



Financial Statements

Halifax Regional Water Commission

March 31, 2024



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## Independent auditor's report

To the Members of the Board of the  
Halifax Regional Water Commission

### Opinion

We have audited the financial statements of the Halifax Regional Water Commission ("Halifax Water"), which comprise the statement of financial position as at March 31, 2024, and the statements of earnings and comprehensive earnings, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Water as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Halifax Water in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter – supplemental schedules

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole as prepared in accordance with IFRS Accounting Standards. Schedules A through E are presented in accordance with the Nova Scotia Utility and Review Board Water Utility Accounting and Reporting Handbook. Such information has been subjected to the auditing procedures applied for the purpose of the audit of the financial statements as a whole as at and for the period ended March 31, 2024.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Halifax Water's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Halifax Water or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Halifax Water's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Halifax Water's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Water's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Water to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Halifax, Canada  
June 20, 2024

Chartered Professional Accountants

# Halifax Regional Water Commission

## Statement of financial position

March 31 (in thousands)

	2024	2023
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 44,021	\$ 44,596
Receivables		
Customer charges and contractual (Note 8)	21,546	17,824
Unbilled service revenues (Note 8)	20,959	19,265
Halifax Regional Municipality	-	1,953
Inventory	2,364	3,517
Prepays	1,735	1,282
	<u>90,625</u>	<u>88,437</u>
Intangible assets (Note 10)	35,989	22,807
Capital work in progress	114,374	79,447
Utility plant in service (Note 11)	1,297,942	1,302,514
Total assets	<u>1,538,930</u>	<u>1,493,205</u>
Regulatory deferral account (Note 5)	2,044	2,236
<b>Total assets and regulatory deferral account</b>	<u>\$ 1,540,974</u>	<u>\$ 1,495,441</u>

### Liabilities

Current		
Payables and accruals		
Trade	\$ 23,393	\$ 24,492
Non-trade	5,579	4,717
Interest on long term debt	3,062	2,205
Halifax Regional Municipality	5,047	-
Contractor and customer deposits	1,095	2,841
Current portion of deferred contributed capital (Note 12)	19,260	18,836
Current portion of long term debt (Note 13)	39,832	45,962
Unearned revenue	157	76
	<u>97,425</u>	<u>99,129</u>
Deferred contributed capital (Note 12)	928,048	919,422
Long term debt (Note 13)	196,622	172,489
Employee benefit obligations (Note 4)	2,353	8,078
Total liabilities	<u>1,224,448</u>	<u>1,199,118</u>

### Equity

Accumulated other comprehensive income	60,396	51,651
Accumulated surplus	256,130	244,672
Total equity	<u>316,526</u>	<u>296,323</u>
<b>Total liabilities and equity</b>	<u>\$ 1,540,974</u>	<u>\$ 1,495,441</u>

Contingent liabilities (Note 3)

Commitments (Note 6)

Approved by the Halifax Regional Water Commission Board

 Chair

 Vice Chair

See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Statement of earnings and comprehensive earnings

Year ended March 31 (in thousands)	2024	2023
Operating revenues		
Water	\$ 54,938	\$ 49,134
Wastewater	89,512	82,592
Stormwater	15,196	11,402
Public fire protection	8,083	7,744
Private fire protection	1,698	1,398
Other operating revenue	2,552	2,819
	<u>171,979</u>	<u>155,089</u>
Operating expenditures (Note 14)		
Water supply and treatment	14,786	11,646
Water transmission and distribution	13,768	11,757
Wastewater collection	14,554	13,691
Stormwater collection	5,755	4,719
Wastewater treatment	24,782	23,420
Engineering and technology services	16,053	13,677
Regulatory services	5,532	4,434
Customer services	4,631	4,447
Corporate services	3,114	3,075
Administration services	6,263	5,578
Pension services	3,012	6,851
Depreciation and amortization	53,654	51,438
	<u>165,904</u>	<u>154,733</u>
Income from operations before financial and other revenues and expenditures	<u>6,075</u>	<u>356</u>
Financial and other revenues		
Interest	412	482
Amortization of deferred contributed capital	18,997	18,793
Other	488	870
	<u>19,897</u>	<u>20,145</u>
Financial and other expenditures		
Interest	103	53
Interest on long term debt	7,276	6,851
Amortization of debt issue costs	222	227
Dividend/grant in lieu of taxes (Note 6)	6,589	6,524
Other	132	129
	<u>14,322</u>	<u>13,784</u>
Earnings for the year before regulatory deferral account depreciation	<u>11,650</u>	<u>6,717</u>
Regulatory deferral account depreciation	<u>192</u>	<u>192</u>
Earnings for the year	<u>11,458</u>	<u>6,525</u>
Other comprehensive earnings		
Items that will not be reclassified subsequently to earnings:		
Re-measurement on defined benefit plans	8,745	40,426
Total comprehensive earnings for the year	<u>\$ 20,203</u>	<u>\$ 46,951</u>

See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Statement of changes in equity

Year ended March 31 (in thousands)

