

HALIFAX

**Audited
Consolidated
Financial
Statements
March 31, 2017**

Governance and Responsibilities

- HRM Management is responsible for preparing the financial statements and presenting them to the Audit and Finance Standing Committee (the “Committee”).
- The Committee’s Terms of Reference states that the Committee is responsible for:
 - reviewing, in detail, the financial statements of the Municipality with the External Auditors,
 - evaluating internal control systems and management letters with the External Auditors, and,
 - review with management and the External Auditor and recommend to Regional Council for approval, the annual audited financial statements.
- To assist the Committee, a summary of the top questions to ask the External Auditors has been recirculated.
- KPMG, our External Auditor, provides an Opinion on the Financial Statements. On March 8, 2017, they provided their Audit Planning Report containing their approach and methodology, risks and confirmation of their independence.
- If the Committee would like to discuss any issues with KPMG without Management present, they will have the opportunity to move in-camera.
- After these discussions, the Committee will vote on the motion in the Report.

Preparing the Consolidated Financial Statements

- Start with the financial results from the Operating Fund, the Capital Fund, Business Parks and Reserve Fund.
- Add the financial results of the Library.
- Then the information for all the large Agencies, Boards and Commissions. (see Note 1b).
- Eliminate the transactions between all these groups.
- Add the results of Halifax Regional Water Commission (HRWC) – accounted for on the modified equity basis of accounting.
 - The HRWC’s accounting principles are not adjusted to conform to those of the Municipality.
 - Inter-company transactions and balances are not eliminated. (see Note 1c).

Consolidated Entities

Recreation facilities

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

Commissions, cultural and other facilities

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

Other Audits - Concurrently

- Trust Funds
- General Rate Surplus
- Centennial Arena
- Halifax Forum

Consolidated Financial Statements - Highlights

- Will receive an unqualified Audit Report.
- No audit adjustments or management letter points.
- Prepared in accordance with GAAP and PSAB.
- Prepared on a timely basis.

Financial Statement – Walk Through

- Management’s Responsibility for Consolidated Financial Statements – Page 1
- Auditors’ Report – Page 2
- Statement of Financial Position – Page 3
- Statement of Operations and Accumulated Surplus – Page 4
- Statement of Change in Net Financial Assets – Page 5
- Statement of Cash Flows – Page 6
- Notes to Financial Statements – Pages 7 to 28
- Schedules
 - Remuneration of Members of Council and Chief Administrative Officer – Page 29
 - Long-term Debt – Pages 30-31
 - Segmented Disclosure – Pages 32-33

Statement of Financial Position

- Statement of financial position highlights four key figures that describe the financial position of the Municipality at the financial statement date:
 - The cash resources of the Municipality.
 - The net financial asset position of the Municipality which is calculated as the difference between its liabilities and financial assets:
 - Net financial assets can provide financial resources to finance future operations.
 - The non-financial assets of the Municipality (Tangible Capital Assets and inventory and prepaid expenses) are normally for use in the provision of services.
 - The accumulated surplus of the Municipality.

Cash and Investments

- Cash and short-term deposits include bank accounts and funds that are invested in financial assets with remaining terms to maturity of 90 days or less at year end.
- Investments are funds that are invested in financial assets that have remaining terms to maturity of more than 90 days at year end.
- These items are managed as one portfolio but distinction is made for financial statement presentation.

Cash and Investments

	2017	2016	Change
Cash	\$ 235,331	\$ 233,294	\$ 2,037
Investments	\$ 65,006	\$ 55,569	\$ 9,437
Total	\$ 300,337	\$ 288,863	\$ 11,474

- The reasons for the net increase in cash and investments are shown on the Statement of Cash Flows and are a combination of changes related to operations, the issuance and redemption of debt and the purchase of assets.
- The investment instruments vary depending on the products available that match the Municipality's cash flow and investment policy requirements.

Taxes Receivable

- Taxes receivable are property taxes and deed transfer tax amounts that have been earned but not yet received.
- Includes the interest on overdue accounts and tax deferrals receivable related to By-Law T700 and Administrative Order 10 for low income home owners deferral of taxes.
- Reduced by an estimated allowance for items that may become uncollectable.

