

FINANCIAL REPORT

2006

CITY OF STEINBACH

INDEX TO FINANCIAL STATEMENTS

STEINBACH (CITY)
(Municipality)

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(ALL AMOUNTS HAVE BEEN ROUNDED OFF TO THE NEAREST DOLLAR)

AUDITOR'S REPORT

To the Mayor and Councillors
City of Steinbach
Steinbach, Manitoba

We have audited the balance sheets of the City of Steinbach as at December 31, 2006 and the statements of revenue and expenditure, changes in surplus, and source and application of capital funds for the year then ended. These financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2006 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian accounting principles generally accepted for municipal corporations in Manitoba.

We have also issued a supplementary report as required under Subsection 190(2) of The Municipal Act.



Winnipeg, Manitoba
February 26, 2007

Chambers, Fraser & Co.
Municipal Auditors

**GENERAL OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2006**

ASSETS

CASH		
Cash on Hand	2,600	
Cash on Deposit	3,935,150	
Deposit Receipts	14,649	3,952,399

RECEIVABLES

Tax Assets - Schedule 1	390,957	
Government Grants - Schedule 3	10,000	
Own Funds and Agencies		
Utility Operating Fund		
Utility Capital Fund		
General Capital Fund		
Reserves		
Trusts	0	

Operating Accounts Receivable		
Organizations and Individuals	200,762	
Federal Government	113,061	
Federal Government Enterprises	8,247	
Provincial Government	16,361	
Provincial Government Enterprises	61,052	399,483
Other Local Governments		
Other Receivables		
Sub Total		800,440

Less: Allowances for Doubtful Accounts		
Other Allowances	0	800,440

INVESTMENT - SCHEDULE 6

68,125

INVENTORIES

PREPAID EXPENSES

4,820,964

TOTAL ASSETS

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS

Chartered Banks		
Other Financial Institutions		
Own Funds		
Other		0

PAYABLES

School Levies - Schedule 4		
Own Funds and Agencies	92,465	
Utility Operating Fund	2,631,548	
Reserves		
Trusts		
Other		2,724,013

Operating Accounts Payable	159,788	
Organizations and Individuals	16,847	
Federal Government		
Federal Government Enterprises	95,284	
Provincial Government		
Provincial Government Enterprises		
Other Local Governments	10,000	281,919
Debtenture Instalments		
		3,005,932

OTHER LIABILITIES

Deposits - Other	191,216	
Debtenture Levies in Advance		
Prepaid Taxes		
Deferred Revenue	71,993	263,209
		3,269,141

TOTAL CURRENT LIABILITIES

ALLOWANCE FOR TAX ASSETS - STATEMENT 8		156,521
NOMINAL SURPLUS - STATEMENT 8		1,395,302

TOTAL LIABILITIES AND SURPLUS 4,820,964

GENERAL RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
General Replacement Centennial	356,115	285,237	137,949	16,039	749,301
Land and Facility	223,196				239,235
Capital Development	486,020		212,506		698,526
Environmental	1,137,915		322,522		1,460,437
Aquatic Centre	577,288	200,000	1,714,505		2,491,793
Perpetual Care	14,151				14,151
Committed Expenditures	99,602		29,214		128,816
Land Dedication	290,438		113,547		403,985
	9,576		85,266		94,842
TOTAL	3,194,301	455,237	2,631,548	0	6,281,086

GENERAL CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

ASSETS

STATEMENT 3

CASH ON HAND AND ON DEPOSIT - STATEMENT 13	
RECEIVABLES - STATEMENT 13	
Government Grants - Schedule 3	
Own Funds and Agencies	
Other Accounts	
Organizations and Individuals	
Federal Government	
Federal Government Enterprises	
Provincial Government	
Provincial Government Enterprises	
Other Local Governments	0
CONSTRUCTION IN PROGRESS	
FIXED ASSETS	
Buildings	14,832,031
Machinery and Equipment	6,873,581
Land	6,067,978
Other	298,314
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)	
Debtenture Levies	1,760,983
Deferred Liability Levies	
OTHER ASSETS	
TOTAL ASSETS	29,832,887

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS	
Chartered Banks	
Other Financial Institutions	
Own Funds	
Other	0
PAYABLES	
Organizations and Individuals	
Federal Government	
Federal Government Enterprises	
Provincial Government	
Provincial Government Enterprises	0
OTHER LIABILITIES	
LONG-TERM DEBT	
Debentures - Schedule 8	1,760,983
Deferred Liabilities - Note	
CAPITAL SURPLUS - STATEMENT 8	28,071,904
TOTAL LIABILITIES AND SURPLUS	29,832,887

UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

STATEMENT 4

ASSETS

CASH				
Cash on Hand				
Cash on Deposit				
Deposit Receipts				0

RECEIVABLES

Government Grants - Schedule 3				
Own Funds and Agencies				
General Operating Fund		92,465		
Utility Capital Fund		71,834		
Reserves				
Trusts				164,299

Operating Accounts Receivable				
Organizations and Individuals				
Federal Government				
Provincial Government Enterprises				
Other Local Governments				
Other Receivables				
Sub Total				
Less: Allowance for Doubtful Accounts				
INVESTMENTS - SCHEDULE 6				
INVENTORIES				
PREPAID EXPENSES				
TOTAL ASSETS				201,215

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS				
Chartered Banks				
Other Financial Institutions				
Own Funds				
Other				0

PAYABLES

Own Funds and Agencies				
General Operating Fund				
Reserves				72,494
Trusts				
Other				72,494

Operating Accounts Payable				
Organizations and Individuals				
Federal Government				
Federal Government Enterprises				
Provincial Government				
Provincial Government Enterprises				
Other Local Governments				0
Debtenture Instalments				72,494

OTHER LIABILITIES

Debtenture Levies in Advance				
Prepaid Consumer Accounts				
Meter Deposits				
Other				0
TOTAL CURRENT LIABILITIES				72,494

NOMINAL SURPLUS - STATEMENT 8

TOTAL LIABILITIES AND SURPLUS				128,721
				201,215

STATEMENT 5

UTILITY RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement	819,475		72,494		891,969
TOTAL	819,475	0	72,494	0	891,969

UTILITY CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2006

ASSETS	
CASH ON HAND AND ON DEPOSIT - STATEMENT 14	
RECEIVABLES - STATEMENT 14	
Government Grants - Schedule 3	71,834
Own Funds and Agencies	
Other Accounts	
Organizations and Individuals	
Federal Government	
Federal Government Enterprises	
Provincial Government	
Provincial Government Enterprises	
Other Local Governments	0
	71,834
CONSTRUCTION IN PROGRESS	
FIXED ASSETS	
Buildings	14,036,731
Machinery and Equipment	600,565
Land	260,258
Other	
	14,897,554
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)	
Debtenture Levies	1,032,891
Deferred Liability Levies	
	1,032,891
OTHER ASSETS	
TOTAL ASSETS	16,002,279
LIABILITIES AND SURPLUS	
TEMPORARY BORROWINGS	
Chartered Banks	
Other Financial Institutions	
Own Funds - Utility Operating	71,834
Other	
	71,834
PAYABLES	
Organizations and Individuals	
Federal Government	
Federal Government Enterprises	
Provincial Government	
Provincial Government Enterprises	
Other Local Governments	0
OTHER LIABILITIES	
LONG-TERM DEBT	
Debentures - Schedule 8	1,032,891
Deferred Liabilities - Note	
	1,032,891
CAPITAL SURPLUS - STATEMENT 8	14,897,554
TOTAL LIABILITIES AND SURPLUS	16,002,279

TRUST FUND BALANCE SHEET
AS AT DECEMBER 31, 2006
ASSETS

TRUST NAME	INVESTMENTS (SCHEDULE 6)			TOTAL	
	CASH	OTHER FUNDS	OTHER		
Cemetery					
Pension Funds					
Option Deposits					
Other					
TOTAL	0	0	0	0	
LIABILITIES					
	PAYABLES	OTHER FUNDS	OTHER	TRUST	TOTAL
Cemetery					
Pension Funds					
Option Deposits					
Other					
TOTAL	0	0	0	0	0

STATEMENT 7

SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

STATEMENT 8

ALLOWANCE FOR TAX ASSETS

Balance, January 1		144,845
Add: Transfer From Revenue - Statement 10	40,000	
Profit on Tax Title Sales		
Transfer From Nominal Surplus		
Tax Titles Established		
Sub-Total	40,000	
Deduct: Taxes Cancelled - Schedule 1	28,324	184,845
T.S.C. Cancelled - Schedule 1		
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
Sub-Total		28,324
Balance, December 31 - Statement 1		156,521

NOMINAL SURPLUS - GENERAL

Balance, January 1		1,331,475
Add: Transfer From Deferred Surplus - Statement 9		
Transfer From Allowance For Tax Assets	63,827	
Operating Surplus - Statement 9		
Sub-Total	63,827	1,395,302
Deduct: Accts. Rec. Cancelled		
Transfer To General Reserve - Schedule 5		
Transfer To Allowance For Tax Assets		
Transfer To Revenue - Statement 9		
Operating Deficit - Statement 9		
Balance, December 31 - Statement 1		1,395,302

