

Consolidated Financial Statements of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2013

HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2013

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HALIFAX REGIONAL MUNICIPALITY

Consolidated Financial Statements

Year ended March 31, 2013

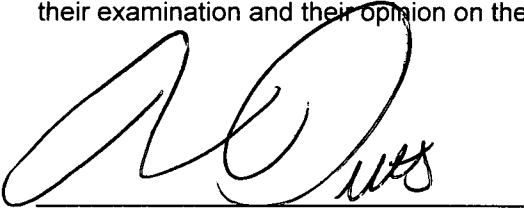
Management's Responsibility for the Consolidated Financial Statements

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 Canadian Institute of Chartered Accountants. 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 the 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, 2013, 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 Municipality'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 Municipality'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, 2013, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

June 25, 2013
Halifax, Canada

HALIFAX REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

March 31, 2013, with comparative figures for 2012
(In thousands of dollars)

| | 2013 | 2012 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and short-term deposits (note 3) | \$ 152,687 | \$ 109,029 |
| Taxes receivable (note 4) | 27,216 | 29,243 |
| Accounts receivable (note 5) | 66,409 | 65,637 |
| Loans, deposits and advances | 1,216 | 1,297 |
| Land held for resale | 23,491 | 28,401 |
| Investments (note 6) | 79,110 | 83,958 |
| Investment in the Halifax Regional Water Commission (note 7) | 816,687 | 790,882 |
| | <u>1,166,816</u> | <u>1,108,447</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities (note 8) | 100,955 | 93,649 |
| Deferred revenue | 52,697 | 44,695 |
| Employee future benefits (note 10) | 47,571 | 45,317 |
| Solid waste management facilities liabilities (note 11) | 10,607 | 14,860 |
| Long-term debt (note 12) | 230,375 | 241,406 |
| | <u>442,205</u> | <u>439,927</u> |
| Net financial assets | 724,611 | 668,520 |
| Non-financial assets | | |
| Tangible capital assets (note 15) | 1,788,580 | 1,748,787 |
| Inventory and prepaid expenses | 8,946 | 8,574 |
| | <u>1,797,526</u> | <u>1,757,361</u> |
| Accumulated surplus (note 16) | <u>\$ 2,522,137</u> | <u>\$ 2,425,881</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, 2013, with comparative figures for 2012
(In thousands of dollars)

| | Budget | 2013 | 2012 |
|---|------------------------|---------------------|----------------------|
| | Unaudited (Note 20) | | Restated (Note 2) |
| Revenue | | | |
| Taxation | \$ 631,730 | \$ 632,814 | \$ 622,576 |
| Taxation from other governments | 34,244 | 34,281 | 31,886 |
| User fees and charges | 108,359 | 117,396 | 114,221 |
| Government grants | 40,122 | 52,088 | 47,293 |
| Development levies | 1,644 | 3,132 | 2,808 |
| Investment income (note 6) | 2,488 | 3,821 | 2,877 |
| Penalties, fines and interest | 12,102 | 13,019 | 11,998 |
| Land sales, contributions and other revenue | 37,277 | 44,250 | 52,622 |
| Increase in equity in the Halifax Regional Water Commission (note 7) | 26,000 | 25,805 | 15,766 |
| Grant in lieu of tax from the Halifax Regional Water Commission (note 7) | 3,700 | 3,971 | 3,944 |
| Total revenue | 897,666 | 930,577 | 905,991 |
| Expenses | | | |
| General government services | 104,347 | 101,401 | 99,774 |
| Protective services | 192,455 | 190,213 | 188,334 |
| Transportation services | 240,845 | 235,790 | 238,200 |
| Environmental services | 53,668 | 51,271 | 52,537 |
| Recreation and cultural services | 112,944 | 108,863 | 107,312 |
| Planning and development services | 22,683 | 22,381 | 22,216 |
| Educational services | 124,402 | 124,402 | 118,366 |
| Total expenses | 851,344 | 834,321 | 826,739 |
| Annual surplus | 46,322 | 96,256 | 79,252 |
| Accumulated surplus, beginning of year | 2,425,881 | 2,425,881 | 2,346,629 |
| Accumulated surplus, end of year | \$ 2,472,203 | \$ 2,522,137 | \$ 2,425,881 |

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, 2013, with comparative figures for 2012

(In thousands of dollars)

| | Budget Unaudited (Note 20) | 2013 | 2012 |
|---|----------------------------------|-------------------|-------------------|
| Annual surplus | \$ 46,322 | \$ 96,256 | \$ 79,252 |
| Acquisition of tangible capital assets | (103,000) | (152,859) | (97,539) |
| Amortization of tangible capital assets | 112,163 | 112,155 | 106,581 |
| Loss (gain) on sale of tangible capital assets | - | 132 | (13,454) |
| Proceeds on sale of tangible capital assets | - | 779 | 15,204 |
| | 55,485 | 56,463 | 90,044 |
| Acquisition of inventories of supplies and prepaid expenses | - | (26,860) | (22,380) |
| Consumption of inventories of supplies and use of prepaid expenses | - | 26,488 | 23,506 |
| Change in net financial assets | 55,485 | 56,091 | 91,170 |
| Net financial assets, beginning of year | 668,520 | 668,520 | 577,350 |
| Net financial assets, end of year | \$ 724,005 | \$ 724,611 | \$ 668,520 |

