

Consolidated Financial Statements of the

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2014

# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Financial Statements

Year ended March 31, 2014

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# HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2014

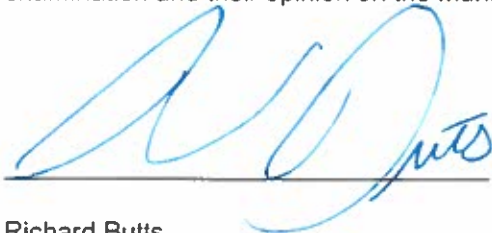
## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Halifax Regional Municipality (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and 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 are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

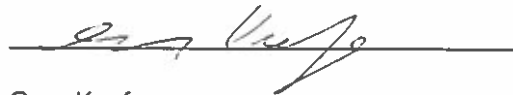
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on 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 their 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Richard Butts  
Chief Administrative Officer



Greg Keefe  
Director of Finance & Information,  
Communication & Technology / CFO



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## INDEPENDENT AUDITORS' REPORT

To Mayor and the Councillors of the Halifax Regional Municipality

We have audited the accompanying consolidated financial statements of the Halifax Regional Municipality, which comprise the consolidated statement of financial position as at March 31, 2014 the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Halifax Regional Municipality as at March 31, 2014, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

July 22, 2014  
Halifax, Canada

# HALIFAX REGIONAL MUNICIPALITY

## Consolidated Statement of Financial Position

March 31, 2014, with comparative information for 2013  
(In thousands of dollars)

	2014	2013
<b>Financial assets</b>		
Cash and short-term deposits (note 2)	\$ 138,745	\$ 152,687
Taxes receivable (note 3)	30,035	27,993
Accounts receivable (note 4)	49,225	65,632
Loans, deposits and advances	806	1,216
Land held for resale	39,685	23,491
Investments (note 5)	137,155	79,110
Investment in the Halifax Regional Water Commission (note 6)	823,742	816,687
	<u>1,219,393</u>	<u>1,166,816</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 7)	99,528	101,922
Deferred revenue	65,050	51,730
Employee future benefits (note 9)	49,657	47,571
Solid waste management facilities liabilities (note 10)	11,027	10,607
Long-term debt (note 11)	219,120	230,375
	<u>444,382</u>	<u>442,205</u>
Net financial assets	775,011	724,611
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,783,401	1,788,580
Inventory and prepaid expenses	9,588	8,946
	<u>1,792,989</u>	<u>1,797,526</u>
Accumulated surplus (note 15)	\$ 2,568,000	\$ 2,522,137

Commitments and contingent liabilities (notes 13 and 16)

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, 2014, with comparative information for 2013

(In thousands of dollars)

	Budget (Note 19)	2014	2013
<b>Revenue</b>			
Taxation	\$ 652,748	\$ 648,806	\$ 632,814
Taxation from other governments	35,556	36,414	34,281
User fees and charges	114,869	117,474	117,396
Government grants	41,347	51,317	52,088
Development levies	2,530	1,621	3,132
Investment income (note 5)	3,692	4,143	3,821
Penalties, fines and interest	12,492	12,315	13,019
Land sales, contributions and other revenue	43,888	27,033	38,371
Increase in equity in the Halifax Regional Water Commission (note 6)	7,000	7,055	25,805
Grant in lieu of tax from the Halifax Regional Water Commission (note 6)	4,200	4,187	3,971
<b>Total revenue</b>	<b>918,322</b>	<b>910,365</b>	<b>924,698</b>
<b>Expenses</b>			
General government services	107,465	104,885	101,401
Protective services	199,795	192,139	190,213
Transportation services	248,721	249,076	229,911
Environmental services	61,467	54,540	51,271
Recreation and cultural services	113,732	110,174	108,863
Planning and development services	24,835	22,159	22,381
Educational services	131,571	131,529	124,402
<b>Total expenses</b>	<b>887,586</b>	<b>864,502</b>	<b>828,442</b>
Annual surplus	30,736	45,863	96,256
Accumulated surplus, beginning of year	2,522,137	2,522,137	2,425,881
<b>Accumulated surplus, end of year</b>	<b>\$ 2,552,873</b>	<b>\$ 2,568,000</b>	<b>\$ 2,522,137</b>

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, 2014, with comparative information for 2013  
(In thousands of dollars)

	Budget (Note 19)	2014	2013
Annual surplus	\$ 30,736	\$ 45,863	\$ 96,256
Acquisition of tangible capital assets and contributed tangible capital assets	(135,689)	(119,893)	(152,859)
Amortization of tangible capital assets	117,771	118,127	112,155
Loss on disposal of tangible capital assets	-	6,119	132
Proceeds on sale of tangible capital assets	-	826	779
	12,818	51,042	56,463
Acquisition of inventories of supplies and prepaid expenses	-	(24,500)	(26,860)
Consumption of inventories of supplies and use of prepaid expenses	-	23,858	26,488
Net change in net financial assets	12,818	50,400	56,091
Net financial assets, beginning of year	724,611	724,611	668,520
Net financial assets, end of year	\$ 737,429	\$ 775,011	\$ 724,611

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, 2014, with comparative information for 2013  
(In thousands of dollars)

