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Halifax Regional Council
December 6, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: *for* *Chris Newton*
Councillor Len Goucher, Chair Audit Committee

DATE: November 23, 2005

SUBJECT: Consolidated Audited Financial Statements, March 31, 2005

ORIGIN

Fourth quarter report to Council July 5, 2005 and Audit Committee meetings of October 31 and November 23, 2005.

RECOMMENDATION

It is recommended that:

The Halifax Regional Municipality's consolidated audited financial statements for the year ended March 31, 2005 be approved, and that the Mayor and Municipal Clerk be authorized to sign the financial statements on behalf of Council.

BACKGROUND

Presentation of the annual financial results for HRM has traditionally been in accordance with the accounting principles as set out in the Service Nova Scotia and Municipal Relations Municipal Accounting and Reporting Manual (MARM). These were special purpose financial statements, following specific requirements as outlined by the Province for the annual calculation of the tax rate, in accordance with the balanced budget legislation, and then measuring actual results against this budget.

Originally, the principles by which municipalities prepared these *special purpose* financial reports were strictly cash based i.e. how much needed to be raised in a fiscal year to meet the cash outlays of the year. *General purpose* financial statements are prepared on the basis of full accrual where the effect of transactions and events are recognized in the period in which the transaction or event occurs, regardless of whether there has been a receipt or payment of cash. Over time, the special purpose principles in MARM have evolved to what has been referred to a modified accrual basis which is defined as full accrual except for the accrued interest on long-term debt. However, the financial results as presented in compliance with MARM are still special purpose, that is for the annual calculation of the tax rate and measurement of actual results against the balanced budget derived from that rate calculation.

It was recommended to and approved by Council on July 6, 2004 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, lead to this recommendation and approval. Internally, general purpose statements would improve the comparability with other Canadian municipalities and as HRM was reviewing options to move to a broader debt funding base, 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 and Service Nova Scotia and Municipal Relations continues to review changes to MARM to make it 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 will continue 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 5, 2005 for the fiscal year ended March 31, 2005.

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 \$57.0 million (2004 - \$67.1 million) made up of total fund balances of \$77.9 million (2004 - \$92.4 million) less amounts to be recovered in the future of \$20.9 million (2004 - \$25.3 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 October 31 and November 23 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 \$339,000 as identified in the fourth quarter report to Council, is carried forward to the 2005/06 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, 2005.

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: Pam Caswill, CA, Manager, Corporate Reporting & Financial Policies 490-7193

Report Approved by: 
S. Dale MacLennan, CA, Director, Finance 490-6308

Draft
12/1/2005

Consolidated Financial Statements of

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2005

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, 2005 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, 2005 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 7, 2005

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

Year ended March 31, 2005, with comparative figures for 2004
(In thousands of dollars)

	2005	2004 (Restated note 2)
Financial Assets		
Cash and short-term deposits (note 3)	\$ 77,111	\$ 81,639
Taxes receivable (note 4)	18,194	20,683
Accounts receivable (note 5)	57,873	53,842
Loans, deposits, and advances	2,666	3,639
Investments (note 6)	201,298	68,369
Investment in Halifax Regional Water Commission (note 7)	240,019	233,604
	597,161	461,776
Liabilities		
Accounts payable and accrued liabilities (note 8)	75,020	64,700
Accrued interest on long-term debt	5,302	5,097
Deferred revenue	40,959	33,870
Employee future benefits (note 9 and 10)	24,599	24,862
Solid waste management facilities liabilities (note 11)	12,712	17,159
Obligations under capital lease (note 12)	16,227	14,356
Long term debt (note 13)	376,117	245,094
	550,936	405,138
Net Financial Assets	46,225	56,638
Non-Financial Assets:		
Inventory and prepaid expenses	10,789	10,429
Net Assets	\$ 57,014	\$ 67,067
Municipal Position		
Amounts to be recovered (note 14)	\$ (20,924)	\$ (25,368)
Fund balances: (note 15)		
Operating funds	(8,069)	(10,679)
Capital funds	(300,248)	(288,048)
Reserve funds	146,236	157,558
Equity in Halifax Regional Water Commission	240,019	233,604
	77,938	92,435
Commitments (note 17)		
Contingencies (note 18)		
Subsequent event (note 19)		
Total Municipal Position	\$ 57,014	\$ 67,067