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, 2013, with comparative figures for 2012
(In thousands of dollars)

| | 2013 | 2012 |
|--|------------|------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Annual surplus | \$ 96,256 | \$ 79,252 |
| Items not involving cash: | | |
| Amortization | 112,155 | 106,581 |
| Loss (gain) on sale of tangible capital assets | 132 | (13,454) |
| Contributed tangible capital assets | (15,942) | (18,400) |
| Increase in equity in the Halifax Regional Water Commission | (25,805) | (15,766) |
| | 166,796 | 138,213 |
| Change in non-cash assets and liabilities | | |
| Decrease (increase) in taxes receivable | 2,027 | (488) |
| Decrease (increase) in accounts receivable | (772) | 27,342 |
| Decrease in loans, deposits and advances | 81 | 798 |
| Decrease (increase) in land held for resale | 4,910 | (1,063) |
| Decrease (increase) in inventory and prepaid expenses | (372) | 1,126 |
| Increase (decrease) in accounts payable and accrued liabilities | 7,306 | (16,512) |
| Increase in deferred revenue | 8,002 | 1,256 |
| Increase in employee future benefits | 2,254 | 13,722 |
| Increase (decrease) in solid waste management facilities liabilities | (4,253) | 4,283 |
| Net change in cash from operating activities | 185,979 | 168,677 |
| Capital activities | | |
| Proceeds on disposal of tangible capital assets | 779 | 15,204 |
| Acquisition of tangible capital assets | (136,917) | (79,139) |
| Net change in cash from capital activities | (136,138) | (63,935) |
| Investing activities | | |
| Decrease (increase) in investments | 4,848 | (25,612) |
| Net change in cash from investing activities | 4,848 | (25,612) |
| Financing activities | | |
| Long-term debt issued | 28,400 | 24,266 |
| Long-term debt redeemed | (46,693) | (46,885) |
| Debt repayments recovered from Halifax Regional Water Commission | 7,262 | 7,363 |
| Net change in cash from financing activities | (11,031) | (15,256) |
| Net change in cash and short-term deposits | 43,658 | 63,874 |
| Cash and short-term deposits, beginning of year | 109,029 | 45,155 |
| Cash and short-term deposits, end of year | \$ 152,687 | \$ 109,029 |

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

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(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 generally accepted accounting principles ("GAAP") for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

(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 (new)
- 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, 2013

(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 accounted for using the modified equity basis of accounting; consistent with Canadian generally accepted accounting principles, 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 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, 2013

(In thousands of dollars)

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, 2013

(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:

| Asset | Useful Life – Years |
|-------------------------------------|----------------------------|
| 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, 2013

(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. Change in accounting policies:

The Municipality has implemented Public Sector Accounting Standards ("PS") 3410 Government Transfers and 3510 Tax Revenue. Both Sections are effective for fiscal years beginning on or after April 1, 2012. PS 3410 outlines conditions with respect to the revenue recognition of government transfers. The Municipality has chosen to apply this standard prospectively. PS 3510 offers guidance with respect to the accounting treatment of tax transfers, tax concessions and taxes imposed on behalf of others. In response to the guidance offered in PS 3510, the Municipality has revised its presentation of several provincially mandated contributions, which previously had been netted against taxation revenue. As outlined in Note 19, these contributions are now included as expenses. The change in presentation has not impacted the prior year's surplus or the accumulated surplus.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

3. Cash and short-term deposits:

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Halifax Regional Municipality | \$ 148,254 | \$ 104,589 |
| Commissions, cultural and other recreation facilities and Halifax Regional Library | 4,433 | 4,440 |
| Total | \$ 152,687 | \$ 109,029 |

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

4. Taxes receivable:

| | 2013 | 2012 |
|------------------|------------------|------------------|
| Taxes receivable | 30,902 | 32,448 |
| Allowance | (3,686) | (3,205) |
| Total | \$ 27,216 | \$ 29,243 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

5. Accounts receivable:

| | 2013 | | 2012 | |
|-----------------------|-----------|---------------|-----------|---------------|
| Federal government | \$ | 36,901 | \$ | 30,234 |
| Provincial government | | 19,205 | | 20,771 |
| Other receivables | | 35,561 | | 36,913 |
| Allowance | | (25,258) | | (22,281) |
| Total | \$ | 66,409 | \$ | 65,637 |

6. 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, 2013.

Bonds of Federal and Provincial governments and their guarantees have a maturity range from September 2013 to May 2016. The weighted average yield on market value of these bonds is 1.61% at March 31, 2013 (2012 - 1.42%).

| | 2013 | | 2012 | |
|--|------------------|------------------|------------------|------------------|
| | Cost | Market value | Cost | Market value |
| Money market instruments | \$ 51,105 | \$ 51,267 | \$ 70,952 | \$ 71,149 |
| Bonds of Federal and Provincial governments and their guarantees | 28,005 | 28,193 | 13,006 | 13,192 |
| Total | \$ 79,110 | \$ 79,460 | \$ 83,958 | \$ 84,341 |

The investment income earned on money market instruments is \$3,544 (2012 - \$2,527) and on bonds of Federal and Provincial governments and their guarantees is \$277 (2012 - \$350).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

