

Consolidated Financial Statements of the

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2017

# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Financial Statements

Year ended March 31, 2017

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# HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2017

## Management's Responsibility for the Consolidated Financial Statements

The management of the Halifax Regional Municipality (the "Municipality") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements.

The consolidated financial statements have been prepared 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 is described in Note 1 to the consolidated financial statements.

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 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 and Finance Standing 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 Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



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Jacques Dubé  
Chief Administrative Officer



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Amanda Whitewood, FCPA, FCMA, C.Dir., CHE  
Director, Chief Financial Officer  
Finance and Asset Management



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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, 2017, 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 including the schedule of remuneration of members of council and chief administrative officer and consolidated schedules of long-term debt and segment disclosure.

### *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, 2017, 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 Professional Accountants, Licensed Public Accountants  
July 18, 2017  
Halifax, Canada

# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016  
(In thousands of dollars)

	2017	2016
<b>Financial assets</b>		
Cash and short-term deposits (note 2)	\$ 235,331	\$ 233,294
Taxes receivable (note 3)	29,768	33,774
Accounts receivable (note 4)	36,964	45,242
Loans, deposits and advances	563	645
Land held for resale	51,819	49,604
Investments (note 5)	65,006	55,569
Investment in the Halifax Regional Water Commission (note 6)	147,629	123,670
	<u>567,080</u>	<u>541,798</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 7)	106,767	112,079
Deferred revenue	62,667	57,526
Employee future benefits (note 9)	55,503	53,895
Solid waste management facilities liabilities (note 10)	11,159	11,983
Long-term debt (note 11)	196,587	214,201
	<u>432,683</u>	<u>449,684</u>
Net financial assets	134,397	92,114
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,810,563	1,789,860
Inventory and prepaid expenses	13,235	12,247
	<u>1,823,798</u>	<u>1,802,107</u>
Accumulated surplus (note 15)	\$ 1,958,195	\$ 1,894,221

Commitments and contingent liabilities (notes 13 and 16)

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, 2017, with comparative information for 2016  
(In thousands of dollars)

	Budget	2017	2016
<b>Revenue</b>			
Taxation	\$ 709,013	\$ 710,941	\$ 702,164
Taxation from other governments	38,371	38,336	38,490
User fees and charges	111,708	112,698	117,476
Government grants	41,663	43,953	42,455
Development levies	2,221	2,461	2,963
Investment income (note 5)	3,218	3,519	3,504
Penalties, fines and interest	12,841	12,319	12,928
Land sales, contributions and other revenue	29,678	35,444	21,972
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (note 6)	23,200	23,216	22,951
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	4,663	4,578	4,528
<b>Total revenue</b>	<b>976,576</b>	<b>987,465</b>	<b>969,431</b>
<b>Expenses</b>			
General government services	116,105	96,940	112,909
Protective services	209,412	212,419	204,248
Transportation services	266,857	272,703	261,394
Environmental services	43,320	41,279	53,762
Recreation and cultural services	130,030	127,550	121,680
Planning and development services	25,203	25,062	23,235
Educational services	148,281	148,281	142,632
<b>Total expenses</b>	<b>939,208</b>	<b>924,234</b>	<b>919,860</b>
Annual surplus	37,368	63,231	49,571
Accumulated surplus, beginning of year	1,894,221	1,894,221	1,834,261
Remeasurement gain from investment in Halifax Regional Water Commission (note 6)	-	743	10,389
<b>Accumulated surplus, end of year</b>	<b>\$ 1,931,589</b>	<b>\$ 1,958,195</b>	<b>\$ 1,894,221</b>

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, 2017, with comparative information for 2016  
(In thousands of dollars)

	Budget	2017	2016
Annual surplus	\$ 37,368	\$ 63,231	\$ 49,571
Acquisition of tangible capital assets and contributed tangible capital assets	(169,674)	(150,457)	(140,060)
Amortization of tangible capital assets	129,072	129,072	124,441
Gain on disposal of tangible capital assets	-	(105)	(970)
Proceeds on disposal of tangible capital assets	-	787	10,275
	(3,234)	42,528	43,257
Acquisition of inventories of supplies and prepaid expenses	-	(34,573)	(34,468)
Consumption of inventories of supplies and use of prepaid expenses	-	33,585	31,746
Remeasurement gain from investment in Halifax Regional Water Commission (note 6)	-	743	10,389
	-	(245)	7,667
Net change in net financial assets	(3,234)	42,283	50,924
Net financial assets, beginning of year	92,114	92,114	41,190
Net financial assets, end of year	\$ 88,880	\$ 134,397	\$ 92,114

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, 2017, with comparative information for 2016  
(In thousands of dollars)