See accompanying notes to consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Activities

March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2004
		(Restated note 2)
Revenues:		
Taxation	\$ 432,689	\$ 408,600
Less amounts received for the School Board (note 21)	(93,373)	(88,446)
	339,316	320,154
Taxation from other governments	21,052	21,528
User fees and charges	93,736	92,424
Government grants	25,668	18,708
Development levies	37,727	34,616
Investment income	8,553	7,123
Penalties, fines and interest	2,102	2,370
Sale of properties	9,098	7,073
Grant in lieu of tax from Halifax Regional Water Commission	3,278	3,090
	540,530	507,086
Expenditures:		
Operating:		
General government	74,517	67,564
Protective services	120,662	115,935
Transportation services	92,730	85,293
Environmental services	47,804	45,906
Social housing services	1,906	2,030
Recreation and cultural services	65,359	60,096
Planning and development	10,372	8,771
	413,350	385,595
Capital:		
General government	6,072	3,830
Protective services	5,879	10,276
Transportation services	47,708	27,577
Environmental services	58,868	29,903
Recreation and cultural services	19,207	12,285
Planning and development	6,274	2,436
	144,008	86,307
	557,358	471,902
Net revenues (expenditures) before the following	(16,828)	35,184
Increase in equity in Halifax Regional Water Commission (note 7)	6,415	8,307
Extraordinary item – Hurricane Juan (note 16)	–	(2,260)
Net revenues (expenditures) and increase in net financial assets	(10,413)	41,231
Increase (decrease) in amounts to be recovered	(4,444)	144
Increase in non-financial assets	360	186
Change in fund balances	(14,497)	41,561
Fund balances, beginning of year	92,435	50,874
Fund balances, end of year	\$ 77,938	\$ 92,435

See accompanying notes to consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2004
		(Restated note 2)
Cash provided by (used in):		
Operating activities:		
Net revenues (expenditures)	\$ (10,413)	\$ 41,231
Less increase in equity in Halifax Regional Water Commission	(6,415)	(8,307)
	(16,828)	32,924
Change in non-cash items:		
Decrease (increase) in taxes receivable	2,489	(4,141)
Increase in accounts receivable	(4,031)	(18,508)
Decrease (increase) in loans, deposits and advances	973	(54)
Increase in accounts payable and accrued liabilities	10,320	19,340
Increase (decrease) in accrued interest on long-term debt	205	(124)
Increase in deferred revenue	7,089	6,048
Decrease in employee future benefits	(263)	(215)
Decrease in solid waste management facilities liabilities	(4,447)	(2,844)
Net change in cash from operating activities	(4,493)	32,426
Investing activities:		
Increase in investments	(132,929)	(25,244)
Financing activities:		
Issuance of long-term debt	172,971	43,056
Principal payments on long-term debt	(41,948)	(37,316)
Issuance of obligations under capital lease	2,356	-
Principal payments under capital lease	(485)	(338)
	132,894	5,402
Net change in cash and short-term deposits	(4,528)	12,584
Cash and short-term deposits, beginning of year	81,639	69,055
Cash and short-term deposits, end of year	\$ 77,111	\$ 81,639

See accompanying notes to consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements of the Halifax Regional Municipality (the "Municipality") 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 (formerly the Capital District East Business Commission)
 - Quinpool Road Mainstreet District Association Limited
 - Sackville Drive Business Association
 - District 18 (Spryfield) Business and Development Association

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

1. Significant accounting policies (continued):

(c) School boards:

The assets, liabilities, taxation and other revenues and expenditures with respect to the operations of the school boards 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) 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. Under the modified equity basis, 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.