7. 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:

| | 2013 | 2012 |
|---------------------------|-------------------|-------------------|
| Financial position | | |
| Current assets | \$ 50,371 | \$ 40,214 |
| Capital assets | 980,909 | 923,106 |
| Total assets | 1,031,280 | 963,320 |
| Current liabilities | 37,001 | 31,545 |
| Long-term liabilities | 177,592 | 140,893 |
| Total liabilities | 214,593 | 172,438 |
| Total | \$ 816,687 | \$ 790,882 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

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

| | 2013 | 2012 |
|--|------------|------------|
| Results of operations | | |
| Revenues | \$ 104,070 | \$ 98,827 |
| Operating expenses | (83,037) | (79,457) |
| Financing expenses | (7,693) | (8,164) |
| Other income | 3,500 | 2,558 |
| Net income before grant in lieu of tax | 16,840 | 13,764 |
| Grant in lieu of tax | (3,971) | (3,944) |
| Net income | 12,869 | 9,820 |
| Donated tangible capital assets | 9,893 | 4,292 |
| Decrease in reserves | 3,043 | 1,654 |
| Increase in investment and equity | 25,805 | 15,766 |
| Investment and equity, beginning of year | 790,882 | 775,116 |
| Investment and equity, end of year | \$ 816,687 | \$ 790,882 |

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

| | 2013 | 2012 |
|------------------------|-----------|-----------|
| Revenues: | | |
| Grant in lieu of tax | \$ 3,971 | \$ 3,944 |
| Expenses: | | |
| Fire protection charge | \$ 10,851 | \$ 11,081 |

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, 2013

(In thousands of dollars)

8. Accounts payable and accrued liabilities:

| | 2013 | 2012 |
|----------------------------|-------------------|------------------|
| Trade accounts payable | \$ 32,282 | \$ 23,347 |
| Federal government | 8,913 | 12,784 |
| Provincial government | 15,580 | 9,280 |
| Salaries and wages payable | 5,933 | 5,714 |
| Accrued liabilities | 35,085 | 39,061 |
| Accrued interest | 3,162 | 3,463 |
| Total | \$ 100,955 | \$ 93,649 |

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 multiemployer plan administered by the Halifax Regional Municipality Pension Committee (the "Committee"). Other major 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 average earnings over a period of three years times the number of years of membership 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 \$24,336 for the fiscal year ending March 31, 2013 (2012 - \$24,217). Since April 1, 2006, the Municipality and the members are each contributing 10.36% of regular earnings for members participating in the main division of the pension plan. Other contribution rates are in effect for the other divisions of the plan, and for members in public safety occupations.

The last actuarial valuation filed with regulators was at December 31, 2009. The next actuarial valuation, at December 31, 2012, is to be filed by December 31, 2013. The interest rate used in the last filed valuation was 6.75% per year. The following estimates as at December 31, 2012 are based on the actuarial valuation as at December 31, 2009 extrapolated to December 31, 2012:

| | 2013 Extrapolated | 2012 Extrapolated |
|---|----------------------|----------------------|
| Actuarial value of plan assets | \$ 1,209,583 | \$ 1,176,502 |
| Estimated present value of accrued pension benefits | (1,381,009) | (1,311,495) |
| Estimated funding deficit | \$ (171,426) | \$ (134,993) |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

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 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 lump sum amounts to the police health trust was conducted as at March 31, 2011, and extrapolated to March 31, 2012 and March 31, 2013. The last actuarial valuations of the unused sick leave benefits and lifetime and temporary benefits to former employees were conducted as at March 31, 2012, and extrapolated to March 31, 2013. For all other benefits, actuarial valuations were conducted as at March 31, 2013. 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:

| | 2013 | 2012 |
|---|------------------|------------------|
| Accrued benefit obligation, beginning of the year | \$ 50,800 | \$ 34,932 |
| Current period benefit cost | 3,880 | 16,455 |
| Benefit payments | (3,992) | (4,494) |
| Interest cost | 1,852 | 1,825 |
| Actuarial loss | 220 | 2,082 |
| Accrued benefit obligation, end of fiscal year | \$ 52,760 | \$ 50,800 |
| Main assumptions used for fiscal year-end disclosure: | | |
| Discount rate | 3.16% | 3.65% |
| Salary increase | 3% plus merit | 3% plus merit |
| Main assumptions used for expense calculation: | | |
| Discount rate | 3.65% | 3.87% |
| Salary increase | 3% plus merit | 3% plus merit |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

10. 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, 2013 includes the following components:

| | 2013 | 2012 |
|--|------------------|------------------|
| Accrued benefit obligation | | |
| Retiring allowances | \$ 27,599 | \$ 26,783 |
| Sick leave | 13,598 | 12,893 |
| HRM pension contributions for employees on LTD | 2,991 | 2,760 |
| Police health trust | 1,782 | 1,633 |
| Other | 6,790 | 6,731 |
| | 52,760 | 50,800 |
| Unamortized actuarial loss | (5,189) | (5,483) |
| Benefit liability | \$ 47,571 | \$ 45,317 |

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:

| | 2013 | 2012 |
|--|-----------------|------------------|
| Current period benefit cost | \$ 3,880 | \$ 16,455 |
| Amortization of actuarial loss | 514 | 321 |
| Other employee benefit expense | 4,394 | 16,776 |
| Other employee benefit interest expense | 1,852 | 1,825 |
| Total expense related to other employee benefit plans | \$ 6,246 | \$ 18,601 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

11. 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 2.76% (2012 - 3.03%) and a forecasted inflation rate of 0.99% (2012 - 1.59%).

