

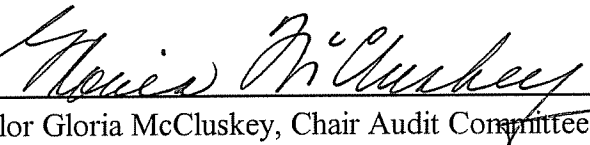
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PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Halifax Regional Council**  
**November 28, 2006**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Councillor Gloria McCluskey, Chair Audit Committee

**DATE:** November 17, 2006

**SUBJECT:** Consolidated Audited Financial Statements, March 31, 2006

**ORIGIN**

Fourth quarter report to Council July 4, 2006 and Audit Committee meeting of November 17, 2006.

**RECOMMENDATION**

It is recommended that:

The Halifax Regional Municipality's consolidated audited financial statements for the year ended March 31, 2006 be approved, and that the Mayor and Municipal Clerk be authorized to sign the financial statements on behalf of Council.

## **BACKGROUND**

On July 6, 2004 HRM Council approved that general purpose financial statements in compliance with the CICA's Public Sector Accounting Board's (PSAB) recommendations be prepared for the fiscal year ending March 31, 2005. General purpose financial statements are designed to meet the needs of a broad base of decision makers. A number of factors, both internal and external, led to this recommendation and approval. Internally, general purpose statements would improve the comparability with other Canadian municipalities. As HRM was reviewing different debt funding options, it was recognized that statements prepared on a basis understood by a broad range of decision makers were increasingly important. Externally, there were changes to the CICA's assurance standards which required additional disclosure in the financial statements and the auditor's report on the special purpose nature of the statements. Also, Service Nova Scotia and Municipal Relations has replaced MARM with the Financial Reporting and Accounting Manual (FRAM) which is more PSAB, general purpose compliant.

While there are definite benefits to preparing the general purpose financial statements, certain information is better provided, or can only be provided, by financial reports other than financial statements. HRM has continued to measure results against the budget which was set to determine the tax rate, in accordance with MARM. These results were provided to Council on July 4, 2006 for the fiscal year ended March 31, 2006.

## **DISCUSSION**

Whereas the focus of the special purpose financial statements was largely a measurement of operating results against the legislative requirement of a balanced budget, the general purpose financial statements attached to this report focus on the financial position of all HRM funds and the entities which are owned and controlled by the municipality. Financial position is the difference between the financial assets and liabilities and provides an indication of the future revenue requirements and HRM's ability to finance its activities and meet its liabilities and contractual obligations.

Excluded from the attached financial statements are the capital assets of the municipality. Although inclusion of the capital assets would provide a more complete understanding of the financial position, it has been recognized that many municipalities do not have adequate financial information to report fully on their acquired capital assets. PSAB recommendations on how to account for and report capital assets are being developed, however, under current PSAB recommendations, the capital assets are reported as an expenditure in the year of acquisition.

The three primary statements included in the attached are:

- Consolidated Statement of Financial Position
- Consolidated Statement of Financial Activities, and,
- Consolidated Statement of Changes in Financial Position

Overall, the consolidated financial position is \$12.7 million (2005 - \$57.0 million) made up of total fund balances of \$32.2 million (2005 - \$77.9 million ) less amounts to be recovered in the future of \$19.5 million (2005 - \$20.9 million). The amounts to be recovered in the future represent the year-end accruals for accrued interest on long term debt, solid waste management facilities liabilities and post employment benefit liabilities.

The Audit Committee met on November 17, 2006 to review and discuss the consolidated financial statements as prepared and presented by Management. In addition, representatives from KPMG presented their report of Audit Findings to Audit Committee.

Legislation requires that the audited financial statements be prepared annually and presented to Council. The draft consolidated financial statements and audit report are attached to this Council report.

### **BUDGET IMPLICATIONS**

The attached general purpose financial statements do not have specific budget implications as they are prepared on a different set of principles than the basis for the budget preparation.

For the special purpose of balanced budgeting and tax rate calculations, a surplus/deficit as calculated in accordance with MARM, is carried forward to the operating statement of the next fiscal year. The general rate surplus of \$379,000 as identified in the fourth quarter report to Council, is carried forward to the 2006/07 operating statement.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

### **ALTERNATIVES**

N/A

**ATTACHMENTS**

Draft, audited, consolidated financial statements for Halifax Regional Municipality for the year ended March 31, 2006.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Anna Marchand, CMA, Manager Accounting Operations 490-7222

Report Approved by:   
Cathie O'Toole, CGA, A/ Director, Finance 490-6308

**Draft**  
**11/21/2006**

Consolidated Financial Statements of

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2006

## **AUDITORS' REPORT**

### **TO THE MAYOR AND THE COUNCILLORS OF THE HALIFAX REGIONAL MUNICIPALITY**

We have audited the consolidated statement of financial position of the Halifax Regional Municipality as at March 31, 2006 and the consolidated statements of financial activities and cash flows for the year then ended. These consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at March 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants

Halifax, Canada

October 16, 2006

**Draft**  
**11/21/2006**

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## HALIFAX REGIONAL MUNICIPALITY

