



Preparing the Consolidated Financial Statements

- Start with the financial results from the Operating Fund, the Capital Fund, Business Parks and Reserve Funds.
- Add the financial results of the Library.
- Then the information for all the large Agencies, Boards and Commissions.
- Eliminate the transactions between all these groups.

Consolidated Entities

Recreation facilities

- Metro Centre
- Dartmouth Sportsplex
- Cole Harbour Place
- Halifax Forum
- Eastern Shore Recreation Commission
- St. Margaret's Community Centre
- Sackville Sports Centre
- Centennial Arena
- BMO Centre
- Canada Games Centre

Other

- Alderney Landing
- MetroPark
- Business Commissions
 - Downtown Halifax
 - Spring Garden Area
 - Downtown Dartmouth
 - Quinpool Road
 - Sackville Drive
 - Spryfield and District
 - Main Street Dartmouth
 - North End
- Library

Other Audits - Concurrent

- Financial statements Trust Funds.
- Audit of the General Rate Surplus.
- Gas Tax Funding Audit.
- Other audits for claims.
- Centennial Arena and the Halifax Forum.

Consolidated Financial Statements - Highlights

- To receive an unqualified Audit Report.
- Few audit adjustments and management letter points.
- Prepared in accordance with GAAP and PSAB.

Financial Statement – Walk Through

- Management's responsibility for Financial Statements – Page 1
- Auditors' Report – Page 2
- Statement of Financial Position – Page 3
- Statement of Operations – Page 4
- Statement of Change in Net Financial Assets – Page 5
- Statement of Cash Flows – Page 6
- Notes – Pages 7 to 31
- Schedules
 - Remuneration of Council and Chief Administrative Officer – Page 32
 - Debt – Pages 33

Financial Assets – Cash and Investments

- Cash and short-term deposits (Note 2) are funds that are invested in financial assets for a term of 90 days or less.
- Investments are funds that are invested in financial assets for a period of more than 90 days.
- These items are managed as one portfolio but distinction is made for financial statement presentation.

Cash and Investments

	2012	2011	Change
Cash	\$ 109,029	\$ 45,155	\$ 63,874
Investments	\$ 83,958	\$ 58,346	\$ 25,612

- Total investments and cash is higher by approximately \$90m primarily due to a reduction in the temporary financing of capital expenditures:
 - Expenditures incurred, but funding not yet received – timing issue.
 - Last year there were several large cost shared projects completed or close to completion

Taxes Receivable

- Taxes receivable are property and deed transfer tax amounts that have been billed but not yet received (Note 3).
- Also includes the interest on overdue accounts and tax deferrals receivable.
- This balance does not include the interim tax bill that is issued just prior to year end.

Taxes Receivable

	2012	2011	Change
Taxes Receivable	\$ 29,243	\$ 28,755	\$ 488

- No significant change

Accounts Receivable

- Accounts Receivable would be all other receivables including:
 - Federal Government for HST, PILT Receivable (net of allowances) and cost sharing.
 - Provincial Government for Hurricane Juan / White Juan and cost sharing.
 - LIC billed to customers, investment income receivable, recreation receivables, etc.

Accounts Receivable

	2012	2011	Change
Accounts Receivable	\$ 67,078	\$ 92,979	(\$ 25,901)

- Decrease is primarily due to receipt of cost sharing amounts outstanding at March 31, 2011 and a reduction in cost shared financing this fiscal year

Loan, Deposits and Advances

- Includes primarily employee payroll advances.

Loans, Deposits and Advances

	2012	2011	Change
Loans, deposits and advances	\$ 1,297	\$ 2,095	(\$ 798)

- Reduction in balance is due to wind up of activities at the Canada Games Host Society

Land Held for Resale

- This item represents land held in the business parks for sale including the Aerotech Park, Burnside and Bayers Lake.

Land Held for Resale

	2012	2011	Change
Land held for resale	\$ 28,401	\$ 27,338	\$ 1,063

- Thirteen lots were sold this year:
 - 12 in Burnside and one in Bayer's Lake.
- Total gain (net of all costs) \$5.7m.

Investment in HRWC

- We record our investment in the Water Commission on our balance sheet (Note 6).
- We add our investment to the balance sheet rather than consolidating them on a line by line basis – “modified equity basis”.
- We record their net assets on Statement of Financial Position and the change in the equity on the Statement of Operations.

Investment in HRWC

	2012	2011	Change
Investment in HRWC	\$ 790,882	\$ 775,116	\$ 15,766

- Increase primarily due to:
 - An increase in HRWC revenue as a result of waste / storm water rate increase.
 - An increase in contributed capital assets; water infrastructure in new subdivisions.

