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MEMORANDUM

TO: Mayor & Members of Halifax Regional Council

FROM: Nancy Harper, Accounting Controls & Reporting Manager

DATE: August 9, 2021

SUBJECT: Changes to Audited Consolidated Financial Statements, March 31, 2021 since Audit Committee review and approval on July 21, 2021

Since the date the Audited Consolidated Financial Statements were sent to the Audit Committee, on-going review for cosmetic wording, phrasing, verification of notes consistency has continued. The following is a list of changes since the July 21, 2021 approval of the Consolidated Financial Statements to March 31, 2021 by the Audit Committee:

Page 4 Statement of Operation

- Changed the wording to be (loss) gain and not gain (loss) for Increase in investment in the
- Halifax Regional Water Commission before remeasurement in two places

Page 5 Statement of Change in Net Financial Assets

- Added the word "(loss)" after Gain on disposal of tangible capital assets
- Changed the wording to (loss) gain for Remeasurement from investment in Halifax Regional Water Commission

Page 6 Statement of Cash Flow

- Added the word "(loss)" after Gain on disposal of tangible capital assets and changed gain (loss) to (loss) gain for Halifax Regional Water Commission

Page 7 Name of Entities Consolidated

- Corrected name to HRM 4-Pad (formerly BMO Centre)

Page 11 Note 2

- Removed the word "However" at the beginning of the second sentence and change indenting to be consistent with document

Finance & Asset Management

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Page 13 Note 7

- Changed the wording to (loss) gain not gain (loss)

Page 15 Note 9

- Changed the description of Retirement age to match to exact wording in Actuary Report
From: 40% 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)

To: 60% of employees will retire on their earliest unreduced retirement date from the HRMPP (or in one year from the valuation date if they are immediately eligible). The remainder will retire on their normal retirement date.

Page 26 Note 19 Budget Data

- Changed to Note 20

Page 32 and 33 Segmented Reporting

- Investment Income (note 5) changed to (note 6)
- HRWC (note 6) changed to (note 7)

REVISED Aug 9/21

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2021

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2021

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2021

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

Jerry Blackwood, CPA, CGA
Chief Financial Officer, Executive Director
Finance and Asset Management

Independent Auditors' Report

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

As at March 31, 2021, with comparative information for 2020
(In thousands of dollars)

	2021	2020
Financial assets		
Cash and cash equivalents (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)	<u>\$ 2,265,661</u>	<u>\$ 2,195,817</u>

Commitments and contingent liabilities (notes 14 and 17)

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, 2021, with comparative information for 2020
(In thousands of dollars)

	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	70,859	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 (loss) gain (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	1,032,108	1,102,802	1,138,462
Expenses			
General government services	147,937	126,368	123,868
Protective services	240,773	238,349	239,365
Transportation services	287,524	287,352	287,390
Environmental services	47,697	47,366	43,222
Recreation and cultural services	129,897	132,311	148,738
Planning and development services	31,646	33,829	31,834
Educational services	164,154	164,154	158,676
Total expenses	1,049,628	1,029,729	1,033,093
Annual surplus	(17,520)	73,073	105,369
Accumulated surplus, beginning of year	2,195,817	2,195,817	2,075,692
Remeasurement (loss) gain from investment in Halifax Regional Water Commission (note 7)	-	(3,229)	14,756
Accumulated surplus, end of year	\$ 2,178,297	\$ 2,265,661	\$ 2,195,817

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, 2021, with comparative information for 2020
(In thousands of dollars)

	Budget	2021	2020
Annual surplus	\$ (17,520)	\$ 73,073	\$ 105,369
Acquisition of tangible capital assets and contributed tangible capital assets	(135,131)	(134,100)	(145,577)
Amortization of tangible capital assets	144,558	144,558	144,702
Gain (loss) on disposal of tangible capital assets	-	258	(300)
Proceeds on disposal of tangible capital assets	-	-	357
	- 8,093	83,789	104,551
Acquisition of inventories of supplies and prepaid expenses	-	(29,114)	(34,523)
Consumption of inventories of supplies and use of prepaid expenses	-	30,345	33,804
Remeasurement (loss) gain from investment in Halifax Regional Water Commission (note 7)	-	(3,229)	14,756
	-	(1,998)	14,037
Net change in net financial assets	(8,093)	81,791	118,588
Net financial assets, beginning of year	328,821	328,821	210,233
Net financial assets, end of year	\$ 320,728	\$ 410,612	\$ 328,821