Taxes Receivable

	2017	2016	Change
Taxes receivable	\$ 29,768	\$ 33,774	(\$ 4,006)

- Valuation allowance increased by \$0.7M primarily related to commercial and apartment appeals at the Nova Scotia Assessment Appeals Tribunal.
- Taxes receivable decreased \$3.3M primarily due to improvement in corporate collections over the last year.

Accounts Receivable

- Accounts Receivable would be all other receivables including:
 - HST, Payment In Lieu of Tax (PILT) receivable (net of allowances) and cost sharing from Federal and Provincial Governments.
 - Local Improvement Charges (LIC) billed to customers.
 - Investment income receivable.
 - Receivables for recreation programs including larger recreation facilities.

Accounts Receivable

	2017	2016	Change
Accounts receivable	\$ 36,964	\$ 45,242	(\$ 8,278)

- PILT decreased by \$12.4M mainly due to the settlement of the dispute for Citadel Hill PILT.
- Decrease of \$2.0M related to stormwater right of way collected by HRWC on HRM's behalf in 15/16. HRM in 16/17 collected this revenue on the tax bills.
- Decrease of \$2.4M related to HRWC payment of outstanding invoices related to hardware adjustment and other cost sharing projects.
- Decrease in LIC receivable of \$1.3M primarily due to payments received.
- Increase in Federal and Provincial Build Canada Fund cost sharing a total of \$1.5M related to bus replacement program.
- Decrease in Allowance \$10.9M mainly due to the settlement of the dispute for Citadel Hill PILT.

Loan, Deposits and Advances

- Includes primarily employee payroll advances which occurred at amalgamation and are being repaid as people leave the organization.

Loans, Deposits and Advances

	2017	2016	Change
Loans, deposits and advances	\$ 563	\$ 645	(\$ 82)

- Decrease in loans, deposits and advances are due to reduction in employee payroll advances due to employees retiring or leaving.

Land Held for Resale

- This item represents land held in the business parks for sale including the Aerotech Park, Burnside and Bayers Lake and land deemed as surplus to municipal purposes that is available for sale.

Land Held for Resale

	2017	2016	Change
Land held for resale	\$ 51,819	\$ 49,604	\$ 2,215

- Increase due to:
 - Property declared surplus to municipal purposes increased by \$2.6M and added to land held for resale in 2016/2017.
 - Partially offset by reduction of lots held for resale in Business Parks due to value of lots sold being \$0.4M more than the value of lots increased in business parks.
- Four parcels were sold in Burnside Park and one parcel in Bayers Lake in 2016/17 with a total sales value of \$12.8M and a net gain of \$9.7M.

Investment in HRWC

- As per PS 3070 Investments in Government Business Enterprises, we record our investment in the Halifax Regional Water Commission on the “modified equity basis”:
 - We do not consolidate individual items in our statements.
 - We record the equity of the HRWC as Investment in the HRWC on the Statement of Financial Position.
 - We record the increase in equity of the HRWC as a revenue line on the Statement of Operations.

Investment in HRWC

	2017	2016	Change
Investment in HRWC	\$ 147,629	\$ 123,670	\$ 23,959

- In the current fiscal year, HRWC capitalized driveway and cross culvert assets that were previously unrecorded. As a result, at March 31, 2017, capital assets and long-term liabilities were increased by \$91.0M.
- Increase is primarily due to an increase in assets of \$109.5M which includes an increase in cash of \$9.4M offset by a decrease in receivables of \$9.0M. Capital assets increased by \$109.2M primarily due to the addition of driveway and cross culvert assets.
- This is offset by an increase in liabilities of \$85.5M due to driveway and cross culvert assets and an increase in deferred pension liability of \$4.2M. These are offset by a decrease in debt of \$12.5M.

Accounts Payable and Accrued Liabilities

- Regular trade payables and accruals related to operations and projects.
- Includes accruals for payroll related items such as vacation and overtime.
- Includes an accrual for interest expense related to our debt that has been incurred, but for which payment is not yet due.