The estimated present value of future expenses for closure and post closure care as at March 31, 2013 is \$19,573 (2012 - \$18,774), of which total expenses of \$15,345 (2012 - \$14,267), have been made to date, resulting in a liability of \$4,228 (2012 - \$4,507).

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, 2013, the balance in the reserve is \$4,126 (2012 - \$4,507), which means the reserve has \$102 (2012 - \$nil) 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 11 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 (2012 - 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 2.76% (2012 - 3.03%) and a forecasted inflation rate of 0.99% (2012 - 1.59%). The liability was adjusted for capacity used of 100% for the closed cells and 11.4% of Cell 6.

The estimated present value of future expenses for closure and post closure care as at March 31, 2013 is \$30,165 (2012 - \$27,866), of which total expenses of \$24,043 (2012 - \$17,766), have been made to date resulting in a liability of \$6,122 (2012 - \$10,100).

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, 2013, the balance in the reserve is \$6,348 (2012 - \$10,100), which means the reserve has \$226 (2012 - \$nil) more than needed to fund the projected liability.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

11. 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 2.76% (2012 - 3.03%) and a forecasted inflation rate of 0.99% (2012 - 1.59%).

The estimated present value of future expenses for closure and post closure care as at March 31, 2013 is \$2,497 (2012 - \$2,479) of which total expenses of \$2,240 (2012 - \$2,226), have been made to date, resulting in a liability of \$257 (2012 - \$253).

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, 2013 the balance in the reserve is \$239 (2012 - \$253), which means the reserve has \$18 (2012 - \$nil) less than needed to fund the projected liability.

| | | | | 2013 | 2012 |
|--|-----------|------------|----------|-----------|-----------|
| | Sackville | Otter Lake | Mengoni | Total | Total |
| Estimated present value of closure and post closure costs | \$ 19,573 | \$ 30,165 | \$ 2,497 | \$ 52,235 | \$ 49,119 |
| Less: Expenses incurred | 15,345 | 24,043 | 2,240 | 41,628 | 34,259 |
| | 4,228 | 6,122 | 257 | 10,607 | 14,860 |
| Reserve fund | 4,126 | 6,348 | 239 | 10,713 | 14,860 |
| Amount to be funded from future revenue | \$ 102 | \$ (226) | \$ 18 | \$ (106) | \$ - |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

12. Long-term debt:

The schedules of long-term debt attached to the consolidated financial statements details the various terms and conditions related to the long-term debt (see pages 33 and 34).

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2013 are as follows:

| | | |
|------------|----|---------|
| 2013 | \$ | 38,525 |
| 2014 | \$ | 35,650 |
| 2015 | \$ | 32,429 |
| 2016 | \$ | 27,204 |
| 2017 | \$ | 24,017 |
| Thereafter | \$ | 72,550 |
| Total | \$ | 230,375 |

13. Miscellaneous Trust Funds:

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2013 are \$7.1 million (2012 - \$6.9 million).

14. 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 \$6.1 million (2012 - \$6.2 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 \$45 million (2012 - \$41 million).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013
(In thousands of dollars)

15. Tangible capital assets:

| 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 |
| Total | \$ 2,849,544 | \$ 152,859 | \$ (5,160) | \$ 2,997,243 |

| 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 | - | - | - | - |
| Total | \$ 1,100,757 | \$ (4,249) | \$ 112,155 | \$ 1,208,663 |

| | 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 |
| Total | \$ 1,748,787 | \$ 1,788,580 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

15. Tangible capital assets (continued):

| Cost | Balance at March 31, 2011 | Additions (Net of Transfers) | Disposals | Balance at March 31, 2012 |
|---------------------------|------------------------------|------------------------------------|-------------------|------------------------------|
| Land | \$ 278,225 | \$ 4,843 | \$ (1,582) | \$ 281,486 |
| Land improvements | 192,773 | 11,421 | - | 204,194 |
| Buildings | 377,035 | 16,286 | (226) | 393,095 |
| Vehicles | 165,018 | 6,836 | (3,618) | 168,236 |
| Machinery and equipment | 70,260 | 10,176 | - | 80,436 |
| Roads and infrastructure | 1,615,250 | 46,133 | - | 1,661,383 |
| Dams | 480 | - | - | 480 |
| Ferries | 19,026 | 399 | - | 19,425 |
| Leasehold improvements | 3,030 | - | - | 3,030 |
| Assets under construction | 36,334 | 1,445 | - | 37,779 |
| Total | \$ 2,757,431 | \$ 97,539 | \$ (5,426) | \$ 2,849,544 |

| Accumulated amortization | Balance at March 31, 2011 | Disposals | Amortization Expense | Balance at March 31, 2012 |
|-----------------------------|------------------------------|-------------------|-------------------------|------------------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 148,142 | - | 7,678 | 155,820 |
| Buildings | 155,484 | (217) | 11,629 | 166,896 |
| Vehicles | 76,147 | (3,459) | 12,818 | 85,506 |
| Machinery and equipment | 34,411 | - | 9,279 | 43,690 |
| Roads and infrastructure | 565,634 | - | 64,236 | 629,870 |
| Dams | 408 | - | 12 | 420 |
| Ferries | 17,202 | - | 757 | 17,959 |
| Leasehold improvements | 424 | - | 172 | 596 |
| Assets under construction | - | - | - | - |
| Total | \$ 997,852 | \$ (3,676) | \$ 106,581 | \$ 1,100,757 |