NOMINAL SURPLUS - UTILITY

Balance, January 1		78,149
Add: Transfer From Deferred Surplus - Statement 11		
Other Transfers (Specify)		
Sub-Total	50,572	128,721
Deduct: Accts. Rec. Cancelled		
Transfer To Utility Revenue - Statement 11		
Operating Deficit - Statement 11		
Balance, December 31 - Statement 4		128,721

CAPITAL SURPLUS - GENERAL

Balance, January 1	1,213,373	26,643,668
Add: Fixed Assets Acquired	445,927	1,659,300
Debtenture Principal Matured - Aquatic Centre		28,302,968
Sub-Total	231,064	231,064
Deduct: Disposal of Fixed Assets		
Balance, December 31 - Statement 3		28,071,904

CAPITAL SURPLUS - UTILITY

Balance, January 1	519,783	13,264,056
Add: Fixed Assets Acquired	1,003,491	
Prior Year Costs Capitalized	110,224	1,633,498
Debtenture Principal Matured - Water Treatment Plant		14,897,554
Sub-Total		14,897,554
Deduct: Disposal of Fixed Assets		
Balance, December 31 - Statement 6		14,897,554

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006**

		REVENUE	
TOTAL REVENUE FROM TAXATION - Note 2			5,882,186
OTHER REVENUE			
Taxes Added - Schedule 1		802,722	
Licenses and Permits		315,286	
Fines		51,722	
Parking Meters		19,328	
Sales of Service			
General Government	16,232		
Protection	245,766		
Transportation	64,183		
Less: Costs	64,183		
Environmental Health	945,867		
Public Health and Welfare	94,150		
Planning and Development	496,285		
Economic Development			
Recreation and Culture	834,697	2,697,180	
Sales of Goods		10,883	
Rentals of Fixed Assets		145,695	
Concessions and Franchises			
Returns From Investments		148,021	
Transfers From Utilities and Enterprises			
Tax Penalties - Schedule 1		32,336	
Miscellaneous Revenue Donations \$50,232; Land Sales \$209,950; Other \$92,532		352,714	
Grants in Lieu of Taxes - Note 2			
Federal Government	16,040		
Federal Government Enterprises	4,258		
Provincial Government	64,590		
Provincial Government Enterprises			
Other Local Governments		84,888	
Non-Government Organizations			
Unconditional Government Transfers - Schedule 3			
Federal Government	1,322,145		
Provincial - Municipal Tax Sharing	66,961		
- Municipal Support Grants	162,628		
- VLT Revenues		1,551,734	
Other Local Governments			
Conditional Government Transfers - Schedule 3	347,127		
Federal Government	49,304		
Provincial Government			
Other Local Governments		396,431	
Other Local Governments			6,608,940
TOTAL REVENUE FROM EXTERNAL SOURCES			
			12,491,126
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
			108,320
TRANSFER FROM RESERVES - SCHEDULE 5			
			12,599,446
OPERATING DEFICIT - STATEMENT 8			
			12,599,446
TOTAL			
		EXPENDITURE	
GENERAL GOVERNMENT SERVICES			
PROTECTIVE SERVICES		2,383,836	
TRANSPORTATION SERVICES		1,647,049	
ENVIRONMENTAL HEALTH SERVICES		1,412,613	
PUBLIC HEALTH AND WELFARE SERVICES		937,287	
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES		72,406	
ECONOMIC DEVELOPMENT SERVICES		126,023	
RECREATION AND CULTURAL SERVICES		10,000	
FISCAL SERVICES		2,002,370	
TOTAL SERVICES		2,361,656	
SURPLUS APPROPRIATIONS AND TRANSFERS			
Deferred Surplus - Operating Deficit		0	
Deferred Surplus - By-Law Obligation		1,582,379	
Transfer to Reserves - Statement 10		1,582,379	
			1,582,379
OPERATING SURPLUS - STATEMENT 8			
			63,827
TOTAL			
			12,599,446