	2014	2013
Cash provided by (used in):		
<b>Operating activities</b>		
Annual surplus	\$ 45,863	\$ 96,256
Items not involving cash:		
Amortization	118,127	112,155
Loss on disposal of tangible capital assets	6,119	132
Contributed tangible capital assets	(10,869)	(15,942)
Increase in equity in the Halifax Regional Water Commission	(7,055)	(25,805)
	152,185	166,796
Change in non-cash assets and liabilities		
Decrease (increase) in taxes receivable	(2,042)	1,250
Decrease in accounts receivable	16,407	5
Decrease in loans, deposits and advances	410	81
Decrease (increase) in land held for resale	(16,194)	4,910
Increase in inventory and prepaid expenses	(642)	(372)
Increase (decrease) in accounts payable and accrued liabilities	(2,394)	8,273
Increase in deferred revenue	13,320	7,035
Increase in employee future benefits	2,086	2,254
Increase (decrease) in solid waste management facilities liabilities	420	(4,253)
Net change in cash from operating activities	163,556	185,979
<b>Capital activities</b>		
Proceeds on disposal of tangible capital assets	826	779
Acquisition of tangible capital assets	(109,024)	(136,917)
Net change in cash from capital activities	(108,198)	(136,138)
<b>Investing activities</b>		
Decrease (increase) in investments	(58,045)	4,848
Net change in cash from investing activities	(58,045)	4,848
<b>Financing activities</b>		
Long-term debt issued	27,270	28,400
Long-term debt redeemed	(45,655)	(46,693)
Debt repayments recovered from the Halifax Regional Water Commission	7,130	7,262
Net change in cash from financing activities	(11,255)	(11,031)
Net change in cash and short-term deposits	(13,942)	43,658
Cash and short-term deposits, beginning of year	152,687	109,029
Cash and short-term deposits, end of year	\$ 138,745	\$ 152,687

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



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014  
(In thousands of dollars)

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### 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 generally accepted accounting principles ("GAAP") for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA").

(b) Basis of consolidation:

These 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. The entities included are as follows:

Recreation facilities:

- BMO Centre
- Canada Games Centre
- Centennial Pool Association
- Community Builders Inc. (Cole Harbour Place)
- Dartmouth Sportsplex Community Association
- Eastern Shore Recreation Commission
- Halifax Forum Community Association
- Halifax Metro Centre
- Halifax Regional Municipality Centennial Arena Commission
- Sackville Sports Stadium
- St. Margaret's Community Centre Association

Commissions, cultural and other facilities:

- Alderney Landing Association
- Downtown Dartmouth Business Commission
- Downtown Halifax Business Commission
- Main Street Dartmouth and Area Business Improvement Association
- MetroPark Parkade Facility
- 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

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, 2014

(In thousands of dollars)

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### 1. Significant accounting policies (continued):

(c) Investment in the Halifax Regional Water Commission:

The Halifax Regional Water Commission (the "HRWC") is accounted for using the modified equity basis of accounting; consistent with public sector accounting standards, as recommended by 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 income or loss of the HRWC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account.

(d) School boards:

The assets, liabilities, taxation and other revenues and expenses with respect to the operations of the school boards are not reflected in these consolidated financial statements as they are provincial government entities.

(e) 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.

(f) 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.

(g) 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits.

In addition, the Municipality's implementation of Public Sector Accounting Handbook Section 3150 Tangible Capital Assets has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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### 1. Significant accounting policies (continued):

(h) 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 in respect of contributions to education. 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.

(i) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

(j) 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.

(k) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(l) Deferred revenue:

Deferred revenue represents 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 fiscal year the services are performed.

(m) Pension, post-employment benefits and compensated absences:

The contributions to a multiemployer, 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 market rates of high quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the estimated average remaining service period for active employees.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 1. Significant accounting policies (continued):

(n) Solid waste management facilities liabilities:

The Municipality accrues landfill closure and post-closure care requirements that include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

(o) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life – Years</b>
Land Improvements	10 - 50
Buildings and building improvements	15 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 10
Dams	40
Roads and infrastructure	5 - 75
Ferries	2 - 30

The useful life for landfill cells, which are included in land improvements, is based upon the capacity of each cell.

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.

Roads and infrastructure includes road beds, road surfaces, infrastructure and bridges. The useful life of these assets are as follows: road beds - 40 years, road surfaces - 5 to 20 years, infrastructure - 20 to 30 years and bridges - 75 years.

The school buildings which are owned by the Municipality but in use by the Halifax Regional School Board 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 School Board.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014  
(In thousands of dollars)

### 1. Significant accounting policies (continued):

(o) Non-financial assets (continued):

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 in the financial statements.

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements, 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.

vii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

### 2. Cash and short-term deposits:

	2014	2013
Halifax Regional Municipality	\$ 133,424	\$ 148,254
Recreation facilities, commissions, cultural and other facilities and the Halifax Regional Library	5,321	4,433
<b>Total</b>	<b>\$ 138,745</b>	<b>\$ 152,687</b>

Cash and short-term deposits include interest bearing accounts and money market instruments with a term to maturity of 90 days or less.

### 3. Taxes receivable:

	2014	2013
Taxes receivable	\$ 33,009	\$ 31,679
Allowance	(2,974)	(3,686)
<b>Total</b>	<b>\$ 30,035</b>	<b>\$ 27,993</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 4. Accounts receivable:

	2014		2013	
Federal government	\$	31,804	\$	36,901
Provincial government		10,454		26,046
Other receivables		28,772		27,943
Allowance		(21,805)		(25,258)
<b>Total</b>	<b>\$</b>	<b>49,225</b>	<b>\$</b>	<b>65,632</b>

### 5. Investments:

Money market instruments include Federal and Provincial treasury bills, discounted notes of Federal Crown Corporations and instruments of Canadian Financial Institutions. These investments have a term to maturity of one year or less. Investments shown here have a remaining term to maturity of more than 90 days at March 31, 2014.

Bonds of Federal and Provincial governments and their guarantees have a maturity range from July 2014 to May 2016. The weighted average yield on market value of these bonds is 1.48% at March 31, 2014 (2013 - 1.61%).

	2014		2013	
	Cost	Market value	Cost	Market value
Money market instruments	\$ 115,089	\$ 115,625	\$ 51,105	\$ 51,267
Bonds of Federal and Provincial governments and their guarantees	22,066	22,370	28,005	28,193
<b>Total</b>	<b>\$ 137,155</b>	<b>\$ 137,995</b>	<b>\$ 79,110</b>	<b>\$ 79,460</b>

The investment income earned on money market instruments is \$3,523 (2013 - \$3,544) and on bonds of Federal and Provincial governments and their guarantees is \$620 (2013 - \$277).

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 6. Investment in the Halifax Regional Water Commission:

The HRWC is a wholly-owned and controlled government business enterprise of the Municipality and is responsible for the supply of municipal water, wastewater and stormwater services to residents of the Municipality.

