

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2019

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2019

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2019

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 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 the 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.



Jacques Dubé
Chief Administrative Officer



Jane Fraser, MPA, CPA, CGA
Chief Financial Officer, Director
Finance, Asset Management and
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Halifax Regional Municipality

Opinion

We have audited the consolidated financial statements of Halifax Regional Municipality (the Entity), which comprise:

- The consolidated statement of financial position as at end of March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at end of March 31, 2019, and its results of operations, changes in net financial assets and its cash flows year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Halifax, Canada

July 16, 2019

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

As at March 31, 2019, with comparative information for 2018
(In thousands of dollars)

	2019	2018
Financial assets		
Cash and short-term deposits (note 2)	\$ 315,624	\$ 187,292
Taxes receivable (note 3)	24,495	31,116
Accounts receivable (note 4)	46,021	53,669
Loans, deposits and advances	436	490
Land held for resale	57,316	54,541
Investments (note 5)	83	75,802
Investment in the Halifax Regional Water Commission (note 6)	183,798	167,660
	<u>627,773</u>	<u>570,570</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	107,522	106,700
Deferred revenue	69,655	59,001
Employee future benefits (notes 8 and 9)	60,753	58,204
Solid waste management facilities liabilities (note 10)	3,495	3,184
Long-term debt (note 11)	176,115	180,062
	<u>417,540</u>	<u>407,151</u>
Net financial assets	210,233	163,419
Non-financial assets		
Tangible capital assets (note 14)	1,851,554	1,864,541
Inventory and prepaid expenses	13,905	12,300
	<u>1,865,459</u>	<u>1,876,841</u>
Accumulated surplus (note 15)	<u>\$ 2,075,692</u>	<u>\$ 2,040,260</u>

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, 2019, with comparative information for 2018
(In thousands of dollars)

	Budget	2019	2018
Revenue			
Taxation	\$ 752,269	\$ 763,023	\$ 736,207
Taxation from other governments	39,858	38,782	38,569
User fees and charges	115,095	121,260	113,648
Government grants	53,817	54,827	74,824
Development levies	1,640	2,419	4,039
Investment income (note 5)	4,847	7,660	4,670
Penalties, fines and interest	12,898	11,647	11,647
Land sales, contributions and other revenue	21,913	22,891	27,243
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	12,400	12,404	21,781
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	5,142	4,999	4,774
Total revenue	1,019,879	1,039,912	1,037,402
Expenses			
General government services	122,829	114,710	110,887
Protective services	229,578	228,862	220,608
Transportation services	283,275	280,756	271,770
Environmental services	54,257	53,529	41,076
Recreation and cultural services	142,657	142,247	131,611
Planning and development services	32,258	32,349	26,249
Educational services	155,771	155,761	151,386
Total expenses	1,020,625	1,008,214	953,587
Annual surplus (deficit)	(746)	31,698	83,815
Accumulated surplus, beginning of year	2,040,260	2,040,260	1,958,195
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 6)	-	3,734	(1,750)
Accumulated surplus, end of year	\$ 2,039,514	\$ 2,075,692	\$ 2,040,260

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, 2019, with comparative information for 2018
(In thousands of dollars)

	Budget	2019	2018
Annual surplus (deficit)	\$ (746)	\$ 31,698	\$ 83,815
Acquisition of tangible capital assets and contributed tangible capital assets	(116,485)	(129,553)	(191,834)
Amortization of tangible capital assets	141,855	141,855	137,664
Loss (gain) on disposal of tangible capital assets	-	(1,014)	106
Proceeds on disposal of tangible capital assets	-	1,699	86
	24,624	44,685	29,837
Acquisition of inventories of supplies and prepaid expenses	-	(33,791)	(37,176)
Consumption of inventories of supplies and use of prepaid expenses	-	32,186	38,111
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 6)	-	3,734	(1,750)
	-	2,129	(815)
Net change in net financial assets	24,624	46,814	29,022
Net financial assets, beginning of year	163,419	163,419	134,397
Net financial assets, end of year	\$ 188,043	\$ 210,233	\$ 163,419

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, 2019, with comparative information for 2018
(In thousands of dollars)

