

HALIFAX

**Audited
Consolidated
Financial
Statements
March 31, 2022**

Governance and Responsibilities

- HRM Management is responsible for preparing the financial statements and presenting them to the Audit Committee (the “Committee”).
- The Committee’s Terms of Reference states that the Committee is responsible for:
 - reviewing, in detail, the financial statements of the Municipality with the External Auditors,
 - evaluating internal control systems and management letters with the External Auditors, and,
 - review with management and the External Auditor and recommend to Regional Council for approval, the annual audited financial statements.
- KPMG, our External Auditor, provides an Opinion on the Financial Statements. On March 9, 2022, they provided their Audit Planning Report containing their approach and methodology, risks and confirmation of their independence.
- It is recommended that the Committee discuss issues with KPMG without Management present, as per Section 19(2)(c) of the Halifax Regional Municipality Charter, by moving in-camera.
- After these discussions, the Committee will vote on the motion in the Report.

Consolidated Entities

Recreation facilities:

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

Commissions, cultural and other facilities:

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

HALIFAX

Consolidated Financial Statements – Highlights

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

Financial Statement – Walk Through

	Page
• Management’s Responsibility for Financial Statements	1
• Independent Auditors’ Report	2
• Statement of Financial Position	3
• Statement of Operations and Accumulated Surplus	4
• Statement of Change in Net Financial Assets	5
• Statement of Cash Flows	6
• Notes to Financial Statements	7-28
• Schedules	
– Remuneration and Expenses for Reportable Individuals	29
– Long-term Debt	30-31
– Segmented Disclosure	32-33

Statement of Financial Position

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

Statement of Financial Position (in 000's)

	2022	2021
Financial assets		
Cash and cash equivalents (note 3)	\$ 263,758	\$ 414,631
Taxes receivable (note 4)	28,818	29,603
Accounts receivable (note 5)	65,751	43,976
Loans, deposits and advances	380	355
Land held for resale	39,398	41,237
Investments (note 6)	316,724	74,935
Investment in the Halifax Regional Water Commission (note 7)	249,372	203,778
	<u>964,201</u>	<u>808,515</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	155,622	127,717
Deferred revenue	81,624	63,312
Employee future benefits (notes 9 and 10)	71,917	68,349
Solid waste management facilities liabilities (note 11)	3,343	4,539
Long-term debt (note 12)	187,869	133,986
	<u>500,375</u>	<u>397,903</u>
Net financial assets	463,826	410,612
Non-financial assets		
Tangible capital assets (note 15)	1,877,303	1,841,656
Inventory and prepaid expenses	14,880	13,393
	<u>1,892,183</u>	<u>1,855,049</u>
Accumulated surplus (note 16)	<u>\$ 2,356,009</u>	<u>\$ 2,265,661</u>



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HALIFAX

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HALIFAX

Statement of Operations

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

Statement of Operations (in 000's)

	Budget	2022	2021
Revenue			
Taxation	\$ 846,218	\$ 869,158	\$ 823,487
Taxation from other governments	40,208	40,208	40,760
User fees and charges	90,919	100,977	74,605
Government grants	74,659	86,014	102,161
Development levies	750	1,838	2,937
Investment income (note 6)	5,659	4,737	4,500
Penalties, fines and interest	10,657	4,386	7,545
Land sales, contributions and other revenue	25,476	25,975	38,546
Increase in investment in the Halifax Regional Water Commission before remeasurement (loss) gain (note 7)	4,687	4,687	2,310
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	6,472	6,466	5,951
Total revenue	1,105,705	1,144,446	1,102,802



Statement of Operations (in 000's)

	Budget	2022	2021
Expenses			
General government services	136,603	132,527	126,368
Protective services	254,016	267,206	238,349
Transportation services	305,217	308,112	287,352
Environmental services	48,295	50,121	47,366
Recreation and cultural services	132,728	132,929	132,311
Planning and development services	40,542	35,430	33,829
Educational services	168,886	168,680	164,154
Total expenses	1,086,287	1,095,005	1,029,729

Statement of Operations (in 000's)

	Budget	2022	2021
Annual surplus	19,418	49,441	73,073
Accumulated surplus, beginning of year	2,265,661	2,265,661	2,195,817
Remeasurement (loss) gain from investment in Halifax Regional Water Commission (note 7)	-	40,907	(3,229)
Accumulated surplus, end of year	\$ 2,285,079	\$ 2,356,009	\$ 2,265,661

HALIFAX

HALIFAX

**Audited General
Rate Surplus
March 31, 2022**

General Rate Surplus (in 000's)

