



2005 Annual Financial Report

Year Ended December 31, 2005

**City of Regina
Saskatchewan, Canada**

2005 Financial Report

Year Ended December 31, 2005

Canadian Award for Financial Reporting

Presented to

City of Regina,
Saskatchewan

For its Annual
Financial Report
for the Year Ended
December 31, 2004

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



Charles E. Prange
President

Jeffrey L. Essler
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Corporation of the City of Regina for its annual financial report for the fiscal year ending December 31, 2004. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to receive the Canadian Award for Financial Reporting, a municipal government must publish an easily readable and efficiently organized annual financial report. The contents of the report must conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

This is the thirteenth time the City of Regina has received an award for its Annual Financial Report.

The 2005 Annual Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.

City of Regina, Saskatchewan, Canada

www.regina.ca

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Introduction



June 13, 2006

His Worship, the Mayor
And Members of City Council

I am pleased to submit the City of Regina's Annual Financial Report for the year ended December 31, 2005. The Annual Financial Report is submitted pursuant to Section 155 of *The Cities Act*. The financial report includes consolidated financial statements for the City of Regina reporting entity as required by the Public Sector Accounting Standards Board (PSAB). The purpose of this report is to provide financial, statistical and other information about the City of Regina and related entities to allow readers to gain an understanding of the City and the resources available to the City.

The Annual Financial Report consists of the following sections:

- The introduction familiarizes readers with the history of Regina, the political and organizational structure of the City, and the nature and scope of the services provided by the City.
- The Financial Statement Discussion and Analysis section provides additional explanation and trend analysis to provide a broader understanding of the financial statements.
- The financial section includes the Consolidated Financial Statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of management of the City of Regina. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Pioneer Village, Regina Regional Economic Development Authority, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District and Regina's Old Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2005 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls. The Finance and Administration Committee reviews the external auditor's audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, and Utility Operating and Capital) for budgeting and reporting purposes. For the purpose of the consolidated financial statements, the financial position and results of all the segments are brought together. Based on the consolidated information, the following points are noted for 2005:

The City (consolidated entity) has net liabilities of about \$9 million at the end of 2005, an improvement of \$11.7 from a net liability position of \$20.7 at the end of 2004. **The net liability position, although**

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improved from 2004, is a concern. The net liability position is a result of the City's expenditures (which includes certain obligations to be discharged in the future) exceeding the revenue generated.

- Total revenues in 2005 were \$278.8 million, an increase of about \$14.8 million from 2004.
- Total expenditures in 2005 were \$266.1 million, a decrease of about \$19.9 million from 2004. Overall, operating expenditures increased, while capital expenditures decreased in 2005 as compared to 2004.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2005, the City's General Operating Fund ended the year with an operating surplus of approximately \$1.6 million. The surplus is determined on a basis consistent with the presentation of the 2005 General Operating Budget and is prior to consolidation and application of the PSAB standards.

The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 13th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2004. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

Respectfully submitted,



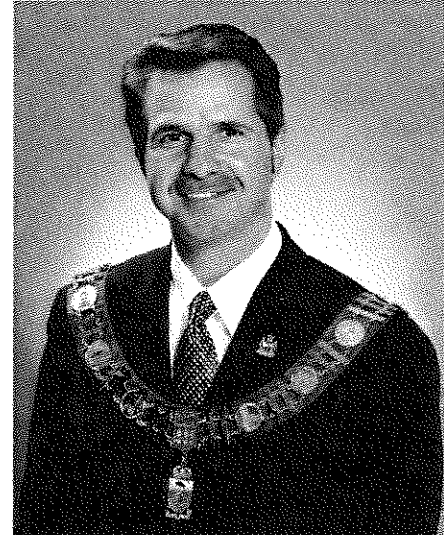
Vivian Lund, CA
Acting Director of Finance

Message from the Mayor

Dear Citizens of Regina,

Regina was in the headlines across Canada in 2005. Story after story appeared about our city's dynamic economic growth, special events, and partnerships that occurred this year.

An early prediction from the Conference Board of Canada stated that Regina's economic growth would cool slightly to about 2 per cent in 2005. However, numbers just released in the Conference Board's *Metropolitan Outlook – Winter 2006* show our City had the fifth best economic growth in Canada at 3.4 per cent in 2005, based partly on an astounding 10.9 percent increase from the retail trade sector and a 3.6 per cent growth in the services sector. This, coupled with a low unemployment rate of 4.8 percent and annual inflation rate of 2.2 per cent, made the Queen City a very attractive place to live, work and play in 2005.



Regina was proud to be the capital city of our province as Saskatchewan celebrated its centennial in 2005. Many events were held in Regina to mark this milestone, including the visit of Her Majesty Queen Elizabeth II and her husband The Duke of Edinburgh in May and the Centennial Celebrations in Wascana Park over the Labour Day weekend. In August, we welcomed over 4,500 athletes, coaches and officials who came for the 2005 Jeux du Canada Summer Games. For two weeks, we showcased Regina to the rest of the country and set the standard as hosting the best, most successful Games ever.

In 2005, Regina took a bite out of crime. Our city has seen a 45 per cent reduction in auto theft over the last three years as well as reductions in total crimes against property and residential break and enters. To ensure Regina remains an attractive place, a Graffiti Management Program was implemented in 2005 to clean up our city.

Perhaps what I will remember most about 2005 is the success we've had in revitalizing the inner city. Through the Regina Inner City Community Partnership, we've served notice that there is no place for sub-standard housing in Regina. Families in over 40 homes were moved to better housing in 2005 because where they lived before didn't meet basic living standards. In addition, 35 new homes were built in the inner-city. Residents are embracing social and economic opportunities available to them through the North Central Employment Enhancement Program and the North Central Construction Company.

2005 was again an exceptional year for residential and commercial construction. Almost \$47 million dollars in building permits were issued for the downtown alone. This year, residents and visitors alike have benefited from the \$15 million redevelopment and expansion of the Regina International Airport and the opening of the new 90,000 sq. ft. Credit Union EventPlex at Regina Exhibition Park. The city's future looks equally exciting with a new \$29 million interpretive centre planned for the RCMP Depot Division, the establishment of the Canadian Police Research Centre in Regina, a \$4.7 million expansion to IPSCO's research and development facility, a new \$26.7 million provincial health laboratory planned for Regina Research Park, the building of a new \$14 million STC bus depot, and a \$11.5 million renovation and move by the Saskatchewan Property Management Corporation to the city's downtown.

There is no question that Regina is growing, bustling with economic activity and beaming with civic pride. I am confident the Queen City will continue to play a leading role both economically and politically in the years ahead and welcome the many opportunities to show off our great city.

Yours truly,

A handwritten signature in black ink, appearing to read "Pat Fiocco". The signature is fluid and cursive, with the first name "Pat" being more prominent than the last name "Fiocco".

Pat Fiocco
Mayor

Community Overview

In 2005, Regina's pride as the province's capital city was evident as it hosted many centennial events held to celebrate Saskatchewan's 100th birthday. Regina showed its "100 Years of Heart" when it welcomed Her Majesty Queen Elizabeth and The Duke of Edinburgh when they visited in May. During their visit, the Royal couple saw the First Nations University of Canada; inaugurated the Queen Elizabeth II Gardens at the Provincial Legislature; and visited Lumsden, the RCMP Depot Division, and Government House.

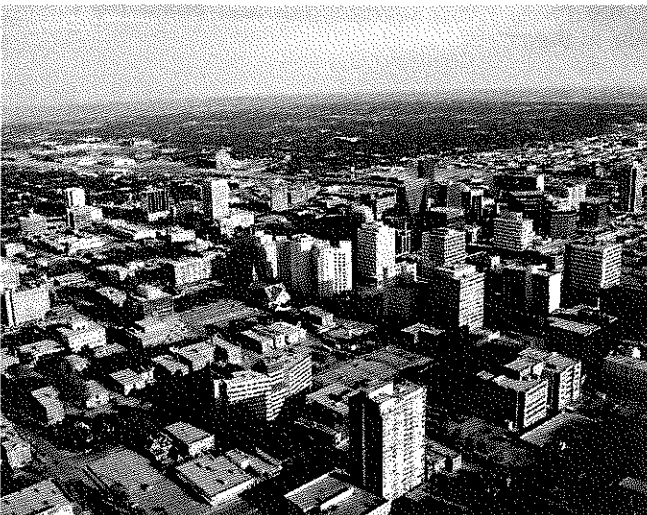
In August, over 6,000 volunteers helped host the 2005 Jeux du Canada Summer Games, where over 4,500 athletes, coaches and managers competed in 15 days of athletic excellence. Then residents joined the province to welcome the world as we celebrated Saskatchewan's centennial in Wascana Park with entertainment, music, activities and fireworks for the whole family.

Visitors throughout the year commented on Regina's warm hospitality, diverse cultural activities, and burgeoning business climate. It's not difficult to see that Regina is building a strong foundation necessary to reach its 2010 Vision as a city "that is attractive, generous, affordable, accessible, compact and competitive."



Mayor Pat Fiacco and his wife Angie speak to Her Majesty Queen Elizabeth II and the Honourable Linda Haverstock, Lieutenant Governor of Saskatchewan, during the Queen's visit to Regina in 2005.

Enjoying all life has to offer...



Since 1882, when a group of 17 pioneers camped near the site of the present day Wascana Lake, Regina has been an attractive place to live. Citizens today agree; in the 2005 Omnibus Survey, 94% of respondents rated their quality of life here in Regina as a positive experience.

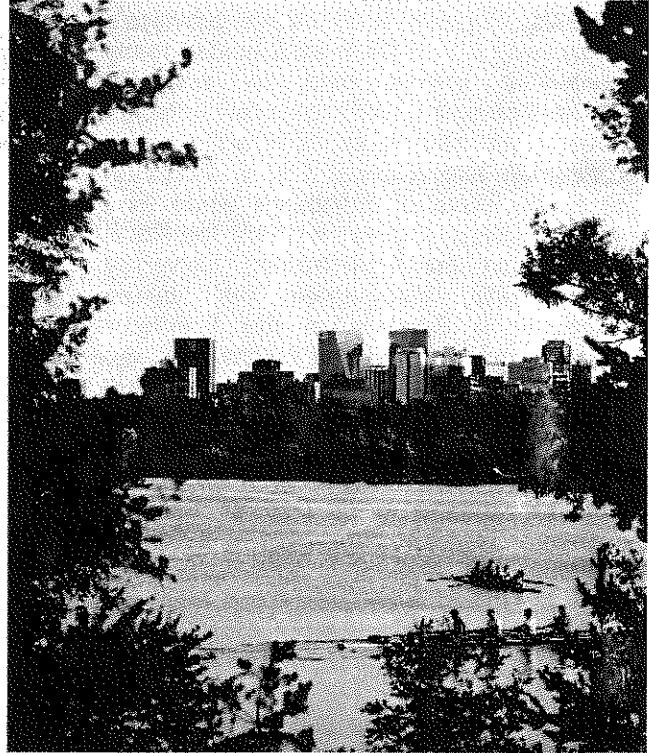
One of the many reasons why Regina is a great place to live is the low cost of living here. Latest figures released by Statistic Canada indicate the average expenditure per household in Regina was just over \$56,900, lower than those calculated for Saskatoon (about \$61,200), Winnipeg (approximately \$59,800), Calgary (around \$77,900), or Edmonton (approximately \$68,300).

Regina's inflation rate dropped slightly in 2005 to 2.1 per cent, while the average selling price of a residential home was just over \$123,000 – about one half the cost of a similar home elsewhere in Canada. In the City of Edmonton's *2005 Residential Property Tax and Utility Charges Survey*, Regina's sample property was ranked 9th lowest in total municipal taxes out of the 24 cities surveyed.

Both residents and visitors alike comment on the beauty of Regina. The city's majestic skyline rises like an oasis on the prairie landscape. The City of Regina is responsible for the care and maintenance of about 125,000 trees throughout the city. With an estimated value of just under \$225 million, this emerald canopy provides welcomed shade for thousands of residents who visit the many parks and green spaces dotted throughout the city.

Regina's dry and sunny climate is also considered by many as one of the benefits in living in the province's capital. Regina has the lowest precipitation rate and the most sunshine hours each year of all provincial capitals with 364 mm of precipitation and 2,365 sunshine hours annually.

Regina's sunny weather is perfect for the many sporting and cultural activities held in Regina each summer. In addition to hosting the 2005 Jeux du Canada Summer Games, Regina welcomed visitors and competitors attending the Canadian National Arabian Championship Horse Show, affectionately nicknamed "the Royal Red." Since 1988, this five-day event in August attracts over 900 riders and their horses competing for national honours in over 50 competitive classes.



Wascana Lake is part of Wascana Centre, a 930 hectare area in the heart of Regina. The Centre was established by an act of the Saskatchewan Legislature in 1962.

At the beginning of September, over 700 paddlers participate in the Regina Dragon Boat Festival, held in Wascana Park. Celebrating its 14th year in 2005, this Dragon Boat Festival is the only one in the world to ever be presented with a permanent trophy from the Hong Kong Government and boast the highest number of teams, based on population, of any festival in the world.

Regina is also known for its love of professional sports. Since its humble beginnings in 1910, the Regina Rugby Club has transformed itself into the Saskatchewan Roughriders. Legions of fans from across the province and country come to Taylor Field each year to cheer the green and white towards football supremacy each season. In the winter, all eyes turn to watch the action on the ice, whether it be hockey or curling. The city is home to the Regina Pats Hockey Club, the oldest major junior hockey team in the country. Since its beginning in 1917, the Pats have won three Memorial Cup Championships and helped build the careers of many hockey greats including Lorne Davis, Red Berenson, Murray Balfour, Bill and Ernie Hicke, Garth Butcher, Doug Wickenheiser, Mike Sillinger, Jamie Heward, Jeff Friesen, Derek Morris, and Brad Stuart.