	2019	2018
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 31,698	\$ 83,815
Items not involving cash:		
Amortization of tangible capital assets	141,855	137,664
Loss (gain) on disposal of tangible capital assets	(1,014)	106
Contributed tangible capital assets	(10,682)	(15,949)
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss)	(12,404)	(21,781)
	149,453	183,855
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	6,621	(1,348)
Decrease (increase) in accounts receivable	7,648	(16,705)
Decrease in loans, deposits and advances	54	73
Increase in land held for resale	(2,775)	(2,722)
Decrease (increase) in inventory and prepaid expenses	(1,605)	935
Increase (decrease) in accounts payable and accrued liabilities	822	(67)
Increase (decrease) in deferred revenue	10,654	(3,666)
Increase in employee future benefits	2,549	2,701
Increase (decrease) in solid waste management facilities liabilities	311	(7,975)
Net change in cash from operating activities	173,732	155,081
Capital activities		
Proceeds on disposal of tangible capital assets	1,699	86
Acquisition of tangible capital assets	(118,871)	(175,885)
Net change in cash from capital activities	(117,172)	(175,799)
Investing activities		
Decrease (increase) in investments	75,719	(10,796)
Net change in cash from investing activities	75,719	(10,796)
Financing activities		
Long-term debt issued	31,021	19,351
Long-term debt redeemed	(41,468)	(42,442)
Long-term debt recovered from the Halifax Regional Water Commission	6,500	6,566
Net change in cash from financing activities	(3,947)	(16,525)
Net change in cash and short-term deposits	128,332	(48,039)
Cash and short-term deposits, beginning of year	187,292	235,331
Cash and short-term deposits, end of year	\$ 315,624	\$ 187,292

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(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:

The 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 and Events East Group (Halifax Convention Centre Corporation), a corporation jointly owned and controlled between the Province of Nova Scotia and the Municipality, which is accounted for at 50% based on the proportionate consolidation 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)
- Zatzman Sportsplex (Formerly Dartmouth Sportsplex Community Association)
- Eastern Shore Recreation Commission
- Halifax Forum Community Association
- Halifax Regional Municipality Centennial Arena Commission
- RBC Centre (Formerly Dartmouth 4-Pad)
- Scotiabank Centre
- 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
- Events East Group (Halifax Convention Centre Corporation)
- 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, 2019
(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 Public Sector Accounting Board ("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. 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, 2019

(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 municipalities current cost of borrowing. 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, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

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

Asset	Useful Life – Years
Land improvements	
Bridges, docks, seawalls, and wharves	50
Sports fields and skateparks	25
Playground and other land improvements	15
Trails	10
Buildings	
Structure and electrical	40
Mechanical, roof, exterior architecture, and site work	20
Interior architecture	15
Vehicles	5 - 15
Machinery and equipment	4 - 10
Dams	40
Roads and infrastructure	
Road beds	40
Road surfaces	5 - 20
Infrastructure	20 - 30
Bridges	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.

The school buildings which are owned by the Municipality but in use by the Halifax Regional Centre for Education 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 Centre for Education.

- 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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

- 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.
- (p) Inventories of supplies:
Inventories of supplies held for consumption are recorded at the lower of cost or replacement cost.
- (q) Expenses:
Expenses are recognized in the year the events giving rise to the expenses occur and there is a legal or constructive obligation to pay.
- (r) Regional Centres for Education:
The assets, liabilities, taxation and other revenues and expenses with respect to the operations of the Halifax Regional Centre for Education and the Conseil scolaire acadien provincial 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:

	2019	2018
Halifax Regional Municipality	\$ 302,422	\$ 178,356
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	13,202	8,936
Total	\$ 315,624	\$ 187,292

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:

	2019	2018
Taxes receivable	\$ 27,841	\$ 34,829
Allowance	(3,346)	(3,713)
Total	\$ 24,495	\$ 31,116

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

4. Accounts receivable:

	2019	2018
Federal government	\$ 12,926	\$ 32,023
Provincial government	8,591	9,298
Other receivables	25,138	23,888
Allowance	(634)	(11,540)
Total	\$ 46,021	\$ 53,669

5. Investments:

Money market instruments include Provincial treasury bills 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, 2019.

Bonds of Provincial governments and their guarantees matured on December 18, 2018. HRM is not holding investment bonds as of March 31, 2019. The weighted average yield on market value of these bonds was 1.90% at time of maturity (2018 - 2.20%).

	2019 Cost	2019 Market value	2018 Cost	2018 Market value
Money market instruments	\$ 83	\$ 83	\$ 65,782	\$ 66,056
Bonds of Provincial governments and their guarantees	-	-	10,020	10,050
Total	\$ 83	\$ 83	\$ 75,802	\$ 76,106

The investment income earned on money market instruments is \$7,595 (2018 - \$4,429) and on bonds of Provincial governments and their guarantees is \$65 (2018 - \$241).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

6. Investment in the Halifax Regional Water Commission:

The HRWC is a government business enterprise of the Municipality and is responsible for the supply of municipal water, wastewater and stormwater services to residents of the Municipality. HRWC reports under International Financial Reporting Standards ("IFRS").