Accounts Payable and Accrued Liabilities

	2017	2016	Change
Accounts payables and accrued liabilities	\$ 106,767	\$ 112,079	(\$ 5,312)

- Decrease in federal payables of \$6.1M related to payment of fourth quarter RCMP costs prior to March 31 in 2017.
- Decrease in deposits held for property sales and security deposits of \$1.4M, primarily due to deposit on Bloomfield centre of \$0.8M being forfeited when sale was not completed.
- Accrued salary and wages payable increased by \$2.3M due to timing of payroll.

Deferred Revenue

- Deferred Revenue includes payments that we have received in 2016-17, which are not recognized as revenue for this year as they have not been earned:
 - Prepayment of property taxes in advance of final bills being issued.
 - Recreation fees being paid in advance of program starting.
 - Cost sharing received but not yet earned.
 - Area rate revenue received but unspent at year end.

Deferred Revenue

	2017	2016	Change
Deferred revenue	\$ 62,667	\$ 57,526	\$ 5,141

- Increase of approximately \$2.5M due to approximately 300 new pre-approved payments (PAP) accounts pre-paying their 2017/18 interim tax bill.
- Restricted area rate surpluses have increased by \$2.3M primarily due to adjustments to LIC receivables in the current fiscal year.

Employee Future Benefits

- This is the estimated liability for the benefits we have agreed to pay to employees in future periods.
- Our actuary, Morneau Shepell, prepared the annual estimate of our liability on Early Retirement Program, Regional Retirement Incentive, Workforce Adjustment Program, Retiring Allowance, Police Health Trust and Sick Leave.

Employee Future Benefits

	2017	2016	Change
Employee future benefits	\$ 55,503	\$ 53,895	\$ 1,608

- The increase is primarily due to increases in the liabilities for retiring allowance of \$1.2M and accumulated employee sick leave benefits of \$0.3M.

Solid Waste

- The estimate of the closure and post closure costs of the land fill sites in Sackville, Otter Lake and Mengoni.
 - These closure and post closure costs include permanent gas management system, capping, hydro-seeding, water monitoring and site maintenance.

Solid Waste Liabilities

	2017	2016	Change
Solid waste liabilities	\$ 11,159	\$ 11,983	(\$ 824)

- The liability related to the estimated closure and post closure costs has decreased by \$0.4M, primarily due to inflation adjustments and impact of remaining cell capacity on present value calculation.
- The liability is funded by reserves of \$16.0M.
- As of March 2017, we have \$4.8M more in reserves than the present value of closure and post closure costs.

Long-term Debt

- Long-term debt schedules outline total outstanding long-term debt including interest rates and maturity dates.
- Long-term debt is net of amounts that HRWC is required to repay related to Harbour Solutions Project.

Long-term Debt

	2017	2016	Change
Long-term debt	\$ 196,587	\$ 214,201	(\$ 17,614)

- HRM has issued \$19.5M in new debt and redeemed \$37.1M.

Tangible Capital Assets

- Tangible capital assets (TCA) include: buildings, land, land improvements (such as playgrounds, sports courts and sports fields), vehicles, ferries, dams, machinery and equipment, road infrastructure, leasehold improvements and assets under construction.
- The accounting of TCA is outlined in HRM's TCA policy, which is in accordance with Generally Accepted Accounting Principles. The policy also complies with the pronouncements of the Public Sector Accounting Board, specifically, Tangible Capital Assets (PS 3150).

Tangible Capital Assets

	2017	2016	Change
TCA	\$ 1,810,563	\$ 1,789,860	\$ 20,703

- Net book value of assets increased by \$20.7M.
- We have acquired \$150.5M of new assets in the year.
 - Land and land improvements \$6.9M.
 - Buildings \$11.7M.
 - Vehicles \$20.3M.
 - Machinery and equipment \$26.2M.
 - Road infrastructure \$68.9M (includes \$13.8M in donated road infrastructure).
 - Ferries \$6.3M.
 - Assets under construction \$10.2M.
- Recorded \$129.1M in amortization expenses.

HALIFAX

Inventory and Prepaid Expenses

- Inventory and prepaid expenses includes the inventory we hold at the various depots and the expenses we pay upfront for services to be provided over the course of the year, such as licenses for software.
- Also includes the prepayment of debt discounts on debt issued by Municipal Finance Corporation that are amortized over the term of the debt.