### Consolidated Statement of Financial Position

Year ended March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
<b>Financial Assets</b>		
Cash and short-term deposits (note 2)	\$ 50,146	\$ 77,111
Taxes receivable (note 3)	21,790	18,194
Accounts receivable (note 4)	77,650	57,873
Loans, deposits, and advances	1,983	2,666
Investments (note 5)	168,966	201,298
Investment in Halifax Regional Water Commission (note 6)	245,946	240,019
	566,481	597,161
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	91,832	75,020
Accrued interest on long-term debt	4,803	5,302
Deferred revenue	41,317	40,959
Employee future benefits (notes 8 and 9)	25,444	24,599
Solid waste management facilities liabilities (note 10)	11,916	12,712
Obligations under capital lease (note 11)	391	16,227
Long-term debt (note 12)	386,710	376,117
	562,413	550,936
Net Financial Assets	4,068	46,225
Non-Financial Assets:		
Inventory and prepaid expenses	8,596	10,789
Net Assets	\$ 12,664	\$ 57,014
<b>Municipal Position</b>		
Amounts to be recovered (note 13)	\$ (19,535)	\$ (20,924)
Fund balances: (note 14)		
Operating funds	(5,863)	(8,069)
Capital funds	(332,818)	(300,248)
Reserve funds	124,934	146,236
Equity in Halifax Regional Water Commission (note 6)	245,946	240,019
	32,199	77,938
Commitments (note 15)		
Contingencies (note 16)		
Total Municipal Position	\$ 12,664	\$ 57,014

See accompanying notes to consolidated financial statements.



## HALIFAX REGIONAL MUNICIPALITY

### Consolidated Statement of Financial Activities

March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
<b>Revenues:</b>		
Taxation	\$ 457,916	\$ 432,689
Less amounts received for the School Board (note 19)	(99,112)	(93,373)
	358,804	339,316
Taxation from other governments	21,297	21,052
User fees and charges	112,049	93,736
Government grants	35,016	25,668
Development levies	41,416	37,727
Investment income	10,749	8,553
Penalties, fines and interest	2,381	2,102
Sale of properties	6,189	9,098
Grant in lieu of tax from Halifax Regional Water Commission (note 6)	3,435	3,278
	591,336	540,530
<b>Expenditures:</b>		
Operating:		
General government	77,461	74,517
Protective services	126,243	120,662
Transportation services	95,257	92,730
Environmental services	52,616	47,804
Social housing services	2,024	1,906
Recreation and cultural services	68,395	65,359
Planning and development	9,620	10,372
	431,616	413,350
Capital:		
General government	28,257	6,072
Protective services	4,894	5,879
Transportation services	52,038	47,708
Environmental services	110,577	58,868
Recreation and cultural services	12,100	19,207
Planning and development	3,420	6,274
	211,286	144,008
	642,902	557,358
Net expenditures before the following	(51,566)	(16,828)
Increase in equity in Halifax Regional Water Commission (note 6)	5,927	6,415
Net expenditures and change in net financial assets	(45,639)	(10,413)
Decrease in amounts to be recovered	(1,389)	(4,444)
Increase in non-financial assets	1,289	360
Change in fund balances	(45,739)	(14,497)
Fund balances, beginning of year	77,938	92,435
Fund balances, end of year	\$ 32,199	\$ 77,938

See accompanying notes to consolidated financial statements.

## HALIFAX REGIONAL MUNICIPALITY

### Consolidated Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
Cash provided by (used in):		
Operating activities:		
Net expenditures and change in net financial assets	\$ (45,639)	\$ (10,413)
Less increase in equity in Halifax Regional Water Commission	(5,927)	(6,415)
	(51,566)	(16,828)
Change in non-cash items:		
(Increase) decrease in taxes receivable	(3,596)	2,489
Increase in accounts receivable	(19,777)	(4,031)
Decrease in loans, deposits and advances	683	973
Decrease in inventory and prepaid expenses	3,482	-
Increase in accounts payable and accrued liabilities	16,812	10,320
(Decrease) increase in accrued interest on long-term debt	(499)	205
Increase in deferred revenue	358	7,089
Increase (decrease) in employee future benefits	845	(263)
Decrease in solid waste management facilities liabilities	(796)	(4,447)
Reduction of obligations under capital lease	(15,361)	-
Net change in cash from operating activities	(69,415)	(4,493)
Investing activities:		
Decrease (increase) in investments	32,332	(132,929)
Financing activities:		
Issuance of long-term debt	59,380	172,971
Principal payments on long-term debt	(48,787)	(41,948)
Issuance of obligations under capital lease	-	2,356
Principal payments on obligations under capital lease	(475)	(485)
	10,118	132,894
Net change in cash and short-term deposits	(26,965)	(4,528)
Cash and short-term deposits, beginning of year	77,111	81,639
Cash and short-term deposits, end of year	\$ 50,146	\$ 77,111

See accompanying notes to consolidated financial statements.

# HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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## 1. Significant accounting policies:

### (a) Basis of presentation:

The consolidated financial statements of the Halifax Regional Municipality (the "Municipality or "HRM") have been prepared, in all material respects, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

### (b) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances of all funds of the Municipality. The Municipality is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and that are owned or controlled by the Municipality. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

- Operating, capital and reserve funds of the Halifax Regional Municipality
- Recreation facilities:
  - Halifax Metro Centre
  - Dartmouth Sportsplex Community Association
  - Community Builders Inc. (Cole Harbour Place)
  - Halifax Forum Community Association
  - Eastern Shore Recreation Commission
  - St Margaret's Arena Association
  - Sackville Sports Stadium
- Commissions, cultural and other facilities:
  - Alderney Landing Association
  - MetroPark Parkade
  - Downtown Halifax Business Commission
  - Spring Garden Area Business Association
  - Downtown Dartmouth Business Commission
  - Quinpool Road Mainstreet District Association Limited
  - Sackville Drive Business Association
  - Spryfield & District Business Commission (formerly the District 18 Business & Development Association)

# HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

### (c) School board:

The assets, liabilities, taxation and other revenues and expenditures with respect to the operations of the school board are not reflected in these consolidated financial statements as they are provincial government entities.

