

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2015

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2015

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2015

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Halifax Regional Municipality (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Future Changes in Accounting Standards:

The Public Sector Accounting Board ("PSAB") Handbook Section 3450 Financial Instruments, Section 2601 Foreign Currency Translation and Section 1201 Financial Statements Presentation are effective for fiscal years beginning on or after April 1, 2016. While early adoption is permitted, all three of the standards must be adopted in the same year. Section 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. Section 2601, Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. Section 1201, Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. The Municipality has not yet adopted these standards or determined the effect on the consolidated financial statements.



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Chief Administrative Officer



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INDEPENDENT AUDITORS' REPORT

To Mayor and the Councillors of the Halifax Regional Municipality

We have audited the accompanying consolidated financial statements of the Halifax Regional Municipality, which comprise the consolidated statement of financial position as at March 31, 2015 the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Halifax Regional Municipality as at March 31, 2015, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

June 23, 2015
Halifax, Canada

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

March 31, 2015, with comparative information for 2014

(In thousands of dollars)

	2015	2014
Financial assets		
Cash and short-term deposits (note 3)	\$ 194,153	\$ 138,745
Taxes receivable (note 4)	28,091	30,035
Accounts receivable (note 5)	53,537	49,225
Loans, deposits and advances	747	806
Land held for resale	42,264	39,685
Investments (note 6)	72,137	137,155
Investment in the Halifax Regional Water Commission (note 7)	859,031	823,742
	<u>1,249,960</u>	<u>1,219,393</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	105,764	99,528
Deferred revenue	56,345	65,050
Employee future benefits (note 10)	52,404	49,657
Solid waste management facilities liabilities (note 11)	12,658	11,027
Long-term debt (note 12)	212,898	219,120
	<u>440,069</u>	<u>444,382</u>
Net financial assets	809,891	775,011
Non-financial assets		
Tangible capital assets (note 15)	1,783,546	1,783,401
Inventory and prepaid expenses	9,525	9,588
	<u>1,793,071</u>	<u>1,792,989</u>
Accumulated surplus (note 16)	<u>\$ 2,602,962</u>	<u>\$ 2,568,000</u>

Commitments and contingent liabilities (notes 14 and 17)

The accompanying notes are an integral part of the consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2015, with comparative information for 2014

(In thousands of dollars)

	Budget	2015	2014
Revenue			
Taxation	\$ 674,387	\$ 669,682	\$ 648,806
Taxation from other governments	37,023	36,876	36,414
User fees and charges	117,283	120,988	117,474
Government grants	45,167	46,113	51,317
Development levies	2,420	3,137	1,621
Investment income (note 6)	4,146	4,318	4,143
Penalties, fines and interest	12,301	12,326	12,315
Land sales, contributions and other revenue	19,121	19,043	27,033
Increase in equity in the Halifax Regional Water Commission (note 7)	36,000	35,289	7,055
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	4,579	4,340	4,187
Total revenue	952,427	952,112	910,365
Expenses			
General government services	111,945	111,265	104,885
Protective services	206,323	203,027	192,139
Transportation services	253,763	271,420	249,076
Environmental services	57,661	58,374	54,540
Recreation and cultural services	116,724	113,229	110,174
Planning and development services	24,957	21,733	22,159
Educational services	137,102	137,102	131,529
Total expenses	908,475	916,150	864,502
Annual surplus	43,952	35,962	45,863
Accumulated surplus, beginning of year (note 2)	2,567,000	2,567,000	2,522,137
Accumulated surplus, end of year	\$ 2,610,952	\$ 2,602,962	\$ 2,568,000

The accompanying notes are an integral part of the consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2015, with comparative information for 2014

(In thousands of dollars)

	Budget	2015	2014
Annual surplus	\$ 43,952	\$ 35,962	\$ 45,863
Acquisition of tangible capital assets and contributed tangible capital assets	(126,872)	(123,450)	(119,893)
Amortization of tangible capital assets	122,549	122,549	118,127
Loss (gain) on disposal of tangible capital assets	-	(153)	6,119
Proceeds on disposal of tangible capital assets	-	909	826
	39,629	35,817	51,042
Acquisition of inventories of supplies and prepaid expenses	-	(27,283)	(24,500)
Consumption of inventories of supplies and use of prepaid expenses	-	27,346	23,858
Net change in net financial assets	39,629	35,880	50,400
Net financial assets, beginning of year (note 2)	774,011	774,011	724,611
Net financial assets, end of year	\$ 813,640	\$ 809,891	\$ 775,011

The accompanying notes are an integral part of the consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Cash Flows

For the year ended March 31, 2015, with comparative information for 2014
(In thousands of dollars)

	2015	2014
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 35,962	\$ 45,863
Items not involving cash:		
Amortization of tangible capital assets	122,549	118,127
Loss (gain) on disposal of tangible capital assets	(153)	6,119
Contributed tangible capital assets	(8,773)	(10,869)
Increase in equity in the Halifax Regional Water Commission	(35,289)	(7,055)
	114,296	152,185
Change in non-cash assets and liabilities		
Decrease (increase) in taxes receivable	1,944	(2,042)
Decrease (increase) in accounts receivable	(4,312)	16,407
Decrease in loans, deposits and advances	59	410
Increase in land held for resale	(2,579)	(16,194)
Decrease (increase) in inventory and prepaid expenses	63	(642)
Increase (decrease) in accounts payable and accrued liabilities	5,236	(2,394)
Increase (decrease) in deferred revenue	(8,705)	13,320
Increase in employee future benefits	2,747	2,086
Increase in solid waste management facilities liabilities	1,631	420
Net change in cash from operating activities	110,380	163,556
Capital activities		
Proceeds on disposal of tangible capital assets	909	826
Acquisition of tangible capital assets	(114,677)	(109,024)
Net change in cash from capital activities	(113,768)	(108,198)
Investing activities		
Decrease (increase) in investments	65,018	(58,045)
Net change in cash from investing activities	65,018	(58,045)
Financing activities		
Long-term debt issued	42,155	27,270
Long-term debt redeemed	(55,457)	(45,655)
Net debt recovered from the Halifax Regional Water Commission	7,080	7,130
Net change in cash from financing activities	(6,222)	(11,255)
Net change in cash and short-term deposits	55,408	(13,942)
Cash and short-term deposits, beginning of year	138,745	152,687
Cash and short-term deposits, end of year	\$ 194,153	\$ 138,745

The accompanying notes are an integral part of the consolidated financial statements.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements of the Halifax Regional Municipality (the "Municipality") have been prepared by management in accordance with generally accepted accounting principles ("GAAP") for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA").