Accounts Payable and Accruals

- Regular trade payables plus accruals for payroll related items such as vacation and overtime, etc.

Accounts Payable and Accruals

	2012	2011	Change
Accounts Payables and Accruals	\$ 91,627	\$ 105,832	(\$ 14,205)

- Decrease due primarily to a reduction in trade accounts payable as a result of less capital project activity this year.

Accrued Interest and Long Term Debt

- Interest owed on our debt but we are not required to pay at year end so we accrue.
- Long Term Debt is shown in the schedule on page 33.
 - Schedule outlines total outstanding debt and the portion that is recoverable from HRWC.
- Interest rates and maturity dates are also included in the schedule.

Accrued Interest and LTD

	2012	2011	Change
Accrued Interest	\$ 3,996	\$ 4,329	(\$ 333)
LTD	\$ 241,406	\$ 256,662	(\$ 15,256)

- Repaid \$40m of debt and issued \$24m in new debt.
- HRWC will repay \$87.1m for Harbour Solutions and other debt over the next twelve years. In the current year \$7.4m was repaid.

Deferred Revenue

- Deferred Revenue includes payments that we have received but are not revenue in 2011/2012 as we have not earned it.
- Prepayment of taxes, deposits on recreation courses, etc.

Deferred Revenue

	2012	2011	Change
Deferred Revenue	\$ 44,695	\$ 43,439	\$ 1,256

- Increase in prepayment of taxes offset by recognition of revenue in restricted area rate cost centres

Employee Future Benefits

- This is the estimated liability for the benefits we have agreed to pay to employees in future periods (Notes 8 and 9).
- This year we recognized a new liability for accumulated employee sick time.
- Mercer prepares an actuarial valuation of our liability and the estimate is recorded in the financial statements.

Employee Future Benefits

	2012	2011	Change
Employee Future Benefits	\$ 45,317	\$ 31,595	\$ 13,722

- The increase is primarily due to the recognition of the liability for accumulated employee sick time in the amount of \$12.4m.
- This new cost is recorded as an expense in 2011/2012.

Solid Waste

- The estimate of the closure and post closure costs of the land fill sites in Sackville, Otter Lake and Mengoni (Burnside).
- Note 10 has details of the costs estimates, amount spent to date and the amounts we have already set aside in reserves to provide for these costs in the future.
- This liability is fully funded from reserves.

Solid Waste

	2012	2011	Change
Solid Waste	\$ 14,860	\$ 10,577	\$ 4,283

- Estimated future costs have increased by \$5.2m from last year.
- Costs incurred have increased slightly – approximately \$1m.
- These costs are fully funded by reserves.
- Net liability has increased by \$4.3m due primarily to a change in the discount rate used to calculate present value of estimated future costs.

Tangible Capital Assets

- Tangible capital assets include: buildings, land, land improvements (such as playgrounds, sports courts and sports fields), vehicles, ferries, equipment and road infrastructure.
- Of the \$97m in additions this year:
 - Buildings \$16m including:
 - Dutch Settlement, Herring Cove and Tantallon fire stations (total \$6.9m).
 - Centennial Pool upgrades \$3.8m.
 - Road infrastructure \$46m.
 - Land & land improvements \$16m.

Tangible Capital Assets

	2012	2011	Change
TCA	\$ 1,748,787	\$ 1,759,579	(\$ 10,792)

- We have added \$97m of new assets in the year.
- Recorded \$107m in amortization expenses.
- These changes resulted in a reduction in the overall balance of TCA by \$11m.

Inventory and Prepaids

- Inventory and Prepaid expenses includes the inventory we hold at the various depots and the bills we pay upfront for services to be provided over the course of the year, such as licenses for software.
- Also includes the prepayment of debt discounts on debt issued by MFC that are amortized over the term of the debt.

Inventory and Prepaids

	2012	2011	Change
Inventory and Prepaids	\$ 8,574	\$ 9,700	(\$ 1,126)

- Decrease due to reduction in inventory balances and a reduction in the deferred debenture discount reflecting a decrease in the amount of debt issued this year.

Accumulated Surplus

- Reflects our net asset position.

Statement of Operations

- This is the consolidation of the revenue and expenses of the municipality including entities that are listed in Note 1 to the financial statements.
- Expenses are shown by the types of services provided.
- Expenses by object (salaries, interest, materials, etc.) are shown in Note 20.

