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Item No. 5
Audit Committee
August 21, 2024

TO: Chair and Members of Audit Committee

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: August 8, 2024

SUBJECT: Year End Financial Statements & Fourth Quarter Financial Report

ORIGIN

Staff has committed to provide Council with financial reports including:

- Audited Consolidated Financial Statements, Statement of General Rate Surplus, and Trust Financial Statements in accordance with section 48(2) of the Halifax Charter;
- a report of the General Rate surplus/deficit;
- a report detailing District Capital expenditures in accordance with the District Funds Administrative Order 2017-009-ADM;
- a report detailing District Activity expenditures in accordance with the District Funds Administrative Order 2017-009-ADM;
- a report detailing Recreation Area Rate expenditures in accordance with the Recreation Area Report Policy approved by Council on May 14, 2002; and,
- a report detailing HRM's Reserve Fund balances in accordance with the Financial Reserves Administrative Order 2014-015-ADM;
- a report detailing Hospitality expenses in accordance with Section 79A of the Halifax Regional Municipality Charter

EXECUTIVE SUMMARY

The report recommends that the Audit Committee approve the following key items:

1. Financial Statements: Approval of the Consolidated Financial Statements and related documents for the year ending March 31, 2024.
2. Surplus Allocation: Transfer of \$13.6 million from the General Rate Surplus to various reserves.
3. External Auditor: Reappointment of KPMG LLP as the External Auditor for the fiscal year ending March 31, 2025.

The report also includes Fourth Quarter financial updates and introduces climate-related financial disclosures. No significant risks or community engagement were noted. Approval of the recommendations is advised.

RECOMMENDATION

It is recommended that the Audit Committee recommend that Halifax Regional Council approve:

- 1) The Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2024;
- 2) The Statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2024;
- 3) Transfers to reserves of the following amounts to reduce the general rate surplus to zero:
 - o Q416 Operating Stabilization Reserve - \$8M
 - o Q526 Capital Funds Reserve - \$3.5M
 - o Q421 Options Reserve - \$2.1M
- 4) The financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2024; and,
- 5) The appointment of KPMG to be the External Auditor for the fiscal year ended March 31, 2025.
- 6) The Fourth Quarter report for 2023/24 on District Capital, District Activity, Recreation Area Rates, Hospitality Expenses, and Expenses for Reportable Individuals.

BACKGROUND

Staff are presenting the financial results for the fiscal year ending March 31, 2024, to the Audit Committee as part of their annual reporting responsibilities. This report includes the Consolidated Financial Statements, General Rate Surplus Statement, Miscellaneous Trusts Financial Statements and other relevant financial documents. The recommendations provided are based on a thorough review of the municipality's financial performance, ensuring compliance with provincial regulations and alignment with established financial practices. The Audit Committee's approval is sought before these results are forwarded to Halifax Regional Council for final approval.

DISCUSSION

At March 31, 2024, HRM had a General Rate surplus of \$13.6M. In order to bring the final general rate surplus to zero, transfers of \$8M to the Operating Stabilization Reserve, Q416, \$3.5M to the Capital Funds Reserve, Q526, and \$2.1M to the Options Reserve, Q421 is recommended.

Per the Provincial Financial Reporting and Accounting Manual, the surplus of a municipality is to be placed into an operating reserve. The Options Reserve, Q421, receives any year-end surplus, and can then be used to fund operating costs, offset deficits, or fund new operating initiatives and/or capital expenditures.

The business units have a surplus of \$1.3M, due in large part to greater than planned permitting revenues (\$2.4M), transit fares (\$2.1M), diversion credits (\$2.0M) and recreation fees (\$1.2M), and savings in compensation and benefits of \$4.8M. Offsetting these were increased for contract services due to encampment cleanup costs (\$0.5M), new grass cutting contracts and additional security costs for P&R (\$2.0M), and janitorial services (\$0.5M). Materials, goods, supplies and utilities saw increased costs due to increasing utility charges (\$1.2M) and mechanical and electrical parts in PF&E (\$0.9M), increased equipment, uniforms and HUSAR charges for Fire (\$0.7M), increased material costs in P&R (\$0.7M), and increased costs for salt due to snow events (\$0.4M). Other expense increases include increased vehicle repair and maintenance costs (\$1.2M) and increases in training and volunteer expenses for Fire (\$1.2M). On top of this, the municipality was required to contend with additional costs related to the wildfires and flooding over the summer, as well as a significant snowfall event. These additional costs, including overtime, materials and contract costs would have resulted in a deficit for the municipality for the year, but were instead covered off by transfers from the risk reserve.

Fiscal Services ended the year with a \$12.3M surplus. Investment income (\$4.5M), driven by increased interest rates, lower than anticipated Operational Cost of Capital transfers (\$1.0M), lower than expected Fire Protection Capital Cost Contributions (\$2.3M) and a decrease in the expected future liability for

retirement allowances (\$3.5M) all contributed to the surplus, but were offset by increased transfers to reserves.

District Capital Funds:

The report of expenditures from Councillors' District Capital Funds is included as Attachment #5 and shows that \$2.5M of the \$3.2M budget has been spent or committed, leaving \$708K available to carry forward.

District Activity Funds:

The report of expenditures from Councillors' District Activity Funds is included as Attachment #6 and shows that \$70.6K of the \$72K budgeted has been spent.

Recreation Area Rate Accounts:

The details of the Recreation Area Rate Accounts are in Attachment #7. These Accounts began the year with a surplus of \$1.2M, \$1.1M in area rate revenue has been earned and \$1.2M has been spent, leaving a surplus of \$1.1M.

Reserves Statement:

The reserve balances at December 31, 2024 are \$421.5M. Of this balance, \$29.8M remains uncommitted. The details are included in Attachment #8.

Hospitality Expenses Summary:

The quarterly Hospitality Expenses Summary is included as Attachment #8. For the three-month period ended March 31, 2024, there were no hospitality expenditures, resulting in a year to date total of \$29.6K.

Mayor, Councillors and CAO's Expenses:

The report, included as Attachment #10, summarizes the expenses made by the municipality on behalf of or reimbursed to the Mayor, Councillor and CAO for the quarter.

Climate-Related Financial Disclosures:

Established in 2015 by the Financial Stability Board, the Task Force on Climate-Related Financial Disclosures (TCFD) is a framework that provides voluntary disclosure recommendations around four pillars (Governance, Strategy, Risk Management and Metrics & Targets) for organizations to communicate the material impact of climate change on their operations to key partners.

The municipality has chosen to begin reporting climate-related disclosures in alignment with the TCFD framework for the 23/24 fiscal year. Recognizing that fully implementing the TCFD recommendations is a multi-year journey, this proactive approach, taken ahead of potential mandatory requirements for entities reporting under Public Sector Accounting Standards, supports the on-going integration of climate into financial decision-making at the municipality.

Appointment of External Auditors

Appointment of External Auditors Under the terms of reference of the Audit and Finance Standing Committee, the Committee is required to "review the qualifications, independence, quality of service and performance of the External Auditors annually and recommend to the Council the appointment or discharge of the External Auditors".

KPMG LLP was the successful proponent to the RFP for External Audit Services in 2023. The proposal covered the fiscal years from 2022/23 to 2027/28. KPMG has completed the audit of the 2023/24 Consolidated Financial Statements, Miscellaneous Trust Funds, and General Rate Surplus in accordance with the requirements of the RFP.

FINANCIAL IMPLICATIONS

All financial impacts are outlined in the report.

RISK CONSIDERATION

No risk considerations were identified.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

1. Audit Committee may not choose to approve the proposed recommendations. This is not the recommended option.
2. Audit Committee may approve the proposed recommendations subject to requested modifications. This is not the recommended option.

LEGISLATIVE AUTHORITY

HRM Charter, section 48(2) outlines the responsibilities of the Audit Committee which include:

- 48(2)(a) – a detailed review of the financial statements of the Municipality with the Auditor;
- 48(2)(b) – an evaluation of internal controls systems and any management letter with the Auditor; and,
- 48(2)(c) – a review of the conduct and adequacy of the audit.

In addition, HRM Charter, section 46 outlines the appointment and requirements of the Municipal Auditor and the need to file the Auditor's report with Council and the Minister by September 30th in each year.

Audit Committee 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.

The Audit Committee, under its Terms of Reference shall “review the qualification, independence, quality of service and performance of the External Auditors annually and recommend to the Council the appointment or discharge of the External Auditors”.

HRM Charter, section 120(6) – The Municipality may maintain other reserve funds for such purposes as the Council may determine; Reserve Administrative Order 2014-015 (5) The Audit & Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

The attachments included are necessary for the Audit Committee and the Municipal Auditor to satisfy their responsibilities and requirements.

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79A (1), subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Administrative Order 2014-015 Respecting Reserve Funding Strategies - No reserve funds will be expended without the CAO's recommendation and Council approval.

ATTACHMENTS

1. Consolidated Financial Statements of the Halifax Regional Municipality for the Year ended March 31, 2024.
2. General Rate Surplus of the Halifax Regional Municipality for the Year ended March 31, 2024.
3. Financial Statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the Year ended March 31, 2024.
4. HRM Audit Findings Report – KPMG
5. Report of Expenditures in the Councillors' District Capital Funds to March 31, 2024.
6. Report of Expenditures in the Councillors' District Activity Funds to March 31, 2024.
7. Report of Changes in the Recreation Area Rate Accounts to March 31, 2024.
8. Halifax Regional Municipality Reserve Funds at March 31, 2024.
9. Quarterly Hospitality Expenses Summary, January 1, 2024 to March 31, 2024.
10. Mayor, Councillors' and CAO's Expense Summary, January 1, 2024 to March 31, 2024.
11. HRM Climate-Related Financial Disclosures Report for the year ended March 31, 2024.

Report Prepared by: Dave Harley, Director Financial Management and Operations, 902.497.4260

Attachment #1

**Halifax Regional Municipality
Consolidated Financial Statements of the Halifax Regional
Municipality for the year ended March 31, 2024**

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2024

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2024

Contents	Page
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Remeasurement Gains and Losses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-30
Schedule of Remuneration and Expenses for Reportable Individuals	31
Consolidated Schedules of Long-term Debt	32-33
Consolidated Schedules of Segment Disclosure	34-35

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2024

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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Cathie O'Toole, MBA, FCPA, ICD.D
Chief Administrative Officer

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

Independent Auditors' Report

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

As at March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Financial assets		
Cash and cash equivalents (note 3)	\$ 642,466	\$ 531,229
Taxes receivable (note 4)	17,157	23,815
Accounts receivable (note 5)	93,567	79,171
Loans, deposits and advances	347	337
Land held for resale	70,634	55,056
Investments (note 6)	76,079	175,197
Investment in the Halifax Regional Water Commission (note 7)	316,526	296,323
	<u>1,216,776</u>	<u>1,161,128</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	163,532	199,745
Deferred revenue	137,828	120,300
Employee future benefits (notes 9 and 10)	68,601	70,274
Asset retirement obligations (note 11)	21,417	18,912
Long-term debt (note 12)	245,837	198,262
	<u>637,215</u>	<u>607,493</u>
Net financial assets	579,561	553,635
Non-financial assets		
Tangible capital assets (note 15)	2,080,155	2,033,615
Inventory and prepaid expenses	19,858	17,891
	<u>2,100,013</u>	<u>2,051,506</u>
Accumulated surplus consisting of:		
Individual Surpluses and reserves	2,619,178	2,553,490
Remeasurement Gains	60,396	51,651
Accumulated surplus (note 16)	<u>\$ 2,679,574</u>	<u>\$ 2,605,141</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, 2024, with comparative information for 2023
(In thousands of dollars)

	Budget	2024	2023
Revenue			
Taxation	\$ 971,532	\$ 952,216	\$ 909,735
Taxation from other governments	46,492	47,176	43,350
User fees and charges	143,176	159,056	138,962
Government grants	69,322	86,359	109,686
Development levies	1,550	1,617	1,737
Investment income (note 6)	16,464	37,830	19,661
Penalties, fines and interest	11,127	12,117	12,283
Land sales, contributions and other revenue	26,025	26,028	141,412
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	11,458	11,458	6,525
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	6,586	6,589	6,524
Total revenue	1,303,732	1,340,446	1,389,875
Expenses			
General government services	180,721	151,983	146,986
Protective services	274,806	291,549	270,084
Transportation services	355,070	372,811	333,893
Environmental services	48,568	48,389	51,411
Recreation and cultural services	170,335	179,313	165,912
Planning and development services	41,617	42,583	37,769
Educational services	188,230	188,130	175,124
Total expenses	1,259,347	1,274,758	1,181,179
Annual surplus	44,385	65,688	208,696
Accumulated individual surpluses and reserves, beginning of year	2,553,490	2,553,490	2,356,019
Remeasurement gain from investment in Halifax Regional Water Commission (note 7)	-	8,745	-
Adjustment for accumulated remeasurement gain on the Halifax Regional Water Commission at April 1, 2022		-	(11,225)
Accumulated individual surpluses and reserves, end of year	\$ 2,597,875	\$ 2,627,923	\$ 2,553,490

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, 2024, with comparative information for 2023
(In thousands of dollars)

	Budget	2024	2023
Annual surplus	\$ 44,385	\$ 65,688	\$ 208,696
Acquisition of tangible capital assets and contributed tangible capital assets	(201,117)	(219,739)	(303,303)
Amortization of tangible capital assets	172,504	172,504	146,991
Loss on disposal of tangible capital assets	-	659	-
Proceeds on disposal of tangible capital assets	-	36	-
	15,772	19,148	52,384
Acquisition of inventories of supplies and prepaid expenses	-	(42,137)	(35,936)
Consumption of inventories of supplies and use of prepaid expenses	-	40,170	32,925
Remeasurement gain (loss) from investment in Halifax Regional Water Commission (note 7)	-	8,745	40,426
	-	6,778	37,415
Net change in net financial assets	15,772	25,926	89,799
Net financial assets, beginning of year	553,635	553,635	463,836
Net financial assets, end of year	\$ 569,407	\$ 579,561	\$ 553,635

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Accumulated remeasurement gains and (losses), beginning of year	\$ 51,651	\$ -
Adjustment for accumulated remeasurement gains on Halifax Regional Water Commission at April 1, 2022	-	11,225
Change in investment of Halifax Regional Water Commission through remeasurement gain (Note 7)	8,745	40,426
Net remeasurement gains for the year	8,745	51,651
Accumulated remeasurement gains, end of year	\$ 60,396	\$ 51,651

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, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 65,688	\$ 208,696
Items not involving cash:		
Amortization of tangible capital assets	172,504	146,991
Loss on disposal of tangible capital assets	659	-
Contributed tangible capital assets	(23,129)	(132,589)
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss)	(11,458)	(6,525)
	204,264	216,573
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	6,658	5,003
Increase in accounts receivable	(14,396)	(13,410)
Decrease (increase) in loans, deposits and advances	(10)	43
Increase in land held for resale	(15,578)	(15,658)
Increase in inventory and prepaid expenses	(1,967)	(3,011)
Increase (decrease) in accounts payable and accrued liabilities	(36,213)	120,890
Increase (decrease) in deferred revenue	17,528	(38,091)
Decrease in employee future benefits	(1,673)	(1,643)
Increase (decrease) in solid waste management facilities liabilities	-	(3,343)
Increase in asset retirement obligation liabilities	2,505	18,912
Net change in cash from operating activities	161,118	286,265
Capital activities		
Proceeds on disposal of tangible capital assets	36	-
Acquisition of tangible capital assets	(196,610)	(170,714)
Net change in cash from capital activities	(196,574)	(170,714)
Investing activities		
Decrease in investments	99,118	141,527
Net change in cash from investing activities	99,118	141,527
Financing activities		
Long-term debt issued	80,490	41,590
Long-term debt redeemed	(39,415)	(37,697)
Long-term debt recovered from the Halifax Regional Water Commission	6,500	6,500
Net change in cash from financing activities	47,575	10,393
Net change in cash and cash equivalents	111,237	267,471
Cash and cash equivalents, beginning of year	531,229	263,758
Cash and cash equivalents, end of year	\$ 642,466	\$ 531,229

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(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. The financial statements have been reclassified, where applicable, to confirm to the presentation in the current year.

(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
- Cole Harbour Place Recreation Society
- Dartmouth Sportsplex Community Association (Zatzman Sportsplex)
- Eastern Shore Recreation Commission
- Halifax Forum Community Association
- Halifax Regional Municipality Centennial Arena Commission
- HRM 4-Pad
- RBC Centre
- Scotiabank Centre
- St. Margaret's Community Centre Association

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, 2024
(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.