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, 2021, with comparative information for 2020
(In thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 73,073	\$ 105,369
Items not involving cash:		
Amortization of tangible capital assets	144,558	144,702
Gain (loss) on disposal of tangible capital assets	258	(300)
Contributed tangible capital assets	(5,341)	(10,077)
Increase in investment in the Halifax Regional Water Commission before remeasurement (loss) gain	(2,310)	(6,143)
	210,238	233,551
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(775)	(4,333)
Decrease (increase) in accounts receivable	12,746	(10,701)
Decrease in loans, deposits and advances	19	62
Decrease in land held for resale	5,868	10,211
Decrease (increase) in inventory and prepaid expenses	1,231	(719)
Increase in accounts payable and accrued liabilities	7,213	12,982
Increase (decrease) in deferred revenue	1,334	(7,677)
Increase in employee future benefits	3,674	3,922
Increase in solid waste management facilities liabilities	893	151
Net change in cash from operating activities	242,441	237,449
Capital activities		
Proceeds on disposal of tangible capital assets	-	357
Acquisition of tangible capital assets	(128,759)	(135,500)
Net change in cash from capital activities	(128,759)	(135,143)
Investing activities		
Increase in investments	(26,996)	(47,856)
Net change in cash from investing activities	(26,996)	(47,856)
Financing activities		
Long-term debt issued	-	28,439
Long-term debt redeemed	(44,137)	(39,431)
Long-term debt recovered from the Halifax Regional Water Commission	6,500	6,500
Net change in cash from financing activities	(37,637)	(4,492)
Net change in cash and cash equivalents	49,049	49,958
Cash and cash equivalents, beginning of year	365,582	315,624
Cash and cash equivalents, end of year	\$ 414,631	\$ 365,582

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(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:

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

Commissions, cultural and other facilities:

- Alderney Landing Facility 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
- Porters Lake 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, 2021
(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 and balances are not eliminated.
The Municipality recognizes its equity interest in the annual net income or loss of the HRWC in its consolidated statement of operations with a corresponding increase or decrease in its investment account.
- (d) Basis of accounting:
Revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable and expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.
- (e) Use of estimates:
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability, contaminated sites liability and in performing actuarial valuations of employee future benefits. These estimates and assumptions are based on the Municipality's best judgement and may differ significantly from actual results.
- (f) Taxation and related revenues:
Property tax billings are prepared by the Municipality based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province of Nova Scotia in respect of contributions to education, corrections and housing. 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, 2021

(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, 2021
(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, 2021
(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. Future changes in accounting policies:

The new asset retirement obligation standard is effective for fiscal years beginning on or after April 1, 2022 and earlier adoption is permitted. The Municipality has not early adopted the new standard in preparing these consolidated financial statements. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. At the date of initial application, the standard will require the Municipality to record a liability related to future costs of any legal obligation to be incurred upon retirement of any controlled tangible capital assets. The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.

3. Cash and cash equivalents:

	2021	2020
Halifax Regional Municipality	\$ 404,169	\$ 351,593
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	10,462	13,989
Total	\$ 414,631	\$ 365,582

Cash and cash equivalents includes cash on hand, deposits held at bank, redeemable investments and other short-term highly-liquid investments with maturities of three months or less.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

4. Taxes receivable:

	2021	2020
Taxes receivable	\$ 31,569	\$ 31,124
Allowance	(1,966)	(2,296)
Total	\$ 29,603	\$ 28,828

5. Accounts receivable:

	2021	2020
Federal government	\$ 11,796	\$ 8,807
Provincial government	7,481	7,547
Other receivables	25,825	40,917
Allowance	(1,126)	(549)
Total	\$ 43,976	\$ 56,722

6. 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 term to maturity of more than 90 days.

