

HALIFAX

**Audited
Consolidated
Financial
Statements
March 31, 2021**

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 March 25, 2021, 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:

- Halifax 4-Pad
- 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:
 - Net financial assets can provide financial resources to finance future operations.
 - The non-financial assets of the Municipality (tangible capital assets and inventory and prepaid expenses) are normally for use in the provision of services.
 - The accumulated surplus of the Municipality.

Statement of Financial Position (in 000's)

	2021	2020
Financial assets		
Cash and short-term deposits (note 3)	\$ 414,631	\$ 365,582
Taxes receivable (note 4)	29,603	28,828
Accounts receivable (note 5)	43,976	56,722
Loans, deposits and advances	355	374
Land held for resale	41,237	47,105
Investments (note 6)	74,935	47,939
Investment in the Halifax Regional Water Commission (note 7)	203,778	204,697
	<u>808,515</u>	<u>751,247</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	127,717	120,504
Deferred revenue	63,312	61,978
Employee future benefits (notes 9 and 10)	68,349	64,675
Solid waste management facilities liabilities (note 11)	4,539	3,646
Long-term debt (note 12)	133,986	171,623
	<u>397,903</u>	<u>422,426</u>
Net financial assets	410,612	328,821
Non-financial assets		
Tangible capital assets (note 15)	1,841,656	1,852,372
Inventory and prepaid expenses	13,393	14,624
	<u>1,855,049</u>	<u>1,866,996</u>
Accumulated surplus (note 16)	\$ 2,265,661	\$ 2,195,817

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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	2021	2020
Revenue			
Taxation	\$ 810,082	\$ 823,487	\$ 798,880
Taxation from other governments	40,189	40,760	38,850
User fees and charges	96,136	74,605	130,640
Government grants	48,381	102,161	83,331
Development levies	1,728	2,937	3,698
Investment income (note 6)	3,680	4,500	9,608
Penalties, fines and interest	11,454	7,545	11,636
Land sales, contributions and other revenue	37,312	38,546	50,598
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	2,310	2,310	6,143
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	6,113	5,951	5,078
Total revenue	1,057,385	1,102,802	1,138,462



Statement of Operations (in 000's)

	Budget	2021	2020
Expenses			
General government services	151,741	126,368	123,868
Protective services	240,773	238,349	239,365
Transportation services	287,524	287,352	287,390
Environmental services	47,695	47,366	43,222
Recreation and cultural services	142,932	132,311	148,738
Planning and development services	30,539	33,829	31,834
Educational services	164,154	164,154	158,676
Total expenses	1,065,358	1,029,729	1,033,093

Statement of Operations (in 000's)

	Budget	2021	2020
Annual surplus	(7,973)	73,073	105,369
Accumulated surplus, beginning of year	2,195,817	2,195,817	2,075,692
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 7)	-	(3,229)	14,756
Accumulated surplus, end of year	\$ 2,187,844	\$ 2,265,661	\$ 2,195,817

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**Audited General
Rate Surplus
March 31, 2021**

General Rate Surplus (in 000's)

Statement of General Rate Surplus

For the year ended March 31, 2021, with comparative information for 2020
(In thousands of dollars)

	2021	2020
General rate surplus, before transfers	\$ 32,923	\$ 35,120
Transfers to reserves:		
Contribution to Strategic Capital reserve	(10,000)	-
Contribution to Capital Fund reserve	(11,923)	(24,900)
Contribution to Debt Principal and Interest Repayment reserve	-	(3,600)
Contribution to General Contingency reserve	(11,000)	(6,620)
	(32,923)	(35,120)
General rate surplus	-	-

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

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**Miscellaneous
Trust Funds
March 31, 2021**

Summary of Assets (in dollars)

	2021	2020	Change
Cash	\$7,548,808	\$7,723,015	(\$174,207)
Due from Halifax Regional Municipality	\$1,136	\$0	\$1,136
Investments	\$6,410	\$6,410	\$0
Total assets	\$7,556,354	\$7,729,425	(\$173,071)

- Cash decreased primarily due to lower tax sale revenue as well as donations and payments of bursaries.

Summary of Liabilities and Funds Equity (in dollars)

	2021	2020	Change
Funds Equity	\$7,556,354	\$7,729,425	(\$173,071)
Total liabilities and equity	\$7,556,354	\$7,729,425	(\$173,071)

- Fund equity balances are detailed in Schedule.

Income and Expenditures (in dollars)

	2020	2019	Change
Income	\$162,758	\$703,348	(\$540,590)
Expenditures	\$335,829	\$409,831	(\$74,002)
Excess of Income over Expenditures	(\$173,071)	\$293,517	(\$466,588)

- Income decreased primarily due to fewer tax sales in 2020/21.
- Expenditures decreased primarily due to lower interest transfers to HRM.

HALIFAX

**Fourth Quarter
Financial Report**

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$2.3M, \$1.6M has been spent or committed leaving \$727K available for carry-forward.
- District Activity Funds
 - Of the \$72.0K budget, \$64.0K has been spent or committed leaving \$8.0K remaining.

Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2020 was \$1.5M.
- Revenue of \$0.8M has been earned and \$1.0M has been spent.
- The surplus at March 31, 2021 is \$1.3M.

Hospitality Expenses

- For the three-month period ended March 31, 2021 there were no hospitality expenditures, resulting in the YTD total of \$393.
- 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	-	-	-	420	420	1,433
Councillor Steve Streach	-	-	-	-	-	888
Councillor Cathy Deagle-Gammon	516	-	-	-	516	516
Councillor David Hendsbee	1,310	-	-	-	1,310	5,245
Councillor Bill Karsten	-	-	-	-	-	111
Councillor Becky Kent	-	-	-	-	-	-
Councillor Lorelei Nicoll	-	-	-	-	-	-
Councillor Trish Purdy	42	-	-	-	42	42
Councillor Sam Austin	7	-	-	-	7	7
Councillor Tony Mancini	-	-	-	-	-	-
Councillor Wayne Mason	-	-	-	-	-	-
Councillor Lindell Smith	-	-	-	-	-	-
Councillor Shawn Cleary	-	-	-	-	-	-
Councillor Russell Walker	-	-	-	-	-	-
Councillor Kathryn Morse	-	-	-	-	-	-
Councillor Steve Adams	-	-	-	-	-	8,057
Councillor Patty Cuttell	367	-	-	-	367	409
Councillor Richard Zurawski	-	-	-	-	-	-
Councillor Iona Stoddard	227	-	-	-	227	227
Councillor Matt Whitman	-	-	-	-	-	775
Councillor Pam Lovelace	589	-	-	-	589	589
Councillor Lisa Blackburn	193	-	-	-	193	549
Councillor Steve Craig	-	-	-	-	-	-
Councillor Paul Russell	-	-	-	-	-	-
Deputy Mayor Tim Outhit	-	-	-	-	-	-
CAO Jacques Dubé	-	-	-	-	-	236
Total	3,250	-	-	420	3,670	19,085