



To:	Richmond City Council	Date:	June 15, 2007
From:	Councillor Rob Howard, Chair Finance Committee	File:	03-1200-02/2007-Vol 01
Re:	2006 City of Richmond Audited Consolidated Financial Statements		

The Finance Committee, at its meeting held on Thursday, June 14, 2007, considered the attached report, and recommends as follows:

Committee Recommendations

- (1) *That the Auditor's report on the financial statements for 2006 be accepted.*

- (2) *That the City's audited consolidated financial statements for the year ended December 31, 2006, be approved.*

Councillor Rob Howard, Chair
Finance Committee

Attach.

VARIANCE

Please note that staff recommended the following:

That the City's audited consolidated financial statements for the year ended December 31, 2006 be approved.

Staff Report

Origin

The purpose of this report is to present to Council the City's audited consolidated financial statements for the year ended December 31, 2006. In accordance with Section 167 (2) of the Community Charter, the financial statements have been prepared in accordance with generally accepted accounting principles for local governments.

Analysis

The primary purpose of the City's financial statements is to provide relevant information to meet the interests of taxpayers, donors, members of Council and other users as well as to satisfy any external reporting requirements. The interests of the external users of financial statements include assessing (a) the services the City provides and its ability to continue to provide those services, and (b) how the City discharges their stewardship responsibilities and other aspects of their performance.

More specifically, the purpose of the financial statements, including accompanying notes, is to provide information about:

- a. The amount and nature of the City's assets, liabilities, and net assets,
- b. The effects of transactions and other events and circumstances that change the amount and nature of net assets,
- c. The amount and kinds of inflows and outflows of economic resources during a period and the relationship between the inflows and outflows,
- d. How the City obtains and spends cash, its borrowing and repayment of borrowing, and other factors that may affect its liquidity.
- e. The service efforts of the City.

The City's financial statements are prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The consolidated financial statements include a combination of the City's General Revenue, General Capital and Loan, Waterworks, Sewerworks and Reserve funds and the Richmond Public Library.

Financial Impact

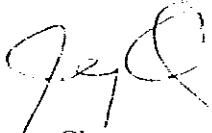
The City's cash and investments increased to \$400.5 million from \$387.7 million in 2006. The City ended the year with a consolidated surplus of \$3.1 million. This is approximately 1.1% of the total operating budget. Statutory reserves increased by \$13.4 million to \$171.1 million, largely due to transfers back to the reserves of committed but unspent capital funds at December 31, 2006. In total, \$71.7 million in capital expenditures was spent from the capital budget of \$113.0 million.

The \$3.1 million in surplus is due mainly to the following:

- Favourable revenues from building permits and development applications due to an active housing market of approximately \$2.1 million,
- RCMP contract costs lower than budget due to delayed replacements, therefore billings being less than budgetted of approximately \$0.9 million
- Other items such as vacant positions, supplies, maintenance, etc.

Conclusion

Overall, the financial results for 2006 were favourable and the City continues to maintain its strong financial position.



Jerry Chong
Director, Finance
(4064)

Consolidated Financial Statements of

CITY OF RICHMOND

Year ended December 31, 2006



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AUDITORS' REPORT

To the Mayor and Council
City of Richmond

We have audited the consolidated statement of financial position of the City of Richmond (the "City") as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City'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 City as at December 31, 2006 and the results of its financial activities and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Burnaby, Canada

March 30, 2007

CITY OF RICHMOND

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2006, with comparative figures for 2005

	2006	2005
Financial Assets		
Cash and cash equivalents	\$ 7,408	\$ 18,296
Investments	393,068	369,424
Accrued interest receivable	10,461	7,373
Accounts receivable	14,517	13,317
Taxes receivable	7,841	4,486
Development fees receivable	16,529	12,591
Debt reserve fund - deposits (note 2)	449	561
	<u>450,273</u>	<u>426,048</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	60,678	57,105
Deposits and holdbacks	17,988	13,406
Deferred revenue	31,907	43,040
Development cost levies (note 4)	58,593	51,049
Obligations under capital leases (note 5)	1,773	3,206
Long-term debt, net of MFA sinking fund deposits (note 6)	23,912	31,073
	<u>194,851</u>	<u>198,879</u>
Net financial assets	255,422	227,169
Capital assets (note 7)	1,117,293	1,047,150
Inventory of materials and supplies	2,197	1,945
	<u>\$ 1,374,912</u>	<u>\$ 1,276,264</u>
Financial Equity		
Reserves (note 9)	\$ 171,063	\$ 157,618
Appropriated surplus (note 10)	82,201	62,372
Surplus	30,148	45,970
Obligations to be funded from future revenue	(2,305)	(4,512)
	<u>281,107</u>	<u>261,448</u>
Capital equity (note 8)	1,091,608	1,012,871
Other equity	2,197	1,945
	<u>\$ 1,374,912</u>	<u>\$ 1,276,264</u>

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.