	2021 Cost	2021 Market value	2020 Cost	2020 Market value
Money market instruments	\$ 74,935	75,012	\$ 47,939	\$ 48,437
Total	\$ 74,935	\$ 75,012	\$ 47,939	\$ 48,437

The investment income earned on money market instruments is \$4,500 (2020 - \$9,608).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

7. 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:

	2021	2020
Financial position		
Current assets	\$ 89,913	\$ 92,131
Capital assets	1,334,399	1,320,877
Total assets	1,424,312	1,413,008
Current liabilities	58,716	67,524
Long-term liabilities	1,161,818	1,140,787
Total liabilities	1,220,534	1,208,311
Net assets	\$ 203,778	\$ 204,697
Results of operations		
Revenues	\$ 136,569	\$ 137,750
Operating expenses	(141,973)	(139,242)
Financing expenses	(7,327)	(7,331)
Other income	21,184	20,236
Regulatory deferral account amortization	(192)	(192)
Net income before grant in lieu of tax	8,261	11,221
Grant in lieu of tax	(5,951)	(5,078)
Increase in investment before remeasurement (loss) gain	2,310	6,143
Investment, beginning of year	204,697	183,798
Change in investment through remeasurement (loss) gain	(3,229)	14,756
Investment, end of year	\$ 203,778	\$ 204,697

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

	2021	2020
Revenues		
Grant in lieu of tax	\$ 5,951	\$ 5,078
Expenses		
Stormwater charge	\$ 3,835	\$ 3,835
Fire protection charge	\$ 7,364	\$ 7,144

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, 2021
(In thousands of dollars)

8. Accounts payable and accrued liabilities:

	2021	2020
Trade accounts payable	\$ 57,881	\$ 53,974
Federal government	9,112	9,516
Provincial government	10,209	14,608
Salaries and wages payable	497	558
Accrued liabilities	48,647	40,062
Accrued interest	1,371	1,786
Total	\$ 127,717	\$ 120,504

9. 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 ten 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 benefit 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 \$37,669 for the period ending March 31, 2021 (2020- \$36,953). 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, 2019. The next actuarial valuation of the HRM Plan will be required as at a date not later than December 31, 2022, with the option of filing the actuarial valuation on an annual basis, in accordance with the minimum requirements of the Nova Scotia Pension Benefits Act. The interest rate used in the last filed valuation was 6.25% per year. The following estimates as at December 31, 2020 are based on the actuarial valuation as at December 31, 2019 extrapolated to December 31, 2020 and are based on a discount rate assumption of 6.25% per annum (2019 - 6.10%).

	2021 Extrapolated	2020 Extrapolated
Actuarial value of plan assets	\$ 2,183,878	\$ 2,030,842
Estimated present value of accrued pension benefits	(2,314,361)	(2,126,277)
Estimated funding deficit	\$ (130,483)	\$ (95,435)

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

9. 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: 6.25% per year

Salary increase: 3.0% per year plus merit and promotional increases

Retirement age: 60% of employees will retire on their earliest unreduced retirement date from the HRMPP (or in one year from the valuation date if they are immediately eligible). The remainder will retire on their normal retirement date.

10. 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, 2021. The last actuarial valuation of the police health trust benefits was conducted as at March 31, 2020. 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, 2021. 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:

	2021	2020
Accrued benefit obligation, beginning of year	\$ 71,774	\$ 65,632
Current period benefit cost	9,931	6,740
Benefit payments	(9,568)	(6,216)
Interest cost	1,946	2,293
Actuarial loss	10,527	3,325
Accrued benefit obligation, end of year	\$ 84,610	\$ 71,774

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

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

	2021	2020
Main assumptions used for fiscal year-end disclosure		
Discount rate	2.53%	2.53%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	2.53%	3.31%
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, 2021 is estimated to include the following components:

	2021	2020
Accrued benefit obligation		
Retiring allowances	\$ 36,288	\$ 35,079
Sick leave	33,560	22,678
HRM pension contributions for employees on long-term disability	8,056	7,098
Police Health Trust	2,556	2,464
Other	4,150	4,455
	84,610	71,774
Unamortized actuarial loss	(16,261)	(7,099)
Benefit liability	\$ 68,349	\$ 64,675

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:

	2021	2020
Current period benefit cost	\$ 9,931	\$ 6,740
Amortization of actuarial loss	1,365	1,105
Other employee benefit expense	11,296	7,845
Other employee benefit interest expense	1,946	2,293
Total expense related to other employee benefit plans	\$ 13,242	\$ 10,138

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

11. 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 1.66 % (2020- 2.30%) and a forecasted inflation rate of 1.09 % (2020 - 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 15 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 (2020 - 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, 2021
(In thousands of dollars)

