



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 21, 2018, 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.

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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.
- In 2017/18, Events East Group (Halifax Convention Centre Corporation) has been added. They are consolidated proportionately by recording 50% of assets, liabilities, revenue, and expenses and eliminating all intercompany transactions (see Note 1(b)).
- 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 1(c)).

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Consolidated Entities

Recreation facilities

- BMO Centre
- Canada Games Centre
- Centennial Arena Commission
- Centennial Pool Association
- Community Builders Inc. (Cole Harbour Place)
- Dartmouth 4-Pad
- Dartmouth Sportsplex
- Eastern Shore Recreation
- Halifax Forum Community Association
- Sackville Sports Stadium
- Scotiabank Centre
- St. Margaret's Community Centre

Commissions, cultural and other facilities

- Alderney Landing
- MetroPark Parkade
- Events East Group (Halifax Convention Centre Corporation)
- 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

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Other Audits - Concurrently

- Miscellaneous Trust Funds
- General Rate Surplus
- Centennial Arena Commission
- Halifax Forum Community Association

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Consolidated Financial Statements – Highlights

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

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Financial Statement – Walk Through

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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.

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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.

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Cash and Investments

	2018	2017	Change
Cash	\$ 187,292	\$ 235,331	\$ (48,039)
Investments	\$ 75,802	\$ 65,006	\$ 10,796
Total	\$ 263,094	\$ 300,337	\$ (37,243)

- The reasons for the net decrease 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 addition of assets.
- The investment instruments vary depending on the products available that match the Municipality's cash flow and investment policy requirements.

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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.

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Taxes Receivable

	2018	2017	Change
Taxes receivable	\$ 31,116	\$ 29,768	\$ 1,348

- Property taxes receivable decreased \$1.1M primarily due to increase in cash received at end of March 2018.
- Deed transfer tax receivable increased by \$1.1M mainly due to increase in the number of sales compared to the prior year.
- Valuation allowance decreased by \$1.2M primarily related to less prior year appeals going forward.

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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.

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Accounts Receivable

	2018	2017	Change
Accounts receivable	\$ 53,669	\$ 36,964	\$ 16,705

- Claims submitted for cost sharing through Public Transit Infrastructure Fund increased by \$11.6M in relation to the purchase of buses.
- Increase of \$1.3M related to stormwater right of way. These payments are received from HRWC in April.
- Increase of \$1.2M HRWC unbilled cost share related to St. Margaret's Bay Rd. street recapitalization.
- Decrease in LIC receivable of \$1.1M primarily due to payments received.
- Increase of \$0.8 in diversion credit from Divert NS due to prior year accrual being understated.

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Loan, Deposits and Advances

- Includes primarily employee payroll advances which occurred at amalgamation and are being repaid as people leave the organization.
- Also includes loans provided to serve as operating floats, which assist recreation centres with operating expenses during startup.

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Loans, Deposits and Advances

	2018	2017	Change
Loans, deposits, and advances	\$ 690	\$ 563	\$ 127

- Increase in loans, deposits and advances is due to a \$0.2M operating float for Dartmouth 4-Pad expenses.
- Payroll advances and receivables decreased as employees have retired.

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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.

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Land Held for Resale

	2018	2017	Change
Land held for resale	\$ 54,541	\$ 51,819	\$ 2,722

- Increase due to:
 - Property declared surplus to municipal purposes increased by \$0.5M.
 - Lots held for resale in Business Parks increased by \$3.5M which is partially offset by value of lots sold of \$1.3M.
- Six parcels were sold in Burnside Park and one parcel in Bayers Lake in 2017/18 with a total sales value of \$5.1M and a net gain of \$3.7M.

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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.

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Investment in HRWC

	2018	2017	Change
Investment in HRWC	\$ 167,662	\$ 147,629	\$ 20,033

- In the current fiscal year, HRWC completed several large projects. As a result, at March 31, 2018, capital assets increased by \$55.8M primarily due to the completion of Northwest Arm Sewer Rehab, Sullivan’s Pond Stormwater Replacement and the Quinpool Road Water Main Replacement.
- This is offset by an increase in liabilities of \$38.4M mainly due to increases in deferred contributed capital of \$34.3 and an increase in deferred pension liability of \$7.3M. These are offset by a decrease in debt of \$12.5M.

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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.

