August 12, 2026

HALIFAX

Audited Consolidated Financial Statements

March 31, 2026

Governance and Responsibilities

- HRM Management is responsible for preparing the financial statements and presenting them to the Audit Committee (the “Committee”).
- The Committee’s Terms of Reference states that the Committee is responsible for:
  - reviewing, in detail, the financial statements of the Municipality with the External Auditors,
  - evaluating internal control systems and management letters with the External Auditors, and,
  - review with management and the External Auditor and recommend to Regional Council for approval, the annual audited financial statements.
- KPMG, our External Auditor, provides an Opinion on the Financial Statements. On March 9, 2026, they provided their Audit Planning Report containing their approach and methodology, risks and confirmation of their independence.
- It is recommended that the Committee discuss issues with KPMG without Management present, as per Section 19(2)(c) of the Halifax Regional Municipality Charter, by moving in-camera.
- After these discussions, the Committee will vote on the motion in the Report.

Financial Position

- Financial Statements reflect a point in time.
- Financial position continues to be fairly strong, but not without risk going forward.
- Future infrastructure plans will require significant levels of funding on top of requirements while asset renewal needs continue to grow.
- Significant financial pressures exist and will need to be addressed.

Consolidated Entities

Recreation Facilities:

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

Commissions, Cultural and other Facilities:

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

Consolidated Financial Statements – Highlights

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

Statement of Financial Position

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

Statement of Financial Position (in 000's)

	2026	2025
Financial assets		
Cash and cash equivalents (note 3)	$ 436,338	$ 562,328
Taxes receivable (note 4)	30,652	25,588
Accounts receivable (note 5)	102,506	94,845
Loans, deposits and advances	452	439
Land held for resale	80,656	87,799
Investments (note 6)	164,589	57,148
Investment in the Halifax Regional Water Commission (note 7)	319,251	312,115
	1,134,444	1,140,262
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	242,564	210,509
Deferred revenue	156,460	168,059
Employee future benefits (notes 9 and 10)	68,412	69,655
Asset retirement obligations (note 11)	27,848	33,190
Long-term debt (note 12)	236,402	226,922
	731,686	708,335
Net financial assets	402,758	431,927
Non-financial assets		
Tangible capital assets (note 15)	2,360,576	2,278,962
Inventory and prepaid expenses	30,210	24,619
	2,390,786	2,303,581
Accumulated surplus consisting of:		
Individual Surpluses and reserves	2,701,302	2,668,585
Remeasurement Gains	92,242	66,923
Accumulated surplus (note 16)	$ 2,793,544	$ 2,735,508

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Statement of Operations

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

Statement of Operations (in 000's)

	Budget	2026	2025
Revenue			
Taxation	$ 1,098,450	$ 1,090,090	$ 1,024,576
Taxation from other governments	52,678	51,981	51,787
User fees and charges	169,397	180,679	176,109
Government grants	127,659	121,899	75,932
Development levies	1,550	1,404	2,519
Investment income (note 6)	17,341	21,945	36,072
Penalties, fines and interest	12,302	14,065	14,550
Land sales, contributions and other revenue	40,162	43,855	22,772
Increase (decrease) in investment in the Halifax Regional Water Commission before remeasurement gain (loss) (note 7)	(18,183)	(18,183)	(507)
Grant in lieu of tax from the Halifax Regional Water Commission (note 7)	7,025	5,837	6,816
Total revenue	1,508,381	1,513,572	1,410,626

Statement of Operations (in 000's)

	Budget	2026	2025
Expenses			
General government services	183,489	162,297	163,236
Protective services	323,046	320,642	303,946
Transportation services	412,099	418,933	378,725
Environmental services	78,279	75,247	55,162
Recreation and cultural services	200,736	204,578	188,283
Planning and development services	69,926	74,939	52,775
Educational services	224,219	224,219	208,661
Total expenses	1,491,794	1,480,855	1,350,788

Statement of Operations (in 000's)

	Budget	2026	2025
Annual surplus	16,587	32,717	59,838
Accumulated individual surpluses and reserves, beginning of year	2,668,585	2,668,585	2,608,747
Accumulated individual surpluses and reserves, end of year	$ 2,685,172	$ 2,701,302	$ 2,668,585

August 12, 2026

HALIFAX

Audited General Rate Surplus

March 31, 2026

General Rate Surplus (in 000's)

Statement of General Rate Surplus

For the year ended March 31, 2026, with comparative information for 2025

		2026		2025
General rate surplus, before transfers	$	3,270	$	3,474
Transfers to reserves:				
Contribution to Options reserve		(3,270)		(3,474)
		(3,270)		(3,474)
General rate surplus	$	-	$	-

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

August 12, 2026

HALIFAX

Miscellaneous Trust Funds

March 31, 2026

Summary of Assets (in dollars)

	2026	2025	Change
Cash	$12,114,618	$10,661,178	$1,453,440
Accounts receivable	$18,033	$119,043	($101,010)
Due from Halifax Regional Municipality	$2,487	$7,557	($5,070)
Investments	$6,410	$6,410	$0
Total assets	$12,141,548	$10,794,188	$1,347,360

- Cash increased primarily due to increased tax sale revenue.
- AR decreased as there were lower non-redeemable tax sale surplus funds accruals in 2026.

