

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
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Item No. 12.1.3
Audit & Finance Standing Committee
June 15, 2016

TO: Chair  and ~~Members of~~ Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

 John Traves, Q.C., Acting Chief Administrative Officer

Original Signed

Amanda Whitewood, Director of Finance and Information Technology/CFO

DATE: June 8, 2016

SUBJECT: Year End Financial Statements

ORIGIN

Required by Legislation.

LEGISLATIVE AUTHORITY

HRM Charter, section 48(2) outlines the responsibilities of the Audit Committee which include:

- 48(2)(a) – a detailed review of the financial statements of the Municipality with the Auditor;
- 48(2)(b) – an evaluation of internal controls systems and any management letter with the Auditor; and,
- 48(2)(c) – a review of the conduct and adequacy of the audit.

In addition, HRM Charter, section 46 outlines the appointment and requirements of the Municipal Auditor and the need to file the Auditor's report with Council and the Minister by July 31, 2016.

The Audit and Finance Standing Committee under its Terms of Reference shall "review the qualification, independence, quality of service and performance of the External Auditors annually and recommend to the Council the appointment or discharge of the External Auditors".

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit & Finance Standing Committee, prior to submission to Council.

HRM Charter, section 120(6) – The Municipality may maintain other reserve funds for such purposes as the Council may determine; Reserve Administrative Order 2014-015 (5) The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

The attachments included are necessary for the Audit and Finance Standing Committee and the Municipal Auditor to satisfy their responsibilities and requirements.

Recommendation on page 2

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward the following to Halifax Regional Council for their approval:

- 1) The financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2016;
- 2) The Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2016;
- 3) The Statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2016; and,
- 4) Transfers of \$5,430,627, as outlined below, to reduce the general rate surplus to zero:
 - o Capital Project CTU00530, Mount Hope Interchange \$4,234,678
 - o Police Officer On the Job Injury reserve, Q323 \$ 50,000
 - o Capital Surplus reserve, Q103 \$ 214,000
 - o Operating Surplus reserve, Q328 \$ 931,949
- 5) The appointment of KPMG to be the External Auditors for the fiscal year ended March 31, 2017.

BACKGROUND

On March 22, 2016, a report regarding CCC Funding Shortfall for the Mount Hope Interchange Highway was presented to Council with recommendation approved to 1) change the funding source for the outstanding \$7,234,678 for Project Number CTU00530 Highway 111 Portland St. Interchange from Capital Cost Contribution funding to the following: \$3,000,000 from the Operating Surplus Reserve Q328 and the remainder of \$4,234,678 from debt; and, 2) authorize Finance to seek approval from the Minister of Transportation and Infrastructure Renewal to fund this project from debt, as it is a provincially owned street.

The Financial Implications section stated that that if we finished the year-end with a surplus, those funds would be available to reduce the funding shortfall and reduce our need to utilize debt financing for the project.

With the surplus of \$5,430,627, we were able to cover the full amount of the debt funded portion of the project. The remaining \$3,000,000 was funded through the Operating Surplus Reserve, Q328, and the project is now fully funded. As we funded this \$4,234,678 from our operating surplus instead of debt, there is no requirement to complete recommendation 2 of the March 22, 2016 report.

The Statement of General Rate Surplus outlines the total 2015/16 surplus and planned transfers of the surplus to a capital project and to various reserves to bring our general rate surplus to zero.

The table below provides additional details of the Operating Surplus Reserve, Q328. In the report to Audit & Finance on March 11, 2016 concerning the funding of the Mount Hope Interchange, we had projected a year-end balance in the reserve of \$393,000. The main change since then has been the addition of the operating surplus for 2015/16 of \$932,000.

Operating Surplus Reserve Q328 (\$'000)	
Opening Balance, as at April 1, 2015	7,640
Transfers into reserve:	
Interest	38
Transit surplus for Transit 2015/16	1,277
Grants Division Surplus 2015/16	48
Total	1,363
Council approved transfers out of the reserve:	
Budgeted withdrawal from 2015/16 budget	(3,400)
North Park Corridor Improvements	(479)
We Day events	(82)
Mount Hope Interchange	(3,000)
Total	(6,961)
Balance before year end transfer	2,042
Operating surplus 2015/16	932
Closing balance, as at March 31, 2016	2,974
Remaining commitment *	(286)
Approved budget withdrawal for Transit 2016/16	(1,200)
Total	(1,486)
Net available balance, as at March 31, 2016	1,488

* Remaining commitments include transfer to fund various projects such as We Day, Halifax Explosion, Davis Cup and an ICT Business Tools project.

Appointment of External Auditors

Under the terms of reference of the Audit and Finance Standing Committee, the Committee is required to "review the qualifications, independence, quality of service and performance of the External Auditors annually and recommend to the Council the appointment or discharge of the External Auditors".

KPMG LLP was the successful proponent to the RFP for External Audit Services in 2012. The proposal covered the fiscal years from 2012/13 to 2016/17. KPMG LLP continues to provide quality service to the Municipality and has confirmed that they are qualified and independent to continue to provide External Audit Services. Staff have recommended that KPMG LLP be appointed as External Auditors for the fiscal year ended March 31, 2017.

DISCUSSION

A detailed presentation will be provided at the meeting.

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2016

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2016

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2016

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.

John Traves, Q.C.
Acting Chief Administrative Officer

Amanda Whitewood, FCPA, FCMA, C.Dir., CHE
Director, Chief Financial Officer
Finance and Information, Communication and Technology

Independent Auditors' Report

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015
(In thousands of dollars)

	2016	2015
Financial assets		
Cash and short-term deposits (note 2)	\$ 233,294	\$ 194,153
Taxes receivable (note 3)	33,774	28,091
Accounts receivable (note 4)	45,242	53,537
Loans, deposits and advances	645	747
Land held for resale	49,604	42,264
Investments (note 5)	55,569	72,137
Investment in the Halifax Regional Water Commission (note 6)	185,886	150,588
	<u>604,014</u>	<u>541,517</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	112,079	105,764
Deferred revenue	57,526	56,345
Employee future benefits (note 9)	53,895	52,404
Solid waste management facilities liabilities (note 10)	11,983	12,658
Long-term debt (note 11)	214,201	212,898
	<u>449,684</u>	<u>440,069</u>
Net financial assets	154,330	101,448
Non-financial assets		
Tangible capital assets (note 14)	1,789,860	1,783,546
Inventory and prepaid expenses	12,247	9,525
	<u>1,802,107</u>	<u>1,793,071</u>
Accumulated surplus (note 15)	\$ 1,956,437	\$ 1,894,519

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, 2016, with comparative information for 2015
(In thousands of dollars)