For over a hundred years, Reginans have supported the sport of curling and the professionals who played it. In 1909 the Regina Curling Club built the world's largest curling rink for that time, featuring nine sheets of ice! Regina continued to spearhead the sport's popularity in the following decades. Ernie Richardson's rink made curling history by winning four world and four Canadian titles in 1959, 1960, 1962, and 1963.



History books were rewritten again in the early 1990s, when Regina's hometown rink skipped by Sandra Schmirler won three world titles at the Women's World Curling Championships, and captured gold at the 1998 Winter Olympics in Nagano, Japan.

It's no wonder Regina was chosen to host the Labatt Brier Men's Canadian Championships in 1992 and will welcome thousands of teams and fans to the Tim Horton's Brier in 2006.

Regina is 'in motion' and many residents keep fit by enjoying recreational sporting activities. The City of Regina maintains 225 ball parks, 28 athletic fields, seven arenas, six golf courses, three leisure centres, the Fieldhouse and Lawson Aquatic Centre, and the Canada Games Athletics Complex in the city's north end. In the spring of 2005, indoor soccer enthusiasts welcomed the opening of the Credit Union EventPlex. Funded by all three levels of government, this 90,000 sq. ft. multi-purpose building at Regina Exhibition Park is used for many recreational, community, and business events, including a regulation-sized indoor soccer playing surface. In November, the City opened a new Strength and Conditioning Centre at the Sandra Schmirler Leisure Centre, featuring state-of-the-art fitness equipment.



Residents celebrating summer at one of the many outdoor events and festivals held in Regina.

Regina is proud to host a wide variety of festivals and concerts annually. Each spring, the city plays host to the First Nations University's annual Pow Wow, which attracts thousands of competitors and visitors from across North America. In late May, residents take to the streets to enjoy the Cathedral Village Arts Festival, a massive six-day street fair with over 250 crafters and outdoor music stages. In June, over 204,000 visitors enjoy the city's Mosaic Festival. This popular three-day event allows young and old alike to experience different world cultures as they visit dozens of pavilions scattered throughout the city.

In late summer, Regina hosts two major music festivals. The first is the Regina Folk Festival, which is the largest folk music festival in Saskatchewan. Canada's oldest continuous symphony orchestra, the Regina Symphony Orchestra, hosts its annual outdoor concert in August called Mozart in the Meadow.

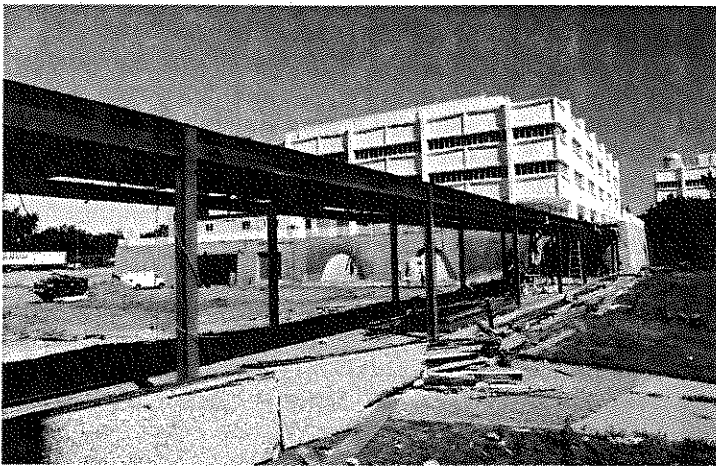
Since Regina is located in the heart of Canada's grain growing region, it's no wonder the Queen City is renowned for hosting world-class agricultural and livestock events. Just under 40,000 visitors attended the three-day Western Canada Farm Progress Show in June 2005. For the first time, the Show hosted the Professional Bull Riders Tour and was the only Canadian PBR competition to be televised that year. Over 198,000 visitors attended the city's annual Buffalo Days Exhibition. From its humble beginnings in 1895 as the Territorial Exhibition, this six-day event has grown to include the Fringe theatre, agricultural displays, exhibits, rides, attractions, and concerts from some of Canada's top artists.

The year wraps up with the Canadian Western Agribition in November. Over 145,000 attended the 35th Annual Agribition to check out the 4,200 head of livestock in attendance, as well as watch the Finals Rodeo of the Canadian Cowboys Association.

Bustling economy

According to the Conference Board of Canada, Regina posted the fifth best real GDP growth in the country in 2005 at an impressive 3.4 per cent. The Queen City also boasted the third highest 2005 employment rate for major Canadian cities surveyed by Statistics Canada at 67.7 per cent. This, coupled with a low annual unemployment rate of 2.1 percent, allowed Regina to enjoy impressive residential and commercial growth during the year.

The Queen City's competitive business climate is also recognized globally. In its latest *"Competitive Alternatives Study: A Comparison of Business Costs in North America, Europe, and Japan"*, KPMG compared 128 cities in nine industrialized countries around the world to help firms compare business cost fundamentals and to identify promising locations for their operations. When compared to other major western Canadian cities, Regina had the third lowest overall costs, after Saskatoon and Edmonton. (Winnipeg, Calgary, Victoria and Vancouver ranked fourth to seventh respectively.)



Work begins on the Laboratory Building at the University of Regina
(Photo credit: Audio Visual Services, University of Regina)

Over 1,000 residential units were built in 2005, with a total value of \$99 million. Commercial construction increased to \$132.6 million in 2005, up \$26 million from the previous year.

Forecasts from the Conference Board of Canada expect this pace to continue in 2006, with the completion of the following projects:

- A new \$47 million building at the Regina Provincial Correctional Centre;
- \$4.7 million expansion to IPSCO's research and development facility in Regina;
- A new \$19 million, 56,000 sq ft. (5,200 sq m.) bus terminal for Saskatchewan Transportation Company;
- \$32 million renovation of the Laboratory Building at the University of Regina;
- \$17.5 million renovation of the old downtown Bay building to house the Saskatchewan Property Management Corporation and Harvard Broadcasting; and
- A new \$26.7 million provincial public health laboratory at Regina Research Park.

Other projects announced in 2005 include the establishment of the new YMCA in northwest Regina, scheduled to open in 2007 and the unveiling of the architectural design for the \$29 million RCMP Heritage Centre, which should be completed in May 2007. When built, the RCMP Heritage Centre will be the only national museum east of Ottawa.

With this pace of construction, it's no wonder Regina's assessment base increased by nearly two billion dollars over the past four years. During the 2001 Reassessment, total property assessments in the city were valued at \$6.8 billion; during the 2005 Reassessment, the city's assessment base increased to \$8.6 billion.

Building a strong foundation for a successful future

The future success of any community depends on the decisions and actions it takes today. Looking at the many projects implemented with the City and its partners in 2005, Regina's future is looking bright indeed.

During the year, the City worked with the Regina Inner City Community Partnership to begin revitalizing neighbourhoods in surrounding the downtown area. By the end of October, nearly 220 tonnes of debris was removed from inner city areas. Thirty-five new single family homes were constructed under the Centenary Affordable Housing Program.

In 2005 the City also implemented a new program to eradicate graffiti in Regina through education, engagement and enforcement. In the first six months of the program, the City removed over 110 incidents of graffiti on City-owned property. Residents and business owners who are victims of graffiti can purchase discounted paint and cleaning supplies from local businesses who are partners in the City's Community Paint Program.



Members of Regina Police Service work with residents to revitalize local neighbourhoods.



Ribbon cutting ceremony, Rick Hansen Optimist Playground

Together with the Optimist Clubs of Regina and Conexus, the City redeveloped and reopened the Rick Hansen Optimist playground in 2005. Located in A.E. Wilson Park, the playground is Regina's first fully-accessible structure with recycled rubber protective surfaces that allows children and adults to access the play structure and play panels.

Preserving and maintaining a healthy environment for our children has been a goal of the City of Regina for decades. The City was the third municipality in Canada to set a greenhouse gas emission reduction target over 15 years ago. In 2005, the City continued its efforts in this area by

purchasing an energy-efficient hybrid vehicle to drive in its automated water meter reading program as well as purchasing nine energy-efficient Nova buses for its transit fleet. The Nova Bus Corporation is the first manufacturer in North America to achieve corporate-wide ISA 14001 certification, an internationally recognized environmental management system standard.

Other projects the City has implemented to protect the environment include:

- Partnering with the McKell Wascana Conservation Area and Ducks Unlimited Canada to establish a 30 hectare wetland conservation area in Regina's southeast.
- Converting streetlights to high pressure sodium vapour.
- Improving sewage treatment efficiency.

It's no surprise that the Climate Group, a non-profit organization based in the United Kingdom, recognized Regina with 34 other cities around the world for their initiatives in energy management in 2005.

With its pioneering spirit very much alive, Regina confidently welcomes the opportunities and challenges in its future. The city's entrepreneurial spirit, coupled with its friendly family-oriented atmosphere, guarantee future success that will enhance Regina's reputation, both here in Saskatchewan and across the nation.

City Council

Regina has a Council/Manager form of government. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

Regina City Council consists of a Mayor and ten Councillors. Each Councillor represents one ward for a three-year term. The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's official signing officers. City Council members for the 2003-2006 term are shown below.



Back row:
Mayor Pat Fiocco

Fourth row, left to right:
Councillor Vic McDougall
Councillor Bill Hutchinson
Councillor Wade Murray

Third row, left to right:
Councillor Michael Fougere
Councillor Bill Gray
Councillor Fred Clipsham

Second row, center:
Councillor Jerry Flegel

Front row, left to right:
Councillor Terry Hincks
Councillor Sharron Bryce
Councillor Mike Badham*

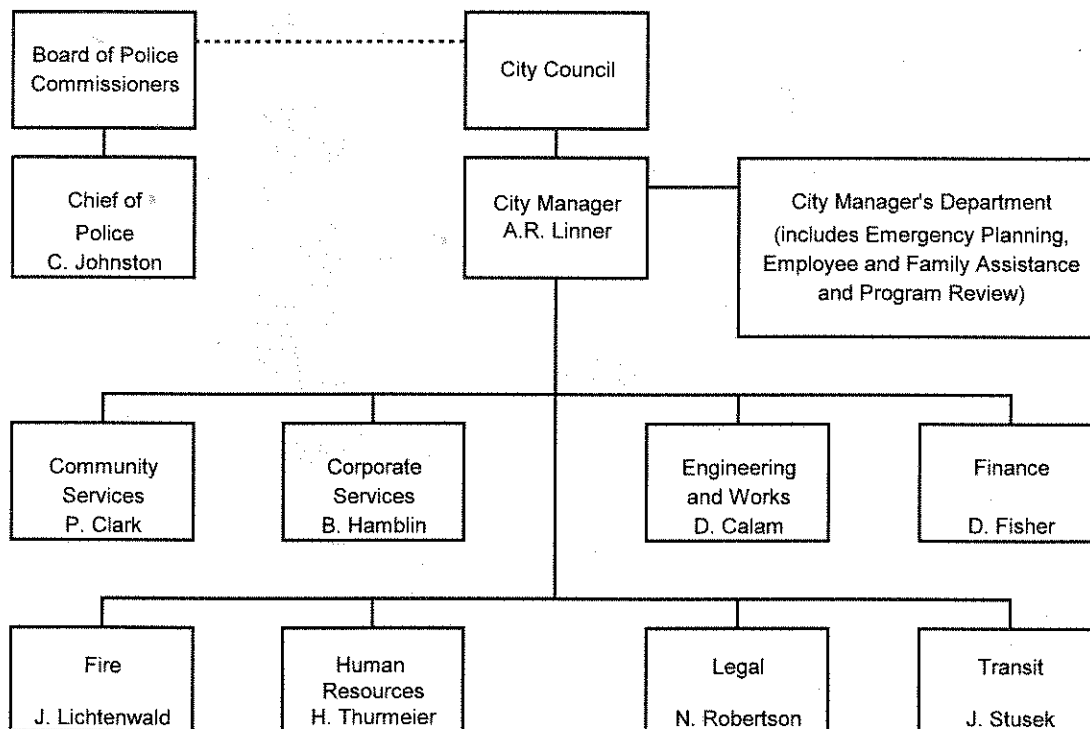
*Councillor Badham passed away
January 23, 2006.

City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities, and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective, and efficient manner.

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration, and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

City of Regina Organizational Structure



City Manager's Department

The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides guidance and leadership to the civic administration to achieve the goals and objectives established by City Council.