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and, under provincial statute, every municipality is required to make a mandatory contribution to its school board. The mandatory contribution is set at the value of the Education Rate, set by the Province each year, multiplied by the previous year's Uniform Assessment. In addition, under the Municipal Government Act, supplementary education funding is specifically required for the former municipal units of Halifax and Dartmouth. As well, supplementary education funding is provided to the former municipal units of Bedford and the County. The funding for all these contributions to the Halifax Regional School Board are recovered by the Municipality by an area rate levied on the assessed value of the taxable property and business occupancy assessments and is shown on the consolidated statement of financial activities as a reduction of taxation revenues.

### (d) Basis of accounting:

Revenues and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable and expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### (e) Fund accounting:

The resources and operations of the Municipality are comprised of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

### (f) Investment in Halifax Regional Water Commission:

The Halifax Regional Water Commission ("HRWC") is a subsidiary corporation of the Municipality and is accounted for using the modified equity basis of accounting as it is considered a government business enterprise. Under the modified equity basis of accounting, the accounting principles of government business enterprises are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated.

# HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

(g) Trust funds:

Trust funds and their related operations administered by the Municipality are not included in the consolidated financial statements, but are reported separately in the Trust Funds financial statements (note 18).

(h) Investments:

Short-term deposits and investments are recorded at cost, adjusted for amortization of premiums or discounts in accordance with the investment policies established for the Municipality. A permanent decline in value would result in a write down.

(i) Capital assets:

The historical cost and accumulated depreciation of capital assets are not reported. Capital assets are reported as an expenditure in the Consolidated Statement of Financial Activities in the year of acquisition.

(j) Reserve funds:

Certain amounts, as approved by Council of the Municipality, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserve funds are an adjustment to the respective fund when approved.

(k) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(l) Deferred revenue:

Deferred revenue represents user charges and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(m) Solid waste management facilities liabilities:

The Municipality accrues landfill closure and post-closure care requirements that include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

# HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

### (n) Taxation and related revenues:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Province. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province in respect of education taxes. Taxation revenues are recorded at the time tax billings are due. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. An allowance for unresolved assessment appeals is also provided.

### (o) Budget figures:

Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2006 is reflected on the Schedule of Operating Fund Operations.

For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from reserve funds, transfers from the operating fund, by the application of applicable grants or other funds available and by debt financing. As many capital projects are carried out over one or more years, it is not practical to present annualized budget information on the Schedule of Capital Fund Operations.

### (p) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenditures in the consolidated financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

**2. Cash and short-term deposits:**

	2006	2005
Halifax Regional Municipality – Operating Fund	\$ 43,354	\$ 69,924
Commissions, cultural and recreation facilities:		
Operating	6,768	7,162
Capital	6	6
Reserves	18	19
<b>Total</b>	<b>\$ 50,146</b>	<b>\$ 77,111</b>

Cash includes interest bearing accounts and money market instruments with a term to maturity of 90 days or less.

**3. Taxes receivable:**

	2006	2005
Balance, beginning of year	\$ 18,194	\$ 20,683
Current year's levy of property taxes	423,697	391,925
<b>Subtotal</b>	<b>441,891</b>	<b>412,608</b>
Less:		
Current year's collections	414,095	387,290
Reduced taxes	2,893	3,401
Allowance	3,113	3,723
	420,101	394,414
<b>Balance, end of year</b>	<b>\$ 21,790</b>	<b>\$ 18,194</b>

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

#### 4. Accounts receivable:

	2006	2005
Federal Government	\$ 16,472	\$ 3,354
Provincial Government	14,577	12,198
Other receivables	46,601	42,321
	\$ 77,650	\$ 57,873

#### 5. Investments:

Money market instruments include Federal and Provincial Treasury Bills as well as bond residuals, discounted notes of Federal Crown Corporations and instruments of Canadian Financial Institutions, with a term to maturity greater than 90 days.

Government of Canada Bonds have a maturity range from December 1, 2006 to September 1, 2010. The weighted average yield on market value at March 31, 2006 of these bonds is 3.85%. The redeemable non-transferable Province of Nova Scotia Promissory Notes have a maturity range from May 31, 2006 to August 31, 2007 and a weighted average yield at purchase of 3.53%.

	2006		2005	
	Cost	Market value	Cost	Market value
Money market instruments	\$ 80,374	\$ 81,826	\$ 79,898	\$ 81,656
Government of Canada Bonds	21,792	21,522	14,400	14,330
Province of Nova Scotia Promissory Notes	66,800	66,800	107,000	107,000
	\$ 168,966	\$ 170,148	\$ 201,298	\$ 202,986

The market value of the Province of Nova Scotia Promissory Notes is deemed equal to the cost as they are not publicly traded or quoted.

#### 6. Investment in Halifax Regional Water Commission:

The Halifax Regional Water Commission ("HRWC") is a wholly-owned and controlled government business enterprise of the Municipality and is accounted for using the modified equity basis of accounting. The HRWC is responsible for the supply of municipal water to residents of the Halifax Regional Municipality.



## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

**6. Investment in Halifax Regional Water Commission (continued):**

a) The following table provides condensed supplementary financial information for the HRWC:

	2006	2005
<b>Financial Position:</b>		
Current assets	\$ 14,728	\$ 13,366
Capital assets	310,955	304,533
Deferred charges	514	531
<b>Total assets</b>	<b>326,197</b>	<b>318,430</b>
Current liabilities	14,429	14,813
Long term liabilities	65,822	63,598
<b>Total liabilities</b>	<b>80,251</b>	<b>78,411</b>
<b>Net Assets</b>	<b>\$ 245,946</b>	<b>\$ 240,019</b>
<b>Results of Operations:</b>		
Revenues	\$ 34,898	\$ 34,352
Operating expenditures	(25,180)	(23,864)
Financing expenditures	(4,180)	(4,233)
Other income	292	287
Net income before grant in lieu of tax	5,830	6,542
Grant in lieu of tax	(3,435)	(3,278)
<b>Net income</b>	<b>2,395</b>	<b>3,264</b>
Increase in contributed capital surplus	3,532	3,151
Increase in investment and equity	5,927	6,415
Investment and equity, beginning	240,019	233,604
<b>Investment and equity, ending</b>	<b>\$ 245,946</b>	<b>\$ 240,019</b>

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

**6. Investment in Halifax Regional Water Commission (continued):**

b) The following summarizes the Municipality's related party transactions with the HRWC for the year:

	2006	2005
Revenues:		
Grant in lieu of tax	\$ 3,435	\$ 3,278
Expenditures:		
Fire protection charge	7,602	7,447

All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

**7. Accounts payable and accrued liabilities:**

	2006	2005
Trade accounts payable	\$ 56,538	\$ 30,417
Payable to other governments	8,244	13,300
Accrued liabilities	27,050	31,303
	\$ 91,832	\$ 75,020

**8. Employee future benefits - employees' retirement pension plan:**

Employees of the Halifax Regional Municipality participate in the Halifax Regional Municipality Pension Plan (the "HRM Plan"). The HRM Plan is a multi-employer plan administered by the Halifax Regional Municipality Pension Committee (the "Committee"). Other major employers participating in the HRM Plan include the Halifax Regional School Board and Quest. The Committee is comprised of representatives from both management and unions, and is responsible for setting contribution rates for all participating employers. The HRM Plan is funded equally by participating employers and members. Accounting for the HRM Plan under the Municipality's financial statements follows rules for defined contribution pension plans.

The HRM Plan provides a lifetime benefit representing 2% of the member's average earnings over a period of three years times the number of years of membership in the pension plan. Only regular earnings are recognized under the defined benefit provisions of the Plan. The HRM Plan also provides defined contribution benefits, at the option of the member, on the portion of earnings that is overtime and other non-regular earnings.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

### 8. Employee future benefits - employees' retirement pension plan (continued):

The Municipality contributed to the HRM Plan an amount of \$14,722 for the fiscal year ending March 31, 2006 (2005 - \$13,100). Since April 1, 2004, the Municipality and the members are each contributing 8.56% of regular earnings for members participating in the main division of the pension plan. Other contribution rates are in effect for the other divisions of the plan, and for members in public safety occupations.

The last actuarial valuation filed with regulators was at December 31, 2003. The next actuarial valuation is to be filed by December 31, 2006. The interest rate used in the last filed valuation was 7.4% per year. Given the significant reduction in the level of long-term interest rates since the filing of the last valuation, the administrator is considering changing the interest rate to approximately 6.75% in the next actuarial valuation to be filed by December 31, 2006. Actuarial liabilities would increase by approximately \$69,000 at December 31, 2005 if the interest rate assumption was changed to 6.75% per year. The following estimates as at December 31, 2005 are based on the actuarial valuation as at December 31, 2004 extrapolated to December 31, 2005:

Actuarial value of plan assets	\$	889,544
Extrapolated value of accrued pension benefits		846,307
<b>Estimated funding excess (deficit)</b>		<b>\$ 43,237</b>

The main assumptions used in the actuarial valuation of the Plan are as follows:

Interest rate	7.4% per year
Salary increase	3.0% per year plus merit and promotional increases
Retirement age:	60% at the earliest age at which an unreduced pension is payable, the remainder at age 65 (or age 60 for members in Public Safety Occupations)
Mortality:	UP 94 with projections based on scale AA

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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### **8. Employee future benefits - employees' retirement pension plan (continued):**

The actuarial value of net assets and the actuarial present value of accrued pension benefits are presented on the going concern basis. In accordance with the Nova Scotia Pension Benefits Act ("PBA"), a solvency valuation is performed on the Plan, even though the risk of it being wound up is remote. The values of the Plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the Plan were wound up and settled on the valuation date, excluding any provision for future indexing of benefits as provided under PBA regulation 16(1)(a). Further to an amendment to the same Regulation to the PBA effective at the end of 2004, plan sponsors can also exclude from the solvency valuation the value of benefits provided under Section 79 (commonly referred to as the "grow in" provisions) of the PBA. The contribution requirements consider the exclusion of such benefits in the determination of the solvency special payments schedule for 2005 and beyond.

Due to the significant reduction in long-term interest rates since December 31, 2003, the solvency liability under the Plan has increased significantly since December 31, 2003, the date of the last filed actuarial valuation. It is expected that there would be a solvency deficiency at December 31, 2005 if an actuarial valuation was conducted at that date. It is expected that the contribution rates for both members and the participating employers would have to increase significantly at December 31, 2005 if an actuarial valuation was conducted and filed at that date.

### **9. Employee future benefits - retiring allowances and other future benefits:**

The Municipality provides for the payment of retiring allowances to retiring employees in accordance with the terms of the various collective agreements and Municipal policy. The retiring allowance is based on the member's final annual salary and years of service at retirement. On the retirement of a police officer, the Municipality also provides for a lump sum payment to a health trust for the benefit of the retiring member. The amount depends on the level of the officer's sick bank at the time of retirement.