| | Net book value March 31, 2011 | Net book value March 31, 2012 |
|---------------------------|----------------------------------|----------------------------------|
| Land | \$ 278,225 | \$ 281,486 |
| Land improvements | 44,631 | 48,374 |
| Buildings | 221,551 | 226,199 |
| Vehicles | 88,871 | 82,730 |
| Machinery and equipment | 35,849 | 36,746 |
| Roads and infrastructure | 1,049,616 | 1,031,513 |
| Dams | 72 | 60 |
| Ferries | 1,824 | 1,466 |
| Leasehold improvements | 2,606 | 2,434 |
| Assets under construction | 36,334 | 37,779 |
| Total | \$ 1,759,579 | \$ 1,748,787 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

15. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$43,764 (2012 - \$37,779) 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 \$15,942 (2012 - \$18,400) and is comprised of roads and infrastructure in the amount of \$6,116 (2012 - \$16,218) and land and land improvements having a value of \$9,826 (2012 - \$2,182).

(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 \$163 (2012 - \$nil).

(f) Roads and infrastructure:

Roads and infrastructure have a net book value of \$1,006,743 (2012 - \$1,031,513) and are comprised of: road beds - \$306,756 (2012 - \$316,263), road surfaces - \$367,458 (2012 - \$381,896), infrastructure - \$321,853 (2012 - \$324,433) and bridges - \$10,676 (2012 - \$8,921).

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

16. Accumulated surplus:

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

| | 2013 | 2012 |
|--|------------------|------------------|
| Surplus | | |
| Invested in tangible capital assets | \$ 1,558,205 | \$ 1,507,381 |
| Other | 1,577 | 18,311 |
| Equity in Halifax Regional Water Commission | 816,687 | 790,882 |
| Funded by reserves | | |
| Landfill closure costs | (10,607) | (14,860) |
| Unfunded | | |
| Accrued interest | (3,162) | (3,463) |
| Employee benefits | (12,678) | (12,354) |
| Total surplus | 2,350,022 | 2,285,897 |
| Operating reserves set aside by Council | | |
| Self insurance | 4,109 | 3,980 |
| Operations stabilization | 1,661 | 4,606 |
| Snow and ice control variable operating | 4,310 | 8,423 |
| Service improvement | 1,764 | 2,000 |
| Cemetery maintenance | 162 | 157 |
| Culture development | 1,134 | 1,242 |
| Municipal elections | 736 | 1,405 |
| EMO cost recovery | 338 | 310 |
| Marketing levy special events | 456 | 1,112 |
| DNA costs | 120 | 115 |
| Titanic commemorative | 39 | 13 |
| Central library capital campaign and development | 3,427 | 2,983 |
| Major events facilities | 1,395 | 857 |
| Operating cost of new capital | 3,930 | 6,789 |
| Information and communication technologies | 5,039 | 4,637 |
| Police emergency and extraordinary investigation | 1,000 | 1,170 |
| Police officer on the job injury | 1,599 | 885 |
| Commons enhancement | 1 | 1 |
| Provincially funded police officers and facility lease | 2,923 | 2,260 |
| Convention Centre | 803 | 372 |
| LED street light conversion | 8,009 | - |
| Total operating reserves set aside by Council | 42,955 | 43,317 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

16. Accumulated surplus (continued):

| | 2013 | 2012 |
|--|---------------------|---------------------|
| Capital and equipment reserves set aside by Council | | |
| Sale of capital assets | \$ 984 | \$ 330 |
| Business/industrial parks expansion | 25,470 | 5,938 |
| Capital surplus | 3,280 | 1,856 |
| Parkland development | 3,176 | 2,584 |
| Sackville landfill closure | 4,126 | 4,507 |
| Otter Lake landfill closure | 6,348 | 10,100 |
| Mengoni landfill closure | 239 | 253 |
| Waste resources capital | 9,137 | 14,300 |
| Upper Sackville turf | 101 | 325 |
| MetroPark parkade | 2,044 | 2,031 |
| Strategic growth | 15,357 | 7,030 |
| HRM sustainable communities | 473 | 337 |
| Rural fire | 832 | 705 |
| Ferry replacement | 9,946 | 8,194 |
| Capital replacement | 2,255 | 1,630 |
| Energy and underground services co-location | 1,850 | 1,700 |
| Bedford South capital cost contribution interchange | 95 | 94 |
| Gas tax | 12,574 | 15,058 |
| Alderney Gate recapitalization | 1,202 | 1,094 |
| Regional capital cost contribution | 2,974 | 2,007 |
| Community facility partnership | 830 | 820 |
| Kingswood water | 4 | 4 |
| 5594-96 Morris Street | 70 | 61 |
| Rockingham community centre | 14 | 13 |
| Captain William Spry centre | 2 | 2 |
| Richmond school | 1 | 1 |
| Waterfront development | 73 | 19 |
| Central Library capital replacement | 12,579 | 12,422 |
| BMO centre life cycle | 591 | 336 |
| Bus replacement | 956 | - |
| Regional facility expansion | 8,067 | - |
| Total capital reserves set aside by Council | 125,650 | 93,751 |
| General fleet | 1,959 | 1,477 |
| Police vehicles | 584 | 450 |
| Fire and emergency service vehicles and equipment | 937 | 959 |
| Fuel system | 30 | 30 |
| Total equipment reserves set aside by Council | 3,510 | 2,916 |
| Total capital and equipment reserves set aside by Council | 129,160 | 96,667 |
| Total accumulated surplus | \$ 2,522,137 | \$ 2,425,881 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

17. Contingent liabilities:

- (a) As of March 31, 2013, 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, 2013, this outstanding debt was \$71.8 million (2012 - \$44.3 million), with maturity dates ranging from 2017 to 2022. In addition, the Municipality is responsible for outstanding debt of \$79.9 million (2012 - \$87.1 million) 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.