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

	2019	2018
Financial position		
Current assets	\$ 92,873	\$ 93,333
Capital assets	1,281,467	1,242,053
Total assets	1,374,340	1,335,386
Current liabilities	67,678	63,989
Long-term liabilities	1,122,864	1,103,737
Total liabilities	1,190,542	1,167,726
Net assets	\$ 183,798	\$ 167,660
Results of operations		
Revenues	\$ 138,201	\$ 138,145
Operating expenses	(133,018)	(125,170)
Financing expenses	(7,629)	(8,086)
Other income	20,041	21,858
Regulatory deferral account amortization	(192)	(192)
Net income before grant in lieu of tax	17,403	26,555
Grant in lieu of tax	(4,999)	(4,774)
Increase in investment before remeasurement gain (loss)	12,404	21,781
Investment, beginning of year	167,660	147,629
Change in investment through remeasurement gain (loss)	3,734	(1,750)
Investment, end of year	\$ 183,798	\$ 167,660

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

	2019	2018
Revenues		
Grant in lieu of tax	\$ 4,999	\$ 4,774
Expenses		
Stormwater charge	\$ 3,835	\$ 3,847
Fire protection charge	\$ 7,074	\$ 7,243

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, 2019
(In thousands of dollars)

7. Accounts payable and accrued liabilities:

	2019	2018
Trade accounts payable	\$ 44,546	\$ 44,483
Federal government	9,138	9,256
Provincial government	9,705	10,677
Salaries and wages payable	7,192	5,828
Accrued liabilities	35,051	34,509
Accrued interest	1,890	1,947
Total	\$ 107,522	\$ 106,700

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"). There are twelve employers participating in the HRM Plan including the Halifax Regional Centre for Education 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 \$35,360 for the period ending March 31, 2019 (2018 - \$35,516). 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, 2017. The next actuarial valuation, at December 31, 2018, is to be filed by September 30, 2019. The interest rate used in the last filed valuation was 6.40% per year. The following estimates as at December 31, 2018 are based on the actuarial valuation as at December 31, 2016 extrapolated to December 31, 2018 and is based on a best estimate discount rate assumption of 6.20% per annum (2017 - 6.40%).

	2019 Extrapolated	2018
Actuarial value of plan assets	\$ 1,892,417	\$ 1,765,561
Estimated present value of accrued pension benefits	(2,038,381)	(1,880,173)
Estimated funding deficit	\$ (145,964)	\$ (114,612)

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

8. Employee future benefits - employees' retirement pension plan (continued):

The main assumptions used in the actuarial valuation of the HRM Plan are as follows:

Asset rate of return:	6.2% per year
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Salary increase:	3.0% per year plus merit and promotional increases
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Retirement age:	60% at the earliest age at which an unreduced pension is payable, the remainder at age 65 (or age 60 for members in Public Safety Occupations)
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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 the Municipality's 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, 2018. The last actuarial valuation of the police health trust benefits was conducted as at March 31, 2017. The last actuarial valuation of the retirement allowance programs was conducted as at March 31, 2019. For all other benefits, actuarial valuations were conducted as at March 31, 2017. 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:

	2019	2018
Accrued benefit obligation, beginning of year	\$ 59,860	\$ 64,613
Current period benefit cost	5,538	5,098
Benefit payments	(5,382)	(5,299)
Interest cost	1,781	1,683
Actuarial loss (gain)	3,835	(6,235)
Accrued benefit obligation, end of year	\$ 65,632	\$ 59,860

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Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

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

	2019	2018
Main assumptions used for fiscal year-end disclosure		
Discount rate	3.31%	2.84%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	2.84%	2.51%
Salary increase	3% plus merit	3% plus merit

These other employee benefit plans require no contributions from employees. The benefit liability as at March 31, 2019 is estimated to include the following components:

	2019	2018
Accrued benefit obligation		
Retiring allowances	\$ 32,735	\$ 32,815
Sick leave	19,798	14,571
HRM pension contributions for employees on long-term disability	5,838	4,771
Police Health Trust	2,376	2,318
Other	4,885	5,385
	65,632	59,860
Unamortized actuarial loss	(4,879)	(1,656)
Benefit liability	\$ 60,753	\$ 58,204

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:

	2019	2018
Current period benefit cost	\$ 5,538	\$ 5,098
Amortization of actuarial loss	612	1,219
Other employee benefit expense	6,150	6,317
Other employee benefit interest expense	1,781	1,683
Total expense related to other employee benefit plans	\$ 7,931	\$ 8,000

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(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 post closure costs discounted using a long-term borrowing rate of 3.31% (2018 - 2.84%) and a forecasted inflation rate of 1.51% (2018 - 2.16%).

Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 17 years, until the fiscal year ended March 31, 2036.

The site's design consists of nine cell phases with an expected total capacity of 5,158,956 tonnes (2018 - 5,158,956 tonnes).

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

The liability was adjusted for capacity used of 100% for the closed cells. The Municipality has signed a long-term contract with a third party to operate the Otter Lake Landfill. Under the terms of the operating agreement, the third party is responsible for the capital cost to close Cell 7. The long-term post closure costs remain a liability of the Municipality.