(b) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Municipality. The Municipality is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality, except the Halifax Regional Water Commission which is accounted for on the modified equity basis of accounting. The entities included are as follows:

Recreation facilities:

- BMO Centre
- Canada Games Centre
- Centennial Pool Association
- Community Builders Inc. (Cole Harbour Place)
- Dartmouth Sportsplex Community Association
- Eastern Shore Recreation Commission
- Halifax Forum Community Association
- Scotiabank Centre (Halifax Metro Centre)
- Halifax Regional Municipality Centennial Arena Commission
- Sackville Sports Stadium
- St. Margaret's Community Centre Association

Commissions, cultural and other facilities:

- Alderney Landing Association
- Downtown Dartmouth Business Commission
- Downtown Halifax Business Commission
- Main Street Dartmouth and Area Business Improvement Association
- MetroPark Parkade Facility
- North End Business Association
- Quinpool Road Mainstreet District Association Limited
- Sackville Business Association
- Spring Garden Area Business Association
- Spryfield & District Business Commission

Halifax Regional Library

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Investment in the Halifax Regional Water Commission:

The Halifax Regional Water Commission (the "HRWC") is a corporate body without share capital and is accounted for using the modified equity basis of accounting; consistent with public sector accounting standards, as recommended by PSAB for an investment in a government business enterprise. Under the modified equity basis of accounting, the HRWC's accounting principles are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated.

The Municipality recognizes its equity interest in the annual income or loss of the HRWC in its consolidated financial statement of operations with a corresponding increase or decrease in its investment asset account.

(d) Basis of accounting:

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

(e) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability, contaminated sites liability and in performing actuarial valuations of employee future benefits. These estimates and assumptions are based on the Municipality's best judgement and may differ significantly from actual results.

(f) Taxation and related revenues:

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

(g) User fees and charges:

User fees relate to transit fees, fees for various programs and fees imposed on specific activities. Revenue is recognized when the activity is performed or when the service has been rendered.

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

(i) Short-term deposits and investments:

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

1. Significant accounting policies (continued):

- (j) Land held for resale:
Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.
- (k) Contaminated sites:
The Municipality accrues a liability to estimate the cost to remediate contaminated sites to the level necessary to allow the property to meet the environmental standard appropriate to its current use or status. The liability is based on estimates and assumptions using the best information available to management.
- (l) Deferred revenue:
Deferred revenue represents taxes, user charges and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the period the services are performed.
- (m) Pension, post-employment benefits and compensated absences:
The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due. The costs of post-employment benefits are recognized when the event that obligates the Municipality occurs. Costs include projected future income payments and fees paid to independent administrators of these plans, calculated on a present value basis.
The costs of post-employment benefits and compensated absences are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected absences. Liabilities are actuarially determined using discount rates that are consistent with the market rates of high quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the estimated average remaining life ("EARSL") for the related employee group.
- (n) Solid waste management facilities liabilities:
The Municipality accrues landfill closure and post-closure care requirements that include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.
Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.
- (o) Non-financial assets:
Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
 - i) Tangible capital assets
Tangible capital assets are recorded at historical cost or estimated historical cost, based on appraisals or other acceptable methods where historical cost was not available, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost of normal maintenance and repairs which do not add value to the asset or materially extend the useful life of the asset are not capitalized. The cost, less residual value of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives as follows:

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

1. Significant accounting policies (continued):

(o) (i) Tangible capital assets (continued):

Asset	Useful Life – Years
Land Improvements	10 - 50
Buildings and building improvements	15 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 10
Dams	40
Roads and infrastructure	5 - 75
Ferries	2 - 30

The useful life for landfill cells, which are included in land improvements, is based upon the capacity of each cell.

Leasehold improvements are amortized over the shorter of the term of the lease (including one renewal period, if provided for) or the useful life of the asset.

For assets with a useful life of 5 years or less, amortization will commence in the year the asset is available for use, and be recorded at 50% of the annual charge in the first and last years of the asset's useful life. For assets with a useful life greater than 5 years, amortization will commence in the year following the year the asset is put into use.

Roads and infrastructure includes road beds, road surfaces, infrastructure and bridges. The useful life of these assets are as follows: road beds - 40 years, road surfaces - 5 to 20 years, infrastructure - 20 to 30 years and bridges - 75 years.

The school buildings which are owned by the Municipality but in use by the Halifax Regional School Board are not recorded as tangible capital assets. No amortization is recorded by the Municipality as long as the buildings are in use by and under the control of the Halifax Regional School Board.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

iii) Natural resources

Natural resources that have not been purchased are not recognized as assets.

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets, unless used in the provision of a municipal service.

v) Interest capitalization

The Municipality does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

vi) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

vii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

1. Significant accounting policies (continued):

(p) Expenses:

Expenses are recognized in the year the events giving rise to the event occurs and there is a legal or constructive obligation to pay.

(q) School boards:

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

(r) Miscellaneous Trust Funds:

Miscellaneous Trust Funds and their related operations administered by the Municipality are not included in the consolidated financial statements, but are reported separately in the Miscellaneous Trust Funds financial statements.