	2017	2016
Cash provided by (used in):		
<b>Operating activities</b>		
Annual surplus	\$ 63,231	\$ 49,571
Items not involving cash:		
Amortization of tangible capital assets	129,072	124,441
Gain on disposal of tangible capital assets	(105)	(970)
Contributed tangible capital assets	(14,093)	(12,744)
Increase in investment in the Halifax Regional Water Commission before remeasurement gain	(23,216)	(22,951)
	154,889	137,347
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	4,006	(5,683)
Decrease in accounts receivable	8,278	8,295
Decrease in loans, deposits and advances	82	102
Increase in land held for resale	(2,215)	(7,340)
Increase in inventory and prepaid expenses	(988)	(2,722)
Increase (decrease) in accounts payable and accrued liabilities	(5,312)	6,315
Increase in deferred revenue	5,141	1,181
Increase in employee future benefits	1,608	1,491
Decrease in solid waste management facilities liabilities	(824)	(675)
Net change in cash from operating activities	164,665	138,311
<b>Capital activities</b>		
Proceeds on disposal of tangible capital assets	787	10,275
Acquisition of tangible capital assets	(136,364)	(127,316)
Net change in cash from capital activities	(135,577)	(117,041)
<b>Investing activities</b>		
Decrease (increase) in investments	(9,437)	16,568
Net change in cash from investing activities	(9,437)	16,568
<b>Financing activities</b>		
Long-term debt issued	19,500	39,673
Long-term debt redeemed	(43,810)	(45,274)
Net debt recovered from the Halifax Regional Water Commission	6,696	6,904
Net change in cash from financing activities	(17,614)	1,303
Net change in cash and short-term deposits	2,037	39,141
Cash and short-term deposits, beginning of year	233,294	194,153
Cash and short-term deposits, end of year	\$ 235,331	\$ 233,294

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



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

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### 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 Canadian public sector accounting standards.

(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 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, 2017

(In thousands of dollars)

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### 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 net income or loss of the HRWC in its consolidated statement of operations with a corresponding increase or decrease in its investment 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 of Nova Scotia 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 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 to recognize the loss and be included in the statement of operations.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

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### 1. Significant accounting policies (continued):

(j) Land held for resale:

Land held for resale is recorded at the lower of cost or 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 service 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, 2017

(In thousands of dollars)

### 1. Significant accounting policies (continued):

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

<b>Asset</b>	<b>Useful Life – Years</b>
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.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 1. Significant accounting policies (continued):

(p) Inventories of supplies:

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

(q) 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.

(r) 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.

(s) 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.

(t) Funds and reserves:

Certain amounts, as approved by Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

### 2. Cash and short-term deposits:

	2017	2016
Halifax Regional Municipality	\$ 228,366	\$ 227,625
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	6,965	5,669
<b>Total</b>	<b>\$ 235,331</b>	<b>\$ 233,294</b>

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

### 3. Taxes receivable:

	2017	2016
Taxes receivable	\$ 34,704	\$ 37,995
Allowance	(4,936)	(4,221)
<b>Total</b>	<b>\$ 29,768</b>	<b>\$ 33,774</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017  
(In thousands of dollars)

### 4. Accounts receivable:

	2017		2016	
Federal government	\$	24,284	\$	34,919
Provincial government		7,935		7,923
Other receivables		18,970		27,549
Allowance		(14,225)		(25,149)
<b>Total</b>	<b>\$</b>	<b>36,964</b>	<b>\$</b>	<b>45,242</b>

### 5. 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, 2017.

Bonds of Federal and Provincial governments and their guarantees have a maturity range from June 15, 2017 to December 18, 2018. The weighted average yield on market value of these bonds is 0.81% at March 31, 2017 (2016 - 0.89%).

	2017		2016	
	Cost	Market value	Cost	Market value
Money market instruments	\$ 52,989	\$ 53,001	\$ 41,534	\$ 41,593
Bonds of Federal and Provincial governments and their guarantees	12,017	12,214	14,035	14,376
<b>Total</b>	<b>\$ 65,006</b>	<b>\$ 65,215</b>	<b>\$ 55,569</b>	<b>\$ 55,969</b>

The investment income earned on money market instruments is \$3,266 (2016 - \$3,176) and on bonds of Federal and Provincial governments and their guarantees is \$253 (2016 - \$328).

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 6. 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. HRWC reports under International Financial Reporting Standards ("IFRS"). 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 \$91,010.