	Budget	2016	2015
Revenue			
Taxation	\$ 697,047	\$ 702,164	\$ 669,682
Taxation from other governments	38,086	38,490	36,876
User fees and charges	118,490	117,476	120,988
Government grants	38,860	42,455	46,113
Development levies	3,328	2,963	3,137
Investment income (note 5)	3,439	3,504	4,318
Penalties, fines and interest	12,290	12,928	12,326
Land sales, contributions and other revenue	20,509	21,972	19,043
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	25,000	24,909	29,202
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	4,579	4,528	4,340
Total revenue	961,628	971,389	946,025
Expenses			
General government services	111,076	112,909	111,265
Protective services	208,730	204,248	203,027
Transportation services	258,539	261,394	271,420
Environmental services	52,887	53,762	58,374
Recreation and cultural services	129,047	121,680	113,229
Planning and development services	24,827	23,235	21,733
Educational services	142,632	142,632	137,102
Total expenses	927,738	919,860	916,150
Annual surplus	33,890	51,529	29,875
Accumulated surplus, beginning of year (note 6)	1,894,519	1,894,519	1,880,849
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 6)	-	10,389	(16,205)
Accumulated surplus, end of year	\$ 1,928,409	\$ 1,956,437	\$ 1,894,519

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, 2016, with comparative information for 2015
(In thousands of dollars)

	Budget	2016	2015
Annual surplus	\$ 33,890	\$ 51,529	\$ 29,875
Acquisition of tangible capital assets and contributed tangible capital assets	(128,692)	(140,060)	(123,450)
Amortization of tangible capital assets	124,441	124,441	122,549
Gain on disposal of tangible capital assets	-	(970)	(153)
Proceeds on disposal of tangible capital assets	-	10,275	909
	29,639	45,215	29,730
Acquisition of inventories of supplies and prepaid expenses	-	(34,468)	(27,283)
Consumption of inventories of supplies and use of prepaid expenses	-	31,746	27,346
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 6)	-	10,389	(16,205)
	-	7,667	(16,142)
Net change in net financial assets	29,639	52,882	13,588
Net financial assets, beginning of year (note 6)	101,448	101,448	87,860
Net financial assets, end of year	\$ 131,087	\$ 154,330	\$ 101,448

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, 2016, with comparative information for 2015
(In thousands of dollars)

	2016	2015
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 51,529	\$ 29,875
Items not involving cash:		
Amortization of tangible capital assets	124,441	122,549
Gain on disposal of tangible capital assets	(970)	(153)
Contributed tangible capital assets	(12,744)	(8,773)
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss)	(24,909)	(29,202)
	137,347	114,296
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(5,683)	1,944
Decrease (increase) in accounts receivable	8,295	(4,312)
Decrease in loans, deposits and advances	102	59
Increase in land held for resale	(7,340)	(2,579)
Decrease (increase) in inventory and prepaid expenses	(2,722)	63
Increase in accounts payable and accrued liabilities	6,315	5,236
Increase (decrease) in deferred revenue	1,181	(8,705)
Increase in employee future benefits	1,491	2,747
Increase (decrease) in solid waste management facilities liabilities	(675)	1,631
Net change in cash from operating activities	138,311	110,380
Capital activities		
Proceeds on disposal of tangible capital assets	10,275	909
Acquisition of tangible capital assets	(127,316)	(114,677)
Net change in cash from capital activities	(117,041)	(113,768)
Investing activities		
Decrease in investments	16,568	65,018
Net change in cash from investing activities	16,568	65,018
Financing activities		
Long-term debt issued	39,673	42,155
Long-term debt redeemed	(45,274)	(55,457)
Net debt recovered from the Halifax Regional Water Commission	6,904	7,080
Net change in cash from financing activities	1,303	(6,222)
Net change in cash and short-term deposits	39,141	55,408
Cash and short-term deposits, beginning of year	194,153	138,745
Cash and short-term deposits, end of year	\$ 233,294	\$ 194,153

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements of the Halifax Regional Municipality (the "Municipality") have been prepared by management in accordance with 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, 2016

(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Investment in the Halifax Regional Water Commission:

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

The Municipality recognizes its equity interest in the annual 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, 2016

(In thousands of dollars)

1. Significant accounting policies (continued):

- (j) Land held for resale:
Land held for resale is recorded at the lower of cost 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, 2016

(In thousands of dollars)

1. Significant accounting policies (continued):

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

<u>Asset</u>	<u>Useful Life – Years</u>
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, 2016

(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:

	2016	2015
Halifax Regional Municipality	\$ 227,625	\$ 188,999
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	5,669	5,154
Total	\$ 233,294	\$ 194,153

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:

	2016	2015
Taxes receivable	\$ 37,995	\$ 31,620
Allowance	(4,221)	(3,529)
Total	\$ 33,774	\$ 28,091

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(In thousands of dollars)

4. Accounts receivable:

	2016	2015
Federal government	\$ 34,919	\$ 33,449
Provincial government	7,923	8,958
Other receivables	27,549	33,662
Allowance	(25,149)	(22,532)
Total	\$ 45,242	\$ 53,537

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, 2016.

Bonds of Federal and Provincial governments and their guarantees have a maturity range from May 27, 2016 to December 18, 2018. The weighted average yield on market value of these bonds is 0.89% at March 31, 2016 (2015 - 0.88%).

	Cost	2016 Market value	Cost	2015 Market value
Money market instruments	\$ 41,534	\$ 41,593	\$ 55,086	\$ 55,221
Bonds of Federal and Provincial governments and their guarantees	14,035	14,376	17,051	17,601
Total	\$ 55,569	\$ 55,969	\$ 72,137	\$ 72,822

The investment income earned on money market instruments is \$3,176 (2015 - \$3,828) and on bonds of Federal and Provincial governments and their guarantees is \$328 (2015 - \$490).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(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 formerly reported under the Nova Scotia Accounting and Reporting Handbook for Water Utilities ("Handbook") and was permitted the use of Part V of the CPA Handbook. On April 1, 2015 the HRWC was required to transition to International Financial Reporting Standards ("IFRS"). The HRWC was required to adopt the amounts retrospectively which affected their statement of financial position and statements of earnings and comprehensive income and cash flows. The Municipality has presented the comparative information as if the HRWC had previously reported under IFRS and has provided a reconciliation of the previously reported information based on the transitional adjustments required by the HRWC.

- (a) The impact of cumulative transitional adjustments of the Municipalities opening net financial assets and accumulated surplus are as follows:

Accumulated surplus at April 1, 2014

Accumulated surplus, as previously reported	\$ 2,567,000
Transition adjustment upon adoption of IFRS by Halifax Regional Water Commission at April 1, 2014	(686,151)
Accumulated surplus, as restated	\$ 1,880,849

Net financial assets at April 1, 2014

Net financial assets, as previously reported	\$ 774,011
Transition adjustment upon adoption of IFRS by Halifax Regional Water Commission at April 1, 2014	(686,151)
Net financial assets, as restated	\$ 87,860

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

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

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

	2016	2015 Revised
Financial position		
Current assets	\$ 90,396	\$ 75,115
Capital assets	1,060,239	1,033,964
Total assets	1,150,635	1,109,079
Current liabilities	59,801	60,772
Long-term liabilities	904,948	897,719
Total liabilities	964,749	958,491
Net assets	\$ 185,886	\$ 150,588
Results of operations		
Revenues	\$ 131,716	\$ 130,320
Operating expenses	(109,345)	(108,507)
Financing expenses	(9,075)	(9,121)
Other income	16,141	14,005
Net income before grant in lieu of tax	29,437	26,697
Grant in lieu of tax	(4,528)	(4,340)
Net income	24,909	22,357
Change in reserves	-	6,845
Increase in investment and equity before remeasurement gain (loss)	24,909	29,202
Investment and equity, beginning of year	150,588	823,742
Cummulative adjustments on adoption of IFRS by the Halifax Regional Water Commission	-	(686,151)
Change in investment and equity through remeasurement gain (loss)	10,389	(16,205)
Investment and equity, end of year	\$ 185,886	\$ 150,588