(e) 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 20).

(f) 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.

(g) 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; 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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

1. Significant accounting policies (continued):

(h) Investments:

Short-term deposits and investments are recorded at cost, adjusted for amortization of premiums or discounts and are pursuant to 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 reserves 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) 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.

(n) Budget figures:

Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2005 is reflected on the Schedule of Operating Fund Operations.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

1. Significant accounting policies (continued):

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. During 2005, Council approved transfers from the Operating Fund in the amount of \$19,400 (2004 - \$23,000) and from reserves and reserve funds totaling \$59,200 (2004 - \$18,600). 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.

(o) 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.

2. Change in accounting policies:

Effective April 1, 2004, the Municipality adopted the accounting policies established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Prior to adoption of the accounting policies established by PSAB, the consolidated financial statements were prepared in accordance with the accounting principles as prescribed for Nova Scotia municipalities and their committees, boards and authorities by regulations made pursuant to Section 451 of the Municipal Government Act by Service Nova Scotia and Municipal Relations ("SNSMR). The regulations are being reviewed by SNSMR such that municipalities and their committees, boards and authorities can comply with PSAB, without being in violation of the legislation; therefore, the Municipality has adopted PSAB.

The Municipality has adopted the new accounting policies established by PSAB, retroactively, restating the financial statements of the prior periods.

As a result of the new accounting policies adopted by the Municipality, the financial statements have been prepared on a consolidated basis, and as noted in note 1(g) and (i), the revenues and expenditures have been recorded on a full accrual basis and capital assets have been expensed in the year of acquisition.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

3. Cash and short-term deposits:

	2005	2004
Halifax Regional Municipality – Operating Fund	\$ 69,924	\$ 72,526
Commissions, cultural and recreation facilities:		
Operating	7,162	7,649
Capital	6	42
Reserves	19	1,422
	<u>7,187</u>	<u>9,113</u>
Total	\$ 77,111	\$ 81,639

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

4. Taxes receivables:

	2005	2004
Balance, beginning of year	\$ 20,683	\$ 16,542
Current year's levy of property taxes	391,925	377,968
Subtotal	412,608	394,510
Less:		
Current year's collections	387,290	367,950
Reduced taxes	3,401	3,353
Allowance	3,723	2,524
	<u>394,414</u>	<u>373,827</u>
Balance, end of year	\$ 18,194	\$ 20,683

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

5. Accounts receivable:

	2005	2004
Federal Government	\$ 3,354	\$ 5,745
Provincial Government	12,198	11,374
Other receivables	42,321	36,723
	\$ 57,873	\$ 53,842

6. 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, 2009. The weighted average yield on market value at March 31, 2005 of these bonds is 3.4%. The Redeemable Non-Transferable Province of Nova Scotia Promissory Notes have a maturity range from August 31, 2005 to August 31, 2007 and a weighted average yield at purchase of 3.28%.

	2005		2004	
	Cost	Market value	Cost	Market value
Money market instruments	\$ 79,898	\$ 81,656	\$ 68,369	\$ 70,264
Government of Canada Bonds	14,400	14,330	-	-
Province of Nova Scotia Promissory Notes	107,000	107,000	-	-
	\$ 201,298	\$ 202,986	\$ 68,369	\$ 70,264

7. Investment in Halifax Regional Water Commission:

The Halifax Regional Water Commission 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, 2005
(In thousands of dollars)

7. Investment in Halifax Regional Water Commission (continued):

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

	2005	2004
Financial Position:		
Current assets	\$ 13,366	\$ 14,987
Capital assets	304,533	296,716
Deferred charges	531	1,309
Total assets	318,430	313,012
Current liabilities	14,813	12,572
Long term liabilities	63,598	66,836
Total liabilities	78,411	79,408
Net Assets	\$ 240,019	\$ 233,604
Results of Operations:		
Revenues	\$ 34,352	\$ 32,784
Operating expenditures	(23,864)	(23,501)
Financing expenditures	(4,233)	(4,862)
Other income	287	1,039
Net income before grant in lieu of tax	6,542	5,460
Grant in lieu of tax	(3,278)	(3,090)
Net income	3,264	2,370
Increase in contributed capital surplus	3,151	4,665
Appropriation for long-term debt repayments	-	1,272
Increase in investment and equity	6,415	8,307
Investment and equity, beginning	233,604	225,297
Investment and equity, ending	\$ 240,019	\$ 233,604