Budgeted Amounts

- We are showing the budgeted amounts for the Consolidated Statement of Operations.
- We are required to pull all the budgeted amounts for all the entities.
- We also had to translate the budgets approved by Council to match the way the financial statements are prepared (Note 19).
 - The budget shown in the financial statements has been adjusted to include items related to tangible capital assets such as amortization.
 - Also have included the change in equity in HRWC.

Revenue - Taxation

- Increased assessment values for both Residential and Commercial.
- Residential tax rates flat, but Commercial rates up.

Revenue - Taxation

	2012 Budget	2012	2011	Change
Taxation	\$ 610,232	\$ 622,576	\$ 583,868	\$ 38,708

- Increase of \$39m is primarily due to:
 - Increases in residential and commercial property taxes of \$24m.
 - Increase in transit area rates of \$2m.
 - Deed Transfer taxes were up by \$6m from prior years.

Provincially Mandated Services

- These are the taxes we collect to pay for services mandated by the Province (Note 18).
- These included Assessment Services, Housing, Mandatory and Supplementary Education and Correction Services.

Provincially Mandated Services

	2012 Budget	2012	2011	Change
Provincially mandated services	(\$ 132,401)	(\$ 132,075)	(\$ 130,245)	(\$ 1,830)

- Increase of \$1.8m due to scheduled increases in mandatory contributions for education and social housing.

Revenue – Taxation from Other Governments

- Grants in Lieu of taxes for Federal and Provincial Governments and their agencies.

Revenue – Taxation from Other Governments

	2012 Budget	2012	2011	Change
Taxation from other governments	\$ 32,008	\$ 31,886	\$ 30,674	\$ 1,212

Revenue – User Fees and Charges

- User fees includes fees for parking meters, animal licenses, bus and ferry fares, tipping fees, building permits, facility rental fees, property rent, encroachment fees, recreation revenue and others.

Revenue – User Fees and Charges

	2012 Budget	2012	2011	Change
User fees and charges	\$ 114,854	\$ 123,958	\$ 121,848	\$ 2,110

- Increases due to an insurance recovery and a full year of revenue for the Canada Games Centre offset:
 - A reduction in transit fares due to strike.
 - A reduction in parking rentals due to sale of Clyde St. parcels.
 - A reduction in rental revenue due to relocation of HRM Finance to Alderney Gate.

Revenue – Government Grants

- These are grants that we receive for Gas Tax and contributions to other capital projects earned in the current fiscal year.

Revenue – Government Grants

	2012 Budget	2012	2011	Change
Government grants	\$ 32,077	\$ 40,556	\$ 69,673	(\$ 29,117)

- Significant decreases in federal and provincial funding due to reduction in economic stimulus funds.

Revenue – Development Levies

- Development levies includes capital cost contributions and parkland development fees.

Revenue – Development Levies

	2012 Budget	2012	2011	Change
Development levies	\$ 728	\$ 2,808	\$ 4,827	(\$ 2,019)

- Decrease due to reduced capital project activity.
 - Funding primarily applied to Larry Uteck interchange; project is now complete.

Revenue – Investment Income

- Investment Income is the income we earn from investing our surplus cash.

Revenue – Investment Income

	2012 Budget	2012	2011	Change
Investment Income	\$ 2,910	\$ 2,877	\$ 1,963	\$ 914

- Increase due to both higher balances and rates for money market investments

Revenue - Penalties, Fines and Interest

- Represents penalties and interest on over due tax bills as well as parking tickets, summary offense revenue and library fines.

Revenue – Penalties, Fines and Interest

	2012 Budget	2012	2011	Change
Penalties, fines and interest	\$ 11,146	\$ 11,694	\$ 13,456	(\$ 1,762)

- Decrease from Summary Offense Ticket revenue partially offset by an increase in the amount of interest charged on overdue tax accounts.
 - Last year SOT revenue increased on a one time basis due to a change in accrual methodology.
 - Interest rate charged on overdue taxes is 15%.
 - Effective July 1, 2010.

Revenue - Land Sales, Contributions and Other Revenue

- Sale of land in business parks and gain on sale of other assets.
- Includes Tangible Capital Assets received through the subdivision development process.
- Assets received were \$18m in 2011/12 and \$31m in 2010/11.
- Assets are primarily road infrastructure and remainder would be land, parks and trails.
- Also includes cost sharing from external groups – primarily HW.

Revenue – Land Sales, Contributions and Other Revenue

	2012 Budget	2012	2011	Change
Land sales, contributions and other revenue	\$ 41,343	\$ 50,417	\$ 42,321	\$ 8,096

- Gain on sale of parcels in downtown Halifax around library and increased sales in Business Parks offsets reduction in donated assets related to developments.

