

FINANCIAL

REPORT

2007

CITY OF STEINBACH

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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, 2007 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, 2007 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
April 22, 2008

Chambers, Fraser & Co.
Municipal Auditors

STATEMENT 1

GENERAL OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2007

ASSETS

CASH			
Cash on Hand		2,700	
Cash on Deposit		6,044,335	
Deposit Receipts		41,247	6,088,282
RECEIVABLES			
Tax Assets - Schedule 1		325,283	
Government Grants - Schedule 3		10,000	
Own Funds and Agencies			
Utility Operating Fund			
Utility Capital Fund			
General Capital Fund			
Reserves			
Trusts		0	
Non Government Grants		81,355	
Operating Accounts Receivable			
Organizations and Individuals	124,088		
Federal Government	193,378		
Federal Government Enterprises			
Provincial Government	11,806		
Provincial Government Enterprises	39,121		
Other Local Governments	75,591	443,984	
Other Receivables - Accrued Assets		83,949	
Sub Total		944,571	
Less: Allowances for Doubtful Accounts	81,355		
Other Allowances		81,355	863,216
INVESTMENT - SCHEDULE 6			76,559
INVENTORIES			
PREPAID EXPENSES			48,363
TOTAL ASSETS			7,076,420

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			0
PAYABLES			
School Levies - Schedule 4		570,443	
Own Funds and Agencies			
Utility Operating Fund	312,526		
Reserves	3,320,412		
Trusts			
Other		3,632,938	
Operating Accounts Payable			
Organizations and Individuals	574,185		
Federal Government	248,882		
Federal Government Enterprises			
Provincial Government	7,122		
Provincial Government Enterprises	62,964		
Other Local Governments	10,000	903,153	
Debenture Instalments			5,106,534
OTHER LIABILITIES			
Deposits - Other		152,131	
Debenture Levies in Advance			
Accrued Liabilities		421,490	
Deferred Revenue		65,854	639,475
TOTAL CURRENT LIABILITIES			5,746,009
ALLOWANCE FOR TAX ASSETS - STATEMENT 8			124,570
NOMINAL SURPLUS - STATEMENT 8			1,205,841
TOTAL LIABILITIES AND SURPLUS			7,076,420

STATEMENT 2

GENERAL RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2007

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	ACCRUED INTEREST RECEIVABLE	TOTAL (SCHEDULE 5)
General	404,273	87,483	291,170	1,660	784,586
Replacement	232,746		32,484	816	266,046
Gas Tax			109,126		109,126
Land and Facility	506,817		327,299	1,777	835,893
Capital Development	1,186,606		378,567	4,161	1,569,334
Environmental	601,990	200,000	1,233,514	7,127	2,042,631
Aquatic Centre	14,756			52	14,808
Perpetual Care	103,865		42,987	364	147,216
Committed Expenditures	302,866		689,939	1,062	993,867
Land Dedication	9,985		105,213	35	115,233
Handi-Transit			110,113		110,113
TOTAL	3,363,904	287,483	3,320,412	17,054	6,988,853

STATEMENT 3

GENERAL CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2007

ASSETS

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	0
CONSTRUCTION IN PROGRESS				
FIXED ASSETS				
Buildings and Facilities			16,791,718	
Machinery and Equipment			7,512,470	
Land			6,185,763	
Other				30,489,951
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)				
Debenture Levies			2,866,816	
Deferred Liability Levies				2,866,816
OTHER ASSETS				
TOTAL ASSETS				33,356,767
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			2,866,816	
Deferred Liabilities - Note				2,866,816
CAPITAL SURPLUS - STATEMENT 8				30,489,951
TOTAL LIABILITIES AND SURPLUS				33,356,767

**UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2007**

ASSETS

CASH			
Cash on Hand			
Cash on Deposit			
Deposit Receipts			0
RECEIVABLES			
Government Grants - Schedule 3			
Own Funds and Agencies			
General Operating Fund	312,526		
General Capital Fund			
Utility Capital Fund			
Reserves			
Trusts		312,526	
Operating Accounts Receivable			
Organizations and Individuals	61,836		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		61,836	
Other Receivables - Accrued Assets		350,173	
Sub Total		724,535	
Less: Allowance for Doubtful Accounts			724,535
INVESTMENTS - SCHEDULE 6			
INVENTORIES			
PREPAID EXPENSES			11,813
TOTAL ASSETS			736,348