Inventory and Prepaid Expenses

	2017	2016	Change
Inventory and prepaid expenses	\$ 13,235	\$ 12,247	\$ 988

- Prepaid expenses have increased by \$2.0M primarily due to winter works contract invoices relating to last the two weeks of March and first two weeks of April being paid in 2016/17.
- Inventory has decreased by \$0.8M primarily due to a removal of obsolete inventory in 2016/2017.

Accumulated Surplus

- The accumulated surplus, is the accumulation of the Municipality's annual surpluses and deficits since its inception.
- Accumulated surplus is made up of the amount our financial assets exceed our liabilities (i.e. net financial assets) plus our non-financial assets which includes our TCA.
- Investments in TCA will normally comprise the most significant portion of the Municipality's accumulated surplus.
- Other significant items include reserve balances and equity in the Halifax Regional Water Commission.

Accumulated Surplus

	2017	2016	Change
Accumulated surplus	\$ 1,958,195	\$ 1,894,221	\$ 63,974

- Increase in investment in tangible capital assets of \$38.3M primarily related to acquisitions of \$150.5M and a reduction in long-term debt of \$17.6M offset by amortization of \$129.1M.
- Increase in equity in Halifax Regional Water Commission of \$24.0M primarily due to an increase in assets of \$109.5M offset by an increase in liabilities of \$85.5M.

Statement of Operations

- This is the consolidation of the revenue and expenses of the Municipality including consolidated entities.
- Expenses are shown by the types of services provided.
- Expenses by object (salaries, interest, materials, etc.) are shown in the Schedules of Segment Disclosure.

Revenue - Taxation

- Taxation revenue includes residential and commercial taxes, area rates, taxable and special assessments, special tax agreements and deed transfer tax.
- Taxation revenue offset by tax concessions.

Revenue - Taxation

	2017 Budget	2017	2016	Change
Taxation	\$ 709,013	\$ 710,941	\$ 702,164	\$ 8,777

- Increase of \$8.8M in revenue is primarily due to:
 - Increase in Residential taxes of \$3.2M is due to assessment growth of 2.6% partially offset by a reduction in tax rate.
 - Increase in Commercial taxes of \$1.7M due to commercial assessment growth of 4.1% partially offset by a reduction in tax rate.
 - An increase in Mandatory Education of \$6.1 to recover full charge required by the Province.
 - Increase in deed transfer tax due to increased sales activity in real estate market of \$2.4M. Number of sales are up by 415 compared to 2015/16.

Revenue – Taxation from Other Governments

- Payments in lieu of taxes for Federal and Provincial governments and their agencies.
 - Properties include:
 - Citadel Hill
 - Federal dockyard
 - Shearwater military base
 - Windsor Park
 - Provincial office buildings & land holdings
 - Court houses
 - RCMP Headquarters
 - Halifax Port Authority

Revenue – Taxation from Other Governments

	2017 Budget	2017	2016	Change
Taxation from other governments	\$ 38,371	\$ 38,336	\$ 38,490	(\$ 154)

- Increase in federal government agencies of \$0.1M, decrease in provincial properties of \$0.3. Partially offset by an increase in assessment base related to the Halifax Ports Corporation.

Revenue – User Fees and Charges

- User fees and charges includes fees for parking meters, animal licenses, bus and ferry fares, tipping fees, building permits, facility rental fees, property rent, encroachment fees, recreation revenue and others.

Revenue – User Fees and Charges

	2017 Budget	2017	2016	Change
User fees and charges	\$ 111,708	\$ 112,698	\$ 117,476	(\$ 4,778)

- Decrease in tipping fees of \$6.3M at Otter Lake Landfill due to change in landfill operations contract. HRM is no longer responsible for the management and disposal of commercial waste so tipping fees are no longer collected by HRM.
- Decrease in transit fares \$0.7M due to decrease in ridership.
- Increase in other items of \$1.2M including sales of recyclables, parking rentals, permits and licensing (excluding building permits) and By-law F300 (Provision of Tax Information) due to increase in fee charged to mortgage companies.
- Increase in building permits due to more high value building permits issued in 2016/17 of \$1.0M.