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
General Government Services				
Legislative	153,991	143,171	10,820	
General Administrative	1,220,477	1,168,031	52,446	
Other General Government	721,396	1,072,634		351,238
Total	2,095,864	2,383,836		287,972
Protective Services				
Police Protection	942,905	904,640	38,265	
Law Enforcement				
Fire Protection	338,851	381,631		42,780
Emergency Measures	22,130	26,279		4,149
Other Protection	312,145	334,499		22,354
Total	1,616,031	1,647,049		31,018
Transportation Services				
Road Transport				
Administration				
Engineering	180,615	168,507	12,108	
Roads and Streets	829,944	907,534		77,590
Bridges, Subways				
Street Lighting	226,616	221,950	4,666	
Traffic Services	12,500	21,382		8,882
Parking	5,050	970	4,080	
Other Road Transport - Handicapped	56,939	64,195		7,256
Air Transport	23,264	28,075		4,811
Water Transport				
Public Transit				
Total	1,334,928	1,412,613		77,685
Environmental Health Services				
Garbage and Waste Collection and Disposal	853,003	937,287		84,284
Other Environmental Health	853,003	937,287		84,284
Total				
Public Health & Welfare Services				
Public Health	52,712	52,641	71	
Medical Care				
Hospital Care	19,765	19,765		
Social Welfare	72,477	72,406	71	
Total				
Environmental Planning & Community Development Services				
Environmental Planning and Zoning	58,900	46,955	11,945	
Community Development	75,450	79,068		3,618
Housing	134,350	126,023	8,327	
Total				
Economic Development Services				
Natural Resources	10,000	10,000		
Regional Development Commissions	600		600	
Industrial Parks and Commissions				
Other Economic Services	10,600	10,000	600	
Total				
Recreation and Cultural Services				
Recreation Facilities	1,703,778	1,866,959		163,181
Cultural Buildings and Facilities	146,794	135,411	11,383	
Other Recreation and Cultural Services				
Education Grants	1,850,572	2,002,370		151,798
Total				
SUB-TOTALS FORWARD	7,967,825	8,591,584		623,759

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**GENERAL OPERATING FUND
COMPARISON OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006**

SUB-TOTALS FORWARD

ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
7,967,825	8,591,584		623,759

Fiscal Services
Transfers to Other Governments
Other Municipal Governments

Transfers to Own Funds

Allowance for Tax Assets - Statement 8	40,000	40,000		
Capital Fund - Statement 13	933,373	1,206,028		272,655
Utility Fund - Statement 11	394,385	394,385		
Other Funds				
Phase-in Tax Credit				
Public Debt Charges				
Debtenture Debt Charges - Schedule 7	670,130	670,130		
Other Long-Term Debt Charges				
Interest on Short-Term Financing				
Bank Loan Interest	14,500	6,060	8,440	
Other Fund Loan Interest	20,000	44,890		24,890
Tax Discounts - Schedule 1				
Other Debt Charges				
Debtenture Discount				
Debtenture Issue Costs				
Other				
Other Fiscal Services	283	163	120	
Total	2,072,671	2,361,656		288,985

Transfer to Reserves

General Reserve				
Specific Reserve				
- Replacement Reserve		442,301		442,301
- Capital Development	265,572	338,900		73,328
- Other		17,400		17,400
Environmental		540,693		540,693
Perpetual Care		33,135		33,135
Committed Expenditures		209,950		209,950
Land Dedication				
Land and Facility				
Total	265,572	1,582,379		1,316,807

Surplus Appropriations

Total Estimated	10,306,068			
Total Actual		12,535,619		
Total Underspent				2,229,551
Total Overspent				

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	SURPLUS (DEFICIT)
REVENUE			
Tax Revenue	5,886,088	5,882,186	(3,902)
Other Revenue	4,419,980	6,717,260	2,297,280
Revenue Surplus (Deficit)	10,306,068	12,599,446	2,293,378
EXPENDITURE			
OPERATING SURPLUS (DEFICIT)	10,306,068	12,535,619	(2,229,551)
		63,827	63,827

UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUE

	METERED	FLAT RATE	TOTAL	
CONSUMER SALES				
Residential			1,042,895	
Commercial and Bulk			248,938	
Industrial			144,112	
Federal and Provincial			28,427	
Municipal and Schools			75,293	
Total			1,539,665	
Less: Discounts				
Refunds and Cancellations	958		958	1,538,707

SEWER SERVICE CHARGES

PENALTIES				
HYDRANT RENTALS				4,669
CONSUMER INSTALLATION SERVICE				30,680
CONNECTION REVENUE - NET				52,698
PROVINCIAL GRANTS				
OTHER REVENUE				11,172
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10				
Re: Debentures				
Re: Operations			394,385	394,385

TRANSFER FROM RESERVE FUND - SCHEDULE 5
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8
OPERATING DEFICIT - STATEMENT 8