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			
PAYABLES			
Own Funds and Agencies			
General Operating Fund			
Reserves	238,804		
Trusts			
Other		238,804	
Operating Accounts Payable			
Organizations and Individuals			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		0	
Debenture Instalments			238,804
OTHER LIABILITIES			
Debenture Levies in Advance			
Prepaid Consumer Accounts			
Meter Deposits			
Other - Accrued		41,643	41,643
TOTAL CURRENT LIABILITIES			280,447
NOMINAL SURPLUS - STATEMENT 8			455,901
TOTAL LIABILITIES AND SURPLUS			736,348

**UTILITY RESERVE FUND BALANCE SHEET
AS AT DECEMBER 31, 2007**

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	ACCRUED INTEREST RECEIVABLE	TOTAL (SCHEDULE 5)
Replacement	829,020		238,804	2,997	1,070,821

TOTAL	829,020	0	238,804	2,997	1,070,821

STATEMENT 6

**UTILITY CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2007**

ASSETS

CASH ON HAND AND ON DEPOSIT - STATEMENT 14			
RECEIVABLES - STATEMENT 14			
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	0
CONSTRUCTION IN PROGRESS			
FIXED ASSETS			
Buildings and Facilities		14,279,792	
Machinery and Equipment		604,306	
Land		260,258	
Other			15,144,356
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)			
Debenture Levies		683,757	
Deferred Liability Levies			683,757
OTHER ASSETS			
TOTAL ASSETS			15,828,113

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS				
Chartered Banks				
Other Financial Institutions				
Own Funds - Utility Operating				
Other				0
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		683,757		
Deferred Liabilities - Note				683,757
CAPITAL SURPLUS - STATEMENT 8				15,144,356
TOTAL LIABILITIES AND SURPLUS				15,828,113

STATEMENT 7

**TRUST FUND BALANCE SHEET
AS AT DECEMBER 31, 2007
ASSETS**

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

LIABILITIES

	PAYABLES	OTHER FUNDS	OTHER	TRUST	TOTAL
Cemetery					
Pension Funds					
Option Deposits					
Other					
TOTAL	0	0	0	0	0

STATEMENT 8

**SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

ALLOWANCE FOR TAX ASSETS

Balance, January 1		156,521
Add: Transfer From Revenue - Statement 10	35,000	
Profit on Tax Title Sales		
Transfer From Nominal Surplus		
Tax Titles Established		
		35,000
Sub-Total		191,521
Deduct: Taxes Cancelled - Schedule 1		
T.S.C. Cancelled - Schedule 1	66,951	
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
		66,951
Balance, December 31 - Statement 1		124,570

NOMINAL SURPLUS - GENERAL

Balance, January 1		1,395,302
Add: Transfer From Deferred Surplus - Statement 9		
Transfer From Allowance For Tax Assets		
Operating Surplus - Statement 9	83,766	
		83,766
Sub-Total		1,479,068
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		
Accounting Policy Changes - Note 3	273,227	
		273,227
Balance, December 31 - Statement 1		1,205,841

NOMINAL SURPLUS - UTILITY

Balance, January 1		128,721
Add: Transfer From Deferred Surplus - Statement 11		
Other Transfers (Specify)		
Operating Surplus - Statement 11	6,837	
Accounting Policy Changes - Note 3	320,343	327,180
Sub-Total		455,901
Deduct: Accts. Rec. Cancelled		
Transfer To Utility Revenue - Statement 11		
Operating Deficit - Statement 11		0
Balance, December 31 - Statement 4		455,901

CAPITAL SURPLUS - GENERAL

Balance, January 1		28,071,904
Add: Fixed Assets Acquired	2,510,627	
Transfer From Utility Capital	22,808	2,533,435
Sub-Total		30,605,339
Deduct: Disposal of Fixed Assets	115,388	
		115,388
Balance, December 31 - Statement 3		30,489,951

CAPITAL SURPLUS - UTILITY

Balance, January 1		14,897,554
Add: Fixed Assets Acquired	166,529	
Debenture Principal Matured - Water Treatment Plant	114,909	
		281,438
Sub-Total		15,178,992
Deduct: Disposal of Fixed Assets	11,828	
Transfer To General Capital	22,808	
		34,636
Balance, December 31 - Statement 6		15,144,356