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Accounts Payable and Accrued Liabilities

	2018	2017	Change
Accounts payable and accrued liabilities	\$ 106,900	\$ 106,767	\$ 133

- Federal payables to Receiver General increased by \$4.0M related to timing of remittance of payroll source deductions.
- Increase of \$4.2M related to Events East Group for new Halifax Convention Centre Corporation expenses.
- Decrease of \$3.5M due to no accrual being required for Burnside Compost facility as the contract was renewed and signed.
- Trade accounts payable increase is due to Dartmouth Sportsplex revitalization holdback as well as snow and ice removal expenses.
- Contract negotiation accruals decreased by \$6.1M due to police and fire contracts being settled during 2017/2018.

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Deferred Revenue

- Deferred Revenue includes payments that we have received in 2017-18, 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.

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Deferred Revenue

	2018	2017	Change
Deferred Revenue	\$ 59,001	\$ 62,667	(\$ 3,666)

- Deposits of taxes paid before the end of the fiscal year decreased as last two days of fiscal year were not business days.
- Area rate revenue that has not yet been used has increased by \$0.8M primarily due to an increase in local improvement charges, partially offset by a decrease in Fire Protection due to a decrease in the rate.

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Employee Future Benefits

- This is the estimated liability for the benefits we have agreed to pay to employees in future periods.
- Our actuary, Robertson, Eadie & Associates, 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.

HALIFAX

Employee Future Benefits

	2018	2017	Change
Employee future benefits	\$ 58,204	\$ 55,503	\$ 2,701

- The increase is primarily due to increases in the liabilities for retiring allowance of \$1.6M and accumulated employee sick leave benefits of \$0.4M.

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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.

HALIFAX

Solid Waste Liabilities

	2018	2017	Change
Solid waste liabilities	\$ 3,184	\$ 11,159	(\$ 7,975)

- The liability related to the estimated closure and post closure costs has decreased by \$8.0M, primarily due to expenses incurred to cap and close Otter Lake Landfill Cell 6.
- The liability is funded by reserves of \$8.6M.
- As of March 2018, there is \$5.4M more in reserves than the present value of closure and post closure costs.

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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.

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Long-term Debt

	2018	2017	Change
Long-term debt	\$ 180,062	\$ 196,587	(\$ 16,525)

- HRM has issued \$19.4M in new debt and redeemed \$35.9M.
- The average interest rate on debt acquired in 2017/18 was 2.62%. The average interest rate on debt retired in 2017/18 was 4.75%.

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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 tangible capital assets 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).

HALIFAX

Tangible Capital Assets

	2018	2017	Change
Tangible capital assets	\$ 1,864,541	\$ 1,810,563	\$ 53,978

- Net book value of assets increased by \$54.0M.
- We have acquired \$191.8M of new assets in the year.
 - Land and land improvements \$15.5M.
 - Buildings \$53.0M mostly related to Dartmouth 4-Pad.
 - Vehicles \$28.2M mostly related to purchase of new buses.
 - Machinery and equipment \$14.0M.
 - Road infrastructure \$77.8M (includes \$15.9M in donated road infrastructure).
 - Ferries \$6.5M.
- There was a net decrease of \$3.2M from Assets under construction.
- Recorded \$137.7M in amortization expenses.

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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.

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Inventory and Prepaid Expenses

	2018	2017	Change
Inventory and prepaid expenses	\$ 12,300	\$ 13,235	(\$ 935)

- Decrease of \$1.5M primarily due to timing of payment for snow and ice removal.
- Increase of \$0.5K related to timing of payment to HRM benefits provider.

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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.

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Accumulated Surplus

	2018	2017	Change
Accumulated surplus	\$ 2,040,262	\$ 1,958,195	\$ 82,067

- Increase in investment in tangible capital assets of \$70.5M primarily related to acquisitions of \$191.8M and a reduction in long-term debt of \$16.4M offset by amortization of \$137.7M.
- Increase in equity in Halifax Regional Water Commission of \$20.0M primarily due to an increase in assets of \$58.4M offset by an increase in liabilities of \$38.4M.

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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, amortization, etc.) are shown in the Schedules of Segment Disclosure.

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Revenue - Taxation

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

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Revenue - Taxation

	2018 Budget	2018	2017	Change
Taxation	\$ 731,185	\$ 736,207	\$ 710,941	\$ 25,266

- Increase of \$25.3M in revenue is primarily due to:
 - Increase in Residential taxes of \$11.5M is due to assessment growth of 4.3% and an increase in tax rate.
 - Increase in Commercial taxes of \$5.4M due to commercial assessment growth of 1.3% and an increase in tax rate.
 - An increase in Mandatory Education of \$3.3M to recover full contribution required by the Province.
 - Increase in deed transfer tax of \$6.2M due to increased sales activity in real estate market. Number of sales are up by 410 compared to 2016/17.