The Municipality continues to pay for its share of the contributions to the Halifax Regional Municipality Pension Plan for members in receipt of benefits from a long-term disability plan sponsored and recognized by the Municipality.

The Municipality also pays lifetime and temporary benefits to former employees who retired from the Municipality under various early retirement programs and arrangements that were in place prior to April 1, 2004.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

### 9. Employee future benefits - retiring allowances and other future benefits (continued):

Actuarial valuations of the above benefits are done for accounting purposes using the projected benefit method prorated on services. The last actuarial valuation of the retiring allowance benefits was conducted as at March 31, 2004, and the results of that actuarial valuation were extrapolated to March 31, 2006. For all other benefits, actuarial valuations were conducted as at March 31, 2005. Key actuarial assumptions used in the valuations were based on the Municipality's best estimates.

A reconciliation of the accrued benefit obligation for these plans follows, along with the main assumptions used for disclosure and expense calculations:

	2006	2005
Accrued benefit obligation at beginning of fiscal year	\$ 26,021	\$ 24,862
Current period benefit cost	1,395	904
Prior period service cost	433	-
Benefit payments	(2,393)	(2,549)
Interest cost	1,289	1,382
Actuarial loss	1,404	1,422
Accrued benefit obligation at end of fiscal year	\$ 28,149	\$ 26,021
Main assumptions used for fiscal year-end disclosure:		
- discount rate	4.50%	5.05%
- salary increase	3.25% plus merit	3.25% plus merit
Main assumptions used for expense calculation:		
- discount rate	5.05%	5.75%
- salary increase	3.25% plus merit	3.25% plus merit

These other employee benefit plans require no contributions from employees. The benefit liability as at March 31 includes the following components:

	2006	2005
Accrued benefit obligation	\$ 28,149	\$ 26,021
Unamortized actuarial loss	(2,705)	(1,422)
Benefit liability recorded in the statement of financial position	\$ 25,444	\$ 24,599

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

### 9. Employee future benefits - retiring allowances and other future benefits (continued):

The unamortized actuarial gains (losses) will be amortized over the expected average remaining service life (EARSL) of the related employee groups starting in the next fiscal year. EARSL is determined separately for each benefit program.

The total expense related to other employee benefits described above includes the following components:

	2006	2005
Current period benefit cost	\$ 1,395	\$ 903
Prior period service cost	433	—
Amortization of actuarial gains	121	—
Other employee benefit expense	1,949	903
Other employee benefit interest expense	1,289	1,382
<b>Total expense related to other employee benefit plans</b>	<b>\$ 3,238</b>	<b>\$ 2,285</b>

### 10. Solid waste management facilities liabilities:

The Nova Scotia Environmental Protection Act sets out the regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the Municipality is required to provide for closure and post-closure care of solid waste landfill sites.

Sackville Landfill:

The Sackville landfill site closed during the year ended March 31, 1997. A closure plan and an environmental audit were completed in 1996. Post closure care activities for this site include perpetual care that is expected to occur until 2017 and will involve the management and monitoring of groundwater, gas and leachate levels, operating and monitoring the leachate treatment plan when necessary, removal of buildings, site cleanup and general site maintenance.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post-closure costs discounted using a long-term borrowing rate of 4.50% and a forecasted inflation rate of 2%.

The estimated present value of future expenditures for closure and post-closure care as at March 31, 2006 is \$18,253 (2005 - \$18,834), of which total expenditures of \$9,913 (2005 - \$8,731), have been made to date, resulting in \$8,340 (2005 - \$10,103), of the liability to still be funded.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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### 10. Solid waste management facilities liabilities (continued):

Sackville Landfill (continued):

In order to help reduce the future impact of these obligations, the Municipality has established a reserve fund for the responsible care of this site. At March 31, 2006 the balance in the reserve is \$7,109 (2005 – \$7,383), and the remaining \$1,231 (2005 – \$2,720), of the liability will be funded from future revenues.

Otter Lake:

The Otter Lake landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 20 years, until the fiscal year ended March 31, 2026.

The site's design consists of nine cell phases with an expected total capacity of 3,600,000 tonnes (2005 – 3,660,000 tonnes). During the year cost estimates were revised due to the earlier than anticipated production of landfill gases requiring an extensive gas collection system, design optimization and enlargement of cells four through nine to increase capacity, and the progressive closure of cells four through nine.

Post closure care activities for this site include perpetual care that is expected to occur until 2045 and will involve the management and monitoring of: groundwater, gas and leachate levels, operating and monitoring the leachate treatment plan when necessary, removal of buildings, site cleanup and general site maintenance.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post-closure costs discounted using a long-term borrowing rate of 4.50% and a forecasted inflation rate of 2%. The liability was adjusted for capacity used of 100% for the closed cells and 12.5% for the remaining cells.

The estimated present value of future expenditures for closure and post-closure care as at March 31, 2006 is \$11,562 (2005 – \$10,212), of which total expenditures of \$7,986 (2005 - \$7,603), have been made to date resulting in \$3,576 (2005 - \$2,609), of the liability still to be funded.

In order to help reduce the future impact of these obligations, the Municipality has established a reserve fund for the responsible care of this site. At March 31, 2006 the balance in the reserve is \$2,797 (2005 - \$863), and the remaining \$779 (2005 - \$1,746), of the liability will be funded from future revenues.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

### 11. Obligations under capital leases:

Future minimum payments including interest at March 31, 2006 are as follows:

	2006	2005
2006	\$ —	\$ 2,089
2007	378	2,186
2008	13	1,870
2009	—	1,857
2010	—	1,857
2011	—	1,857
2012 to 2055	—	77,806
	391	89,522
Less interest (2006 - nil) (2005 - at rates ranging from 3.2% to 12.125%)	—	(73,295)
Present value of minimum future capital lease payments	\$ 391	\$ 16,227

In August 2005 the Municipality purchased the building known as Alderney Gate located in Dartmouth, Nova Scotia. As a result of this purchase, capital lease obligations related to this facility have been extinguished.