(a) The following table provides condensed supplementary financial information for the HRWC:

	2014	2013
<b>Financial position</b>		
Current assets	\$ 64,684	\$ 50,371
Capital assets	1,014,503	980,909
<b>Total assets</b>	<b>1,079,187</b>	<b>1,031,280</b>
Current liabilities	54,471	37,001
Long-term liabilities	200,974	177,592
<b>Total liabilities</b>	<b>255,445</b>	<b>214,593</b>
<b>Total</b>	<b>\$ 823,742</b>	<b>\$ 816,687</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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

	2014	2013
<b>Results of operations</b>		
Revenues	\$ 111,501	\$ 104,070
Operating expenses	(89,735)	(83,037)
Financing expenses	(8,101)	(7,693)
Other income	907	3,500
Net income before grant in lieu of tax	14,572	16,840
Grant in lieu of tax	(4,187)	(3,971)
Net income	10,385	12,869
Donated tangible capital assets	1,310	9,893
Decrease (Increase) in reserves	(4,640)	3,043
Increase in investment and equity	7,055	25,805
Investment and equity, beginning of year	816,687	790,882
Investment and equity, end of year	\$ 823,742	\$ 816,687

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

	2014	2013
<b>Revenues</b>		
Grant in lieu of tax	\$ 4,187	\$ 3,971
<b>Expenses</b>		
Stormwater charge	\$ 2,671	\$ -
Fire protection charge	\$ 9,758	\$ 10,851

All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 7. Accounts payable and accrued liabilities:

	2014	2013
Trade accounts payable	\$ 36,909	\$ 32,282
Federal government	9,555	8,914
Provincial government	7,602	15,580
Salaries and wages payable	6,078	5,933
Accrued liabilities	36,509	36,051
Accrued interest	2,875	3,162
<b>Total</b>	<b>\$ 99,528</b>	<b>\$ 101,922</b>

### 8. 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 multiemployer plan administered by the Halifax Regional Municipality Pension Committee (the "Committee"). Other employers participating in the HRM Plan include the Halifax Regional School Board 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 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 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 \$26,008 for the fiscal year ending March 31, 2014 (2013 - \$24,336). Since January 1, 2014, the Municipality and the members are each contributing 11.96% of regular earnings for members participating in the main division of the pension plan. Prior to this increase, the Municipality and members had been contributing at a rate of 10.36% since April 1, 2006. Other contribution rates are in effect for the other divisions of the plan, and for members in public safety occupations.

The last actuarial valuation filed with regulators was at December 31, 2012. The next actuarial valuation, at December 31, 2013, is to be filed by December 31, 2014. The interest rate used in the last filed valuation was 6.25% per year. The following estimates as at December 31, 2013 are based on the actuarial valuation as at December 31, 2012 extrapolated to December 31, 2013 and is based on a best estimate discount rate assumption of 7.27% per annum (2013 - 6.75%).

	2014 Extrapolated	2013 Extrapolated
Actuarial value of plan assets	\$ 1,296,325	\$ 1,209,583
Estimated present value of accrued pension benefits	(1,360,037)	(1,381,008)
<b>Estimated funding deficit</b>	<b>\$ (63,712)</b>	<b>\$ (171,425)</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 9. 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 Municipal policy. The retiring allowance is based on the member's final annual salary and years of service at retirement. On the retirement of a police officer, the Municipality also provides for a lump sum payment to a health trust for the benefit of the retiring member. The amount depends on the level of the officer's sick bank at the time of retirement.

The Municipality continues to pay for its share of the contributions to the HRM Plan for members in receipt of benefits from a long-term disability plan sponsored and recognized by the Municipality.

The Municipality also provides for employee sick leave. Unused sick leave accumulates to a maximum number of hours which varies by employment agreement. Under this program, employees are not entitled to a cash payment in lieu of sick leave when they leave the Municipality's employment except as described above with respect to the retirement of a police officer.

The Municipality also pays lifetime and temporary benefits to former employees who retired from the Municipality under various early retirement programs and arrangements that were in place prior to April 1, 2004.

Actuarial valuations of the above benefits are done for accounting purposes using the projected benefit method prorated on services. The last actuarial valuation of the unused sick leave benefits was conducted as at March 31, 2012 and extrapolated to March 31, 2013 and March 31, 2014. The last actuarial valuation of the retiring allowance benefits was conducted as at March 31, 2013 and extrapolated to March 31, 2014. For all other benefits, actuarial valuations were conducted as at March 31, 2014. 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:

	2014	2013
Accrued benefit obligation, beginning of year	\$ 52,760	\$ 50,800
Current period benefit cost	4,602	3,880
Benefit payments	(4,684)	(3,992)
Interest cost	1,667	1,852
Actuarial loss (gain)	(962)	220
<b>Accrued benefit obligation, end of year</b>	<b>\$ 53,383</b>	<b>\$ 52,760</b>
Main assumptions used for fiscal year-end disclosure		
Discount rate	3.61%	3.16%
Salary increase	3% plus merit	3% plus merit
Main assumptions used for expense calculation		
Discount rate	3.16%	3.65%
Salary increase	3% plus merit	3% plus merit

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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

These other employee benefit plans require no contributions from employees. The benefit liability as at March 31, 2014 includes the following components:

	2014	2013
Accrued benefit obligation		
Retiring allowances	\$ 27,443	\$ 27,599
Sick leave	13,484	13,598
HRM pension contributions for employees on LTD	3,970	2,991
Police Health Trust	1,865	1,782
Other	6,621	6,790
	53,383	52,760
Unamortized actuarial loss	(3,726)	(5,189)
<b>Benefit liability</b>	<b>\$ 49,657</b>	<b>\$ 47,571</b>

The unamortized actuarial losses will be amortized over the expected average remaining service life (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:

	2014	2013
Current period benefit cost	\$ 4,602	\$ 3,880
Amortization of actuarial loss	501	514
Other employee benefit expense	5,103	4,394
Other employee benefit interest expense	1,667	1,852
<b>Total expense related to other employee benefit plans</b>	<b>\$ 6,770</b>	<b>\$ 6,246</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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### 10. Solid waste management facilities liabilities:

The Nova Scotia Environmental Protection 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.