STATEMENT 9

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007**

REVENUE

TOTAL REVENUE FROM TAXATION - Note 2			6,123,085
OTHER REVENUE			
Taxes Added - Schedule 1		875,381	
Licenses and Permits		234,227	
Fines		72,364	
Parking Meters		19,364	
Sales of Service			
General Government	17,059		
Protection	268,843		
Transportation	52,022		
Less: Costs	52,022		
Environmental Health	1,058,543		
Public Health and Welfare	79,400		
Planning and Development	334,340		
Economic Development			
Recreation and Culture	883,403	2,693,610	
Sales of Goods		12,979	
Rentals of Fixed Assets		154,487	
Concessions and Franchises			
Returns From Investments		221,258	
Transfers From Utilities and Enterprises			
Tax Penalties - Schedule 1		33,420	
Miscellaneous Revenue-Donations-\$46,326;Land Sales-\$288,971;Other-\$37,541		372,838	
Grants in Lieu of Taxes - Note 2			
Federal Government	16,040		
Federal Government Enterprises			
Provincial Government	4,270		
Provincial Government Enterprises	67,446		
Other Local Governments			
Non-Government Organizations - 2007 Additions	81,355	169,111	
Unconditional Government Transfers - Schedule 3			
Federal Government			
Provincial - Municipal Tax Sharing	1,617,000		
- Municipal Support Grants	74,135		
- VLT Revenues	225,989		
Other Local Governments		1,917,124	
Conditional Government Transfers - Schedule 3			
Federal Government	208,255		
Provincial Government	160,798		
Other Local Governments		369,053	7,145,216
TOTAL REVENUE FROM EXTERNAL SOURCES			13,268,301
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
TRANSFER FROM RESERVES - SCHEDULE 5			25,793
OPERATING DEFICIT - STATEMENT 8			
TOTAL			13,294,094

EXPENDITURE

GENERAL GOVERNMENT SERVICES		2,091,019	
PROTECTIVE SERVICES		1,781,630	
TRANSPORTATION SERVICES		1,559,036	
ENVIRONMENTAL HEALTH SERVICES		1,146,165	
PUBLIC HEALTH AND WELFARE SERVICES		85,020	
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES		193,654	
ECONOMIC DEVELOPMENT SERVICES		10,000	
RECREATION AND CULTURAL SERVICES		1,987,683	
FISCAL SERVICES		2,626,563	
TOTAL SERVICES		11,480,770	
SURPLUS APPROPRIATIONS AND TRANSFERS			
Deferred Surplus - Operating Deficit			
Deferred Surplus - By-Law Obligation		0	
Transfer to Reserves - Statement 10		1,729,558	1,729,558
OPERATING SURPLUS - STATEMENT 8			83,766
TOTAL			13,294,094

STATEMENT 10

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
General Government Services				
Legislative	151,510	150,386	1,124	
General Administrative	1,436,189	1,340,017	96,172	
Other General Government	567,940	600,616		32,676
Total	2,155,639	2,091,019	64,620	
Protective Services				
Police Protection	982,357	1,064,284		81,927
Law Enforcement				
Fire Protection	355,876	384,090		28,214
Emergency Measures	22,350	11,193	11,157	
Other Protection	309,065	322,063		12,998
Total	1,669,648	1,781,630		111,982
Transportation Services				
Road Transport				
Administration				
Engineering	189,050	174,720	14,330	
Roads and Streets	961,583	1,014,519		52,936
Bridges, Subways				
Street Lighting	233,500	230,446	3,054	
Traffic Services	12,700	17,617		4,917
Parking	5,100	5,150		50
Other Road Transport - Handicapped	64,039	67,913		3,874
Air Transport	51,400	48,671	2,729	
Water Transport				
Public Transit				
Total	1,517,372	1,559,036		41,664
Environmental Health Services				
Garbage and Waste Collection and Disposal	960,888	1,146,165		185,277
Other Environmental Health				
Total	960,888	1,146,165		185,277
Public Health & Welfare Services				
Public Health	63,540	65,255		1,715
Medical Care				
Hospital Care				
Social Welfare	19,765	19,765		
Total	83,305	85,020		1,715
Environmental Planning & Community Development Services				
Environmental Planning and Zoning	104,400	99,367	5,033	
Community Development	95,320	94,287	1,033	
Housing				
Total	199,720	193,654	6,066	
Economic Development Services				
Natural Resources	10,000	10,000		
Regional Development Commissions	600		600	
Industrial Parks and Commissions				
Other Economic Services				
Total	10,600	10,000	600	
Recreation and Cultural Services				
Recreation Facilities	1,861,368	1,849,200	12,168	
Cultural Buildings and Facilities	143,460	138,483	4,977	
Other Recreation and Cultural Services				
Education Grants				
Total	2,004,828	1,987,683	17,145	
SUB-TOTALS FORWARD	8,602,000	8,854,207		252,207