2. Change in accounting policy:

The Municipality has adopted the PSAB Handbook Section 3260 Liability for Contaminated Sites effective April 1, 2014. Under Section 3260, contaminated sites are the result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

The adoption of Section 3260 has been applied on a prospective basis and prior periods have not been restated and has changed amounts in the prior period as follows:

Accumulated surplus at April 1, 2014:

Accumulated surplus, as previously reported	\$ 2,568,000
Contaminated site liability as at April 1, 2014	(1,000)
Accumulated surplus, as restated	\$ 2,567,000

Net financial assets at April 1, 2014:

Net financial assets, as previously reported	\$ 775,011
Contaminated site liability as at April 1, 2014	(1,000)
Net financial assets, as restated	\$ 774,011

The prospective adoption of Section 3260 has resulted in an increase in the April 1, 2014 accounts payable and accrued liabilities balance of \$1,000. This increase is a non-cash item and has not impacted the statement of cash flows in the current fiscal year.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

3. Cash and short-term deposits:

	2015	2014
Halifax Regional Municipality	\$ 188,999	\$ 133,419
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	5,154	5,326
Total	\$ 194,153	\$ 138,745

Cash and short-term deposits include interest bearing accounts and money market instruments with a term to maturity of 90 days or less.

4. Taxes receivable:

	2015	2014
Taxes receivable	\$ 31,620	\$ 33,009
Allowance	(3,529)	(2,974)
Total	\$ 28,091	\$ 30,035

5. Accounts receivable:

	2015	2014
Federal government	\$ 33,449	\$ 31,804
Provincial government	8,958	10,454
Other receivables	33,662	28,772
Allowance	(22,532)	(21,805)
Total	\$ 53,537	\$ 49,225

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

6. Investments:

Money market instruments include Federal and Provincial treasury bills, discounted notes of Federal Crown Corporations and instruments of Canadian Financial Institutions. These investments have a term to maturity of one year or less. Investments shown here have a remaining term to maturity of more than 90 days at March 31, 2015.

Bonds of Federal and Provincial governments and their guarantees have a maturity range from June 15, 2015 to December 18, 2018. The weighted average yield on market value of these bonds is 0.88% at March 31, 2015 (2014 - 1.48%).

	2015		2014	
	Cost	Market value	Cost	Market value
Money market instruments	\$ 55,086	\$ 55,221	\$ 115,089	\$ 115,625
Bonds of Federal and Provincial governments and their guarantees	17,051	17,601	22,066	22,370
Total	\$ 72,137	\$ 72,822	\$ 137,155	\$ 137,995

The investment income earned on money market instruments is \$3,828 (2014 - \$3,523) and on bonds of Federal and Provincial governments and their guarantees is \$490 (2014 - \$620).

7. Investment in the Halifax Regional Water Commission:

The HRWC is a government business enterprise of the Municipality and is responsible for the supply of municipal water, wastewater and stormwater services to residents of the Municipality.

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

	2015	2014
Financial position		
Current assets	\$ 75,115	\$ 64,684
Capital assets	1,053,810	1,014,503
Total assets	1,128,925	1,079,187
Current liabilities	46,838	54,471
Long-term liabilities	223,056	200,974
Total liabilities	269,894	255,445
Total	\$ 859,031	\$ 823,742

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

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

	2015	2014
Results of operations		
Revenues	\$ 130,320	\$ 111,501
Operating expenses	(94,387)	(89,735)
Financing expenses	(8,928)	(8,101)
Other income	2,616	907
Net income before grant in lieu of tax	29,621	14,572
Grant in lieu of tax	(4,340)	(4,187)
Net income	25,281	10,385
Contributed tangible capital assets	3,163	1,310
Decrease (increase) in reserves	6,845	(4,640)
Increase in investment and equity	35,289	7,055
Investment and equity, beginning of year	823,742	816,687
Investment and equity, end of year	\$ 859,031	\$ 823,742

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

	2015	2014
Revenues		
Grant in lieu of tax	\$ 4,340	\$ 4,187
Expenses		
Stormwater charge	\$ 3,881	\$ 2,671
Fire protection charge	\$ 10,032	\$ 9,758

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

8. Accounts payable and accrued liabilities:

	2015	2014
Trade accounts payable	\$ 32,972	\$ 36,909
Federal government	10,123	9,555
Provincial government	2,837	7,602
Salaries and wages payable	6,170	6,078
Accrued liabilities	51,024	36,509
Accrued interest	2,638	2,875
Total	\$ 105,764	\$ 99,528

The prospective application of Section 3260 increased the estimated liability related to contaminated sites by \$1,000 related to sites currently not in use and/or available for resale. Accrued liabilities increased as of April 1, 2014. The increase is a non-cash item and has not affected the statements of cash flows in the current fiscal year. Accrued liabilities also includes an estimate of \$1,000 to remediate contaminated sites currently in use.

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

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

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

The Municipality contributed to the HRM Plan an amount of \$29,785 for the year ending March 31, 2015 (2014 - \$26,008). Since January 1, 2014, the Municipality and the members are each contributing 11.96% of regular earnings for members participating in the main division of the pension plan. Other contribution rates are in effect for the other divisions of the plan, and for members in public safety occupations.

The last actuarial valuation filed with regulators was at December 31, 2013. The next actuarial valuation, at December 31, 2014, is to be filed by September 30, 2015. The interest rate used in the last filed valuation was 6.5% per year. The following estimates as at December 31, 2014 are based on the actuarial valuation as at December 31, 2013 extrapolated to December 31, 2014 and is based on a best estimate discount rate assumption of 7.25% per annum (2013 - 7.27%).

	2015 Extrapolated	2014 Extrapolated
Actuarial value of plan assets	\$ 1,401,480	\$ 1,296,325
Estimated present value of accrued pension benefits	(1,454,270)	(1,360,037)
Estimated funding deficit	\$ (52,790)	\$ (63,712)

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

10. Employee future benefits - retiring allowances and other future benefits:

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

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

The Municipality also provides for employee sick leave. Unused sick leave accumulates to a maximum number of hours which varies by employment agreement. Under this program, employees are not entitled to a cash payment in lieu of sick leave when they leave the Municipality's employment except as described above with respect to the retirement of a police officer.

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

Actuarial valuations of the above benefits are done for accounting purposes using the projected benefit method prorated on services. The last actuarial valuation of the unused sick leave benefits was conducted as at March 31, 2015. The last actuarial valuation of the retiring allowance benefits was conducted as at March 31, 2013 and extrapolated to March 31, 2015. For all other benefits, actuarial valuations were conducted as at March 31, 2014. Key actuarial assumptions used in the valuations were based on the Municipality's best estimates.