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

	2017	2016
<b>Financial position</b>		
Current assets	\$ 90,706	\$ 90,394
Capital assets	1,186,221	1,077,043
<b>Total assets</b>	<b>1,276,927</b>	<b>1,167,437</b>
Current liabilities	54,721	59,802
Long-term liabilities	1,074,577	983,965
<b>Total liabilities</b>	<b>1,129,298</b>	<b>1,043,767</b>
<b>Net assets</b>	<b>\$ 147,629</b>	<b>\$ 123,670</b>
<b>Results of operations</b>		
Revenues	\$ 137,997	\$ 131,717
Operating expenses	(122,173)	(111,676)
Financing expenses	(8,674)	(9,075)
Other income	20,836	16,705
Regulatory deferral account amortization	(192)	(192)
<b>Net income before grant in lieu of tax</b>	<b>27,794</b>	<b>27,479</b>
<b>Grant in lieu of tax</b>	<b>(4,578)</b>	<b>(4,528)</b>
<b>Increase in investment and equity before remeasurement gain (loss)</b>	<b>23,216</b>	<b>22,951</b>
Investment and equity, beginning of year	123,670	90,330
Change in investment and equity through remeasurement gain (loss)	743	10,389
<b>Investment and equity, end of year</b>	<b>\$ 147,629</b>	<b>\$ 123,670</b>

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

	2017	2016
<b>Revenues</b>		
Grant in lieu of tax	\$ 4,578	\$ 4,528
<b>Expenses</b>		
Stormwater charge	\$ 3,881	\$ 3,881
Fire protection charge	\$ 7,181	\$ 8,560

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, 2017  
(In thousands of dollars)

### 7. Accounts payable and accrued liabilities:

	2017	2016
Trade accounts payable	\$ 38,827	\$ 40,253
Federal government	4,612	10,212
Provincial government	5,615	5,198
Salaries and wages payable	16	27
Accrued liabilities	55,527	53,934
Accrued interest	2,170	2,455
<b>Total</b>	<b>\$ 106,767</b>	<b>\$ 112,079</b>

### 8. 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 \$31,615 for the year ending March 31, 2017 (2016 - \$30,549). Since January 1, 2016, the Municipality and the members are each contributing 12.21% 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, 2015. The next actuarial valuation, at December 31, 2016, is to be filed by September 30, 2017. The interest rate used in the last filed valuation was 6.55% per year. The following estimates as at December 31, 2016 are based on the actuarial valuation as at December 31, 2015 extrapolated to December 31, 2016 and is based on a best estimate discount rate assumption of 7.25% per annum (2015 - 7.25%).

	2017 Extrapolated	2016 Extrapolated
Actuarial value of plan assets	\$ 1,621,183	\$ 1,515,696
Estimated present value of accrued pension benefits	(1,607,539)	(1,552,494)
<b>Estimated funding surplus (deficit)</b>	<b>\$ 13,644</b>	<b>\$ (36,798)</b>



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 9. 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 police health trust benefits was conducted as at March 31, 2017. For all other benefits, actuarial valuations were conducted as at March 31, 2016. 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:

	2017	2016
Accrued benefit obligation, beginning of year	\$ 62,219	\$ 60,844
Current period benefit cost	4,543	4,445
Benefit payments	(5,802)	(5,892)
Interest cost	1,780	1,918
Actuarial loss	1,873	904
<b>Accrued benefit obligation, end of year</b>	<b>\$ 64,613</b>	<b>\$ 62,219</b>
Main assumptions used for fiscal year-end disclosure		
Discount rate	2.51%	2.89%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	2.89%	3.19%
Salary increase	3% plus merit	3% plus merit

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 9. 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, 2017 is estimated to include the following components:

	2017	2016
Accrued benefit obligation		
Retiring allowances	\$ 32,456	\$ 30,458
Sick leave	18,308	18,078
HRM pension contributions for employees on long term disability	5,230	5,083
Police Health Trust	2,148	2,057
Other	6,471	6,543
	64,613	62,219
Unamortized actuarial loss	(9,110)	(8,324)
<b>Benefit liability</b>	<b>\$ 55,503</b>	<b>\$ 53,895</b>

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:

	2017	2016
Current period benefit cost	\$ 4,543	\$ 4,445
Amortization of actuarial loss	1,088	1,020
Other employee benefit expense	5,631	5,465
Other employee benefit interest expense	1,780	1,918
<b>Total expense related to other employee benefit plans</b>	<b>\$ 7,411</b>	<b>\$ 7,383</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

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### 10. 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 2.16% (2016 - 2.43%) and a forecasted inflation rate of 2.05% (2016 - 1.36%).

#### 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 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 continuous monitoring of the site is anticipated to be ongoing.

#### Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to accept residential waste for another 35 years assuming a growth rate of 2% per year in the volume of residential waste processed.

The site's design consists of nine cell phases with an expected total capacity of 5,200,000 tonnes (2016 - 5,200,000 tonnes).

Post closure care activities for this site, include perpetual care 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 90.40% (2016 - 81.94%) 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.

A reserve has been established to fund the post closure care activities for the landfill sites described above.

# HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

## 10. Solid waste management facilities liabilities (continued):

	Sackville	Otter Lake	Mengoni	2017 Total
Estimated present value of closure and post closure costs	\$ 19,255	\$ 36,391	\$ 2,492	\$ 58,138
Less: expenses incurred	17,982	26,686	2,311	46,979
	1,273	9,705	181	11,159
Reserve fund				15,960
Excess of available reserves over liability				\$ (4,801)

  

	Sackville	Otter Lake	Mengoni	2016 Total
Estimated present value of closure and post closure costs	\$ 19,476	\$ 36,576	\$ 2,485	\$ 58,537
Less: expenses incurred	17,577	26,685	2,292	46,554
	1,899	9,891	193	11,983
Reserve fund				13,489
Excess of available reserves over liability				\$ (1,506)

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017  
(In thousands of dollars)

### 11. 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 30 and 31).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2017 are as follows:

2018	\$	35,877
2019		33,033
2020		27,894
2021		29,756
2022		17,786
Thereafter		52,241
Total	\$	196,587

### 12. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2017 are \$7,169 (2016 - \$7,058).

### 13. 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:

2018	\$	5,137
2019		4,432
2020		3,553
2021		2,813
2022		867
Total	\$	16,802

(b) The Municipality and its consolidated entities 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:

2018	\$	6,852
2019		4,984
2020		3,798
2021		3,418
2022		3,336
Total	\$	22,388

(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 \$38,253 (2016 - \$40,600).

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 14. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions (Net of Transfers)	Disposals	Balance at March 31, 2017
Land	\$ 281,152	\$ (870)	\$ (213)	\$ 280,069
Land improvements	250,289	7,654	-	257,943
Buildings	542,103	11,676	-	553,779
Vehicles	214,587	20,294	(1,254)	233,627
Machinery and equipment	136,113	26,235	(67,140)	95,208
Roads and infrastructure	1,857,543	68,968	(18,964)	1,907,547
Dams	480	-	-	480
Ferries	32,171	6,288	(5,816)	32,643
Leasehold improvements	3,030	-	-	3,030
Assets under construction	36,705	10,212	(115)	46,802
<b>Total</b>	<b>\$ 3,354,173</b>	<b>\$ 150,457</b>	<b>\$ (93,502)</b>	<b>\$ 3,411,128</b>

Accumulated amortization	Balance at March 31, 2016	Disposals	Amortization Expense	Balance at March 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	187,380	-	4,106	191,486
Buildings	227,066	-	19,739	246,805
Vehicles	130,434	(900)	14,705	144,239
Machinery and equipment	88,123	(67,140)	14,112	35,095
Roads and infrastructure	908,901	(18,964)	75,159	965,096
Dams	468	-	12	480
Ferries	20,660	(5,816)	1,067	15,911
Leasehold improvements	1,281	-	172	1,453
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,564,313</b>	<b>\$ (92,820)</b>	<b>\$ 129,072</b>	<b>\$ 1,600,565</b>

	Net book value March 31, 2016	Net book value March 31, 2017
Land	\$ 281,152	\$ 280,069
Land improvements	62,909	66,457
Buildings	315,037	306,974
Vehicles	84,153	89,388
Machinery and equipment	47,990	60,113
Roads and infrastructure	948,642	942,451
Dams	12	-
Ferries	11,511	16,732
Leasehold improvements	1,749	1,577
Assets under construction	36,705	46,802
<b>Total</b>	<b>\$ 1,789,860</b>	<b>\$ 1,810,563</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

### 14. Tangible capital assets:

Cost	Balance at March 31, 2015	Additions (Net of Transfers)	Disposals	Balance at March 31, 2016
Land	\$ 286,734	\$ 3,573	\$ (9,155)	\$ 281,152
Land improvements	243,385	6,904	-	250,289
Buildings	514,624	27,605	(126)	542,103
Vehicles	209,122	7,487	(2,022)	214,587
Machinery and equipment	116,741	19,372	-	136,113
Roads and infrastructure	1,796,140	61,403	-	1,857,543
Dams	480	-	-	480
Ferries	26,481	5,690	-	32,171
Leasehold improvements	3,030	-	-	3,030
Assets under construction	28,679	8,026	-	36,705
<b>Total</b>	<b>\$ 3,225,416</b>	<b>\$ 140,060</b>	<b>\$ (11,303)</b>	<b>\$ 3,354,173</b>

Accumulated amortization	Balance at March 31, 2015	Disposals	Amortization Expense	Balance at March 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	180,975	-	6,405	187,380
Buildings	209,162	(114)	18,018	227,066
Vehicles	117,026	(1,884)	15,292	130,434
Machinery and equipment	77,410	-	10,713	88,123
Roads and infrastructure	836,048	-	72,853	908,901
Dams	456	-	12	468
Ferries	19,683	-	977	20,660
Leasehold improvements	1,110	-	171	1,281
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,441,870</b>	<b>\$ (1,998)</b>	<b>\$ 124,441</b>	<b>\$ 1,564,313</b>

	Net book value March 31, 2015	Net book value March 31, 2016
Land	\$ 286,734	\$ 281,152
Land improvements	62,410	62,909
Buildings	305,462	315,037
Vehicles	92,096	84,153
Machinery and equipment	39,331	47,990
Roads and infrastructure	960,092	948,642
Dams	24	12
Ferries	6,798	11,511
Leasehold improvements	1,920	1,749
Assets under construction	28,679	36,705
<b>Total</b>	<b>\$ 1,783,546</b>	<b>\$ 1,789,860</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

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### 14. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$46,802 (2016 - \$36,705) 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 \$14,093 (2016 - \$12,744) and is comprised of roads and infrastructure in the amount of \$13,775 (2016 - \$12,610) and land and land improvements having a value of \$318 (2016 - \$134).