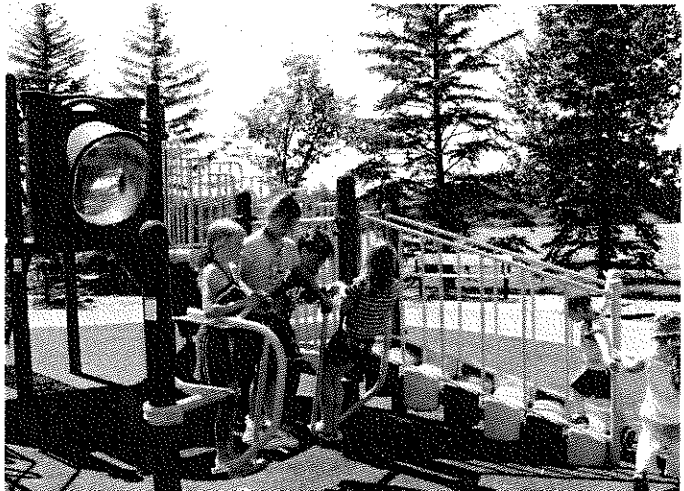
In addition to the Office of the City Manager, the City Manager's Department includes three Divisions:

- Emergency Planning is responsible for planning response to major emergencies or disasters. This Division coordinates the activities of other City departments, government departments, private industry and volunteers who respond to major emergencies. This function in 2004 was merged with the Manager of Occupational Health and Safety in the Human Resources Department to provide more depth of resources to the emergency planning function.
- Program Review, in cooperation with civic Departments, provides comprehensive analytical and functional reviews of specific City programs. Major reviews undertaken have examined Fire Services, Fleet Services, the corporate radio system, Transit, overtime at the City, and recreation fees and charges. The Division managed the Core Services Review in 2004.
- The Employee and Family Assistance Program is a cooperative effort between the City and its unions and associations. Its purpose is to provide employees, their immediate family and retired employees confidential and professional counselling to assist them to overcome personal problems.

Community Services Department

Community Services provides services that enhance the quality of life for the citizens of Regina and includes the following six divisions.

- The Parks and Open Space Management Division is responsible for the care and well being of horticultural product, support infrastructure and furnishings and amenities located in parks, golf courses, cemeteries and a diversity of other public open spaces distributed throughout the city.
- The Division also provides cemeteries interment, pest control and community extension and awareness services and programs.
- The Building Division is responsible to ensure building construction standards. This involves permit processing and inspection of commercial and residential projects.
- The Bylaw Enforcement Division is responsible for promoting, facilitating and enforcing general compliance regarding land use and property maintenance bylaws, as well as Residential Rehabilitation Assistance Program (RRAP) inspections.



- The Community and Leisure Services Division is responsible for all major recreation facilities; neighbourhood recreation centres; athletic fields; indoor arenas; outdoor rinks; target populations (Aboriginal, youth, seniors, persons with disabilities); community and social development; arts, culture and heritage; sport venues; market research; and community needs assessment.
- The Project Services and Landscape Design Division is responsible for the planning, policy development and landscape design processes within the department in order to provide strategic direction and support necessary for effectively managing parks and delivering leisure programs and community services. The Division administers the Community Investment programs, which provide financial assistance to organizations that deliver sport, culture, recreation or social programs in Regina.
- The Urban Planning Division facilitates the growth and development of the city through the development of strategic, long-range use policies and housing policies. These policies are implemented through appropriate guidelines, regulations, controls and zoning standards.

Corporate Services Department

The Corporate Service Department primarily provides internal support and services to assist other City departments and City Council.

- The City Clerk's Division acts as the Corporate Secretary. Staff from the Division arrange Council and Committee meetings, provide advice on procedural questions, document proceedings and distribute decisions. The City Archives, Bylaw retention, and corporate records management are also included, along with the provision of secretarial support to City Councillors.

The City Clerk is the Signing Officer for city contracts and the Returning Officer for municipal elections.



- The Facilities and Energy Management Division is responsible for constructing, operating and maintaining the City's facilities, the management of a central stores and surplus asset disposal operation, the administration of an energy management program for facilities and equipment and the management of a sustainable community development program.
- The Fleet Services Division is responsible for the management and maintenance of the City's fleet of vehicles and equipment. It is also responsible for the provision of equipment operator training services.
- The Information Systems Division provides technology, services and support that increase the City's ability to effectively deliver programs to its citizens. This Division adds value to the organization by implementing technology solutions; providing leadership in the integration, security, and sharing of data; and by identifying new technology opportunities.

- The Pension and Benefits Division administers pension plans, long-term disability and group dental, medical and life insurance benefits on behalf of the City and the Pension Administration Boards.
- The Communications Division promotes the City as a community and works to develop an understanding and appreciation among Regina's citizens of the programs and services of the City. Communications accomplishes this through the coordination and direction of media relations, advertising, and production services along with external communications and internal communications for the City.
- The Real Estate Division acts as the City's in-house realtor, providing all property purchasing, leasing, and selling services, land development services and real estate-related consultation for all City departments.

Engineering and Works Department

The Engineering and Works Department provides planning, design, construction, operation, and maintenance for the City's infrastructure and services in a responsive, efficient, and cost effective manner, consistent with appropriate professional and regulatory standards, and the community's service expectations. The Department consists of the following Divisions:

- The Roadways and Traffic Division is responsible for infrastructure, including streets, roads, alleys and sidewalks, street lights, traffic signs and traffic signals, necessary to ensure the safe and efficient movement of people and goods.
- The Sewer, Water, and Waste Management Division operates, maintains, constructs, and repairs the City of Regina's water and sewer infrastructure assets. The Division also collects and disposes of solid waste and provides opportunities for waste diversion. The infrastructure assets include water supply lines and pumps, water distribution pipes, valves and hydrants, water meters, sewer lines, lift stations, and four-stage Sewage Treatment Plant, surface drainage, routing and control, and the protection and preservation of the natural environment.
- The Development and Technical Services and Administrative Services Divisions support the other Divisions through the provision and coordination of technical and administrative services.



Finance Department

The Finance Department is responsible for the financial administration of the City of Regina. The Director of Finance is the Chief Financial Officer for the City of Regina, with the authority, duties and responsibilities as set out in the *Regina Administration Bylaw 2003-69*. The Department includes the following Divisions:

- The Assessment Division is responsible for assessing all properties in accordance with The Cities Act and the assessment manual adopted by the Saskatchewan Assessment Management Agency.

- The Corporate Budget Division is responsible for coordinating the development of and monitoring of the operating and capital budgets of the City of Regina.
- The Debt and Investment Division is responsible for providing support to and managing the work of the Pension Investment Board, managing the investment of City funds, and managing the City's debt requirements. The Pension Investment Board is contracted by the administrative boards of the various pension and benefit plans to manage the investments of those plans.
- The Financial Administration Division is responsible for corporate accounting, financial reporting, processing payrolls and accounts payable, managing disbursements and certain receivables, acquisitions and providing financial administration support to several of the major operating departments.
- The Revenue Administration Division is responsible for assessment administration, along with billing property taxes by applying the appropriate tax rates (mill rate and mill rate factor) to the assessed values. The scope of the Division also includes the administration of other corporate revenues including water, wastewater and drainage charges, licenses (business, taxi, bike, dog and cat), parking tickets, local improvements and amusement tax.

Fire Department



The overall objective of the Regina Fire Department is to enhance community readiness through fire prevention and public education activities while continuing to deliver a comprehensive emergency response program for the City of Regina and regional customers in accordance with fire service and mutual aid agreements. In addition to fire suppression services, the Department offers fire prevention programs, training and public education, fire safety education programs, emergency medical services, fire inspection and investigation, code

enforcement, mitigation of hazardous materials or catastrophic incidents and specialized rescue services.

The Department's 289 professional employees deliver the diverse services supported by a fleet of 18 front line apparatus, a state-of-the-art computer assisted dispatch communications centre and nine fire facilities. Emergency response services are provided 24 hours a day, seven days a week.

The Department actively participates in community-based programs to promote fire safety and awareness including targeted efforts with the Kidz First Program, Keeping Our Community Safe Committee, community Stories Program, Child Nutrition Programs, Smoke Alarm Installation Program, and the Learn Not to Burn Program.

The Department continues to adapt and evolve by pursuing new and enhanced emergency medical response capabilities, built-in fire prevention systems and a succession-planning model.

Human Resources Department

The mission of the Human Resources Department is to build partnerships with management to support their efforts in effectively managing their human resources within a culture of respect and value.

Support is provided through four key lines of business: labour relations, classification, compensation and policy; employment and organizational development; occupational health, safety and prevention; and human resource information and systems.

Legal Department

The Legal Department provides legal services to the Corporation, including the defence of all actions against the City, the prosecution of offences, and risk management services. The Legal Department also provides some legal services to the Regina Police Service, Buffalo Pound Water Administration Board and the Regina Public Library.

Transit Department

The Transit Department provides regular bus service within the city of Regina that is an efficient, effective and environmentally sustainable means of public transportation. Transit provides residents with an inexpensive way to access employment, education, medical, recreation, shopping and other opportunities available in the city. The Department uses various advertising and marketing programs to promote the use of transit as an alternate form of transportation to the private automobile. The Paratransit service provides transportation to nearly 2,500 residents who are unable to use the regular transit service.



Regina Police Services

The City of Regina, pursuant to *The Police Act, 1990*, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Service, the maintenance of law and order within the municipality, and discipline within the organization. The annual police budget must be approved by City Council.

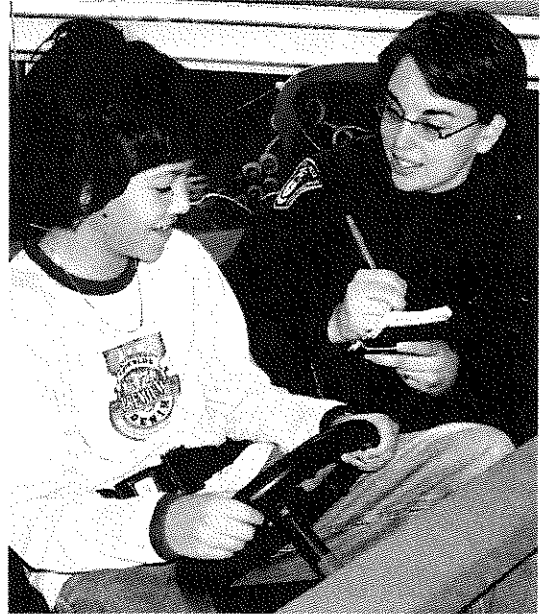
In 2005, the Regina Police Service stayed the course in terms of strategic direction, service delivery, organizational arrangements and partnership linkages. The Service remained engaged in an aggressive, ambitious and well-rounded approach to community policing. Geographic accountability, enforcement,

problem-solving approaches to deal with repeat, long-term issues, crime prevention and partnerships with the community are cornerstones of the Regina approach to policing.

During 2005, the Service continued to work with partners on a sustained Stolen Auto Strategy. As well, the Service began a project to address substandard housing and the sites of repeated criminal or disruptive behaviours. This work involved a significant partnership involving the City's Bylaw Enforcement and Building Divisions, the Regina Fire Department, the Regina-Qu'Appelle Health Region, the Regina Housing Authority, the North Central Community Association and representatives of the federal and provincial governments, among others.

In addition, the Regina Police Service continued its multi-year implementation of a new integrated police information management system, including the deployment of new mobile data terminals in police vehicles, introduced a new aboriginal summer student program and expanded the Service's investment in employee training.

The core functions of the Regina Police Service continue to be emergency response, quality investigations/response to non-emergency calls, traffic safety and crime prevention/community building. Building on community partnerships and trust, an energetic and professional workforce and a progressive, optimistic vision of the future, the Regina Police Service remains, in co-operation with the citizens of Regina, dedicated to building a safe and caring community.



Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

Introduction

The City of Regina 2005 Annual Financial report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, as required by *The Cities Act, 2002*.

The following financial statement discussion and analysis (FSD&A) was prepared by the City of Regina Administration. It should be read in conjunction with the audited consolidated financial statements and schedules.

Highlights

The 2005 Consolidated Financial Statements report an excess of revenues over expenditures of \$12.7 million. The Net Liability position of the City improved from \$20.7 million at the end of 2004 to \$9.0 million at the end of 2005.

Revenues increased by \$14.8 million, while expenditures decreased by \$18.9 million from the prior year. Other highlights include:

- Long-term debt including Utility debt decreased by \$11.6 million during 2005, from \$67.5 million to \$55.9 million.
- The City's General Fund Reserve increased by \$2.3 million, reflecting the \$1.6 million general operating surplus and an increase in land sales.

Demographic and Economic Information

	2005	2004	2003	2002	2001
Population	192,800	191,400	190,100	187,429	191,400
Building Permits					
Number	1,670	1,776	1,587	1,510	1,407
Value (\$000's)	241,529	218,674	215,444	140,417	192,509
Urban Dwelling Starts	1,060	1,206	746	720	564
Inflation Rate for Regina (%)	2.1%	2.2%	2.3%	2.7%	1.8%
Unemployment Rate (%)					
Saskatchewan	5.1%	5.3%	5.6%	5.7%	5.8%
Canada	6.8%	7.2%	7.6%	7.7%	7.2%
Average Selling Price of Homes	122,765	111,869	104,419	100,751	96,943

Analysis

Revenues – Budget to Actual and Prior Year Comparison

For the year ended December 31
(in thousands of dollars)

	2005		Variance Favourable (Unfavourable)	2004 Actual	Increase (Decrease)
	Budget	Actual			
Taxation	125,049	124,535	(514)	116,399	8,136
Fees and Charges	77,540	77,671	131	76,715	956
Electrical Distribution	21,440	22,123	683	20,760	1,363
Government Transfers	20,542	19,684	(858)	18,538	1,146
Gas Distribution	8,980	9,431	451	8,838	593
Licenses, Fines & Levies	8,068	9,659	1,591	7,911	1,748
Interest and Penalties	5,886	6,392	506	6,101	291
Development Charges	2,843	5,403	2,560	4,688	715
Other	834	2,780	1,946	2,797	(17)
Land Sales	826	1,107	281	1,206	(99)
Total	272,008	278,785	6,777	263,953	14,832

Taxation Revenue for 2005 was one half of one percent below budget primarily because the required contingency allowance for assessment appeals was slightly higher than budgeted. Taxation revenue for 2005 was higher than 2004 by \$8.1 million, or 6.9% due to a 4% increase in the municipal mill rate for 2005 and some growth in assessment value due to new construction and development. As well, the required allowance for outstanding assessment appeals for 2004 was higher than that required for 2005.