Effective April 1, 2022 the Municipality adopted PS 1201 resulting in the Municipality reporting the HRWC's comprehensive income in the statement of remeasurement gains. In the prior period these adjustments were reported as a direct change in the accumulated surplus.

(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, asset retirement obligations including 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.

The Municipality's implementation of PS 3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024

(In thousands of dollars)

1. Significant accounting policies (continued):

(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

(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.

(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) Asset retirement obligation:

Effective April 1, 2022 the asset retirement obligation is recognized when, as at the financial reporting date, the criteria are met. The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several buildings owned by the Municipality, underground storage tanks and lease obligations has also been recognized based on estimated future expenses on closure of the site and post-closure care, removal costs for underground storage tanks and restoration of the land to its original state in the case of lease obligations.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(n) Asset retirement obligation (continued):

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized over their remaining useful lives as outlined in note 1(o)(i).

Prior to April 1, 2022 the Municipality accrues landfill closure and post closure care requirements that include final covering and landscaping of the landfill, pumping of groundwater 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.

(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:

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(o) i) Tangible capital assets (continued):

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.

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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

- (t) Individual 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.
- (p) Financial Instruments:
Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost unless management has elected to carry the instruments at fair value. All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

2. Change in accounting policy:

On April 1 2023, the Municipality adopted Public Accounting Standard, PS 3400 Revenue. This standard had no significant impact on the presentation of the financial statements.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

3. Cash and cash equivalents:

	2024	2023
Halifax Regional Municipality	\$ 625,612	\$ 515,599
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	16,854	15,630
Total	\$ 642,466	\$ 531,229

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.

4. Taxes receivable:

	2024	2023
Taxes receivable	\$ 20,616	\$ 26,849
Allowance	(3,459)	(3,034)
Total	\$ 17,157	\$ 23,815

5. Accounts receivable:

	2024	2023
Federal government	\$ 19,947	\$ 28,735
Provincial government	21,121	6,864
Other receivables	53,243	43,725
Allowance	(744)	(153)
Total	\$ 93,567	\$ 79,171

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.

Bonds of Provincial governments and their guarantees have a maturity of June 2, 2024. The yield on market value of this bond is 1.37% at March 31, 2024 (2023 - 1.18%).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

6. Investments (continued):

	2024 Cost	2024 Market value	2023 Cost	2023 Market value
Money market instruments	\$ 25,902	\$ 26,026	\$ 15,494	\$ 16,100
Bonds of Provincial governments and their guarantees	\$ 50,177	\$ 49,862	\$ 159,703	\$ 156,380
Total	\$ 76,079	\$ 75,888	\$ 175,197	\$ 172,480

The investment income earned on money market instruments is \$36,522 (2023 - \$17,742) and on bonds of Provincial governments and their guarantees is \$1,308 (2023 - \$1,919).

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

	2024	2023
Financial position		
Current assets	\$ 90,625	\$ 97,771
Capital assets	1,450,349	1,406,320
Total assets	1,540,974	1,504,091
Current liabilities	97,425	107,779
Long-term liabilities	1,127,023	1,099,989
Total liabilities	1,224,448	1,207,768
Net assets	\$ 316,526	\$ 296,323
Results of operations		
Revenues	\$ 171,979	\$ 155,089
Operating expenses	(165,904)	(154,733)
Financing expenses	(7,601)	(7,078)
Other income	19,765	19,963
Regulatory deferral account amortization	(192)	(192)
Net income before grant in lieu of tax	18,047	13,049
Grant in lieu of tax	(6,589)	(6,524)
Increase in investment before remeasurement gain (loss)	11,458	6,525
Investment, beginning of year	296,323	249,372
Change in investment through remeasurement gain (loss)	8,745	40,426
Investment, end of year	\$ 316,526	\$ 296,323

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

7. Investment in the Halifax Regional Water Commission (continued):

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

	2024	2023
Revenues		
Grant in lieu of tax	\$ 6,589	\$ 6,524
Expenses		
Stormwater charge	\$ 5,337	\$ 4,091
Fire protection charge	\$ 8,083	\$ 10,588

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.

8. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable	\$ 77,822	\$ 57,937
Federal government	7,546	10,966
Provincial government	8,285	13,976
Salaries and wages payable	15,024	42,970
Accrued liabilities	51,469	72,031
Accrued interest	3,386	1,865
Total	\$ 163,532	\$ 199,745

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 contribution 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 \$45,404 for the period ending March 31, 2024 (2023- \$41,269). 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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

9. Employee future benefits - employees' retirement pension plan (continued):

The last actuarial valuation filed with regulators was at December 31, 2022. The next actuarial valuation of the HRM Plan will be required as at a date not later than December 31, 2025, 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 6.65% per year. The following estimates as at December 31, 2023 are based on the actuarial valuation as at December 31, 2022 extrapolated to December 31, 2023 and are based on a discount rate assumption of 6.65% per annum (2023 - 6.45%).

	2024 Extrapolated	2023 Extrapolated
Actuarial value of plan assets	\$ 2,699,446	\$ 2,514,385
Estimated present value of accrued pension benefits	(2,542,265)	(2,479,357)
Estimated funding surplus	\$ 157,181	\$ 35,028

The main assumptions used in the actuarial valuation of the HRM Plan are as follows:

Asset rate of return: 6.65% per year

Salary increase: 2.85% per year plus merit and promotional increases

Retirement age: 40% 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 retire according to an aged-based table.

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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

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

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, 2024. The last actuarial valuation of the police health trust benefits was conducted as at March 31, 2023. The last actuarial valuation of the retirement allowance programs was conducted as at March 31, 2022. For all other benefits, actuarial valuations were conducted as at March 31, 2024. 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:

	2024	2023
Accrued benefit obligation, beginning of year	\$ 65,604	\$ 81,560
Current period benefit cost	3,743	7,924
Benefit payments	(8,763)	(10,306)
Interest cost	3,075	2,134
Actuarial gain	(2,612)	(12,502)
Past service cost gain	(102)	(3,206)
Accrued benefit obligation, end of year	\$ 60,945	\$ 65,604

	2024	2023
Main assumptions used for fiscal year-end disclosure		
Discount rate	4.90%	4.90%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	4.90%	4.90%
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, 2024 is estimated to include the following components:

	2024	2023
Accrued benefit obligation		
Retiring allowances	\$ 29,632	\$ 28,388
Sick leave	20,514	26,825
HRM pension contributions for employees on long-term disability	6,204	5,299
Police Health Trust	1,739	2,044
Other	2,856	3,048
	60,945	65,604
Unamortized actuarial gain	7,656	4,670
Benefit liability	\$ 68,601	\$ 70,274

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

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

The unamortized actuarial gain 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:

	2024	2023
Current period benefit cost	\$ 3,743	\$ 7,924
Amortization of actuarial loss	375	1,811
Past service cost gain	(102)	(3,206)
Other employee benefit expense	4,016	6,529
Other employee benefit interest expense	3,075	2,134
Total expense related to other employee benefit plans	\$ 7,091	\$ 8,663

11. Asset retirement obligation:

The estimated liability is the present value of future cash flows associated with asset retirement costs discounted using a long-term borrowing rate of 4.90% (2023 - 4.27%) and a forecasted inflation rate of 3.30% (2023 - 4.3%). The Municipality's Asset retirement obligation consists of several obligations as follows:

a) Landfill obligation:

The Nova Scotia Environment Act (the "Environment 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 Municipality has three landfill sites, one is operational and two are closed. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 - Asset Retirement Obligation. Post-closure care activities 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 costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites.

Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to operate until 2050.

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 8. The long-term post-closure costs remain a liability of the Municipality. Post-closure costs are expected to incur until 2090.

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.

The continuous monitoring of the site is anticipated to be ongoing. Post-closure cost will continue until 2047.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

11. Asset retirement obligation (continued):

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 is expected to occur until 2040.

A reserve has been established to fund the post-closure care activities for the three landfill sites.

a) Landfill obligation (continued):

	Sackville	Otter Lake	Mengoni	March 31, 2024 Total
Gross undiscounted costs	\$ 22,197	82,614	513	\$ 105,324
Estimated present value of closure and post closure costs	10,485	6,041	330	16,856
Accretion expense	767	462	23	1,252
Less: expenses incurred	(356)	-	(21)	(377)
	10,896	6,503	332	17,731
Reserve fund				15,335
Excess of liability over available reserve				\$ 2,396

b) Asbestos obligation:

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard if disturbed during renovations or upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at April 1, 2023. 15% of buildings square footage is estimated as containing asbestos. The liability was measured based on 15% of the square footage and the remediation costs incurred for the removal of asbestos from similar buildings. The buildings have a reassessed expected useful life of up to 30 years.

c) Lease obligations:

The Municipality's leases have surrender requirements which include removal of leasehold improvements, demising partitions and finishes, demolishing building, removal of hazardous substances and returning premises to a habitable state. Basis of estimate is estimated costs for restoring assets (land, buildings) to original state at the end of the lease term, which is varied dependant on the lease. The lease liability decreased in 2024.

d) Underground storage tanks:

The Municipality has three underground storage tanks, the cost of removal for these tanks has been recognized under PS 3280 - Asset Retirement Obligation. Basis of estimate is costs incurred to remove UST's in the past. The useful lives for two of the tanks is 6 years and 4 years for the third tank.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings, Underground Storage Tanks, Lease Obligations and Landfill capital assets (see note below).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

11. Asset retirement obligation (continued):

Asset Retirement Obligation	Landfills Pre/post Closure	Other	Total
Undiscounted expenditures	\$ 105,324	\$ 3,829	\$ 109,153
Opening balance, April 01, 2023	15,402	3,510	18,912
Adjustment to asset retirement obligation due to changes in assumptions	1,454	(82)	1,372
Accretion expense	1,252	258	1,510
Less: expenses incurred	(377)	-	(377)
Closing balance, March 31, 2024	\$ 17,731	\$ 3,686	\$ 21,417

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 32 and 33). Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2024 are as follows:

2024/25	\$ 42,537
2025/26	34,161
2026/27	30,194
2027/28	28,244
2028/29	26,309
Thereafter	84,392
Total	\$ 245,837

13. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2024 are \$9,984 (2023 - \$8,217).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

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:

2024/25	\$	8,784
2025/26		8,491
2026/27		8,351
2027/28		6,442
2028/29		5,981
Total	\$	38,049

- (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:

2024/25	\$	29,077
2025/26		25,861
2026/27		7,210
2027/28		2,618
2028/29		50
Total	\$	64,816

- (c) The Municipality has entered into several long-term contracts for waste resources operations with aggregate annual payments of approximately \$51,899 (2023 - \$50,962) for each of the next five years.
- (d) Effective March 1, 2018, the Province of Nova Scotia has a 25 year lease agreement with Argyle Developments Inc. and others for a design construction agreement for the new Halifax Convention Centre (HCC). The Municipality is not a party to that lease but, under a separate agreement with the Province of Nova Scotia, has agreed to share 50% of the "Annual Base Rent". The Annual Base Rent covers the long-term financing for the facility and is \$10,760 before taxes per year. The Municipality's share is \$5,380. The Municipality has also agreed to share in 50% of the facility maintenance costs, property tax, operating costs, lifecycle costs and the annual operating deficit.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

15. Tangible capital assets:

Cost	Balance at March 31, 2023	Additions (Net of transfers)	Disposals	Balance at March 31, 2024
Land	\$ 301,714	\$ 3,211	\$ (684)	\$ 304,241
Land improvements	339,329	17,385	-	356,714
Buildings	750,936	27,899	-	778,835
Vehicles	329,427	8,555	(1,242)	336,740
Machinery and equipment	115,012	22,947	-	137,959
Roads and infrastructure	2,381,912	86,155	-	2,468,067
Dams	480	-	-	480
Ferries	40,367	674	-	41,041
Leasehold improvements	5,355	(119)	-	5,236
Assets under construction	69,411	53,032	-	122,443
Total	\$ 4,333,943	\$ 219,739	(1,926)	\$ 4,551,756

Accumulated amortization	Balance at March 31, 2023	Disposals	Amortization expense	Balance at March 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	225,123	-	7,863	232,986
Buildings	385,715	-	26,801	412,516
Vehicles	192,337	(1,231)	19,513	210,619
Machinery and equipment	58,151	-	21,651	79,802
Roads and infrastructure	1,419,393	-	94,270	1,513,663
Dams	480	-	-	480
Ferries	15,771	-	1,606	17,377
Leasehold improvements	3,358	-	800	4,158
Assets under construction	-	-	-	-
Total	\$ 2,300,328	\$ (1,231)	172,504	\$ 2,471,601

	Net book value March 31, 2023	Net book value March 31, 2024
Land	\$ 301,714	\$ 304,241
Land improvements	114,206	123,728
Buildings	365,221	366,319
Vehicles	137,090	126,121
Machinery and equipment	56,861	58,157
Roads and infrastructure	962,519	954,404
Dams	-	-
Ferries	24,596	23,664
Leasehold improvements	1,997	1,078
Assets under construction	69,411	122,443
Total	\$ 2,033,615	\$ 2,080,155

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

15. Tangible capital assets (continued):

Cost	Balance at March 31, 2022	Additions (Net of transfers)	Disposals	Balance at March 31, 2023
Land	\$ 297,664	\$ 4,050	\$ -	\$ 301,714
Land improvements	304,795	34,534	-	339,329
Buildings	706,710	44,226	-	750,936
Vehicles	281,192	48,235	-	329,427
Machinery and equipment	159,379	20,438	(64,805)	115,012
Roads and infrastructure	2,200,541	181,371	-	2,381,912
Dams	480	-	-	480
Ferries	39,788	579	-	40,367
Leasehold improvements	3,291	2,064	-	5,355
Assets under construction	101,605	(32,194)	-	69,411
Total	\$ 4,095,445	\$ 303,303	\$ (64,805)	\$ 4,333,943

Accumulated amortization	Balance at March 31, 2022	Disposals	Amortization expense	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	218,287	-	6,836	225,123
Buildings	360,855	-	24,860	385,715
Vehicles	175,235	-	17,102	192,337
Machinery and equipment	101,622	(64,805)	21,334	58,151
Roads and infrastructure	1,344,992	-	74,401	1,419,393
Dams	480	-	-	480
Ferries	14,336	-	1,435	15,771
Leasehold improvements	2,335	-	1,023	3,358
Assets under construction	-	-	-	-
Total	\$ 2,218,142	\$ (64,805)	\$ 146,991	\$ 2,300,328

	Net book value March 31, 2022	Net book value March 31, 2023
Land	\$ 297,664	\$ 301,714
Land improvements	86,508	114,206
Buildings	345,855	365,221
Vehicles	105,957	137,090
Machinery and equipment	57,757	56,861
Roads and infrastructure	855,549	962,519
Dams	-	-
Ferries	25,452	24,596
Leasehold improvements	956	1,997
Assets under construction	101,605	69,411
Total	\$ 1,877,303	\$ 2,033,615

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

15. Tangible capital assets (continued):

- (a) Assets under construction:
Assets under construction having a value of \$122,443 (2023 - \$69,411) 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 \$23,129 (2023 - \$132,589) and is comprised of roads and infrastructure in the amount of \$22,567 (2023 - \$131,551), land and land improvements having a value of \$562 (2023 - \$1,038).
- (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 (2023 - \$nil).
- (f) Roads and infrastructure:
Roads and infrastructure have a net book value of \$954,404 (2023 - \$962,519) and are comprised of: road beds - \$264,071 (2023 - \$279,502), road surfaces - \$291,003 (2023 - \$283,758), infrastructure - \$377,928 (2023 - \$377,473) and bridges - \$21,402 (2023 - \$21,786).
- (g) Buildings:
Buildings have a net book value of \$366,319 (2023 - \$365,221) and are comprised of: structure and electrical - \$137,398 (2023 - \$137,025), mechanical, roof, exterior architecture, and site work - \$175,407 (2023 - \$174,246), and interior architecture - \$53,514 (2023 - \$53,950).
- (h) Land Improvements:
Land improvements have a net book value of \$123,728 (2023- \$114,206) and are comprised of: bridges, docks, seawalls, and wharves - \$41,945 (2023 - \$35,579), sports fields and skateparks - \$15,002 (2023 - \$13,955), playground and other land improvements - \$65,007 (2023 - \$62,860), and trails - \$1,774 (2023 - \$1,812).
- (i) Asset retirement obligation:
Additions and amortization expense include costs related to asset retirement obligation. Additions: Land improvements \$1,076 (2023 - \$14,186), buildings \$43 (2023 - \$1,681), and leasehold improvements (\$124) (2023 - \$1,552). Amortization expense: Land improvements \$509 (2023 - \$471), buildings \$281 (2023 - \$191), and leasehold improvements \$723 (2023 - \$841).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