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

7. Investment in Halifax Regional Water Commission (continued):

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

	2005	2004
Revenues:		
Grant in lieu of tax	\$ 3,278	\$ 3,090
Expenditures:		
Fire protection charge	7,447	7,390

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.

8. Accounts payable and accrued liabilities:

	2005	2004
Trade accounts payable	\$ 30,417	\$ 26,537
Payable to other governments	13,300	12,896
Accrued liabilities	31,303	25,267
	\$ 75,020	\$ 64,700

9. Employee future benefits - employees' retirement pension plan:

Employees of the Halifax Regional Municipality participate in the Halifax Regional Municipality Pension Plan (the "Plan"). The 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 of members over a period of three years times 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, 2005
(In thousands of dollars)

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

The Municipality contributed to the HRM Plan an amount of \$13,100 for the fiscal year ending March 31, 2005 (2004 - \$9,700). 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 of the Plan filed with the regulators was dated December 21, 2003. An extrapolation of the results of the actuarial valuation to December 31, 2004 follows:

Actuarial value of plan assets	\$	842,480
Extrapolated value of accrued pension benefits		791,417
<hr/>		
Estimated funding excess (deficit)	\$	51,063

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

Interest rate	7.4% per year
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Salary increase	3.0% per year plus merit and promotional increases
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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)
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Mortality:	UP 94 with projections based on scale AA

The Plan also has a solvency deficiency as defined under the Nova Scotia Pension Benefits Act of \$28,982 as at December 31, 2003. The solvency deficiency is being funded through the above contribution rates from participating employers and members in accordance with the terms of the Plan and the Pension Benefits Act.

10. 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 Municipality 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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

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

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 this fiscal year.

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, 2005. 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:

	2005	2004
Accrued benefit obligation at beginning of fiscal year	\$ 24,862	\$ 25,077
Current period benefit cost	904	854
Benefit payments	(2,549)	(2,465)
Interest cost	1,382	1,396
Actuarial loss	1,422	-
Accrued benefit obligation at end of fiscal year	26,021	24,862
Main assumptions used for fiscal year-end disclosure:		
- discount rate	5.05%	5.75%
- salary increase	3.25% plus merit	3.25% plus merit
Main assumptions used for expense calculation:		
- discount rate	5.75%	5.75%
- salary increase	3.25% plus merit	3.25% plus merit

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

	2005	2004
Accrued benefit obligation	\$ 26,021	\$ 24,862
Unamortized actuarial loss	(1,422)	-
Benefit liability recorded in the statement of financial position	\$ 24,599	\$ 24,862

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

10. 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 and is equal to an average of 12 years.

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

	2005	2004
Current period benefit cost	\$ 903	\$ 854
Amortization of actuarial gains (losses)	-	-
Other employee benefit expense	903	854
Other employee benefit interest expense	1,382	1,396
Total expense related to other employee benefit plans	\$ 2,285	\$ 2,250

11. 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 5.05% and a forecasted inflation rate of 3%.

The estimated present value of future expenditures for closure and post-closure care as at March 31, 2005 is \$18,834 of which total expenditures of \$8,731 have been made to date, resulting in \$10,103 of the liability to still 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, 2005 the balance in the reserve is \$7,383 and the remaining \$2,720 of the liability will be funded from future revenues.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

11. Solid waste management facilities liabilities (continued):

Otter Lake:

The Otter Lake landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 19 years, until the fiscal year ended March 31, 2024.