Electrical and Gas Distribution revenues were about \$1.1 million, or 3.7% higher than budget; and almost \$2 million above 2004, because of rate increases for electricity and natural gas during 2005. Natural gas prices have been particularly volatile, with decreases in early 2006.

Development Charges are higher than budget because development exceeded forecast amounts.

Expenditures – Budget to Actual and Prior Year Comparison

	2005		Variance Favourable (Unfavourable)	2004 Actual	Increase (Decrease)
	Budget	Actual			
Police	47,145	45,490	1,655	48,179	(2,689)
Parks, Recreation and Community Services	47,498	44,599	2,899	49,910	(5,311)
Water, Wastewater and Drainage	44,352	40,972	3,380	44,401	(3,429)
Roads and Traffic	36,400	35,805	595	41,245	(5,440)
Legislative and Administrative Services	40,987	32,900	8,087	40,790	(7,890)
Fire	26,600	25,693	907	24,831	862
Transit	21,836	23,513	(1,677)	19,045	4,468
Waste Collection and Disposal	6,843	9,125	(2,282)	8,479	646
Grants	3,897	4,168	(271)	3,935	233
Planning and Development	4,001	3,837	164	4,176	(339)
Total	279,559	266,102	13,457	284,991	(18,889)

Overall, the General Operating Fund expenditures were under budget by less than 1%, although there were larger variances within specific areas. Winter Road Maintenance expenditures for 2005 were \$1 million over budget due to heavy snowfall in early 2005. The over expenditure was funded by a transfer from the Winter Road Maintenance Reserve.

The over expenditure for grants reflects decisions of City Council to approve additional community investment expenditures for the Brier, Regina Exhibition Park, Kramer IMAX Theatre, Government House, and the Canadian Country Music Awards that were not included in the 2005 budget.

CUPE Locals 21, 7 and Amalgamated Transit Union Local 588 were on strike from August 31 to September 26, 2005. The expenditure reduction during the strike was approximately \$5 million, which was offset by negotiated salary increases in excess of budget, overtime costs for staff working during the strike, and reduced transit and recreation revenues.

There is generally more variability in actuals to budget for capital projects. City Council approves budget funds for each capital project based on the maximum forecast expenditure for the year to accommodate the planning and scheduling requirements associated with capital projects. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year. For 2005, the carry-forward amount available was \$36,404 (2004 - \$25,410). The over expenditure for Transit and Waste Collection and Disposal reflect the expenditure of prior years' capital budget amounts in 2005.

General Capital Fund – Budget and Actuals Comparison

For the year ended December 31
(in thousands of dollars)

	<u>Budget 2005</u>	<u>Actual 2005</u>	<u>Actual 2004</u>
Revenues			
Government transfers			
Federal	3,200	2,200	744
Provincial	165	220	2,262
Developer Contributions	2,764	3,814	3,232
Miscellaneous Revenues	595	3,900	2,057
	<u>6,724</u>	<u>10,134</u>	<u>8,295</u>
Expenditures	<u>37,185</u>	<u>32,332</u>	<u>48,361</u>
Net Expenditures	(30,461)	(22,198)	(40,066)
Financing and Transfers			
Debt Issues			
Net Interfund Transfers			
From Reserves	11,380	10,002	34,320
From Operating Fund	14,766	14,766	16,740
	<u>26,146</u>	<u>24,768</u>	<u>51,060</u>
Increase/(Decrease) In Fund Balance	<u>(4,315)</u>	<u>2,570</u>	<u>10,994</u>

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

Actual capital expenditures were 33% lower than in 2004 because 2004 included the widening of Victoria Avenue East and the City's contribution to the Wascana Lake Deepening project. Some projects for 2005 were delayed due to factors such as availability of contractors and the labour disruption experienced by the City in September 2005.

Significant Trends

Revenue Summary

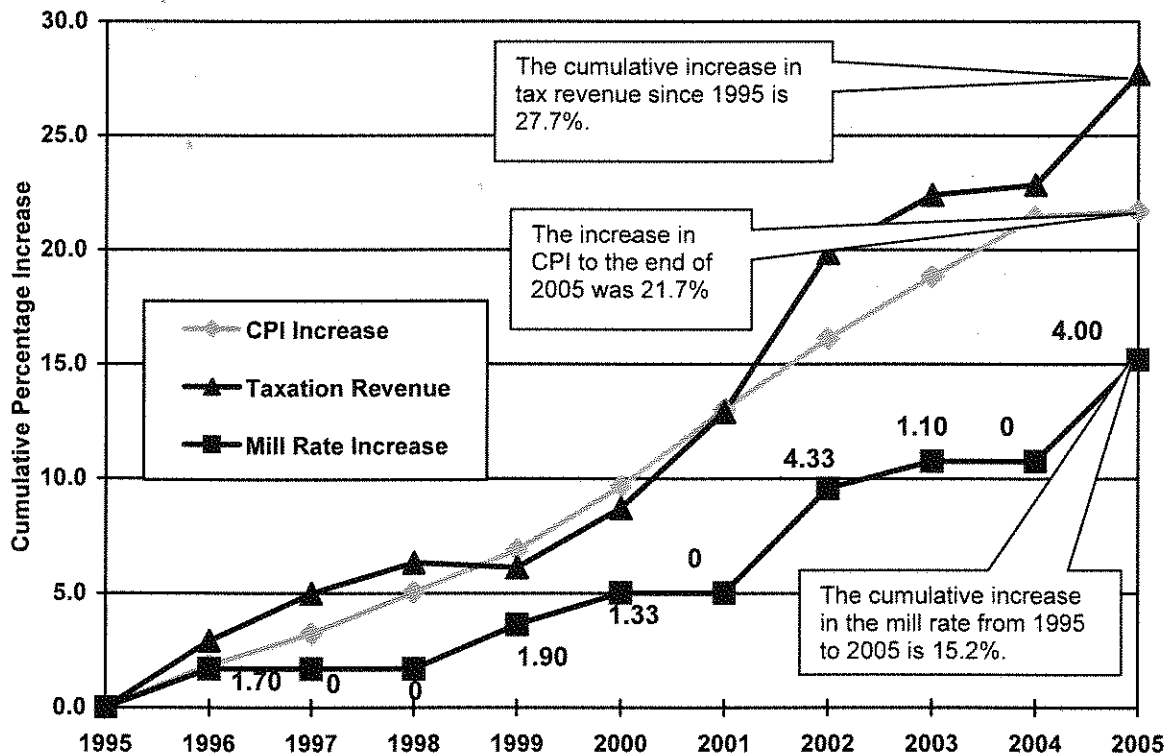
(in thousands of dollars)

	2005	2004	2003	2002	2001
Taxation	124,535	116,399	116,118	114,921	111,795
Fees and Charges	77,671	76,715	76,032	70,777	69,413
Electrical Distribution	22,123	20,760	20,746	19,987	18,870
Government Transfers	19,684	18,538	23,872	13,692	14,583
Gas Distribution	9,431	8,838	9,613	7,874	8,513
Licenses, Fines and Levies	9,659	7,911	6,177	6,546	6,595
Interest and Penalties	6,392	6,101	7,593	7,497	5,054
Development Charges	5,403	4,688	2,957	2,468	2,089
Other	2,780	2,797	643	2,917	3,435
Land Sales	1,107	1,206	2,141	954	1,108
Total	278,785	263,953	265,892	247,633	241,455

Taxation Revenue generally increases with growth and tax rate increases. The following chart shows municipal mill rate increases, taxation revenue and the Consumer Price Index for the past ten years:

Municipal Mill Rate Increase, Tax Revenue Increase and CPI Increase

(Cumulative Increase Since 1995)



Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Property Tax
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Taxable Property Assessment

(in thousands of dollars)

Year	Total
2005	6,302,012
2004	5,368,835
2003	5,306,833
2002	5,274,500
2001	5,227,401

Mill Rates

Year					Business Improvement Levies	
	Municipal	Schools	Library	Total	Regina Downtown	Regina's Old Warehouse District
2005	17.6987	18.0264	1.8045	37.5296	1.3107	1.1300
2004	18.6212	19.7247	1.9745	40.3204	1.1300	0.9300
2003	18.6212	19.7247	1.9745	40.3204	1.1300	0.9300
2002	18.4190	19.7250	1.9080	40.0520	0.9300	n/a
2001	17.6550	19.5290	1.8800	39.0640	0.9300	n/a

Municipal Mill Rate Factors

Property Class/Subclass	2005	2004	2003	2002	2001
Residential	0.83423	0.8789	0.8789	0.8789	0.8789
Condominiums	0.83423	0.8789	0.8789	0.8789	0.8789
Multiple Family Residential	1.27557	1.2693	1.2693	1.2693	1.2693
Commercial and Industrial	1.34557	1.19768	1.1900	1.1900	1.1749
Exterior Hotels	n/a	0.61763	n/a	n/a	n/a
Golf Courses	0.94826	0.7800	n/a	n/a	n/a
Agriculture	1.34557	1.1900	1.1900	1.1900	1.1749

Tax Levies and Collection

(in thousands of dollars)

	2005	2004	2003	2002	2001
Municipal Tax Levy	112,959	105,468	105,186	104,308	101,270
School Boards Tax Levy	97,836	107,407	114,512	110,986	110,805
Library Tax Levy	11,576	10,931	10,932	10,613	10,525
Total Tax Levy	222,371	223,806	230,630	225,907	222,600
Tax Levy Per Capita	1,153	1,196	1,213	1,205	1,163
Tax Arrears at End of Year (prior to Allowance for Doubtful Accounts)	5,702	6,772	7,601	7,498	8,247
Arrears as a % of Total Tax Levy	2.56%	3.03%	3.30%	3.32%	3.70%

Major Property Taxpayers in Regina in 2005

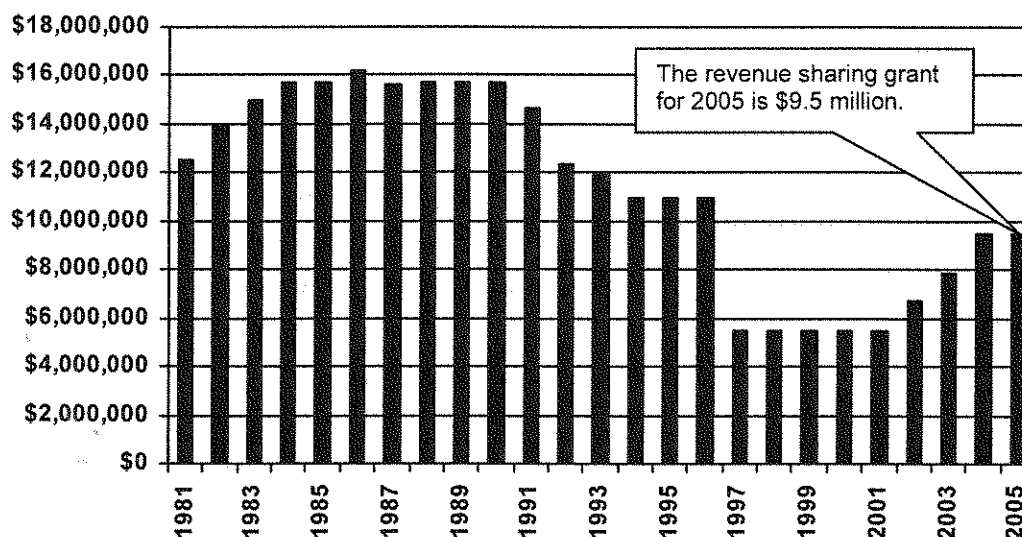
Registered Owner	Total Taxable Assessment (in thousands of dollars)	% of Total Taxable Assessment
1. Borealis Retail Cornwall Centre Inc.	49,301	0.78%
2. Consumer's Co-operative Refineries Limited	49,175	0.78%
3. HDL Investments Inc.	38,897	0.62%
4. Boardwalk REIT Properties Holdings Ltd.	34,909	0.55%
5. Gordon Road Property Holdings Inc.	33,362	0.53%
6. Saskatchewan Housing Corporation	31,198	0.50%
7. 1532652 Ontario Limited	31,184	0.49%
8. Loblaw Properties West Inc.	30,482	0.48%
9. SGC Holdings Inc.	25,684	0.41%
10. First Willow Developments Ltd.	25,065	0.40%
11. Pyxis Real Estate Equities Inc.	25,016	0.40%
12. 4187415 Canada Inc.	19,789	0.31%
13. Normanview Crossing Inc.	18,653	0.30%
14. First Roughrider's Developments Limited	15,842	0.25%
15. Sears Canada Inc.	15,386	0.24%
Total	443,943	7.04%
Total 2005 Taxable Assessment	6,302,012	

The list of major taxpayers does not include properties where grants or payments in lieu of property tax are paid.

Fees and Charges revenue has generally increased due to rate increases, with some increase over the past two years due to higher building activity. The largest portion of the increase is attributable to increase in water and sewer utility rates required to fund infrastructure improvements to meet water and sewer treatment quality standards.

Government Transfers includes both operating and capital transfers and reflects the variability in various federal and provincial capital grant programs. The Provincial Revenue sharing grant is the largest single grant program available to the City of Regina. The following graph shows the Provincial Revenue Sharing Grant received by Regina since 1981:

Regina's Revenue Sharing Grant



Electrical and Gas Distribution Revenues reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relatively steady over the past ten years but natural gas consumption has decreased on average about 3% per year.