16. Accumulated surplus:

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

	2024	2023
Surplus		
Invested in tangible capital assets	\$ 1,834,318	\$ 1,835,353
Other	150,492	69,563
Equity in Halifax Regional Water Commission (note 7)	256,130	244,672
Funded by reserves		
Landfill closure costs	-	-
Asset retirement obligations - landfill closure costs (note 11)	(17,731)	(14,186)
Unfunded		
Asset retirement obligations - asbestos, lease and underground storage tanks	(3,686)	(4,726)
Employee future benefits, accrued interest and other	(21,920)	(21,036)
Total surplus	2,197,603	2,109,640
Risk reserves set aside by Council		
Risk & resilience	5,402	10,211
Total risk reserves set aside by Council	5,402	10,211
Obligation reserves set aside by Council		
Landfill closure and post closure costs (note 11)	15,335	8,946
Municipal election	3,742	2,992
Convention centre	6,766	4,777
Community and events	5,116	3,853
Business/Industrial parks expansion	56,119	67,696
Central Library recapitalization	9,989	8,486
Multi-District facilities	12,945	10,513
Solid waste facilities	17,257	20,348
Master plan	2,486	2,369
Total obligation reserves set aside by Council	129,755	129,980
Opportunity reserves set aside by Council		
Strategic initiative capital	176,627	161,757
Strategic initiative Operating	5,715	4,470
Options	21,372	19,185
Capital fund	51,853	86,989
Parkland development	9,786	10,171
Gas tax	13,595	15,174
Density Bonusing	7,470	5,913
Total opportunity reserves set aside by Council	286,418	303,659
Total individual surpluses and reserves	2,619,178	2,553,490
Accumulated remeasurement gains	60,396	51,651
Total accumulated surplus	\$ 2,679,574	\$ 2,605,141

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

17. Contingent liabilities:

- (a) As of March 31, 2024, 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 \$ 183,000. 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 17.50% at March 31, 2024 (2023 - 18.94%). As at March 31, 2024, total outstanding debt is \$237,627 (2023 - \$219,373), with maturity dates ranging from 2024 to 2033. The Municipality is responsible for outstanding debt of \$6,500 (2023 - \$13,000) 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, 2024
(In thousands of dollars)

19. Amounts contributed for provincially mandated services:

	Budget	2024	2023
Education services	\$ 188,230	\$ 188,130	\$ 175,124
Assessment services	7,303	7,279	7,268
Social housing	4,500	4,962	5,140
Correctional services	6,870	6,887	6,850
Total	\$ 206,903	\$ 207,258	\$ 194,382

(a) Education services

The Municipality is required to provide a mandatory contribution in the amount of \$173,834 (2023 - \$161,103) and supplementary contributions of \$14,296 (2023 - \$14,021) for the Halifax Regional Centre for Education and the Conseil scolaire acadien provincial. These contributions are recorded as expenses in educational services.

(b) Assessment services:

The Municipality is required to pay a share of the cost of operating the Property Valuation Services Corporation based on the total municipal assessment cost times the average of the Municipality's share of the Uniform Assessment and the Municipality's share of assessment accounts. This expense is included in general government services.

(c) Social housing:

The Municipality is required to pay a share of the costs of the operations of the Metropolitan Regional Housing Authority. This expense is included in general government services.

(d) Correctional services:

The Municipality is required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by provincial formula and is included in protective services.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

20. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2023/24 operating and capital budgets approved by Council on March 25, 2023, 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 2023/24 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.

	2024	2023
Revenue		
Operating budget	\$ 1,172,590	\$ 1,105,900
Capital budget	333,336	318,981
	1,505,926	1,424,881
Less:		
Principal and interest recovery from Halifax Regional Water Commission	(7,052)	(7,412)
Tax concessions	(12,074)	(9,890)
Transfers from reserves to capital	(57,600)	(78,319)
Transfers from operating to capital	(62,760)	(65,920)
Long-term debt issued	(128,279)	(91,553)
	(267,765)	(253,094)
Add:		
Revenues from agencies, boards and commissions	45,875	41,088
Restricted area rate surpluses	4,678	2,634
Proceeds from sale of assets	1,246	11,111
Reserve revenue - Gas Tax	26,500	26,265
Interest on reserves	4,464	4,232
Development levies in reserves	1,550	1,550
Other reserve revenue	4,414	2,579
Tangible capital asset related adjustments	(34,614)	101,452
Increase in investment of the Halifax Regional Water Commission before remeasurement gain (loss)	11,458	6,525
	65,571	197,436
Total revenue	\$ 1,303,732	\$ 1,369,223

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024
(In thousands of dollars)

20. Budget data (continued):

	2024	2023
Expenses		
Operating budget	\$ 1,172,590	\$ 1,105,900
Less:		
Tax concessions	(12,074)	(9,890)
Transfers from operating to capital	(62,760)	(65,920)
Net transfers from operating to reserves	(34,345)	(21,167)
Change in solid waste management facilities liabilities	-	-
Principal and interest payments made on behalf of Halifax Regional Water Commission	(7,052)	(7,412)
Long-term debt redeemed	(32,918)	(32,707)
	(149,149)	(137,096)
Add:		
Expenses from agencies, boards and commissions	45,437	44,614
Cost of lots sold in business parks	944	2,927
Application of restricted area rate surpluses	4,678	2,634
Tangible capital assets adjustments including amortization	184,847	155,302
	235,906	205,477
Total expenses	1,259,347	1,174,281
Annual surplus	\$ 44,385	\$ 194,942

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, 2024
(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 34 and 35).

HALIFAX REGIONAL MUNICIPALITY

Schedule of Remuneration and Expenses for Reportable Individuals

Year ended March 31, 2024

(In thousands of dollars)

Council members:	Remuneration	Expenses	Total
M. Savage, Mayor	\$ 196	\$ 16	\$ 212
S. Austin	102	3	105
L. Blackburn	96	4	100
S. Cleary	96	3	99
P. Cuttell	96	9	105
C. Deagle-Gammon	99	10	109
D. Hendsbee	96	9	105
B. Kent	96	3	99
P. Lovelace	96	18	114
T. Mancini	96	7	103
W. Mason	96	6	102
K. Morse	96	5	101
T. Outhit	96	-	96
T. Purdy	96	3	99
P. Russell	96	4	100
L. Smith	96	1	97
I. Stoddard	96	3	99
Chief Administrative Officer:			
C. O'Toole	298	9	307

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, 2024
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2023	Issued	Redeemed	Balance March 31, 2024
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 11,000	\$ -	\$ 5,500	\$ 5,500
09-A-1	15	1.0/5.644	2024	6,020	-	860	5,160
13-A-1	10	1.33/2.979	2023	2,360	-	2,360	-
13-B-1	10	1.285/3.614	2023	367	-	367	-
14-A-1	10	1.245/3.347	2024	4,372	-	2,188	2,184
14-B-1	10	1.20/3.19	2024	4,056	-	2,028	2,028
15-A-1	10	1.011/2.786	2025	8,100	-	2,700	5,400
15-B-1	10	1.040/2.894	2025	3,041	-	1,013	2,028
16-A-1	10	1.150/2.925	2026	7,800	-	1,950	5,850
17-A-1	10	1.20/2.653	2027	4,121	-	824	3,297
17-B-1	10	1.734/3.073	2027	5,555	-	1,111	4,444
18-A-1	10	2.06/3.2995	2028	11,739	-	1,957	9,782
18-B-1	10	2.49/3.389	2028	6,874	-	1,145	5,729
19-B-1	10	2.015/2.561	2029	19,907	-	2,844	17,063
20-B-1	10	0.400/2.376	2031	71,595	-	7,955	63,640
22-A-1	10	2.575/3.782	2032	41,590	-	4,159	37,431
23-B-1	10	5.460/5.165	2033	-	80,490	-	80,490
				208,497	80,490	38,961	250,026
Federation of Canadian Municipalities:							
GMIF10309	20	2.0	2032	2,000	-	200	1,800
GMIF12028	10	1.75	2025	763	-	254	509
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
				211,262	80,490	39,415	252,337
Less: Long-term debt recoverable from the Halifax Regional Water Commission:							
14-B-1	10	1.20/3.19	2024	(2,000)	-	(1,000)	(1,000)
24-HBR-1	20	2.84/5.94	2024	(11,000)	-	(5,500)	(5,500)
				(13,000)	-	(6,500)	(6,500)
Long-term debt				\$ 198,262	\$ 80,490	\$ 32,915	\$ 245,837

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Long-term Debt

Year ended March 31, 2024
(In thousands of dollars)

	Term (years)	Interest rate - %	Maturity year	Balance March 31, 2022	Issued	Redeemed	Balance March 31, 2023
Municipal Finance Corporation:							
24-HBR-1	20	2.84/5.94	2024	\$ 16,500	\$ -	\$ 5,500	\$ 11,000
09-A-1	15	1.0/5.644	2024	6,880	-	860	6,020
11-A-1	10	1.63/4.221	2021	-	-	-	-
11-B-1	10	1.219/3.645	2021	-	-	-	-
12-A-1	10	1.636/3.48	2022	1,480	-	1,480	-
12-B-1	10	1.51/3.16	2022	960	-	960	-
13-A-1	10	1.33/2.979	2023	4,720	-	2,360	2,360
13-B-1	10	1.285/3.614	2023	734	-	367	367
14-A-1	10	1.245/3.347	2024	6,561	-	2,189	4,372
14-B-1	10	1.20/3.19	2024	6,084	-	2,028	4,056
15-A-1	10	1.011/2.786	2025	10,800	-	2,700	8,100
15-B-1	10	1.040/2.894	2025	4,054	-	1,013	3,041
16-A-1	10	1.150/2.925	2026	9,750	-	1,950	7,800
17-A-1	10	1.20/2.653	2027	4,945	-	824	4,121
17-B-1	10	1.734/3.073	2027	6,666	-	1,111	5,555
18-A-1	10	2.06/3.2995	2028	13,696	-	1,957	11,739
18-B-1	10	2.49/3.389	2028	8,019	-	1,145	6,874
19-B-1	10	2.015/2.561	2029	22,751	-	2,844	19,907
20-B-1	10	0.400/2.376	2031	79,550	-	7,955	71,595
22-A-1	10	2.575/3.782	2032	-	41,590	-	41,590
				204,150	41,590	37,243	208,497
Federation of Canadian Municipalities:							
GMIF10309	20	2.0	2032	2,200	-	200	2,000
GMIF12028	10	1.75	2025	1,017	-	254	763
Misc.:							
5% stock Permanent		5.0	-	2	-	-	2
				207,369	41,590	37,697	211,262
Less: Long-term debt recoverable from the Halifax Regional							
Water Commission:							
14-B-1	10	1.20/3.19	2024	(3,000)	-	(1,000)	(2,000)
24-HBR-1	20	2.84/5.94	2024	(16,500)	-	(5,500)	(11,000)
				(19,500)	-	(6,500)	(13,000)
Long-term debt				\$ 187,869	\$ 41,590	\$ 31,197	\$ 198,262

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2024
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2024 Total
Revenue								
Taxation	\$ 720,256	\$ 6,887	\$ 36,943	\$ -	\$ -	\$ -	\$ 188,130	\$ 952,216
Taxation from other governments	47,176	-	-	-	-	-	-	47,176
User fees and charges	15,500	22,861	38,605	5,917	65,389	10,784	-	159,056
Government grants	4,049	5,279	47,476	6,247	14,721	8,587	-	86,359
Development levies	-	-	-	1,617	-	-	-	1,617
Investment income (note 6)	37,830	-	-	-	-	-	-	37,830
Penalties, fines and interest	6,926	5,183	-	-	8	-	-	12,117
Land sales, contributions and other revenue	1,166	-	23,129	-	791	942	-	26,028
Increase in investment in the Halifax Regional Water Commission before remeasurement	-	-	-	-	-	-	-	-
gain (loss) (note 7)	11,458	-	-	-	-	-	-	11,458
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	6,589	-	-	-	-	-	-	6,589
Total revenue	850,950	40,210	146,153	13,781	80,909	20,313	188,130	1,340,446
Expenses								
Salaries, wages and benefits	65,783	202,847	130,997	3,127	76,611	18,835	-	498,200
Interest on long-term debt	321	552	4,110	-	1,279	2	-	6,264
Materials, goods, supplies and utilities	20,123	8,066	33,641	76	23,004	824	-	85,734
Contracted services	19,012	33,491	56,573	41,509	15,222	2,246	-	168,053
Other operating expenses	5,777	32,032	27,957	1,752	30,052	4,384	-	101,954
External transfers and grants	22,354	7,086	632	-	7,786	16,061	188,130	242,049
Amortization of tangible capital assets	18,613	7,475	118,901	1,925	25,359	231	-	172,504
Total expenses	151,983	291,549	372,811	48,389	179,313	42,583	188,130	1,274,758
Annual surplus (deficit)	\$ 698,967	\$ (251,339)	\$ (226,658)	\$ (34,608)	\$ (98,404)	\$ (22,270)	\$ -	\$ 65,688

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2024
(In thousands of dollars)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	2023 Total
Revenue								
Taxation	\$ 670,877	\$ 6,850	\$ 56,884	\$ -	\$ -	\$ -	\$ 175,124	\$ 909,735
Taxation from other governments	43,350	-	-	-	-	-	-	43,350
User fees and charges	11,930	19,004	35,284	5,388	60,884	6,472	-	138,962
Government grants	3,948	4,032	74,750	3,605	19,951	3,400	-	109,686
Development levies	-	-	-	1,737	-	-	-	1,737
Investment income (note 6)	19,661	-	-	-	-	-	-	19,661
Penalties, fines and interest	4,761	7,515	-	-	7	-	-	12,283
Land sales, contributions and other revenue	1,350	-	128,454	2	950	10,656	-	141,412
Increase in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	- 6,525	-	-	-	-	-	-	- 6,525
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	- 6,524	-	-	-	-	-	-	- 6,524
Total revenue	768,926	37,401	295,372	10,732	81,792	20,528	175,124	1,389,875
Expenses								
Salaries, wages and benefits	66,120	190,518	125,499	2,905	71,788	16,093	-	472,923
Interest on long-term debt	281	358	3,394	-	1,076	-	-	5,109
Materials, goods, supplies and utilities	19,028	7,391	34,836	41	20,614	732	-	82,642
Contracted services	16,213	37,443	47,136	46,596	14,506	1,637	-	163,531
Other operating expenses	4,735	21,411	25,066	509	26,861	3,207	-	81,789
External transfers and grants	21,320	7,017	609	-	8,214	15,910	175,124	228,194
Amortization of tangible capital assets	19,289	5,946	97,353	1,360	22,853	190	-	146,991
Total expenses	146,986	270,084	333,893	51,411	165,912	37,769	175,124	1,181,179
Annual surplus (deficit)	\$ 621,940	\$ (232,683)	\$ (38,521)	\$ (40,679)	\$ (84,120)	\$ (17,241)	\$ -	\$ 208,696

Attachment #2

**Halifax Regional Municipality
General Rate Surplus of the Halifax Regional Municipality for
the Year ended March 31, 2024**

Statement of General Rate Surplus of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2024

HALIFAX REGIONAL MUNICIPALITY

Statement of General Rate Surplus

For the year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
General rate surplus, before transfers	\$ 13,618	\$ 3,079
Transfers to reserves:		
Contribution to Capital Fund reserve	(3,500)	-
Contribution to Operating Stabilization reserve	(8,000)	-
Contribution to Options reserve	(2,118)	(3,079)
	(13,618)	(3,079)
General rate surplus	-	-

The accompanying notes are an integral part of the statement.

HALIFAX REGIONAL MUNICIPALITY

Notes to Statement of General Rate Surplus

Year ended March 31, 2024
(In thousands of dollars)

1. Basis of accounting:

This financial information has been prepared to conform in all material respects to the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act Nova Scotia ("MGA") by The Department of Municipal Affairs and Housing and adheres to their Financial Reporting and Accounting Manual ("FRAM") and is intended for the use of Members of Council of the Halifax Regional Municipality ("the Municipality").