The site's design consists of nine cell phases with an expected total capacity of 3,660,000 tonnes (2004 – 3,240,000 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 5.05% and a forecasted inflation rate of 3%. The liability was adjusted for capacity used of 100% for the closed cells and 4.36% for the remaining cells.

The estimated present value of future expenditures for closure and post-closure care as at March 31, 2005 is \$10,212 of which total expenditures of \$7,603 have been made to date resulting in \$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, 2005 the balance in the reserve is \$863 and the remaining \$1,746 of the liability will be funded from future revenues.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

12. Obligations under capital leases:

Future minimum payments including interest at March 31, 2005 are as follows:

2006	\$ 2,089
2007	2,186
2008	1,870
2009	1,857
2010	1,857
2011 to 2055	79,663
	<hr/>
	89,522
Less interest (at rates ranging from 3.2% to 12.125%)	(73,295)
	<hr/>
Present value of minimum future capital lease payments	\$ 16,227

13. Long-term debt:

The schedule attached to the consolidated financial statements details the various terms and conditions related to the long-term debt.

Principal payments required in each of the next five years on debt held as at March 31, 2005 are as follows:

2006	\$ 48,787
2007	45,836
2008	42,785
2009	43,666
2010	36,425

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

14. Amounts to be recovered:

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

	2005	2004
Amounts to be recovered from future revenues:		
Landfill closure and post closure	\$ 4,466	\$ 7,587
Employee benefits	2,910	3,112
Accrued interest on debt	5,302	5,097
	12,678	15,796
Amounts to be recovered from reserve funds on hand:		
Landfill closure and post closure	8,246	9,572
Total	\$ 20,924	\$ 25,368

15. Fund balances:

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

	2005	2004
Halifax Regional Municipality:		
Operating Fund	\$ (6,924)	\$ (9,578)
Capital Fund	(291,479)	(277,963)
Equipment Reserve Fund	79,382	100,384
Capital Reserve Fund	58,133	47,089
Commissions, cultural and recreation facilities	(1,193)	(1,101)
	(162,081)	(141,169)
Equity in Halifax Regional Water Commission	240,019	233,604
	\$ 77,938	\$ 92,435

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

16. Hurricane Juan:

On September 28, 2003, Hurricane Juan, a category 2 storm, hit central Nova Scotia passing directly over Halifax Regional Municipality and a state of emergency was declared. In addition to the large cleanup effort and emergency response required, the Municipality suffered significant damage to its critical infrastructure. Clean-up costs to March 31, 2005 have totaled \$21,800 (2004 - \$11,700). Costs associated with the clean up are being recovered through insurance claims, charitable donations, Disaster Financial Assistance Agreement (DFAA), and the overall operating budget. Estimated recoveries of \$17,200 (2004 - \$9,400) from insurance, charitable donations and the DFAA have been accrued in the financial statements relative to the \$21,800 in costs incurred to the financial statement date for a net impact on the operating budget of \$4,600. During the current year net costs which have been incurred are included in individual department expenditures.

17. 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 (2004 - \$3.2 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 \$29 million (2004 - \$28 million).
- (c) The Municipality has entered into two long-term contracts for construction of the Sewage Treatment Plants and Collection systems within the Harbour Solutions Capital Projects. Based on the financing model for these projects, anticipated future annual payments under these contracts are: 2006 - \$116,500; 2007 - \$66,800; 2008 - \$38,400. Debt of \$130,000 has been approved which will be repaid over twenty years through the Environmental Protection Levy.

18. Contingencies:

- (a) As of March 31, 2005 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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

18. Contingencies (continued):

- (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, 2005 this outstanding debt was \$46.4 million (2004 - \$48.4 million), with maturity dates ranging from 2007 to 2019.

19. Subsequent event:

In August 2005, the Municipality entered into an agreement with Sun Life Assurance Company to purchase the building known as Alderney Gate located in Dartmouth, Nova Scotia for an approximate cost of \$23 million. The purchase will be financed through the regular issuance of debentures.

