774	16,281	20,942	175,199	176,879
TRANSFERS							
Transfers from general operating	6,800	739,252		1,128,122		5,373,334	5,173,363
Transfers to general operating						(452,362)	(497,357)
Transfers from utility operating					987,994	987,994	357,994
Transfers to utility operating					(107,994)	(107,994)	(107,994)
Acquisition of tangible capital assets		(325,252)	(77,812)	(585,000)	(667,366)	(2,827,170)	(5,490,164)
CHANGE IN RESERVE FUND BALANCES	9,818	423,539	(77,038)	559,403	233,576	3,149,001	(387,279)
FUND SURPLUS, BEGINNING OF YEAR	301,065	825,236	77,038	753,318	1,936,229	13,383,778	13,771,057
FUND SURPLUS, END OF YEAR	310,883	1,248,775		1,312,721	2,169,805	16,532,780	13,383,778
EXTERNALLY RESTRICTED	310,883	1,248,775				3,543,864	2,765,180
INTERNALLY RESTRICTED				1,312,721	2,169,805	12,988,916	10,618,598
	310,883	1,248,775		1,312,721	2,169,805	16,532,780	13,383,778