TOTAL

2,050,311

EXPENDITURE

WATER SUPPLY				967,872
SEWAGE COLLECTION AND DISPOSAL				326,107
TRANSFER TO CAPITAL - STATEMENT 14				1,042
TRANSFERS TO RESERVE - SCHEDULE 5				310,000
DEBENTURE DEBT CHARGES - SCHEDULE 7				394,385
OTHER LONG-TERM DEBT CHARGES				333
SURPLUS APPROPRIATIONS - STATEMENT 8				
Deferred Surplus - Operating Deficit				

OPERATING SURPLUS - STATEMENT 8

50,572

TOTAL

2,050,311

COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006

STATEMENT 12

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	887,203	967,872		80,669
Sewage Collection and Disposal	366,007	326,107	39,900	
Transfer to Capital		1,042		1,042
Transfers to Reserve	250,000	310,000		60,000
Debenture Debt Charges	394,385	394,385		
Other Long-Term Debt Charges		333		333
Surplus Appropriations				
Total Estimated	1,897,595			
Total Actual		1,999,739		
Total Underspent				102,144
Total Overspent				

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	SURPLUS (DEFICIT)
REVENUE	1,897,595	2,050,311	152,716
EXPENDITURE	1,897,595	1,999,739	(102,144)
OPERATING SURPLUS		50,572	50,572

STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

SOURCE

UNEXPENDED FUNDS, JANUARY 1			
Cash			
Receivables			0
SHORT-TERM BORROWING			
Bank			
Other Funds			0
Other			
LONG-TERM BORROWING			
Debentures - Schedule 8		1,220,000	1,220,000
Other			
PREPAID LOCAL IMPROVEMENT LEVIES			
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 10			1,206,028
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			1,279,344
GRANTS - SCHEDULE 3			
Federal Government			
Federal Government Enterprises		10,000	
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			10,000
Other			
ACCOUNTS PAYABLE, DECEMBER 31			
OTHER - Recoveries			340,022
TOTAL			4,055,394

APPLICATION

	FIXED ASSETS		LOCAL IMPROVEMENTS	TOTAL
	CONSTRUCTION	PURCHASE		
CAPITAL EXPENDITURES				
General Government		134,323	359,988	494,311
Protection		63,769		63,769
Transportation		13,600	2,270,480	2,284,080
Recreation and Culture	840,183	23,870	125,082	989,135
Inspection and Engineering		49,521		49,521
Environmental Health		46,589	124,725	171,314
Public Health		3,264		3,264
TOTAL	840,183	334,936	2,880,275	4,055,394

REPAYMENT OF SHORT-TERM BORROWING

Bank	
Other Funds	
Other	0

DEBENTURE DISCOUNT AND INTEREST

REPAYMENT OF ACCOUNTS PAYABLE

UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 3

Cash	
Receivables	0

OTHER

TOTAL	4,055,394
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STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

SOURCE

UNEXPENDED FUNDS, JANUARY 1			
Cash		19,353	19,353
Receivables - Grants			
SHORT-TERM BORROWING			
Bank		71,834	
Other Funds - Utility Operating			71,834
Other			
LONG-TERM BORROWING			
Debentures - Schedule 8			
Other			0
PREPAID LOCAL IMPROVEMENT LEVIES			
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11			1,042
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5			278,533
GRANTS - SCHEDULE 3			
Federal Government			
Federal Government Enterprises			
Provincial Government		238,579	
Provincial Government Enterprises			
Other Local Governments			238,579
Other			
ACCOUNTS PAYABLE, DECEMBER 31			
OTHER - Recoveries			488
TOTAL			609,829

APPLICATION

	FIXED ASSETS		LOCAL	TOTAL
	CONSTRUCTION	PURCHASE	IMPROVEMENTS	
CAPITAL EXPENDITURES				
Water Supply	481,112	37,530		518,642
Sewage Disposal				
TOTAL	481,112	37,530	0	518,642

REPAYMENT OF SHORT-TERM BORROWING

Bank			
Other Funds - General Operating		19,353	19,353
Other			

DEBENTURE DISCOUNT AND INTEREST

REPAYMENT OF ACCOUNTS PAYABLE

UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6

Cash			
Receivables - Grants		71,834	71,834

OTHER

TOTAL			609,829
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**ANALYSIS OF TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006**

SCHEDULE 1

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	353,645			
ADD:				
Tax Levy - Schedule 2	13,382,084			
Taxes Added - Statement 9	802,722			
Penalties or Interest Added - Statement 9	32,336			
Other Accounts Added	67,156			
Taxes Overpaid	25,291			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				