Sackville Landfill:

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

Mengoni Landfill:

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

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

10. Solid waste management facilities liabilities (continued):

	Sackville	Otter Lake	Mengoni	2019 Total
Estimated present value of closure and post closure costs	\$ 19,345	\$ 36,230	\$ 2,542	\$ 58,117
Less: expenses incurred	18,079	34,195	2,348	54,622
	1,266	2,035	194	3,495
Reserve fund				8,687
Excess of available reserve over liability				\$ (5,192)

	Sackville	Otter Lake	Mengoni	2018 Total
Estimated present value of closure and post closure costs	\$ 19,196	\$ 36,046	\$ 2,494	\$ 57,736
Less: expenses incurred	18,028	34,195	2,329	54,552
	1,168	1,851	165	3,184
Reserve fund				8,583
Excess of available reserve over liability				\$ (5,399)

11. Long-term debt:

The schedules of long-term debt attached to the consolidated financial statements detail the various terms and conditions related to the long-term debt (see pages 30 and 31).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2019 are as follows:

2019/20	\$ 32,931
2020/21	34,793
2021/22	22,824
2022/23	20,397
2023/24	17,957
Thereafter	47,213
Total	\$ 176,115

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

12. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2019 are \$7,436 (2018 - \$7,409).

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:

2019/20	\$	6,678
2020/21		5,479
2021/22		3,356
2022/23		3,012
2023/24		2,784
Total	\$	21,309

(b) The Municipality and its consolidated entities have 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:

2019/20	\$	5,397
2020/21		4,565
2021/22		4,363
2022/23		3,537
2023/24		2,226
Total	\$	20,088

(c) The Municipality has entered into several long-term contracts for waste resources operations with aggregate annual payments of approximately \$38,292 (2018 - \$37,688) for each of the next five years.

(d) Effective March 1, 2018, the Province of Nova Scotia has a 25 year lease agreement with Argyle Developments Inc. and others for a design construction agreement for the new Halifax Convention Centre (HCC). The Municipality is not a party to that lease but, under a separate agreement with the Province of Nova Scotia, has agreed to share 50% of the "Annual Base Rent". The Annual Base Rent covers the long-term financing for the facility and is \$10,760 before taxes per year. The Municipality's share is \$5,380. The Municipality has also agreed to share in 50% of the facility maintenance costs, property tax, operating costs, lifecycle costs and the annual operating deficit.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

14. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions (Net of transfers)	Disposals	Balance at March 31, 2019
Land	\$ 285,988	\$ 1,280	\$ (6)	\$ 287,262
Land improvements	267,578	10,301	-	277,879
Buildings	606,780	38,601	(902)	644,479
Vehicles	260,420	21,754	(3,372)	278,802
Machinery and equipment	103,921	15,527	(11,543)	107,905
Roads and infrastructure	1,978,983	51,292	-	2,030,275
Dams	480	-	-	480
Ferries	39,209	6,141	(7,599)	37,751
Leasehold improvements	3,030	67	-	3,097
Assets under construction	43,588	(15,410)	-	28,178
Total	\$ 3,589,977	\$ 129,553	\$ (23,422)	\$ 3,696,108

Accumulated amortization	Balance at March 31, 2018	Disposals	Amortization expense	Balance at March 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	196,055	-	5,077	201,132
Buildings	267,214	(678)	22,600	289,136
Vehicles	157,197	(3,180)	16,254	170,271
Machinery and equipment	47,626	(11,543)	18,642	54,725
Roads and infrastructure	1,037,877	-	78,155	1,116,032
Dams	480	-	-	480
Ferries	17,362	(7,336)	955	10,981
Leasehold improvements	1,625	-	172	1,797
Assets under construction	-	-	-	-
Total	\$ 1,725,436	\$ (22,737)	\$ 141,855	\$ 1,844,554

	Net book value March 31, 2018	Net book value March 31, 2019
Land	\$ 285,988	\$ 287,262
Land improvements	71,523	76,747
Buildings	339,566	355,343
Vehicles	103,223	108,531
Machinery and equipment	56,295	53,180
Roads and infrastructure	941,106	914,243
Dams	-	-
Ferries	21,847	26,770
Leasehold improvements	1,405	1,300
Assets under construction	43,588	28,178
Total	\$ 1,864,541	\$ 1,851,554

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

14. Tangible capital assets (continued):

Cost	Balance at March 31, 2017	Additions (Net of transfers)	Disposals	Balance at March 31, 2018
Land	\$ 280,069	\$ 5,941	\$ (22)	\$ 285,988
Land improvements	257,943	9,635	-	267,578
Buildings	553,779	53,001	-	606,780
Vehicles	233,627	28,170	(1,377)	260,420
Machinery and equipment	95,208	13,964	(5,251)	103,921
Roads and infrastructure	1,907,547	77,771	(6,335)	1,978,983
Dams	480	-	-	480
Ferries	32,643	6,566	-	39,209
Leasehold improvements	3,030	-	-	3,030
Assets under construction	46,802	(3,214)	-	43,588
Total	\$ 3,411,128	\$ 191,834	\$ (12,985)	\$ 3,589,977