Revenue – Government Grants

- These are primarily grants that we receive for Gas Tax and contributions to other capital projects earned in the current fiscal year. Also includes operating grants from the Province for the Library.

Revenue – Government Grants

	2017 Budget	2017	2016	Change
Government grants	\$ 41,663	\$ 43,953	\$ 42,455	\$ 1,498

- Increase is primarily due to \$1.3M increase in gas tax funding received in 2016/17.
- Increase in Build Canada Fund grants for transit bus replacements by \$1.5M (Federal \$0.9M and Provincial \$0.6M). Offset by reduced funds for CA Beckett clean up and fewer health and wellness grants of \$0.9M.
- Decrease in diversion credit payments of \$0.4M due to commodity markets and increased costs. Diversion credits are amounts HRM receives from the Resource Recovery Fund Board for diverting waste away from landfills through recycling.

Revenue – Development Levies

- Development levies includes capital cost contributions (ccc's) and parkland development fees.

Revenue – Development Levies

	2017 Budget	2017	2016	Change
Development levies	\$ 2,221	\$ 2,461	\$ 2,963	(\$ 502)

- Decrease of \$0.8M for road oversizing CCC related to Larry Uteck interchange and Bedford West offset by an increase in solid waste capital cost contributions of \$0.4M.
- Decrease in subdivision applications and construction permits for parkland development \$0.1M.

Revenue – Investment Income

- Investment Income is the income we earn from investing our temporary surplus cash.
- Details are provided in the Investments Reports to the Audit & Finance Standing Committee and Council quarterly.

Revenue – Investment Income

	2017 Budget	2017	2016	Change
Investment income	\$ 3,218	\$ 3,519	\$ 3,504	\$ 15

- Although interest rates were lower than the prior year, interest income came in over budget due to higher than expected cashflows.
- For example: annual money market rates:
 - 2017 – 0.88%
 - 2016 – 0.92%

Revenue - Penalties, Fines and Interest

- Represents penalties and interest on overdue tax bills as well as parking tickets, summary offense ticket revenue and library fines.

Revenue – Penalties, Fines and Interest

	2017 Budget	2017	2016	Change
Penalties, fines and interest	\$ 12,841	\$ 12,319	\$ 12,928	(\$ 609)

- Decrease is primarily due to interest charged on overdue tax account balances.
- Overdue accounts have decreased as overall receivables have decreased.
- HRM's interest rate charged on overdue tax accounts remains unchanged at 15%.

Revenue - Land Sales, Contributions and Other Revenue

- Sale of land in business parks and gain on disposal of other assets.
- Includes TCA received through the subdivision development process.
- Also includes cost sharing from external groups.

Revenue – Land Sales, Contributions and Other Revenue

	2017 Budget	2017	2016	Change
Land sales, contributions and other revenue	\$ 29,678	\$ 35,444	\$ 21,972	\$ 13,472

- Increase in sale of business park lots \$7.2M due primarily to two larger lot sales in 2016/17 in Burnside totaling \$9.2M. No similarly large lot sales in prior year.
- Increase in other revenue from settlement of Citadel Hill PILT dispute \$5.5M.
- Increase in contributed assets, primarily roads and road infrastructure received through the development process \$1.4M.
- Increase in sales in other assets \$0.9M.

Revenue – Increase in Equity

HRWC

	2017 Budget	2017	2016	Change
Increase in equity in the HRWC	\$ 23,200	\$ 23,216	\$ 22,951	\$ 265

- Operating revenue increased \$6.3M offset by an increase in operating expenses of \$6.2M.
- Contributed capital increased \$0.5M due to more development activity.
- The increase in equity is consistent with prior years.

Revenue – Grant In Lieu of Tax HRWC

	2017 Budget	2017	2016	Change
Grant in lieu of tax	\$ 4,663	\$ 4,578	\$ 4,528	\$ 50

- Current agreement between HRM and HRWC runs until March 31, 2020.
- Calculated applying a rate of 1.56% to the specific HRWC water asset base.
- Listed as a related party transaction (note 6).