SUB-TOTAL	14,663,234	0	0	0
DEDUCT:				
Cash Collections:				
Arrears	13,338,955			
Current	359,958			
Transfers Re Tax Sale	12,978,997			
Cancellations	28,324			
Returned to Roll				
Title Value of Land Sales				
Transfers Re Titles Acquired				
Tax Discounts - Statement 10				
M.P.T.C. - Cash Advance	904,998			
Other Credits:				
TOTAL	390,957	0	0	0

BALANCE, DECEMBER 31 (Statement 1)

**ANALYSIS OF TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2006**

SCHEDULE 2

	ASSESSMENT	MILL RATE	LEVY
Other Governments (L.U.D.)			
Debt Charges			
Frontage	Various		62,094
Mill Rate	345,339,800	1.12	386,781
(L.I.D.) General District	372,419,380	1.66	618,216
Total			1,067,091
Minister of Intergovernmental Affairs			
Deferred Surplus			
Reserves:			
By-Law			
By-Law			
By-Law			
General Municipal	312,791,550	9.02	2,821,211
Special Levies (Specify)			
Waste and Disposal	372,419,380	4.00	1,489,678
Section 312 M.A.			
Business Tax - Rate	18,805,500		147,417
0.75 %			
Total Municipal Taxes			5,853,837
Schools			
Prov. Education 1	180,177,510		1,777,757
Prov. Education 2	110,140,060		1,777,757
Total Education Support Program			
Special Division No. Hanover	292,348,240	19.67	5,750,490

Total School Taxes			7,528,247
TOTAL TAX LEVY - SCHEDULE 1			13,382,084

SCHEDULE 3

**ANALYSIS OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BALANCE	GRANTS	GRANTS	ADJUSTMENTS	BALANCE
	JANUARY 1	EARNED	RECEIVED		DECEMBER 31
	(Statement 9)	(Statement 9)		(Statement 1)	
GENERAL FUND					
PROVINCIAL					
Grants in Lieu - Note 2	236,699	236,699			
Prov.-Mun. Tax Sharing	1,322,145	1,322,145			
Municipal Support Grants	66,961	66,961			
VLT Revenues	162,628	162,628			
Conditional Grants					
General Govt.					
Protection					
Transportation	10,437	39,250	39,687		10,000
Environmental Health					
Public Health & Welfare					
Environmental Planning		7,089	7,089		
Economic Development					
Recreation		2,965	2,965		

FEDERAL					
Grants in Lieu - Note 2		52,394	52,394		
Unconditional Grants	93		93		
Conditional Grants (Spec):					
Transportation - Gas Tax		347,127	347,127		

Total General Fund	10,530	2,237,258	2,237,788		10,000
School-Grants in Lieu - Note 2		204,205			
Municipal Grants - Statement 9		2,033,053			

UTILITY FUND		(Statement 11)			(Statement 4)
Provincial Grant					
Federal Grant					
Local Grant					

GENERAL CAPITAL GRANTS (Specify Govt. and type as above)		(Statement 13)			(Statement 3)
Provincial Recreation		10,000	10,000		

UTILITY CAPITAL GRANTS		(Statement 14)			(Statement 6)
Provincial	19,353	238,579	186,098		71,834
Federal					
Local					
Total - All Funds	29,883	2,485,837	2,433,886		81,834

Note: Provincial and Federal includes both Government and Enterprises.

SCHEDULE 4

**ANALYSIS OF SCHOOL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	OUTSTANDING	CURRENT	CURRENT	OUTSTANDING
	JANUARY 1	REQUIREMENT	PAYMENTS	DECEMBER 31
	(STATEMENT 1)			(STATEMENT 1)
EDUCATION SUPPORT PROGRAM				
	1,849,588	1,849,588		
SPECIAL LEVIES:				
School Division - Hanover		5,854,515	5,854,515	
TOTAL	0	7,704,103	7,704,103	0