(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 \$115 (2016 - \$12).

(f) Roads and infrastructure:

Roads and infrastructure at March 31, 2017 have a net book value of \$942,451 (2016 - \$948,642) and are comprised of: road beds - \$277,376 (2016 - \$283,267), road surfaces - \$299,667 (2016 - \$318,562), infrastructure - \$351,122 (2016 - \$333,896) and bridges - \$14,286 (2016 - \$12,917).



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017  
(In thousands of dollars)

### 15. Accumulated surplus:

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

	2017	2016
<b>Surplus</b>		
Invested in tangible capital assets	\$ 1,613,976	\$ 1,575,659
Other	21,626	27,091
Equity in Halifax Regional Water Commission (note 6)	147,629	123,670
Funded by reserves		
Landfill closure costs	(11,159)	(11,983)
Unfunded		
Employee future benefits, accrued interest and other	(17,160)	(17,182)
<b>Total surplus</b>	<b>1,754,912</b>	<b>1,697,255</b>
<b>Risk reserves set aside by Council</b>		
Insurance and risk	4,034	3,995
Police officer on the job injury	1,950	1,852
Operating stabilization	8,988	8,877
General contingency	2,463	2,973
<b>Total risk reserves set aside by Council</b>	<b>17,435</b>	<b>17,697</b>
<b>Obligation reserves set aside by Council</b>		
Landfill closure and post closure costs	15,960	13,489
Municipal election	646	1,664
Convention centre	4,198	2,774
Capital fund	12,335	18,759
Fleet vehicles and equipment	2,217	4,193
Central Library recapitalization	2,491	1,634
Building recapitalization and replacement	3,952	3,542
Multi-District facilities	3,728	2,935
Transit capital	9,376	9,282
Solid waste facilities	13,573	15,053
Titanic commemorative	-	114
<b>Total obligation reserves set aside by Council</b>	<b>68,476</b>	<b>73,439</b>
<b>Opportunity reserves set aside by Council</b>		
Strategic capital	48,520	56,745
Parkland development	4,960	4,714
Business/Industrial parks expansion	31,422	21,119
Community and events	2,772	1,921
Gas tax	12,694	17,411
Debt principle and interest repayment	17,004	3,920
<b>Total opportunity reserves set aside by Council</b>	<b>117,372</b>	<b>105,830</b>
<b>Total accumulated surplus</b>	<b>\$ 1,958,195</b>	<b>\$ 1,894,221</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

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### 16. Contingent liabilities:

- (a) As of March 31, 2017, 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 21.6% at March 31, 2017 (2016 - 22.0%). As at March 31, 2017, total outstanding debt is \$226,002 (2016 - \$240,145), with maturity dates ranging from 2016 to 2025. The Municipality is responsible for outstanding debt of \$52,066 (2016 - \$58,762) recoverable from the HRWC.

### 17. 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 and are measured at cost or amortized cost in the statement of financial position.

The fair value of investments is considered to be market value. The market value of investments is disclosed in note 5.

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, 2017  
(In thousands of dollars)

### 18. Amounts contributed for provincially mandated services:

	Budget	2017	2016
School boards	\$ 148,281	\$ 148,281	\$ 142,632
Assessment services	6,903	6,903	6,870
Social housing	3,225	3,425	3,044
Correctional services	6,647	6,647	6,615
<b>Total</b>	<b>\$ 165,056</b>	<b>\$ 165,256</b>	<b>\$ 159,161</b>

(a) School boards:

The Municipality is required to provide a mandatory contribution in the amount of \$131,935 (2016 - \$125,836) and supplementary contributions of \$16,346 (2016 - \$16,796) 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:

The Municipality is 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, 2017

(In thousands of dollars)

### 19. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2016/17 operating and capital budgets approved by Council on March 8, 2016, plus the budgeted figures of the recreation, cultural and other facilities, and commissions included in the consolidated financial statements, to the extent that they could be reasonably determined. Council approved budgets are prepared on a modified cash basis which differs from budget amounts reported on the consolidated statement of operations and change in net financial assets which are prepared in accordance with Canadian public sector accounting standards.

The accounting standards in Handbook Section PSAS 3150 Tangible Capital Assets have not been adopted for budget preparation purposes. The fiscal 2016/17 Council approved budget has been modified to reflect these adjustments.

The chart below reconciles the approved budgets to the budget figures reported in these consolidated financial statements.