#### Sackville Landfill:

The Sackville Landfill site closed during the year ended March 31, 1997. A closure plan and an environmental audit were completed in 1996. Post closure care activities for this site include perpetual care that is expected to occur until 2017 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 estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post closure costs discounted using a long-term borrowing rate of 3.05% (2013 - 2.76%) and a forecasted inflation rate of 1.55% (2013 - 0.99%).

The estimated present value of future expenses for closure and post closure care as at March 31, 2014 is \$19,976 (2013 - \$19,573), of which total expenses of \$15,987 (2013 - \$15,345), have been made to date, resulting in a liability of \$3,989 (2013 - \$4,228).

In order to help reduce the future impact of these obligations, the Municipality has established a reserve fund for the responsible care of this site. At March 31, 2014, the balance in the reserve is \$3,533 (2013 - \$4,126), which means the reserve has \$456 (2013 - \$102) less than needed to fund the projected liability.

#### Otter Lake Landfill:

The Otter Lake Landfill site opened during the year ended March 31, 1999 and is expected to accept waste for another 10 years, until the fiscal year ended March 31, 2024.

The site's design consists of nine cell phases with an expected total capacity of 4,244,000 tonnes (2013 - 4,244,000 tonnes).

Post closure care activities for this site include perpetual care that is expected to occur until 2045 and will involve the management and monitoring of groundwater, gas and leachate levels, operating and monitoring the leachate treatment plan when necessary, removal of buildings, site cleanup and general site maintenance.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post closure costs discounted using a long-term borrowing rate of 3.05% (2013 - 2.76%) and a forecasted inflation rate of 1.55% (2013 - 0.99%). The liability was adjusted for capacity used of 100% for the closed cells and 37.59% (2013 - 11.4%) of Cell 6.

The estimated present value of future expenses for closure and post closure care as at March 31, 2014 is \$31,693 (2013 - \$30,165), of which total expenses of \$24,880 (2013 - \$24,043), have been made to date resulting in a liability of \$6,813 (2013 - \$6,122).

In order to help reduce the future impact of these obligations, the Municipality has established a reserve fund for the responsible care of this site. At March 31, 2014, the balance in the reserve is \$8,008 (2013 - \$6,348), which means the reserve has \$1,195 (2013 - \$226) more than needed to fund the projected liability.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 10. Solid waste management facilities liabilities (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 include perpetual care that is expected to occur until 2029 and will involve the management and monitoring of groundwater, gas and leachate levels, operating and monitoring the leachate treatment plan when necessary, removal of buildings, site cleanup and general site maintenance.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post closure costs discounted using a long-term borrowing rate of 3.05% (2013 - 2.76%) and a forecasted inflation rate of 1.55% (2013 - 0.99%).

The estimated present value of future expenses for closure and post closure care as at March 31, 2014 is \$2,475 (2013 - \$2,497) of which total expenses of \$2,250 (2013 - \$2,240), have been made to date, resulting in a liability of \$225 (2013 - \$257).

In order to help reduce the future impact of these obligations, the Municipality has established a reserve for the responsible care of this site. At March 31, 2014 the balance in the reserve is \$223 (2013 - \$239), which means the reserve has \$2 (2013 - \$18) less than needed to fund the projected liability.

				2014	2013
	Sackville	Otter Lake	Mengoni	Total	Total
Estimated present value of closure and post closure costs	\$ 19,976	\$ 31,693	\$ 2,475	\$ 54,144	\$ 52,235
Less: Expenses incurred	15,987	24,880	2,250	43,117	41,628
	3,989	6,813	225	11,027	10,607
Reserve fund	3,533	8,008	223	11,764	10,713
Amount to be funded from future revenue	\$ 456	\$ (1,195)	\$ 2	\$ (737)	\$ (106)

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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### 11. 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 pages 32 and 33).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2014 are as follows:

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2015	\$	38,377
2016		35,156
2017		29,931
2018		26,744
2019		23,900
Thereafter		65,012
Total	\$	219,120

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### 12. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2014 are \$7.4 million (2013 - \$7.1 million).

### 13. Commitments:

- (a) The Municipality and its consolidated entities rent facilities under several long-term operating leases with aggregate annual payments for each of the next five years approximating \$6.7 million (2013 - \$6.1 million).
- (b) The Municipality has entered into several long-term contracts for waste resources operations with aggregate annual payments for each of the next five years approximating \$47 million (2013 - \$45 million).

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 14. Tangible capital assets:

Cost	Balance at March 31, 2013	Additions (Net of Transfers)	Disposals	Balance at March 31, 2014
Land	\$ 290,821	\$ 3,032	\$ (6,807)	\$ 287,046
Land improvements	225,830	7,813	-	233,643
Buildings	428,982	20,979	-	449,961
Vehicles	189,900	12,956	(3,911)	198,945
Machinery and equipment	91,482	10,373	-	101,855
Roads and infrastructure	1,703,529	39,516	-	1,743,045
Dams	480	-	-	480
Ferries	19,425	766	-	20,191
Leasehold improvements	3,030	-	-	3,030
Assets under construction	43,764	24,458	-	68,222
<b>Total</b>	<b>\$ 2,997,243</b>	<b>\$ 119,893</b>	<b>\$ (10,718)</b>	<b>\$ 3,106,418</b>

Accumulated amortization	Balance at March 31, 2013	Disposals	Amortization Expense	Balance at March 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	164,189	-	8,175	172,364
Buildings	179,684	-	14,380	194,064
Vehicles	94,099	(3,764)	14,810	105,145
Machinery and equipment	54,160	-	11,142	65,302
Roads and infrastructure	696,786	(9)	68,949	765,726
Dams	432	-	12	444
Ferries	18,547	-	487	19,034
Leasehold improvements	766	-	172	938
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,208,663</b>	<b>\$ (3,773)</b>	<b>\$ 118,127</b>	<b>\$ 1,323,017</b>

