

HALIFAX

**Audited
Consolidated
Financial
Statements
March 31, 2020**

Governance and Responsibilities

- HRM Management is responsible for preparing the financial statements and presenting them to the Audit Committee (the “Committee”).
- The Committee’s Terms of Reference states that the Committee is responsible for:
 - reviewing, in detail, the financial statements of the Municipality with the External Auditors,
 - evaluating internal control systems and management letters with the External Auditors, and,
 - review with management and the External Auditor and recommend to Regional Council for approval, the annual audited financial statements.
- KPMG, our External Auditor, provides an Opinion on the Financial Statements. On May 25, 2020, they provided their Audit Planning Report containing their approach and methodology, risks and confirmation of their independence.
- It is recommended that the Committee discuss issues with KPMG without Management present, as per Section 19(2)(c) of the Halifax Regional Municipality Charter, by moving in-camera.
- After these discussions, the Committee will vote on the motion in the Report.

Consolidated Entities

Recreation facilities:

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

Commissions, cultural and other facilities:

- Alderney Landing Association
- MetroPark Parkade Facility
- Events East Group (Halifax Convention Centre Corporation)
- Business Commissions and Associations
 - Downtown Dartmouth Business Commission
 - Downtown Halifax Business Commission
 - Main Street Dartmouth and Area Business Improvement Association
 - North End Business Association
 - Quinpool Road Mainstreet District Association Limited
 - Sackville Business Association
 - Spring Garden Area Business Association
 - Spryfield & District Business Commission
- Halifax Regional Library

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Consolidated Financial Statements – Highlights

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

Financial Statement – Walk Through

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Statement of Financial Position

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

Statement of Financial Position (in 000's)

	2020	2019
Financial assets		
Cash and short-term deposits (note 2)	\$ 365,582	\$ 315,624
Taxes receivable (note 3)	28,828	24,495
Accounts receivable (note 4)	56,722	46,021
Loans, deposits and advances	374	436
Land held for resale	47,105	57,316
Investments (note 5)	47,939	83
Investment in the Halifax Regional Water Commission (note 6)	204,697	183,798
	<u>751,247</u>	<u>627,773</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	122,294	107,522
Deferred revenue	61,978	69,655
Employee future benefits (notes 8 and 9)	64,675	60,753
Solid waste management facilities liabilities (note 10)	3,646	3,495
Long-term debt (note 11)	171,623	176,115
	<u>424,216</u>	<u>417,540</u>
Net financial assets	327,031	210,233
Non-financial assets		
Tangible capital assets (note 14)	1,854,162	1,851,554
Inventory and prepaid expenses	14,624	13,905
	<u>1,868,786</u>	<u>1,865,459</u>
Accumulated surplus (note 15)	\$ 2,195,817	\$ 2,075,692



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	<u>751,247</u>	<u>627,773</u>

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Statement of Financial Position (in 000's)

	2020	2019
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 120,504	\$ 107,522
Deferred revenue	61,978	69,655
Employee future benefits (notes 8 and 9)	64,675	60,753
Solid waste management facilities liabilities (note 10)	3,646	3,495
Long-term debt (note 11)	171,623	176,115
	<u>422,426</u>	<u>417,540</u>

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Statement of Financial Position (in 000's)

	2020	2019
Non-financial assets		
Tangible capital assets (note 14)	\$ 1,852,372	\$ 1,851,554
Inventory and prepaid expenses	14,624	13,905
	<u>1,866,996</u>	<u>1,865,459</u>

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Statement of Operations

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

Statement of Operations (in 000's)

	Budget	2020	2019
Revenue			
Taxation	\$ 778,946	\$ 798,880	\$ 763,023
Taxation from other governments	42,341	38,850	38,782
User fees and charges	120,877	130,640	121,260
Government grants	74,994	83,331	54,827
Development levies	5,948	3,698	2,419
Investment income (note 5)	5,930	9,608	7,660
Penalties, fines and interest	14,416	11,636	11,647
Land sales, contributions and other revenue	50,352	50,598	22,891
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 6)	6,143	6,143	12,404
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	5,147	5,078	4,999
Total revenue	1,105,094	1,138,462	1,039,912



Statement of Operations (in 000's)

	Budget	2020	2019
Expenses			
General government services	\$ 135,113	\$ 123,868	\$ 114,710
Protective services	237,694	239,365	228,862
Transportation services	291,638	287,390	280,756
Environmental services	43,818	43,222	53,529
Recreation and cultural services	146,606	148,738	142,247
Planning and development services	30,980	31,834	32,349
Educational services	158,675	158,676	155,761
Total expenses	1,044,524	1,033,093	1,008,214

Statement of Operations (in 000's)