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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

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Revenue – Taxation from Other Governments

	2018 Budget	2018	2017	Change
Taxation from other governments	\$ 39,649	\$ 38,569	\$ 38,336	\$ 233

- Total increase in federal government properties of \$0.5M due to increased growth in Federal PILT assessment base.
- Federal government properties includes a decrease of \$0.7M primarily related to adjustments to assessed property values.

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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.

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Revenue – User Fees and Charges

	2018 Budget	2018	2017	Change
User fees and charges	\$ 107,584	\$ 113,648	\$ 112,698	\$ 950

- Increase of \$0.9M in aquatic revenue at Sackville Sports Stadium due to partial year pool closure in 16/17.
- Decrease of \$0.5M in revenue from sale of recyclables. Recyclables (such as several plastics) were being shipped to other countries, primarily China, which has reduced its demand for recyclables. Recyclables are being shipped to a new location and HRM is receiving less revenue.
- Decrease of \$0.8M due to recovery of incremental costs associated with the School Board's election in 16/17.
- Increase of \$0.5M in building permits mainly due to increase in commercial construction in 2017/18.

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Revenue – Government Grants

- The primary grant is the Gas Tax funding, which is applied to eligible capital projects in the current fiscal year. Also includes operating grants from the Province for the Library.
- In 2017/18, there was a significant increase related to the Public Transit Infrastructure Fund (PTIF)

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Revenue – Government Grants

	2018 Budget	2018	2017	Change
Government grants	\$ 73,306	\$ 74,824	\$ 43,953	\$ 30,871

- Increase primarily due to increase in Federal grants of \$28.6M mainly due to new Public Transit Infrastructure Fund \$24.2M. Bus replacement/expansion \$19.4M and ferry replacement \$4.8M. Clean Water and Wastewater Fund of \$2.2M.
- Increase in gas tax funding received in 2017/18 of \$0.6M.
- Increase in diversion credit payments of \$1.5M due to prior years' accrual being underestimated. Diversion credits are amounts HRM receives from the Resource Recovery Fund Board for diverting waste away from landfills through recycling.

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Revenue – Development Levies

- Development levies includes capital cost contributions (CCCs) and parkland development fees.

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Revenue – Development Levies

	2018 Budget	2018	2017	Change
Development levies	\$ 2,584	\$ 4,039	\$ 2,461	\$ 1,578

- Increase of \$0.5M for road oversizing CCCs related to Bedford West and Bedford South. Increase in solid waste CCC's of \$0.1M.
- Increase in subdivision applications and construction permits for parkland development \$0.9M.

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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.

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Revenue – Investment Income

	2018 Budget	2018	2017	Change
Investment income	\$ 3,860	\$ 4,670	\$ 3,519	\$ 1,151

- Interest income came in over the prior year due to decrease in cashflows that was offset by the increase in interest rates.
- For example: annual money market rate of return:
 - 2018 – 1.31%
 - 2017 – 0.88%

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Revenue - Penalties, Fines and Interest

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

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Revenue – Penalties, Fines and Interest

	2018 Budget	2018	2017	Change
Penalties, fines, and interest	\$ 14,730	\$ 11,647	\$ 12,319	(\$ 672)

- Decrease primarily due to \$0.9M reduction in parking ticket revenue due to contract cancellation with Parking Enforcement contractor in 2017.
- Partially offset by False Alarm recoveries of \$0.3M due to implementation of new fee structure.
- HRM's interest rate charged on overdue tax accounts remains unchanged at 15%.

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Revenue - Land Sales, Contributions and Other Revenue

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

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Revenue – Land Sales, Contributions and Other Revenue

	2018 Budget	2018	2017	Change
Land sales, contributions and other revenue	\$ 26,445	\$ 27,243	\$ 35,444	(\$ 8,201)

- Decrease in sales of business park lots \$7.6M. There were more lots sold in 2017/18, but average sales price was less than previous year.
- Increase in contributed assets, primarily roads and road infrastructure received through the development process \$1.8M.
- Decrease of \$5.5M due to Citadel Hill settlement of PILT in 2016/17.
- Increase in sales in other assets \$1.8M.

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Revenue – Increase in Investment in HRWC

- Change in Equity in our investment in HRWC.
- Grant in Lieu of tax is calculated at 1.56% of rate base for prior year.
- Change is prior to any remeasurement gain/loss recognized to record the investment at its true value on the financial statements.