Accumulated amortization	Balance at March 31, 2017	Disposals	Amortization expense	Balance at March 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	191,486	-	4,569	196,055
Buildings	246,805	-	20,409	267,214
Vehicles	144,239	(1,207)	14,165	157,197
Machinery and equipment	35,095	(5,251)	17,782	47,626
Roads and infrastructure	965,096	(6,335)	79,116	1,037,877
Dams	480	-	-	480
Ferries	15,911	-	1,451	17,362
Leasehold improvements	1,453	-	172	1,625
Assets under construction	-	-	-	-
Total	\$ 1,600,565	\$ (12,793)	\$ 137,664	\$ 1,725,436

	Net book value March 31, 2017	Net book value March 31, 2018
Land	\$ 280,069	\$ 285,988
Land improvements	66,457	71,523
Buildings	306,974	339,566
Vehicles	89,388	103,223
Machinery and equipment	60,113	56,295
Roads and infrastructure	942,451	941,106
Dams	-	-
Ferries	16,732	21,847
Leasehold improvements	1,577	1,405
Assets under construction	46,802	43,588
Total	\$ 1,810,563	\$ 1,864,541

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

14. Tangible capital assets (continued):

- (a) Assets under construction:
Assets under construction having a value of \$28,178 (2018 - \$43,588) 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 \$10,682 (2018 - \$15,949) and is comprised of roads and infrastructure in the amount of \$9,038 (2018 - \$15,931), land and land improvements having a value of \$1,644 (2018 - \$18).
- (c) Tangible capital assets disclosed at nominal values:
Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.
- (d) Works of art and cultural and historical assets:
The Municipality manages and controls various works of art and non-operational cultural and historical assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- (e) Impairment of tangible capital assets:
The impairment of tangible capital assets during the year was \$nil (2018 - \$nil).
- (f) Roads and infrastructure:
Roads and infrastructure have a net book value of \$914,243 (2018 - \$941,106) and are comprised of: road beds - \$262,450 (2018 - \$271,049), road surfaces - \$268,597 (2018 - \$287,615), infrastructure - \$369,009 (2018 - \$368,459) and bridges - \$14,187 (2018 - \$13,983).
- (g) Buildings:
Buildings have a net book value of \$355,343 (2018 - \$339,566) and are comprised of: structure and electrical - \$123,430 (2018 - \$120,320), mechanical, roof, exterior architecture, and site work - \$178,938 (2018 - \$172,315), and interior architecture - \$52,975 (2018 - \$46,931).
- (h) Land Improvements:
Land improvements have a net book value of \$76,747 (2018 - \$71,523) and are comprised of: bridges, docks, seawalls, and wharves - \$18,661 (2018 - \$18,081), sports fields and skateparks - \$23,215 (2018 - \$22,359), playground and other land improvements - \$29,321 (2018 - \$26,161), and trails - \$5,550 (2018 - \$4,922).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

15. Accumulated surplus:

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

	2019	2018
Surplus		
Invested in tangible capital assets	\$ 1,675,439	\$ 1,684,479
Other	(1,818)	9,124
Equity in Halifax Regional Water Commission (note 6)	183,798	167,660
Funded by reserves		
Landfill closure costs (note 10)	(3,495)	(3,184)
Unfunded		
Employee future benefits, accrued interest and other	(18,410)	(17,364)
Total surplus	1,835,514	1,840,715
Risk reserves set aside by Council		
Insurance and risk	4,172	4,089
Police officer on the job injury	2,170	2,102
Operating stabilization	8,819	8,875
General contingency	29,087	12,233
Total risk reserves set aside by Council	44,248	27,299
Obligation reserves set aside by Council		
Landfill closure and post closure costs (note 10)	8,687	8,583
Municipal election	2,214	1,073
Convention centre	3,811	7,633
Capital fund	21,604	14,756
Fleet vehicles and equipment	1,956	2,375
Central Library recapitalization	4,327	3,382
Building recapitalization and replacement	4,258	4,196
Multi-District facilities	6,100	7,252
Transit capital	4,334	4,858
Solid waste facilities	16,270	14,724
Total obligation reserves set aside by Council	73,561	68,832
Opportunity reserves set aside by Council		
Strategic capital	15,663	20,738
Parkland development	4,405	3,805
Business/Industrial parks expansion	41,487	33,571
Community and events	4,431	4,825
Gas tax	9,549	9,077
Debt principal and interest repayment	46,834	31,398
Total opportunity reserves set aside by Council	122,369	103,414
Total accumulated surplus	\$ 2,075,692	\$ 2,040,260

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
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16. Contingent liabilities:

- (a) As of March 31, 2019, there are a number of legal 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 with the exception of the following:
 - i) The Municipality has been named as a defendant in a legal action claiming damages in the amount of \$180,000. As this proceeding is at an early stage, it is not possible at this time for management to determine the likelihood of loss, or the timing of resolution of the matter. Accordingly, no provision for losses has been reflected in the accounts of the Municipality for this matter.
- (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 proceedings.
- (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 20.8% at March 31, 2019 (2018 - 21.5%). As at March 31, 2019, total outstanding debt is \$208,283 (2018 - \$214,413), with maturity dates ranging from 2019 to 2028. The Municipality is responsible for outstanding debt of \$39,000 (2018 - \$45,500) 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.