11. Solid waste management facilities liabilities (continued):

	Sackville	Otter Lake	Mengoni	2021 Total
Estimated present value of closure and post closure costs	\$ 18,884	37,893	2,568	\$ 59,345
Less: expenses incurred	18,224	34,195	2,387	54,806
	660	3,698	181	4,539
Reserve fund				8,771
Excess of available reserve over liability				\$ (4,232)

	Sackville	Otter Lake	Mengoni	2020 Total
Estimated present value of closure and post closure costs	\$ 19,284	\$ 36,529	\$ 2,552	\$ 58,365
Less: expenses incurred	18,156	34,195	2,368	54,719
	1,128	2,334	184	3,646
Reserve fund				8,785
Excess of available reserve over liability				\$ (5,139)

12. 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 page 30 and 31).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2021 are as follows:

2021/22	25,668
2022/23	23,241
2023/24	20,801
2024/25	22,374
2025/26	13,999
Thereafter	27,903
Total	\$ 133,986

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

13. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2021 are \$7,557 (2020 - \$7,729).

14. 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:

2021/22	\$	7,054
2022/23		6,788
2023/24		6,214
2024/25		5,857
2025/26		5,735
Total	\$	31,648

(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:

2021/22	\$	9,427
2022/23		6,294
2023/24		4,782
2024/25		3,349
2025/26		2,927
Total	\$	26,779

(c) The Municipality has entered into several long-term contracts for waste resources operations with aggregate annual payments of approximately \$40,291 (2020 - \$38,531) 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, 2021
(In thousands of dollars)

15. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions (Net of transfers)	Disposals	Balance at March 31, 2021
Land	\$ 294,915	\$ 2,119	\$ -	\$ 297,034
Land improvements	284,047	6,597	-	290,644
Buildings	656,424	24,123	-	680,547
Vehicles	298,292	4,622	(41,668)	261,246
Machinery and equipment	115,568	17,459	-	133,027
Roads and infrastructure	2,089,256	48,940	-	2,138,196
Dams	480	-	-	480
Ferries	37,934	-	-	37,934
Leasehold improvements	3,291	-	-	3,291
Assets under construction	47,810	30,240	-	78,050
Total	\$ 3,828,017	\$ 134,100	\$ (41,668)	\$ 3,920,449

Accumulated amortization	Balance at March 31, 2020	Disposals	Amortization expense	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	206,733	-	5,748	212,481
Buildings	312,931	-	23,985	336,916
Vehicles	183,717	(41,410)	17,498	159,805
Machinery and equipment	63,533	-	19,184	82,717
Roads and infrastructure	1,194,185	-	76,862	1,271,047
Dams	480	-	-	480
Ferries	12,095	-	1,099	13,194
Leasehold improvements	1,971	-	182	2,153
Assets under construction	-	-	-	-
Total	\$ 1,975,645	\$ (41,410)	\$ 144,558	\$ 2,078,793

	Net book value March 31, 2020	Net book value March 31, 2021
Land	\$ 294,915	\$ 297,034
Land improvements	77,314	78,163
Buildings	343,493	343,631
Vehicles	114,575	101,441
Machinery and equipment	52,035	50,310
Roads and infrastructure	895,071	867,149
Dams	-	-
Ferries	25,839	24,740
Leasehold improvements	1,320	1,138
Assets under construction	47,810	78,050
Total	\$ 1,852,372	\$ 1,841,656

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021

(In thousands of dollars)

15. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions (Net of transfers)	Disposals	Balance at March 31, 2020
Land	\$ 287,262	\$ 7,710	\$ (57)	\$ 294,915
Land improvements	277,879	6,168	-	284,047
Buildings	644,479	11,945	-	656,424
Vehicles	278,802	22,000	(2,510)	298,292
Machinery and equipment	107,905	18,764	(11,101)	115,568
Roads and infrastructure	2,030,275	58,981	-	2,089,256
Dams	480	-	-	480
Ferries	37,751	183	-	37,934
Leasehold improvements	3,097	194	-	3,291
Assets under construction	28,178	19,632	-	47,810
Total	\$ 3,696,108	\$ 145,577	\$ (13,668)	\$ 3,828,017

Accumulated amortization	Balance at March 31, 2019	Disposals	Amortization expense	Balance at March 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	201,132	-	5,601	206,733
Buildings	289,136	-	23,795	312,931
Vehicles	170,271	(2,510)	15,956	183,717
Machinery and equipment	54,725	(11,101)	19,909	63,533
Roads and infrastructure	1,116,032	-	78,153	1,194,185
Dams	480	-	-	480
Ferries	10,981	-	1,114	12,095
Leasehold improvements	1,797	-	174	1,971
Assets under construction	-	-	-	-
Total	\$ 1,844,554	\$ (13,611)	\$ 144,702	\$ 1,975,645