As a result of this purchase, capital lease obligations related to this facility were extinguished as of August 2005. A revised schedule of future minimum payments related to the remaining capital lease obligations including interest, is as follows:

2006	\$	1,008
2007		508
2008		143
2009		130
2010		130
2011 to 2014		455
		<hr/>
		2,374
Less interest (at rates ranging from 3.2% to 12.125%)		(534)
		<hr/>
	\$	1,840

20. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2005 are \$5.2 million (2004 - \$5.4 million).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

21. 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 \$2.1 million (2004 - \$2.2 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, 2005, the Municipality's share of these costs was \$4.5 million (2004 - \$4.4 million).

(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, 2005, the Municipality's contribution for these costs was \$7.1 million (2004 - \$6.8 million).

(d) The Halifax Regional School Board:

The Municipality provided a mandatory contribution in the amount of \$72.6 million (2004 - \$67.6 million) and supplementary contributions of \$20.8 million (2004 - \$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, 2005
(In thousands of dollars)

Council members:		
P. Kelly, Mayor	\$	109
L. Goucher, Deputy Mayor		47
S. Streach, Former Deputy Mayor		51
S. Adams		43
J. Blumenthal		22
R. Cooper		22
J. Cunningham		22
S. Fougere		41
R. Harvey		44
D. Hendsbee		44
B. Hetherington		23
D. Hum		44
B. Johns		44
B. Karsten		22
R. Kent		22
G. McCluskey		22
H. McInroy		44
G. Meade		44
L. Mosher		44
P. Murphy		22
R. Rankin		44
C. Sarto		22
D. Sloane		44
J. Smith		44
K. Snow		44
S. Uteck		44
R. Walker		44
B. Warshick		23
M. Wile		22
A. Younger		22
Chief Administrative Officer:		
George McLellan, Chief Administrative Officer		150

HALIFAX REGIONAL MUNICIPALITY

Schedule of Long-term Debt

Year ended March 31, 2005
(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31 2004	Issued	Redeemed	Balance March 31 2005
General:							
66C	40	6.25	2006	\$ 75	\$ -	\$ 25	\$ 50
67A	40	6.50	2007	114	-	38	76
				189	-	63	126
C.M.H.C.:							
65B	40	5.13	2004	5	-	5	-
66E	40	5.13	2006	80	-	39	41
79B	30	6.25	2009	10	-	1	9
				95	-	45	50
M.F.C.:							
85-A-1	20	12.50	2005	75	-	37	38
94-A-1	10	8.25/9.25	2004	2,586	-	2,586	-
94-A-1	10	8.375/9.75	2004	426	-	426	-
94-B-1	10	8.375/9.75	2004	1,985	-	1,985	-
95-A-1	10	8.25/9.125	2005	1,000	-	500	500
95-A-1	10	6.875/8.125	2005	4,023	-	1,048	2,975
95-B-1	10	6.875/8.125	2005	2,400	-	1,200	1,200
96-A-1	10	5.5/8.0	2006	3,757	-	458	3,299
96-B-1	10	4.75/7.5	2006	450	-	150	300
97-A-1	10	4.5/7	2007	21,936	-	5,484	16,452
97-B-1	10	4.25/6.25	2007	5,560	-	1,390	4,170
98-A-1	10	5.0/5.5	2008	17,500	-	3,500	14,000
98-B-1	10	4.625/5.625	2008	27,641	-	4,328	23,313
99-A-1	10	4.75/5.375	2009	18,101	-	1,725	16,376
99-B-1	10	5.75/6.75	2009	18,000	-	3,000	15,000
00-A-1	10	6.25/6.875	2010	10,900	-	2,200	8,700
00-B-1	10	5.875/6.375	2010	10,468	-	1,178	9,290
01-A-1	10	4.375/6.250	2011	13,040	-	1,630	11,410
01-B-1	10	3.125/6.0	2011	7,935	-	992	6,943
02-A-1	10	3.375/6.125	2012	21,994	-	2,444	19,550
02-B-1	10	3.25/5.625	2012	11,141	-	1,238	9,903
03-A-1	10	3.50/5.375	2013	38,826	-	3,883	34,943
03-B-1	10	2.75/5.00	2013	4,230	-	423	3,807
04-A-1	10	2.55/5.45	2014	-	19,800	-	19,800
04-B-1	10	3.195/5.05	2014	-	23,171	-	23,171
24-HBR-1	20	2.84/5.94	2024	-	110,000	-	110,000
				243,974	152,971	41,805	355,140
Federation of Canadian Municipalities:							
GMIF-1599	10	1.33/3.127	2014	-	20,000	-	20,000
Misc.:							
5% stock	Permanent	5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20 years	7	2018	834	-	35	799
				\$245,094	\$172,971	\$41,948	\$376,117