Expenditure Summary

(in thousands of dollars)

	2005	2004	2003	2002	2001
Police	45,490	48,179	45,164	39,056	31,023
Parks, Recreation and Community Services	44,599	49,910	45,488	40,391	41,482
Water, Wastewater and Drainage	40,972	44,401	63,350	37,397	39,378
Roads and Traffic	35,805	41,245	31,277	29,247	23,756
Legislative and Administrative Services	32,900	40,790	37,505	35,443	28,863
Fire	25,693	24,831	23,984	21,529	24,218
Transit	23,513	19,045	19,624	19,233	18,086
Waste Collection and Disposal	9,125	8,479	7,817	6,259	6,906
Grants	4,168	3,935	3,950	3,977	3,939
Planning and Development	3,837	4,176	3,961	4,019	4,010
Other	-	-	-	3,112	1,701
Total	266,102	284,991	282,120	239,663	223,362

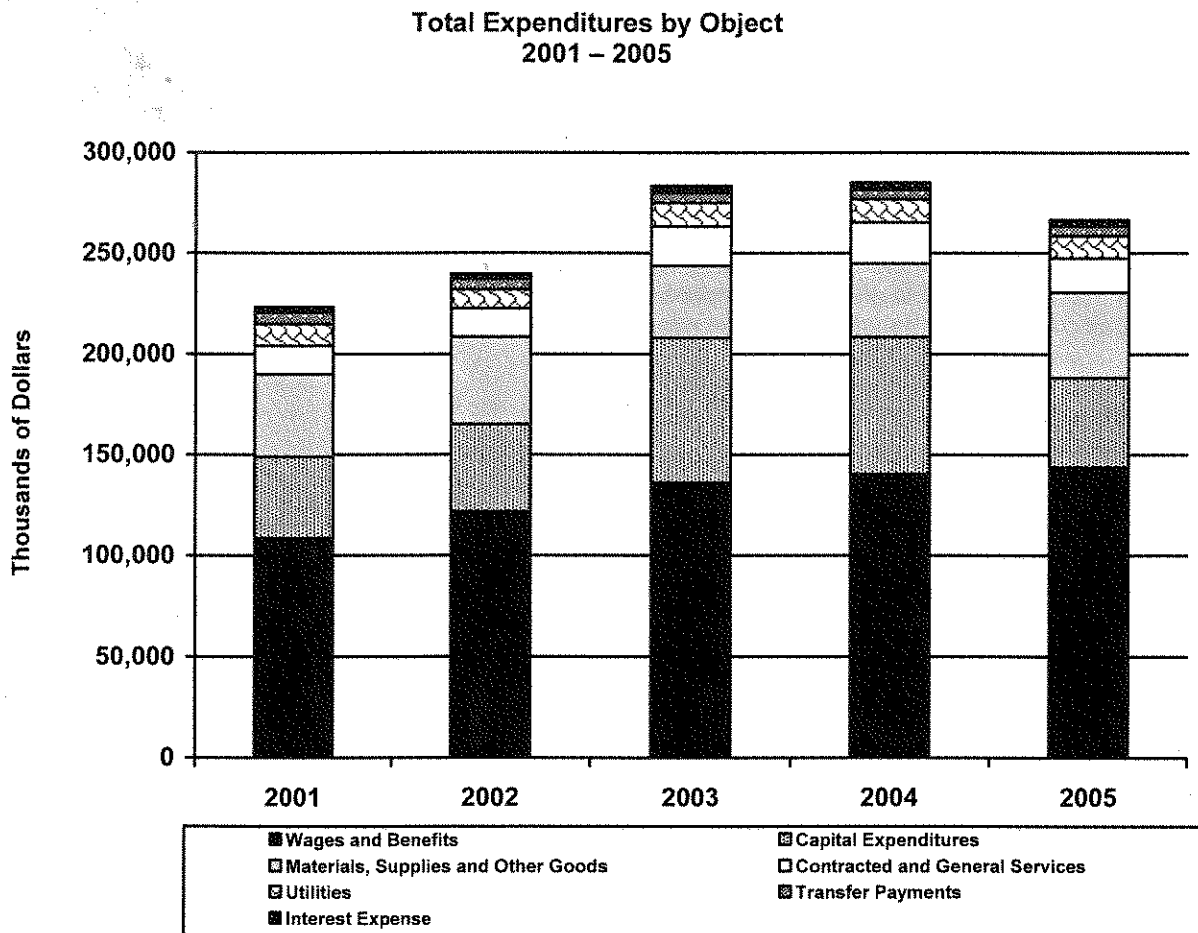
Expenditures by Object
(in thousands of dollars)

	2005	2004	2003	2002	2001
Wages and Benefits	143,390	140,329	136,131	121,787	108,587
Capital Expenditures	44,402	68,076	71,958	43,261	40,337
Materials, Supplies and Other Goods	36,489	36,440	35,644	43,421	41,001
Contracted and General Services	22,739	20,508	18,927	14,303	14,177
Utilities	11,005	11,451	10,729	9,188	10,786
Transfer Payments	4,825	4,523	5,227	5,142	5,698
Interest Expense	3,252	3,664	3,504	2,561	2,776
Total	266,102	284,991	282,120	239,663	223,362

The significant increase in wages and benefits in 2003 reflects the implementation of the PSAB guidelines for accounting for post-employment benefits including recording vested sick leave benefits on an actuarial basis.

Capital expenditures were significantly higher in 2003 and 2004 because of significant projects including Victoria Avenue East and the Wascana Lake Deepening Project.

The following graph displays the proportion of total expenditures by object:



Financial Position – Net Financial Assets (Liabilities)

(in thousands of dollars)

	2005	2004	2003	2002	2001
Financial Assets					
Cash	11,301	5,836	8,813	10,770	17,034
Short-Term Investments	30,536	14,648	34,633	36,550	34,457
Accounts Receivable	38,002	34,467	30,906	27,623	25,541
Taxes Receivable	4,386	4,972	6,118	6,263	7,238
Long-Term Investments	56,406	79,438	66,473	84,891	36,482
Total	140,631	139,361	146,943	166,097	120,752
Liabilities					
Accounts Payable and Accrued Liabilities	26,346	31,170	31,283	27,834	23,790
Taxes Payable to School Boards	6,939	4,426	5,085	4,305	8,860
Deferred Revenue	7,425	6,473	4,286	4,617	3,660
Lease Obligations	2,124	2,393	2,540	2,546	2,671
Long-Term Debt	55,900	67,500	57,100	66,700	32,300
Employee Benefit Obligations	34,590	33,708	32,614	24,751	20,553
Pension Liability	4,776	5,817	5,979	4,899	5,066
Landfill Closure and Post Closure	15,614	13,640	12,784	13,063	11,949
	153,714	165,127	151,671	148,715	108,849
Net Financial Assets (Liabilities)	(13,083)	(25,766)	(4,728)	17,382	11,903

Investments

Fluctuations in Short and Long Term Investments reflect the timing of debt issues and the expenditure of the proceeds on various capital projects.

Assessment Appeals

Accounts Payable and Accrued Liabilities include standard trade and payroll amounts payable as at December 31. It also includes a contingency amount for potential losses on assessment appeals. There are currently a number of appeals outstanding at various levels of the appeal process relating to assessments for the years 2001 through 2005, with a total risk estimated at about \$7.3 million. At the end of 2004, appeals were outstanding for 1999 through 2004, with a total risk of about \$13 million. The risk is estimated by a review of each appeal including an analysis of the issues raised in the appeal and the potential reduction in assessment value.

During 2005, the appeals relating to 1999 and 2000 were resolved, and a significant portion of those relating to 2001 through 2004 were also resolved. For the appeals that were resolved, there was significant variability in the estimated risk compared to the actual decisions on a property by property and year by year basis, but on an overall basis the contingency established was sufficient to cover actual losses. The lengthy process for resolution of the appeals through the courts results in significant uncertainty in estimating the potential losses for the appeals still outstanding.

Long-Term Debt

as at December 31
(in thousands of dollars)

	2005	2004	2003	2002	2001
Total Debt Outstanding (Beginning of Year)	67,500	57,100	66,700	32,300	46,878
Debt Issued During Year	-	20,000	-	40,000	-
Debt Repayments During Year	(11,600)	(9,600)	(9,600)	(5,600)	(14,578)
Total Debt Outstanding (End of Year)	55,900	67,500	57,100	66,700	32,300
General Municipal Debt Outstanding (End of Year)	12,600	14,000	-	-	-
Water and Sewer Utility Debt Outstanding (End of Year)	43,300	53,500	57,100	66,700	32,300
Total Debt Outstanding	55,900	67,500	57,100	66,700	32,300
Debt Per Capita (in dollars)	290	353	300	355	168

In 2005, Standard & Poor's affirmed its 'AA+' credit rating with a stable outlook for the City based on the city's very strong financial performance. The rating reflects the City's modest debt burden and robust cash and investment holdings. The rating indicated that these strengths are partially offset by constraints on the City's financial flexibility that are greater than those faced by most other rated comparable Canadian municipalities.

The City's tax-supported debt was \$12.6 million at the end of 2005, while debt incurred to fund the water and sewer utility was \$43.3 million for a total of \$55.9 million. The City last issued \$20 million in debt in 2004, and it is expected that borrowing in the range of \$100 million will be required over the period 2008-2011 to finance improvements to the City's wastewater treatment facilities.

The City of Regina's authorized debt limit is 94,000 (2004 – 94,000). The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*.

Debt Service Costs

(in thousands of dollars)

	2005	2004	2003	2002	2001
General Municipal Debt					
Principal	1,400	-	-	-	-
Interest	549	470	-	-	195
Sinking Fund Levies	-	-	-	-	60
	1,949	470	-	-	255
Water and Sewer Utility					
Principal	10,200	9,600	9,600	5,600	7,100
Interest	2,500	2,988	3,289	2,384	2,400
Sinking Fund Levies	-	-	-	-	15
	12,700	12,588	12,889	7,984	9,515
Total	14,649	13,058	12,889	7,984	9,770
Debt Service Costs as a Per Cent of Total Expenditures	5.5%	4.6%	4.5%	3.3%	4.8%

Employee Benefit Obligations

The increase in Employee Benefit Obligations from 2002 to 2003 reflects the City's adoption of the PSAB requirements for valuing post-employment benefits such as sick leave, service pay and group insurance on an actuarial basis. Since 2003, the increase primarily reflects the impact of general wage rate increases on vacation pay. In 2005, approximately \$1.2 million was paid out for vested sick leave on termination including retirements. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash expenditures relating to this obligation will increase.

Pension Liability

This amount reflects the liability for the Regina Police Pension and the Chief of Police Pension Plans only. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of any actuarial surplus or deficit and thus no amount is included in the Statement of Financial Position for this plan. As disclosed in Note 8 to the Financial Statements, an actuarial extrapolation completed for the plan for accounting purposes indicates a surplus of net assets available for benefits of \$5,993 (2004 - \$17,257 deficiency).

For funding purposes, the plan is required to complete actuarial valuations on both a going concern and a solvency basis for December 31, 2005. The valuation for solvency purposes requires any shortfall to be funded over a five-year period. Preliminary information indicates that a reduction in benefits and/or an increase in contributions would be required to meet the solvency requirements. The Plan is required to address the requirements and complete the required actuarial valuation by September 2006. Total current contribution rates for the City and the members are relatively high at an average rate of 20.33% of pensionable earnings. The following table shows the City's contributions to the Plan for the past five years:

	2005	2004	2003	2002	2001
City of Regina Employer Contributions (in thousands of dollars)	9,040	8,569	5,429	5,250	4,882

Reserves

As at December 31
(in thousands of dollars)

	2005	2004	2003	2002	2001
Reserves					
City of Regina Reserves	30,640	30,658	45,174	51,786	46,444
Group Benefits Reserves	6,682	5,728	5,150	6,316	5,751
Other Entities Reserves	4,777	4,509	4,259	4,208	4,167
Total	42,099	40,895	54,583	62,310	56,362

Reserve balances totalled \$42 million at the end of 2005 (2004 - \$41 million).

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements. The largest reserve is the General Fund Reserve, which is intended to provide funding in the event of an operating deficit, as well as for one-time initiatives. This reserve balance decreased substantially from \$19 million at the end of 2002 to \$8 million at the end of 2004, but increased by about \$2 million during 2005 primarily because of the City's general operating fund surplus and land sales. The reserves represent amounts that Council has funded through annual operating revenues for future

requirements. The financial statements include a number of liabilities which will be funded from future revenues. These amounts are reflected in Note 11 to the Financial Statements as Obligations to be Paid from Future Revenues, and include amounts related to the Employee Benefit Obligations, Pension Liability, Long Term Debt and the Landfill Closure and Post-Closure costs.

Physical Assets

Currently the Public Sector Accounting Board (PSAB) guidelines require that amounts spent for capital assets be recorded as expenditures at the time the asset is acquired. In March 2006, PSAB issued an exposure draft for a revised Handbook section 3150 which, once approved, will require local governments to report all tangible capital assets as assets on the Statement of Financial Position and provide for amortization over the expected useful lives. This change would significantly impact the City of Regina's financial statements. The Administration is reviewing the implications and the changes that would be required in future years. Approval of the handbook section is expected in 2006, with implementation required for 2009.

Looking Forward

Regina, like other cities, faces challenges that include aging infrastructure and requirements resulting from growth and increased standards. Revenue growth from new development and electrical and natural gas distribution revenues is expected to be higher in 2006 than previous years. However, the growth is not sufficient to keep pace with operating expenses or increased capital requirements.