	Net book value March 31, 2019	Net book value March 31, 2020
Land	\$ 287,262	\$ 294,915
Land improvements	76,747	77,314
Buildings	355,343	343,493
Vehicles	108,531	114,575
Machinery and equipment	53,180	52,035
Roads and infrastructure	914,243	895,071
Dams	-	-
Ferries	26,770	25,839
Leasehold improvements	1,300	1,320
Assets under construction	28,178	47,810
Total	\$ 1,851,554	\$ 1,852,372

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

15. Tangible capital assets (continued):

- (a) Assets under construction:
Assets under construction having a value of \$78,050 (2020 - \$47,810) 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 \$5,341 (2020 - \$10,077) and is comprised of roads and infrastructure in the amount of \$3,222 (2020 - \$10,077), land and land improvements having a value of \$2,119 (2020 - \$nil).
- (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 (2020 - \$nil).
- (f) Roads and infrastructure:
Roads and infrastructure have a net book value of \$867,149 (2020 - \$895,071) and are comprised of: road beds - \$242,749 (2020 - \$254,214), road surfaces - \$233,413 (2020 - \$251,858), infrastructure - \$373,198 (2020 - \$373,533) and bridges - \$17,789 (2020 - \$15,466).
- (g) Buildings:
Buildings have a net book value of \$343,631 (2020 - \$343,493) and are comprised of: structure and electrical - \$128,478 (2020 - \$123,177), mechanical, roof, exterior architecture, and site work - \$164,263 (2020 - \$169,078), and interior architecture - \$50,890 (2020 - \$51,238).
- (h) Land Improvements:
Land improvements have a net book value of \$78,163 (2020 - \$77,314) and are comprised of: bridges, docks, seawalls, and wharves - \$20,742 (2020 - \$18,978), sports fields and skateparks - \$11,914 (2020 - \$24,242), playground and other land improvements - \$44,139 (2020 - \$29,209), and trails - \$1,368 (2020 - \$4,885).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

16. Accumulated surplus:

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

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 1,707,670	\$ 1,680,749
Other	(47,058)	23,256
Equity in Halifax Regional Water Commission (note 7)	203,778	204,697
Funded by reserves		
Landfill closure costs (note 11)	(4,539)	(3,646)
Unfunded		
Employee future benefits, accrued interest and other	(19,430)	(21,008)
Total surplus	1,840,421	1,884,048
Risk reserves set aside by Council		
Insurance and risk	4,293	4,258
Police officer on the job injury	2,287	2,244
Operating stabilization	8,594	8,782
General contingency	58,361	21,360
Total risk reserves set aside by Council	73,535	36,644
Obligation reserves set aside by Council		
Landfill closure and post closure costs (note 11)	8,771	8,785
Municipal election	1,188	2,517
Convention centre	3,690	3,684
Capital fund	61,834	41,020
Fleet vehicles and equipment	2,127	2,168
Central Library recapitalization	6,296	5,320
Building recapitalization and replacement	3,823	4,282
Multi-District facilities	9,636	7,445
Transit capital	4,425	4,389
Solid waste facilities	16,178	16,354
Total obligation reserves set aside by Council	117,968	95,964
Opportunity reserves set aside by Council		
Strategic capital	90,039	55,496
Parkland development	7,106	6,680
Business/Industrial parks expansion	56,807	48,687
Community and events	2,858	2,926
Gas tax	8,532	28,822
Debt principal and interest repayment	66,100	36,550
Density Bonusing	2,295	
Total opportunity reserves set aside by Council	233,737	179,161
Total accumulated surplus	\$ 2,265,661	\$ 2,195,817

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

17. Contingent liabilities:

- (a) As of March 31, 2021, 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 20.29% at March 31, 2021 (2020 - 18.91%). As at March 31, 2021, total outstanding debt is \$225,591 (2020 - \$220,075), with maturity dates ranging from 2021 to 2030. The Municipality is responsible for outstanding debt of \$26,000 (2020 - \$32,500) recoverable from the HRWC.

18. 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 6.