This statement is the net actual result of revenue and expenses of the Municipality's Operating Fund, to the extent that those revenues and expenses are included in the calculation of the Municipality's estimate of required sums as determined under Section 93 of the Halifax Regional Municipality Charter, the basis for the general tax rate. As per FRAM Section 3(1)(a)(iv)D Operating Reserve Fund, if the Municipality's operating fund statement of operations results in a surplus, the surplus shall be transferred to the operating reserve.

2. Significant accounting policies:

Revenue and expenses included in the determination of the general rate surplus are recorded on an accrual basis except as noted below:

- a) Interest expense is recorded on a cash basis;
- b) Debt principal repayments are deducted as an expense;
- c) Inter-fund transfers are included in the financial results of the Operating Fund;
- d) Transfers from the Operating Fund to purchase or construct tangible capital assets are deducted as an expense; and,
- e) Amortization of tangible capital assets, changes in the value of the liability for employee sick leave and the liability for contaminated sites no longer in active or productive use are not included in the determination of the general rate surplus.

Attachment #3

**Financial Statements of the Halifax Regional Municipality
Miscellaneous Trust Funds for the Year ended March 31, 2024**

Audited Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY
MISCELLANEOUS TRUST FUNDS

Year ended March 31, 2024

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS Audited Statement of Financial Position

For the year ended March 31, 2024, with comparative figures for March 31, 2023

	March 31, 2024	March 31, 2023
Assets		
Cash	\$ 10,110,544	\$ 8,199,407
Accrued Accounts Receivable	-	29,655
Investments (note 1)	6,410	6,410
	\$ 10,116,954	\$ 8,235,472
Liabilities and Funds Equity		
Due to Halifax Regional Municipality	132,778	18,965
Funds equity (schedule of fund equity)	9,984,176	8,216,507
	\$ 10,116,954	\$ 8,235,472

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

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Audited Statement of Income and Expenditures and Funds Equity

For the year ended March 31, 2024, with comparative figures for March 31, 2023

	March 31, 2024	March 31, 2023
Income		
Investment income	\$ 518,289	\$ 268,718
Capital contributions received during the year	14,000	16,943
Tax sales	2,039,257	396,691
	<u>2,571,546</u>	<u>682,352</u>
Expenditures		
Transfer to Halifax Regional Municipality	641,163	302,163
Net transactions with Trustors	10,100	21,563
Transfer to Reserve	152,614	42,954
	<u>803,878</u>	<u>366,680</u>
Excess of income over expenditures	1,767,668	315,672
Funds equity, beginning of the year	8,216,507	7,900,835
Funds equity, end of the year	<u>\$ 9,984,176</u>	<u>\$ 8,216,507</u>

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

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Notes to Audited Financial Statements

For the year ended March 31, 2024, with comparative figures for March 31, 2023

The Halifax Regional Municipality has a number of trust funds as identified in the Schedule of Funds Equity. The trust funds are in place to fund the operation, maintenance and facilities of the identified beneficiary. The trust funds have a variety of restrictions that specify the purpose for which the funds can be used.

1. Significant accounting policies:

(a) Basics of accounting:

The financial statements have been prepared on a going concern basis, which presumes that the Trust will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations.

(b) Revenue recognition:

Investment income earned in the miscellaneous trust funds is recognized in the fund in which the interest bearing investment is held.

Tax sales revenue is recognized when received, generally being the date the property is sold.

Capital contribution related to various services fees are recognized as revenue in the period received.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	March 31, 2024	March 31, 2023
Shares, cost	\$ 6,410	\$ 6,410
	6,410	6,410
Shares, market values	\$ 533,232	\$ 485,372

The market value shown for investments represents the fair value of the shares as at March 31, 2024. Shares are valued at the year end quoted market prices.

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Audited Statement of Cash Flow

For the year ended March 31, 2024, with comparative figures for March 31, 2023

	March 31, 2024	March 31, 2023
Excess of income over expenditures	\$ 1,767,668	\$ 315,672
Increase(decrease) in Accounts Receivable	29,655	(24,478)
Increase in Due to Halifax Regional Municipality	113,814	21,451
Increase in cash	1,911,137	312,645
Cash, beginning of the period	8,199,407	7,886,762
Cash, end of the period	\$ 10,110,544	\$ 8,199,407

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

HALIFAX REGIONAL MUNICIPALITY

MISCELLANEOUS TRUST FUNDS

Audited Schedule of Funds Equity

For the year ended March 31, 2024, with comparative figures for March 31, 2023

	Balance March 31, 2023	Income	Transfer to Halifax Regional Municipality	Expenditures of Trustors	Capital Contributions	Balance March 31, 2024
J.L. Dillman Park Maintenance	\$ 181,948	\$ 9,058	-	\$ -	\$ -	191,007
Tax sales	3,949,555	2,285,907	(460,890)	(152,614)	-	5,621,959
J.D. Shatford Memorial	60,211	2,922	(3,132)	-	-	60,000
Sackville Landfill	584,689	31,489		(10,000)	-	606,178
Camphill Cemetery Trust	154,364	7,518	(7,360)		2,025	156,547
Camphill Cemetery Perpetual Care	568,163	27,578	(27,024)			568,716
Camphill Cemetery Fence	12,106	588	(576)			12,118
Fairview Cemetery Trust	2,420,177	141,162	(138,747)		11,975	2,434,566
Fairview Cemetery Maintenance	45,158	2,192	(2,148)			45,202
Titanic Trust	185,573	10,278	(500)			195,352
Commons Commutation	16,548	803	(787)			16,564
Harbour Championship	10,439	517		(100)		10,856
Halifax Heritage Trust		36,163				36,163
Other	27,575	1,373		-		28,949
	\$ 8,216,507	\$ 2,557,546	(641,163)	(162,714)	14,000	\$ 9,984,176

Attachment #4

Audit Findings Report - KPMG



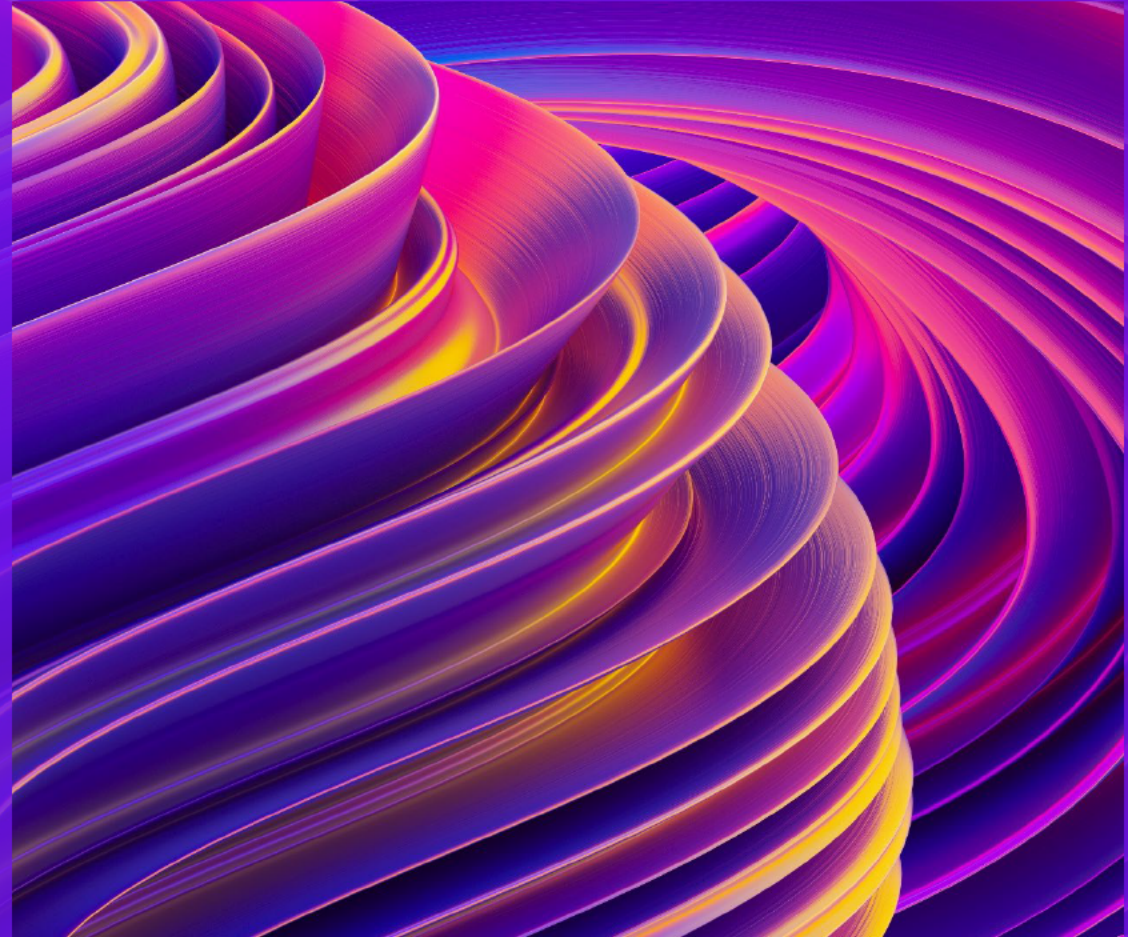
Halifax Regional Municipality ("HRM")

Audit Findings Report for the year ended
March 31, 2024

KPMG LLP

Prepared as of August 12, 2024 for presentation to the Audit
Committee on August 21, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Carey Blair

Lead Audit Engagement Partner



Paul Janes

Engagement Partner



Matthew Betik

Engagement Quality Control Reviewer



Loan Hong

Audit Senior Manager



Table of contents

Digital use information

4	Highlights	5	Status	6	Risks and results	7	Misstatements
8	Control deficiencies	9	Policies and practices	10	Independence	11	Appendices

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Significant changes



Significant changes since our audit plan



- There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Risks and results



Significant risks



- Management override of controls



Other risks of material misstatement



Going concern matters



Policies and practices & Specific topics



Significant unusual transactions



Accounting policies and practices



Other financial reporting matters



Uncorrected misstatements



Uncorrected misstatements



- We did not identify any misstatements that remain uncorrected.

Corrected misstatements



Corrected misstatements



- The management representation letter includes all misstatements identified as a result of the audit, communicated to management, and subsequently corrected in the audited financial statements.

Control deficiencies



Significant deficiencies



- We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.



Status

As of August 12, 2024 we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

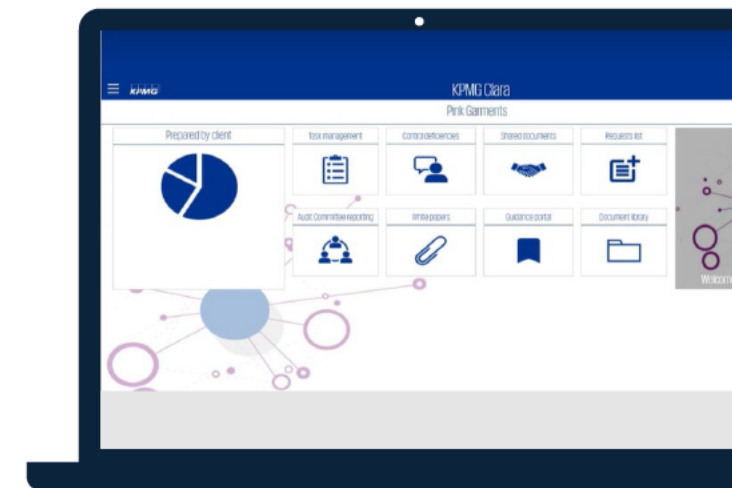
- Completing our quality review procedures
- Receipt of legal letters.
- Obtaining management's signed representation letter
- Completing our discussions with the Audit Committee
- Obtaining evidence of the Council's approval of the financial statements

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix: Draft Auditor's Report.

Our auditor's report, a draft of which is provided in Appendix: Draft Auditor's Report, will be dated upon the completion of any remaining procedures.

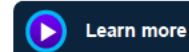
KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate 87 requests from management.





Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Management Override of Controls

RISK OF



ERROR FRAUD

Significant risk

Estimate?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments using the KPMG KCA tool; this listing was reconciled for completeness and key journal entry attributes used in our identification of high-risk journal entries were tested for accuracy and appropriateness. High risk criteria based on journal entry attributes were used to identify the potential existence of an override of controls and these entries were selected for further investigation. Support for the journal entries was obtained to assist in the evaluation of this fraud risk.
- performing a retrospective review of estimates,
- evaluating the business rationale of significant unusual transactions

Significant findings

- The procedures are performed with no exception noted.



Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected misstatements

- Discuss the effect on the financial reporting process
 - Discussion about the cause of the corrected misstatements (e.g. control deficiencies)
 - Discussion about that the matters underlying the corrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.

Description of misstatement	\$	
	Debit	Credit
To adjust the overstatement of deferred revenue and account receivable DR. Deferred revenue CR. Accounts receivable	\$1,810,770.93	\$1,810,770.93



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



Significant accounting policies and practices

Initial selection



The following new significant accounting policies and practices were selected and applied during the period.

- The new standard PS 3400 Revenue is effective for fiscal years beginning on or after April 1, 2023.
- The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Description of new or revised significant accounting policies and practices



Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 2 to the financial statements. The standard had no significant impact on the presentation of the financial statements.



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, we are **independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

A1

Draft auditor's report

A2

Other required communications

A3

Management representation letter

A4

Audit quality

A5

Insights

A6

Environmental, social and governance (ESG)





Appendix 1: Draft auditor's report



KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax Nova Scotia B3J 3N2
Canada
Telephone (902) 492-6000
Fax (902) 429-1307

INDEPENDENT AUDITOR'S 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, 2024
- 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 remeasurement gains and losses 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, 2024, and its consolidated results of operations, its consolidated remeasurement gains and losses, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's 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 auditor's 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.



- 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 auditor's 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 auditor's 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 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.

Chartered Professional Accountants

Halifax, Canada

September 3, 2024



Appendix 2: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



Appendix 3: Management representation letter

KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax, NS B3J 3N2 Canada

September 3, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Halifax Regional Municipality ("the Entity") as at and for the period ended March 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated July 21, 2023 including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

- 11) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Assets & Liabilities - general

- 14) The Entity has satisfactory title to all assets.
- 15) There are no liens or encumbrances on the Entity's assets.
- 16) We have no plans to intentions that may affect the carrying amount or classification of assets and liabilities

Contractual Agreements:

- 17) The Entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance including violations or default of the covenants in the Entity's debt agreement.

Asset retirement obligations:

- 18) The Entity has appropriately recognized, measured, and disclosed asset retirement obligation under PS3280 Asset Retirement Obligations in the financial statements, including estimated closure costs related to landfills.

Employee future benefits:

- 19) The employee future benefit costs, assets and obligations, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 20) The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with PSAS 3250 and 3255. In particular:
 - i) each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary;
 - ii) the set of actuarial assumptions for each plan are individually consistent;
 - iii) the discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

Experts/Specialists:

- 21) The information provided by us to Eckler and RSM Canada and used in the work and findings of the experts are complete and accurate. We agree with the findings of the experts in evaluating the employee future benefits disclosure and have adequately considered the qualifications of the experts in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matter that have had an impact on the independence and objectivity of the experts.

Contingent Liabilities

- 22) The Entity is subject to a number of legal matters including lawsuits and complaints that could result in a future settlement. We have provided you with a complete listing of all identified matters with an estimated or potential settlement of greater than \$100,000 if the Entity is considered at fault or decides to settle the matter. All material matters, individually and in aggregate, have been considered under the accounting framework and where significant have been measured and/or disclosed in the financial statements.

Yours very truly,

Cathie O'Toole, Chief Administrative Officer

Jerry Blackwood, Chief Financial Officer

cc: Audit and Finance Standing Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.]

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule

Summary of Audit Misstatements - Corrected								
Entity:		Halifax Regional Municipality		3/31/2024				
For Period Ended:				CAD				
Amounts in:								
Entry								
ID	Description of misstatement	Factual, judgmental or projected misstatement?	Misstatement in accounts or in disclosure?	Accounts (if applicable)	Balance sheet		Income statement	
					Debit	(Credit)	Debit	(Credit)
AM1	To adjust the overstatement of deferred revenue and account receivable	Factual	Accounts	Deferred revenue	1,810,771			
				Accounts receivable		(1,810,771)		
					1,810,771	(1,810,771)	-	-



Appendix 4: Audit quality - How do we deliver audit quality?