	Net book value March 31, 2013	Net book value March 31, 2014
Land	\$ 290,821	\$ 287,046
Land improvements	61,641	61,279
Buildings	249,298	255,897
Vehicles	95,801	93,800
Machinery and equipment	37,322	36,553
Roads and infrastructure	1,006,743	977,319
Dams	48	36
Ferries	878	1,157
Leasehold improvements	2,264	2,092
Assets under construction	43,764	68,222
<b>Total</b>	<b>\$ 1,788,580</b>	<b>\$ 1,783,401</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 14. Tangible capital assets (continued):

Cost	Balance at March 31, 2012	Additions (Net of Transfers)	Disposals	Balance at March 31, 2013
Land	\$ 281,486	\$ 9,863	\$ (528)	\$ 290,821
Land improvements	204,194	21,636	-	225,830
Buildings	393,095	35,887	-	428,982
Vehicles	168,236	26,296	(4,632)	189,900
Machinery and equipment	80,436	11,046	-	91,482
Roads and infrastructure	1,661,383	42,146	-	1,703,529
Dams	480	-	-	480
Ferries	19,425	-	-	19,425
Leasehold improvements	3,030	-	-	3,030
Assets under construction	37,779	5,985	-	43,764
<b>Total</b>	<b>\$ 2,849,544</b>	<b>\$ 152,859</b>	<b>\$ (5,160)</b>	<b>\$ 2,997,243</b>

Accumulated amortization	Balance at March 31, 2012	Disposals	Amortization Expense	Balance at March 31, 2013
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	155,820	-	8,369	164,189
Buildings	166,896	-	12,788	179,684
Vehicles	85,506	(4,249)	12,842	94,099
Machinery and equipment	43,690	-	10,470	54,160
Roads and infrastructure	629,870	-	66,916	696,786
Dams	420	-	12	432
Ferries	17,959	-	588	18,547
Leasehold improvements	596	-	170	766
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,100,757</b>	<b>\$ (4,249)</b>	<b>\$ 112,155</b>	<b>\$ 1,208,663</b>

	Net book value March 31, 2012	Net book value March 31, 2013
Land	\$ 281,486	\$ 290,821
Land improvements	48,374	61,641
Buildings	226,199	249,298
Vehicles	82,730	95,801
Machinery and equipment	36,746	37,322
Roads and infrastructure	1,031,513	1,006,743
Dams	60	48
Ferries	1,466	878
Leasehold improvements	2,434	2,264
Assets under construction	37,779	43,764
<b>Total</b>	<b>\$ 1,748,787</b>	<b>\$ 1,788,580</b>



# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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### 14. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$68,222 (2013 - \$43,764) 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 \$10,869 (2013 - \$15,942) and is comprised of roads and infrastructure in the amount of \$7,998 (2013 - \$6,116) and land and land improvements having a value of \$2,871 (2013 - \$9,826).

(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) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2013 - \$163).

(f) Roads and infrastructure:

Roads and infrastructure have a net book value of \$977,319 (2013 - \$1,006,743) and are comprised of: road beds - \$296,673 (2013 - \$306,756), road surfaces - \$349,846 (2013 - \$367,458), infrastructure - \$319,732 (2013 - \$321,853) and bridges - \$11,068 (2013 - \$10,676).

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 15. Accumulated surplus:

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

	2014	2013
<b>Surplus</b>		
Invested in tangible capital assets	\$ 1,564,281	\$ 1,558,205
Other	18,152	1,577
Equity in Halifax Regional Water Commission	823,742	816,687
Funded by reserves		
Landfill closure costs	(11,027)	(10,607)
Unfunded		
Accrued interest	(2,875)	(3,162)
Employee benefits	(13,092)	(12,678)
<b>Total surplus</b>	<b>2,379,181</b>	<b>2,350,022</b>
<b>Operating reserves set aside by Council</b>		
Self insurance	4,173	4,109
Operations stabilization	1,682	1,661
Snow and ice control variable operating	4,365	4,310
Service improvement	4,015	1,764
Cemetery maintenance	166	162
Culture development	1,218	1,134
Municipal elections	1,151	736
EMO cost recovery	343	338
Marketing levy special events	625	456
DNA costs	126	120
Titanic commemorative	64	39
Central library capital campaign and development	4,355	3,427
Major events facilities	1,285	1,395
Operating cost of new capital	4,419	3,930
Information and communication technologies	4,491	5,039
Police emergency and extraordinary investigation	1,013	1,000
Police officer on the job injury	1,760	1,599
Commons enhancement	1	1
Provincially funded police officers and facility lease	3,574	2,923
Convention Centre	1,263	803
LED street light conversion	7,881	8,009
Operating surplus, transit portion	3,000	-
Operating surplus	5,954	-
<b>Total operating reserves set aside by Council</b>	<b>56,924</b>	<b>42,955</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 15. Accumulated surplus (continued):

	2014	2013
<b>Capital and equipment reserves set aside by Council</b>		
Sale of capital assets	\$ 1,042	\$ 984
Business/industrial parks expansion	20,568	25,470
Capital surplus	2,981	3,280
Parkland development	3,834	3,176
Sackville landfill closure	3,533	4,126
Otter Lake landfill closure	8,008	6,348
Mengoni landfill closure	223	239
Waste resources capital	16,585	9,137
Upper Sackville turf	116	101
MetroPark parkade	2,191	2,044
Strategic growth	18,227	15,357
HRM sustainable communities	572	473
Rural fire	741	832
Ferry replacement	8,257	9,946
Capital replacement	2,855	2,255
Energy and underground services co-location	2,012	1,850
Bedford South capital cost contribution interchange	39	95
Gas tax	12,132	12,574
Alderney Gate recapitalization	1,569	1,202
Regional capital cost contribution	3,758	2,974
Community facility partnership	538	830
Kingswood water	4	4
5594-96 Morris Street	82	70
Rockingham community centre	14	14
Captain William Spry centre	2	2
Richmond school	1	1
Waterfront development	139	73
Central Library capital replacement	4,247	12,579
BMO centre life cycle	850	591
Bus replacement	2,982	956
Regional facility expansion	8,260	8,067
Metro Transit technology	1,852	-
<b>Total capital reserves set aside by Council</b>	<b>128,214</b>	<b>125,650</b>
General fleet	2,289	1,959
Police vehicles	637	584
Fire and emergency service vehicles and equipment	725	937
Fuel system	30	30
<b>Total equipment reserves set aside by Council</b>	<b>3,681</b>	<b>3,510</b>
<b>Total capital and equipment reserves set aside by Council</b>	<b>131,895</b>	<b>129,160</b>
<b>Total accumulated surplus</b>	<b>\$ 2,568,000</b>	<b>\$ 2,522,137</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