### 12. Long-term debt:

The schedule of long-term debt attached to the consolidated financial statements details the various terms and conditions related to the long-term debt (see page 23).

Principal payments required in each of the next five years on debt held as at March 31, 2006 are as follows:

2007		\$ 47,969
2008		47,539
2009		48,420
2010		41,179
2011		30,929



## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

### 13. Amounts to be recovered:

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	2006	2005
Amounts to be recovered from future revenues:		
Landfill closure and post closure	\$ 2,010	\$ 4,466
Employee benefits	2,816	2,910
Accrued interest on debt	4,803	5,302
	9,629	12,678
Amounts to be recovered from reserve funds on hand:		
Landfill closure and post closure	9,906	8,246
<b>Total</b>	<b>\$ 19,535</b>	<b>\$ 20,924</b>

### 14. Fund balances:

Fund balances at the end of the year reported on the Consolidated Statement of Financial Position are comprised of:

	2006	2005
Halifax Regional Municipality:		
Operating Fund	\$ (5,069)	\$ (6,924)
Capital Fund	(322,379)	(291,479)
Equipment Reserve Fund	60,170	79,382
Capital Reserve Fund	54,456	58,133
Commissions, cultural and recreation facilities	(925)	(1,193)
	(213,747)	(162,081)
Equity in Halifax Regional Water Commission	245,946	240,019
	<b>\$ 32,199</b>	<b>\$ 77,938</b>

### 15. Commitments:

- (a) The Municipality and its consolidated entities rent facilities under several long-term operating leases with aggregate annual payments for the next five years approximating \$3.7 million (2005 - \$3.7 million).
- (b) The Municipality has entered into several long-term contracts for waste resources operations, with aggregate annual payments for the next five years approximating \$38 million (2005 - \$29 million).

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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### 15. Commitments (continued):

- (c) The Municipality has entered into three long-term contracts for construction of Sewage Treatment Plants, Sewage Collection Systems, and a Biosolids Processing Facility within the Harbour Solutions Capital Projects. Based on the financing model for these projects, anticipated future annual payments under these contracts are: 2007 - \$106,140; 2008 - \$40,010; 2009 - \$2,060. Debt of \$130,000 was approved in previous years, which will be repaid over the next 19 years through the Environmental Protection Levy.

### 16. Contingencies:

- (a) As of March 31, 2006 there are a number of claims against the Municipality and its consolidated entities in varying amounts and for which provisions have been made in these financial statements, as appropriate. It is not possible to determine the amounts that may ultimately be assessed against the Municipality with respect to these claims, but management believes that any such amounts would not have a material impact on the financial position of the Municipality.
- (b) The Municipality is the plaintiff in various proceedings, which have arisen, in the normal course of carrying on its operations. It is not possible at this time to determine the amounts the Municipality may receive with respect to these claims.
- (c) The Municipality guarantees the debt issues of the Halifax Regional Water Commission for the Lake Major Facility, to a maximum of \$57 million. As at March 31, 2006 this outstanding debt was \$44.3 million (2005 - \$46.4 million), with maturity dates ranging from 2007 to 2019.

### 17. Financial instruments:

- (a) Fair values:

The fair value of the Municipality's financial instruments that are comprised of cash and short-term deposits, taxes receivable, accounts receivable, loans, deposits and advances, accounts payable and accrued liabilities, accrued interest on long-term debt and deferred revenue approximate their carrying value due to their short-term nature.

The market value of investments is disclosed in note 5.

It is not practical to determine the fair value of the investment in Halifax Regional Water Commission due to the lack of market information available.

## HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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### 17. Financial instruments (continued):

The fair value of long-term debt is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(b) Credit risk:

The Municipality is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing with only credit worthy counterparties.

### 18. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2006 are \$5.5 million (2005 - \$5.2 million).

### 19. Transfers to provincial boards and commissions:

(a) The Metropolitan Regional Housing Authority:

The Municipality shared in the operations of the Authority in the amount of \$2.2 million (2005 - \$2.1 million).

(b) Assessment Services:

The Municipality is required to pay a share of the cost of operating the provincial assessment system based on the total provincial assessment cost times the average of the Municipality's share of the Uniform Assessment and the Municipality's share of assessment accounts. For the year ended March 31, 2006, the Municipality's share of these costs was \$5.4 million (2005 - \$4.5 million).

## **HALIFAX REGIONAL MUNICIPALITY**

Notes to Consolidated Financial Statements

Year ended March 31, 2006  
(In thousands of dollars)

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### **19. Transfers to provincial boards and commissions (continued):**

(c) Correctional Services:

Municipalities in Nova Scotia are required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by Provincial formula. For the year ended March 31, 2006, the Municipality's contribution for these costs was \$7.3 million (2005 - \$7.1 million).

(d) The Halifax Regional School Board:

The Municipality provided a mandatory contribution in the amount of \$78.3 million (2005 - \$72.6 million) and supplementary contributions of \$20.8 million (2005 - \$20.8 million) to the Halifax Regional School Board.