STATEMENT 10

**GENERAL OPERATING FUND
COMPARISON OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
SUB-TOTALS FORWARD	8,602,000	8,854,207		252,207
Fiscal Services				
Transfers to Other Governments				
Other Municipal Governments				

Transfers to Own Funds				
Allowance for Tax Assets - Statement 8	35,000	35,000		
Capital Fund - Statement 13	940,500	1,559,905		619,405
Utility Fund - Statement 11	394,385	394,385		
Other Funds				
Phase-in Tax Credit				
Public Debt Charges				
Debenture Debt Charges - Schedule 7	482,223	482,223		
Other Long-Term Debt Charges				
Interest on Short-Term Financing				
Bank Loan Interest	14,501	6,780	7,721	
Other Fund Loan Interest	30,000	66,915		36,915
Tax Discounts - Schedule 1				
Other Debt Charges				
Debenture Discount				
Debenture Issue Costs				
Other - Bad Debts		81,355		81,355
Other Fiscal Services				
Total	1,896,609	2,626,563		729,954

Transfer to Reserves

General Reserve				
Specific Reserve - Handi Transit		109,200		109,200
- Replacement Reserve				
- Capital Development		298,410		298,410
- Other				
Environmental	260,177	269,431		9,254
Land and Facility		109,419		109,419
Gas Tax		208,255		208,255
Perpetual Care		13,035		13,035
Committed Expenditures		704,018		704,018
Land Dedication		17,790		17,790
Total	260,177	1,729,558		1,469,381

Surplus Appropriations

Total Estimated	10,758,786			
Total Actual		13,210,328		
Total Underspent				
Total Overspent				2,451,542

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	SURPLUS (DEFICIT)
REVENUE			
Tax Revenue	6,125,930	6,123,085	(2,845)
Other Revenue	4,632,856	7,171,009	2,538,153
Revenue Surplus (Deficit)	10,758,786	13,294,094	2,535,308
EXPENDITURE	10,758,786	13,210,328	(2,451,542)
OPERATING SURPLUS (DEFICIT)		83,766	83,766

STATEMENT 11

**UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007**

REVENUE

	METERED	FLAT RATE	TOTAL
CONSUMER SALES			
Residential			1,014,354
Commercial and Bulk			253,865
Industrial			155,758
Federal and Provincial			30,947
Municipal and Schools			76,313
Total			1,531,237
Less: Discounts			
Refunds and Cancellations			0
SEWER SERVICE CHARGES			
PENALTIES			5,499
HYDRANT RENTALS			31,850
CONSUMER INSTALLATION SERVICE			21,750
CONNECTION REVENUE - NET			30,418
PROVINCIAL GRANTS			
OTHER REVENUE			22,494
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10			
Re: Debentures			394,385
Re: Operations			394,385
TRANSFER FROM RESERVE FUND - SCHEDULE 5			
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
OPERATING DEFICIT - STATEMENT 8			
TOTAL			2,037,633

EXPENDITURE

WATER SUPPLY	944,632
SEWAGE COLLECTION AND DISPOSAL	398,560
TRANSFER TO CAPITAL - STATEMENT 14	41,386
TRANSFERS TO RESERVE - SCHEDULE 5	250,000
DEBENTURE DEBT CHARGES - SCHEDULE 7	394,385
OTHER LONG-TERM DEBT CHARGES	1,833
SURPLUS APPROPRIATIONS - STATEMENT 8	
Deferred Surplus - Operating Deficit	
OPERATING SURPLUS - STATEMENT 8	6,837
TOTAL	2,037,633

STATEMENT 12

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	938,000	944,632		6,632
Sewage Collection and Disposal	448,464	398,560	49,904	
Transfer to Capital	0	41,386		41,386
Transfers to Reserve	250,000	250,000		
Debenture Debt Charges	394,385	394,385		
Other Long-Term Debt Charges		1,833		1,833
Surplus Appropriations				
Total Estimated	2,030,849			
Total Actual		2,030,796		
Total Underspent			53	
Total Overspent				