HALIFAX REGIONAL MUNICIPALITY

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

March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2005	2004
	Budget	Actual	Actual (Restated note 2)
Revenues:			
Taxation	\$ 419,883	\$ 432,689	\$ 408,600
Less: amounts received for the School Board	(93,422)	(93,373)	(88,446)
	326,461	339,316	320,154
Taxation from other governments	21,953	21,052	21,528
User fees and charges	67,877	72,138	71,095
Government grants	9,873	10,219	6,612
Investment income	4,980	6,301	7,112
Penalties, fines and interest	2,400	2,102	2,370
Grant in lieu of tax from Halifax Regional Water Commission	3,252	3,278	3,090
	436,796	454,406	431,961
Expenditures:			
Operating:			
General government	71,843	74,058	66,776
Protective services	118,297	120,609	115,839
Transportation services	90,102	92,730	85,293
Environmental services	43,729	42,951	45,483
Social housing services	1,973	1,906	2,030
Recreation and cultural services	42,834	46,869	40,909
Planning and development	9,103	10,372	8,771
	377,881	389,495	365,101
Net revenues before extraordinary item	58,915	64,911	66,860
Extraordinary item	-	-	(2,260)
Net revenues	58,915	64,911	64,600
Financing and transfers:			
Transfers from (to) capital fund	(21,813)	(21,746)	(24,967)
Transfers from (to) reserves funds	2,368	(2,909)	(4,573)
Transfers from (to) recreation, commissions, cultural and other	(397)	(378)	(652)
Debt principal repayment	(37,540)	(37,540)	(35,205)
Net financing and transfers	(57,382)	(62,573)	(65,397)
Increase in amounts to be recovered	-	3	2,988
Increase in non-financial assets	-	313	83
Change in fund balance	\$ 1,533	2,654	2,274
Fund balance, beginning of year		(9,578)	(11,852)
Fund balance, end of year		\$ (6,924)	\$ (9,578)

HALIFAX REGIONAL MUNICIPALITY

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

March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2005	2004
	Budget	Actual	Actual (Restated note 2)
Revenues:			
Taxation	\$ 419,883	\$ 432,689	\$ 408,600
Less: amounts received for the School Board	(93,422)	(93,373)	(88,446)
	326,461	339,316	320,154
Taxation from other governments	21,953	21,052	21,528
User fees and charges	67,877	72,138	71,095
Government grants	9,873	10,219	6,612
Investment income	4,980	6,301	7,112
Penalties, fines and interest	2,400	2,102	2,370
Grant in lieu of tax from Halifax Regional Water Commission	3,252	3,278	3,090
	436,796	454,406	431,961
Expenditures:			
Operating:			
Salaries, wages and benefits	195,802	203,009	193,345
Interest on long-term debt	13,163	13,252	14,124
Materials, goods, supplies and utilities	27,597	30,448	26,550
Contracted services	60,319	65,649	64,587
Other	63,701	59,403	49,180
External transfers	17,299	17,734	17,315
	377,881	389,495	365,101
Net revenues before extraordinary item	58,915	64,911	66,860
Extraordinary item	-	-	(2,260)
Net revenues	58,915	64,911	64,600
Financing and transfers:			
Transfers from (to) capital fund	(21,813)	(21,746)	(24,967)
Transfers from (to) reserves funds	2,368	(2,909)	(4,573)
Transfers from (to) recreation, commissions, cultural and other	(397)	(378)	(652)
Debt principal repayment	(37,540)	(37,540)	(35,205)
Net financing and transfers	(57,382)	(62,573)	(65,397)
Increase in amounts to be recovered	-	3	2,988
Increase in non-financial assets	-	313	83
Change in fund balance	\$ 1,533	2,654	2,274
Fund balance, beginning of year		(9,578)	(11,852)
Fund balance, end of year		\$ (6,924)	\$ (9,578)