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Revenue – Increase in Investment in HRWC

	2018 Budget	2018	2017	Change
Increase in investment in the HRWC	\$ 21,800	\$ 21,783	\$ 23,216	(\$ 1,433)

- Operating revenue increased \$0.1M offset by an increase in operating expenses of \$2.6M.
- Interest on long-term debt decreased due to better rates on new debt.
- Financial revenue increased by \$0.6M, which is associated with new development and funding of new assets through Federal infrastructure programs.

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Revenue – Grant In Lieu of Tax HRWC

	2018 Budget	2018	2017	Change
Grant in lieu of tax	\$ 4,827	\$ 4,774	\$ 4,578	\$ 196

- Current agreement between HRM and HRWC runs until March 31, 2020.
- Grant in Lieu of tax is calculated at 1.56% of rate base for prior year.

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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, diversity, inclusion, legal, finance, asset management, information, communications and technology, and the offices of the municipal clerk, CAO, and Auditor General.
- Amortization of assets related to these services.

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Expenses – General Government Services

	2018 Budget	2018	2017	Change
General government services	\$ 121,448	\$ 110,887	\$ 96,940	\$ 13,947

- In 2016/17, HRM reversed an allowance for a dispute of Citadel Hill PILT. This creates a variance of \$11.5M in 2017/18 compared to the prior year.
- Increase in amortization costs of \$3.8M.
- Decrease of \$2M due to the Municipal and School Board elections held in 2016/17.

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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.

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Expenses – Protective Services

	2018 Budget	2018	2017	Change
Protective services	\$ 217,254	\$ 220,608	\$ 212,419	\$ 8,189

- Increase in salaries and benefits of \$3.3M mainly due to contract settlement.
- Increase of \$2.4M contributed to overtime costs in Fire & Emergency incurred to meet staffing requirements and backfilling positions seconded for training for significant recruitment.
- Increase of \$1.5M mostly related to increase in RCMP expenses.

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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.

HALIFAX

Expenses – Transportation Services

	2018 Budget	2018	2017	Change
Transportation services	\$ 271,372	\$ 271,770	\$ 272,703	(\$ 933)

- Amortization increased by \$4.3M mainly due to the addition of road assets in 2016/17.
- Decrease of \$5.5M related to less road paving, sidewalk, and guardrail repair as well as lower snow removal costs due to the milder winter this year.
- Winter salt costs were \$0.6M lower than in 2016/17.
- Street light electricity and maintenance were \$0.5M less than prior year due to replacement of lights with LEDs.
- Increase of \$1.7M due to collective agreement increases and other compensation adjustments.

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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.

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Expenses – Environmental Services

	2018 Budget	2018	2017	Change
Environmental services	\$ 42,888	\$ 41,076	\$ 41,279	(\$ 203)

- Approximately \$1M increase in costs related to storm damage to Ragged Lake Compost Facility. Partially offset by \$1.2M in connection with reduced tonnage rates due to new contract for the Burnside Compost Facility.

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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.

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Expenses – Recreation and Cultural Services

	2018 Budget	2018	2017	Change
Recreation and cultural services	\$ 136,188	\$ 131,611	\$ 127,550	\$ 4,061

- Increase of \$1M predominately related to Dartmouth 4-Pad costs.
- Increase of \$2.1M related to Canada 150 and Halifax Explosion 100th Anniversary.
- Increase in salaries and wages mainly related to collective agreement increases and reduction in vacant positions.
- Increase of \$1.4M in grants to Tall Ships, East Coast Music, Canadian sport teams and NS Regional Tennis which were not provided in prior year.
- Grants to museums decreased \$1.7M due to \$2.0M grant to Discovery Centre in 16/17.

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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 and Associations
 - Destination Halifax

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Expenses – Planning and Development Services

	2018 Budget	2018	2017	Change
Planning and development services	\$ 29,450	\$ 26,249	\$ 25,062	\$ 1,187

- Decrease in value of lots sold in business parks of \$1.6M.
- Increase of \$2.7M related to pre-opening costs and operating costs of Events East Group.

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Expenses – Educational Services

- Includes both mandatory and supplementary contributions to school boards.

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Expenses – Educational Services

	2018 Budget	2018	2017	Change
Educational services	\$ 151,454	\$ 151,386	\$ 148,281	\$ 3,105

- An increase in Mandatory Education of \$3.6M to recover full contribution required by the Province.
- Decrease in supplementary education contributions of \$0.5M due to agreement with Halifax Regional School Board.

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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 inventory.
- Reports disposal of tangible capital assets and the use of inventory.

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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 in these non-cash assets are uses of cash.
- Increases in non-cash liabilities (i.e. accounts payable) are sources of cash while decreases in non-cash 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.