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	SURPLUS(DEFICIT)
REVENUE	2,030,849	2,037,633	6,784
EXPENDITURE	2,030,849	2,030,796	53
OPERATING SURPLUS		6,837	6,837

**STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables		0
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		0
LONG-TERM BORROWING		
Debentures - Schedule 8	1,500,000	
Other		1,500,000
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 10		1,559,905
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		1,254,872
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		0
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER - Recoveries		67,595
TOTAL		4,382,372

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	FIXED ASSETS		LOCAL	TOTAL
	CONSTRUCTION	PURCHASE	IMPROVEMENTS	
General Government		387,100	197,725	584,825
Protection	1,942,385	43,047		1,985,432
Transportation		151,018	421,261	572,279
Recreation and Culture	228,998	83,040		312,038
Environmental Health	684,082	243,716		927,798
TOTAL	2,855,465	907,921	618,986	4,382,372

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		4,382,372

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables - Grants	71,834	71,834
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		0
LONG-TERM BORROWING		
Debentures - Schedule 8		
Other		0
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11		41,386
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		111,043
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government	13,014	
Provincial Government Enterprises		
Other Local Governments		
Other		13,014
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
TOTAL		237,277

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	FIXED ASSETS		LOCAL IMPROVEMENTS	TOTAL
	CONSTRUCTION	PURCHASE		
Water Supply	39,571	37,290		76,861
Sewage Disposal	88,582			88,582

TOTAL	128,153	37,290	0	165,443

REPAYMENT OF SHORT-TERM BORROWING		
Bank		
Other Funds - Utility Operating	71,834	
Other		71,834
DEBENTURE DISCOUNT AND INTEREST		
REPAYMENT OF ACCOUNTS PAYABLE		
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6		
Cash		
Receivables		0
OTHER		
TOTAL		237,277

SCHEDULE 1

**ANALYSIS OF TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	390,957			
ADD:				
Tax Levy - Schedule 2	14,679,655			
Taxes Added - Statement 9	875,381			
Penalties or Interest Added - Statement 9	33,420			
Other Accounts Added	70,302			
Taxes Overpaid	70,993			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				

SUB-TOTAL	16,120,708	0	0	0
DEDUCT:				
Cash Collections:	14,478,040			
Arrears	383,044			
Current	14,094,996			
Transfers Re Tax Sale				
Cancellations	66,951			
Returned to Roll				
Title Value of Land Sales				
Transfers Re Titles Acquired				
Tax Discounts - Statement 10				
M.P.T.C. - Cash Advance	1,250,434			
Other Credits: _____				
TOTAL	325,283	0	0	0
BALANCE, DECEMBER 31	325,283	0	0	0
(Statement 1)				

SCHEDULE 2

**ANALYSIS OF TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ASSESSMENT	MILL RATE	LEVY
Other Governments (L.U.D.)			

Debt Charges			
Frontage	Various	Various	58,167
Mill Rate (At Large) Utility District	362,297,980	1.07	387,659
(L.I.D.) General District	392,459,730	1.10	431,706
Total			877,532
Minister of Intergovernmental Affairs			
Deferred Surplus			
Reserves: _____			
By-Law _____			
By-Law _____			
By-Law _____			
General Municipal	332,688,750	9.63	3,203,793
Special Levies (Specify)			
Waste & Disposal			349,230
Section 312 M.A.	392,459,730	4.00	1,569,839
Rounding			(10)
Business Tax - Rate 0.50 %	18,556,700		92,784
Business Fees			8,322
Total Municipal Taxes			6,101,490
Schools			
Prov. Education 1	195,080,740	0.00	0
Prov. Education 2	114,520,530	16.12	1,846,071
Total Education Support Program	309,601,270		1,846,071
Special Division No. Hanover	311,526,820	21.61	6,732,094