	2017	2016
<b>Revenue</b>		
Operating budget	\$ 872,838	\$ 869,134
Capital budget	197,934	135,804
	<u>1,070,772</u>	<u>1,004,938</u>
Less:		
Miscellaneous capital funding	(669)	(3,371)
Principal and interest recovery from Halifax Regional Water Commission	(9,622)	(10,164)
Tax concessions	(5,655)	(5,565)
Transfers from reserves to capital	(72,040)	(26,310)
Transfers from operating to capital	(42,690)	(47,704)
Long-term debt issued	(50,085)	(36,318)
	<u>(180,761)</u>	<u>(129,432)</u>
Add:		
Revenues from agencies, boards and commissions	30,900	30,300
Restricted area rate surpluses	2,312	1,842
Proceeds from sale of assets deposited to reserves	13,850	5,824
Interest on reserves	1,618	2,159
Development levies in reserves	1,450	1,793
Other reserve revenue	2,372	1,839
Tangible capital asset related adjustments	10,863	17,365
Increase in investment of the Halifax Regional Water Commission before remeasurement gain (loss)	23,200	23,000
	<u>86,565</u>	<u>84,122</u>
<b>Total revenue</b>	<b>\$ 976,576</b>	<b>\$ 959,628</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2017  
(In thousands of dollars)

### 19. Budget data (continued):

	2017	2016
<b>Expenses</b>		
Operating budget	\$ 872,838	\$ 869,134
Less:		
Tax concessions	(5,655)	(5,565)
Transfers from operating to capital	(42,690)	(47,704)
Transfers from operating to reserves	(22,066)	(15,488)
Change in solid waste management facilities liabilities	(824)	(675)
Principal and interest payments made on behalf of Halifax Regional Water Commission	(9,622)	(10,164)
Long-term debt redeemed	(37,244)	(36,208)
	(118,101)	(115,804)
Add:		
Expenses from agencies, boards and commissions	30,953	30,779
Cost of lots sold in business parks	2,891	1,053
Application of restricted area rate surpluses	2,312	1,842
Tangible capital assets adjustments including amortization	148,315	140,734
	184,471	174,408
<b>Total expenses</b>	<b>939,208</b>	<b>927,738</b>
<b>Annual surplus</b>	<b>\$ 37,368</b>	<b>\$ 31,890</b>

### 20. 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, 2017  
(In thousands of dollars)

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### 20. 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 32 and 33).

# HALIFAX REGIONAL MUNICIPALITY

## Schedule of Remuneration of Members of Council and Chief Administrative Officers

Year ended March 31, 2017

(In thousands of dollars)

	2017	2016
Council members:		
M. Savage, Mayor	\$ 178	\$ 171
S. Adams	84	82
S. Austin	36	-
L. Blackburn	36	-
S. Cleary	36	-
S. Craig	87	82
B. Dalrymple	48	82
D. Fisher	-	37
D. Hendsbee	84	82
B. Johns	48	82
B. Karsten	84	82
T. Mancini	84	13
W. Mason	84	82
G. McCluskey	48	82
L. Mosher	48	82
L. Nicoll	84	87
T. Outhit	84	82
R. Rankin	48	82
L. Smith	36	-
S. Streach	36	-
R. Walker	84	82
J. Watts	48	82
M. Whitman	89	85
R. Zurawski	36	-
Chief Administrative Officers:		
J. Dubé	150	-
R. Butts	-	325
J. Traves (Acting)	86	82