Revenue - HRWC

- Increase in equity in HRWC primarily due to:
 - An increase in HRWC revenue as a result of waste / storm water rate increase.
 - An increase in contributed capital assets; water infrastructure in new subdivisions.

Revenue – HRWC

	2012 Budget	2012	2011	Change
Increase in equity in the HRWC	\$ 15,800	\$ 15,766	\$ 34,338	(\$ 18,572)
Grant in lieu of tax	\$ 3,700	\$ 3,944	\$ 3,749	\$ 195

- Details of change is recorded in Note 6.

Expenses – General Government Services

- Includes the costs for Mayor's Office and Council, Auditor General's Office, Finance and Information Technology, HR and Legal Services

Expenses – General Government Services

	2012 Budget	2012	2011	Change
General government services	\$ 107,697	\$ 100,612	\$ 99,243	\$ 1,369

- Increase in amortization costs and expense for accumulated employee sick time partially offset by lower valuation allowance expense

Expenses – Protective Services

- Includes the costs of Police, Fire and EMO.
- Includes fleet for police and fire.
- Amortization of assets related to these services.

Expenses – Protective Services

	2012 Budget	2012	2011	Change
Protective services	\$ 176,327	\$ 180,615	\$ 167,330	\$ 13,285

- Increases due to:
 - Increase in annual RCMP contract of approximately 5% (from \$20.6m to \$21.6m)
 - Increase in compensation & benefits due to hiring of 20 new firefighters and contractual increases, and recording of expense for accumulated employee sick leave time
 - Increase in fire protection charge from HRWC

Expenses – Transportation Services

- Includes Municipal Operations, Metro Transit, costs of street lighting, costs to plan and manage the road infrastructure, including winter works.
- Amortization of fleet is a significant component of these costs (33%).

Expenses – Transportation Services

	2012 Budget	2012	2011	Change
Transportation services	\$ 229,230	\$ 236,509	\$ 219,112	\$ 17,397

- Significant increases in this category primarily due to:
 - An increase in amortization related to the addition of \$49m of road infrastructure last year.
 - An increase in non-tca expenses – primarily due to costs of Washmill Lake Underpass.
 - Recording of expense for accumulated employee sick leave time.

Expenses – Environmental Services

- Primarily the costs of garbage and waste collection, recycling and related services.

Expenses – Environmental Services

	2012 Budget	2012	2011	Change
Environmental services	\$ 52,002	\$ 52,537	\$ 50,365	\$ 2,172

- Increase in the landfill accrual for post-closure costs is partially offset by:
 - A reduction in amortization expense – Cell 5 fully amortized
 - A reduction in landfill cell closure costs this year
 - A reduction in compensation and benefits costs due in part to transfer of some staff to Halifax Water and other business units

Expenses – Recreation and Cultural Services

- Costs of providing recreational services and facilities and library.

Expenses – Recreation and Cultural Services

	2012 Budget	2012	2011	Change
Recreation and cultural services	\$ 100,796	\$ 103,199	\$ 94,947	\$ 8,252

- Increase due to:
 - Increased amortization costs due to the capitalization of three new facilities last year (BMO, Canada Games Centre and Prospect Community Centre)
 - Full year of expenses for Canada Games Centre
 - Recording of expense for accumulated employee sick leave time

Expenses – Planning and Development Services

- Includes development planning, cost related to activities that enhance local economic development and tourism

Expenses – Planning and Development Services

	2012 Budget	2012	2011	Change
Planning and development services	\$ 19,768	\$ 22,216	\$ 20,111	\$ 2,105

- Increase due primarily to an increase in the cost of Business Park lots sold
- Increases due to the new North End BID and an increase in non-tca expenses were partially offset by staffing reductions

Statement of Changes in Net Financial Assets

- Shows the changes from annual surplus to the Net Financial Assets.

Statement of Cash Flows

- Shows the reason for the changes in our cash balance on the financial statements.
- Items that are revenue and expenses for financial statement purposes may not actually use or provide cash.
- Main items have been discussed already.

Notes to the Financial Statements

- Very important part of the financial statements.
- Provides much more detail than on the financial statements by themselves.

Notes

- Note 1 – provides details about the how we prepare the financial statements, who we consolidate and details on our method of accounting for the items in the financial statements.

Notes

- Note 14 – Tangible Capital Assets provides details on the asset classes and the cost and accumulated amortization for each item.
- Note 15 – Accumulated Surplus provides details about where the surpluses are being used or held.
- Main areas are TCA, HRWC and reserves.



Going Forward