General Manager Business & Financial Services

CITY OF RICHMOND

Consolidated Statement of Financial Activities
(Expressed in thousands of dollars)

Year ended December 31, 2006, with comparative figures for 2005

	Budget 2006	Actual 2006	Actual 2005
	(note 1(c))		
Revenue:			
Taxation and levies	\$ 125,882	\$ 127,257	\$ 119,772
User fees	46,012	45,826	39,118
Sales of services	24,958	28,398	27,943
Development cost charges	21,981	14,708	8,068
Provincial and federal grants	14,589	17,107	15,747
Other capital funding sources	11,456	17,578	11,285
Payments-in-lieu of taxes	10,094	10,535	10,431
Other revenue from own sources:			
Investment income	9,085	15,606	12,433
Licenses and permits	6,446	8,562	8,631
Other (note 16)	6,497	14,757	8,469
	277,000	300,334	261,897
Expenditures:			
Community safety	55,483	52,686	50,781
Parks, recreation and cultural services	29,902	30,321	29,324
General government	26,719	28,431	24,440
Engineering and public works	21,580	21,931	19,228
Urban development	10,071	9,910	8,602
Richmond Public Library	7,240	7,475	6,938
Utilities:			
Sanitation and recycling services	7,170	6,918	6,759
Water supply and distribution	18,305	18,249	15,665
Sewerage collection and disposal	13,459	14,546	14,232
Interest and finance	9,117	9,900	8,612
Capital and infrastructure investments	113,021	71,714	44,647
	312,067	272,081	229,228
Excess (deficiency) of revenue over expenditures	(35,067)	28,253	32,669
Repayment of debt and capital lease obligations	(3,270)	(8,594)	(4,548)
Increase (decrease) in financial equity	\$ (38,337)	19,659	28,121
Financial equity, beginning of year		261,448	233,327
Financial equity, end of year		\$ 281,107	\$ 261,448

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Financial Position
(Expressed in thousands of dollars)

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 28,253	\$ 32,669
Revenue recognized from development cost charges, an item not involving cash	(14,708)	(8,068)
Working capital items:		
Accrued interest receivable	(3,088)	(3,043)
Accounts and taxes receivable	(4,555)	24
Development fees receivable	(3,938)	(4,319)
Debt reserve fund	112	-
Accounts payable and accrued liabilities	3,573	8,512
Deposits and holdbacks	4,582	6,198
Deferred revenue	(11,133)	28,988
	(902)	60,961
Investments:		
Acquisition of short-term investments, net	(23,644)	(53,883)
Financing:		
Development cost levies and interest received (note 4)	22,252	17,307
Decrease in bank indebtedness	-	(1,541)
Repayment of debt and capital lease obligations	(8,594)	(4,548)
	13,658	11,218
Increase (decrease) in cash and cash equivalents	(10,888)	18,296
Cash and cash equivalents, beginning of year	18,296	-
Cash and cash equivalents, end of year	\$ 7,408	\$ 18,296

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements of the City of Richmond (the "City") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks and Reserve Funds consolidated with the Richmond Public Library Board. Interfund transactions, fund balances and activities have been eliminated on consolidation.

Management is required to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant areas requiring the use of management estimates relate to the determination of post-employment benefits, the recoverability of accounts receivable and provision for contingencies. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below for the following funds:

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, provision of transportation services, policing, servicing general debt, etc.

(ii) General Capital and Loan Fund:

This fund is used to record the City's capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related long-term debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related capital assets and long-term debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund plus interest earned on fund balances.

(b) Revenue:

Revenue is recorded on the accrual basis and recognized when earned. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

1. Significant accounting policies (continued):

(c) Budget information:

Unaudited budget information, presented on a basis consistent with that used for actual results, was included in the City of Richmond's Five-Year Financial Plan and was adopted through Bylaw #8068 on May 8, 2006.

(d) Expenditures:

Expenditures are recorded in the period in which the goods or services are acquired or a liability is incurred.

(e) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Investments:

Investments are recorded at cost. Provisions for losses are recorded when they are considered to be other than temporary. At various times during the term of each individual investment, market value may be less than cost. Such declines in value are considered temporary for investments with known maturity dates as they generally reverse as the investments mature and therefore an adjustment to market value for these market declines is not recorded.