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, 2021
(In thousands of dollars)

19. Amounts contributed for provincially mandated services:

	Budget	2021	2020
Education services	\$ 164,154	\$ 164,154	\$ 158,676
Assessment services	7,357	7,336	7,227
Social housing	3,500	4,377	3,298
Correctional services	6,751	6,774	6,731
Total	\$ 181,762	\$ 182,641	\$ 175,932

(a) Education services

The Municipality is required to provide a mandatory contribution in the amount of \$149,608 (2020 - \$143,680) and supplementary contributions of \$14,546 (2020 - \$14,996) 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, 2021
(In thousands of dollars)

20. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2020/21 operating and capital budgets approved by Council on June 9, 2020, 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 2020/21 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.

	2021	2020
Revenue		
Operating budget	\$ 955,513	\$ 955,656
Capital budget	149,826	163,969
	<u>1,105,339</u>	<u>1,119,625</u>
Less:		
Miscellaneous capital funding	(16,745)	(5,155)
Principal and interest recovery from Halifax Regional Water Commission	(8,105)	(8,443)
Tax concessions	(10,321)	(11,161)
Transfers from reserves to capital	(55,739)	(85,213)
Transfers from operating to capital	(20,500)	(37,005)
Long-term debt issued	(24,401)	(27,109)
	<u>(135,811)</u>	<u>(174,086)</u>
Add:		
Revenues from agencies, boards and commissions	12,321	37,599
Restricted area rate surpluses	2,863	4,687
Proceeds from sale of assets	33,636	45,866
Reserve revenue - Gas Tax	24,971	25,123
Interest on reserves	2,930	2,930
Development levies in reserves	1,550	4,157
Other reserve revenue	3,005	1,997
Tangible capital asset related adjustments	(21,006)	31,053
Increase in investment of the Halifax Regional Water Commission before remeasurement gain (loss)	2,310	6,143
	<u>62,580</u>	<u>159,555</u>
Total revenue	<u>\$ 1,032,108</u>	<u>\$ 1,105,094</u>

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2021
(In thousands of dollars)

20. Budget data (continued):

	2021	2020
Expenses		
Operating budget	\$ 955,513	\$ 955,656
Less:		
Tax concessions	(10,321)	(11,161)
Transfers from operating to capital	(20,500)	(37,005)
Net transfers from operating to reserves	(23,151)	(21,910)
Change in solid waste management facilities liabilities	893	151
Principal and interest payments made on behalf of Halifax Regional Water Commission	(8,105)	(8,443)
Long-term debt redeemed	(31,592)	(32,846)
	(92,776)	(111,214)
Add:		
Expenses from agencies, boards and commissions	17,231	37,511
Cost of lots sold in business parks	2,011	1,771
Application of restricted area rate surpluses	2,863	4,284
Tangible capital assets adjustments including amortization	164,786	156,516
	186,891	200,082
Total expenses	1,049,628	1,044,524
Annual surplus (deficit)	\$ (17,520)	\$ 60,570

21. 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

Year ended March 31, 2021
(In thousands of dollars)

21. 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, 2021

(In thousands of dollars)

Council members:	Remuneration	Expenses	Total
M. Savage, Mayor	\$ 197,355	\$ 1,433	\$ 198,788
S. Adams	52,762	8,057	60,819
S. Austin	92,258	7	92,265
L. Blackburn	98,232	549	98,781
S. Cleary	92,258	-	92,258
P. Cuttell	36,055	409	36,464
C. Deagle-Gammon	38,883	516	39,399
D. Hendsbee	92,258	5,245	97,503
B. Karsten	53,729	111	53,840
B. Kent	38,883	-	38,883
P. Lovelace	38,883	589	39,472
T. Mancini	92,258	-	92,258
W. Mason	95,793	-	95,793
K. Morse	38,883	-	38,883
L. Nicoll	53,729	-	53,729
T. Outhit	95,510	-	95,510
T. Purdy	38,883	42	38,925
P. Russell	92,258	-	92,258
L. Smith	92,258	-	92,258
I. Stoddard	38,883	227	39,110
S. Streach	53,729	888	54,617
R. Walker	52,762	-	52,762
M. Whitman	53,729	775	54,504
R. Zurawski	57,264	-	57,264
Chief Administrative Officer:			
J. Dubé	318,890	236	319,126