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

	2015	2014
Accrued benefit obligation, beginning of year	\$ 53,383	\$ 52,760
Current period benefit cost	4,592	4,602
Benefit payments	(4,206)	(4,684)
Interest cost	1,936	1,667
Actuarial loss (gain)	5,139	(962)
Accrued benefit obligation, end of year	\$ 60,844	\$ 53,383
Main assumptions used for fiscal year-end disclosure		
Discount rate	3.61%	3.61%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	3.19%	3.16%
Salary increase	3% plus merit	3% plus merit

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

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

These other employee benefit plans require no contributions from employees. The benefit liability as at March 31, 2015 is estimated to include the following components:

	2015	2014
Accrued benefit obligation		
Retiring allowances	\$ 29,929	\$ 27,443
Sick leave	17,924	13,484
HRM pension contributions for employees on LTD	4,344	3,970
Police Health Trust	2,021	1,865
Other	6,626	6,621
	60,844	53,383
Unamortized actuarial loss	(8,440)	(3,726)
Benefit liability	\$ 52,404	\$ 49,657

The unamortized actuarial losses will be amortized over the EARSL of the related employee groups starting in the next fiscal year. EARSL is determined separately for each benefit program.

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

	2015	2014
Current period benefit cost	\$ 4,592	\$ 4,602
Amortization of actuarial loss	425	501
Other employee benefit expense	5,017	5,103
Other employee benefit interest expense	1,936	1,667
Total expense related to other employee benefit plans	\$ 6,953	\$ 6,770

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

11. Solid waste management facilities liabilities:

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

The estimated liability for the care of the landfill sites is the present value of future cash flows associated with closure and post closure costs discounted using a long-term borrowing rate of 2.73% (2014 - 3.05%) and a forecasted inflation rate of 1.20% (2014 - 1.55%).

Sackville Landfill:

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

Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 9 years, until the fiscal year ended March 31, 2024.

The site's design consists of nine cell phases with an expected total capacity of 4,244,000 tonnes (2014 - 4,244,000 tonnes).

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

The liability was adjusted for capacity used of 100% for the closed cells and 62.89% (2014 - 37.59%) of Cell 6.

Mengoni Landfill:

The Mengoni Landfill site closed during the year ended March 31, 2008. A closure plan and an environmental audit were completed in 2008. Post closure care activities for this site include perpetual care that is expected to occur until 2029 and will involve the management and monitoring of groundwater, gas and leachate levels, operating and monitoring the leachate treatment plant when necessary, removal of buildings, site cleanup and general site maintenance.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

11. Solid waste management facilities liabilities (continued):

				2015
	Sackville	Otter Lake	Mengoni	Total
Estimated present value of closure and post closure costs	\$ 19,994	\$ 34,527	\$ 2,485	\$ 57,006
Less: Expenses incurred	17,179	24,905	2,264	44,348
	2,815	9,622	221	12,658
Reserve fund	2,380	10,523	208	13,111
Excess of liability over available reserves (available reserves over liability)	\$ 435	\$ (901)	\$ 13	\$ (453)

				2014
	Sackville	Otter Lake	Mengoni	Total
Estimated present value of closure and post closure costs	\$ 19,976	\$ 31,693	\$ 2,475	\$ 54,144
Less: Expenses incurred	15,987	24,880	2,250	43,117
	3,989	6,813	225	11,027
Reserve fund	3,533	8,008	223	11,764
Excess of liability over available reserves (available reserves over liability)	\$ 456	\$ (1,195)	\$ 2	\$ (737)

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

12. Long-term debt:

The schedules of long-term debt attached to the consolidated financial statements detail the various terms and conditions related to the long-term debt (see pages 32 and 33).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2015 are as follows:

2016	\$	38,371
2017		33,147
2018		29,959
2019		27,115
2020		21,976
Thereafter		62,330
Total	\$	212,898

13. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2015 are \$7,555 (2014 - \$7,402).

14. Commitments:

(a) The Municipality and its consolidated entities rent facilities under several long-term operating leases with annual payments for each of the next five years as follows:

2016		5,781
2017		5,467
2018		4,492
2019		4,203
2020		2,762
Total	\$	22,705

(b) The Municipality has entered into several long-term operating leases for various purposes other than rent with annual payments for each of the next five years as follows:

2016	\$	4,317
2017		3,823
2018		3,533
2019		2,266
2020		2,184
Total	\$	16,123

(c) The Municipality has entered into several long-term contracts for waste resources operations with aggregate annual payments for each of the next five years approximately \$47,500 (2014 - \$47,497).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

15. Tangible capital assets:

Cost	Balance at March 31, 2014	Additions (Net of Transfers)	Disposals	Balance at March 31, 2015
Land	\$ 287,046	\$ 312	\$ (624)	\$ 286,734
Land improvements	233,643	9,742	-	243,385
Buildings	449,961	64,740	(77)	514,624
Vehicles	198,945	13,928	(3,751)	209,122
Machinery and equipment	101,855	14,886	-	116,741
Roads and infrastructure	1,743,045	53,095	-	1,796,140
Dams	480	-	-	480
Ferries	20,191	6,290	-	26,481
Leasehold improvements	3,030	-	-	3,030
Assets under construction	68,222	(39,543)	-	28,679
Total	\$ 3,106,418	\$ 123,450	\$ (4,452)	\$ 3,225,416

Accumulated amortization	Balance at March 31, 2014	Disposals	Amortization Expense	Balance at March 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	172,364	-	8,611	180,975
Buildings	194,064	(77)	15,175	209,162
Vehicles	105,145	(3,619)	15,500	117,026
Machinery and equipment	65,302	-	12,108	77,410
Roads and infrastructure	765,726	-	70,322	836,048
Dams	444	-	12	456
Ferries	19,034	-	649	19,683
Leasehold improvements	938	-	172	1,110
Assets under construction	-	-	-	-
Total	\$ 1,323,017	\$ (3,696)	\$ 122,549	\$ 1,441,870