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

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

On transition to IFRS the HRWC had the following net changes to their financial statements:

	2015 previously reported	Adjustment on transition	2015 Revised
Financial position			
Current assets	\$ 75,115	\$ -	\$ 75,115
Capital assets	1,053,810	(19,846)	1,033,964
Total assets	1,128,925	(19,846)	1,109,079
Current liabilities	46,838	13,934	60,772
Long-term liabilities	223,056	674,663	897,719
Total liabilities	269,894	688,597	958,491
Net assets	\$ 859,031	\$ (708,443)	\$ 150,588
Results of operations			
Revenues	\$ 130,320	\$ -	\$ 130,320
Operating expenses	(94,381)	(14,126)	(108,507)
Financing expenses	(8,929)	(192)	(9,121)
Other income	2,610	11,395	14,005
Net income before grant in lieu of tax	29,620	(2,923)	26,697
Grant in lieu of tax	(4,340)	-	(4,340)
Net income	\$ 25,280	\$ (2,923)	\$ 22,357

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

	2016	2015
Revenues		
Grant in lieu of tax	\$ 4,528	\$ 4,340
Expenses		
Stormwater charge	\$ 4,705	\$ 4,726
Fire protection charge	\$ 8,032	\$ 9,146

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, 2016
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7. Accounts payable and accrued liabilities:

	2016	2015
Trade accounts payable	\$ 40,253	\$ 32,972
Federal government	10,212	10,123
Provincial government	5,198	2,837
Salaries and wages payable	27	6,170
Accrued liabilities	53,934	51,024
Accrued interest	2,455	2,638
Total	\$ 112,079	\$ 105,764

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 \$30,549 for the year ending March 31, 2016 (2015 - \$29,785). 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, 2014. The next actuarial valuation, at December 31, 2015, is to be filed by September 30, 2016. The interest rate used in the last filed valuation was 6.55% per year. The following estimates as at December 31, 2015 are based on the actuarial valuation as at December 31, 2014 extrapolated to December 31, 2015 and is based on a best estimate discount rate assumption of 7.25% per annum (2014 - 7.25%).

	2016 Extrapolated	2015 Extrapolated
Actuarial value of plan assets	\$ 1,515,696	\$ 1,401,480
Estimated present value of accrued pension benefits	(1,552,494)	(1,454,270)
Estimated funding deficit	\$ (36,798)	\$ (52,790)

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(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, 2014. 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:

	2016	2015
Accrued benefit obligation, beginning of year	\$ 60,844	\$ 53,383
Current period benefit cost	4,445	4,592
Benefit payments	(5,892)	(4,206)
Interest cost	1,918	1,936
Actuarial loss	904	5,139
Accrued benefit obligation, end of year	\$ 62,219	\$ 60,844
Main assumptions used for fiscal year-end disclosure		
Discount rate	2.89%	3.19%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	3.19%	3.61%
Salary increase	3% plus merit	3% plus merit

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(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, 2016 is estimated to include the following components:

	2016	2015
Accrued benefit obligation		
Retiring allowances	\$ 30,458	\$ 29,929
Sick leave	18,078	17,924
HRM pension contributions for employees on long term disability	5,083	4,344
Police Health Trust	2,057	2,021
Other	6,543	6,626
	62,219	60,844
Unamortized actuarial loss	(8,324)	(8,440)
Benefit liability	\$ 53,895	\$ 52,404

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:

	2016	2015
Current period benefit cost	\$ 4,445	\$ 4,592
Amortization of actuarial loss	1,020	425
Other employee benefit expense	5,465	5,017
Other employee benefit interest expense	1,918	1,936
Total expense related to other employee benefit plans	\$ 7,383	\$ 6,953

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

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 2.43% (2015 - 2.73%) and a forecasted inflation rate of 1.36% (2015 - 1.20%).

Sackville Landfill:

The Sackville Landfill site closed during the year ended March 31, 1997. A closure plan and an environmental audit were completed in 1996. Post closure care activities for this site include perpetual care that is expected to occur until 2017 and will involve the management and monitoring of groundwater, gas and leachate levels, operating and monitoring the leachate treatment plant when necessary, removal of buildings, site cleanup and general site maintenance. This continuous monitoring of the site is anticipated to be ongoing basis. A reserve has been set up to fund the liability until 2017, after which funding will be done through the operating fund.

Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 20 years, until the fiscal year ended March 31, 2036.

The site's design consists of nine cell phases with an expected total capacity of 5,200,000 tonnes (2015 - 4,244,000 tonnes).

A reserve has been established to fund the post closure care activities for this site to 2056 which 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 81.94% (2015 - 62.89%) of Cell 6.

Mengoni Landfill:

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(In thousands of dollars)

10. Solid waste management facilities liabilities (continued):

	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	2,006	11,296	187	13,489
Excess of liability over available reserves (available reserves over liability)	\$ (107)	\$ (1,405)	\$ 6	\$ (1,506)

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

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Notes to Consolidated Financial Statements

Year ended March 31, 2016

(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 33 and 34).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2016 are as follows:

2017	\$	37,114
2018		33,927
2019		31,083
2020		25,944
2021		27,806
Thereafter		58,327
Total	\$	214,201

12. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2016 are \$7,058 (2015 - \$7,555).

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:

2017	\$	5,770
2018		4,636
2019		4,187
2020		3,375
2021		2,620
Total	\$	20,588

(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:

2017	\$	4,195
2018		2,316
2019		2,234
2020		2,234
2021		2,234
Total	\$	13,213

(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 \$40,600 (2015 - \$47,500).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(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
Total	\$ 3,225,416	\$ 140,060	\$ (11,303)	\$ 3,354,173

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	-	-	-	-
Total	\$ 1,441,870	\$ (1,998)	\$ 124,441	\$ 1,564,313

	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
Total	\$ 1,783,546	\$ 1,789,860

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

14. Tangible capital assets:

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

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

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

14. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$36,705 (2015 - \$28,679) 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 \$12,744 (2015 - \$8,773) and is comprised of roads and infrastructure in the amount of \$12,610 (2015 - \$8,234) and land and land improvements having a value of \$134 (2015 - \$539).

(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 \$12 (2015 - \$nil).