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, 2021
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2020	Issued	Redeemed	Balance March 31, 2021
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 27,500	\$ -	\$ 5,500	\$ 22,000
05-B-1	15	3.63/4.83	2020	7,257	-	7,257	-
09-A-1	15	1.0/5.644	2024	8,600	-	860	7,740
10-A-1	10	1.51/4.5	2020	2,040	-	2,040	-
10-B-1	10	1.55/3.87	2020	2,672	-	2,672	-
11-A-1	10	1.63/4.221	2021	2,650	-	1,325	1,325
11-B-1	10	1.219/3.645	2021	2,203	-	1,102	1,101
12-A-1	10	1.636/3.48	2022	4,440	-	1,480	2,960
12-B-1	10	1.51/3.16	2022	2,880	-	960	1,920
13-A-1	10	1.33/2.979	2023	9,440	-	2,360	7,080
13-B-1	10	1.285/3.614	2023	1,468	-	367	1,101
14-A-1	10	1.245/3.347	2024	10,937	-	2,188	8,749
14-B-1	10	1.20/3.19	2024	10,140	-	2,028	8,112
15-A-1	10	1.011/2.786	2025	16,200	-	2,700	13,500
15-B-1	10	1.040/2.894	2025	6,080	-	1,013	5,067
16-A-1	10	1.150/2.925	2026	13,650	-	1,950	11,700
17-A-1	10	1.20/2.653	2027	6,593	-	824	5,769
17-B-1	10	1.734/3.073	2027	8,888	-	1,111	7,777
18-A-1	10	2.06/3.2995	2028	17,610	-	1,957	15,653
18-B-1	10	2.49/3.389	2028	10,309	-	1,145	9,164
19-B-1	10	2.015/2.561	2029	28,439	-	2,844	25,595
				199,996	-	43,683	156,313
Federation of Canadian Municipalities:							
GMIF10309	20	2.0	2032	2,600	-	200	2,400
GMIF12028	10	1.75	2025	1,525	-	254	1,271
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
				204,123	-	44,137	159,986
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
14-B-1	10	1.20/3.19	2024	(5,000)	-	(1,000)	(4,000)
24-HBR-1	20	2.84/5.94	2024	(27,500)	-	(5,500)	(22,000)
				(32,500)	-	(6,500)	(26,000)
Long-term debt				\$ 171,623	\$ -	\$ 37,637	\$ 133,986

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Long-term Debt

Year ended March 31, 2021
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2019	Issued	Redeemed	Balance March 31, 2020
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 33,000	\$ -	\$ 5,500	\$ 27,500
05-B-1	15	3.63/4.83	2020	8,467	-	1,209	7,258
09-A-1	15	1.0/5.644	2024	12,995	-	4,395	8,600
09-B-1	10	0.97/4.329	2019	650	-	650	-
10-A-1	10	1.51/4.5	2020	4,080	-	2,040	2,040
10-B-1	10	1.55/3.87	2020	5,345	-	2,673	2,672
11-A-1	10	1.63/4.221	2021	3,975	-	1,325	2,650
11-B-1	10	1.219/3.645	2021	3,304	-	1,102	2,202
12-A-1	10	1.636/3.48	2022	5,920	-	1,480	4,440
12-B-1	10	1.51/3.16	2022	3,840	-	960	2,880
13-A-1	10	1.33/2.979	2023	11,800	-	2,360	9,440
13-B-1	10	1.285/3.614	2023	1,835	-	367	1,468
14-A-1	10	1.245/3.347	2024	13,125	-	2,188	10,937
14-B-1	10	1.20/3.19	2024	12,168	-	2,028	10,140
15-A-1	10	1.011/2.786	2025	18,900	-	2,700	16,200
15-B-1	10	1.040/2.894	2025	7,093	-	1,013	6,080
16-A-1	10	1.150/2.925	2026	15,600	-	1,950	13,650
17-A-1	10	1.20/2.653	2027	7,417	-	824	6,593
17-B-1	10	1.734/3.073	2027	9,999	-	1,111	8,888
18-A-1	10	2.06/3.2995	2028	19,567	-	1,957	17,610
18-B-1	10	2.49/3.389	2028	11,454	-	1,145	10,309
19-B-1	10	2.015/2.561	2029	-	28,439	-	28,439
				210,534	28,439	38,977	199,996
Federation of Canadian Municipalities:							
GMIF10309	20	2.0	2032	2,800	-	200	2,600
GMIF12028	10	1.75	2025	1,779	-	254	1,525
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
				215,115	28,439	39,431	204,123
Less: Long-term debt recoverable from the Halifax Regional							
Water Commission:							
14-B-1	10	1.20/3.19	2024	(6,000)	-	(1,000)	(5,000)
24-HBR-1	20	2.84/5.94	2024	(33,000)	-	(5,500)	(27,500)
				(39,000)	-	(6,500)	(32,500)
Long-term debt				\$ 176,115	\$ 28,439	\$ 32,931	\$ 171,623

