

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.

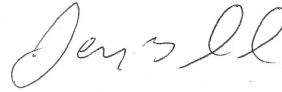
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the consolidated financial 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.



Dave Reage
Acting Chief Administrative Officer



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



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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 March 31, 2021
- 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 consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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.



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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Halifax, NS

August 17, 2021

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 | | 2020 | |
|--------------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2021 | 2020 | 2020 |
| | Cost | Market value | Cost | 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.

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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.

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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

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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 | 28,246 | 4,063 | 51,838 | 4,162 | 5,769 | 8,083 | - | 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 | 722,849 | 30,664 | 128,361 | 10,221 | 27,384 | 19,169 | 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) | \$ 596,481 | \$ (207,685) | \$ (158,991) | \$ (37,145) | \$ (104,927) | \$ (14,660) | \$ - | \$ 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 |