	Net book value March 31, 2014	Net book value March 31, 2015
Land	\$ 287,046	\$ 286,734
Land improvements	61,279	62,410
Buildings	255,897	305,462
Vehicles	93,800	92,096
Machinery and equipment	36,553	39,331
Roads and infrastructure	977,319	960,092
Dams	36	24
Ferries	1,157	6,798
Leasehold improvements	2,092	1,920
Assets under construction	68,222	28,679
Total	\$ 1,783,401	\$ 1,783,546

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015
(In thousands of dollars)

15. Tangible capital assets:

Cost	Balance at March 31, 2013	Additions (Net of Transfers)	Disposals	Balance at March 31, 2014
Land	\$ 290,821	\$ 3,032	\$ (6,807)	\$ 287,046
Land improvements	225,830	7,813	-	233,643
Buildings	428,982	20,979	-	449,961
Vehicles	189,900	12,956	(3,911)	198,945
Machinery and equipment	91,482	10,373	-	101,855
Roads and infrastructure	1,703,529	39,516	-	1,743,045
Dams	480	-	-	480
Ferries	19,425	766	-	20,191
Leasehold improvements	3,030	-	-	3,030
Assets under construction	43,764	24,458	-	68,222
Total	\$ 2,997,243	\$ 119,893	\$ (10,718)	\$ 3,106,418

Accumulated amortization	Balance at March 31, 2013	Disposals	Amortization Expense	Balance at March 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	164,189	-	8,175	172,364
Buildings	179,684	-	14,380	194,064
Vehicles	94,099	(3,764)	14,810	105,145
Machinery and equipment	54,160	-	11,142	65,302
Roads and infrastructure	696,786	(9)	68,949	765,726
Dams	432	-	12	444
Ferries	18,547	-	487	19,034
Leasehold improvements	766	-	172	938
Assets under construction	-	-	-	-
Total	\$ 1,208,663	\$ (3,773)	\$ 118,127	\$ 1,323,017

	Net book value March 31, 2013	Net book value March 31, 2014
Land	\$ 290,821	\$ 287,046
Land improvements	61,641	61,279
Buildings	249,298	255,897
Vehicles	95,801	93,800
Machinery and equipment	37,322	36,553
Roads and infrastructure	1,006,743	977,319
Dams	48	36
Ferries	878	1,157
Leasehold improvements	2,264	2,092
Assets under construction	43,764	68,222
Total	\$ 1,788,580	\$ 1,783,401

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

15. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$28,679 (2014 - \$68,222) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at the fair market value at the date of contribution. The value of contributed assets received during the year is \$8,773 (2014 - \$10,869) and is comprised of roads and infrastructure in the amount of \$8,234 (2014 - \$7,998) and land and land improvements having a value of \$539 (2014 - \$2,871).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and cultural and historical assets:

The Municipality manages and controls various works of art and non-operational cultural and historical assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(e) Impairment of tangible capital assets:

The impairment of tangible capital assets during the year was \$nil (2014 - \$nil).

(f) Roads and infrastructure:

Roads and infrastructure at March 31, 2015 have a net book value of \$960,092 (2014 - \$977,319) and are comprised of: road beds - \$290,040 (2014 - \$296,673), road surfaces - \$334,209 (2014 - \$349,846), infrastructure - \$324,406 (2014 - \$319,732) and bridges - \$11,437 (2014 - \$11,068).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

16. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2015	2014
Surplus		
Invested in tangible capital assets	\$ 1,570,648	\$ 1,564,281
Other	20,154	18,152
Equity in Halifax Regional Water Commission	859,031	823,742
Funded by reserves		
Landfill closure costs	(12,658)	(11,027)
Unfunded		
Accrued interest	(2,638)	(2,875)
Employee benefits	(13,466)	(13,092)
Total surplus	2,421,071	2,379,181
Operating reserves set aside by Council		
Self insurance	3,954	4,173
Operations stabilization	1,015	1,682
Snow and ice control variable operating	2,722	4,365
Service improvement	3,664	4,015
Cemetery maintenance	171	166
Culture development	1,133	1,218
Municipal elections	1,456	1,151
EMO cost recovery	347	343
Marketing levy special events	269	625
DNA costs	221	126
Titanic commemorative	88	64
Central library capital campaign and development	2,620	4,355
Major events facilities	1,466	1,285
Operating cost of new capital	-	4,419
Information and communication technologies	3,839	4,491
Police emergency and extraordinary investigation	1,026	1,013
Police officer on the job injury	1,783	1,760
Commons enhancement	-	1
Provincially funded police officers and facility lease	3,621	3,574
Convention Centre	1,764	1,263
LED street light conversion	2,114	7,881
Operating surplus, transit portion	130	3,000
Operating surplus	7,510	5,954
Regional parking strategy and urban core improvements	1,007	-
Strategic studies	2,787	-
Total operating reserves set aside by Council	\$ 44,707	\$ 56,924

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

16. Accumulated surplus (continued):

	2015	2014
Capital and equipment reserves set aside by Council		
Sale of capital assets	\$ 1,445	\$ 1,042
Business/industrial parks expansion	22,089	20,568
Capital surplus	2,738	2,981
Parkland development	4,576	3,834
Sackville landfill closure	2,380	3,533
Otter Lake landfill closure	10,523	8,008
Mengoni landfill closure	208	223
Waste resources capital	13,828	16,585
Upper Sackville turf	130	116
MetroPark parkade	2,407	2,191
Strategic growth	27,238	18,227
HRM sustainable communities	229	572
Rural fire	-	741
Ferry replacement	3,726	8,257
Capital replacement	1,570	2,855
Energy and underground services co-location	1,168	2,012
Bedford South capital cost contribution interchange	-	39
Gas tax	17,200	12,132
Alderney Gate recapitalization	1,388	1,569
Regional capital cost contribution	5,083	3,758
Community facility partnership	545	538
Kingswood water	-	4
5594-96 Morris Street	86	82
Rockingham Community Centre	-	14
Captain William Spry Community Centre	-	2
Richmond school	-	1
Waterfront development	204	139
Central Library capital replacement	-	4,247
Library recapitalization	806	-
BMO Centre life cycle	1,113	850
Bus replacement	5,036	2,982
Regional facility expansion	-	8,260
Halifax Transit technology	1,876	1,852
Planned strategic projects	5,606	-
Total capital reserves set aside by Council	133,198	128,214
General fleet	2,521	2,289
Police vehicles	694	637
Fire and emergency service vehicles and equipment	771	725
Fuel system	-	30
Total equipment reserves set aside by Council	3,986	3,681
Total capital and equipment reserves set aside by Council	137,184	131,895
Total accumulated surplus	\$ 2,602,962	\$ 2,568,000