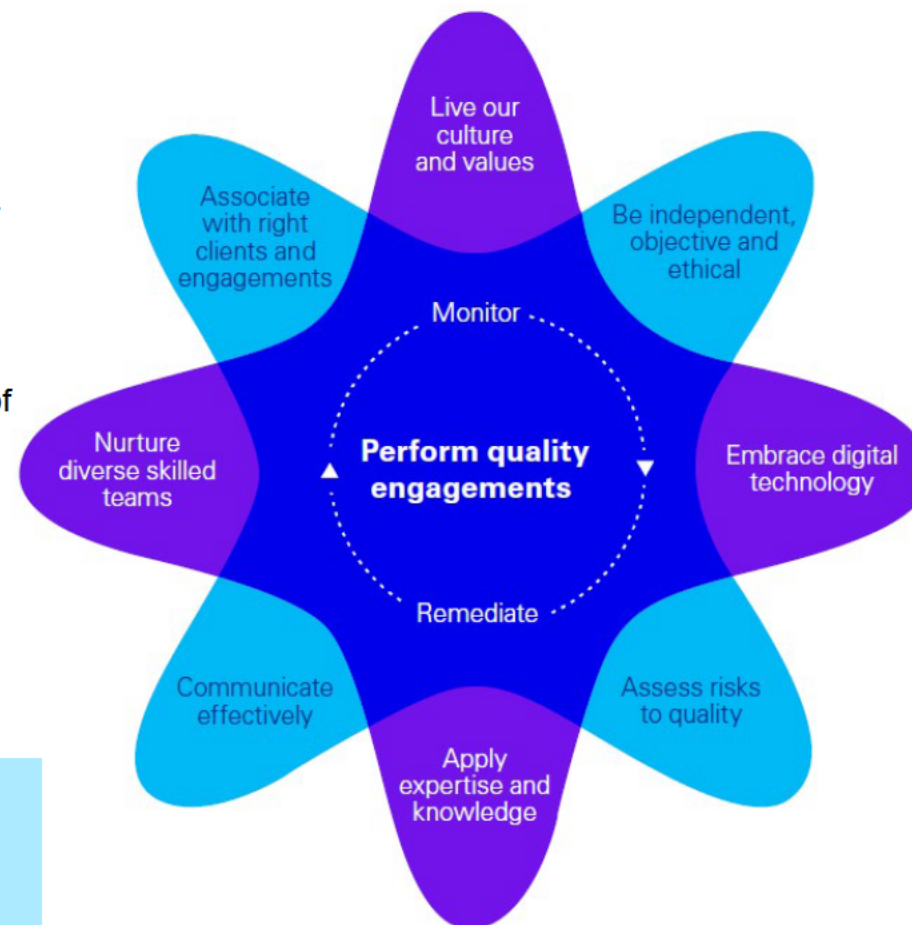
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

[▶ KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

[KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

[Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

[Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

[Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

[Accelerate 2023](#)

The key issues driving the audit committee agenda in 2023.

[Momentum](#)

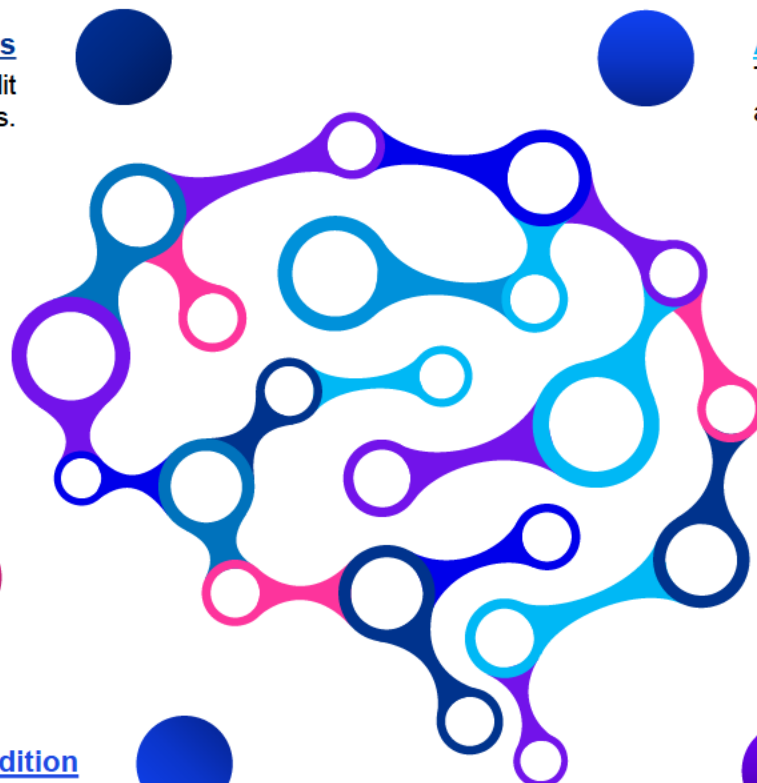
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

[KPMG Climate Change Financial Reporting Resource Centre](#)

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

[IFRS Breaking News](#)

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.





Appendix 6: ESG - Global regulatory reporting standards

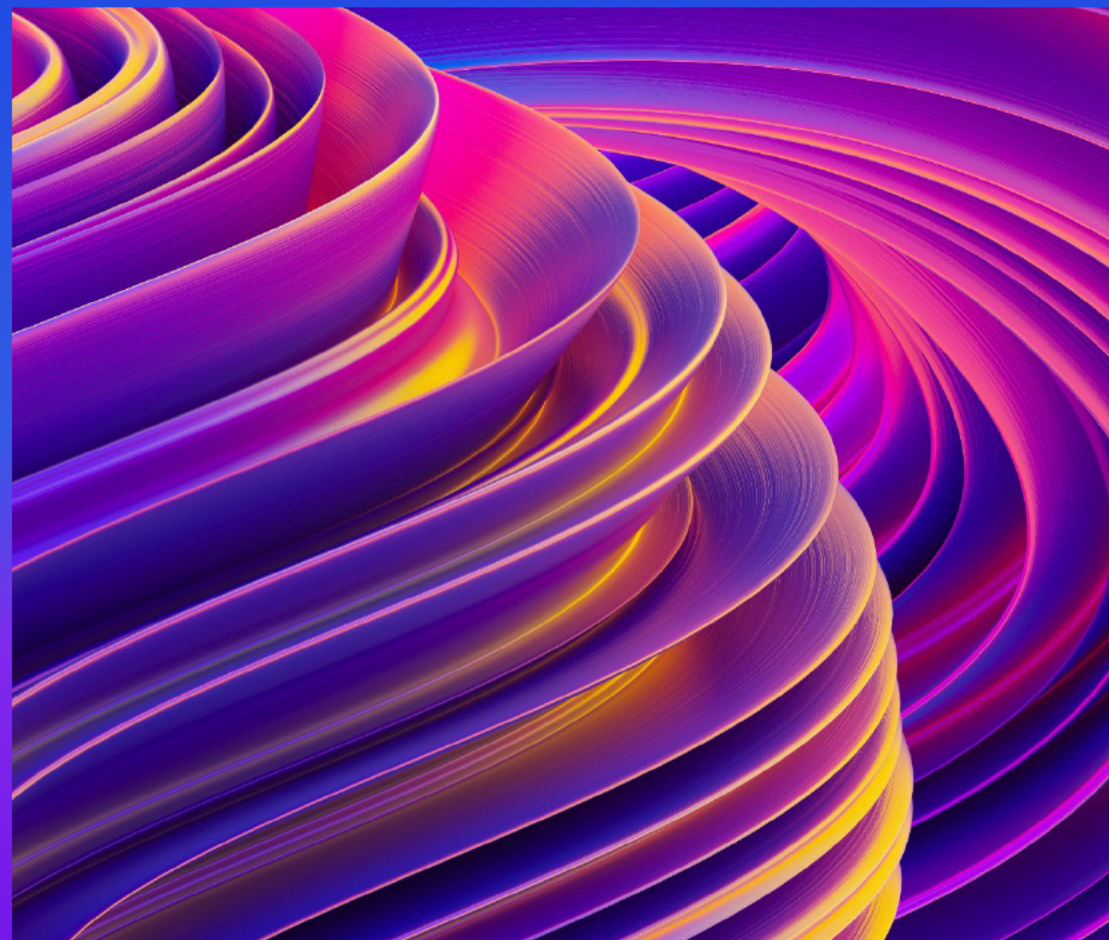
	ISSB ¹ and CSSB	Canadian regulators (CSA)	US (SEC ^{2,3} and California ⁴)	EU ^{5,6}
Recent Activity	<ul style="list-style-type: none"> On March 13, 2024 the Canadian Sustainability Standards Board (CSSB) released proposals on its first two Canadian Sustainability Disclosure Standards (CSDS): Exposure Draft CSDS 1 (proposed general requirements standard) and Exposure Draft CSDS 2 (proposed climate standard). The proposed standards are aligned with the global baseline disclosure standards IFRS S1 and IFRS S2 with the exception of a Canadian-specific effective date for annual reporting periods beginning on or after January 1, 2025 and incremental transition relief. In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard). The ISSB standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption. 	<ul style="list-style-type: none"> In parallel with the CSSB's release of its proposals on March 13, 2024, the Canadian Securities Administrators (CSA) issued a statement noting that they will seek consultation on a revised climate-related disclosure rule following the finalization of CSDS 1 and 2. In October 2021, the CSA issued their original proposed rule, proposed National Instrument 51-107 <i>Disclosure of Climate-related Matters</i>. Bill S-211, Canada's new Act on fighting against forced labor and child labour will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31st of each year. 	<ul style="list-style-type: none"> The SEC's final climate rule was issued on March 6, 2024. The final rule will generally apply to all SEC registrants; <i>including</i> foreign private issuers (Form 20-F filers); <i>excluding</i> Canadian issuers reporting under the Multijurisdictional Disclosure System (Form 40-F filers) and asset-backed issuers. The earliest compliance date is the fiscal year beginning in Calendar year 2025 for large accelerated filers. The SEC also issued its final rules on cybersecurity in July 2023 and expects to release proposed disclosure rules on human capital management in spring 2024 and corporate board diversity in fall 2024. On October 7, 2023, the California Governor signed two climate disclosure laws that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (including US subsidiaries of non-US companies) that meet specified revenue thresholds and do business in California. The Governor also signed the California voluntary carbon market disclosures bill. 	<ul style="list-style-type: none"> The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD). On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts The ESRSs will become effective as early as 2024 reporting periods for some companies. There are potentially considerable ESG reporting implications for Canadian entities – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods

1. Refer to our [ISSB Resource Centre](#) for resources on implementing the IFRS Sustainability Disclosure Standards
2. Refer to our [Defining Issues](#) publication for more information on the SEC's final climate rule
3. Refer to our [Defining Issues](#) publication for more information on the SEC's cybersecurity rules
4. Refer to our [publication](#) on California's introduction of climate disclosures and assurance requirements
5. Refer to our [ESRS Resource Centre](#) for resources on implementing the ESRSs
6. Refer to our [publication](#) on the impact of EU ESG reporting on non-EU companies



<https://kpmg.com/ca/en/home.html>

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Attachment #5

**Report of Expenditures in the Councillors'
District Capital Funds to March 31, 2024**

Summary Councillors' District Capital Funds

April 1, 2023 to March 31, 2024

	Previous Years' Budgets	Previous Years' Spending	Carry Forward from Previous Years' Budgets	Current Year Budget	Budget Available as of April 1, 2023	Actual Expenditures	Commitments	Total Actual Expenditures & Commitments	Currently Available
DISTRICT 1 - Cathy Deagle-Gammon	94,462.82	80,350.00	14,112.82	94,000.00	108,112.82	94,222.26	1,239.59	95,461.85	12,650.97
DISTRICT 2 - David Hendsbee	94,000.00	94,000.00	0.00	94,000.00	94,000.00	87,223.23	6,776.77	94,000.00	0.00
DISTRICT 3 - Becky Kent	116,069.00	55,007.28	61,061.72	94,000.00	155,061.72	114,274.39	33,210.63	147,485.02	7,576.70
DISTRICT 4 - Trish Purdy	113,170.96	2,500.00	110,670.96	94,000.00	204,670.96	111,439.64	11,411.23	122,850.87	81,820.09
DISTRICT 5 - Sam Austin	99,000.00	55,515.87	43,484.13	94,000.00	137,484.13	104,405.14	11,559.58	115,964.72	21,519.41
DISTRICT 6 - Tony Mancini	263,711.29	27,490.61	236,220.68	94,000.00	330,220.68	168,289.98	51,436.66	219,726.64	110,494.04
DISTRICT 7 - Waye Mason	97,009.63	94,000.00	3,009.63	94,000.00	97,009.63	94,000.00	3,009.63	97,009.63	0.00
DISTRICT 8 - Lindell Smith	291,759.37	0.00	291,759.37	94,000.00	385,759.37	122,320.08	168,278.07	290,598.15	95,161.22
DISTRICT 9 - Shawn Cleary	135,432.70	0.00	135,432.70	94,000.00	229,432.70	86,054.69	54,947.35	141,002.04	88,430.66
DISTRICT 10 - Kathryn Morse	178,196.82	39,999.94	138,196.88	94,000.00	232,196.88	90,096.22	93,369.08	183,465.30	48,731.58
DISTRICT 11 - Patti Cuttell	101,800.62	3,266.94	98,533.68	94,000.00	192,533.68	86,200.47	50,314.32	136,514.79	56,018.89
DISTRICT 12 - Iona Stoddard	396,916.08	18,577.51	378,338.57	94,000.00	472,338.57	128,326.49	260,216.02	388,542.51	83,796.06
DISTRICT 13 - Pam Lovelace	102,222.71	47,920.00	54,302.71	94,000.00	148,302.71	121,123.44	289.43	121,412.87	26,889.84
DISTRICT 14 - Lisa Blackburn	94,250.00	89,421.15	4,828.85	94,000.00	98,828.85	95,148.79	2,747.86	97,896.65	932.20
DISTRICT 15 - Paul Russell	94,000.00	64,591.90	29,408.10	94,000.00	123,408.10	65,671.16	10,235.00	75,906.16	47,501.94
DISTRICT 16 - Tim Outhit	112,770.39	0.00	112,770.39	94,000.00	206,770.39	85,191.32	94,886.59	180,077.91	26,692.48
Total	2,384,772.39	672,641.20	1,712,131.19	1,504,000.00	3,216,131.19	1,653,987.30	853,927.81	2,507,915.11	708,216.08

Attachment #6

**Report of Expenditures in the Councillors'
District Activity Funds to March 31, 2024**

SUMMARY COUNCILLORS' DISTRICT ACTIVITY FUNDS**April 1, 2023 to March 31, 2024**

Orders	Actual Expenditures	Commitments	Total Actual Expenditures & Commitments	Budget	Available
DISTRICT 1 - Cathy Deagle-Gammon	4,487.50	-	4,487.50	4,500.00	12.50
DISTRICT 2 - David Hendsbee	4,163.57	-	4,163.57	4,500.00	336.43
DISTRICT 3 - Becky Kent	4,465.00	-	4,465.00	4,500.00	35.00
DISTRICT 4 - Trish Purdy	4,500.00	-	4,500.00	4,500.00	-
DISTRICT 5 - Sam Austin	4,220.00	-	4,220.00	4,500.00	280.00
DISTRICT 6 - Tony Mancini	4,390.00	-	4,390.00	4,500.00	110.00
DISTRICT 7 - Waye Mason	4,426.75	-	4,426.75	4,500.00	73.25
DISTRICT 8 - Lindell Smith	4,350.00	-	4,350.00	4,500.00	150.00
DISTRICT 9 - Shawn Cleary	4,500.00	-	4,500.00	4,500.00	-
DISTRICT 10 -Kathryn Morse	4,500.00	-	4,500.00	4,500.00	-
DISTRICT 11 - Patti Cuttell	4,475.00	-	4,475.00	4,500.00	25.00
DISTRICT 12 - Iona Stoddard	4,490.00	-	4,490.00	4,500.00	10.00
DISTRICT 13 - Pam Lovelace	4,482.59	-	4,482.59	4,500.00	17.41
DISTRICT 14 - Lisa Blackburn	4,288.00	-	4,288.00	4,500.00	212.00
DISTRICT 15 - Paul Russell	4,490.00	-	4,490.00	4,500.00	10.00
DISTRICT 16 - Tim Outhit	4,421.00	-	4,421.00	4,500.00	79.00
Total	70,649.41	-	70,649.41	72,000.00	1,350.59