(f) Roads and infrastructure:

Roads and infrastructure at March 31, 2016 have a net book value of \$948,642 (2015 - \$960,092) and are comprised of: road beds - \$283,267 (2015 - \$290,040), road surfaces - \$318,562 (2015 - \$334,209), infrastructure - \$333,896 (2015 - \$324,406) and bridges - \$12,917 (2015 - \$11,437).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(In thousands of dollars)

15. Accumulated surplus:

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

	2016	2015
Surplus		
Invested in tangible capital assets	\$ 1,575,659	\$ 1,570,648
Other	26,091	20,154
Equity in Halifax Regional Water Commission (note 6)	185,886	150,588
Funded by reserves		
Landfill closure costs	(11,983)	(12,658)
Unfunded		
Accrued interest	(2,455)	(2,638)
Employee benefits	(13,727)	(13,466)
Total surplus	1,759,471	1,712,628
Operating reserves set aside by Council		
Self insurance	3,995	3,954
Operations stabilization	995	1,015
Snow and ice control variable operating	2,750	2,722
Service improvement	3,310	3,664
Cemetery maintenance	149	171
Culture development	910	1,133
Municipal elections	1,664	1,456
EMO cost recovery	351	347
Marketing levy special events	301	269
DNA costs	224	221
Titanic commemorative	114	88
Central library capital campaign and development	-	2,620
Major events facilities	1,580	1,466
Information and communication technologies	238	3,839
Police emergency and extraordinary investigation	1,037	1,026
Police officer on the job injury	1,852	1,783
Provincially funded police officers and facility lease	3,520	3,621
Convention Centre	2,774	1,764
LED street light conversion	3,920	2,114
Operating surplus, transit portion	1,407	130
Operating surplus	1,567	7,510
Regional parking strategy and urban core improvements	2,023	1,007
Strategic studies	2,795	2,787
Total operating reserves set aside by Council	\$ 37,476	\$ 44,707

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(In thousands of dollars)

15. Accumulated surplus (continued):

	2016	2015
Capital and equipment reserves set aside by Council		
Sale of capital assets	\$ 999	\$ 1,445
Business/industrial parks expansion	21,119	22,089
Capital surplus	11,301	2,738
Parkland development	4,714	4,576
Sackville landfill closure	2,006	2,380
Otter Lake landfill closure	11,296	10,523
Mengoni landfill closure	187	208
Waste resources capital	11,820	13,828
Upper Sackville turf	147	130
MetroPark parkade	2,653	2,407
Strategic growth	37,773	27,238
HRM sustainable communities	159	229
Ferry replacement	2,298	3,726
Capital replacement	1,609	1,570
Energy and underground services co-location	2,024	1,168
Gas tax	17,411	17,200
Alderney Gate recapitalization	821	1,388
Regional capital cost contribution	3,233	5,083
Community facility partnership	551	545
5594-96 Morris Street	68	86
Waterfront development	268	204
Library recapitalization	1,634	806
BMO Centre life cycle	1,355	1,113
Bus replacement	5,088	5,036
Halifax Transit technology	1,896	1,876
Planned strategic projects	12,867	5,606
Total capital reserves set aside by Council	155,297	133,198
General fleet	2,661	2,521
Police vehicles	703	694
Fire and emergency service vehicles and equipment	829	771
Total equipment reserves set aside by Council	4,193	3,986
Total capital and equipment reserves set aside by Council	159,490	137,184
Total accumulated surplus	\$ 1,956,437	\$ 1,894,519

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

16. Contingent liabilities:

- (a) As of March 31, 2016, 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 22.0% at March 31, 2016 (2015 - 20.9%). As at March 31, 2016, total outstanding debt is \$240,145 (2015 - \$106,700), with maturity dates ranging from 2016 to 2025. The Municipality is responsible for outstanding debt of \$58,762 (2015 - \$65,666) 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, 2016
(In thousands of dollars)

18. Amounts contributed for provincially mandated services:

	Budget	2016	2015
School boards	\$ 142,632	\$ 142,632	\$ 137,102
Assessment services	6,870	6,870	6,815
Social housing	2,975	3,044	2,829
Correctional services	6,615	6,615	6,557
Total	\$ 159,092	\$ 159,161	\$ 153,303

(a) School boards:

The Municipality is required to provide a mandatory contribution in the amount of \$125,836 (2015 - \$119,856) and supplementary contributions of \$16,796 (2015 - \$17,246) to the Halifax Regional School Board and the Conseil scolaire acadien provincial. These contributions are recorded as expenses in educational services.

(b) Assessment services:

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

(c) Social housing:

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

(d) Correctional services:

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016

(In thousands of dollars)

19. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2016 operating and capital budgets approved by Council on April 28, 2015, 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 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.

	2016	2015
Revenue		
Operating budget	\$ 869,134	\$ 844,347
Capital budget	135,804	144,194
	<u>1,004,938</u>	<u>988,541</u>
Less:		
Miscellaneous capital funding	(3,371)	(4,732)
Principal and interest recovery from Halifax Regional Water Commission	(10,164)	(10,784)
Tax concessions	(5,565)	(5,715)
Transfers from reserves to capital	(26,310)	(23,750)
Transfers from operating to capital	(47,704)	(48,331)
Long-term debt issued	(36,318)	(40,482)
	<u>(129,432)</u>	<u>(133,794)</u>
Add:		
Revenues from agencies, boards and commissions	30,300	30,584
Restricted area rate surpluses	1,842	3,293
Proceeds from sale of assets deposited to reserves	5,824	8,107
Interest on reserves	2,159	2,046
Development levies in reserves	1,793	1,520
Other reserve revenue	1,839	1,949
Tangible capital asset related adjustments	17,365	14,181
Increase in investment of the Halifax Regional Water Commission before remeasurement gain (loss)	25,000	36,000
	<u>86,122</u>	<u>97,680</u>
Total revenue	\$ 961,628	\$ 952,427

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2016
(In thousands of dollars)

19. Budget data (continued):

	2016	2015
Expenses		
Operating budget	\$ 869,134	\$ 844,347
Less:		
Tax concessions	(5,565)	(5,715)
Transfers from operating to capital	(47,704)	(48,385)
Transfers from operating to reserves	(15,488)	(18,649)
Change in solid waste management facilities liabilities	(675)	1,631
Principal and interest payments made on behalf of Halifax Regional Water Commission	(10,164)	(10,784)
Long-term debt redeemed	(36,208)	(36,874)
	(115,804)	(118,776)
Add:		
Expenses from agencies, boards and commissions	30,779	30,094
Cost of lots sold in business parks	1,053	1,492
Application of restricted area rate surpluses	1,842	3,293
Tangible capital assets adjustments including amortization	140,734	148,025
	174,408	182,904
Total expenses	927,738	908,475
Annual surplus	\$ 33,890	\$ 43,952

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, 2016
(In thousands of dollars)

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 35 and 36).