Total School Taxes			8,578,165
TOTAL TAX LEVY - SCHEDULE 1			14,679,655

SCHEDULE 3

**ANALYSIS OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	BALANCE JANUARY 1	GRANTS EARNED (Statement 9)	GRANTS RECEIVED	ADJUSTMENTS	BALANCE DECEMBER 31 (Statement 1)
GENERAL FUND					
PROVINCIAL					
Grants in Lieu - Note 2		252,040	252,040		
Prov.-Mun. Tax Sharing		1,617,000	1,617,000		
Municipal Support Grants		74,135	74,135		
VLT Revenues		225,989	225,989		
Conditional Grants					
General Govt.					
Protection					
Transportation	10,000	139,700	139,700		10,000
Environmental Health		13,396	13,396		
Public Health & Welfare					
Environmental Planning					
Economic Development		6,000	6,000		
Recreation		1,702	1,702		
FEDERAL					
Grants in Lieu - Note 2		54,343	54,343		
Unconditional Grants					
Conditional Grants (Spec):					
Gas Tax		208,255	208,255		
Total General Funds	10,000	2,592,560	2,592,560		10,000
School - Grant In Lieu - Note 2		218,627			
Municipal Grants - Statement 9		2,373,933			
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)
UTILITY CAPITAL GRANTS		(Statement 14)			(Statement 6)
Provincial	71,834	13,014	84,848		
Federal					
Local					
Total - All Funds	81,834	2,605,574	2,677,408		10,000

Note: Provincial and Federal includes both Government and Enterprises.

SCHEDULE 4

**ANALYSIS OF SCHOOL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	OUTSTANDING JANUARY 1	CURRENT REQUIREMENT	CURRENT PAYMENTS	OUTSTANDING DECEMBER 31 (STATEMENT 1)
EDUCATION SUPPORT PROGRAM		1,921,286	1,777,190	144,096
SPECIAL LEVIES:				
School Division				
Hanover		6,853,911	6,427,564	426,347
TOTAL	0	8,775,197	8,204,754	570,443
Per Note 2 - Raised by:				
Taxation		8,556,570		
Grants-In-Lieu		218,627		

**ANALYSIS OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

RESERVE NAME BY-LAW NO.	GENERAL 1646	EQUIPMENT REPLACEMENT 1647	LAND AND FACILITY 1648	CAPITAL DEVELOPMENT 1652
BALANCE, JANUARY 1	749,301	239,235	698,526	1,460,437
ADD: Interest Earned	33,625	9,956	26,171	56,326
Transfer from Operating (Statement 10)			109,419	298,410
Accrued Interest	1,660	816	1,777	4,161
Handivan Depreciation		16,039		
SUB-TOTAL	784,586	266,046	835,893	1,819,334
DEDUCT: Purchases (Statement 13)				250,000
Transfer To Revenue (Statement 9)				
BALANCE, DECEMBER 31 - Statement 2	784,586	266,046	835,893	1,569,334
RESERVE NAME BY-LAW NO.	GAS TAX 1833	ENVIRONMENTAL 1650	AQUATIC CENTRE 1577	PERPETUAL CARE 1653
BALANCE, JANUARY 1	0	2,491,793	14,151	128,816
ADD: Interest Earned	871	74,280	605	5,001
Transfer from Operating (Statement 10)	208,255	269,431		13,035
Accrued Interest		7,127	52	364
SUB-TOTAL	209,126	2,842,631	14,808	147,216
DEDUCT: Purchases (Statement 13)	100,000	800,000		
Transfer to Revenue (Statement 9)				
BALANCE, DECEMBER 31 - Statement 2	109,126	2,042,631	14,808	147,216
RESERVE NAME BY-LAW NO.	COMMITTED EXPENDITURES 1654	LAND DEDICATION 1739	HANDI TRANSIT 1834	WATER SEWER UTILITY 1649
BALANCE, JANUARY 1	403,985	94,842	0	891,969
ADD: Interest Earned	15,467	2,566	913	36,898
Transfer from Operating (Statement 11)				250,000
Accrued Interest	1,062	35		2,997
Transfer from Operating (Statement 10)	704,018	17,790	109,200	
SUB-TOTAL	1,124,532	115,233	110,113	1,181,864
DEDUCT: Purchases (Statements 13 and 14)	104,872			111,043
Transfer To Revenue (Statement 10)	25,793			
BALANCE, DECEMBER 31 - Statement 5 & 2	993,867	115,233	110,113	1,070,821