	Budget	2020	2019
Annual surplus	\$ 60,570	\$ 105,369	\$ 31,698
Accumulated surplus, beginning of year	2,075,692	2,075,692	2,040,260
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 6)	-	14,756	3,734
Accumulated surplus, end of year	2,136,262	2,195,817	2,075,692

HALIFAX

**Audited General
Rate Surplus
March 31, 2020**

General Rate Surplus (in 000's)

Statement of General Rate Surplus

For the year ended March 31, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
General rate surplus, before transfers	\$ 35,120	\$ 26,057
Transfers to reserves:		
Contribution to Municipal Election reserve	-	(700)
Contribution to Parkland Development reserve	-	(2,000)
Contribution to Capital Fund reserve	(24,900)	(6,000)
Contribution to Debt Principal and Interest Repayment reserve	(3,600)	-
Contribution to General Contingency reserve	(6,620)	(17,357)
	(35,120)	(26,057)
General rate surplus	-	-

- Council will be asked to approve the additional transfers referenced above.

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**Miscellaneous
Trust Funds
March 31, 2020**

Summary of Assets (in dollars)

	2020	2019	Change
Cash	\$ 7,723,015	\$ 7,429,389	\$ 293,626
Accounts receivable	-	-	-
Due from Halifax Regional Municipality	-	109	(109)
Investments	6,410	6,410	-
Total assets	7,729,425	7,435,908	293,517

- Cash increased primarily due to tax sale revenue and interest received.

Summary of Liabilities and Funds Equity (in dollars)

	2020	2019	Change
Funds Equity	\$ 7,729,425	\$ 7,435,908	\$ 293,517
Total liabilities and equity	7,729,425	7,435,908	293,517

- Fund equity balances are detailed in Schedule included in Attachment 3.

Income and Expenditures (in dollars)

	2020	2019	Change
Income	\$ 703,348	\$ 453,194	\$ 250,154
Expenditures	409,831	426,746	(16,915)
Excess of Income over Expenditures	293,517	26,448	267,069

- Income increased primarily due to greater tax sales in 2019/20.
- Expenditures decreased primarily due to lower tax sale refunds and more Sackville Landfill Trust donations in 2019/20.

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**Additional Schedules
per Council and PNS
Requirements**

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$3.0m, \$2.6m has been spent or committed leaving \$339k available.
- District Activity Funds
 - Of the \$72.0k budget, \$71.1k has been spent or committed leaving \$0.9k remaining.

Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2019 was \$1.5m.
- Revenue of \$0.9m has been earned and \$0.8m has been spent.
- The surplus at March 31, 2020 is \$1.5m.

Hospitality Expenses

- For the three-month period ended March 31, 2020, hospitality expenditures were \$4.0k, bringing the YTD total to \$65.4k.
- Hospitality expenses are: Expenses incurred while hosting individuals from outside the municipal government for reasons of diplomacy, protocol, business development or promotional advocacy. Examples include: gifts, receptions, ceremonies, conferences, performances or other group events.

Expenses for Reportable Individuals

Name	Local Travel	Out of Town Travel	Development/ Training	Meals & Other Miscellaneous Expenses	Total	YTD Total
Mayor Mike Savage	\$ 197	\$ 1,252	\$ -	\$ 222	\$ 1,671	\$ 16,532
Councillor Steve Streach	3,106	-	521	-	3,628	13,842
Councillor David Hendsbee	1,891	-	-	-	1,891	8,736
Councillor Bill Karsten	1,865	-	521	-	2,387	5,975
Councillor Lorelei Nicoll	561	-	-	-	561	7,937
Councillor Sam Austin	-	375	521	-	895.99	4,189
Councillor Tony Mancini	1,985	-	-	-	1,985	7,987
Councillor Wayne Mason	-	375	-	-	375	1,114
Councillor Lindell Smith	-	1,246	-	-	1,246	3,974
Councillor Shawn Cleary	10	355	-	-	365	365
Councillor Russell Walker	-	1,406	521	-	1,927	8,011
Councillor Steve Adams	2,107	-	-	-	2,107	10,385
Councillor Richard Zurawski	1,166	-	521	-	1,687	8,197
Councillor Matt Witman	974	424	521	-	1,920	7,433
Deputy Mayor Lisa Blackburn	1,450	-	-	-	1,450	9,057
Councillor Steve Craig	-	-	-	-	-	432
Councillor Paul Russell	1,119	355	-	-	1,474	2,215
Councillor Tim Outhit	-	-	-	-	-	3,342
Jacques Dubé, CAO	15	4,615	574	225	5,429	19,950
Total	16,446	10,402	3,702	447	30,998	139,673

Amounts shown are net HST.