Per Note 2 - Raised By:
Taxation
Grants in Lieu

7,499,898
204,205

**ANALYSIS OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	GENERAL 1646	EQUIPMENT REPLACEMENT 1647	LAND AND FACILITY 1648	CAPITAL DEVELOPMENT 1652
BALANCE, JANUARY 1	719,690	214,949	564,622	1,566,589
ADD:				
Interest Earned	29,611	8,247	18,954	51,547
Transfer from Operating (Statement 10)			209,950	442,301
Handivan Depreciation		16,039		
SUB-TOTAL	749,301	239,235	793,526	2,060,437
DEDUCT: Purchases (Statement 13)			95,000	600,000
Transfer To Revenue (Statement 9)				
BALANCE, DECEMBER 31 - Statement 2	749,301	239,235	698,526	1,460,437
RECREATION AND CULTURE 1651				
BALANCE, JANUARY 1	2,249,762		13,628	107,502
ADD:				
Interest Earned	58,848		523	3,914
Transfer from Operating (Statement 10)	338,900			17,400
SUB-TOTAL	2,647,510		14,151	128,816
DEDUCT: Purchases (Statement 13)		155,717		
Transfer to Revenue (Statement 9)				
BALANCE, DECEMBER 31 - Statement 2	2,491,793		14,151	128,816
COMMITTED EXPENDITURES 1654				
BALANCE, JANUARY 1	388,042	60,322		846,946
ADD:				
Interest Earned	12,197	1,385		31,556
Transfer from Operating (Statement 11)	540,693	33,135		310,000
SUB-TOTAL	940,932	94,842	0	1,188,502
DEDUCT: Purchases (Statement 14)	428,627			278,533
Transfer To Revenue (Statement 11)	108,320			18,000
BALANCE, DECEMBER 31 - Statement 5	403,985	94,842	0	891,969

ANALYSIS OF INVESTMENTS
AS AT DECEMBER 31, 2006

TYPE	DUE DATE Y/M/D	INTEREST RATE	INTEREST EARNED	AMOUNT	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA AND AGENCIES Builder	2007/06/15	3.80	7,600	200,000	200,000
OTHER PROVINCES OR PROVINCIAL AGENCIES					0
	BY-LAW				
DEBENTURES OF OWN MUNICIPALITY	Schedule 6A		10,833	155,237	155,237
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY Pooled Funds - Other			Varies	68,125	68,125
OTHER INVESTMENTS B.O.M. Guaranteed Certificate	2007/06/18	4.90	4,900	100,000	100,000
TOTAL INVESTMENTS					523,362

INVESTMENT HOLDINGS
AS AT DECEMBER 31, 2006

TYPE	NAME OF RESERVE	RESERVED (Statements2/5)	TRUST (Statement 7)	UNRESERVED (Statements1/4)	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA	Environmental	200,000			200,000
OTHER PROVINCES OR AGENCIES					0
DEBENTURES OF OWN MUNICIPALITY	General	155,237			155,237
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY					0
OTHER INVESTMENTS	General	100,000		68,125	168,125
TOTAL INVESTMENTS					523,362

INVESTMENT CHANGES
2006

	TOTAL INVESTMENTS, JANUARY 1	INVESTMENTS ACQUIRED	INVESTMENTS SOLD	INVESTMENTS MATURED	TOTAL INVESTMENTS, DECEMBER 31
		Pooled Funds		Own Debentures	
		68,125		64,419	519,656
					68,125
					587,781
					64,419
					523,362

ANALYSIS OF INVESTMENT IN OWN DEBENTURESDECEMBER 31, 2006

<u>By-Law</u>	<u>Fund Issued By</u>	<u>Due Date</u>	<u>Interest Rate %</u>	<u>Interest Earned \$</u>	<u>Amount \$</u>
OWNED BY GENERAL RESERVE:					
1744	G	2009	5.00	6,821	120,066
1673	U	2007	6.00	2,807	24,076
1702	G	2008	7.50	1,205	11,095
TOTAL INVESTMENT IN OWN DEBENTURES				<u>10,833</u>	<u>155,237</u>