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### 16. Contingent liabilities:

- (a) As of March 31, 2014, there are a number of claims against the Municipality and its consolidated entities in varying amounts and for which provisions have been made in these 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.
- (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 claims.
- (c) The Municipality guarantees certain debt issues of the HRWC. As at March 31, 2014, this outstanding debt was \$80.2 million (2013 - \$71.8 million), with maturity dates ranging from 2017 to 2022. In addition, the Municipality is responsible for outstanding debt of \$72.7 million (2013 - \$79.9 million) recoverable from the HRWC.

### 17. 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.

The fair value of investments is considered to be market value. The market value of investments is disclosed in note 5.

It is not practical to determine the fair value of the investment in the HRWC due to the lack of comparable market information.

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, 2014

(In thousands of dollars)

### 18. Amounts contributed for provincially mandated services:

	Budget	2014	2013
School boards	\$ 131,571	\$ 131,529	\$ 124,402
Assessment services	6,765	6,765	6,720
Social housing	2,450	2,569	2,400
Correctional services	6,477	6,497	6,437
<b>Total</b>	<b>\$ 147,263</b>	<b>\$ 147,360</b>	<b>\$ 139,959</b>

(a) School boards:

The Municipality is required to provide a mandatory contribution in the amount of \$113.8 million (2013 - \$106.3 million) and supplementary contributions of \$17.7 million (2013 - \$18.1 million) to the Halifax Regional School Board 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:

Municipalities in Nova Scotia are 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, 2014

(In thousands of dollars)

### 19. Budget data:

The budget data presented in these consolidated financial statements is based upon the fiscal 2014 operating and project budgets approved by Council on April 30, 2013, plus the budgeted figures of the various Agencies, Boards and Commissions included in the consolidated statements, to the extent that they could be reasonably determined.

PSAB 3150 Tangible Capital Asset accounting standards have not been adopted for budget preparation purposes. The fiscal 2014 Council approved budget has been modified to reflect these adjustments.

	2014	2013
<b>Revenue</b>		
Operating budget	\$ 823,992	\$ 790,026
Project budget	165,043	131,600
	<u>989,035</u>	<u>921,626</u>
Less:		
Miscellaneous capital funding	(18,745)	(4,578)
Principal and interest recovery from Halifax Regional Water Commission	(11,190)	(11,675)
Tax concessions	(5,625)	(5,186)
Transfers from reserves to capital	(38,612)	(23,851)
Transfers operating to capital	(49,344)	(45,285)
Long-term debt issued	(30,390)	(31,239)
	<u>(153,906)</u>	<u>(121,814)</u>
Add:		
Revenues from agencies, boards and commissions	29,600	29,000
Prior year surplus area rates	715	4,343
Proceeds from sale of assets deposited to reserves	24,598	18,216
Interest on reserves	1,692	1,388
Development levies in reserves	1,190	1,644
Other reserve revenue	1,770	1,867
Tangible capital assets related adjustments	16,628	15,396
Increase in equity of the Halifax Regional Water Commission	7,000	26,000
	<u>83,193</u>	<u>97,854</u>
<b>Total revenue</b>	<b>\$ 918,322</b>	<b>\$ 897,666</b>

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

(In thousands of dollars)

### 19. Budget data (continued):

	2014	2013
<b>Expenses</b>		
Operating budget	\$ 823,992	\$ 790,026
Less:		
Tax concessions	(5,625)	(5,186)
Transfers operating to capital	(49,344)	(45,285)
Transfers operating to reserves	(18,590)	(14,295)
Change in solid waste management facilities liabilities	420	(4,250)
Principal and interest payments made on behalf of Halifax Regional Water Commission	(11,190)	(11,675)
Long-term debt redeemed	(37,955)	(38,867)
	(122,284)	(119,558)
Add:		
Expenses from agencies, boards and commissions	31,713	28,500
Cost of lots sold in business parks	1,938	3,875
Application of prior year surplus	6,177	8,243
Tangible capital assets adjustments including amortization	146,050	140,258
	185,878	180,876
<b>Total expenses</b>	<b>887,586</b>	<b>851,344</b>
<b>Annual surplus</b>	<b>\$ 30,736</b>	<b>\$ 46,322</b>

### 20. Segmented information:

The HRM 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 as well as the following administrative activities: human resources, legal services, facilities management, office of the Auditor General, finance and information, communications and technology, and the office of the Chief Administrative Officer.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2014  
(In thousands of dollars)

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### 20. 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, solid waste landfill closure and post-closure costs allocated to the current year, and through the Halifax Regional Water Commission, water supply and distribution and wastewater treatment.

**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 to school boards.

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).

### 21. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



# HALIFAX REGIONAL MUNICIPALITY

## Schedule of Remuneration of Members of Council and Chief Administrative Officer

Year ended March 31, 2014

(In thousands of dollars)

	2014	2013
<b>Current Council members:</b>		
M. Savage, Mayor	\$ 160	\$ 63
S. Adams	78	74
S. Craig	78	31
B. Dalrymple	78	74
D. Fisher	80	74
D. Hendsbee	78	74
B. Johns	78	74
B. Karsten	78	74
W. Mason	78	31
G. McCluskey	78	76
L. Mosher	78	74
L. Nicoll	78	74
T. Outhit	78	74
R. Rankin	82	77
R. Walker	78	74
J. Watts	78	74
M. Whitman	78	31
<b>Past Council members:</b>		
P. Kelly, Mayor	-	90
J. Barkhouse	-	44
J. Blumenthal	-	45
R. Harvey	-	43
D. Hum	-	44
P. Lund	-	44
D. Sloane	-	44
J. Smith	-	44
S. Streach	-	44
S. Uteck	-	44
M. Wile	-	45
<b>Chief Administrative Officer:</b>		
R. Butts	\$ 322	\$ 309

The remuneration, for members of Council, includes their base salary, plus an incremental amount if a member was Deputy Mayor and/or in receipt of a benefits supplement.