Summary of Liabilities and Funds Equity (in dollars)

	2026	2025	Change
Due to Halifax Regional Municipality	$0	$0	$0
Funds Equity	$12,141,548	$10,794,188	$1,347,360
Total liabilities and equity	$12,141,548	$10,794,188	$1,347,360

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

Income and Expenditures (in dollars)

	2026	2025	Change
Income	$2,273,600	$1,407,424	$866,176
Expenditures	$926,240	$597,412	$328,828
Excess of Income over Expenditures	$1,347,360	$810,012	$537,348

- Income increased primarily due to an increase in tax sales.
- Expenditures increased primarily due to higher transfers of interest earned to HRM for maintenance of cemeteries and tax sale transfers to reserve.

August 12, 2026

HALIFAX

TCFD Disclosures

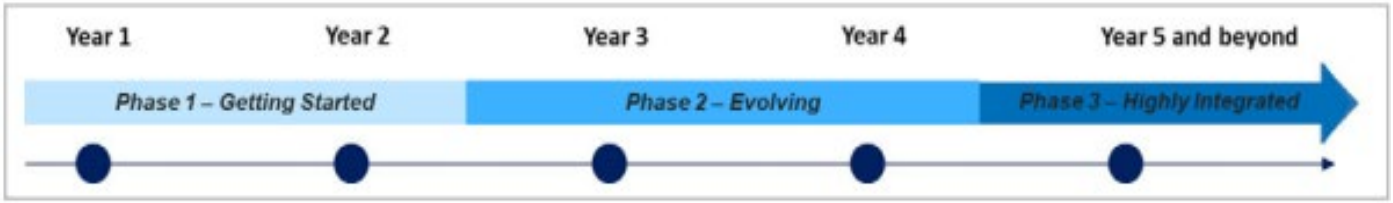
March 31, 2026

Task Force on Climate-Related Financial Disclosures (TCFD)

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

Next Steps

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



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

August 12, 2026

HALIFAX

Fourth Quarter Report

March 31, 2026

Councillors' Funds

District Capital Funds

- Of the total budget of $2.7M, $1.9M has been spent or committed leaving $0.8M available for carry-forward.

District Activity Funds

- Of the $72.0K budget, $71.1K has been spent or committed leaving $0.9K remaining.

Recreation Area Rates

- There are 22 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2025 was $1.0M.
- Revenue of $1.1M has been earned and $1.1M has been spent.
- The surplus at March 31, 2026 is $1.0M.

Reserves

Reserve Summary									
	Budget Balance Mar 31, 2026	Actual Balance Mar 31, 2026	Projected Balance Mar 31, 2027	Projected Balance Mar 31, 2028	Projected Balance Mar 31, 2029	Projected Balance Mar 31, 2030		Future Commitments	Uncommitted Balance Mar 31, 2030
Total Risk Reserve	16,538,395	20,231,128	22,003,925	25,761,244	29,632,364	33,620,734		-	33,620,734
Total Obligation Reserve	112,331,863	150,575,533	157,942,422	178,291,970	217,173,320	233,457,383		233,457,383	0
Total Opportunity Reserve	241,363,764	340,533,540	276,839,370	297,898,793	319,385,371	341,410,432		280,263,327	61,147,105
TOTAL RESERVES	370,234,022	511,340,201	456,785,717	501,952,007	566,191,055	608,488,549		513,720,710	94,767,838

Hospitality Expenses

- For the three-month period ended March 31, 2026 there was $6.4K in hospitality expenditures, resulting in the YTD total of $63.8K.

- Hospitality expenses are: Expenses incurred while hosting individuals from outside the municipal government for reasons of diplomacy, protocol, business development or promotional advocacy. Examples include: gifts, receptions, ceremonies, conferences, performances or other group events.

Expenses for Reportable Individuals

Name	Local Travel	Out of Town Travel	Development/ Training	Meals & Other Miscellaneous Expenses	Total	YTD Total
Mayor Andy Fillmore	470	3,048		1,512	5,030	10,892
Councillor Cathy Deagle-Gammon	2,026	-			2,026	14,921
Councillor David Hendsbee	1,870				1,870	10,307
Councillor Becky Kent	987				987	4,597
Councillor Trish Purdy					-	3,194
Councillor Sam Austin	-				-	3,493
Councillor Tony Mancini	1,376				1,376	7,976
Councillor Laura White	19				19	4,374
Councillor Virginia Hinch	200				200	1,106
Councillor Shawn Cleary					-	4,548
Councillor Kathryn Morse					-	4,129
Deputy Mayor Patty Cuttell	335	1,894			2,229	10,262
Councillor Janet Steele	197	88			286	3,453
Councillor Nancy Hartling	2,571				2,571	9,634
Councillor John A. Young	848				848	7,888
Councillor Billy Gillis	851	921			1,772	8,676
Councilor Jean St-Amand					-	4,651
CAO Cathie O'Toole					-	2,305
ACAO Brad Anguish	201			318	519	519
Total	**11,953**	**5,952**	**-**	**1,830**	**19,735**	**116,924**