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

# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Schedule of Long-term Debt

Year ended March 31, 2017

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2016	Issued	Redeemed	Balance March 31, 2017
<b>Municipal Finance Corporation:</b>							
24-HBR-1	20	2.84/5.94	2024	\$ 49,500	\$ -	\$ 5,500	\$ 44,000
05-B-1	15	3.63/4.83	2020	12,095	-	1,210	10,885
06-A-1	10	4.29/4.88	2016	2,309	-	2,309	-
06-B-1	10	4.1/4.41	2016	1,015	-	1,015	-
07-A-1	10	4.45/4.63	2017	3,913	-	1,956	1,957
07-B-1	10	4.65/5.01	2017	1,760	-	880	880
08-A-1	10	3.75/4.884	2018	7,950	-	2,650	5,300
08-B-1	10	3.1/5.095	2018	7,421	-	2,473	4,948
09-A-1	15	1.0/5.644	2024	26,181	-	4,395	21,786
09-B-1	10	0.97/4.329	2019	2,600	-	650	1,950
10-A-1	10	1.51/4.5	2020	10,200	-	2,040	8,160
10-B-1	10	1.55/3.87	2020	13,363	-	2,673	10,690
11-A-1	10	1.63/4.221	2021	7,950	-	1,325	6,625
11-B-1	10	1.219/3.645	2021	6,609	-	1,102	5,507
12-A-1	10	1.636/3.48	2022	10,360	-	1,480	8,880
12-B-1	10	1.51/3.16	2022	6,720	-	960	5,760
13-A-1	10	1.33/2.979	2023	18,880	-	2,360	16,520
13-B-1	10	1.285/3.614	2023	2,936	-	367	2,569
14-A-1	10	1.245/3.347	2024	19,688	-	2,188	17,500
14-B-1	10	1.20/3.19	2024	18,252	-	2,028	16,224
15-A-1	10	1.011/2.786	2025	27,000	-	2,700	24,300
15-B-1	10	1.040/2.894	2025	10,132	-	1,013	9,119
16-A-1	10	1.150/2.925	2026	-	19,500	-	19,500
				266,834	19,500	43,274	243,060
<b>Federation of Canadian Municipalities:</b>							
FCM	20	2.0	2032	3,400	-	200	3,200
GMIF1202	10	1.75	2025	2,541	-	254	2,287
<b>Misc.:</b>							
5% stock Permanent		5.0	-	2	-	-	2
<b>Sackville Landfill Trust:</b>							
Acadia School	20	7.0	2018	186	-	82	104
				272,963	19,500	43,810	248,653
<b>Less: Long-term debt recoverable from the Halifax Regional</b>							
<b>Water Commission:</b>							
14-B-1	10	1.20/3.19	2024	(9,000)	-	(1,000)	(8,000)
24-HBR-1	20	2.84/5.94	2024	(49,500)	-	(5,500)	(44,000)
Other debt	1 to 4	2.55/6.875	2015/2017	(262)	-	(196)	(66)
				(58,762)	-	(6,696)	(52,066)
<b>Long-term debt</b>				<b>\$ 214,201</b>	<b>\$ 19,500</b>	<b>\$ 37,114</b>	<b>\$ 196,587</b>



# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Schedule of Long-term Debt

Year ended March 31, 2017

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2015	Issued	Redeemed	Balance March 31, 2016
<b>Municipal Finance Corporation:</b>							
24-HBR-1	20	2.84/5.94	2024	55,000	-	5,500	49,500
05-A-1	10	2.97/4.56	2015	2,300	-	2,300	-
05-B-1	15	3.63/4.83	2020	16,442	-	4,347	12,095
06-A-1	10	4.29/4.88	2016	4,617	-	2,308	2,309
06-B-1	10	4.1/4.41	2016	2,030	-	1,015	1,015
07-A-1	10	4.45/4.63	2017	5,870	-	1,957	3,913
07-B-1	10	4.65/5.01	2017	2,640	-	880	1,760
08-A-1	10	3.75/4.884	2018	10,600	-	2,650	7,950
08-B-1	10	3.1/5.095	2018	9,895	-	2,474	7,421
09-A-1	15	1.0/5.644	2024	30,576	-	4,395	26,181
09-B-1	10	0.97/4.329	2019	3,250	-	650	2,600
10-A-1	10	1.51/4.5	2020	12,240	-	2,040	10,200
10-B-1	10	1.55/3.87	2020	16,035	-	2,672	13,363
11-A-1	10	1.63/4.221	2021	9,275	-	1,325	7,950
11-B-1	10	1.219/3.645	2021	7,711	-	1,102	6,609
12-A-1	10	1.636/3.48	2022	11,840	-	1,480	10,360
12-B-1	10	1.51/3.16	2022	7,680	-	960	6,720
13-A-1	10	1.33/2.979	2023	21,240	-	2,360	18,880
13-B-1	10	1.285/3.614	2023	3,303	-	367	2,936
14-A-1	10	1.245/3.347	2024	21,875	-	2,187	19,688
14-B-1	10	1.20/3.19	2024	20,280	-	2,028	18,252
15-A-1	10	1.011/2.786	2025	-	27,000	-	27,000
15-B-1	10	1.040/2.894	2025	-	10,132	-	10,132
				274,699	37,132	44,997	266,834
<b>Federation of Canadian Municipalities:</b>							
FCM	20	2.0	2032	3,600	-	200	3,400
GMIF1202	10	1.75	2025	-	2,541	-	2,541
<b>Misc.:</b>							
5% stock Permanent		5.0	-	2	-	-	2
<b>Sackville Landfill Trust:</b>							
Acadia School	20	7.0	2018	263	-	77	186
				278,564	39,673	45,274	272,963
<b>Less: Long-term debt recoverable from the Halifax Regional</b>							
<b>Water Commission:</b>							
14-B-1	10	1.20/3.19	2024	(10,000)	-	(1,000)	(9,000)
24-HBR-1	20	2.84/5.94	2024	(55,000)	-	(5,500)	(49,500)
Other debt	1 to 4	2.55/6.875	2014/2017	(666)	-	(404)	(262)
				(55,666)	-	(6,904)	(58,762)
<b>Long-term debt</b>				<b>\$ 222,898</b>	<b>\$ 39,673</b>	<b>\$ 38,370</b>	<b>\$ 214,201</b>

# HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2017  
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2017 Total
<b>Revenue</b>								
Taxation	\$ 476,954	\$ 6,647	\$ 79,059	\$ -	\$ -	\$ -	\$ 148,281	\$ 710,941
Taxation from other governments	38,336	-	-	-	-	-	-	38,336
User fees and charges	7,737	11,539	39,054	5,407	44,204	4,757	-	112,698
Government grants	3,886	3,800	27,208	2,163	6,896	-	-	43,953
Development levies	-	-	771	878	812	-	-	2,461
Investment income	3,519	-	-	-	-	-	-	3,519
Penalties, fines and interest	5,604	6,352	-	-	363	-	-	12,319
Land sales, contributions and other revenue	8,123	72	13,753	(256)	1,103	12,649	-	35,444
Increase in investment in the Halifax Regional Water Commission before remeasurement								
gain (loss)	23,216	-	-	-	-	-	-	23,216
Grant in lieu of tax from the Halifax Regional Water Commission	4,578	-	-	-	-	-	-	4,578
<b>Total revenue</b>	<b>571,953</b>	<b>28,410</b>	<b>159,845</b>	<b>8,192</b>	<b>53,378</b>	<b>17,406</b>	<b>148,281</b>	<b>987,465</b>
<b>Expenses</b>								
Salaries, wages and benefits	49,576	148,741	95,819	2,238	57,288	11,471	-	365,133
Interest on long-term debt	904	351	3,410	329	1,582	41	-	6,617
Materials, goods, supplies and utilities	14,342	6,014	21,918	74	13,514	231	-	56,093
Contracted services	11,860	29,959	40,444	35,427	11,770	2,065	-	131,525
Other operating expenses	(7,709)	16,059	16,281	783	24,337	5,007	-	54,758
External transfers and grants	11,058	6,792	4,118	-	4,583	6,204	148,281	181,036
Amortization	16,909	4,503	90,713	2,428	14,476	43	-	129,072
<b>Total expenses</b>	<b>96,940</b>	<b>212,419</b>	<b>272,703</b>	<b>41,279</b>	<b>127,550</b>	<b>25,062</b>	<b>148,281</b>	<b>924,234</b>
<b>Annual surplus (deficit)</b>	<b>\$ 475,013</b>	<b>\$ (184,009)</b>	<b>\$ (112,858)</b>	<b>\$ (33,087)</b>	<b>\$ (74,172)</b>	<b>\$ (7,656)</b>	<b>\$ -</b>	<b>\$ 63,231</b>

# HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2017  
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2016 Total
<b>Revenue</b>								
Taxation	\$ 476,077	\$ 6,433	\$ 77,022	\$ -	\$ -	\$ -	\$ 142,632	\$ 702,164
Taxation from other governments	38,490	-	-	-	-	-	-	38,490
User fees and charges	7,154	9,066	40,371	13,281	42,621	4,983	-	117,476
Government grants	4,658	3,842	26,072	2,612	5,271	-	-	42,455
Development levies	-	-	1,534	519	910	-	-	2,963
Investment income	3,504	-	-	-	-	-	-	3,504
Penalties, fines and interest	6,229	6,233	-	-	466	-	-	12,928
Land sales, contributions and other revenue	2,978	46	12,680	14	819	5,435	-	21,972
Increase in investment in the Halifax Regional Water Commission before remeasurement	22,951	-	-	-	-	-	-	22,951
Grant in lieu of tax from the Halifax Regional Water Commission	4,528	-	-	-	-	-	-	4,528
<b>Total revenue</b>	<b>566,569</b>	<b>25,620</b>	<b>157,679</b>	<b>16,426</b>	<b>50,087</b>	<b>10,418</b>	<b>142,632</b>	<b>969,431</b>
<b>Expenses</b>								
Salaries, wages and benefits	49,899	140,844	91,466	2,215	55,395	10,605	-	350,424
Interest on long-term debt	1,174	432	3,433	452	1,720	47	-	7,258
Materials, goods, supplies and utilities	14,581	5,425	21,800	88	11,115	337	-	53,346
Contracted services	13,248	28,762	34,854	45,631	12,479	2,376	-	137,350
Other operating expenses	9,327	17,397	17,346	862	25,219	2,988	-	73,139
External transfers and grants	11,428	6,752	4,080	-	2,153	6,858	142,632	173,903
Amortization	13,252	4,636	88,415	4,514	13,599	24	-	124,440
<b>Total expenses</b>	<b>112,909</b>	<b>204,248</b>	<b>261,394</b>	<b>53,762</b>	<b>121,680</b>	<b>23,235</b>	<b>142,632</b>	<b>919,860</b>
<b>Annual surplus (deficit)</b>	<b>\$ 453,660</b>	<b>\$ (178,628)</b>	<b>\$ (103,715)</b>	<b>\$ (37,336)</b>	<b>\$ (71,593)</b>	<b>\$ (12,817)</b>	<b>\$ -</b>	<b>\$ 49,571</b>