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

17. Contingent liabilities:

- (a) As of March 31, 2015, there are a number of claims against the Municipality and its consolidated entities in varying amounts and for which provisions have been made in these consolidated financial statements, as appropriate. It is not possible to determine the amounts that may ultimately be assessed against the Municipality with respect to these claims, but management believes that any such amounts would not have a material impact on the financial position of the Municipality.
- (b) The Municipality is the plaintiff in various proceedings, which have arisen, in the normal course of carrying on its operations. It is not possible at this time to determine the amounts the Municipality may receive with respect to these claims.
- (c) In September 2014, Council approved a blanket guarantee for HRWC debt subject to HRWC maintaining a debt service ratio of 35% or less. The debt service ratio is currently 21.3% at March 31, 2015 (2014 - 22.9%). As at March 31, 2015, total outstanding debt is \$106,700 (2014 - \$80,200), with maturity dates ranging from 2016 to 2025. The Municipality is responsible for outstanding debt of \$65,700 (2014 - \$72,700) recoverable from the HRWC.
- (d) The Municipality is engaged in an arbitration with an operator of a composting facility at Goodwood. The outcome of the arbitration can not be determined at this time. Depending on the outcome of the arbitration the Municipality may be required to purchase certain assets and equipment at a book value, as defined by agreements with the contractor, of \$7,300.

18. Financial instruments:

(a) Fair value:

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

The fair value of investments is considered to be market value. The market value of investments is disclosed in note 6.

It is not practical to determine the fair value of the investment in the HRWC due to the lack of comparable market information.

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

(b) Credit risk:

The Municipality is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Wherever possible, the Municipality attempts to minimize credit exposure by dealing only with credit worthy counterparties and/or obtaining sufficient security for the applicable financial instrument.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015
(In thousands of dollars)

19. Amounts contributed for provincially mandated services:

	Budget	2015	2014
School boards	\$ 137,102	\$ 137,102	\$ 131,529
Assessment services	6,815	6,815	6,765
Social housing	2,650	2,829	2,569
Correctional services	6,557	6,557	6,497
Total	\$ 153,124	\$ 153,303	\$ 147,360

(a) School boards:

The Municipality is required to provide a mandatory contribution in the amount of \$119,856 (2014 - \$113,875) and supplementary contributions of \$17,246 (2014 - \$17,654) to the Halifax Regional School Board and the Conseil scolaire acadien provincial. These contributions are recorded as expenses in educational services.

(b) Assessment services:

The Municipality is required to pay a share of the cost of operating the Property Valuation Services Corporation based on the total municipal assessment cost times the average of the Municipality's share of the Uniform Assessment and the Municipality's share of assessment accounts. This expense is included in general government services.

(c) Social housing:

The Municipality is required to pay a share of the costs of the operations of the Metropolitan Regional Housing Authority. This expense is included in general government services.

(d) Correctional services:

Municipalities in Nova Scotia are required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by provincial formula and is included in protective services.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

20. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2015 operating and project budgets approved by Council on April 1, 2014, plus the budgeted figures of the recreation, commissions, cultural and other facilities included in the consolidated financial statements, to the extent that they could be reasonably determined.

The accounting standards in Handbook Section PSAB 3150 Tangible Capital Asset have not been adopted for budget preparation purposes. The fiscal 2015 Council approved budget has been modified to reflect these adjustments.

	2015	2014
Revenue		
Operating budget	\$ 844,347	\$ 823,992
Project budget	144,194	165,043
	<u>988,541</u>	<u>989,035</u>
Less:		
Miscellaneous capital funding	(4,732)	(18,745)
Principal and interest recovery from Halifax Regional Water Commission	(10,784)	(11,190)
Tax concessions	(5,715)	(5,625)
Transfers from reserves to capital	(23,750)	(38,612)
Transfers from operating to capital	(48,331)	(49,344)
Long-term debt issued	(40,482)	(30,390)
	<u>(133,794)</u>	<u>(153,906)</u>
Add:		
Revenues from agencies, boards and commissions	30,584	29,600
Prior year surplus area rates	3,293	715
Proceeds from sale of assets deposited to reserves	8,107	24,598
Interest on reserves	2,046	1,692
Development levies in reserves	1,520	1,190
Other reserve revenue	1,949	1,770
Tangible capital assets related adjustments	14,181	16,628
Increase in equity of the Halifax Regional Water Commission	36,000	7,000
	<u>97,680</u>	<u>83,193</u>
Total revenue	\$ 952,427	\$ 918,322

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015

(In thousands of dollars)

20. Budget data (continued):

	2015	2014
Expenses		
Operating budget	\$ 844,347	\$ 823,992
Less:		
Tax concessions	(5,715)	(5,625)
Transfers from operating to capital	(48,385)	(49,344)
Transfers from operating to reserves	(18,649)	(18,590)
Change in solid waste management facilities liabilities	1,631	420
Principal and interest payments made on behalf of Halifax Regional Water Commission	(10,784)	(11,190)
Long-term debt redeemed	(36,874)	(37,955)
	(118,776)	(122,284)
Add:		
Expenses from agencies, boards and commissions	30,094	31,713
Cost of lots sold in business parks	1,492	1,938
Application of prior year surplus	3,293	6,177
Tangible capital assets adjustments including amortization	148,025	146,050
	182,904	185,878
Total expenses	908,475	887,586
Annual surplus	\$ 43,952	\$ 30,736

21. Segmented information:

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, police, public transit, roads, waste and recycling services, water supply and distribution, wastewater treatment, libraries, and recreation and cultural services.

Segmented information has been prepared by major functional classification of activities provided, consistent with the Consolidated Statement of Operations and provincially legislated requirements.