SCHEDULE 6

ANALYSIS OF INVESTMENTS
AS AT DECEMBER 31, 2007

TYPE	DUE DATE Y/M/D	INTEREST RATE	INTEREST EARNED	AMOUNT	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA AND AGENCIES	2007/06/15 2010/06/15	3.80 4.60	7,600	0 200,000	200,000
OTHER PROVINCES OR PROVINCIAL AGENCIES					0
DEBENTURES OF OWN MUNICIPALITY	BY-LAW Schedule 6A		7,500	87,483	87,483
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY Pooled Funds - Other			2,620	76,559	76,559
OTHER INVESTMENTS					0
TOTAL INVESTMENTS					364,042

INVESTMENT HOLDINGS
AS AT DECEMBER 31, 2007

TYPE	NAME OF RESERVE	RESERVED (Statements 2/5)	TRUST (Statement 7)	UNRESERVED (Statements 1/4)	TOTAL
GOVERNMENT OF CANADA					0
PROVINCE OF MANITOBA	Environmental	200,000			200,000
OTHER PROVINCES OR AGENCIES					0
DEBENTURES OF OWN MUNICIPALITY	General	87,483			87,483
DEBENTURES OF OTHER LOCAL GOVERNMENTS					0
MANITOBA INVESTMENT POOL AUTHORITY					0
OTHER INVESTMENTS				76,559	76,559
TOTAL INVESTMENTS					364,042

INVESTMENT CHANGES
2007

TOTAL INVESTMENTS, JANUARY 1				523,362
INVESTMENTS ACQUIRED	Pooled Funds		8,434	
	Provincial Bonds		200,000	208,434
				731,796
INVESTMENTS MATURED	Provincial Bonds		300,000	
INVESTMENTS MATURED	Own Debentures		67,754	367,754
TOTAL INVESTMENTS, DECEMBER 31				364,042

ANALYSIS OF INVESTMENT IN OWN DEBENTURES**DECEMBER 31, 2007**

<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	5,223	81,735
1673	U	2007	6.00	1,445	0
1702	G	2008	7.50	<u>832</u>	<u>5,748</u>
TOTAL INVESTMENT IN OWN DEBENTURES				<u><u>7,500</u></u>	<u><u>87,483</u></u>

**ANALYSIS OF DEBENTURE INDEBTEDNESS
AS AT DECEMBER 31, 2007**

AUTHORITY	PURPOSE	YEAR OF ISSUE	ORIGINAL AMOUNT	PURCHASED BY (a)	PAYABLES	TERM	MATURITY DATE	INTEREST RATE	CURRENT LEVY		OUTSTANDING DECEMBER 31
									PRINCIPAL	INTEREST	
GENERAL FUND											
1666/1702	Towne Square Park	2003	25,000	C	Canadian	5	2008	7.50	5,347	832	5,748
1699/1740	Road Surfacing	2004	235,000	E	Canadian	5	2009	4.41	46,913	6,484	100,123
1701/1740	Road Construction	2004	420,000	E	Canadian	5	2009	4.41	83,844	11,589	178,943
1696/1744	Asphalt Surfacing	2004	192,000	C	Canadian	5	2009	4.35	38,330	5,223	81,735
1733/1794	Road Surface Drainage, etc.	2006	1,000,000	E	Canadian	5	2011	5.24	180,109	52,400	819,891
1768/1794	Sidewalk	2006	220,000	E	Canadian	5	2011	5.24	39,624	11,528	180,376
1811/1832	Fire Hall	2007	1,500,000	E	Canadian	5	2012	5.34			1,500,000
TOTAL GENERAL									394,167	88,056	2,866,816
UTILITY FUND											
1593/1673	Sewer Line	2002	107,500	C	Canadian	5	2007	6.00	24,076	1,445	0
1637/1669	Sewer & Water	2002	300,000	E	Canadian	5	2007	4.54	65,419	2,986	0
1697/1740	Sewer & Water Main	2004	475,000	E	Canadian	5	2009	4.41	94,823	13,107	202,376
1698/1740	Sewer & Water Main	2004	250,000	E	Canadian	5	2009	4.41	49,907	6,898	106,514
1734/1769	Water Treatment Plant	2005	600,000	E	Canadian	5	2010	4.25	114,909	20,815	374,867
SUBTOTAL									349,134	45,251	683,757

CURRENT LEVY **743,301** **133,307**

TOTAL PRINCIPAL OUTSTANDING, DECEMBER 31, - SCHEDULE 8 **3,550,573**

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, 2007**

TAXABLE ASSESSMENT (PORTIONED)