Attachment #7

**Report of Changes in the Recreation Area Rate Accounts
to March 31, 2024**

Halifax Regional Municipality
Continuity Schedule of Recreation Area Rated Accounts
The 4th Quarter ended March 31, 2024

Area Rated Recreation Account	Opening Deficit (Surplus) April 1,2023	Revenue April 1, 2023 to 31-Mar-24	Expenditures April 1, 2023 to 31-Mar-24	Current Year's Deficit (Surplus) 31-Mar-24	Accumulated Deficit (Surplus) 31-Mar-24
Frame Subdivision Homeowners Association	45	(4,050)	4,095	45	90
Sackville Heights Elementary School	(191,968)	(344,478)	318,840	(25,638)	(217,606)
Glen Arbour Homeowners Association	-	(21,970)	21,905	(65)	(65)
White Hills Residents Association	-	-	-	-	-
Lost Creek Community Association	(1,434)	-	-	-	(1,434)
Waterstone Neighbourhood Association	-	-	-	-	-
Ketch Harbour Residents Association	362	(10,532)	10,170	(362)	(0)
Mineville Community Association	(76)	(11,200)	11,276	76	(0)
Three Brooks Homeowners Association	-	(10,080)	10,080	-	-
Haliburton Highbury Homeowners Association	(185,636)	(63,314)	63,300	(14)	(185,650)
Highland Park Ratepayers Association	(56,038)	(12,466)	-	(12,466)	(68,504)
Kingswood Ratepayers Association	(124,099)	(67,550)	91,224	23,674	(100,425)
Prospect Road & Area Recreation Association	(161,532)	(121,607)	283,161	161,554	22
Westwood Hills Residents Association	(136,909)	(35,700)	56,909	21,209	(115,700)
Musquodoboit Harbour	(568)	(14,728)	-	(14,728)	(15,296)
Hammonds Plains Common Rate	(140,524)	-	-	-	(140,524)
Grand Lake/Oakfield Community Centre	(68,517)	(32,398)	43,942	11,544	(56,973)
Maplewood Subdivision	(153,721)	-	-	-	(153,721)
Silversides Residents Association	-	(16,300)	16,300	-	-
Fox Hollow at St Margaret's Bay Village Homeowners Association	(6,169)	(6,180)	-	(6,180)	(12,349)
Waverley Sidewalk Area Rate	-	(33,460)	33,700	240	240
Lakeview, Windsor Junction, Fall River Ratepayers Association	(4,985)	(260,223)	260,545	322	(4,663)
Totals	(1,231,770)	(1,066,236)	1,225,447	159,211	(1,072,559)

Attachment #8

**Reserves Funds Summary
At March 31, 2024**

Reserve Number	Reserve	SAP Balances as of Q4	Projected Closing Balance 2024/25	Projected Closing Balance 2025/26	Projected Closing Balance 2026/27	Projected Closing Balance 2027/28
Risk Reserve						
Q416	Operating Stabilization Reserve	5,402,196	3,551,244	3,608,044	3,665,744	3,724,444
TOTAL RISK RESERVES:		5,402,196	3,551,244	3,608,044	3,665,744	3,724,444
Obligation Reserve						
Q506	Landfill Closure Cost	15,335,123	11,322,612	11,012,512	10,675,112	10,305,912
Q511	Municipal Election Reserve	3,741,643	1,155,117	2,037,217	2,933,417	3,843,917
Q521	Convention Centre Reserve	6,765,511	7,863,311	8,978,711	10,145,711	11,331,311
Q536	Library Recapitalization Reserve	9,989,043	10,148,843	11,385,343	12,641,643	13,918,043
Q546	Multi-District Facilities Reserve	12,944,835	2,421,712	2,561,612	2,703,812	3,102,312
Q556	Solid Waste Facilities Reserve	17,257,101	11,948,547	11,738,447	14,674,547	16,590,847
Q566	Master Plan Reserve	2,485,993	2,525,793	2,566,193	2,607,293	2,648,993
Q616	Business/Industrial Parks Expansion Rese	56,119,089	22,560,985	40,066,167	25,467,267	(14,257,233)
Q621	Community and Events Reserve	5,115,952	3,699,322	3,812,822	3,928,222	4,045,422
TOTAL OBLIGATION RESERVE:		129,754,290	73,646,242	94,159,024	85,777,024	51,529,524
Opportunity Reserve						
Q666	SI Capital	176,627,321	159,678,639	180,203,739	201,057,239	217,164,339
Q667	SI Operating Reserve	5,715,469	5,727,169	6,294,769	6,871,469	7,727,369
Q611	Parkland Development Reserve	9,785,864	5,160,535	5,497,135	5,839,135	6,186,535
Q626	Gas Tax Reserve	13,595,007	5,975,297	6,578,897	7,192,197	7,815,297
Q640	Density Bonus Reserve	7,470,288	6,064,192	6,161,192	6,259,792	6,359,992
Q421	Options Reserve	21,371,671	9,081,773	9,227,073	9,374,673	9,524,673
Q526	Capital Funds Reserve	51,852,667	10,810,209	7,978,828	4,684,028	2,190,928
TOTAL OPPORTUNITY RESERVE:		286,418,287	202,497,814	221,941,633	241,278,533	256,969,133

Reserve Summary								
	Reserve	SAP Balances as of Q4	Projected Closing Balance 2024/25	Projected Closing Balance 2025/26	Projected Closing Balance 2026/27	Projected Closing Balance 2027/28	Future Commitments	Projected Uncommitted (As of 2027/28)
	TOTAL RISK RESERVES:	5,402,196	3,551,244	3,608,044	3,665,744	3,724,444	-	3,665,744
	TOTAL OBLIGATION RESERVE:	129,754,290	73,646,242	94,159,024	85,777,024	51,529,524	85,777,024	-
	TOTAL OPPORTUNITY RESERVE:	286,418,287	202,497,814	221,941,633	241,278,533	256,969,133	215,120,904	26,157,628
	TOTAL RESERVE	421,574,772	279,695,300	319,708,701	330,721,301	312,223,101	300,897,929	29,823,372

Attachment #9

**Hospitality Expenses Summary
January 1, 2024 to March 31, 2024**

Hospitality Expenses January - March 2024

Date	Courtesy Visit or Reception	Item(s)	Total	YTD Total
Total			-	29,624

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.

Attachment #10

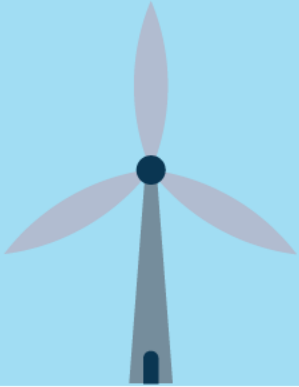
**Mayor, Councillors and CAO's Expense Summary
January 1, 2024 to March 31, 202**

Expenses for Reportable Individuals January - March 2024

Name	Local Travel	Out of Town Travel	Development/ Training	Meals & Other Miscellaneous Expenses	Total	YTD Total
Mayor Mike Savage	444	1,760	-	856	3,061	15,948
Deputy Mayor Cathy Deagle-Gammon	2,273	-	-	-	2,273	9,576
Councillor David Hendsbee	5,629	-	-	-	5,629	8,581
Councillor Becky Kent	682	-	-	-	682	3,036
Councillor Trish Purdy	-	-	-	-	-	3,435
Councillor Sam Austin	27	-	-	-	27	3,455
Councillor Tony Mancini	1,134	-	-	-	1,134	7,105
Councillor Wayne Mason	-	-	1,492	-	1,492	5,939
Councillor Lindell Smith	-	-	78	-	78	568
Councillor Shawn Cleary	-	-	-	-	-	2,850
Councillor Kathryn Morse	-	219	365	-	584	5,259
Councillor Patty Cuttell	932	219	365	-	1,516	8,854
Councillor Iona Stoddard	385	1,126	-	-	1,511	3,115
Councillor Pam Lovelace	876	-	-	-	876	18,294
Councillor Lisa Blackburn	933	-	-	-	933	3,868
Councillor Paul Russell	680	-	-	-	680	3,721
Councillor Tim Outhit	-	-	-	-	-	-
CAO Cathie O'Toole	49	1,221	-	50	1,321	8,972
Total	14,043	4,545	2,300	906	21,795	112,575

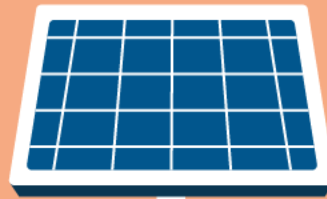
Attachment #11

**HRM Climate-Related Financial Disclosures Report
for the year ended Mach 31, 2024**



Climate-Related Financial Disclosures (Unaudited)

For the year ended March 31, 2024



Climate-Related Financial Disclosures

As the effects of climate change intensify, municipalities like Halifax face increased risks from both extreme weather events and the impact of longer-term trends such as sea-level rise, to residents, their homes and livelihoods and the critical infrastructure of the municipality. Managing these risks and understanding their potential impacts, is necessary to enable informed decisions, enhance public safety, avoid disruptions of essential services and increase the resilience of property and infrastructure in the municipality.

Established in 2015 by the Financial Stability Board, the Task Force on Climate-Related Financial Disclosures (TCFD) is a framework that provides voluntary disclosure recommendations around four pillars (Governance, Strategy, Risk Management and Metrics & Targets) for organizations to communicate the material impact of climate change on their operations to key partners. Originally developed for public companies, in 2020 CPA Canada released guidance for Canadian cities wishing to adopt the TCFD recommendations¹. Benefits to cities of applying the TCFD framework include building internal capacity for managing climate risks, quantifying climate-related information in financial terms such as infrastructure investment needs and integrating climate-related risks and opportunities into operational budgeting and long-term capital planning to allocate resources where needed.

The municipality has chosen to begin reporting climate-related disclosures in alignment with the TCFD framework for the 23/24 fiscal year. Recognizing that fully implementing the TCFD recommendations is a multi-year journey, this proactive approach, taken ahead of potential mandatory requirements for entities reporting under Public Sector Accounting Standards, supports the on-going integration of climate into financial decision-making at the municipality.

The report is organized into four sections, each aligned with one of the TCFD pillars. Each section is introduced with the recommended disclosures corresponding to its respective pillar.



¹ CPA Canada. "Enhancing Climate-related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-related Financial Disclosures" [A guide to adopting the TCFD recommendations for cities - CPA Canada](#)

Governance

Disclose the organization's governance around climate-related risks and opportunities.

- a) Describe the board's oversight of climate-related risks and opportunities.
- b) Describe management's role in assessing and managing climate-related risks and opportunities.

COUNCIL'S ROLE

Halifax Regional Council's oversight of climate-related risks and opportunities is crucial in navigating the complex challenges posed by climate change. As municipalities increasingly recognize the impact of climate-related factors on their operations, finances and residents and local businesses, the role of Regional Council becomes pivotal.

Regional Council has taken action to ensure the impact of climate change on the municipality is addressed including:

- Declaring a climate emergency on January 29, 2019, emphasizing that climate change and sea level rise are a serious and urgent threat and;
- Endorsing the municipality's climate action plan, *HalifACT: Acting on Climate Together (HalifACT)*, on June 23, 2020.

HALIFACT: ACTING ON CLIMATE TOGETHER

HalifACT is the municipality's long-term climate action plan to reduce emissions and help communities adapt to a changing climate. This plan is an update and consolidation of two previous plans aimed at reducing greenhouse gas emissions; the Community Energy Plan and the Corporate Plan to Reduce GHG Emissions 2012-2020. This plan also integrates climate adaptation, which is the preparation of communities and infrastructure against the current and future impacts of climate change.

HalifACT outlines 46 actions required to achieve the plan's climate action goals by 2050. The actions are grouped by three major themes: decarbonized and resilient infrastructure, prepared and connected communities and governance and leadership.

ENVIRONMENT SELECTED AS STRATEGIC PRIORITY AREA

Regional Council is responsible for setting the strategic direction of the municipality. Informed by organizational strategies and community engagement, a newly elected Council sets strategic priority areas and related strategic priority outcomes for its four-year mandate. This Strategic Priorities Plan reflects the municipality's vision, mission and values and establishes key areas of focus now and into the future. Environment is one of the municipality's 2021-2025 strategic priority areas. The aim of the Environment priority area is to demonstrate leadership in climate change action and environmental protection – both as an organization and a region. The related priority outcomes include net zero emissions, climate resilience and protected and sustainable environment.

ENVIRONMENTAL IMPLICATIONS OF RECOMMENDATIONS TO COUNCIL

All recommendation reports to Regional Council are evaluated for environmental implications. This information is included in reports alongside risk considerations and financial implications to provide balanced decision-making criteria to Regional Council. Updated guidance and a training module for report writers is planned for 2024/25.

ROLE OF ENVIRONMENT AND SUSTAINABILITY STANDING COMMITTEE

The Environment and Sustainability Standing Committee (ESSC), a permanent committee established by Regional Council, has specific responsibilities relating to climate change mitigation and adaptation. In addition to providing advice to Council, ESSC is responsible to progress policy related to municipal climate change adaptation and mitigation, promote community adoption of climate change mitigation and adaptation measures and provide governance oversight of the municipality's climate change risk management strategy. Environment and Climate Change staff provide progress reports on the implementation of the HalifACT: Acting on Climate Together plan to Regional Council through the Environment and Sustainability Standing Committee annually.

MANAGEMENT GOVERNANCE

The Environment & Climate Change (ECC) division's mandate is to provide vision and leadership in climate action and environmental sustainability. Working with both internal and external partners, ECC leads the implementation of HalifACT within the organization and broader community and develops and oversees projects, policies and programs to progress climate action and environmental sustainability.

The current management structure of ECC and the reporting relationship of the division to the Executive Sponsor of HalifACT, the Chief Administrative Officer, is illustrated below.



Collective Impact

The Collective Impact department is responsible for leading and coordinating collective action and change management efforts to implement HalifACT and other sustainability initiatives. This involves strategic engagement with key partners and communities, capacity building and driving transformational change to address climate challenges.

Climate Governance

The Climate Governance department is responsible for coordinating the implementation of HalifACT across the organization. The department focuses on oversight of the HalifACT Governance Model, research and policy development and the development of strategic partnerships to drive climate action.

Environment

The Environment department is responsible for leading and coordinating efforts across various sectors to ensure environmental sustainability, focusing on ecosystem and watershed management, environmental risk compliance and the promotion of nature-based solutions and public education on environmental issues.

Clean Energy

The Clean Energy department oversees the development and implementation of clean energy initiatives, focusing on the design, installation and management of clean energy technologies and programs with the goal of reducing greenhouse gas emissions. This department collaborates with internal and external partners to promote the adoption of sustainable energy solutions across the municipality.