The fair value of investments is considered to be market value. The market value of investments is disclosed in note 6.

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.

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

18. Financial instruments (continued):

(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.

19. Amounts contributed for provincially mandated services:

| | Budget (Unaudited) | 2013 | 2012 |
|-----------------------|-----------------------|-------------------|-------------------|
| School boards | \$ 124,402 | \$ 124,402 | \$ 118,366 |
| Assessment services | 6,822 | 6,720 | 6,693 |
| Social housing | 2,400 | 2,400 | 2,220 |
| Correctional services | 6,437 | 6,437 | 4,796 |
| Total | \$ 140,061 | \$ 139,959 | \$ 132,075 |

(a) School boards:

The Municipality is required to provide a mandatory contribution in the amount of \$106.3 million (2012 - \$99.8 million) and supplementary contributions of \$18.1 million (2012 - \$18.6 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, 2013

(In thousands of dollars)

20. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012/2013 operating and project budgets approved by Council on April 3, 2012, 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 Tangible Capital Asset accounting standards have not been adopted for budget preparation purposes. The 2012/2013 Council approved budget has been modified to reflect these adjustments.

| | 2013 | 2012 |
|---|-------------------|-------------------|
| | Unaudited | Unaudited |
| Revenue | | |
| Operating budget | \$ 790,026 | \$ 758,701 |
| Project budget | 131,600 | 144,774 |
| | <u>921,626</u> | <u>903,475</u> |
| Less: | | |
| Miscellaneous capital funding | (4,578) | (3,690) |
| Principal and interest recovery from Halifax Regional Water Commission | (11,675) | (1,017) |
| Tax concessions | (5,186) | (5,232) |
| Transfers from reserves to capital | (23,851) | (36,148) |
| Transfers operating to capital | (45,285) | (40,354) |
| Long-term debt issued | (31,239) | (30,361) |
| | <u>(121,814)</u> | <u>(116,802)</u> |
| Add: | | |
| Revenues from agencies, boards and commissions | 29,000 | 29,000 |
| Prior year surplus area rates | 4,343 | 4,756 |
| Proceeds from sale of assets deposited to reserves | 18,216 | 27,727 |
| Interest on reserves | 1,388 | 1,475 |
| Development levies in reserves | 1,644 | 650 |
| Other reserve revenue | 1,867 | 1,797 |
| Tangible capital assets related adjustments | 15,396 | 31,850 |
| Equity in earnings of the Halifax Regional Water Commission | 26,000 | 15,800 |
| | <u>97,854</u> | <u>113,055</u> |
| Total revenue | \$ 897,666 | \$ 899,728 |

HALIFAX REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2013

(In thousands of dollars)

20. Budget data (continued):

| | 2013 | 2012 |
|--|------------------|------------------|
| | (Unaudited) | (Unaudited) |
| Expenses | | |
| Operating budget | \$ 790,026 | \$ 758,701 |
| Less: | | |
| Tax concessions | (5,186) | (5,232) |
| Transfers operating to capital | (45,285) | (40,354) |
| Transfers operating to reserves | (14,295) | (26,385) |
| Change in solid waste management facilities liabilities | (4,250) | 4,283 |
| Principal and interest payments made on behalf of Halifax Regional Water Commission | (11,675) | (1,017) |
| Long-term debt redeemed | (38,867) | (38,296) |
| | (119,558) | (107,001) |
| Add: | | |
| Expenses from agencies, boards and commissions | 28,500 | 28,000 |
| Cost of lots sold in business parks | 3,875 | 2,985 |
| Application of prior year surplus | 8,243 | 4,756 |
| Tangible capital assets adjustments including amortization | 140,258 | 142,650 |
| | 180,876 | 178,391 |
| Total expenses | 851,344 | 830,091 |
| Annual surplus | \$ 46,322 | \$ 69,637 |

21. 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, 2013
(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, 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 35 and 36).

22. 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, 2013

(In thousands of dollars)

| | 2013 | 2012 |
|-------------------------------|-------|------|
| Current Council members: | | |
| M. Savage, Mayor | \$ 63 | \$ - |
| S. Adams | 74 | 72 |
| S. Craig | 31 | - |
| B. Dalrymple | 74 | 72 |
| D. Fisher | 74 | 72 |
| D. Hendsbee | 74 | 72 |
| B. Johns | 74 | 72 |
| B. Karsten | 74 | 75 |
| W. Mason | 31 | - |
| G. McCluskey | 76 | 74 |
| L. Mosher | 74 | 72 |
| L. Nicoll | 74 | 72 |
| T. Outhit | 74 | 72 |
| R. Rankin | 77 | 72 |
| R. Walker | 74 | 72 |
| J. Watts | 74 | 72 |
| M. Whitman | 31 | - |
| Past Council members: | | |
| P. Kelly, Mayor | 90 | 145 |
| J. Barkhouse | 44 | 72 |
| J. Blumenthal | 45 | 74 |
| R. Harvey | 43 | 72 |
| D. Hum | 44 | 72 |
| P. Lund | 44 | 72 |
| D. Sloane | 44 | 72 |
| J. Smith | 44 | 77 |
| S. Streach | 44 | 72 |
| S. Uteck | 44 | 72 |
| M. Wile | 45 | 74 |
| Chief Administrative Officer: | | |
| Richard Butts | 309 | 289 |