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Notes to the Financial Statements

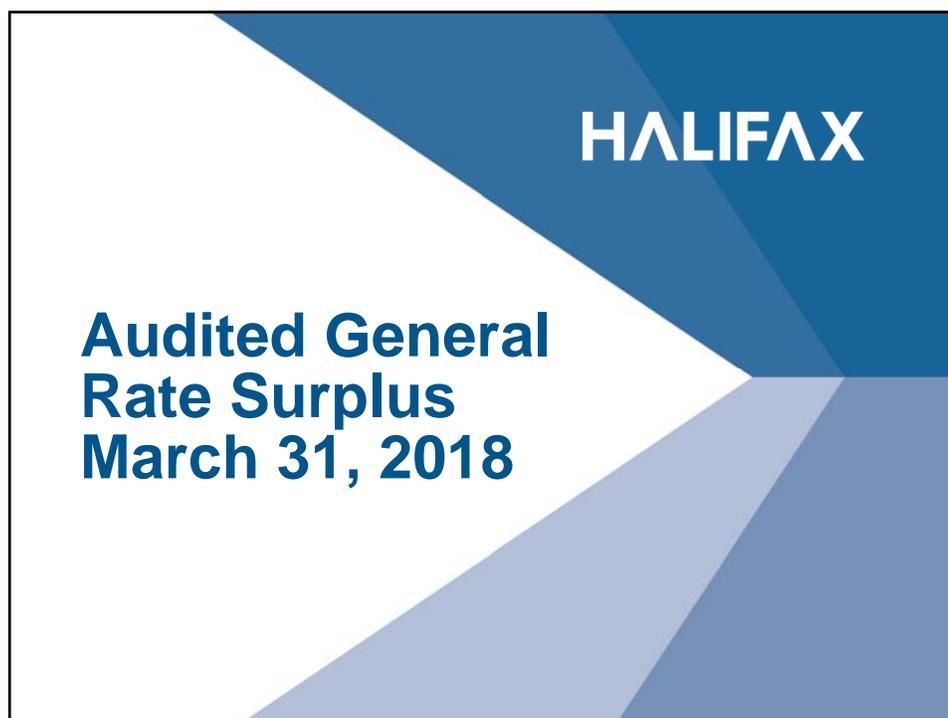
- Notes are an integral part of the financial statements.
 - They have the same significance as if the information or explanations were set forth in the body of the statements themselves.
- Notes and schedules provide clarification and further explanation of items in the financial statements.

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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 asset class.
- Note 15 – Accumulated Surplus provides details about where the surpluses are being used or held, primarily TCA, HRWC and reserves.

HALIFAX



General Rate Surplus

Statement of General Rate Surplus

For the year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	2018	2017
General rate surplus, before transfers	\$ 17,260	\$ 2,165
Transfers to reserves:		
Contribution to Police Officer On the Job Injury reserve	(100)	(80)
Contribution to Landfill Closure Costs reserve	-	(318)
Contribution to Operating Stabilization reserve	-	(374)
Contribution to Multi-District Facilities reserve	(5,370)	-
Contribution to Convention Centre reserve	(2,000)	-
Contribution to General Contingency reserve	(9,790)	(1,393)
	(17,260)	(2,165)
General rate surplus	-	-

- Council will be asked to approve the additional transfers referenced above.
- The details to support the General Rate Surplus are contained in the Fourth Quarter Report.

HALIFAX



Summary of Assets

	2018	2017	Change
Cash	\$7,387,679	\$7,059,060	\$328,619
Accounts receivable	\$15,371	\$103,938	(\$88,567)
Investments	\$6,410	\$6,410	\$0
Total assets	\$7,409,460	\$7,169,408	\$240,052

- Cash increased primarily due to tax sale revenue and interest received.
- Accounts Receivable was reduced by Acadia School Loan principal receipts.

HALIFAX

Summary of Liabilities and Funds Equity

	2018	2017	Change
Funds Equity	\$7,409,460	\$7,169,408	\$240,052
Total liabilities and equity	\$7,409,460	\$7,169,408	\$240,052

- Total Liabilities and Funds Equity increased primarily due to increased tax sales and interest income.

HALIFAX

Income and Expenditures

	2018	2017	Change
Income	\$916,628	\$185,489	\$731,139
Expenditures	\$676,576	\$74,232	\$602,344
Surplus	\$240,052	\$111,257	\$128,795

- Income increased primarily due to higher tax sales in 2017/18.
- Expenditures increased primarily due to tax sale refunds.

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Questions?

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