## HALIFAX REGIONAL MUNICIPALITY

Schedule of Remuneration of Members of Council and Chief Administrative Officer

Year ended March 31, 2006  
(In thousands of dollars)

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Council members:		
P. Kelly, Mayor	\$	127
L. Goucher, Deputy Mayor		56
R. Walker, Deputy Mayor		55
S. Adams		53
S. Fougere		53
R. Harvey		53
D. Hendsbee		53
D. Hum		53
B. Johns		53
B. Karsten		53
R. Kent		53
G. McCluskey		53
H. McInroy		53
G. Meade		53
L. Mosher		53
P. Murphy		53
R. Rankin		53
D. Sloane		53
J. Smith		53
K. Snow		53
S. Streach		53
S. Uteck		53
M. Wile		53
A. Younger		53
Chief Administrative Officer:		
Dan English, Chief Administrative Officer		71
George McLellan, Chief Administrative Officer		95

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## HALIFAX REGIONAL MUNICIPALITY

### Schedule of Long-term Debt

Year ended March 31, 2006  
(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31 2005	Issued	Redeemed	Balance March 31 2006
<b>General:</b>							
66C	40	6.25	2006 \$	50	\$ -	25	\$ 25
67A	40	6.50	2007	76	-	38	38
				126	-	63	63
<b>C.M.H.C.:</b>							
66E	40	5.13	2006	41	-	41	-
79B	30	6.25	2009	9	-	1	8
				50	-	42	8
<b>M.F.C.:</b>							
85-A-1	20	12.50	2005	38	-	38	-
95-A-1	10	8.25/9.125	2005	500	-	500	-
95-A-1	10	6.875/8.125	2005	2,975	-	2,975	-
95-B-1	10	6.875/8.125	2005	1,200	-	1,200	-
96-A-1	10	5.5/8.0	2006	3,299	-	458	2,841
96-B-1	10	4.75/7.5	2006	300	-	150	150
97-A-1	10	4.5/7	2007	16,452	-	5,484	10,968
97-B-1	10	4.25/6.25	2007	4,170	-	1,390	2,780
98-A-1	10	5.0/5.5	2008	14,000	-	3,500	10,500
98-B-1	10	4.625/5.625	2008	23,313	-	4,328	18,985
99-A-1	10	4.75/5.375	2009	16,376	-	1,725	14,651
99-B-1	10	5.75/6.75	2009	15,000	-	3,000	12,000
00-A-1	10	6.25/6.875	2010	8,700	-	1,450	7,250
00-B-1	10	5.875/6.375	2010	9,290	-	1,178	8,112
01-A-1	10	4.375/6.250	2011	11,410	-	1,630	9,780
01-B-1	10	3.125/6.0	2011	6,943	-	992	5,951
02-A-1	10	3.375/6.125	2012	19,550	-	2,443	17,107
02-B-1	10	3.25/5.625	2012	9,903	-	1,238	8,665
03-A-1	10	3.50/5.375	2013	34,943	-	3,883	31,060
03-B-1	10	2.75/5.00	2013	3,807	-	423	3,384
04-A-1	10	2.55/5.45	2014	19,800	-	1,842	17,958
04-B-1	10	3.195/5.05	2014	23,171	-	2,317	20,854
24-HBR-1	20	2.84/5.94	2024	110,000	-	5,500	104,500
05-A-1	10	2.97/4.56	2015	-	23,000	-	23,000
05-B-1	15	3.63/4.83	2020	-	36,380	-	36,380
				355,140	59,380	47,644	366,876
<b>Federation of Canadian Municipalities:</b>							
GMIF-1599	10	1.33/3.127	2014	20,000	-	1,000	19,000
<b>Misc.:</b>							
5% stock Permanent		5.0	-	2	-	-	2
<b>Sackville Landfill Trust:</b>							
Acadia School	20	7	2018	799	-	38	761
				\$376,117	\$59,380	\$48,787	\$386,710

## HALIFAX REGIONAL MUNICIPALITY

### Schedule of Operating Fund Operations By Function and Change in Fund Balances

March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2006	2005
	Budget	Actual	Actual
<b>Revenues:</b>			
Taxation	\$ 454,425	\$ 457,916	\$ 432,689
Less: amounts received for the School Board	(99,112)	(99,112)	(93,373)
	355,313	358,804	339,316
Taxation from other governments	21,142	21,297	21,052
User fees and charges	70,799	77,760	72,138
Government grants	10,015	10,557	10,219
Investment income	4,693	7,582	6,301
Penalties, fines and interest	2,150	2,381	2,102
Grant in lieu of tax from Halifax Regional Water Commission	3,478	3,435	3,278
	467,590	481,816	454,406
<b>Expenditures:</b>			
Operating:			
General government	83,718	77,430	74,058
Protective services	123,556	126,243	120,609
Transportation services	94,685	95,257	92,730
Environmental services	45,670	44,891	42,951
Social housing services	2,107	2,024	1,906
Recreation and cultural services	43,463	44,576	46,869
Planning and development	9,053	9,620	10,372
	402,252	400,041	389,495
Net revenues	65,338	81,775	64,911
Financing and transfers:			
Transfers to capital fund	(25,079)	(31,232)	(21,746)
Transfers from (to) reserves funds	610	(9,450)	(2,909)
Transfers to recreation, commissions, cultural and other	(382)	(426)	(378)
Debt principal repayment	(38,150)	(39,161)	(37,540)
Net financing and transfers	(63,001)	(80,269)	(62,573)
Increase (decrease) in amounts to be recovered	-	(593)	3
Increase in non-financial assets	-	942	313
Change in fund balance	2,337	1,855	2,654
Fund balance, beginning of year		(6,924)	(9,578)
Fund balance, end of year		\$ (5,069)	\$ (6,924)