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, 2013
(In thousands of dollars)

| | Term (years) | Interest rate - % | Matures | Balance March 31, 2012 | Issued | Redeemed | Balance March 31, 2013 |
|---|-----------------|----------------------|---------|------------------------------|------------------|------------------|------------------------------|
| Municipal Finance Corporation: | | | | | | | |
| 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 | 2024 | 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 |
| Federation of Canadian Municipalities: | | | | | | | |
| GMIF-1599 | 10 | 1.33/3.127 | 2014 | 13,000 | - | 1,000 | 12,000 |
| FCM | 20 | 2.0 | 2032 | - | 4,000 | - | 4,000 |
| Misc.: | | | | | | | |
| 5% stock Permanent | | 5.0 | - | 2 | - | - | 2 |
| Sackville Landfill Trust: | | | | | | | |
| Acadia School | 20 | 7.0 | 2018 | 465 | - | 62 | 403 |
| | | | | 328,544 | 28,400 | 46,693 | 310,251 |
| Less long-term debt recovery from Halifax Regional Water Commission: | | | | | | | |
| 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 5 | 2.55/6.875 | | (2,638) | - | (762) | (1,876) |
| | | | | (87,138) | - | (7,262) | (79,876) |
| Net long-term debt | | | | \$ 241,406 | \$ 28,400 | \$ 39,431 | \$ 230,375 |

HALIFAX REGIONAL MUNICIPALITY

Schedule of Long-term Debt

Year ended March 31, 2012

(In thousands of dollars)

| | Term (years) | Interest rate - % | Matures | Balance March 31, 2011 | Issued | Redeemed | Balance March 31, 2012 |
|---|-----------------|----------------------|---------|------------------------------|------------------|------------------|------------------------------|
| Municipal Finance Corporation: | | | | | | | |
| 01-A-1 | 10 | 4.375/6.25 | 2011 | 1,630 | - | 1,630 | - |
| 01-B-1 | 10 | 3.125/6.0 | 2011 | 991 | - | 991 | - |
| 02-A-1 | 10 | 3.375/6.125 | 2012 | 4,887 | - | 2,444 | 2,443 |
| 02-B-1 | 10 | 3.25/5.625 | 2012 | 2,475 | - | 1,237 | 1,238 |
| 03-A-1 | 10 | 3.5/5.375 | 2013 | 11,646 | - | 3,882 | 7,764 |
| 03-B-1 | 10 | 2.75/5.0 | 2013 | 1,269 | - | 423 | 846 |
| 04-A-1 | 10 | 2.55/5.45 | 2014 | 8,748 | - | 1,845 | 6,903 |
| 04-B-1 | 10 | 3.195/5.05 | 2014 | 9,269 | - | 2,318 | 6,951 |
| 24-HBR-1 | 20 | 2.84/5.94 | 2024 | 77,000 | - | 5,500 | 71,500 |
| 05-A-1 | 10 | 2.97/4.56 | 2015 | 11,500 | - | 2,300 | 9,200 |
| 05-B-1 | 15 | 3.63/4.83 | 2020 | 25,305 | - | 2,216 | 23,089 |
| 06-A-1 | 10 | 4.29/4.88 | 2016 | 13,850 | - | 2,308 | 11,542 |
| 06-B-1 | 10 | 4.1/4.41 | 2016 | 6,090 | - | 1,015 | 5,075 |
| 07-A-1 | 10 | 4.45/4.63 | 2017 | 13,696 | - | 1,956 | 11,740 |
| 07-B-1 | 10 | 4.65/5.01 | 2017 | 6,160 | - | 880 | 5,280 |
| 08-A-1 | 10 | 3.75/4.884 | 2018 | 21,200 | - | 2,650 | 18,550 |
| 08-B-1 | 10 | 3.1/5.095 | 2018 | 19,790 | - | 2,474 | 17,316 |
| 09-A-1 | 20 | 1.0/5.644 | 2024 | 48,157 | - | 4,395 | 43,762 |
| 09-B-1 | 10 | 0.97/4.329 | 2019 | 5,850 | - | 650 | 5,200 |
| 10-A-1 | 10 | 1.51/4.5 | 2020 | 20,400 | - | 2,040 | 18,360 |
| 10-B-1 | 10 | 1.55/3.87 | 2020 | 26,725 | - | 2,673 | 24,052 |
| 11-A-1 | 10 | 1.63/4.221 | 2021 | - | 13,250 | - | 13,250 |
| 11-B-1 | 10 | 1.219/3.645 | 2021 | - | 11,016 | - | 11,016 |
| | | | | 336,638 | 24,266 | 45,827 | 315,077 |
| Federation of Canadian Municipalities: | | | | | | | |
| GMIF-1599 | 10 | 1.33/3.127 | 2014 | 14,000 | - | 1,000 | 13,000 |
| Misc.: | | | | | | | |
| 5% stock Permanent | | 5.0 | - | 2 | - | - | 2 |
| Sackville Landfill Trust: | | | | | | | |
| Acadia School | 20 | 7.0 | 2018 | 523 | - | 58 | 465 |
| | | | | 351,163 | 24,266 | 46,885 | 328,544 |
| Less long-term debt recovery from Halifax Regional | | | | | | | |
| Water Commission: | | | | | | | |
| 24-HBR-1 | 20 | 2.84/5.94 | 2024 | (77,000) | - | (5,500) | (71,500) |
| GMIF-1599 | 10 | 1.33/3.127 | 2014 | (14,000) | - | (1,000) | (13,000) |
| Other debt | 1 to 6 | 2.55/6.875 | | (3,501) | - | (863) | (2,638) |
| | | | | (94,501) | - | (7,363) | (87,138) |
| Net long-term debt | | | | \$ 256,662 | \$ 24,266 | \$ 39,522 | \$ 241,406 |