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, 2019
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18. Amounts contributed for provincially mandated services:

	Budget	2019	2018
Education services	\$ 155,771	\$ 155,761	\$ 151,386
Assessment services	7,087	7,111	6,893
Social housing	3,560	3,129	3,518
Correctional services	6,752	6,704	6,685
Total	\$ 173,170	\$ 172,705	\$ 168,482

(a) Education services

The Municipality is required to provide a mandatory contribution in the amount of \$140,326 (2018 - \$135,490) and supplementary contributions of \$15,435 (2018 - \$15,896) for the Halifax Regional Centre for Education and the Conseil scolaire acadien provincial. These contributions are recorded as expenses in educational services.

(b) Assessment services:

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

(c) Social housing:

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

(d) Correctional services:

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
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19. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2018/19 operating and capital budgets approved by Council on April 24, 2018, 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 2018/19 Council approved budgets have been modified to reflect these adjustments.

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

	2019	2018
Revenue		
Operating budget	\$ 918,853	\$ 895,735
Capital budget	128,584	187,269
	<u>1,047,437</u>	<u>1,083,004</u>
Less:		
Miscellaneous capital funding	(2,000)	(5,000)
Principal and interest recovery from Halifax Regional Water Commission	(8,776)	(9,164)
Tax concessions	(6,635)	(5,995)
Transfers from reserves to capital	(47,924)	(75,100)
Transfers from operating to capital	(36,200)	(36,900)
Long-term debt issued	(29,800)	(32,765)
	<u>(131,335)</u>	<u>(164,924)</u>
Add:		
Revenues from agencies, boards and commissions	35,199	28,344
Restricted area rate surpluses	1,863	3,331
Proceeds from sale of assets	9,583	8,005
Reserve revenue - Gas Tax	26,500	25,300
Interest on reserves	2,847	2,120
Development levies in reserves	1,640	1,250
Other reserve revenue	1,998	2,409
Tangible capital asset related adjustments	11,747	15,331
Increase in investment of the Halifax Regional Water Commission before remeasurement gain (loss)	12,400	21,800
	<u>103,777</u>	<u>107,890</u>
Total revenue	\$ 1,019,879	\$ 1,025,970

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2019
(In thousands of dollars)

19. Budget data (continued):

	2019	2018
Expenses		
Operating budget	\$ 918,853	\$ 895,735
Less:		
Tax concessions	(6,635)	(5,995)
Transfers from operating to capital	(36,200)	(36,900)
Net transfers from operating to reserves	(16,933)	(25,008)
Change in solid waste management facilities liabilities	311	(7,975)
Principal and interest payments made on behalf of Halifax Regional Water Commission	(8,776)	(9,164)
Long-term debt redeemed	(34,883)	(35,792)
	(103,116)	(120,834)
Add:		
Expenses from agencies, boards and commissions	35,840	31,590
Cost of lots sold in business parks	1,214	1,338
Application of restricted area rate surpluses	1,863	3,331
Tangible capital assets adjustments including amortization	165,971	158,894
	204,888	195,153
Total expenses	1,020,625	970,054
Annual surplus (deficit)	\$ (746)	\$ 55,916

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, diversity, inclusion, legal, municipal clerk, external services; office of the Auditor General, finance, asset management, information, communications, technology, and the office of the Chief Administrative Officer.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

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20. Segmented information (continued):

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

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

Environmental services: Activities that provide environmentally regulated services. This includes the collection of garbage and other waste material, the maintenance and operation of sanitary landfill sites and solid waste landfill closure and post closure costs allocated to the current year. Water supply and distribution and wastewater treatment costs are not included in this line, except for costs funded by agreements between the Municipality and other governments. Water supply and distribution and wastewater treatment costs are accounted for by the HRWC. The investment in the HRWC is consolidated on the modified equity basis of accounting, as discussed in note 1.

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 for the Halifax Regional Centre for Education and Conseil scolaire acadien provincial.

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

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

For additional information, see the Consolidated Schedules of Segment Disclosure (see pages 32 and 33).

HALIFAX REGIONAL MUNICIPALITY

Schedule of Remuneration and Expenses for Reportable Individuals

Year ended March 31, 2019

(In thousands of dollars)

Council members:	Remuneration	Expenses	Total
M. Savage, Mayor	\$ 180	\$ 13	\$ 193
S. Adams	87	8	95
S. Austin	87	1	88
L. Blackburn	87	8	95
S. Cleary	87	2	89
S. Craig	87	3	90
D. Hendsbee	87	10	97
B. Karsten	87	11	98
T. Mancini	91	6	97
W. Mason	93	2	95
L. Nicoll	87	8	95
T. Outhit	87	2	89
L. Smith	87	-	87
S. Streach	87	14	101
R. Walker	87	8	95
M. Whitman	87	6	93
R. Zurawski	87	8	95
Chief Administrative Officer:			
J. Dubé	279	9	288

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

Expenses include travel and travel related accommodations, incidentals and transportation and meals, professional development and training expenses.

