

August 21, 2024

**HALIFAX**

# **Audited Consolidated Financial Statements**

March 31, 2024

# Governance and Responsibilities

- HRM Management is responsible for preparing the financial statements and presenting them to the Audit Committee (the “Committee”).
- The Committee’s Terms of Reference states that the Committee is responsible for:
  - reviewing, in detail, the financial statements of the Municipality with the External Auditors,
  - evaluating internal control systems and management letters with the External Auditors, and,
  - review with management and the External Auditor and recommend to Regional Council for approval, the annual audited financial statements.
- KPMG, our External Auditor, provides an Opinion on the Financial Statements. On March 20, 2024, they provided their Audit Planning Report containing their approach and methodology, risks and confirmation of their independence.
- It is recommended that the Committee discuss issues with KPMG without Management present, as per Section 19(2)(c) of the Halifax Regional Municipality Charter, by moving in-camera.
- After these discussions, the Committee will vote on the motion in the Report.

# Financial Position

- Financial Statements reflect a point in time.
- Financial position continues to be fairly strong, but not without risk going forward.
- Asset renewal needs to continue; Capital from Operating has been deferred over past budgets.
- Significant financial pressures exist and will need to be addressed.

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# Consolidated Entities

## Recreation facilities:

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

## Commissions, cultural and other facilities:

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

# Consolidated Financial Statements – Highlights

- Expect to receive an unqualified Audit Report
- Prepared in accordance with GAAP and PSAS

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# Statement of Financial Position

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

# Statement of Financial Position (in 000's)

	2024	2023
<b>Financial assets</b>		
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>
<b>Financial liabilities</b>		
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
<b>Non-financial assets</b>		
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>



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# Statement of Operations

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

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# Statement of Operations (in 000's)

	Budget	2024	2023
<b>Revenue</b>			
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
<b>Total revenue</b>	<b>1,303,732</b>	<b>1,340,446</b>	<b>1,389,875</b>

# Statement of Operations (in 000's)

	Budget	2024	2023
<b>Expenses</b>			
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
<b>Total expenses</b>	<b>1,259,347</b>	<b>1,274,758</b>	<b>1,181,179</b>

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# Statement of Operations (in 000's)

	Budget	2024	2023
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
Adjustment for accumulated remeasurement gain on the Halifax Regional Water Commission at April 1, 2022	-	-	(11,225)
<b>Accumulated individual surpluses and reserves, end of year</b>	<b>\$ 2,597,875</b>	<b>\$ 2,619,178</b>	<b>\$ 2,553,490</b>

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# **Audited General Rate Surplus**

March 31, 2024

# General Rate Surplus (in 000's)

## Statement of General Rate Surplus

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

	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)
	<u>(13,618)</u>	<u>(3,079)</u>
General rate surplus	<u>-</u>	<u>-</u>

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



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# **Miscellaneous Trust Funds**

**March 31, 2024**

## Summary of Assets (in dollars)

	2024	2023	Change
Cash	\$10,110,544	\$8,199,407	\$1,911,137
Accounts receivable	\$0	\$29,655	(\$29,655)
Investments	\$6,410	\$6,410	\$0
<b>Total assets</b>	<b>\$10,116,954</b>	<b>\$8,235,472</b>	<b>\$1,881,482</b>

- Cash increased primarily due to increased tax sale revenue.
- AR decreased as interest on tax sales was recognized in 2024, while having been accrued in 2023.

# Summary of Liabilities and Funds Equity (in dollars)

	2024	2023	Change
Due to Halifax Regional Municipality	\$132,778	\$18,965	\$113,813
Funds Equity	\$9,984,176	\$8,216,507	\$1,767,669
<b>Total liabilities and equity</b>	<b>\$10,116,954</b>	<b>\$8,235,472</b>	<b>\$1,881,482</b>

- Fund equity balances are detailed in Schedule in the Financial Statements.

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# Income and Expenditures (in dollars)

	2024	2023	Change
Income	\$2,571,546	\$682,352	\$1,889,194
Expenditures	\$803,878	\$366,680	\$437,198
Excess of Income over Expenditures	\$1,767,668	\$315,672	\$1,451,996

- Income increased primarily due to an increase in tax sales as well as an increase in investment income.
- Expenditures increased primarily due to transfers of interest earned to HRM for maintenance of cemeteries and interest earned on tax sales.

# **TCFD Disclosures**

March 31, 2024

# Task Force on Climate-Related Financial Disclosures (TCFD)

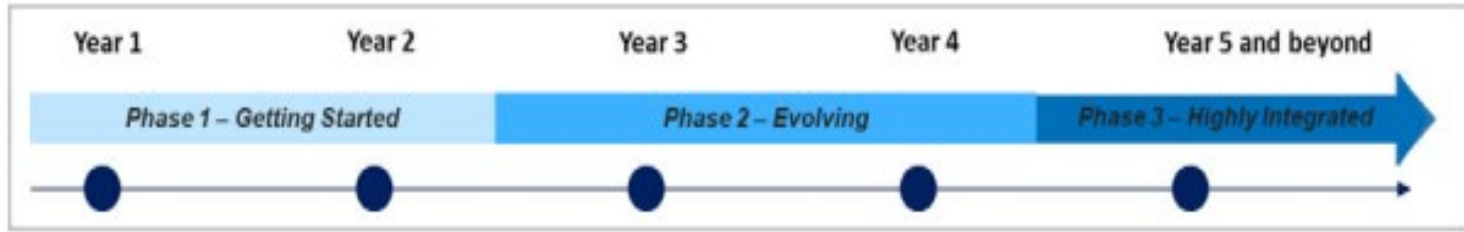


- TCFD is a voluntary reporting framework that provides information on how an organization identifies, assesses and manages climate-related risks

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# Next Steps

- Evaluate progress against TCFD Maturity Assessment Framework for Cities (2020 – CPA Canada)



- Explore additional content for future reports such as nature-related disclosures

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# **Fourth Quarter Report**

**March 31, 2024**



# Councillors' Funds

- **District Capital Funds**

- Of the total budget of \$3.2M, \$2.5M has been spent or committed leaving \$0.7M available for carry-forward.

- **District Activity Funds**

- Of the \$72.0K budget, \$70.6K has been spent or committed leaving \$1.4K remaining.

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# Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2023 was \$1.2M.
- Revenue of \$1.1M has been earned and \$1.2M has been spent.
- The surplus at March 31, 2024 is \$1.1M.

# Reserves

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
<b>TOTAL RESERVE</b>	<b>421,574,772</b>	<b>279,695,300</b>	<b>319,708,701</b>	<b>330,721,301</b>	<b>312,223,101</b>	<b>300,897,929</b>	<b>29,823,372</b>

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# Hospitality Expenses

- For the three-month period ended March 31, 2024 there were no hospitality expenditures, resulting in the YTD total of \$29.6K.
- Hospitality expenses are: Expenses incurred while hosting individuals from outside the municipal government for reasons of diplomacy, protocol, business development or promotional advocacy. Examples include: gifts, receptions, ceremonies, conferences, performances or other group events.

# Expenses for Reportable Individuals

Name	Local Travel	Out of Town Travel	Development/ Training	Meals & Other Miscellaneous Expenses	Total	YTD Total
Mayor Mike Savage	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
<b>Total</b>	<b>14,043</b>	<b>4,545</b>	<b>2,300</b>	<b>906</b>	<b>21,795</b>	<b>112,575</b>