HALIFAX REGIONAL MUNICIPALITY

Schedule of Remuneration of Members of Council and Chief Administrative Officer

Year ended March 31, 2016

(In thousands of dollars)

	2016	2015
Council members:		
M. Savage, Mayor	\$ 171	\$ 164
S. Adams	82	79
S. Craig	82	79
B. Dalrymple	82	79
D. Fisher	37	84
D. Hendsbee	82	79
B. Johns	82	79
B. Karsten	82	79
T. Mancini	13	-
W. Mason	82	79
G. McCluskey	82	79
L. Mosher	82	79
L. Nicoll	87	82
T. Outhit	82	79
R. Rankin	82	79
R. Walker	82	79
J. Watts	82	79
M. Whitman	85	79
Chief Administrative Officer:		
R. Butts	325	343
J. Traves (Acting)	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, 2016
(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2015	Issued	Redeemed	Balance March 31, 2016
Municipal Finance Corporation:							
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
Federation of Canadian Municipalities:							
FCM	20	2.0	2032	3,600	-	200	3,400
GMIF1202	10	1.75	2025	-	2,541	-	2,541
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	263	-	77	186
				278,564	39,673	45,274	272,963
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
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	2015/2017	(666)	-	(404)	(262)
				(65,666)	-	(6,904)	(58,762)
Long-term debt				\$ 212,898	\$ 39,673	\$ 38,370	\$ 214,201

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Long-term Debt

Year ended March 31, 2016
(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2014	Issued	Redeemed	Balance March 31, 2015
Municipal Finance Corporation:							
04-A-1	10	2.55/5.45	2014	\$ 3,219	\$ -	\$ 3,219	\$ -
04-B-1	10	3.195/5.05	2014	2,317	-	2,317	-
24-HBR-1	20	2.84/5.94	2024	60,500	-	5,500	55,000
05-A-1	10	2.97/4.56	2015	4,600	-	2,300	2,300
05-B-1	15	3.63/4.83	2020	18,659	-	2,217	16,442
06-A-1	10	4.29/4.88	2016	6,926	-	2,309	4,617
06-B-1	10	4.1/4.41	2016	3,044	-	1,014	2,030
07-A-1	10	4.45/4.63	2017	7,825	-	1,955	5,870
07-B-1	10	4.65/5.01	2017	3,520	-	880	2,640
08-A-1	10	3.75/4.884	2018	13,250	-	2,650	10,600
08-B-1	10	3.1/5.095	2018	12,369	-	2,474	9,895
09-A-1	15	1.0/5.644	2024	34,972	-	4,396	30,576
09-B-1	10	0.97/4.329	2019	3,900	-	650	3,250
10-A-1	10	1.51/4.5	2020	14,280	-	2,040	12,240
10-B-1	10	1.55/3.87	2020	18,706	-	2,671	16,035
11-A-1	10	1.63/4.221	2021	10,600	-	1,325	9,275
11-B-1	10	1.219/3.645	2021	8,811	-	1,100	7,711
12-A-1	10	1.636/3.48	2022	13,320	-	1,480	11,840
12-B-1	10	1.51/3.16	2022	8,640	-	960	7,680
13-A-1	10	1.33/2.979	2023	23,600	-	2,360	21,240
13-B-1	10	1.285/3.614	2023	3,670	-	367	3,303
14-A-1	10	1.245/3.347	2024	-	21,875	-	21,875
14-B-1	10	1.20/3.19	2024	-	20,280	-	20,280
				276,728	42,155	44,184	274,699
Federation of Canadian Municipalities:							
GMIF-1599	10	1.33/3.127	2014	11,000	-	11,000	-
FCM	20	2.0	2032	3,800	-	200	3,600
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	336	-	73	263
				291,866	42,155	55,457	278,564
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
14-B-1	10	1.20/3.19	2024	-	(10,000)	-	(10,000)
24-HBR-1	20	2.84/5.94	2024	(60,500)	-	(5,500)	(55,000)
GMIF-1599	10	1.33/3.127	2014	(11,000)	-	(11,000)	-
Other debt	1 to 4	2.55/6.875	2014/2017	(1,246)	-	(580)	(666)
				(72,746)	(10,000)	(17,080)	(65,666)
Long-term debt				\$ 219,120	\$ 32,155	\$ 38,377	\$ 212,898

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2016
(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
Revenue								
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 gain (loss)	24,909	-	-	-	-	-	-	24,909
Grant in lieu of tax from the Halifax Regional Water Commission	4,528	-	-	-	-	-	-	4,528
Total revenue	568,527	25,620	157,679	16,426	50,087	10,418	142,632	971,389
Expenses								
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
Total expenses	112,909	204,248	261,394	53,762	121,680	23,235	142,632	919,860
Annual surplus (deficit)	\$ 455,618	\$ (178,628)	\$ (103,715)	\$ (37,336)	\$ (71,593)	\$ (12,817)	\$ -	\$ 51,529

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2016
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2015 Total
Revenue								
Taxation	\$ 449,933	\$ 6,486	\$ 76,161	\$ -	\$ -	\$ -	\$ 137,102	\$ 669,682
Taxation from other governments	36,876	-	-	-	-	-	-	36,876
User fees and charges	6,734	10,916	39,534	15,285	44,004	4,515	-	120,988
Government grants	3,816	3,900	25,919	2,085	10,378	15	-	46,113
Development levies	-	-	918	1,267	952	-	-	3,137
Investment income	4,318	-	-	-	-	-	-	4,318
Penalties, fines and interest	5,604	6,340	-	-	382	-	-	12,326
Land sales, contributions and other revenue	5,663	119	8,297	-	752	4,212	-	19,043
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	29,202	-	-	-	-	-	-	29,202
Grant in lieu of tax from the Halifax Regional Water Commission	4,340	-	-	-	-	-	-	4,340
Total revenue	546,486	27,761	150,829	18,637	56,468	8,742	137,102	946,025
Expenses								
Salaries, wages and benefits	50,216	137,573	90,876	2,231	51,908	10,676	-	343,480
Interest on long-term debt	764	478	3,620	574	1,831	52	-	7,319
Materials, goods, supplies and utilities	14,988	6,011	29,024	119	13,531	168	-	63,841
Contracted services	11,100	29,244	30,144	47,657	8,905	1,899	-	128,949
Other operating expenses	9,243	18,501	27,919	723	24,147	3,536	-	84,069
External transfers and grants	10,416	6,699	4,024	-	2,329	5,373	-	165,943
Amortization	14,538	4,521	85,813	7,070	10,578	29	-	122,549
Total expenses	111,265	203,027	271,420	58,374	113,229	21,733	137,102	916,150
Annual surplus (deficit)	\$ 435,221	\$ (175,266)	\$ (120,591)	\$ (39,737)	\$ (56,761)	\$ (12,991)	\$ -	\$ 29,875

Statement of General Rate Surplus of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2016

HALIFAX REGIONAL MUNICIPALITY

Statement of General Rate Surplus (Deficit)

For the year ended March 31, 2016, with comparative information for 2015
(In thousands of dollars)

	2016	2015
General rate surplus (deficit), before transfers	\$ 5,431	\$ (11,813)
Transfer to capital:		
Mount Hope Interchange	(4,235)	-
Transfers from (to) reserves:		
Contribution to Police Officer On the Job Injury reserve	(50)	-
Contribution to Capital Surplus reserve	(214)	-
Withdrawal from HRM Sustainable Communities reserve	-	121
Withdrawal from Waste Resources Capital reserve	-	7,978
Withdrawal from Snow and Ice Control reserve	-	1,700
Withdrawal from Self Insurance reserve	-	300
Withdrawal from (contribution to) Operating Surplus reserve	(932)	1,714
	(5,431)	11,813
General rate surplus (deficit)	-	-

The accompanying notes are an integral part of the statement.