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Long-term Debt

Year ended March 31, 2019
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2018	Issued	Redeemed	Balance March 31, 2019
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 38,500	\$ -	\$ 5,500	\$ 33,000
05-B-1	15	3.63/4.83	2020	9,676	-	1,209	8,467
08-A-1	10	3.75/4.884	2018	2,650	-	2,650	-
08-B-1	10	3.1/5.095	2018	2,474	-	2,474	-
09-A-1	15	1.0/5.644	2024	17,390	-	4,395	12,995
09-B-1	10	0.97/4.329	2019	1,300	-	650	650
10-A-1	10	1.51/4.5	2020	6,120	-	2,040	4,080
10-B-1	10	1.55/3.87	2020	8,018	-	2,673	5,345
11-A-1	10	1.63/4.221	2021	5,300	-	1,325	3,975
11-B-1	10	1.219/3.645	2021	4,406	-	1,102	3,304
12-A-1	10	1.636/3.48	2022	7,400	-	1,480	5,920
12-B-1	10	1.51/3.16	2022	4,800	-	960	3,840
13-A-1	10	1.33/2.979	2023	14,160	-	2,360	11,800
13-B-1	10	1.285/3.614	2023	2,202	-	367	1,835
14-A-1	10	1.245/3.347	2024	15,313	-	2,188	13,125
14-B-1	10	1.20/3.19	2024	14,196	-	2,028	12,168
15-A-1	10	1.011/2.786	2025	21,600	-	2,700	18,900
15-B-1	10	1.040/2.894	2025	8,106	-	1,013	7,093
16-A-1	10	1.150/2.925	2026	17,550	-	1,950	15,600
17-A-1	10	1.20/2.653	2027	8,241	-	824	7,417
17-B-1	10	1.734/3.073	2027	11,110	-	1,111	9,999
18-A-1	10	2.06/3.2995	2028	-	19,567	-	19,567
18-B-1	10	2.49/3.389	2028	-	11,454	-	11,454
				220,512	31,021	40,999	210,534
Federation of Canadian Municipalities:							
FCM	20	2.0	2032	3,000	-	200	2,800
GMIF12028	10	1.75	2025	2,033	-	254	1,779
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	15	-	15	-
				225,562	31,021	41,468	215,115
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
14-B-1	10	1.20/3.19	2024	(7,000)	-	(1,000)	(6,000)
24-HBR-1	20	2.84/5.94	2024	(38,500)	-	(5,500)	(33,000)
				(45,500)	-	(6,500)	(39,000)
Long-term debt				\$ 180,062	\$ 31,021	\$ 34,968	\$ 176,115

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Long-term Debt

Year ended March 31, 2019
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2017	Issued	Redeemed	Balance March 31, 2018
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 44,000	\$ -	\$ 5,500	\$ 38,500
05-B-1	15	3.63/4.83	2020	10,885	-	1,209	9,676
07-A-1	10	4.45/4.63	2017	1,957	-	1,957	-
07-B-1	10	4.65/5.01	2017	880	-	880	-
08-A-1	10	3.75/4.884	2018	5,300	-	2,650	2,650
08-B-1	10	3.1/5.095	2018	4,948	-	2,474	2,474
09-A-1	15	1.0/5.644	2024	21,786	-	4,396	17,390
09-B-1	10	0.97/4.329	2019	1,950	-	650	1,300
10-A-1	10	1.51/4.5	2020	8,160	-	2,040	6,120
10-B-1	10	1.55/3.87	2020	10,690	-	2,672	8,018
11-A-1	10	1.63/4.221	2021	6,625	-	1,325	5,300
11-B-1	10	1.219/3.645	2021	5,507	-	1,101	4,406
12-A-1	10	1.636/3.48	2022	8,880	-	1,480	7,400
12-B-1	10	1.51/3.16	2022	5,760	-	960	4,800
13-A-1	10	1.33/2.979	2023	16,520	-	2,360	14,160
13-B-1	10	1.285/3.614	2023	2,569	-	367	2,202
14-A-1	10	1.245/3.347	2024	17,500	-	2,187	15,313
14-B-1	10	1.20/3.19	2024	16,224	-	2,028	14,196
15-A-1	10	1.011/2.786	2025	24,300	-	2,700	21,600
15-B-1	10	1.040/2.894	2025	9,119	-	1,013	8,106
16-A-1	10	1.150/2.925	2026	19,500	-	1,950	17,550
17-A-1	10	1.20/2.653	2027	-	8,241	-	8,241
17-B-1	10	1.734/3.073	2027	-	11,110	-	11,110
				243,060	19,351	41,899	220,512
Federation of Canadian Municipalities:							
FCM	20	2.0	2032	3,200	-	200	3,000
GMIF12028	10	1.75	2025	2,287	-	254	2,033
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
Sackville Landfill Trust:							
Acadia School	20	7.0	2018	104	-	89	15
				248,653	19,351	42,442	225,562
Less: Long-term debt recoverable from the Halifax Regional							
Water Commission:							
14-B-1	10	1.20/3.19	2024	(8,000)	-	(1,000)	(7,000)
24-HBR-1	20	2.84/5.94	2024	(44,000)	-	(5,500)	(38,500)
Other debt	1 to 4	2.55/6.875	2015/2017	(66)	-	(66)	-
				(52,066)	-	(6,566)	(45,500)
Long-term debt				\$ 196,587	\$ 19,351	\$ 35,876	\$ 180,062