# HALIFAX REGIONAL MUNICIPALITY

## Schedule of Long-term Debt

Year ended March 31, 2014

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2013	Issued	Redeemed	Balance March 31, 2014
<b>Municipal Finance Corporation:</b>							
03-A-1	10	3.5/5.375	2013	\$ 3,882	\$ -	\$ 3,882	\$ -
03-B-1	10	2.75/5.0	2013	423	-	423	-
04-A-1	10	2.55/5.45	2014	5,061	-	1,842	3,219
04-B-1	10	3.195/5.05	2014	4,634	-	2,317	2,317
24-HBR-1	20	2.84/5.94	2024	66,000	-	5,500	60,500
05-A-1	10	2.97/4.56	2015	6,900	-	2,300	4,600
05-B-1	15	3.63/4.83	2020	20,874	-	2,215	18,659
06-A-1	10	4.29/4.88	2016	9,234	-	2,308	6,926
06-B-1	10	4.1/4.41	2016	4,059	-	1,015	3,044
07-A-1	10	4.45/4.63	2017	9,782	-	1,957	7,825
07-B-1	10	4.65/5.01	2017	4,400	-	880	3,520
08-A-1	10	3.75/4.884	2018	15,900	-	2,650	13,250
08-B-1	10	3.1/5.095	2018	14,843	-	2,474	12,369
09-A-1	20	1.0/5.644	2029	39,367	-	4,395	34,972
09-B-1	10	0.97/4.329	2019	4,550	-	650	3,900
10-A-1	10	1.51/4.5	2020	16,320	-	2,040	14,280
10-B-1	10	1.55/3.87	2020	21,379	-	2,673	18,706
11-A-1	10	1.63/4.221	2021	11,925	-	1,325	10,600
11-B-1	10	1.219/3.645	2021	9,913	-	1,102	8,811
12-A-1	10	1.636/3.48	2022	14,800	-	1,480	13,320
12-B-1	10	1.51/3.16	2022	9,600	-	960	8,640
13-A-1	10	1.33/2.979	2023	-	23,600	-	23,600
13-B-1	10	1.285/3.614	2023	-	3,670	-	3,670
				293,846	27,270	44,388	276,728
<b>Federation of Canadian Municipalities:</b>							
GMIF-1599	10	1.33/3.127	2014	12,000	-	1,000	11,000
FCM	20	2.0	2032	4,000	-	200	3,800
<b>Misc.:</b>							
5% stock Permanent		5.0	-	2	-	-	2
<b>Sackville Landfill Trust:</b>							
Acadia School	20	7.0	2018	403	-	67	336
				310,251	27,270	45,655	291,866
<b>Less long-term debt recovery from the Halifax Regional Water Commission:</b>							
24-HBR-1	20	2.84/5.94	2024	(66,000)	-	(5,500)	(60,500)
GMIF-1599	10	1.33/3.127	2014	(12,000)	-	(1,000)	(11,000)
Other debt	1 to 5	2.55/6.875		(1,876)	-	(630)	(1,246)
				(79,876)	-	(7,130)	(72,746)
<b>Net long-term debt</b>				<b>\$ 230,375</b>	<b>\$ 27,270</b>	<b>\$ 38,525</b>	<b>\$ 219,120</b>

# HALIFAX REGIONAL MUNICIPALITY

## Schedule of Long-term Debt

Year ended March 31, 2013

(In thousands of dollars)

	Term (years)	Interest rate - %	Matures	Balance March 31, 2012	Issued	Redeemed	Balance March 31, 2013
<b>Municipal Finance Corporation:</b>							
02-A-1	10	3.375/6.125	2012	2,443	-	2,443	-
02-B-1	10	3.25/5.625	2012	1,238	-	1,238	-
03-A-1	10	3.5/5.375	2013	7,764	-	3,882	3,882
03-B-1	10	2.75/5.0	2013	846	-	423	423
04-A-1	10	2.55/5.45	2014	6,903	-	1,842	5,061
04-B-1	10	3.195/5.05	2014	6,951	-	2,317	4,634
24-HBR-1	20	2.84/5.94	2024	71,500	-	5,500	66,000
05-A-1	10	2.97/4.56	2015	9,200	-	2,300	6,900
05-B-1	15	3.63/4.83	2020	23,089	-	2,215	20,874
06-A-1	10	4.29/4.88	2016	11,542	-	2,308	9,234
06-B-1	10	4.1/4.41	2016	5,075	-	1,016	4,059
07-A-1	10	4.45/4.63	2017	11,740	-	1,958	9,782
07-B-1	10	4.65/5.01	2017	5,280	-	880	4,400
08-A-1	10	3.75/4.884	2018	18,550	-	2,650	15,900
08-B-1	10	3.1/5.095	2018	17,316	-	2,473	14,843
09-A-1	20	1.0/5.644	2029	43,762	-	4,395	39,367
09-B-1	10	0.97/4.329	2019	5,200	-	650	4,550
10-A-1	10	1.51/4.5	2020	18,360	-	2,040	16,320
10-B-1	10	1.55/3.87	2020	24,052	-	2,673	21,379
11-A-1	10	1.63/4.221	2021	13,250	-	1,325	11,925
11-B-1	10	1.219/3.645	2021	11,016	-	1,103	9,913
12-A-1	10	1.636/3.48	2022	-	14,800	-	14,800
12-B-1	10	1.51/3.16	2022	-	9,600	-	9,600
				315,077	24,400	45,631	293,846
<b>Federation of Canadian Municipalities:</b>							
GMIF-1599	10	1.33/3.127	2014	13,000	-	1,000	12,000
FCM	20	2.0	2032	-	4,000	-	4,000
<b>Misc.:</b>							
5% stock Permanent		5.0	-	2	-	-	2
<b>Sackville Landfill Trust:</b>							
Acadia School	20	7.0	2018	465	-	62	403
				328,544	28,400	46,693	310,251
<b>Less long-term debt recovery from the Halifax Regional Water Commission:</b>							
24-HBR-1	20	2.84/5.94	2024	(71,500)	-	(5,500)	(66,000)
GMIF-1599	10	1.33/3.127	2014	(13,000)	-	(1,000)	(12,000)
Other debt	1 to 6	2.55/6.875		(2,638)	-	(762)	(1,876)
				(87,138)	-	(7,262)	(79,876)
<b>Net long-term debt</b>				<b>\$ 241,406</b>	<b>\$ 28,400</b>	<b>\$ 39,431</b>	<b>\$ 230,375</b>

# HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2014  
(In thousands of dollars)

For the year ended March 31, 2014	General Government Services					Recreation and Cultural Services	Planning and Development Services	Educational Services	Total
	Revenue	Government Services	Protective Services	Transportation Services	Environmental Services				
Taxation	\$ 438,233	\$ 6,470	\$ 72,574	\$ -	\$ -	\$ -	\$ 131,529	\$ 648,806	
Taxation from other governments	36,414	-	-	-	-	-	-	36,414	
User fees and charges	5,695	9,531	38,420	15,132	44,701	3,995	-	117,474	
Government grants	3,424	3,900	25,370	1,580	17,010	33	-	51,317	
Development levies	-	-	139	740	742	-	-	1,621	
Investment income	4,143	-	-	-	-	-	-	4,143	
Penalties, fines and interest	5,378	6,517	-	-	420	-	-	12,315	
Land sales, contributions and other revenue	632	567	14,351	983	3,306	7,194	-	27,033	
Increase in equity in the Halifax Regional Water Commission	7,055	-	-	-	-	-	-	7,055	
Grant in lieu of tax from the Halifax Regional Water Commission	4,187	-	-	-	-	-	-	4,187	
<b>Total revenue</b>	<b>505,161</b>	<b>26,985</b>	<b>150,854</b>	<b>18,435</b>	<b>66,179</b>	<b>11,222</b>	<b>131,529</b>	<b>910,365</b>	
<b>Expenses</b>									
Salaries, wages and benefits	46,672	130,647	83,564	2,052	50,137	10,931	-	324,003	
Interest on long-term debt	1,219	687	4,073	661	2,010	55	-	8,705	
Materials, goods, supplies and utilities	17,022	5,110	27,939	51	13,529	246	-	63,897	
Contracted services	13,082	27,190	25,076	43,642	7,157	1,609	-	117,756	
Other operating expenses	2,768	17,229	22,405	863	25,039	3,978	-	72,282	
External transfers and grants	10,784	6,541	2,796	-	2,759	5,323	131,529	159,732	
Amortization	13,338	4,735	83,223	7,271	9,543	17	-	118,127	
<b>Total expenses</b>	<b>104,885</b>	<b>192,139</b>	<b>249,076</b>	<b>54,540</b>	<b>110,174</b>	<b>22,159</b>	<b>131,529</b>	<b>864,502</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 400,276</b>	<b>\$ (165,154)</b>	<b>\$ (98,222)</b>	<b>\$ (36,105)</b>	<b>\$ (43,995)</b>	<b>\$ (10,937)</b>	<b>\$ -</b>	<b>\$ 45,863</b>	

# HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

For the year ended March 31, 2014  
(In thousands of dollars)

Year ended March 31, 2013	General Government Services	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	Total
<b>Revenue</b>								
Taxation	\$ 433,296	\$ 6,437	\$ 68,679	\$ -	\$ -	\$ -	\$ 124,402	\$ 632,814
Taxation from other governments	34,281	-	-	-	-	-	-	34,281
User fees and charges	6,816	11,619	36,646	15,059	42,922	4,334	-	117,396
Government grants	3,723	3,900	25,999	2,694	15,772	-	-	52,088
Development levies	-	-	959	1,156	1,017	-	-	3,132
Investment income	3,821	-	-	-	-	-	-	3,821
Penalties, fines and interest	5,230	7,302	-	-	487	-	-	13,019
Land sales, contributions and other revenue	148	-	6,316	44	10,590	21,273	-	38,371
Increase in equity in the Halifax Regional Water Commission	25,805	-	-	-	-	-	-	25,805
Grant in lieu of tax from the Halifax Regional Water Commission	3,971	-	-	-	-	-	-	3,971
<b>Total revenue</b>	<b>517,091</b>	<b>29,258</b>	<b>138,599</b>	<b>18,953</b>	<b>70,788</b>	<b>25,607</b>	<b>124,402</b>	<b>924,698</b>
<b>Expenses</b>								
Salaries, wages and benefits	48,824	127,246	79,604	1,961	47,668	10,298	-	315,601
Interest on long-term debt	1,411	665	4,651	771	1,851	51	-	9,400
Materials, goods, supplies and utilities	15,026	6,302	24,718	113	12,755	311	-	59,225
Contracted services	9,924	26,972	20,348	43,385	9,299	1,022	-	110,950
Other operating expenses	3,774	18,200	21,722	451	23,629	6,128	-	73,904
External transfers and grants	9,698	6,484	74	-	1,995	4,554	124,402	147,207
Amortization	12,744	4,344	78,794	4,590	11,666	17	-	112,155
<b>Total expenses</b>	<b>101,401</b>	<b>190,213</b>	<b>229,911</b>	<b>51,271</b>	<b>108,863</b>	<b>22,381</b>	<b>124,402</b>	<b>828,442</b>
<b>Annual surplus (deficit)</b>	<b>\$ 415,690</b>	<b>\$ (160,955)</b>	<b>\$ (91,312)</b>	<b>\$ (32,318)</b>	<b>\$ (38,075)</b>	<b>\$ 3,226</b>	<b>\$ -</b>	<b>\$ 96,256</b>