In 2006, the Province of Saskatchewan announced an increase in the revenue sharing pool for cities that will provide an additional \$1.7 million in ongoing revenue, plus an additional one-time \$1.7 million for the 2005/2006 provincial fiscal year. The Province also announced \$6 million in capital funding for the City of Regina through the one-time Community Share 2006 program.

During 2005, the Federal Government implemented a program to share a portion of the Federal Gas Tax revenues with municipalities. In 2006, it is expected that Regina will receive \$3.3 million in Federal gas tax grants, with the amount increasing to about \$11.1 million by 2009. There is also a Federal funding program for Transit capital that is expected to provide \$4.8 million per year for 2006 and 2007.

The additional operating and capital funding was a significant factor in maintaining the municipal mill rate in the 2006 General Operating Budget approved by City Council on April 13, 2006. It also represents increasing recognition of the issue of local government financing by the Provincial and Federal Governments. Over the longer term, the City will continue to be faced with fiscal pressure unless there is a fundamental change in the revenue framework for cities.



Vivian Lund, CA
Acting Director of Finance

May 31, 2006

Consolidated Financial Statements

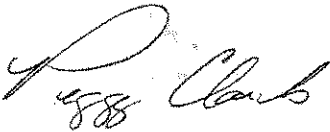
Management's Report

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of management. The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte & Touche LLP, Chartered Accountants, the City's appointed external auditors, have audited the Consolidated Financial Statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.



Peggy Clark
Acting City Manager
May 31, 2006



Vivian Lund, CA
Acting Director of Finance



Deloitte & Touche LLP
900 - 2103 11th Ave
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: (306) 565-5200
Fax: (306) 757-4753
www.deloitte.ca

Auditors' Report

To His Worship the Mayor and Members of City Council

We have audited the consolidated statement of financial position of the City of Regina as at December 31, 2005 and the consolidated statements of financial activities and changes in net liabilities, and changes in financial position for the year then ended. These 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 of Regina as at December 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
May 31, 2006

Consolidated Statement of Financial Position

As at December 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
FINANCIAL ASSETS		
Cash	11,301	5,836
Short-Term Investments - Note 2	30,536	14,648
Accounts Receivable	38,002	34,467
Taxes Receivable - Note 3	4,386	4,972
Long-Term Investments - Note 4	56,406	79,438
Financial Assets	<u>140,631</u>	<u>139,361</u>
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	26,346	31,170
Taxes Payable to School Boards	6,939	4,426
Deferred Revenue	7,425	6,473
Lease Obligations - Note 5	2,124	2,393
Long-Term Debt - Note 6	55,900	67,500
Employee Benefit Obligations - Note 7	34,590	33,708
Pension Liability - Note 8	4,776	5,817
Landfill Closure and Post-Closure - Note 9	15,614	13,640
Financial Liabilities	<u>153,714</u>	<u>165,127</u>
Net Financial Liabilities	<u>(13,083)</u>	<u>(25,766)</u>
NON-FINANCIAL ASSETS		
Property Held for Resale - Note 10	270	1,335
Materials and Supplies	3,824	3,701
Net Liabilities - Note 11	<u>(8,989)</u>	<u>(20,730)</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Activities and Changes in Net Liabilities

For the Year Ended December 31, 2005
(in thousands of dollars)

	Budget 2005	Actual 2005	Actual 2004
REVENUE			
Taxation - Note 12	125,049	124,535	116,399
Fees and Charges	77,540	77,671	76,715
Electrical Distribution	21,440	22,123	20,760
Government Transfers - Note 13	20,542	19,684	18,538
Gas Distribution	8,980	9,431	8,838
Licenses, Fines and Levies	8,068	9,659	7,911
Interest and Penalties	5,886	6,392	6,101
Development Charges	2,843	5,403	4,688
Other	834	2,780	2,797
Land Sales	826	1,107	1,206
	<u>272,008</u>	<u>278,785</u>	<u>263,953</u>
EXPENDITURES			
Police	47,145	45,490	48,179
Parks, Recreation and Community Services	47,498	44,599	49,910
Water, Wastewater and Drainage	44,352	40,972	44,401
Roads and Traffic	36,400	35,805	41,245
Legislative and Administrative Services	40,987	32,900	40,790
Fire	26,600	25,693	24,831
Transit	21,836	23,513	19,045
Waste Collection and Disposal	6,843	9,125	8,479
Grants	3,897	4,168	3,935
Planning and Development	4,001	3,837	4,176
	<u>279,559</u>	<u>266,102</u>	<u>284,991</u>
Excess of Revenue over Expenditures (Expenditures over Revenues)		12,683	(21,038)
(Decrease) increase in Non-Financial Assets		<u>(942)</u>	<u>58</u>
Increase (decrease) in Net Assets		11,741	(20,980)
Net (Liabilities) Assets, Beginning of Year		<u>(20,730)</u>	<u>250</u>
Net Liabilities		<u>(8,989)</u>	<u>(20,730)</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 2005
(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
OPERATING ACTIVITIES		
Excess of Revenue over Expenditures (Expenditures over Revenues)	<u>12,683</u>	<u>(21,038)</u>
Net Change in Non-Cash Working Items		
Increase in Accounts Receivable	(3,535)	(3,561)
Decrease in Taxes Receivable	586	1,146
Decrease in Accounts Payable and Accrued Liabilities	(4,824)	(113)
Increase (Decrease) in Taxes Payable to School Boards	2,513	(659)
Increase in Deferred Revenue	952	2,187
Decrease in Lease Obligations	(269)	(147)
Increase in Employee Benefit Obligations	882	1,094
Decrease in Pension Liability	(1,041)	(162)
Increase in Landfill Closure and Post-Closure Liability	1,974	856
Net Change in Non-Cash Working Items	<u>(2,762)</u>	<u>641</u>
Cash Provided by (Used in) Operating Activities	<u>9,921</u>	<u>(20,397)</u>
INVESTING ACTIVITIES		
Net Purchase of Short-Term Investments	(15,888)	(12,965)
Net Sale of Long-Term Investments	23,032	19,985
Cash Provided by Investing Activities	<u>7,144</u>	<u>7,020</u>
FINANCING ACTIVITIES		
Long-Term Debt Issued	-	20,000
Long-Term Debt Retired	(11,600)	(9,600)
Cash (Used in) Provided by Financing Activities	<u>(11,600)</u>	<u>10,400</u>
Increase (Decrease) in Cash Position	<u>5,465</u>	<u>(2,977)</u>
Cash Position, Beginning of Year	<u>5,836</u>	<u>8,813</u>
Cash Position, End of Year	<u>11,301</u>	<u>5,836</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2005

(in thousands of dollars)

1. Significant Accounting Policies

The consolidated financial statements of the City of Regina (the City) are prepared by management 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 (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in net liabilities and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City, namely:

- General Operating and Capital Funds
- Water and Sewer Utility Operating and Capital Funds
- Regina Public Library
- Regina Regional Economic Development Authority
- Regina Downtown Business Improvement District
- Regina's Old Warehouse Business Improvement District

Inter-departmental and inter-organizational transactions and balances have been eliminated.

The City has an interest in the Buffalo Pound Water Administration Board, a government partnership, that is proportionately consolidated.

The City owns the Regina Pioneer Village, a government business enterprise, that is accounted for using the modified equity method, consistent with the generally accepted accounting treatment for government business enterprises (Note 4). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

The City of Regina administers two trust funds: Perpetual Care Trust and the Williamson Driver Award. These trusts, amounting to 2,554 and 5 (2004 - 2,550 and 5), respectively, have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Changes in Net Liabilities. Details of these funds are published in the General Trust Financial Statements.

(b) Revenue and Expenditure Recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable, with the exception of revenues from fines and parking tickets which are accounted for on the cash basis. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with Provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of an amount for

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 1 (continued)

potential losses on assessment appeals outstanding as of December 31, 2005. While the outcomes of these appeals and the City's resulting obligations are uncertain, a provision of 7,270 (2004 - 13,017) has been recorded in Accounts Payable and Accrued Liabilities for potential losses on assessment appeals outstanding as of December 31, 2005. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

Penalties on overdue taxes are recorded in the period levied.

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5% respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City of Regina limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City of Regina limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City of Regina limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

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

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments as recommended by the CICA requires management to make estimates and use assumptions that affect the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

(d) Investments

All investments are recorded at cost less amounts written down to reflect a permanent decline in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

(e) Materials and Supplies

Inventories of materials and supplies are valued at average cost.

(f) Taxes Collected for Others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivable.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 1 (continued)

(g) Deferred Revenue

The City receives development charge contributions, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance, and rent revenue received from the Saskatchewan Roughriders football club which is to be spent on upgrading Taylor Field. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenditures.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

(h) Pension and Benefit Plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, the contributions are expensed when they are due and payable.

(i) Post-Employment Benefits

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for Vested Sick Leave, Service or Retirement Allowances and other Post-Employment Benefits have been determined on an actuarial basis. The obligations for Vacation Pay and Banked Time in Lieu of Overtime have been accounted for at an undiscounted value at the current rate of pay.

(j) Capital Assets

Expenditures on capital assets are recognized as expenditures in the period the assets are acquired or constructed.

(k) Budget Information

Unaudited budget information is presented on a basis consistent with that used for actual results.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

2. Short-Term Investments

Short-term investments recorded at a cost of 30,536 (2004 – 14,648) have a market value approximating cost. The investment is in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes.

3. Taxes Receivable

Taxes receivable have been reported net of an allowance for doubtful accounts of 1,365 (2004 – 1,819). The allowances have been determined through review of outstanding amounts.

4. Long-Term Investments

Long-term investments include investments in a pooled bond fund as well as in Regina Pioneer Village Ltd.

	Carrying Value		Market Value	
	2005	2004	2005	2004
Pooled Bond Fund	49,594	72,212	50,999	74,177
Regina Pioneer Village Ltd.	6,812	7,226		
	56,406	79,438		

A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

Regina Pioneer Village Ltd. is a non-profit corporation that operates a special care home, housing accommodations and other related services through its two wholly-owned non-profit corporate subsidiaries, Pioneer Village Special Care Corporation and Regina Village Housing Corporation. The market value of Regina Pioneer Village Ltd. is not readily determinable. The following is a schedule of relevant audited financial information for Regina Pioneer Village Ltd.

Regina Pioneer Village Ltd.
Condensed Consolidated Statement of Revenues and Expenses
For the Year Ended March 31, 2005
(in thousands of dollars)

	2005	2004
Revenues		
Regina Health District	16,371	15,310
Other Revenue	6,725	6,839
Interest	11	14
	23,107	22,163
Expenses		
Salaries and Wages	16,132	15,121
Other Expenses	7,389	6,833
	23,521	21,954
Net (Loss) Income	(414)	209

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 4 (continued)

Regina Pioneer Village Ltd.
Condensed Consolidated Balance Sheet
As at March 31, 2005
(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Current Assets	3,272	3,249
Capital Assets	13,763	13,944
Other	942	999
	<u>17,977</u>	<u>18,192</u>
Current Liabilities	2,898	2,511
Long-Term Liabilities	8,267	8,455
City of Regina Equity	6,812	7,226
	<u>17,977</u>	<u>18,192</u>

The following amounts relating to Regina Pioneer Village Ltd. have been included in the consolidated statements:

	<u>2005</u>	<u>2004</u>
Long-Term Investments	6,812	7,226
Fees and Charges (expenses) revenues	(414)	209

5. Lease Obligations

The City is committed to future minimum capital lease payments for computer equipment, software and building contracts expiring from 2006 to 2014. The interest rates implicit in the leases vary from 5.5% to 9.25%. The following is a schedule of future minimum lease payments under the capital leases together with the balance of the obligations under capital leases.

2006	634
2007	459
2008	358
2009	243
2010	229
Thereafter	915
Total Minimum Lease Payments	<u>2,838</u>
Less Amount Representing Interest	<u>(714)</u>
Balance of Obligations	<u>2,124</u>

In addition, the City is committed to future rental payments for operating leases and to payments for service agreements totaling 457 (2004 – 710), of which 280 (2004 - 273) is payable within one year.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

6. Long-Term Debt

(a) Debt

The City's authorized debt limit as at December 31, 2005 is 94,000 (2004 – 94,000) of which 55,900 (2004 – 67,500) has been utilized. Total interest incurred on the debt during 2005 was 3,049 (2004 – 3,458). All debt is issued in Canadian dollars and is unsecured.

Year Repayable	Interest	
	Rate	Total Debt
2006	2.85-6.75%	10,300
2007	3.35-6.75%	10,300
2008	3.80-5.75%	7,300
2009	4.15-5.05%	6,000
2010	4.45-5.30%	6,000
2011	4.65-5.45%	6,000
2012	4.85-5.55%	6,000
2013	5.05%	2,000
2014	5.20%	2,000
		<u>55,900</u>

(b) Bank Indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2005, the City had no bank indebtedness. In 2005, revenues were pledged as security for the debt obligation as provided by this bylaw.