Climate Adaptation

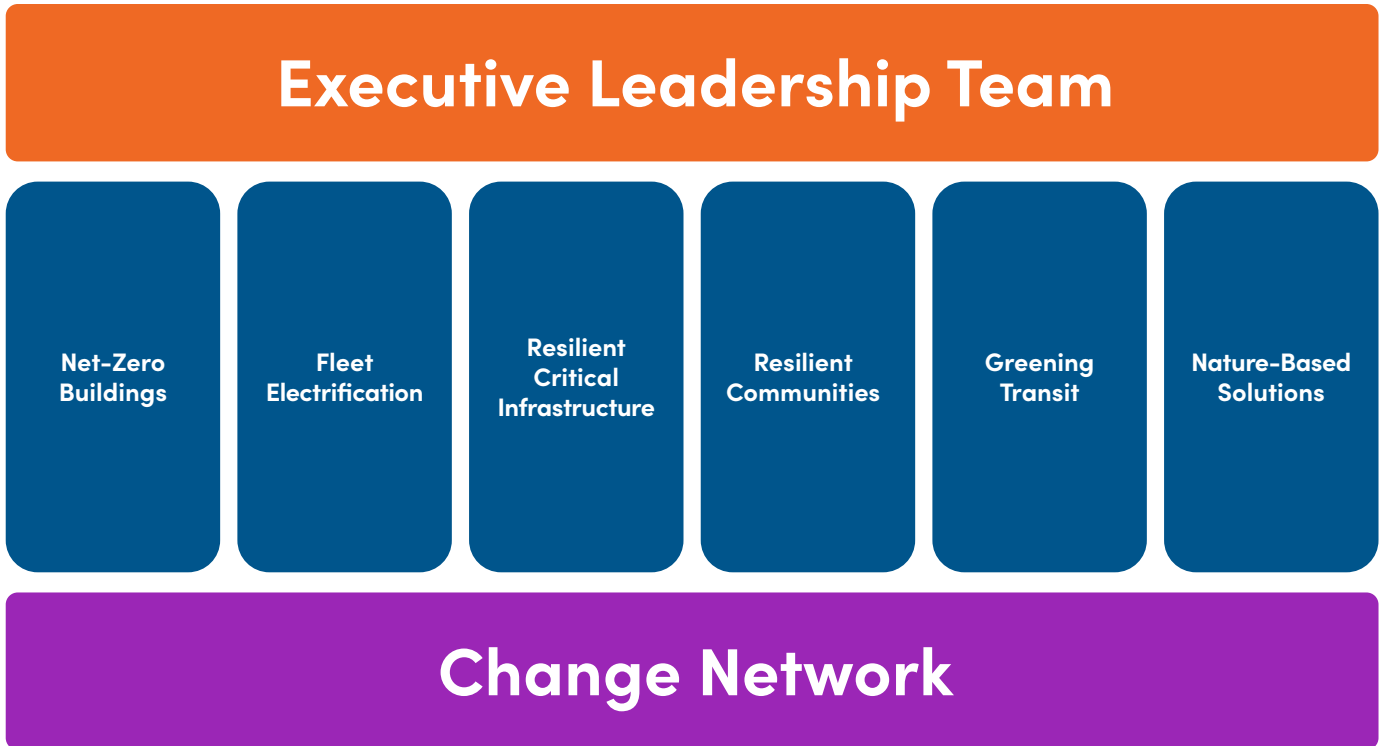
The Climate Adaptation department leads the development and implementation of climate adaptation initiatives, focusing on resilient infrastructure and community programs to increase public awareness of climate risks and enhance climate resilience and sustainability.



IMPLEMENTATION OF HALIFACT GOVERNANCE MODEL

The work to implement HalifACT requires collaboration across all municipal business units. Municipal business units have been assigned as Action Leads for each of the 46 HalifACT actions. To help progress the actions outlined in HalifACT, a governance model was created and approved by the Executive Leadership Team (ELT) in fall 2022. The model establishes a structured approach to incorporating a climate lens into strategic and operational planning decisions designed to support HalifACT's emissions reduction and climate adaptation goals and the monitoring and reporting of progress towards the achievement of those goals. The model is championed by the Chief Administrative Officer and its implementation is supported by staff from the Environment & Climate Change division.

The model launched in February 2024 with six initial Working Groups.



Terms of reference for each group outline the mandate and role of the Working Group, the HalifACT actions the group is accountable for and group member responsibilities. These cross-functional Working Groups will assume responsibility for the coordination of annual resource and work planning for the relevant HalifACT actions and will provide updates on action progress to include in the annual update ECC prepares for Regional Council. Over time, new Working Groups may be formed as the need arises or disbanded as actions are completed.

An internal change network, open to all staff on a voluntary basis, is planned to support the model by building climate awareness and commitment across the organization.



Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.

- a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.
- b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.
- c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 C or lower scenario².

CLIMATE RISKS AND IMPACTS

Localized, downscaled climate projections prepared for Halifax in support of HalifACT indicate the municipality can expect higher annual and seasonal average temperatures, higher maximum or peak temperatures, more heat waves, increased annual precipitation, increases in extreme precipitation and increases in the intensity and frequency of some extreme events, including storms, flooding and wildfires. Climate hazards can be either climate-related physical events, such as extreme weather events or longer-term climate change trends such as increasing average temperatures and sea-level rise. These climate hazards pose risks for people, infrastructure, natural systems and resources, economies, livelihoods and safety. As the climate continues to change, these hazards are projected to increase in variability, frequency and intensity. Climate hazards identified for Halifax include:

- Extreme heat
- Urban flooding
- Coastal flooding (including sea-level rise)
- Coastal erosion
- Hurricanes
- Fire weather (risk of wildfires)
- Extreme wind
- Storms
- Heavy precipitation
- Biodiversity loss

Table 1 represents a high-level summary of climate-related risks and impacts based on modelling conducted in support of HalifACT.

² A 2-degree or lower scenario aims to limit global temperature rise to well below 2°C above pre-industrial levels, as outlined in the Paris Agreement, requiring significant reductions in greenhouse gas emissions and substantial shifts toward renewable energy and sustainable practices.

Table 1: Examples of Projected Climate Impacts on Halifax

Impacted Areas	Impacts	Timeframe	Impacted Assets/Services
Buildings & Other Physical Infrastructure	<p>Damage from extreme weather events such as heavy precipitation, hurricanes/high winds, storms and flooding.</p> <p>Damage to coastal infrastructure and property from flooding, saltwater intrusion and coastal erosion due to sea-level rise and storm surges.</p> <p>Increased probability of power outages and grid failures.</p> <p>Increasing risk of cascading infrastructure failures.</p>	Short- to medium-term	Residential, commercial, institutional premises; public health; emergency management; transportation; public and private assets
Natural Systems	<p>Reduced water quality and quantity due to changing weather patterns, diminishing snowpack, variable spring runoff, rising temperatures, flooding and saltwater intrusion.</p> <p>Threats to crops with lower yields and nutrition, higher food prices, contaminated water and food, more pests and diseases and damage to food supply and distribution from extreme weather.</p> <p>Harm to ecosystems reducing their ability to provide natural resources, habitats and cultural activities.</p> <p>Declining fish stocks and less productive fisheries due to changing water conditions, ocean acidification, invasive species and pests.</p> <p>Declining forest health and timber production due to changing weather, more extreme events, invasive species, pests and increased wildfires.</p>	Short to long-term	Drinking water; biodiversity; food security; urban forest; public health; economy; water supply and sanitation; community and culture
Human Systems	<p>Adverse effects on physical and mental health from extreme weather, heatwaves, poor air quality and vector-borne pathogens.</p> <p>Increased demand on emergency services with less recovery time due to more frequent and concurrent extreme weather events.</p> <p>Financial impacts on businesses from damage or interruptions to assets, operations, supply chains, transport and employee safety.</p> <p>Risks to government capacity in providing services, managing climate risks and maintaining public trust, along with increased policy and budget obligations.</p>	Short to long-term	Public health; emergency management; employee health; transportation; economy; community and culture

EXTREME WEATHER EVENTS

In the past 18 months Halifax has experienced the destructive impacts of three extreme weather events. On May 28, 2023, the Upper Tantallon wildfire swept through the region, damaging approximately 200 properties and prompting the evacuation of 16,000 people. Following closely, July 2023 witnessed severe flooding due to an atmospheric river event that unleashed over 250 millimeters of rain in less than 24 hours in some areas of Nova Scotia. The year prior, in September 2022, Hurricane Fiona, marked as the costliest weather event in Atlantic Canada, caused extensive damage with its powerful winds and heavy rainfall. Estimates of insured damages from these events exceed \$1 billion³. As of March 31, 2024, the municipality has incurred \$22.7 million in costs for emergency response, vehicle and equipment replacement and repairs to municipal assets due to these three events.

The social and economic impact of increasingly frequent extreme weather events is significant. Across Canada, insured damages due to extreme weather events routinely exceed \$2 billion annually. Most of these losses are due to water-related damage⁴. Investment in both climate adaptation and mitigation strategies are required to manage these costs effectively. The Canadian Climate Institute estimates that for every dollar spent on adaptation today, \$13 to \$15 dollars will be returned in both direct and economy-wide benefits in the future⁵. Assessing and protecting critical infrastructure is a priority of HalifACT and the municipality has committed resources to fund projects that increase the resiliency of municipally owned assets.

FUNDING CLIMATE ACTION

In June 2020, with the endorsement of HalifACT, Regional Council directed the Chief Administrative Officer to incorporate plans to achieve the HalifACT actions into the municipal budgeting and business planning process. Regional Council accepted in principle the need to adequately resource the plan.

The *2022/23 Capital Plan* identified a core group of projects supporting the achievement of HalifACT actions as strategic initiatives. Strategic initiative projects support key municipal strategies and require large levels of investment and additional resources to sustain implementation over multiple years. To contribute to the financing of these projects, with the approval of the 2022/23 municipal budget, Regional Council approved the implementation of the Climate Action Tax. The Climate Action Tax is expected to raise \$18 million annually and is anticipated to be collected for at least 10 years.

The 2023/2024 Four-Year Capital Plan for these projects is shown in the table on page 9.

³ Insurance Bureau of Canada. *Tantallon wildfire causes over \$165 million in insured damage (ibc.ca); Nova Scotia flooding causes over \$170 million in insured damage (ibc.ca); Insured Damages from Hurricane Fiona Now Over \$800 Million (ibc.ca)*

⁴ Insurance Bureau of Canada. *Severe Weather in 2023 Caused Over \$3.1 Billion in Insured Damage (ibc.ca)*

⁵ Canadian Climate Institute. *Damage Control: Reducing Climate Impacts | Canadian Climate Institute*

Four-Year Plan		
Municipal Building Energy Retrofits	Enables implementation of net-zero roadmap for corporate buildings. Strategies to net-zero include deep energy retrofits, fuel switching and net-zero new construction.	\$76.3 million
Implementation of Electric Vehicle Strategy	Enables implementation of Municipal Electric Vehicle Strategy including deployment of public charging infrastructure and electrification of light-duty fleet.	\$25.7 million
Protection of Critical Infrastructure	Assessments of municipal-owned and operated critical infrastructure will determine required “future-proofing” against potential climate impacts and this project will provide funding towards identified improvements.	\$30.0 million
Small Climate Action Initiatives	Funding for small climate action projects across the organization.	\$8.0 million
Electric Bus Procurement (Phase 1)	Expansion of the Ragged Lake Transit Centre to accommodate battery electric buses and anticipated future fleet growth, 60 replacement battery electric buses, charging infrastructure and Ragged Lake Transit Centre energy efficiency retrofits.	\$40.7 million

Additional funding will be required to fully implement these projects. The amount will depend on factors such as the advancement of the specified actions, inflationary pressures and contributions from other levels of government. Additional funding will be requested as needed through the annual municipal budget process in the future.

CAPITAL PROJECT EVALUATION FRAMEWORK

As part of the annual budget process, all capital projects are evaluated against the criteria of the Capital Prioritization Framework. This framework includes criteria related to the alignment of the project to Council Strategic Priority Areas, including Environment and requires project managers to conduct a high-level risk assessment for each project based on the impact and likelihood of exposure to future climate change hazards and environmental impacts if the project does not proceed. The prioritization framework ensures recommended projects provide the greatest overall value considering the municipality’s long-term goals and financial position. The evaluation results are presented for senior leadership’s consideration to make a more valued Capital Plan recommendation to Regional Council.

SCENARIO ANALYSIS

The HalifACT plan was developed using forecasts of climate conditions Halifax may face in the future. Climate modelling undertaken to support HalifACT used localized downscaled climate projections for temperature and precipitation sourced from the Climate Atlas of Canada. The temperature and precipitation projection data for Halifax is associated with the Representative Concentration Pathway 8.5 scenario or the “high emissions” scenario. This scenario assumes global greenhouse gas emissions will continue to increase through the end of the century.

Additionally, three different emissions reductions scenarios were modelled to explore the impact of various emission reduction actions across five key areas: buildings, energy supply, transportation, water and wastewater and solid waste. The decarbonizing actions outlined in HalifACT correspond to the most aggressive emissions reduction scenario modelled, aiming to achieve net-zero community-wide emissions by 2050 to align with a global warming target of 1.5°C.

The outcomes of the modeling inform HalifACT’s mitigation strategies and provide forecasts of the changes the municipality will encounter despite those efforts to enable the municipality to plan effectively for resilience and adaptation.

Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks:

- a) Describe the organization's processes for identifying and assessing climate-related risks.*
- b) Describe the organization's processes for managing climate-related risks.*
- c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.*

IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

In support of HalifACT, an Adaptation Baseline Report was prepared which identified, at a high-level, risks and impacts to Halifax from a changing climate. This report, which includes detailed historical climate data and projections for the timeframes 2021-2050 and 2051-2080, along with the municipality's Hazard Risk and Vulnerability Assessment (2015), provided baseline information to inform the actions and priorities identified in HalifACT. With the establishment of a Climate Adaptation team within the Environment & Climate Change division this year and in conjunction with the Emergency Management Office and Planning & Development, several projects have been completed or are underway to augment the municipality's understanding of the risks and impacts to the municipality of identified climate hazards.

HAZARD, RISK AND VULNERABILITY ASSESSMENT

The municipality is undertaking an update to its 2015 *Hazard, Risk and Vulnerability Assessment (HRVA)*. An HRVA is a process that helps governments and communities make risk-based decisions to address vulnerabilities, mitigate hazards and prepare for, respond to and recover from emergencies. This update will consider climate, technological and human-induced hazards, incorporating social and economic factors from census data and key partner input. Hazard data will come from experts and internal datasets to assess physical vulnerability. The HRVA findings will guide discussions on risk levels, high-priority risk management areas and overall resilience building. The assessment will establish profiles and recommendations for action for each of the municipality's districts and is estimated to be completed in 2025. Completion of the HRVA is an essential component of HalifACT, supporting the integration of climate considerations into emergency management planning.

OTHER HAZARD MAPPING PROJECTS

Extreme water levels / flood hazard mapping

A desktop review of coastal extreme water levels was completed in 2022/23 using high resolution LiDAR and associated digital elevation models. Extreme water levels can result from the combined effect of sea level rise, tides and storm surge resulting in the potential for coastal flooding.

The study also informed the Flood Hazard Mapping project which started in fall 2022. This project will provide comprehensive pluvial (rainfall), fluvial (river) and coastal flood hazard maps under multiple climate scenarios and planning horizons and is expected to be complete in 2024.

A project to understand the impact of wave run-up along the municipality's shoreline is planned for 2024/25. This coastal analysis will include the development of wave models along the municipality's entire coast and flood maps that include the impact of wave run-up.

These projects support the development of a detailed coastal risk and vulnerability analysis for the municipality and inform updates to the Regional Plan, which establishes planning policies outlining where future growth and development should take place, as well as Emergency Management plans.

Other climate hazards report

Baseline climate hazard exposure maps for six hazards (extreme heat, meteorological drought, extreme rainfall, extreme snowfall, extreme wind and changing winter temperatures) were completed in 2022/23. In addition to historical data, the hazards were projected and assessed over a near-term 2021-2050 and long-term 2071-2100 future scenario.

Critical infrastructure inventory

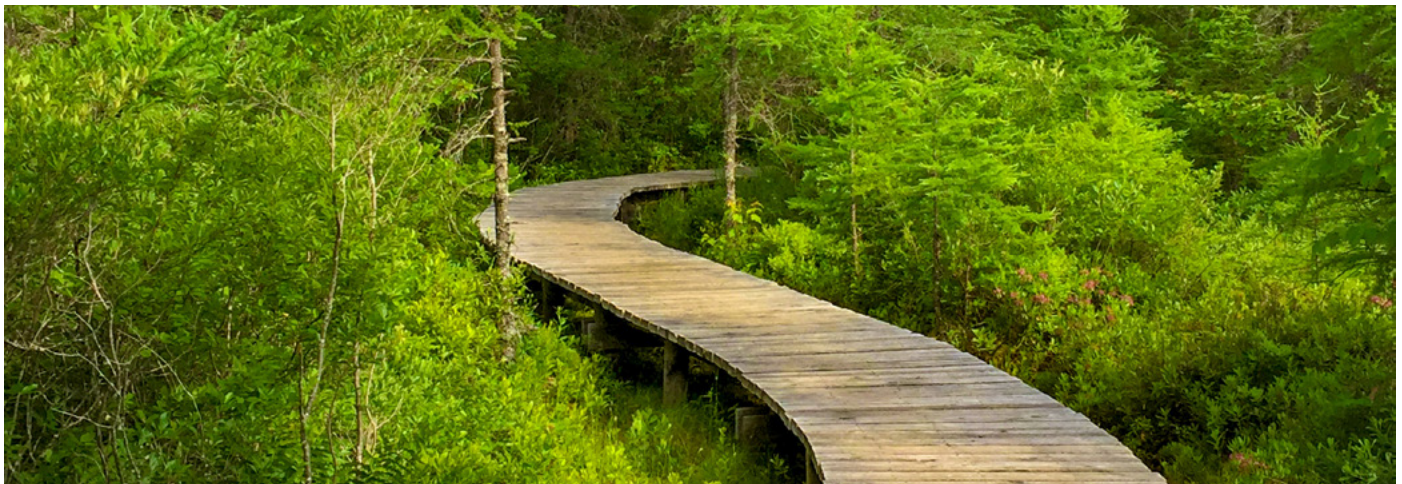
The municipality is currently undertaking a spatial inventory of municipally owned critical infrastructure as defined by Public Safety Canada.