Land		} TO BE COMPLETED BY DEPARTMENT
Buildings		
Total Real Property		
Personal Property		
Subject to Grant		
Total Taxable & Grant Property		
Exempt		
Business		

POPULATION (LATEST CENSUS OF CANADA) 11,066

BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)	2,535,308
Expended - Under (Over)	(2,451,542)
Estimated Surplus (Deficit)	
Operating Surplus (Deficit)	83,766
Operating Surplus (Deficit) - Prior Year	63,827
Gain or (Loss)	19,939

	GENERAL FUND	COMBINED FUNDS
CASH POSITION		
Cash Surplus (Deficit) - Current Year	342,273	374,352
Cash Surplus (Deficit) - Prior Year	683,258	703,229
Gain or (Loss)	(340,985)	(328,877)

DEFICIT RECOVERIES AND DEFERRED SURPLUS LEVIES

GENERAL FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December 31
	Date	Term	Amount			

UTILITY FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December 31
	Board Order	Term	Amount			

BY-LAW OBLIGATIONS

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

TAX COLLECTIONS

TAXES ON ROLL - Current	- Cash Collections	14,094,996	
	- Tax Credit Programs	1,250,434	15,345,430
	- Arrears		383,044
	- Total		15,728,474
TAX SALE CERTIFICATES			
LAND SALES			
TOTAL COLLECTIONS			15,728,474

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. SIGNIFICANT ACCOUNTING POLICIES (See Note 3)

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

- (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.

2. NET MUNICIPAL TAXES AND GRANTS IN LIEU OF TAXES

	\$	\$
Revenue from Taxation:		
Total municipal taxes - schedule 2		6,101,490
Total school taxes - schedule 2	8,578,165	
School expenditure raised by taxation	<u>8,556,570</u>	<u>21,595</u>
Municipal Revenue - statement 9		<u>6,123,085</u>
Grants in Lieu of Taxes:		
Per schedule 3:		
Provincial	252,040	
Federal	54,343	
Non-government organizations	<u>81,355</u>	387,738
School expenditure raised by grants in lieu		<u>218,627</u>
Municipal revenue - statement 9		<u>169,111</u>
Total		<u>6,292,196</u>

3. CHANGES IN ACCOUNTING POLICIES

In anticipation of adopting accounting policies in 2009 consistent with the Canadian generally accepted accounting principles as adopted by the Public Sector Accounting Board (P.S.A.B.) of the Canadian Institute of Chartered Accountants, the municipality has recorded accrued receivables, prepaid expenses and accrued liabilities impacting its operating funds and its reserve funds.

Amounts impacting the operating fund balance sheets have been recorded as adjustments to the nominal surplus accounts and consist of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
	\$	\$	\$
Asset Increases			
Accrued receivables			
Interest income	23,341		23,341
Consumer Sales		350,173	350,173
Prepaid insurance	<u>48,363</u>	<u>11,813</u>	<u>60,176</u>
	<u>71,704</u>	<u>361,986</u>	<u>433,690</u>
Liability Increases			
Accrued expenses			
Salaries and benefits	300,076	38,045	338,121
Audit fees	25,000		25,000
Debenture interest	<u>19,855</u>	<u>3,598</u>	<u>23,453</u>
	<u>344,931</u>	<u>41,643</u>	<u>386,574</u>
Nominal Surplus increase (decrease)	<u>(273,227)</u>	<u>320,343</u>	<u>47,116</u>

Amounts impacting the reserve fund balance sheets have been recorded as adjustments to the individual reserve funds on schedule 5

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

4. TANGIBLE CAPITAL ASSETS

Under P.S.A.B. guidelines, the City of Steinbach has undertaken a project to identify and assign a cost valuation to all its assets. Land, buildings and equipment are included in the capital fund accounts for this purpose.

The remaining assets yet to be assigned a cost are all related to infrastructure installations. These are items such as roads, sewers lines, water lines, and other public or right of way installations. As of December 31, 2007, all of these infrastructure assets have been identified and are represented as data segments in a central database maintained by the City. The extent of information available is represented on the listing provided. All data segments are references to geographic coordinates and locations/existence can be verified in this manner.

The City is continuing to assign costing data to these segments throughout 2008 in anticipation of providing full asset disclosure in time for the publishing of the December 31, 2008 financial statements.