HALIFAX REGIONAL MUNICIPALITY

Notes to the Statement of General Rate Surplus

Year ended March 31, 2016
(In thousands of dollars)

1. Basis of accounting:

This financial information has been prepared to conform in all material respects to the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act Nova Scotia ("MGA") by The Department of Municipal Affairs and adheres to their Financial Accounting and Reporting Manual ("FRAM") and is intended for the use of Members of Council of the Halifax Regional Municipality ("the Municipality").

This statement is the net actual result of revenue and expenses of the Municipality's Operating Fund, to the extent that those revenues and expenses are included in the calculation of the Municipality's estimate of required sums as determined under Section 93 of the Halifax Regional Municipality Charter, the basis for the general tax rate. As per FRAM Section 3.16(g), any resulting surplus shall be transferred to an operating reserve.

2. Significant accounting policies:

Revenue and expenses included in the determination of the general rate surplus are recorded on an accrual basis except as noted below:

- a) Interest expense is recorded on a cash basis;
- b) Debt principal repayments are deducted as an expense;
- c) Inter-fund transfers are included in the financial results of the Operating Fund;
- d) Transfers from the Operating Fund to purchase or construct tangible capital assets are deducted as an expense; and,
- e) Amortization of tangible capital assets, changes in the value of the liability for employee sick leave and the liability for contaminated sites are not included in the determination of the general rate surplus.

Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY
MISCELLANEOUS TRUST FUNDS

Year ended March 31, 2016

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Cash	\$ 6,865,108	\$ 7,285,150
Accounts receivable (note 2)	186,534	263,562
Due from Halifax Regional Municipality	99	-
Investments (note 3)	6,410	6,410
	<u>\$ 7,058,151</u>	<u>\$ 7,555,122</u>
Liabilities and Fund Equity		
Accrued liabilities	-	450,000
Fund equity (schedule)	7,058,151	7,105,122
	<u>\$ 7,058,151</u>	<u>\$ 7,555,122</u>

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

Approved on behalf of the Halifax Regional Municipality

Mayor, Mike Savage

Municipal Clerk, Kevin Arjoon

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Statement of Income and Expenditures and Fund Equity

For the year ended March 31, 2016, with comparative information for 2015

	2016	2015
Income		
Investment income	\$ 96,974	\$ 90,395
Capital contributions received during the period	12,492	12,413
Tax sales	148,386	372,358
	<u>257,852</u>	<u>475,166</u>
Expenditures		
Transfer to Halifax Regional Municipality	195,099	128,560
Net transactions with Trustors	109,724	643,000
	<u>304,823</u>	<u>771,560</u>
Excess of expenditures over income	(46,971)	(296,394)
Fund equity, beginning of the year	7,105,122	7,401,516
Fund equity, end of the year	<u>\$ 7,058,151</u>	<u>\$ 7,105,122</u>

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

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Statement of Cash Flow

For the year ended March 31, 2016 with comparative information for 2015

	2016	2015
Excess expenditures over income	\$ (46,971)	\$ (296,394)
Decrease in accounts receivable	77,028	71,835
Increase in due to from Halifax Regional Municipality	(99)	-
Increase (decrease) in accrued liabilities	(450,000)	450,000
Increase (decrease) in cash	(420,042)	225,441
Cash, beginning of the year	7,285,150	7,059,709
Cash, end of the year	\$ 6,865,108	\$ 7,285,150

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

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Notes to Financial Statements

Year ended March 31, 2016

The Halifax Regional Municipality has a number of trust funds as identified in the Schedule of Fund Equity. The trust funds are in place to fund the operation, maintenance and facilities of the identified beneficiary. The trust funds have a variety of restrictions that specify the purpose for which the funds can be used.

1. Significant accounting policies:

(a) Basics of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition:

Investment income earned in the miscellaneous trust funds is recognized in the fund in which the interest bearing investment is held.

Tax sales revenue is recognized when received, generally being the date the property is sold.

Capital contribution related to various services fees are recognized as revenue in the period received.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Accounts receivable:

The accounts receivable balance, \$186,534 (2015 - \$263,562) is due from an entity controlled by the Halifax Regional Municipality. During the year, the entity made principal payments of \$77,028 (2015 - \$71,835) and interest payments of \$16,008 (2015 - \$21,201).

3. Investments:

	2016	2015
Shares, cost	\$ 6,410	\$ 6,410
	\$ 6,410	\$ 6,410
Shares, market values	\$ 318,004	\$ 306,029
	\$ 318,004	\$ 306,029

The market value shown for investments represents the estimated value of the shares as at March 31, 2016. Shares are valued at year end quoted market prices.

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Schedule of Funds Equity

Year ended March 31, 2016

	Balance March 31, 2015	Income	Transfer to Halifax Regional Municipality	Expenditures of Trustors	Capital contribution s	Balance March 31, 2016
J.L. Dillman Park Maintenance	\$ 161,766	\$ 1,499	\$ -	\$ -	\$ -	\$ 163,265
Tax sales	2,679,654	176,583	(136,600)	(44,901)	-	2,674,736
J.D. Shatford Memorial	60,000	554	(554)	-	-	60,000
Sackville Landfill	1,035,966	24,245	(16,008)	(64,000)	-	980,203
Camphill Cemetery Trust	134,472	1,258	(1,258)	-	2,548	137,020
Camphill Cemetery Perpetual Care	566,179	5,226	(5,226)	-	-	566,179
Camphill Cemetery Fence	12,063	111	(111)	-	-	12,063
Fairview Cemetery Trust	2,335,532	34,775	(34,775)	-	9,444	2,344,976
Fairview Cemetery Maintenance	45,000	415	(415)	-	-	45,000
Titanic Trust	23,623	222	-	(723)	500	23,622
Commons Commutation	16,491	152	(152)	-	-	16,491
Harbour Championship	9,859	91	-	(100)	-	9,850
Other	24,517	229	-	-	-	24,746
	\$ 7,105,122	\$ 245,360	\$ (195,099)	\$ (109,724)	\$ 12,492	\$ 7,058,151