**ANALYSIS OF DEBENTURE INDEBTEDNESS
AS AT DECEMBER 31, 2006**

AUTHORITY	PURPOSE GENERAL FUND	YEAR OF ISSUE	ORIGINAL AMOUNT	PURCHASED BY (a)	PAYABLES	TERM	MATURITY DATE	INTEREST RATE	CURRENT LEVY		OUTSTANDING DECEMBER 31
									PRINCIPAL	INTEREST	
1606/1631	Indoor Liesure Pool	2001	2,000,000	E	Canadian	5	2006	5.75	445,927	25,641	
1666/1702	Towne Square Park	2003	25,000	C	Canadian	5	2008	7.50	4,974	1,205	11,095
1699/1740	Road Surfacing	2004	235,000	E	Canadian	5	2009	4.41	44,931	8,466	147,035
1701/1740	Road Construction	2004	420,000	E	Canadian	5	2009	4.41	80,303	15,130	262,787
1696/1744	Asphalt Surfacing	2004	192,000	C	Canadian	5	2009	4.35	36,733	6,820	120,066
1733/1794	Road Surface Drainage, etc.	2006	1,000,000	E	Canadian	5	2011	5.24			1,000,000
1768/1794	Sidewalk	2006	220,000	E	Canadian	5	2011	5.24			220,000
	Total General						SUB TOTAL		612,868	57,262	1,760,983
	UTILITY FUND										
1593/1673	Sewer Line	2002	107,500	C	Canadian	5	2007	6.00	22,713	2,807	24,076
1637/1669	Sewer & Water	2002	300,000	E	Canadian	5	2007	4.54	62,601	5,805	65,419
1697/1740	Sewer & Water Main	2004	475,000	E	Canadian	5	2009	4.41	90,818	17,112	297,199
1698/1740	Sewer & Water Main	2004	250,000	E	Canadian	5	2009	4.41	47,799	9,006	156,421
1734/1769	Water Treatment Plant	2005	600,000	E	Canadian	5	2010	4.25	110,224	25,500	489,776
							SUBTOTAL		334,155	60,230	1,032,891

CURRENT LEVY 947,023 117,492

TOTAL PRINCIPAL OUTSTANDING, DECEMBER 31, - SCHEDULE 8 2,793,874

NOTE (a): INDICATE WHETHER TOTAL SERIES PURCHASED BY: (A) FEDERAL GOVERNMENT (B) PROVINCIAL GOVERNMENT (C) OWN MUNICIPALITY (D) OTHER MUNICIPALITY (E) PUBLIC

**STATISTICAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

TAXABLE ASSESSMENT (PORTIONED)

Land
Buildings
Total Real Property
Personal Property
Subject to Grant
Total Taxable & Grant Property
Exempt
Business

TO BE
COMPLETED
BY DEPARTMENT

POPULATION (LATEST CENSUS OF CANADA)

9,227

BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)
Expended - Under (Over)
Estimated Surplus (Deficit)
Operating Surplus (Deficit)
Operating Surplus (Deficit) - Prior Year
Gain or (Loss)

2,293,378
(2,229,551)
63,827
51,330
12,497

CASH POSITION
Cash Surplus (Deficit) - Current Year
Cash Surplus (Deficit) - Prior Year
Gain or (Loss)

GENERAL FUND	COMBINED FUNDS
683,258	703,229
323,884	358,155
359,374	345,074

DEFICIT RECOVERIES AND DEFERRED SURPLUS LEVIES

GENERAL FUND OPERATING DEFICITS

Year	Authority		Actual Amount	Recoveries	Outstanding December 31
	Date	Term			

UTILITY FUND OPERATING DEFICITS

Year	Authority		Actual Amount	Recoveries	Outstanding December 31
	Board Order	Term			

BY-LAW OBLIGATIONS

Year	Purpose	By-Law Number	Term	Amount	Recoveries	Outstanding December 31

TAX COLLECTIONS

TAXES ON ROLL	- Current	- Cash Collections	- Tax Credit Programs	- Arrears	- Total
		12,978,997	904,998		
TAX SALE CERTIFICATES					13,883,995
LAND SALES					359,958
					14,243,953

TOTAL COLLECTIONS

14,243,953

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

1. Significant Accounting Policies: (See Note 3)

In accordance with accounting policies generally accepted for municipal corporation in Manitoba, the municipality has adopted the following accounting practice:

- (a) Fixed assets purchased through revenue funds are charged to expense in the year of acquisition. These assets, are recorded in the capital fund without any provision for depreciation. Fixed assets partially purchased through debentures have been recorded at cost except for any portion shown as a capital asset.
- (b) Capital assets financed through debentures are recorded at a value equal to the debenture debt. The applicable revenue funds are charged with the annual debenture principal retirement and the capital assets are reduced by a similar amount.
- (c) No provision is made in the records for interest accrued since the annual payment date required for each debenture issue payable or for interest earned on own debentures or other investments held.

2. Net Municipal Taxes and Grants in Lieu of Taxes:

Revenue From Taxation:		\$	\$
Total municipal taxes - schedule 2			5,853,837
Total school taxes - schedule 2	7,528,247		
School expenditure raised by taxation	<u>7,499,898</u>		<u>28,349</u>
Municipal Revenue - statement 9			<u>5,882,186</u>
Grants in Lieu of Taxes:			
Per schedule 3:			
Provincial	236,699		
Federal	<u>52,394</u>		<u>289,093</u>
School expenditure raised by grants in lieu			<u>204,205</u>
Municipal revenue - statement 9			<u>84,888</u>
Total			<u><u>5,967,074</u></u>