The major segments are as follows:

General government services: Activities that provide for the overall operation of the Municipality and that are common to, or affect all of, the services provided by the Municipality. This includes the activities of the Mayor and Council, the estimated contaminated sites liability and the following administrative activities: human resources, legal services, office of the Auditor General, finance and information, communications and technology, and the office of the Chief Administrative Officer.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2015
(In thousands of dollars)

21. Segmented information (continued):

Protective services: Activities that provide for the public safety of the inhabitants of the Municipality. This includes police and fire protection and other protective services such as by-law enforcement and protective inspections.

Transportation services: Activities related to public transportation including road transport. This includes public transportation services offered throughout the Municipality using buses, ferries and specialized Access-A-Bus vehicles. Other transportation activities include the planning, development and maintenance of roads, traffic operations, parking, snow and ice control and street lighting.

Environmental services: Activities that provide environmentally regulated services. This includes the collection of garbage and other waste material, the maintenance and operation of sanitary landfill sites, solid waste landfill closure and post-closure costs allocated to the current year, and through the Halifax Regional Water Commission, water supply and distribution and wastewater treatment.

Recreation and cultural services: Activities related to the Municipality's recreation facilities, including swimming pools, skating rinks and arenas, beaches, parks, playgrounds and sports fields. Activities that provide for cultural facilities such as the library and related programs.

Planning and development services: Activities that support and control the Municipality's physical and economic development. This includes activities related to land use planning, zoning and development, activities related to the development of industrial parks, promotion of tourism and activities that enhance local economic development.

Educational services: Activities that provide for the funding of both mandatory and supplementary contributions to school boards.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

For additional information, see the Consolidated Schedules of Segment Disclosure (see pages 34 and 35).

HALIFAX REGIONAL MUNICIPALITY

Schedule of Remuneration of Members of Council and Chief Administrative Officer

Year ended March 31, 2015

(In thousands of dollars)

	2015	2014
Council members:		
M. Savage, Mayor	\$ 164	\$ 160
S. Adams	79	78
S. Craig	79	78
B. Dalrymple	79	78
D. Fisher	84	80
D. Hendsbee	79	78
B. Johns	79	78
B. Karsten	79	78
W. Mason	79	78
G. McCluskey	79	78
L. Mosher	79	78
L. Nicoll	82	78
T. Outhit	79	78
R. Rankin	79	82
R. Walker	79	78
J. Watts	79	78
M. Whitman	79	78
Chief Administrative Officer:		
R. Butts	\$ 343	\$ 322

The remuneration, for members of Council, includes their base salary, plus an incremental amount if a member was Deputy Mayor.

HALIFAX REGIONAL MUNICIPALITY

Schedule of Long-term Debt

Year ended March 31, 2015

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2014	Issued	Redeemed	Balance March 31, 2015
Municipal Finance Corporation:							
04-A-1	10	2.55/4.45	2014	\$ 3,219	\$ -	\$ 3,219	\$ -
04-B-1	10	3.195/5.05	2014	2,317	-	2,317	-
24-HBR-1	20	2.84/5.94	2024	60,500	-	5,500	55,000
05-A-1	10	2.97/4.56	2015	4,600	-	2,300	2,300
05-B-1	15	3.63/4.83	2020	18,659	-	2,217	16,442
06-A-1	10	4.29/4.88	2016	6,926	-	2,309	4,617
06-B-1	10	4.1/4.41	2016	3,044	-	1,014	2,030
07-A-1	10	4.45/4.63	2017	7,825	-	1,955	5,870
07-B-1	10	4.65/5.01	2017	3,520	-	880	2,640
08-A-1	10	3.75/4.884	2018	13,250	-	2,650	10,600
08-B-1	10	3.1/5.095	2018	12,369	-	2,474	9,895
09-A-1	15	1.0/5.644	2024	34,972	-	4,396	30,576
09-B-1	10	0.97/4.329	2019	3,900	-	650	3,250
10-A-1	10	1.51/4.5	2020	14,280	-	2,040	12,240
10-B-1	10	1.55/3.87	2020	18,706	-	2,671	16,035
11-A-1	10	1.63/4.221	2021	10,600	-	1,325	9,275
11-B-1	10	1.219/3.645	2021	8,811	-	1,100	7,711
12-A-1	10	1.636/3.48	2022	13,320	-	1,480	11,840
12-B-1	10	1.51/3.16	2022	8,640	-	960	7,680
13-A-1	10	1.33/2.979	2023	23,600	-	2,360	21,240
13-B-1	10	1.285/3.614	2023	3,670	-	367	3,303
14-A-1	10	1.245/3.347	2024	-	21,875	-	21,875
14-B-1	10	1.20/3.19	2024	-	20,280	-	20,280
				276,728	42,155	44,184	274,699
Federation of Canadian Municipalities:							
GMIF-1599	10	1.33/3.127	2014	11,000	-	11,000	-
FCM	20	2.0	2032	3,800	-	200	3,600
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	336	-	73	263
				291,866	42,155	55,457	278,564
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
14-B-1	10	1.20/3.19	2024	-	(10,000)	-	(10,000)
24-HBR-1	20	2.84/5.94	2024	(60,500)	-	(5,500)	(55,000)
GMIF-1599	10	1.33/3.127	2014	(11,000)	-	(11,000)	-
Other debt	1 to 4	2.55/6.875	2014/2017	(1,246)	-	(580)	(666)
				(72,746)	(10,000)	(17,080)	(65,666)
Long-term debt				\$ 219,120	\$ 32,155	\$ 38,377	\$ 212,898