Statement of General Rate Surplus

For the year ended March 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
General rate surplus, before transfers	\$ 29,348	\$ 32,923
Transfers to reserves:		
Contribution to Strategic Initiative Operating reserve	-	(10,000)
Contribution to Capital Fund reserve	(1,761)	(11,923)
Contribution to Multi-District Facilities reserve	(1,000)	-
Contribution to Options reserve	(26,587)	(11,000)
	(29,348)	(32,923)
General rate surplus	-	-

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

Options Reserve Transfers

Surplus contributed to 22/23 operating budget	\$7.0M
Surplus contributed to fund 22/23 BAL	\$5.3M
Recommended Withdrawals	<u>\$14.3M</u>
Total transfer to Options Reserve	\$26.6M

Unbudgeted Reserve Withdrawals

Already Approved to be funded from Surplus:

Housing Trust of Nova Scotia Grant	455,500
AGO Carryforward	100,000
Snow and Ice Contract Increases	600,000

Carryforward of funds to 22/23:

Emergency Housing Fund Carryforward	1,205,600
Canoe 22 Society Grant Carryforward	350,000

Unbudgeted Pressures:

Fuel/Inflation contingency	\$ 8,000,000
Red Cross Building Demolition	2,500,000
RCMP Contract Increase	642,500
Other Various Pressures	433,000
Total Withdrawal	\$ 14,286,600

HALIFAX

**Miscellaneous
Trust Funds
March 31, 2022**

Summary of Assets (in dollars)

	2022	2021	Change
Cash	\$7,886,762	\$7,548,808	\$337,954
Accounts receivable	\$5,176	\$0	\$5,176
Due from Halifax Regional Municipality	\$2,487	\$1,136	\$1,351
Investments	\$6,410	\$6,410	\$0
Total assets	\$7,900,835	\$7,556,354	\$344,481

- Cash increased primarily due to increased tax sale revenue as well as sales of cemetery lots.

Summary of Liabilities and Funds Equity (in dollars)

	2022	2021	Change
Funds Equity	\$7,900,835	\$7,556,354	\$344,481
Total liabilities and equity	\$7,900,835	\$7,556,354	\$344,481

- Fund equity balances are detailed in Schedule.

Income and Expenditures (in dollars)

	2022	2021	Change
Income	\$457,300	\$162,758	\$294,542
Expenditures	\$112,819	\$335,829	(\$223,010)
Excess of Income over Expenditures	\$344,481	(\$173,071)	\$517,552

- Income increased primarily due to an increase in tax sales in 2021/22.
- Expenditures decreased primarily due to a decrease in tax sale refunds and a grant paid from the Sackville Landfill trust in the prior year.

HALIFAX

**Fourth Quarter
Financial Report**

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$2.9M, \$1.9M has been spent or committed leaving \$1.0M available for carry-forward.
- District Activity Funds
 - Of the \$72.0K budget, \$68.0K has been spent or committed leaving \$4.0K remaining.

Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2021 was \$1.3M.
- Revenue of \$0.9M has been earned and \$1.0M has been spent.
- The surplus at March 31, 2022 is \$1.2M.

Hospitality Expenses

- For the three-month period ended March 31, 2022 there were hospitality expenditures of \$19, resulting in the YTD total of \$1,027.
- Hospitality expenses are: Expenses incurred while hosting individuals from outside the municipal government for reasons of diplomacy, protocol, business development or promotional advocacy. Examples include: gifts, receptions, ceremonies, conferences, performances or other group events.

Expenses for Reportable Individuals

Name	Local Travel	Out of Town Travel	Development/ Training	Meals & Other Miscellaneous Expenses	Total	YTD Total
Mayor Mike Savage	105	-	-	368	474	4,212
Councillor Cathy Deagle-Gammon	271	-	130	-	401	2,562
Councillor David Hendsbee	4,633	-	-	-	4,633	5,726
Councillor Becky Kent	-	-	-	-	-	-
Councillor Trish Purdy	-	-	-	-	-	-
Councillor Sam Austin	200	-	-	-	200	200
Councillor Tony Mancini	-	-	-	-	-	231
Councillor Wayne Mason	-	-	-	-	-	365
Councillor Lindell Smith	-	-	-	-	-	2,597
Councillor Shawn Cleary	-	-	-	-	-	-
Councillor Kathryn Morse	-	-	-	-	-	-
Councillor Patty Cuttell	292	-	-	-	292	1,029
Councillor Iona Stoddard	695	-	-	-	695	1,315
Deputy Mayor Pam Lovelace	790	-	-	-	790	2,950
Councillor Lisa Blackburn	290	-	-	-	290	1,660
Councillor Paul Russell	180	-	130	-	310	1,204
Councillor Tim Outhit	-	-	130	-	130	130
CAO Jacques Dubé	-	-	-	158	158	2,612
Total	7,455	-	391	526	8,372	26,792