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2019
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2019 Total
Revenue								
Taxation	\$ 519,743	\$ 6,704	\$ 80,815	\$ -	\$ -	\$ -	\$ 155,761	\$ 763,023
Taxation from other governments	38,782	-	-	-	-	-	-	38,782
User fees and charges	7,366	13,851	40,551	4,833	48,940	5,719	-	121,260
Government grants	4,347	3,800	36,473	3,578	6,629	-	-	54,827
Development levies	-	-	290	1,277	852	-	-	2,419
Investment income (note 5)	7,660	-	-	-	-	-	-	7,660
Penalties, fines and interest	5,973	5,425	-	-	249	-	-	11,647
Land sales, contributions and other revenue	4,492	-	8,639	-	778	8,982	-	22,891
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	12,404	-	-	-	-	-	-	12,404
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	4,999	-	-	-	-	-	-	4,999
Total revenue	605,766	29,780	166,768	9,688	57,448	14,701	155,761	1,039,912
Expenses								
Salaries, wages and benefits	51,039	162,366	100,848	2,477	63,049	12,504	-	392,283
Interest on long-term debt	1,123	225	2,630	136	1,262	32	-	5,408
Materials, goods, supplies and utilities	15,580	7,421	24,692	72	17,024	422	-	65,211
Contracted services	10,518	30,112	33,850	47,551	10,788	965	-	133,784
Other operating expenses	4,932	17,602	18,199	618	32,063	2,950	-	76,364
External transfers and grants	10,667	6,845	4,193	-	427	15,416	155,761	193,309
Amortization of tangible capital assets	20,851	4,291	96,344	2,675	17,634	60	-	141,855
Total expenses	114,710	228,862	280,756	53,529	142,247	32,349	155,761	1,008,214
Annual surplus (deficit)	\$ 491,056	\$ (199,082)	\$ (113,988)	\$ (43,841)	\$ (84,799)	\$ (17,648)	\$ -	\$ 31,698

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2019
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2018 Total
Revenue								
Taxation	\$ 497,883	\$ 6,685	\$ 80,253	\$ -	\$ -	\$ -	\$ 151,386	\$ 736,207
Taxation from other governments	38,569	-	-	-	-	-	-	38,569
User fees and charges	7,314	13,037	39,432	5,196	42,419	6,250	-	113,648
Government grants	3,629	3,800	56,338	3,747	7,310	-	-	74,824
Development levies	-	-	1,334	982	1,723	-	-	4,039
Investment income (note 5)	4,670	-	-	-	-	-	-	4,670
Penalties, fines and interest	5,859	5,503	-	-	285	-	-	11,647
Land sales, contributions and other revenue	6,194	102	14,912	-	975	5,060	-	27,243
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	21,781	-	-	-	-	-	-	21,781
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	4,774	-	-	-	-	-	-	4,774
Total revenue	590,673	29,127	192,269	9,925	52,712	11,310	151,386	1,037,402
Expenses								
Salaries, wages and benefits	46,909	155,656	98,190	2,367	61,839	11,887	-	376,848
Interest on long-term debt	819	283	2,945	229	1,432	38	-	5,746
Materials, goods, supplies and utilities	14,938	6,083	21,625	84	12,823	260	-	55,813
Contracted services	9,995	30,006	33,297	35,381	13,109	1,285	-	123,073
Other operating expenses	5,998	17,620	16,642	343	27,191	3,570	-	71,364
External transfers and grants	11,477	6,881	4,104	-	65	9,166	151,386	183,079
Amortization of tangible capital assets	20,751	4,079	94,967	2,672	15,152	43	-	137,664
Total expenses	110,887	220,608	271,770	41,076	131,611	26,249	151,386	953,587
Annual surplus (deficit)	\$ 479,786	\$ (191,481)	\$ (79,501)	\$ (31,151)	\$ (78,899)	\$ (14,939)	\$ -	\$ 83,815