Expenses – General Government Services

- Costs of 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.
- Includes the activities of the Mayor and Council, also Human Resources, Legal Services, Finance and Information, Communications and Technology and the offices of the CAO and Auditor General.
- Amortization of assets related to these services.

Expenses – General Government Services

	2017 Budget	2017	2016	Change
General government services	\$ 116,105	\$ 96,940	\$ 112,909	(\$ 15,969)

- Decrease in valuation allowance of \$15.8M primarily related to settlement of dispute of Citadel Hill PILT \$12.5M.
- Increase in amortization costs of \$3.6M.
- Decrease in building costs of \$0.5M due to winterization and disposal of buildings.
- Decrease in non-capital works of \$1.4M primarily due to ICT initiatives implemented in the prior year.

Expenses – Protective Services

- Includes the costs of Police, Fire and Emergency Management Organization.
- Includes fleet costs for police and fire.
- Amortization of assets related to these services.

Expenses – Protective Services

	2017 Budget	2017	2016	Change
Protective services	\$ 209,412	\$ 212,419	\$ 204,248	\$ 8,171

- Increased compensation and benefits due to union and non-union wage and benefits increases.
- Decreased fire protection payment to HRWC of \$1.4M due to lower rate set by NSUARB. Rate is a function of the cost of maintaining water distribution, storage and hydrant infrastructure.
- Increase to RCMP contract \$0.8M.
- Increases in other expenses \$1.0M, primarily due to Trunk Mobile Radio costs and uniforms.

Expenses – Transportation Services

- Cost of activities related to public transportation including buses, ferries and specialized Access-A-Bus vehicles.
- Cost of activities related to road transport including the planning, development and maintenance of roads, traffic operations, parking, snow and ice operations and street lighting.
- Storm water right of way costs
- Amortization of road infrastructure and fleet assets is a significant component of these costs.

Expenses – Transportation Services

	2017 Budget	2017	2016	Change
Transportation services	\$ 266,857	\$ 272,703	\$ 261,394	\$ 11,309

- Increased compensation and benefits costs of \$4.3M associated with transit expansion and union and non union salary increases and collective agreements.
- Increased amortization of \$2.3M related to the addition of \$61.4M of road infrastructure last year.
- Increased winter works costs primarily due to a severe winter storm and conversion to a more fixed cost, performance based winter works model of \$5.6M in place last year.

Expenses – Environmental Services

- Costs for activities that provide environmentally regulated services including the collection of garbage and other waste material, the maintenance and operation of sanitary landfill sites and solid waste closure and post-closure costs allocated to the current year.

Expenses – Environmental Services

	2017 Budget	2017	2016	Change
Environmental services	\$ 43,320	\$ 41,279	\$ 53,762	(\$ 12,483)

- Decrease in landfill costs of \$10.1M due to a new landfill operations contract where HRM is no longer responsible for the management and disposal of commercial waste.
- Landfill amortization expense decreased by \$2.1M.

Expenses – Recreation and Cultural Services

- Costs of activities related to recreation facilities, including swimming pools, skating rinks and arenas, beaches, parks, playgrounds and sports fields.
- Costs of activities that provide for cultural facilities such as libraries and related programs.

Expenses – Recreation and Cultural Services

	2017 Budget	2017	2016	Change
Recreation and cultural services	\$ 130,030	\$ 127,550	\$ 121,680	\$ 5,870

- Increase in compensation and benefits due to union and non union salary increases, filling of several vacant positions and collective agreements of \$1.9M.
- Increase in external transfers and grants \$2.4M primarily due to \$2.0M one time grant to the Discovery Centre in 2016/17.
- Increase in facilities costs of \$0.6M.
- Increase in amortization expense of \$0.9M.

Expenses – Planning and Development Services

- Includes land use planning, zoning and development, development of business parks and cost related to activities that enhance local economic development and tourism such as:
 - Business Improvement Districts Associations
 - Destination Halifax

Expenses – Planning and Development Services

	2017 Budget	2017	2016	Change
Planning and development services	\$ 25,203	\$ 25,062	\$ 23,235	\$ 1,827

- Increased compensation and benefits costs of \$0.9M associated with union and non union salary increases and collective agreements.
- Increase in cost of sales in business parks of \$1.9M.
- Decrease in non-capital work on HRM owned trails and buildings of \$0.9M.