## HALIFAX REGIONAL MUNICIPALITY

### Schedule of Operating Fund Operations By Object and Change in Fund Balance

March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2006	2005
	Budget	Actual	Actual
<b>Revenues:</b>			
Taxation	\$ 454,425	\$ 457,916	\$ 432,689
Less: amounts received for the School Board	(99,112)	(99,112)	(93,373)
	355,313	358,804	339,316
Taxation from other governments	21,142	21,297	21,052
User fees and charges	70,799	77,760	72,138
Government grants	10,015	10,557	10,219
Investment income	4,693	7,582	6,301
Penalties, fines and interest	2,150	2,381	2,102
Grant in lieu of tax from Halifax Regional Water Commission	3,478	3,435	3,278
	467,590	481,816	454,406
<b>Expenditures:</b>			
Operating:			
Salaries, wages and benefits	211,369	215,161	203,009
Interest on long-term debt	12,995	12,729	13,252
Materials, goods, supplies and utilities	30,795	32,522	30,448
Contracted services	63,243	64,635	65,649
Other	66,708	57,202	59,403
External transfers	17,142	17,792	17,734
	402,252	400,041	389,495
Net revenues	65,338	81,775	64,911
Financing and transfers:			
Transfers to capital fund	(25,079)	(31,232)	(21,746)
Transfers from (to) reserves funds	610	(9,450)	(2,909)
Transfers to recreation, commissions, cultural and other	(382)	(426)	(378)
Debt principal repayment	(38,150)	(39,161)	(37,540)
Net financing and transfers	(63,001)	(80,269)	(62,573)
Increase (decrease) in amounts to be recovered	--	(593)	3
Increase in non-financial assets	--	942	313
Change in fund balance	2,337	1,855	2,654
Fund balance, beginning of year		(6,924)	(9,578)
Fund balance, end of year		\$ (5,069)	\$ (6,924)



## HALIFAX REGIONAL MUNICIPALITY

### Schedule of Capital Fund Operations and Change in Fund Balance

Year ended March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
	Actual	Actual
<b>Revenues:</b>		
User fees and charges	\$ 430	\$ 560
Government grants	24,309	15,449
	24,739	16,009
<b>Expenditures:</b>		
Capital:		
General government	20,550	5,660
Protective services	4,894	5,879
Transportation services	52,038	47,708
Environmental services	110,577	58,868
Recreation and cultural services	10,893	18,392
Planning and development	3,420	6,274
	202,372	142,781
Net expenditures	(177,633)	(126,772)
Financing and transfers:		
Transfers from operating fund	31,232	21,746
Transfers from reserves funds	76,154	57,054
Transfers to recreation, commissions, cultural and other	(167)	(114)
Debt principal borrowings	40,360	38,947
Net financing and transfers	147,579	117,633
Decrease in amounts to be recovered	(796)	(4,447)
Increase (decrease) in non-financial assets	(50)	70
Change in fund balance	(30,900)	(13,516)
Fund balance, beginning of year	(291,479)	(277,963)
Fund balance, end of year	\$ (322,379)	\$ (291,479)

## HALIFAX REGIONAL MUNICIPALITY

### Schedule of Reserve Funds and Change in Fund Balances

March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
	Actual	Actual
<b>Revenues:</b>		
User fees and charges	\$ 9,164	\$ 1,333
Development levies	41,416	37,727
Investment income	3,157	2,241
Sale of properties	6,189	9,098
	59,926	50,399
<b>Expenditures:</b>		
Operating:		
General government	–	469
Protective services	–	53
Environmental services	7,725	4,853
Recreation and cultural services	690	395
	8,415	5,770
Capital:		
General government	7,696	393
Recreation and cultural services	–	49
	7,696	442
<b>Total expenditures</b>	<b>16,111</b>	<b>6,212</b>
<b>Net revenues</b>	<b>43,815</b>	<b>44,187</b>
Financing and transfers:		
Transfers from operating fund	9,450	2,909
Transfers to capital fund	(76,154)	(57,054)
<b>Net financing and transfers</b>	<b>(66,704)</b>	<b>(54,145)</b>
<b>Change in fund balances</b>	<b>(22,889)</b>	<b>(9,958)</b>
<b>Fund balances, beginning of year</b>	<b>137,515</b>	<b>147,473</b>
<b>Fund balances, end of year</b>	<b>\$ 114,626</b>	<b>\$ 137,515</b>

## HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Recreation, Commissions, Cultural and Other Funds and Changes in Fund Balances

March 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
	Actual	Actual
<b>Revenues:</b>		
User fees and charges	\$ 24,695	\$ 19,705
Government grants	150	-
Investment income	10	11
	24,855	19,716
<b>Expenditures:</b>		
Operating:		
General government	31	(10)
Recreation and cultural services	23,129	18,095
	23,160	18,085
Capital:		
General government	11	19
Recreation and cultural services	1,207	766
	1,218	785
<b>Total expenditures</b>	<b>24,378</b>	<b>18,870</b>
<b>Net revenues</b>	<b>477</b>	<b>846</b>
Financing and transfers:		
Transfers from operating fund	426	378
Transfers from capital fund	167	114
Debt principal repayment	(1,199)	(1,407)
<b>Net financing and transfers</b>	<b>(606)</b>	<b>(915)</b>
<b>Increase (decrease) in non-financial assets</b>	<b>397</b>	<b>(23)</b>
<b>Change in fund balances</b>	<b>268</b>	<b>(92)</b>
<b>Fund balances, beginning of year</b>	<b>(1,193)</b>	<b>(1,101)</b>
<b>Fund balances, end of year</b>	<b>\$ (925)</b>	<b>\$ (1,193)</b>