(g) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected within the next year.

(h) Inventory of materials and supplies:

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

(i) Capital assets:

Capital assets and work-in-progress are reported as capital expenditures in the period they are acquired or constructed. Interest incurred on borrowed funds used during construction is capitalized. Donated assets are recorded at their estimated fair market value at the time they are received. The City does not provide for depreciation or replacement of capital assets in the accounts. Proceeds from disposal of capital assets are credited to the appropriate reserve account.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

1. Significant accounting policies (continued):

(j) Development cost levies:

Development cost levies are restricted by legislation to expenditures on capital infrastructure. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

(k) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

2. Debt reserve fund deposits and demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "Authority"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Authority as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and contingent demand notes at December 31, 2006 are as follows:

	Cash deposits	Demand notes	Total
General Revenue Fund	\$ 439	\$ 2,007	\$ 2,446
Sewerworks Revenue Fund	10	48	58
Total	\$ 449	\$ 2,055	\$ 2,504

3. Accounts payable and accrued liabilities:

	2006	2005
Trade and other liabilities	\$ 40,999	\$ 38,803
Post-employment benefits (note 11)	19,679	18,302
	\$ 60,678	\$ 57,105

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

4. Development cost levies:

	2006	2005
Balance, beginning of year	\$ 51,049	\$ 41,810
Contributions	21,115	16,417
Interest	1,137	890
Expenditures recognized as revenue	(14,708)	(8,068)
Balance, end of year	\$ 58,593	\$ 51,049

5. Obligations under capital leases:

During 2004, the City entered into an agreement for the sale and leaseback of equipment for proceeds of \$1,825,866. The City accounted for this transaction as a financing arrangement and no gain or loss was recognized. The City has an option at the end of the lease to repurchase the equipment for \$1 each.

Future minimum lease payments under these capital leases, which expire on various dates ranging from October 1, 2007 to July 1, 2009, are as follows:

Year ending December 31:

2007	\$ 1,324
2008	410
2009	227
Total future minimum lease payments	1,961
Less amount representing interest (3.88% - 4.61%)	(188)
Present value of capital lease payments	\$ 1,773

6. Long-term debt, net of MFA sinking fund deposits:

The rates of interest on the principal amount of the Authority debentures vary between 5.99% and 10.25% per annum. The average rate of interest for the year ended December 31, 2006 approximates 7.043%.

The City obtains debt instruments through the Authority pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures. Sinking fund balances managed by the Authority are netted against related long-term debt.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

6. Long-term debt, net of MFA sinking fund deposits (continued):

Gross amount for the debt and the amount for the sinking fund assets available to retire the debt are as follows:

	Gross debt	Sinking fund asset	Net debt 2006	Net debt 2005
General Fund	\$ 45,083	\$ 21,635	\$ 23,448	\$ 30,351
Sewer Fund	1,020	556	464	722
	\$ 46,103	\$ 22,191	\$ 23,912	\$ 31,073

Repayments of long-term debt required in the next five years and thereafter are as follows:

	General	Sewerworks	Total
2007	\$ 2,672	\$ 57	\$ 2,729
2008	2,806	60	2,866
2009	2,946	63	3,009
2010	3,093	66	3,159
2011	3,248	69	3,317
Thereafter	8,683	149	8,832
	\$ 23,448	\$ 464	\$ 23,912

7. Capital assets:

	2006	2005
Assets held under capital lease	\$ 6,433	\$ 6,433
Community services	94,697	93,334
General government	207,168	169,633
Protection to persons and property	24,469	23,581
Public works	523,340	510,278
Recreation services	131,261	130,814
Sanitation and waste removal	20,794	17,819
Social welfare	5,001	4,979
Work-in-progress	104,130	90,279
	\$ 1,117,293	\$ 1,047,150

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

8. Capital equity:

	2006	2005
Balance, beginning of year	\$ 1,012,871	\$ 967,843
Capital additions (net)	70,143	40,480
Repayment of debt	7,161	3,115
Payment of capital lease obligations	1,433	1,433
Change in equity in capital assets	78,737	45,028
Balance, end of year	\$ 1,091,608	\$ 1,012,871