Expenses – Educational Services

- Includes both mandatory and supplementary contributions to school boards.

Expenses – Educational Services

	2017 Budget	2017	2016	Change
Educational services	\$ 148,281	\$ 148,281	\$ 142,632	\$ 5,649

- An increase in Mandatory Education of \$6.1M to recover full charge required by the Province.
- Decrease in supplementary education contributions of \$0.4M.

Statement of Changes in Net Financial Assets

- Explains the difference between the annual surplus and the change in net financial assets.
- Reports spending to acquire tangible capital assets and inventories of supplies.
- Reports disposal of tangible capital assets and the use of inventory.

Statement of Cash Flows

- Reports how the Municipality generated and used cash during the period.
- Decreases in non-cash assets (i.e. accounts receivable) are sources of cash, while increases are uses of cash.
- Increases in liabilities (i.e. accounts payable) are sources of cash while decreases in liabilities are uses of cash.
- Some financial statement items like amortization affect the operating results but do not affect the cash position of the Municipality. The Municipality's cash from operations is adjusted for these items.

Notes to the Financial Statements

- Notes are an integral part of the financial statements.
 - They have the same significance as if the information or explanations were set forth in the body of the statements themselves.
- Notes and schedules provide clarification and further explanation of items in the financial statements.

Notes

- Note 1 – provides details about how we prepare the financial statements, the entities we consolidate and details on our method of accounting for the items in the financial statements.
- Note 14 – Tangible Capital Assets provides details on the asset classes and the cost and accumulated amortization for each item.
- Note 15 – Accumulated Surplus provides details about where the surpluses are being used or held, primarily TCA, HRWC and reserves.

Audited General Rate Surplus March 31, 2017

General Rate Surplus

Audited Statement of General Rate Surplus

For the year ended March 31, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
General rate surplus, before transfers	\$ 2,165	\$ 5,431
Transfer to capital:		
Mount Hope Interchange	-	(4,235)
Transfers to reserves:		
Contribution to Police Officer On the Job Injury reserve	(80)	(50)
Contribution to Capital Fund reserve	-	(214)
Contribution to Landfill Closure Costs reserve	(318)	-
Contribution to Operating Stabilization reserve	(374)	-
Contribution to General Contingency reserve	(1,393)	(932)
	(2,165)	- 5,431
General rate surplus	-	-

Council will be asked to approve all additional transfers referenced above.

The details to support the General Rate Surplus are contained in the
Fourth Quarter Report

HALIFAX

HALIFAX

Miscellaneous Trust Funds

March 31, 2017

Summary of Assets

	2017	2016	Change
Cash	\$7,059,060	\$6,865,108	\$193,952
Accounts Receivable	\$103,938	\$186,534	(\$82,596)
Due from Halifax Regional Municipality	\$0	\$99	(\$99)
Investments	\$6,410	\$6,410	\$0
Total Assets	\$7,169,408	\$7,058,151	\$111,257

- Cash increased primarily due to transfer from Titanic Commemorative Reserve to Titanic Trust, Acadia School Loan principal and interest received.
- Accounts Receivable was reduced by Acadia School Loan principal receipts.

Summary of Liabilities and Fund Equity

	2017	2016	Change
Accrued Liabilities	\$0	\$0	\$0
Equity	\$7,169,408	\$7,058,151	\$111,257
Total Liabilities and Equity	\$7,169,408	\$7,058,151	\$111,257

- Total Liabilities and Equity increased primarily due to transfer from Titanic Commemorative Reserve to Titanic Trust.

Income and Expenditures

Income	\$185,489	\$257,852	(\$72,363)
Expenditures	\$74,232	\$304,823	(\$230,591)
Surplus (deficit)	\$111,257	(\$46,971)	\$158,228

- Income decreased primarily due to tax sales being lower in 2016/17.
- Expenditures decreased primarily due to transfer from Titanic Commemorative Reserve to Titanic Trust, tax sale refunds and donations from Sackville Landfill Trust.

Questions?

HALIFAX