Following completion of the above projects, the municipality plans to layer its critical infrastructure inventory against identified climate hazards and areas of vulnerabilities to identify and prioritize areas where future resilience projects and climate adaptation investments should be made. This mapping exercise is intended to be iterative and will be refreshed as new data becomes available.

RISK MANAGEMENT FRAMEWORK

The municipality employs an integrated Enterprise Risk Management (ERM) approach to assessing and addressing risks that may impact the achievement of strategic goals and objectives. The municipality’s Risk Management Framework (2019) recognizes and encourages the management of risks across the entire organization and at all levels within. While the municipality is in the early stages of implementing its ERM framework, this foundational step will enhance the municipality’s capacity to manage risks comprehensively and systematically.

The risk that the municipality does not pro-actively manage severe weather impacts related to climate change resulting in economic impacts, increased service delivery costs, the inability to provide services and diminished public safety in our communities is included as one of twenty enterprise risks in the municipality’s Enterprise Risk Register.



Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.*
- b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.*
- c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.*



GREENHOUSE GAS (GHG) EMISSIONS

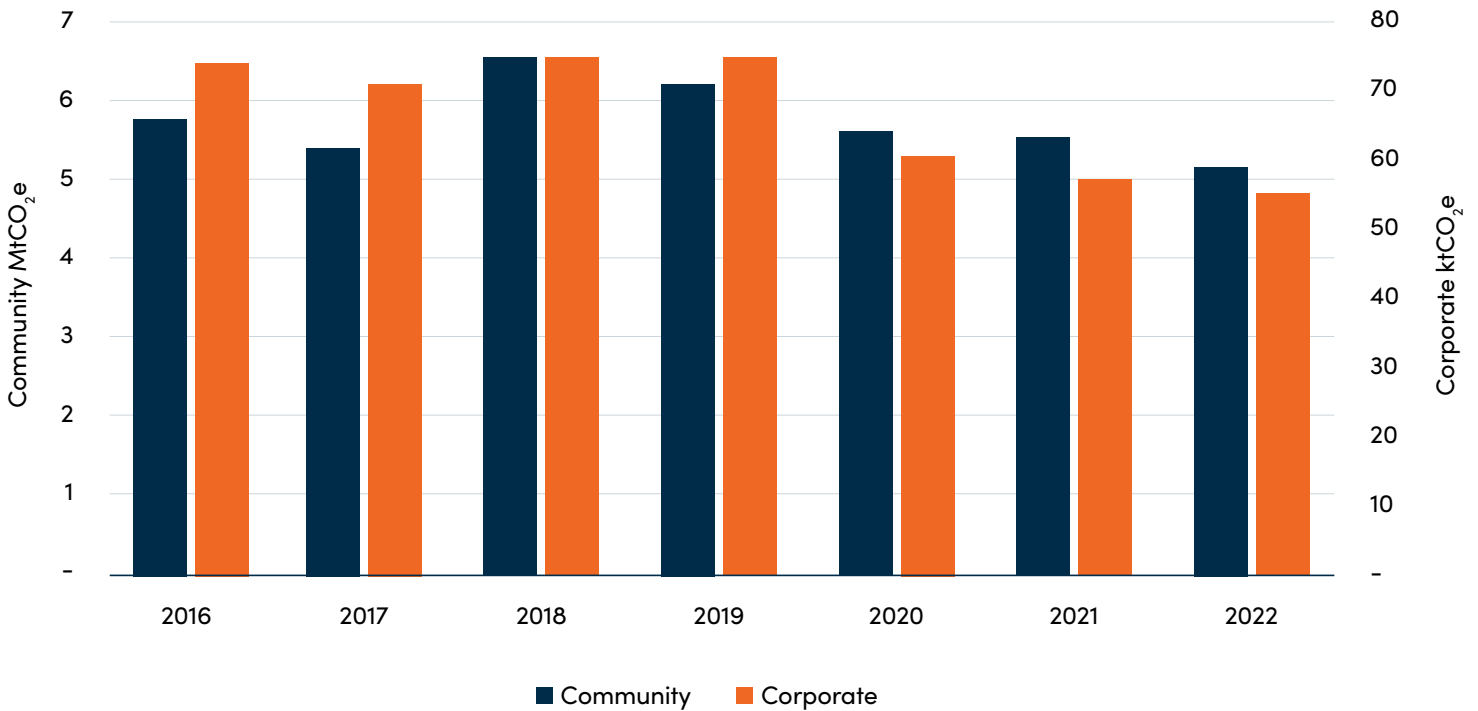
HalifACT establishes a corporate target of net-zero emissions by 2030, a community-wide target of a 75 per cent emission reduction from the baseline year of 2016 by 2030 and net-zero community-wide emissions by 2050. Emissions inventories are calculated using the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC) reported in the Global Covenant of Mayors (GCoM) Common Reporting Framework (CRF) and include Scope 1 and Scope 2 emissions.

- Scope 1 Emissions: Direct emissions from sources controlled by the municipality (i.e. emissions from vehicle fuel used by municipal fleet)
- Scope 2 Emissions: Indirect emissions from energy purchased by the municipality (i.e. emissions caused by the generation of electricity used in municipal buildings)

Corporate and community emissions inventories are reported annually to Council. Halifax also includes a detailed emissions inventory in its annual reporting to CDP (formerly known as the Carbon Disclosure Project), a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Figures 1 summarizes the progress to date for corporate and community targets, respectively.

Community and Corporate Emissions 2016-2022



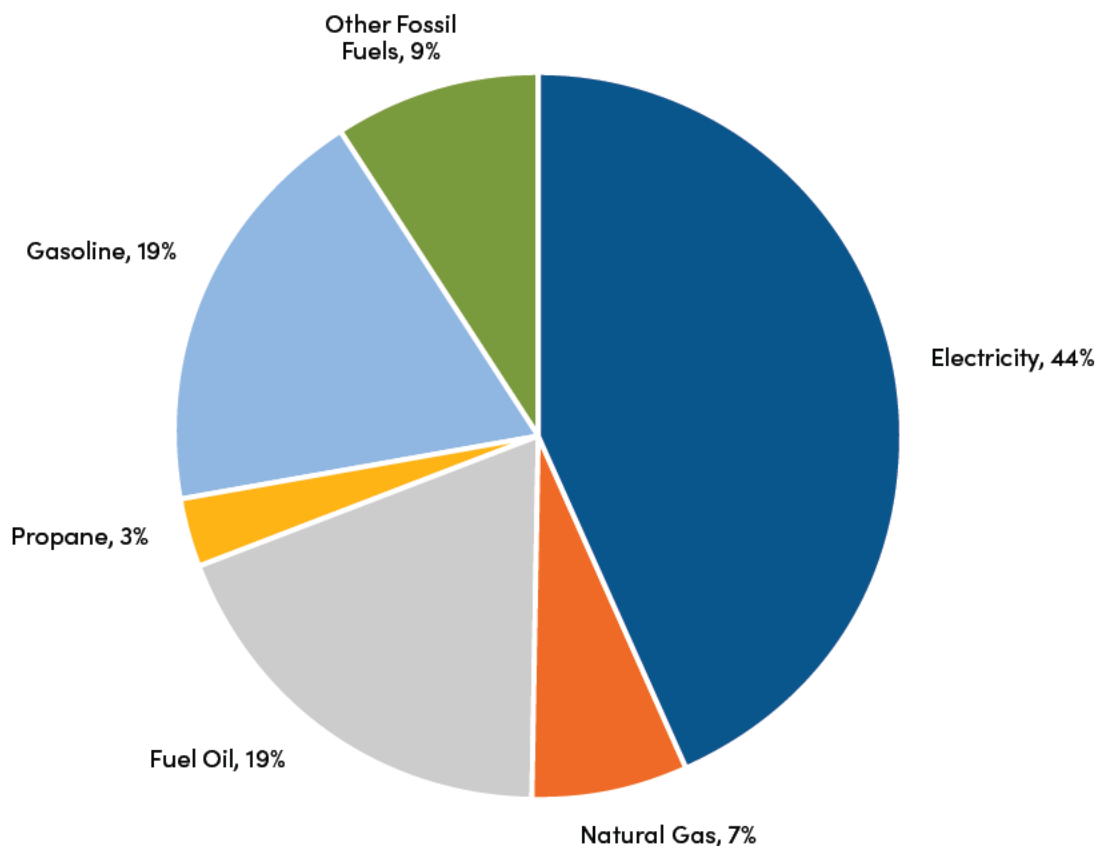
Corporate emissions are a direct result of energy use related to municipal buildings, street lighting and vehicles (public works, fleet), owned and operated by the municipality. It excludes public transit and solid waste emissions associated with collection. Since the baseline year of 2016, emissions have decreased approximately 22.7 per cent.

Community emissions are a direct result of all energy use within the boundaries of the Halifax Regional Municipality. This includes all corporate emissions, public transportation, private commuter vehicles, heavy transport, energy generation and buildings. Since the baseline year of 2016, emissions have decreased approximately 10.7 per cent.



Figure 2 shows 2022 community emissions by fuel type.

Community Emissions by Fuel Type 2022



The primary energy sources responsible for the community's GHG emissions include electricity, fuel oil and gasoline. Electricity is used across the residential, institutional, commercial and industrial sectors. Fuel oil is used almost exclusively in the residential sector for home heating, while gasoline powers on-road transportation. Together, these sources accounted for 82 per cent of the community's emissions in 2022.

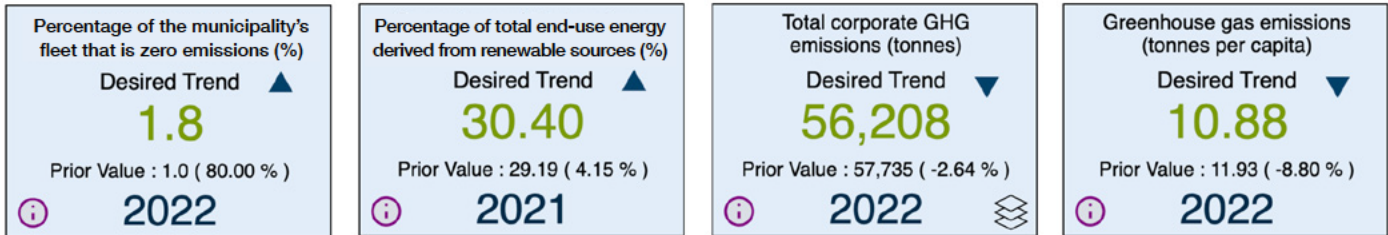
Although emissions have decreased since 2016, they are not falling at the pace and scale necessary to meet the reduction targets established in HalifACT. In 2022, emissions exceeded those forecasted in the business-as-usual (BAU) scenario from the HalifACT Low-Carbon Technical Report. The BAU scenario forecasts the emissions expected from population and employment growth in the region, assuming no additional policies, actions or strategies to reduce emissions are implemented between 2019 and 2050. Actual emissions have exceeded those projected in the BAU scenario, primarily because the population grew more than expected and electricity emissions were higher than anticipated.

As the population increases, prompt action becomes increasingly important. The HalifACT plan relies on various key partners, including utilities and other levels of government, to meet their respective climate targets. The rate of decarbonization of Nova Scotia's electrical grid significantly influences HalifACT's emissions forecasts and the municipality's ability to achieve its community-wide emissions targets.

STRATEGIC PERFORMANCE SNAPSHOT

The *Strategic Priorities Plan Progress Report* is provided to Council at the end of the fiscal year and provides an annual summary of accomplishments in support of the *Strategic Priorities Plan*. In the fall, in advance of budget and business planning, Key Performance Indicators (KPIs) developed to monitor progress towards the achievement of the Priority Outcomes are updated in the municipality's online Strategic Performance Snapshot dashboard.

Examples of KPIs relating to the Environment Strategic Priority Area are shown below.



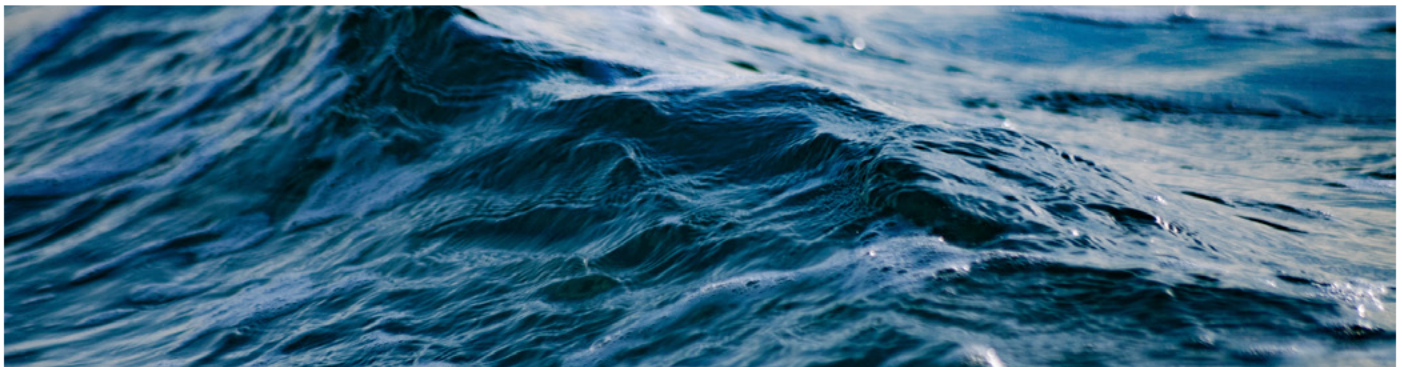
REPORTING PROGRESS ON HALIFACT ACTIONS

Progress on HalifACT actions is reported annually to Regional Council. Lead business units provide annual updates on these actions to the Environment & Climate Change division. The division then assigns a progress indicator based on the activities undertaken that year and the forecasted trajectory of the action. As of the *2022/23 HalifACT Annual Progress Report*, 36 per cent of the actions were rated as on track.

VIRTUAL HUB PROJECT

A climate dashboard for Halifax is currently under development. The goal of this virtual space is to engage residents by clearly communicating the progress of actions the municipality is taking to enhance the environment, reduce emissions and prepare for climate impacts.

The dashboard will feature climate-related information and data specific to Halifax, including updates on the actions outlined in the HalifACT plan. It will also present the HalifACT vision for 2030 and 2050, a calendar of events and important dates, enable partner organizations to share updates with Halifax and collect feedback from users. Additionally, metrics to measure progress and interim targets will be developed as part of the project. Information on spending for climate initiatives will also be included in the dashboard, which is planned to launch by spring 2025.



Next Steps

The municipality is committed to continuous improvement of our sustainability reporting. This includes not only refining our alignment with the TCFD recommendations, but also keeping abreast of evolving standards and frameworks around nature-related financial disclosures. By staying informed of these developments, we aim to further integrate comprehensive environmental and climate considerations into the municipality's financial decision-making and reporting processes.

The municipality will continue to report through the CDP climate reporting platform. In 2023, the municipality was recognized as one of 120 cities worldwide to receive an "A" grade for its CDP reporting, a distinction that underscores the municipality's climate leadership and its transparent reporting of climate change mitigation and adaptation risks, plans and actions.

Reporting in alignment with the TCFD framework provides a standardized approach that enables organizations to disclose how they identify, assess and manage climate-related risks and opportunities and the potential impact of those risks and opportunities on the organization's operations, strategy and financial planning. As noted by CPA Canada⁶, fully implementing the TCFD recommendations may take cities several years. Recognizing this timeline, the municipality is committed to enhancing our disclosures annually in support of transparent and accountable climate-related financial reporting.



⁶ CPA Canada. "Enhancing Climate-related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-related Financial Disclosures" [A guide to adopting the TCFD recommendations for cities - CPA Canada](#)

Forward-Looking Statements Disclaimer

This report includes forward-looking statements related to climate-related risks and opportunities, based on current expectations and assumptions. These statements involve risks and uncertainties that may cause actual results to differ materially. The municipality is not obligated to update any forward-looking statements. Readers should not place undue reliance on them.