9. Reserves:

	2005	Change during year	2006
Reserve funds:			
Affordable housing	\$ 7,681	\$ (808)	\$ 6,873
Capital building and infrastructure	11,926	1,233	13,159
Capital reserve	56,404	6,277	62,681
Child care development	161	(16)	145
Drainage improvement	4,049	3,215	7,264
Equipment replacement	13,085	(1,490)	11,595
Future elections	41	76	117
Leisure facilities	703	195	898
Local improvements	4,696	394	5,090
Major road networks rehabilitation reserve	3,895	168	4,063
Neighbourhood improvement	4,432	842	5,274
Public art program	531	(143)	388
Sanitary sewer	14,906	1,524	16,430
Steveston off-street parking	141	28	169
Steveston road ends	816	(397)	419
Waterfront improvement	2,359	26	2,385
Watermain replacement	31,792	2,321	34,113
	\$ 157,618	\$ 13,445	\$ 171,063

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

10. Appropriated surplus:

	2006	2005
Appropriated surplus, beginning of the year	\$ 62,372	\$ 51,501
Addition in the year	54,274	33,615
Usage	(34,445)	(22,744)
Appropriated surplus, end of year	\$ 82,201	\$ 62,372

Surplus amounts are appropriated or reserved for certain types of expenditures that may be incurred in the future. Surplus appropriations to December 31, 2006 have been made in the General, Waterworks and Sewerworks Funds. These expenditures would be for such items as unexpected human resource issues, emergency or disaster recovery, debt requirements and future capital maintenance programs.

11. Post-employment benefits:

The City provides certain post-employment benefits, non-vested sick leave, compensated absences and termination benefits to its employees.

	2006	2005
Balance, beginning of the year	\$ 18,302	\$ 18,283
Current service cost	1,328	1,162
Interest cost	861	951
Amortization of actuarial loss	181	65
Benefits paid	(993)	(2,159)
Balance, end of year	\$ 19,679	\$ 18,302

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2006. The difference between the actuarially determined accrued benefit obligation of \$24.9 million and the liability of \$19.7 million as at December 31, 2006 is an actuarial loss of \$5.2 million. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

11. Post-employment benefits (continued):

	2006	2005
Actuarial benefit obligation:		
Liability, end of year	\$ 19,679	\$ 18,302
Unamortized net actuarial loss	5,217	1,564
Balance, end of year	\$ 24,896	\$ 19,866

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2006	2005
Discount rate	4.50%	4.25%
Expected future inflation rate	2.50%	2.00%
Expected wage and salary range increases	3.50%	3.50%

12. Commitments and contingencies:

(a) Joint and several liabilities:

As a member of the following districts, the City is jointly and severally liable for each district's applicable portion of the net capital liability:

Greater Vancouver Regional District
Greater Vancouver Water District
Greater Vancouver Sewerage and Drainage District

(b) Lease payments:

In addition to the obligations under capital leases, at December 31, 2006, the City was committed to operating lease payments for premises and equipment in the following approximate amounts:

2007	\$ 4,026
2008	3,985
2009	4,013
2010	4,139
2011	3,977
Thereafter	48,993

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

12. Commitments and contingencies (continued):

(c) Litigation:

As at December 31, 2006, there were a number of legal claims in various stages of litigation, primarily in relation to expropriations of properties. The City has made no specific provision for these where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia:

The City is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

(e) Pensions:

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including the investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The City paid \$6,353,699 (2005 - \$5,752,736) for employer contributions to the Plan in fiscal 2006. Employee contributions totaled \$5,206,789 in 2006 (2005 - \$4,611,009).

(f) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

12. Commitments and contingencies (continued):

(g) E-Comm Emergency Communications for Southwest British Columbia ("E-Comm"):

The City is a shareholder of the Emergency Communications for Southwest British Columbia Incorporated (E-Comm) whose services provided include: regional 9-1-1 call centre for Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 23 Class A and 25 Class B shares issued and outstanding as at December 31, 2006). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date. As a Class B shareholder, the City is only obligated to share in funding of the ongoing operating costs.

13. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust funds are excluded from the City's financial statements.

	2006	2005
Richmond Community Associations	\$ 1,162	\$ 1,112

14. Collections for other governments:

The City is obligated to collect and transmit certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements since they are not revenue of the City. Such taxes collected and remitted to the government bodies during the year are as follows:

	2006	2005
Province of British Columbia - Schools	\$ 109,135	\$ 101,460
Regional District and others	32,183	26,332
	\$ 141,318	\$ 127,792

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2006

15. Expenditures by object:

	2006	2005
Wages, salaries and benefits	\$ 87,784	\$ 83,376
Contract services	36,064	34,043
Supplies, materials and capital	138,323	103,197
Debt charges	9,910	8,612
	<hr/>	<hr/>
	\$ 272,081	\$ 229,228

16. Other revenue:

Other revenue in 2006 includes the revenue from sale of properties in the amount of \$2,219,666. The revenue was not budgeted for, and are not expected to recur in future periods.

17. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.