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2021
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2021 Total
Revenue								
Taxation	\$ 602,676	\$ 6,774	49,883	-	-	-	164,154	\$ 823,487
Taxation from other governments	40,760	-	-	-	-	-	-	40,760
User fees and charges	10,134	16,621	21,121	4,496	19,302	2,931	-	74,605
Government grants	3,654	58,238	30,338	4,162	5,769	-	-	102,161
Development levies	-	-	178	1,563	1,196	-	-	2,937
Investment income (note 6)	4,500	-	-	-	-	-	-	4,500
Penalties, fines and interest	4,476	3,064	-	-	5	-	-	7,545
Land sales, contributions and other revenue	23,796	142	5,341	-	1,112	8,155	-	38,546
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	2,310	-	-	-	-	-	-	2,310
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	5,951	-	-	-	-	-	-	5,951
Total revenue	698,257	84,839	106,861	10,221	27,384	11,086	164,154	1,102,802
Expenses								
Salaries, wages and benefits	55,613	172,932	110,932	2,429	56,879	14,012	-	412,797
Interest on long-term debt	523	198	2,543	-	1,068	18	-	4,350
Materials, goods, supplies and utilities	14,360	5,623	19,053	23	13,190	534	-	52,783
Contracted services	13,548	31,509	35,106	42,528	11,769	798	-	135,258
Other operating expenses	4,493	15,865	20,852	296	15,585	3,915	-	61,006
External transfers and grants	20,515	6,940	446	-	12,459	14,463	164,154	218,977
Amortization of tangible capital assets	17,316	5,282	98,420	2,090	21,361	89	-	144,558
Total expenses	126,368	238,349	287,352	47,366	132,311	33,829	164,154	1,029,729
Annual surplus (deficit)	\$ 571,889	\$ (153,510)	\$ (180,491)	\$ (37,145)	\$ (104,927)	\$ (22,743)	\$ -	\$ 73,073

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2021
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2020 Total
Revenue								
Taxation	\$ 548,676	\$ 6,731	\$ 84,797	\$ -	\$ -	\$ -	\$ 158,676	798,880
Taxation from other governments	38,850	-	-	-	-	-	-	38,850
User fees and charges	11,383	14,283	43,182	4,208	51,330	6,254	-	130,640
Government grants	3,811	3,800	67,060	2,933	5,727	-	-	83,331
Development levies	-	-	1,791	1,097	810	-	-	3,698
Investment income (note 6)	9,608	-	-	-	-	-	-	9,608
Penalties, fines and interest	5,790	5,628	-	-	218	-	-	11,636
Land sales, contributions and other revenue	30,559	143	10,077	-	3,001	6,818	-	50,598
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	6,143	-	-	-	-	-	-	6,143
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	5,078	-	-	-	-	-	-	5,078
Total revenue	659,898	30,585	206,907	8,238	61,086	13,072	158,676	1,138,462
Expenses								
Salaries, wages and benefits	58,909	170,839	106,753	2,476	64,147	13,555	-	416,679
Interest on long-term debt	764	235	2,520	34	1,342	26	-	4,921
Materials, goods, supplies and utilities	15,829	6,704	24,365	72	16,854	462	-	64,286
Contracted services	14,027	31,781	33,449	38,021	15,541	1,121	-	133,940
Other operating expenses	2,689	18,090	18,544	604	24,876	3,371	-	68,174
External transfers and grants	11,700	6,898	4,355	-	5,528	13,234	158,676	200,391
Amortization of tangible capital assets	19,950	4,818	97,404	2,015	20,450	65	-	144,702
Total expenses	123,868	239,365	287,390	43,222	148,738	31,834	158,676	1,033,093
Annual surplus (deficit)	\$ 536,030	\$ (208,780)	\$ (80,483)	\$ (34,984)	\$ (87,652)	\$ (18,762)	\$ -	\$ 105,369