HALIFAX REGIONAL MUNICIPALITY

Schedule of Long-term Debt

Year ended March 31, 2015

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2013	Issued	Redeemed	Balance March 31, 2014
Municipal Finance Corporation:							
03-A-1	10	3.5/5.375	2013	\$ 3,882	\$ -	\$ 3,882	\$ -
03-B-1	10	2.75/5.0	2013	423	-	423	-
04-A-1	10	2.55/5.45	2014	5,061	-	1,842	3,219
04-B-1	10	3.195/5.05	2014	4,634	-	2,317	2,317
24-HBR-1	20	2.84/5.94	2024	66,000	-	5,500	60,500
05-A-1	10	2.97/4.56	2015	6,900	-	2,300	4,600
05-B-1	15	3.63/4.83	2020	20,874	-	2,215	18,659
06-A-1	10	4.29/4.88	2016	9,234	-	2,308	6,926
06-B-1	10	4.1/4.41	2016	4,059	-	1,015	3,044
07-A-1	10	4.45/4.63	2017	9,782	-	1,957	7,825
07-B-1	10	4.65/5.01	2017	4,400	-	880	3,520
08-A-1	10	3.75/4.884	2018	15,900	-	2,650	13,250
08-B-1	10	3.1/5.095	2018	14,843	-	2,474	12,369
09-A-1	15	1.0/5.644	2024	39,367	-	4,395	34,972
09-B-1	10	0.97/4.329	2019	4,550	-	650	3,900
10-A-1	10	1.51/4.5	2020	16,320	-	2,040	14,280
10-B-1	10	1.55/3.87	2020	21,379	-	2,673	18,706
11-A-1	10	1.63/4.221	2021	11,925	-	1,325	10,600
11-B-1	10	1.219/3.645	2021	9,913	-	1,102	8,811
12-A-1	10	1.636/3.48	2022	14,800	-	1,480	13,320
12-B-1	10	1.51/3.16	2022	9,600	-	960	8,640
13-A-1	10	1.33/2.979	2023	-	23,600	-	23,600
13-B-1	10	1.285/3.614	2023	-	3,670	-	3,670
				293,846	27,270	44,388	276,728
Federation of Canadian Municipalities:							
GMIF-1599	10	1.33/3.127	2014	12,000	-	1,000	11,000
FCM	20	2.0	2032	4,000	-	200	3,800
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	403	-	67	336
				310,251	27,270	45,655	291,866
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
24-HBR-1	20	2.84/5.94	2024	(66,000)	-	(5,500)	(60,500)
GMIF-1599	10	1.33/3.127	2014	(12,000)	-	(1,000)	(11,000)
Other debt	1 to 5	2.55/6.875	2013/2017	(1,876)	-	(630)	(1,246)
				(79,876)	-	(7,130)	(72,746)
Long-term debt				\$ 230,375	\$ 27,270	\$ 38,525	\$ 219,120

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2015
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2015 Total
Revenue								
Taxation	\$ 449,933	\$ 6,486	\$ 76,161	\$ -	\$ -	\$ -	\$ 137,102	\$ 669,682
Taxation from other governments	36,876	-	-	-	-	-	-	36,876
User fees and charges	6,734	10,916	39,534	15,285	44,004	4,515	-	120,988
Government grants	3,816	3,900	25,919	2,085	10,378	15	-	46,113
Development levies	-	-	918	1,267	952	-	-	3,137
Investment income	4,318	-	-	-	-	-	-	4,318
Penalties, fines and interest	5,604	6,340	-	-	382	-	-	12,326
Land sales, contributions and other revenue	5,663	119	8,297	-	752	4,212	-	19,043
Increase in equity in the Halifax Regional Water Commission	35,289	-	-	-	-	-	-	35,289
Grant in lieu of tax from the Halifax Regional Water Commission	4,340	-	-	-	-	-	-	4,340
Total revenue	552,573	27,761	150,829	18,637	56,468	8,742	137,102	952,112
Expenses								
Salaries, wages and benefits	50,216	137,573	90,876	2,231	51,908	10,676	-	343,480
Interest on long-term debt	764	478	3,620	574	1,831	52	-	7,319
Materials, goods, supplies and utilities	14,988	6,011	29,024	119	13,531	168	-	63,841
Contracted services	11,100	29,244	30,144	47,657	8,905	1,899	-	128,949
Other operating expenses	9,243	18,501	27,919	723	24,147	3,536	-	84,069
External transfers and grants	10,416	6,699	4,024	-	2,329	5,373	137,102	165,943
Amortization	14,538	4,521	85,813	7,070	10,578	29	-	122,549
Total expenses	111,265	203,027	271,420	58,374	113,229	21,733	137,102	916,150
Annual surplus (deficit)	\$ 441,308	\$ (175,266)	\$ (120,591)	\$ (39,737)	\$ (56,761)	\$ (12,991)	\$ -	\$ 35,962

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2015
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2014 Total
Revenue								
Taxation	\$ 438,233	\$ 6,470	\$ 72,574	\$ -	\$ -	\$ -	\$ 131,529	\$ 648,806
Taxation from other governments	36,414	-	-	-	-	-	-	36,414
User fees and charges	5,695	9,531	38,420	15,132	44,701	3,995	-	117,474
Government grants	3,424	3,900	25,370	1,580	17,010	33	-	51,317
Development levies	-	-	139	740	742	-	-	1,621
Investment income	4,143	-	-	-	-	-	-	4,143
Penalties, fines and interest	5,378	6,517	-	-	420	-	-	12,315
Land sales, contributions and other revenue	632	567	14,351	983	3,306	7,194	-	27,033
Increase in equity in the Halifax Regional Water Commission	7,055	-	-	-	-	-	-	7,055
Grant in lieu of tax from the Halifax Regional Water Commission	4,187	-	-	-	-	-	-	4,187
Total revenue	505,161	26,985	150,854	18,435	66,179	11,222	131,529	910,365
Expenses								
Salaries, wages and benefits	46,672	130,647	83,564	2,052	50,137	10,931	-	324,003
Interest on long-term debt	1,219	687	4,073	661	2,010	55	-	8,705
Materials, goods, supplies and utilities	17,022	5,110	27,939	51	13,529	246	-	63,897
Contracted services	13,082	27,190	25,076	43,642	7,157	1,609	-	117,756
Other operating expenses	2,768	17,229	22,405	863	25,039	3,978	-	72,282
External transfers and grants	10,784	6,541	2,796	-	2,759	5,323	131,529	159,732
Amortization	13,338	4,735	83,223	7,271	9,543	17	-	118,127
Total expenses	104,885	192,139	249,076	54,540	110,174	22,159	131,529	864,502
Annual surplus (deficit)	\$ 400,276	\$ (165,154)	\$ (98,222)	\$ (36,105)	\$ (43,995)	\$ (10,937)	\$ -	\$ 45,863