7. Employee Benefit Obligations

Employee Benefit Obligations include:

	2005	2004
Benefits paid for by the Employer		
Vacation Pay	11,284	10,437
Vested Sick Leave	9,877	10,153
Service or Retirement Allowances	4,664	5,028
Post-Employment Benefits	4,971	4,613
Banked Time in Lieu of Overtime	1,773	1,738
Benefits paid for by Employees		
Group Insurance	2,021	1,739
Total Employee Benefit Obligations	<u>34,590</u>	<u>33,708</u>

Vacation pay and banked overtime comprises the vacation and time in lieu of overtime that employees are deferring to future years. The amounts will be paid in specific circumstances as

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 7 (continued)

outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Under certain union agreements and benefits provided to out-of-scope staff, unused sick leave can accumulate and employees may be entitled to a cash payment when they leave the employment of the City. Certain employees of the Police and Transit departments are not eligible for vested sick leave benefits but may receive service or retirement allowances.

The value of the obligations for vested sick leave and service or retirement allowances are determined on an actuarial basis. The most recent actuarial report for vested sick leave and service or retirement allowances was completed at December 31, 2005. Significant assumptions used in the extrapolation include a discount rate of 5.5% and compensation increases of 1.5% to 4.0% plus merit and promotion. The service or retirement allowance amount also includes amounts payable pursuant to the out of scope special payment plan and the City Manager's employment contract.

Post-employment benefits represent the City's cost for the continuation of group life insurance, dental and medical benefits for employees on long-term disability and the City's share of group life insurance for early retirees. The value of these obligations has been determined on an actuarial basis. The most recent actuarial accounting extrapolation report was completed at December 31, 2005 based upon a December 31, 2004 valuation. The value of the obligation for continuing benefits for employees on long-term disability is 495 (2004 – 503), determined using a discount rate of 4.75% – 6.00% and for group life insurance for early retirees is 4,254 (2004 – 3,907)

Post-employment benefits also include the obligation for the Regina Police Civilian Employees' Early Retirement Benefits Arrangement, a defined benefit arrangement augmenting the Regina Police Pension Plan. Contributions are not required from members. If a member of the Regina Police Pension Plan retires prior to eligibility for Canada Pension Plan (CPP) benefits, the City is obligated to pay benefits equivalent to the CPP benefits the member would receive at the CPP retirement age. Once the member starts to receive actual CPP benefits the City no longer has any obligation under the arrangement. The most recent actuarial valuation was prepared at December 31, 2003. The expected inflation rate was 2.5%, the rate of compensation increase was 3.5%, and the discount rate used was 7.0%. The City's unfunded liability under this arrangement as of December 31, 2005 was 222 (2004 – 203).

Benefits paid for by employees reflects contributions from employees held by the City in order to provide future group life insurance and group dental benefits. A group life insurance plan is administered by Great West Life on a self-insured basis, with a stop-loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. After age 65, pensioners are eligible to receive a death benefit of an amount to a maximum of 2,250 (dollars), which is fully funded by employee contributions during employment. The value of this obligation has been determined on an actuarial basis using a discount rate of 4.75% and is estimated to be 1,577 (2004 – 1,270). An obligation has also been recorded for claims incurred but not reported of 112 (2004 – 112) and for the employees' share of continuation of group life insurance benefits for employees on long-term disability which is funded through contributions during employment of 299 (2004 – 288). After recording these obligations, the plan has a surplus balance of 5,650 (2004 – 4,727) which is intended for future employee benefits and stabilization of premiums. This amount has been included in Reserves (Note 11). A similar amount is also recorded for claims incurred but not reported of 34 (2004 – 69) for the group dental plan.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 7 (continued)

The Regina Civic Employees' Long-Term Disability Plan is a multi-employer defined benefit plan which includes employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of Regina School Division No. 4 of Saskatchewan.

As a multi-employer plan, the plan is accounted for on a defined contribution basis and the amount of expense recorded in the financial statements is limited to the City's contributions for the year. Contributions by participating employers are not segregated in a separate account or restricted to provide benefits only to employees of each employer and the amount of actuarial surpluses or deficits attributable to the City is not determinable. Accordingly, no portion of the 3,842 (2004 – 1,696) surplus has been recognized as an asset or expense reduction on the financial statements of the City.

8. Pension Liability

The City of Regina participates in contributory defined benefit or defined contribution pension plans for substantially all of its employees. Currently, there are four pension plans – Regina Civic Employees' Superannuation and Benefit Plan, Regina Police Pension Plan, Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan and Chief of Police Pension Plan.

(a) Regina Civic Employees' Superannuation and Benefit Plan

The Regina Civic Employees' Superannuation and Benefit Plan is a multi-employer defined benefit plan which includes employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan.

Members' contributions are a percentage of salary ranging from 9.48 – 14.05%. The employers match the members' contributions to the Plan. City employee contributions for 2005 were 9,070 (2004 – 8,629). The City's contributions for 2005 were 9,040 (2004 – 8,569). Pension fund assets are invested in marketable investments of organizations external to the City.

The most recent actuarial valuation for the Plan was completed at December 31, 2002. Based on the projected benefit method, the surplus of net assets available for benefits extrapolated to December 31, 2005 was 5,993 (2004 – 17,257 deficiency).

The Regina Civic Employees' Superannuation and Benefit Plan is a multi-employer defined benefit plan in which a number of employers participate. Contributions by participating employers are not segregated in a separate account or restricted to provide benefits only to employees of each employer. As a result, the amount of actuarial surpluses or deficits attributable to the City is not determinable. Accordingly, no portion of the 5,993 net asset surplus has been recognized as an asset or to reduce pension expense on the financial statements of the City. The Plan is accounted for on a defined contribution basis and the amount of pension expense recorded in the financial statements is limited to the City's contributions for the year.

The Plan's 5,993 surplus was calculated using an extrapolation of the December 31, 2002 valuation. In connection with the forthcoming December 31, 2005 valuation, Mercer Human

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 8 (continued)

Resource Consulting Limited estimates that the Plan will be in a deficit position once the actuarial adjustments required by statute are completed.

(b) Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Members' contributions are 3% (Casual Employees') to 6.95% (Elected Officials') of salary. The City matches the contributions to the Plan. Members' contributions for 2005 were 193 (2004 – 180). The City's contributions for 2005 were 193 (2004 – 180). Pension fund assets are invested in marketable investments of organizations external to the City. Since this is a defined contribution plan, the City of Regina's pension expense is limited to its contributions to the plan.

(c) Regina Police Pension Plan

The Regina Police Pension Plan is a defined benefit pension plan. Member's contributions are 11.33% on earnings up to the year's maximum pensionable earnings ("YMPE") and 12.83% on earnings over the YMPE. Employer contributions are 11.83% on a member's earnings up to the YMPE and 13.33% on earnings over the YMPE. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2002. The accrued benefit obligation shown for 2005 is based on an extrapolation of that valuation. There is a net unamortized actuarial gain of 8,682 (2004 – 255) to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups of 12.8 years.

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 2.5% and the rate of compensation increase is 3.5%. The discount rate used to determine the accrued benefit obligation is 7.0%. Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 7.0%

The City's portion of the pension liability and the pension/interest expense for the Regina Police Pension Plan are disclosed below.

Pension Liability for Regina Police Pension Plan
Year Ended December 31, 2005
(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Accrued Benefit Obligations	104,345	100,430
Pension Fund Assets: Marketable Securities	(108,615)	(95,250)
	(4,270)	5,180
Unamortized Actuarial Gains	8,682	255
Pension Liability	<u>4,412</u>	<u>5,435</u>

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 8 (continued)

Pension-Related Expenses for Regina Police Pension Plan

	<u>2005</u>	<u>2004</u>
Pension Expense		
Current Period Benefit Cost	2,709	2,585
Amortization of Actuarial Gains	76	427
Pension Expense	<u>2,785</u>	<u>3,012</u>
Interest Expense		
Interest on the Average Pension Liability Outstanding during the Year	313	677
Total Pension-Related Expense	<u>3,098</u>	<u>3,689</u>

The Plan deficit of 4,412 was calculated using an extrapolation of the December 31, 2002 valuation. In connection with the forthcoming December 31, 2005 valuation, it is anticipated that the deficit will increase once actuarial adjustments required by statute are completed.

(d) Chief of Police Pension Plan

The Chief of Police Pension Plan is a defined benefit pension plan. The member's contribution is 9% of salary. The City matches the member's contributions to the plan subject to the maximum funding limits established in *The Income Tax Act* under Regulation 8515. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2004. There is a net unamortized actuarial gain of 120 (2004 – 81) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (2005 – three years; 2004 – four years)

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increase and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 3.0% and the expected rate of compensation increase is 4.0%. The discount rate used to determine the accrued benefit obligation is 6.75%. Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 6.75%.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 8 (continued)

Pension Liability for Chief of Police Pension Plan
Year Ended December 31, 2005
(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Accrued Benefit Obligations	857	771
Pension Fund Assets:		
Marketable Securities	(559)	(416)
	<u>298</u>	<u>355</u>
Unamortized Actuarial Gains	120	81
	<u>418</u>	<u>436</u>
Undiscounted Value of Member's Contribution to Unfunded Liability	(54)	(54)
Pension Liability	<u>364</u>	<u>382</u>

Pension-Related Expenses for Chief of Police Pension Plan

	<u>2005</u>	<u>2004</u>
Pension Expense		
Current Period Benefit Cost	32	32
Amortization of Actuarial Losses	10	40
Member Contributions	(11)	(11)
Pension Expense	<u>31</u>	<u>61</u>
Interest Expense		
Interest on the Average Pension Liability Outstanding during the Year	23	31
Total Pension-Related Expense	<u>54</u>	<u>92</u>

9. Landfill Closure and Post-Closure

Legislation requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports. Closure and post-closure costs for the City's existing landfill site are estimated to total 27,410 (2004 – 26,515). The estimated total liability of 17,629 (2004 – 15,913) for these expenditures represents the sum of the discounted future cash flows for closure and post-closure activities for 33 years after closure. The discount rate of 4.71% was used.

The calculation of the reported liability of 15,614 (2004 – 13,640) is based on the cumulative capacity used at December 31, compared to the total estimated landfill capacity at the same date. The estimated remaining capacity of the site is 1,200,000 tonnes, which is 11% of the site's total capacity. The existing landfill site is expected to reach capacity in the years 2012 – 2013.

The liability recognized in the financial statement is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long-term.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

10. Property Held for Resale

Property acquired through the tax enforcement process and temporarily held is recorded at the lesser of cost and the net recoverable amount. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. Property held for resale has been reported net of an allowance of 1,559 (2004 – 2,390) to reflect a reduction in the potential market value that may be realized upon sale. The allowances are based upon estimated market values and the length of time each property has been held. Land acquired other than that acquired through the tax enforcement process is recorded at nominal value.

At year end the approximate market value of property held for resale was 8,040 (2004 – 9,146).

11. Net Assets (Liabilities)

Net Assets (Liabilities) represent the equity (accumulated deficit) of an organization. In determining Net Assets (Liabilities), revenues and expenditures are recognized as they are earned and incurred, according to generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Council, through its annual budget process and other policies and bylaws, may fund certain amounts on a basis that differs from the expenditure recognition basis prescribed by PSAB.

Unappropriated Net Assets (Liabilities) represent equity that has not been designated for a specific use. Appropriations for Capital Projects and Reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be Paid from Future Revenues represent amounts that have been recognized as expenditures according to generally accepted accounting principles, but will be funded from future revenues.

Infrastructure to be Funded from Future Development charges represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future development charges.

	<u>2005</u>	<u>2004</u>
Unappropriated Net Assets		
Regina Pioneer Village	6,812	7,226
Regina Regional Economic Development Authority	192	163
Regina Public Library	236	95
Regina's Old Warehouse Business Improvement District	34	43
Regina Downtown Business Improvement District	100	40
Appropriations for Capital Projects		
General Capital	38,974	36,404
Utility Capital	15,745	20,982
Reserves	42,099	40,895

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 11 (continued)

Obligations to be Paid from Future Revenues

Long-Term Debt - Note 6	(55,900)	(67,500)
Employee Benefit Obligations - Note 7	(31,763)	(31,276)
Landfill Closure and Post-Closure Liability - Note 9	(15,614)	(13,640)
Pension Liability - Note 8	(4,438)	(5,496)
Lease Obligations - Note 5	(2,124)	(2,393)
Infrastructure to be Funded from Future Development Charges		
Roadways Development Charges	(1,175)	(2,709)
Water, Wastewater and Drainage Development Charges	(2,167)	(3,564)
Net Liabilities	(8,989)	(20,730)

Reserves include the following:

	2005	2004
City of Regina Reserves		
General Fund Reserve	10,380	8,089
Landfill Reserve	9,339	7,177
General Utility Reserve	5,141	6,931
Winter Road Maintenance Reserve	1,427	2,502
Equipment Replacement Reserve	963	2,409
Social Development Reserve	948	1,075
Asphalt Reserve	647	874
Technology Reserve	503	436
Employer Provided Parking Reserve	360	308
Cemetery Reserve	315	271
Golf Course Reserve	210	86
Transit Equipment Replacement Reserve	133	111
Regina Police Service Radio Equipment Reserve	96	170
Regina Police Service General Reserve	95	19
Grants Reserve	83	200
	30,640	30,658
Group Benefits Reserves		
Group Life Insurance Reserve	5,650	4,727
Dental Benefits Reserve	681	643
Police Pension Deficit Reserve	178	149
Police Long-Term Disability Reserve	173	209
	6,682	5,728
Other Entities' Reserves		
Regina Public Library Reserves	3,639	3,637
Buffalo Pound Water Administration Board Capital Replacement Reserve	835	762
Regina Downtown Business Improvement District Reserve	237	59
Regina's Old Warehouse District Infrastructure Reserve	66	51
	4,777	4,509
Total	42,099	40,895