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2013
(In thousands of dollars)

| | General Government Services | Protective Services | Transportation Services | Environmental Services | Recreation and Cultural Services | Planning and Development Services | Educational Services | Total |
|--|-----------------------------------|------------------------|----------------------------|---------------------------|--|---|-------------------------|------------|
| Revenue | | | | | | | | |
| Taxation | \$ 433,286 | \$ 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 | - | 12,195 | 44 | 10,590 | 21,273 | - | 44,250 |
| 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 |
| Total revenue | 517,091 | 29,258 | 144,478 | 18,953 | 70,788 | 25,607 | 124,402 | 930,577 |
| Expenses | | | | | | | | |
| 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 | 26,227 | 43,385 | 9,299 | 1,022 | - | 116,829 |
| 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 | - | 147,207 |
| Amortization | 12,744 | 4,344 | 78,794 | 4,590 | 11,666 | 17 | - | 112,155 |
| Total expenses | 101,401 | 190,213 | 235,790 | 51,271 | 108,863 | 22,381 | 124,402 | 834,321 |
| Annual surplus (deficit) | \$ 415,690 | \$ (160,955) | \$ (91,312) | \$ (32,318) | \$ (38,075) | \$ 3,226 | \$ - | \$ 96,256 |

HALIFAX REGIONAL MUNICIPALITY

Consolidated Schedule of Segment Disclosure

Year ended March 31, 2013
(In thousands of dollars)

| | General Government Services | Protective Services | Transportation Services | Environmental Services | Recreation and Cultural Services | Planning and Development Services | Educational Services | Total |
|---|-----------------------------|---------------------|-------------------------|------------------------|----------------------------------|-----------------------------------|----------------------|------------------|
| Revenue | | | | | | | | |
| Taxation | \$ 435,433 | \$ 4,797 | \$ 63,980 | \$ - | \$ - | \$ - | \$ 118,366 | \$ 622,576 |
| Taxation from other governments | 31,886 | - | - | - | - | - | - | 31,886 |
| User fees and charges | 9,026 | 10,826 | 32,728 | 15,793 | 42,198 | 3,650 | - | 114,221 |
| Government grants | 3,923 | 3,881 | 25,309 | 3,338 | 10,822 | 20 | - | 47,293 |
| Development levies | - | - | 1,062 | 929 | 817 | - | - | 2,808 |
| Investment income | 2,877 | - | - | - | - | - | - | 2,877 |
| Penalties, fines and interest | 5,245 | 6,235 | - | - | 518 | - | - | 11,998 |
| Land sales, contributions and other revenue | 4,292 | 48 | 34,081 | 45 | 3,841 | 10,315 | - | 52,622 |
| Increase in equity in the Halifax Regional Water Commission | 15,766 | - | - | - | - | - | - | 15,766 |
| Grant in lieu of tax from the Halifax Regional Water Commission | 3,944 | - | - | - | - | - | - | 3,944 |
| Total revenue | 512,392 | 25,787 | 157,160 | 20,105 | 58,196 | 13,985 | 118,366 | 905,991 |
| Expenses | | | | | | | | |
| Salaries, wages and benefits | 50,896 | 127,212 | 79,366 | 1,858 | 49,577 | 11,002 | - | 319,911 |
| Interest on long-term debt | 82 | 668 | 5,322 | 876 | 2,672 | 91 | - | 9,711 |
| Materials, goods, supplies and utilities | 14,020 | 6,947 | 21,949 | 143 | 11,222 | 503 | - | 54,784 |
| Contracted services | 8,632 | 25,896 | 39,418 | 44,759 | 7,683 | 1,314 | - | 127,702 |
| Other operating expenses | 4,753 | 18,735 | 15,898 | 589 | 23,868 | 5,163 | - | 69,006 |
| External transfers and grants | 9,926 | 4,844 | 30 | - | 1,745 | 4,133 | - | 139,044 |
| Amortization | 11,465 | 4,032 | 76,217 | 4,312 | 10,545 | 10 | - | 106,581 |
| Total expenses | 99,774 | 188,334 | 238,200 | 52,537 | 107,312 | 22,216 | 118,366 | 826,739 |
| Annual surplus (deficit) | \$ 412,618 | \$ (162,547) | \$ (81,040) | \$ (32,432) | \$ (49,116) | \$ (8,231) | \$ - | \$ 79,252 |