cutting through complexity

AUDIT

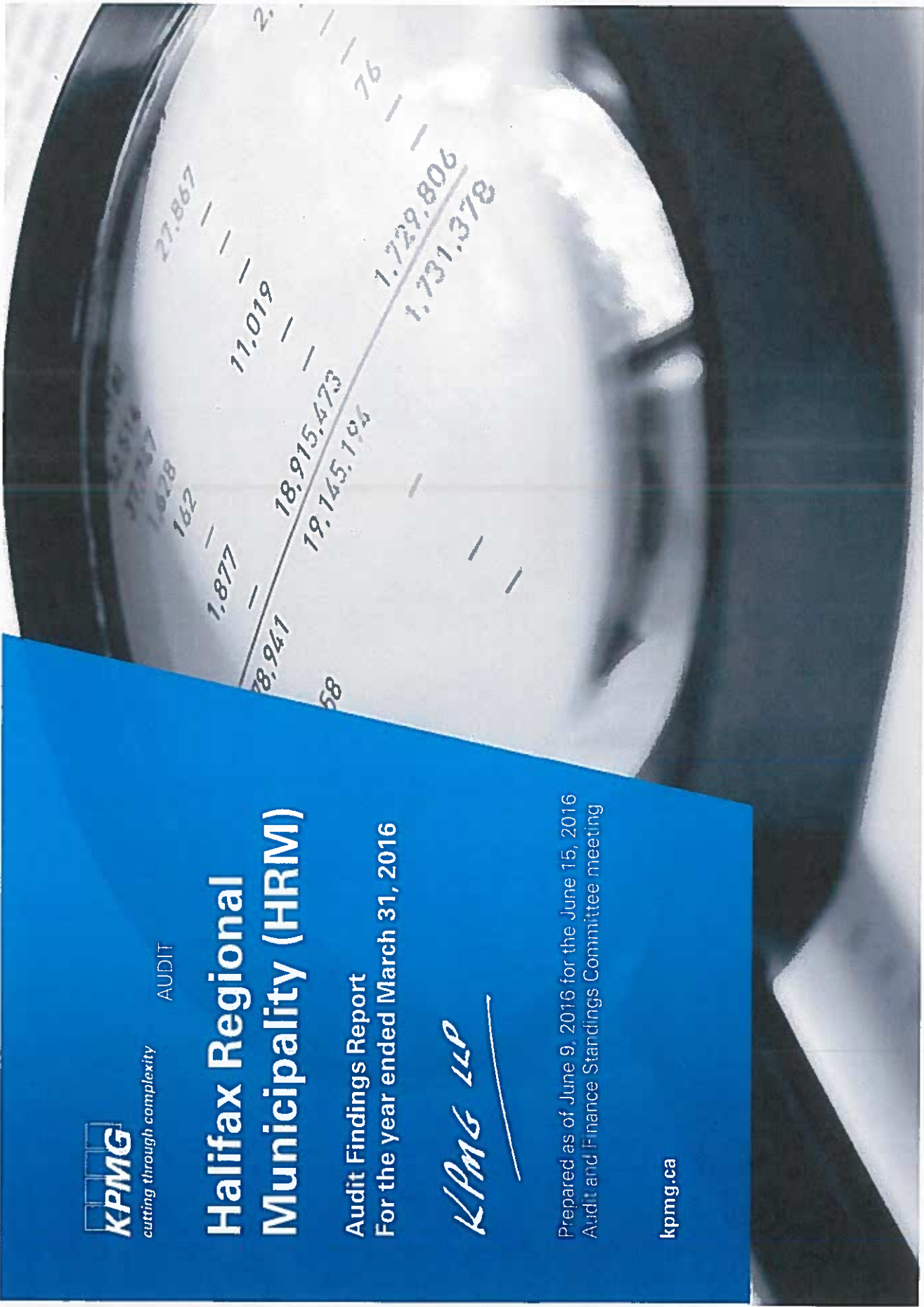
Halifax Regional Municipality (HRM)

Audit Findings Report
For the year ended March 31, 2016

KPMG LLP

Prepared as of June 9, 2016 for the June 15, 2016
Audit and Finance Standings Committee meeting

kpmg.ca



17,227	27,867	2.
1,628		
162		
1,877	11,019	
18,941	18,915,473	
58	19,145,194	
	1,729,806	
	1,731,378	
	76	



cutting through complexity

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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours.**

Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the audit and finance standing committee, in your review of the results of our audit of the consolidated financial statements of Halifax Regional Municipality (HRM) as at and for the year ended March 31, 2016.

This Audit Findings Report builds on the Audit Plan we presented to the Audit and Finance Standing Committee on May 11, 2016.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Adjustments and differences

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

* This Audit Findings Report should not be used for any other purpose or by anyone other than the audit and finance standing committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary

Finalizing the audit

As of June 9, 2016, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of Halifax Water Commission Group Audit communications form Grant Thornton and related review;
- Receipt of legal letter;
- Receipt of signed management representation letter;
- Completing our discussions with the audit and finance standing committee; and
- Obtaining evidence of the Council's approval of the consolidated financial statements.

We will update the audit and finance standing committee, and not solely the Chair (as required by professional standards), on significant matters, *if any*, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Critical accounting estimates

Overall, we are satisfied with the reasonability of critical accounting estimates.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.



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Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls.

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks

We did not identify any significant financial reporting risks. See professional requirements on pages 6.

Audit risks and results

Professional standards presume the risk of fraudulent revenue recognition and the risk of management override of controls exist in all organizations.

The risk of fraudulent recognition can be rebutted, but the risk of management override of controls cannot, since management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Professional requirements

Fraud risk from revenue recognition

Management's bias related to fraud risk of revenue is addressed through the risk of management override of controls. Please refer to findings discussed below.

Fraud risk from management override of controls

We have performed the required procedures, which includes substantive testing of journal entries and other adjustments, retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

There were no issues or significant unusual transactions identified and therefore no impact on our audit.

Critical accounting estimates

Critical accounting estimates

Under PSAB (PS 2130), management is required to disclose information in the consolidated financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be "critical accounting estimates."

We have summarized our assessment of the subjective areas.

Asset / liability	Balance (\$'000s)	KPMG comment
Measurement of employee future benefits liability	\$53,895	Employee future benefits are determined based on management's best estimate of the obligations that have accrued to employees for benefits they will receive at or after retirement. In order to determine the obligation, key assumptions and estimates are made and used by actuaries to project the benefits based on the demographics of the current employees. Key considerations in determining the obligation include the discount rate to discount the future obligation to present day and salary increases that will impact the future amounts required to be paid under the programs. Discount rates are based on borrowing rates available to the Municipality and salary increases reflect historical salary adjustments. We agreed with the estimates made by management. We relied on management's experts who prepared the estimate and represented to us that they believed these estimates to be reasonable based on accepted actuary practices in Canada.

We believe management's process for identifying critical accounting estimates is considered adequate.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Company's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

<p>Form, arrangement, and content of the financial statements</p>	<p>Adequate</p>
<p>Application of accounting pronouncements issued but not yet effective</p>	<p>No concerns at this time regarding future implementation.</p>

Other matters

Professional standards require us to communicate to the Audit and Finance Standing Committee Other Matters, such as material inconsistencies or material misstatements between MD&A and the audited financial statements, identified fraud or non-compliance with laws and regulations, consultations with other accountants, significant matters relating to the Company's related parties, significant difficulties encountered during the audit, and disagreements with management.