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

12. Taxation Revenue

	<u>2005</u>	<u>2004</u>
Total Taxation Revenue Levied	222,371	223,806
Taxes Collected on Behalf of Others:		
Regina School Division No. 4	(67,916)	(73,437)
Regina Roman Catholic Separate School Division No. 81	(29,920)	(33,970)
Taxation Revenue for City of Regina Consolidated Entity	124,535	116,399
Comprised of:		
Municipal	101,672	94,667
Grants in Lieu	7,805	7,574
Supplementary Taxes	874	1,067
Other	1,896	1,613
Total Municipal Taxes	112,247	104,921
Regina Public Library	10,759	10,133
Grants in Lieu	817	798
Total Library Taxes	11,576	10,931
Regina Downtown Business Improvement District Levy	584	433
Regina's Old Warehouse Business Improvement District Levy	128	114
	<u>124,535</u>	<u>116,399</u>

13. Government Transfers

The following government transfers have been included in revenues:

	<u>2005</u>	<u>2004</u>
Operating Transfers		
Federal	833	756
Provincial	14,818	14,775
	<u>15,651</u>	<u>15,531</u>
Capital Transfers		
Federal	3,007	745
Provincial	1,026	2,262
	<u>4,033</u>	<u>3,007</u>
	<u>19,684</u>	<u>18,538</u>

Government transfers do not include grants received in lieu of taxes from the federal and provincial government. These amounts are included in Taxation Revenue.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

14. Related Party Transactions

The following related party transactions are included in the consolidated financial statements:

	2005	2004
Accounts Receivable include the following due from:		
The Regina Civic Employees' Superannuation and Benefit Plan	272	448
The Regina Civic Employees' Long-Term Disability Plan	81	277
Perpetual Care Trust and Williamson Driver Award	162	238
The Regina Police Pension Plan	222	236
	<u>737</u>	<u>1,199</u>
Included in Revenues are the following amounts:		
The Regina Civic Employees' Superannuation and Benefit Plan	191	186
The Regina Police Pension Plan	42	42
Perpetual Care Trust and Williamson Driver Award	162	238
The Regina Civic Employees' Long Term Disability Plan	3	3
The Chief of Police Pension Plan	1	1
	<u>399</u>	<u>470</u>
Included in Expenditures is the following amount:		
The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan	<u>17</u>	<u>16</u>

15. Government Partnership

The Buffalo Pound Water Administration Board operates under an agreement between the Cities of Moose Jaw and Regina for the purpose of operating the Water Treatment Plant at Buffalo Pound Lake to supply water to the two cities at cost. Any distribution of surplus (recovery of deficit), in a particular fiscal year is shared between the cities according to their respective usage.

All amounts are proportionately consolidated within the consolidated financial statements at 73.36% (2004 – 73.26%), the City's interest in the government business partnership.

All transactions between the entities are eliminated upon proportionate consolidation. Capital assets have been removed to be consistent with the City of Regina's accounting policies. The following is a schedule of a relevant financial information as stated within the financial statement of the Buffalo Pound Water Administration Board. These amounts represent 100% of the Board's financial position and activities.

Buffalo Pound Water Administration Board
Condensed Statement of Financial Position
For the Year Ended December 31, 2005
(in thousands of dollars)

	2005	2004
Financial Assets	2,458	2,792
Non-Financial Assets	48	69
Capital Assets	<u>73,560</u>	<u>73,136</u>
	<u>76,066</u>	<u>75,997</u>

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

Note 15 (continued)

Financial Liabilities	1,662	2,064
Capital Replacement Reserve	1,138	1,040
Obligations to be Funded from Future Revenues	(294)	(243)
Investment in Capital Assets	73,560	73,136
	<u>76,066</u>	<u>75,997</u>

Buffalo Pound Water Administration Board
Condensed Statement of Financial Activities
As at December 31, 2005
(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Revenue	7,031	6,925
Expenditures	<u>6,972</u>	<u>6,707</u>
Excess of Revenue over Expenditures	59	218
Distributions to Partners	<u>(59)</u>	<u>(218)</u>
Net Assets	<u>-</u>	<u>-</u>

After eliminating 73.36% of the receivables, payables, revenue and expenditures between the City and the Partnership, the following amounts relating to the Partnership have been included in the consolidated statements:

	<u>2005</u>	<u>2004</u>
Financial Assets	1,359	1,541
Financial Liabilities	491	495
Non-Financial Assets	35	50
Revenue	856	836
Expenditures	<u>4,359</u>	<u>4,428</u>

16. Operating Expenditures by Object

	<u>2005</u>	<u>2004</u>
Wages and Benefits	143,390	140,329
Capital Expenditures	44,402	68,076
Materials, Supplies and Other Goods	36,489	36,440
Contracted and General Services	22,739	20,508
Utilities	11,005	11,451
Transfer Payments	4,825	4,523
Interest	<u>3,252</u>	<u>3,664</u>
	<u>266,102</u>	<u>284,991</u>

17. Comparative Figures

Certain of the 2004 figures have been reclassified to conform to the 2005 financial statement presentation.

Schedule 1

Schedule of Financial Activities by Organization
For the Year Ended December 31, 2005
(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUE					
Taxation	112,247	-	-	-	112,247
Fees and Charges	24,129	53,030	-	-	77,159
Electrical Distribution	22,123	-	-	-	22,123
Government Transfers	14,626	-	2,420	1,613	18,659
Gas Distribution	9,431	-	-	-	9,431
Licenses, Fines and Levies	8,293	-	1,366	-	9,659
Interest and Penalties	5,892	302	-	-	6,194
Development Charges	-	-	3,814	1,589	5,403
Other	7,376	-	2,534	-	9,910
Land Sales	1,107	-	-	-	1,107
	205,224	53,332	10,134	3,202	271,892
EXPENDITURES					
Police	44,412	-	1,078	-	45,490
Parks, Recreation and Community Services	25,955	-	5,004	-	30,959
Water, Wastewater and Drainage	-	35,675	-	11,613	47,288
Roads and Traffic	20,809	-	14,996	-	35,805
Legislative and Administrative Services	28,357	-	4,553	-	32,910
Fire	25,367	-	326	-	25,693
Transit	18,047	-	5,466	-	23,513
Waste Collection and Disposal	8,087	-	1,038	-	9,125
Grants	4,702	-	-	-	4,702
Planning and Development	3,837	-	-	-	3,837
	179,573	35,675	32,461	11,613	259,322
Excess of (Expenditures over Revenues) Revenues over Expenditures	25,651	17,657	(22,327)	(8,411)	12,570
(Decrease) Increase in Non-Financial Assets	(927)	-	-	-	(927)
(Increase) Decrease in Net Liabilities	24,724	17,657	(22,327)	(8,411)	11,643

See accompanying notes to consolidated financial statements.

Schedule 1 (continued)

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Old Warehouse District	Consolidation Adjustments	Consolidated 2005
-	584	-	-	11,576	128	-	124,535
-	90	68	5,126	389	13	(5,174)	77,671
-	-	-	-	-	-	-	22,123
-	-	594	-	965	-	(534)	19,684
-	-	-	-	-	-	-	9,431
-	-	-	-	-	-	-	9,659
-	-	9	32	157	-	-	6,392
-	-	-	-	-	-	-	5,403
-	-	-	1	-	-	(7,131)	2,780
-	-	-	-	-	-	-	1,107
-	674	671	5,159	13,087	141	(12,839)	278,785
-	-	-	-	-	-	-	45,490
414	437	643	-	12,886	131	(871)	44,599
-	-	-	5,108	-	-	(11,424)	40,972
-	-	-	-	-	-	-	35,805
-	-	-	-	-	-	(10)	32,900
-	-	-	-	-	-	-	25,693
-	-	-	-	-	-	-	23,513
-	-	-	-	-	-	-	9,125
-	-	-	-	-	-	(534)	4,168
-	-	-	-	-	-	-	3,837
414	437	643	5,108	12,886	131	(12,839)	266,102
(414)	237	28	51	201	10	-	12,683
-	-	-	(15)	-	-	-	(942)
(414)	237	28	36	201	10	-	11,741

Schedule 2

Schedule of Changes in Components of Net Liabilities

For the Year Ended December 31, 2005

(in thousands of dollars)

	Unappropriated Net Assets	Appropriation For Capital Projects	Reserves	Obligations to be Paid from Future Revenues	Infrastructure to be Funded from Future Development Charges	Total
Opening Balance	7,567	57,386	40,895	(120,305)	(6,273)	(20,730)
Change in Net Liabilities	42,479	(30,738)	-	-	-	11,741
Repayment of Long-Term Debt	(11,600)	-	-	11,600	-	-
Appropriation for Capital Projects	(14,766)	14,766	-	-	-	-
Transfer to Reserves	(17,312)	-	17,312	-	-	-
Decrease in Lease Obligations	(269)	-	-	269	-	-
Decrease in Employee Benefit Obligations	487	-	-	(487)	-	-
Decrease in Unfunded Pension Liability	(1,059)	-	-	1,059	-	-
Increase in Unfunded Landfill Liability	1,847	128	-	(1,975)	-	-
Transfers from Reserves for Capital Projects	-	16,108	(16,108)	-	-	-
Transfers to Infrastructure to be Funded from Future Development Charges	-	(2,931)	-	-	2,931	-
Net Change	(193)	(2,667)	1,204	10,466	2,931	11,741
Closing Balance	7,374	54,719	42,099	(109,839)	(3,342)	(8,989)

See accompanying notes to consolidated financial statements.

General Trust Fund



Deloitte & Touche LLP
900 - 2103 11th Ave
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: (306) 565-5200
Fax: (306) 757-4753
www.deloitte.ca

Auditors' Report

To: His Worship the Mayor and Members of City Council

We have audited the statement of financial position of the General Trust Fund as at December 31, 2005 and the statement of revenue, expenditures and change in fund balance for the year then ended. These 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 financial statements present fairly, in all material respects, the financial position of the General Trust Fund as at December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
March 15, 2006

A member firm of
Deloitte Touche Tohmatsu

Statement of Financial Position

As at December 31, 2005

(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2005	Total 2004
Assets				
Cash	11	-	11	5
Long-Term Investments - Note 4	2,705	5	2,710	2,788
	2,716	5	2,721	2,793
Liabilities and Fund Balance				
Due to the City of Regina	162	-	162	238
Fund Balance	2,554	5	2,559	2,555
	2,716	5	2,721	2,793

See accompanying notes.

**Statement of Revenue, Expenditures and
Change in Fund Balance**
For the Year Ended December 31, 2005
(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2005	Total 2004
Revenue				
Contributions	4		4	5
Investment Income	163	-	163	238
	167	-	167	243
Expenditures				
Cemetery Maintenance	163		163	237
	163	-	163	237
Excess of Revenue over Expenditures	4	-		6
Fund Balance, Beginning of Year	2,550	5	2,555	2,549
Fund Balance, End of Year	2,554	5	2,559	2,555

See accompanying notes.

Notes to Financial Statements

For the Year Ended December 31, 2005
(in thousands of dollars)

1. Purpose of Fund

The General Trust Fund holds two trusts established by the City of Regina.

- (a) Perpetual Care Trust - Monies have been received for the care and maintenance of certain cemetery plots owned by the City of Regina to perpetuity. The monies have been put into the Perpetual Care Trust and invested. The annual income earned on the investments is used to partially cover costs incurred by the City of Regina to maintain and care for the plots. The Trust is subject to the provisions of *The Cemeteries Act, 1999* whereby special approval is needed from the registrar of cemeteries before the capital of the trust can be used to pay for care of plots.
- (b) Williamson Driver Award - Established under *The Trust Act*. A bond was bequeathed to the City. Each year an award is made from the income to a Transit employee with a safe driving record.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant.

- (a) The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and use assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- (b) Investments are recorded at cost and any gains or losses on the investments are recognized on disposition of the investments.
- (c) Investment revenue is recorded on the accrual basis.

3. Financial Instruments

The carrying value of the amount due to the City of Regina approximates the fair market value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

Notes to Financial Statements
For the Year Ended December 31, 2005
(in thousands of dollars)

4. Long-Term Investments

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager.

Investments are recorded at cost of 2,710 (2004 - 2,788) and have a market value of 2,751 (2004 - 2,825). The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

5. Statement of Cash Flows

A statement of cash flows has not been prepared for the year ended December 31, 2005, as it would not provide additional information.

Related Boards and Authorities

Regina Pioneer Village

430 Pioneer Drive
Regina, Saskatchewan S4T 6T8
Fax: (306) 757-5001
Phone: (306) 751-5225
Contact: Mr. Dick Chinn

Regina Regional Economic Development Authority (RREDA)

255, 1919 Rose Street
Regina, Saskatchewan S4P 3P1
Fax: (306) 352-1630
Phone: (306) 522-0227
Contact: Mr. Larry Hiles

Buffalo Pound Water Administration Board

c/o City of Regina
Queen Elizabeth II Court
P.O. Box 1790
Regina, Saskatchewan S4P 3C8
Fax: (306) 777-6806
Phone: (306) 777-7411
Contact: Mr. David Calam

Regina Downtown

1950 – 12th Avenue
Regina, Saskatchewan S4P 4K6
Fax: (306) 359-9060
Phone: (306) 359-7541
Contact: Ms. Tracy Fahlman

Regina Public Library

2311 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
Fax: (306) 352-5550
Phone: (306) 777-6060
Contact: Ms. Colleen Schommer

Regina's Old Warehouse Business Improvement District

Stn Main P.O. Box 942
Regina, Saskatchewan S4P 3B2
Fax: (306) 585-1765
Phone: (306) 585-3948
Contact: Mr. Bruce Anderson