HALIFAX REGIONAL MUNICIPALITY

Schedule of Capital Fund Operations and Change in Fund Balance

Year ended March 31, 2005, with comparative figures for 2004
(In thousands of dollars)

	2005	2004
	Actual	Actual
Revenues:		
User fees and charges	\$ 560	\$ 439
Government grants	15,449	12,096
	16,009	12,535
Expenditures:		
Capital:		
General government	5,660	3,835
Protective services	5,879	10,276
Transportation services	47,708	27,577
Environmental services	58,868	29,903
Recreation and cultural services	18,392	11,464
Planning and development	6,274	2,436
	142,781	85,491
Net expenditures	(126,772)	(72,956)
Financing and transfers:		
Transfers from operating fund	21,746	24,967
Transfers from reserves funds	57,054	24,136
Transfers from (to) recreation, commissions, cultural and other	(114)	(162)
Debt principal repayment	38,947	36,419
Net financing and transfers	117,633	85,360
Decrease in amounts to be recovered	(4,447)	(2,844)
Increase in non-financial assets	70	97
Change in fund balance	(13,516)	9,657
Fund balance, beginning of year	(277,963)	(287,620)
Fund balance, end of year	\$ (291,479)	\$ (277,963)

HALIFAX REGIONAL MUNICIPALITY

Schedule of Reserve Funds and Change in Fund Balances

March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2004
	Actual	Actual
Revenues:		
User fees and charges	\$ 1,333	\$ 1,275
Development levies	37,727	34,616
Investment income	2,241	-
Sale of properties	9,098	7,073
	<u>50,399</u>	<u>42,964</u>
Expenditures:		
Operating:		
General government	469	716
Protective services	53	96
Environmental services	4,853	423
Recreation and cultural services	395	371
	<u>5,770</u>	<u>1,606</u>
Capital:		
General government	393	(5)
Recreation and cultural services	49	70
	<u>442</u>	<u>65</u>
	<u>6,212</u>	<u>1,671</u>
Net revenues	44,187	41,293
Financing and transfers:		
Transfers from operating fund	2,909	4,573
Transfers from (to) capital fund	(57,054)	(24,136)
Net financing and transfers	(54,145)	(19,563)
Change in fund balances	(9,958)	21,730
Fund balances, beginning of year	147,473	125,743
Fund balances, end of year	<u>\$ 137,515</u>	<u>\$ 147,473</u>

HALIFAX REGIONAL MUNICIPALITY

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

March 31, 2005, with comparative figures for 2004
(in thousands of dollars)

	2005	2004
	Actual	Actual
Revenues:		
User fees and charges	\$ 19,705	\$ 19,615
Investment income	11	11
	19,716	19,626
Expenditures:		
Operating:		
General government	(10)	72
Recreation and cultural services	18,095	18,816
	18,085	18,888
Capital:		
General government	19	-
Recreation and cultural services	766	751
	785	751
	18,870	19,639
Net revenues (expenditures)	846	(13)
Financing and transfers:		
Transfers from operating fund	378	652
Transfers from capital fund	114	162
Debt principal repayment	(1,407)	(1,214)
Net financing and transfers	(915)	(400)
Increase in non-financial assets	(23)	6
Change in fund balances	(92)	(407)
Fund balances, beginning of year	(1,101)	(694)
Fund balances, end of year	\$ (1,193)	\$ (1,101)