Other matters

We have highlighted below other significant matters that we would like to bring to your attention:

Matter	KPMG comment
Impact of change in accounting framework at Halifax Regional Water Commission	<p>The Halifax Regional Water Commission ("HRWC") is accounted for as Government Business Enterprise ("GBE") by the Municipality. This requires the Municipality to use the modified equity method to reflect the investment in its financial statements.</p> <p>Effective April 1, 2015, the HRWC was required to change their accounting framework to International Financial Reporting Standards ("IFRS"). The change in accounting framework resulted in a change in net assets of the HRWC as they were required to retroactively apply IFRS. The modified equity method of accounting for the HRWC investment requires the Municipality to record its share of prior period adjustments in the cost base of the investment.</p> <p>The change in accounting framework resulted in the Municipality adjusting its investment in the HRWC by \$686,151,000 to reflect prior period adjustments in the net assets of the HRWC. The Municipality has presented revised comparative information in note 6 to the financial statements to reflect the HRWC as though they had always reported under IFRS. Reconciliations of the previously reported amounts have been included to provide an understanding of the impact of the adjustments.</p> <p>We have communicated with the auditors of the HRWC to understand the audit work performed in the identification and measurement of IFRS adjustments. We have concluded these are appropriate and that the presentation in the Municipality's financial statements is adequate.</p>

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as Corrected "adjustments" or Uncorrected "differences." These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit and finance standing committee that all identified adjustments or differences be corrected. We have already made this request of management.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Required communications

Appendix 2: Draft Independent Auditors Report

Appendix 3: Draft Management representation letter

Appendix 4: Audit Quality and Risk Management

Appendix 5: Background and professional standards

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.
- **Management representation letter** – In accordance with professional standards, copies of the management representation letter are provided to the Audit and Finance Standing Committee. The management representation letter is attached.

Appendix 2: Draft Independent Auditors Report



KPMG LLP
Purdy's Wharf Tower One
Suite 1500, 1959 Upper Water Street
Halifax NS B3J 3N2

Telephone (902) 492-6000
Fax (902) 429-1307
Internet www.kpmg.ca

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, 2016 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, 2016, 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.



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Appendix 2: Draft Management representation letter

KPMG LLP
Chartered Professional Accountants
Purdy's Wharf Tower I
1959 Upper Water Street, Suite 1500
Halifax, Nova Scotia, B3J 3N2

June ●, 2016

To Whom It May Concern:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Halifax Regional Municipality ("the Entity") as at and for the period ended March 31, 2016.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

GENERAL:

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 11, 2013, for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared in accordance with the relevant financial reporting framework;
 - b) providing you with all relevant information, such as all financial records and related data, including the names of all related parties and information regarding all relationships and transactions with related parties, and complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and access to such relevant information;
 - c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
 - d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements;
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, analysts, regulators, or others;
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements;
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

COMMITMENTS & CONTINGENCIES:

- 4) There are no:
 - a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation;
 - b) guarantees, whether written or oral, under which the Entity is contingently liable.

SUBSEQUENT EVENTS:

- 5) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

NON-CONSOLIDATED PARTIES SUBJECT TO INFLUENCE:

- 6) We have disclosed to you the identity of the Entity's parties which are not consolidated but over which the Entity has significant influence and all similar relationships and transactions of which we are aware and all similar relationship and transactions have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

RELATED PARTIES:

- 7) We have disclosed to you the identity of the Entity's related parties.
- 8) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 9) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 10) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

ASSETS & LIABILITIES - GENERAL:

- 12) The Entity has satisfactory title to all assets.
- 13) There are no liens or encumbrances on the Entity's assets.
- 14) We have no plans or intentions that may affect the carrying amount or classification of assets and liabilities.

CONTRACTUAL AGREEMENTS:

- 15) The Entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance including violations or default of the covenants in the Entity's debt agreements.

ENVIRONMENTAL MATTERS:

- 16) The Entity has appropriately recognized, measured and disclosed environmental matters in the financial statements, including estimated closure costs related to landfills.

EMPLOYEE FUTURE BENEFITS:

- 17) The employee future benefit costs, assets and obligations, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 18) The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with PSAS 3250 and 3255. In particular:
 - a) each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary;
 - b) the set of actuarial assumptions for each plan are individually consistent;
 - c) the discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

EXPERTS / SPECIALISTS:

- 19) The information provided by us to Morneau Shepell and Aon Hewitt (the experts) and used in the work and findings of the experts are complete and accurate. We agree with the findings of the experts in evaluating the employee future benefits disclosure and have adequately considered the qualifications of the experts in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matter that have had an impact on the independence and objectivity of the experts.

CONTINGENT LIABILITIES:

- 20) The Entity is subject to a number of legal matter including lawsuits and complaints that could result in a future settlement. We have provided you with a complete listing of all identified matters with an estimated or potential settlement of greater than \$100,000 if the Entity is considered at fault or decides to settle the matter. All material matters, individually and in aggregate, have been considered under the accounting framework and where significant have been measured and/or disclosed in the financial statements.

OTHER:

- 21) We have disclosed to you all properties that have a potential contamination and could require a liability to be recognized under PS 3260 Liability for Contaminated Sites. The liability recorded at March 31, 2016 reflects management's best estimate of the amount required to remediate the contaminated sites as is based on all information available at the financial statement date.

Yours very truly,

John Traves, Q.C., Acting Chief Administrative Officer

Amanda Whitewood, Director, CFO
Finance and Information, Communication and Technology

cc: Audit and Finance Standing Committee

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Public sector accounting standards, a *related party* is defined as:

- when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

In accordance with Public sector accounting standards, a *related party transaction* is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

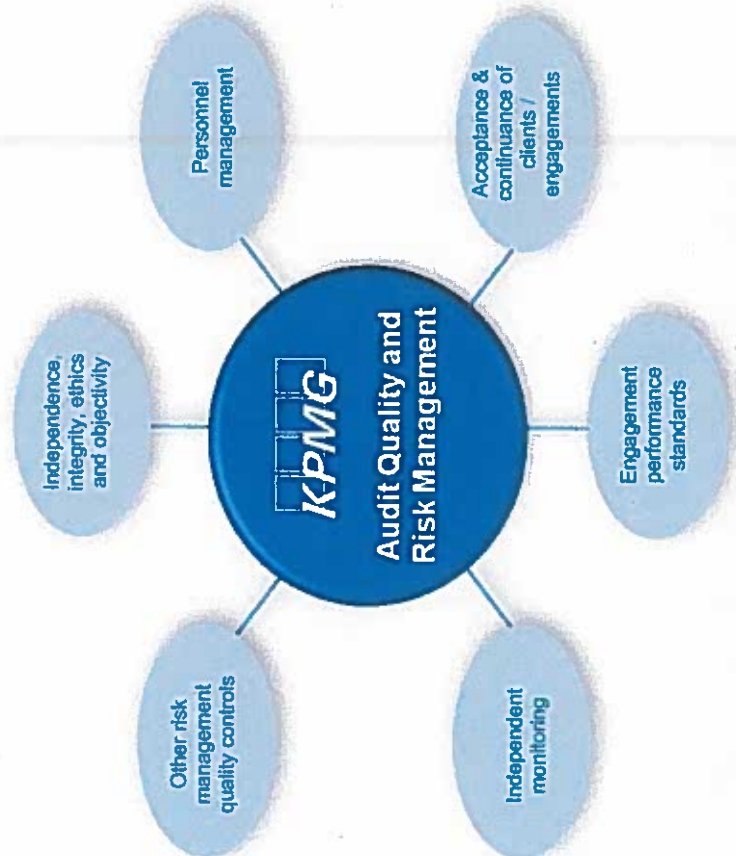
Appendix 5: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit <http://www.kpmg.com/Can/en/services/Audit/Pages/Audit-Quality-Resources.aspx> for more information.

- Other controls include:
 - Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 4: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

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