	Accumulated other comprehensive income	Accumulated surplus	Total
Balance, April 1, 2022	\$ 11,225	\$ 238,147	\$ 249,372
Earnings for the year	-	6,525	6,525
Other comprehensive earnings	<u>40,426</u>	<u>-</u>	<u>40,426</u>
Comprehensive earnings for the year	<u>40,426</u>	<u>6,525</u>	<u>46,951</u>
Balance, March 31, 2023	\$ 51,651	\$ 244,672	\$ 296,323
Earnings for the year	-	11,458	11,458
Other comprehensive earnings	<u>8,745</u>	<u>-</u>	<u>8,745</u>
Comprehensive earnings for the year	<u>8,745</u>	<u>11,458</u>	<u>20,203</u>
Balance, March 31, 2024	\$ 60,396	\$ 256,130	\$ 316,526

See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Statement of cash flows

Year ended March 31 (in thousands)

2024

2023

Increase (decrease) in cash and cash equivalents

### Operating

Comprehensive earnings for the year	\$ 20,203	\$ 46,951
Depreciation and amortization	36,395	33,836
Employee benefit obligation	5,725	(33,872)
Gain on disposal of utility plant in service	8	-
	<u>62,331</u>	<u>46,915</u>

Change in non-cash operating working capital items

Receivables, customer charges and contractual	(3,722)	(1,924)
Receivables, unbilled service revenues	(1,694)	(427)
Receivable from Halifax Regional Municipality	-	(1,102)
Inventory	1,153	(1,475)
Prepays	(453)	1,126
Payables and accruals, trade	(1,099)	1,204
Payables and accruals, non-trade	862	(343)
Payables and accruals, accrued interest on long term debt	857	167
Payable to Halifax Regional Municipality	7,000	-
Contractor and customer deposits	(1,746)	136
Unearned revenue	81	(4)
	<u>1,239</u>	<u>(2,642)</u>
	<u>63,570</u>	<u>44,273</u>

### Financing

Proceeds from issuance of long term debt	39,988	15,749
Contributed capital and interest	3,512	29,962
Debt issue costs	(251)	(71)
Principal repayment on Halifax Regional Municipality long term debt	(6,500)	(6,500)
Principal repayments on long term debt	(15,234)	(14,909)
	<u>21,515</u>	<u>24,231</u>

### Investing

Proceeds from sale of utility plant in service	75	-
Purchase of capital work in progress, utility plant in service and intangible assets	(85,735)	(89,494)
	<u>(85,660)</u>	<u>(89,494)</u>

Net decrease in cash and cash equivalents (575) (20,990)

Cash and cash equivalents, beginning of year 44,596 65,586

Cash and cash equivalents, end of year \$ 44,021 \$ 44,596

See accompanying notes to the financial statements.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 1. Nature of operations

The Halifax Regional Water Commission (Halifax Water) is a public utility owned and controlled by the Halifax Regional Municipality (HRM). Halifax Water is responsible for the supply of municipal Water, Wastewater and Stormwater Services to the residents of HRM. Halifax Water's principal place of business is 450 Cowie Hill Road, Halifax, Nova Scotia. Halifax Water is exempt from income tax.

### 2. Summary of material accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were authorized for issue by the Board of Commissioners on June 20, 2024.

#### (b) Basis of measurement

Halifax Water's financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand. The financial statements are presented in accordance with International Accounting Standards (IAS) 1: Presentation of Financial Statements.

#### (c) Regulation

In matters of administrative policy relating to customers, rates and other charges, capital expenditures, depreciation rates and accounting matters, Halifax Water is subject to the jurisdiction of the Nova Scotia Utility and Review Board (NSUARB). Rates and other charges charged to and collected from customers are designed to recover the cost of providing the regulated services. Halifax Water is required to prepare submissions in accordance with the Water Utility Accounting and Reporting Handbook (the NSUARB Handbook) issued by the NSUARB. There are differences in the accounting treatment of certain transactions from IFRS Accounting Standards including the accounting of principal debt payments, employee future benefits, depreciation and amortization, gains and losses on the disposal of utility plant in service, and accumulated surplus.

Regulatory assets represent costs incurred that have been deferred as approved by the NSUARB and will be recovered through future rates collected from customers. These assets are described as the "regulatory deferral account" and are disclosed in Note 5.

#### (d) Utility plant in service

Utility plant in service (Note 11) is recorded at cost, being the purchase price and directly attributable cost of acquisition or construction. Losses or gains related to assets retired, demolished or sold are charged or credited to the statement of earnings.

#### (e) Leased assets

Halifax Water makes use of lease arrangements for office space and equipment, and assesses whether a contract is, or contains a lease at the inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At lease commencement date, Halifax Water assess whether the recognition of a right-of-use asset and lease liability would have a material impact on the financial statements.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (e) Leased assets (continued)

A right-of-use asset is initially measured at cost, which is comprised of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). A right-of-use asset is subsequently measured at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Halifax Water's incremental borrowing rate.

Halifax Water has elected to apply the practical expedients available under IFRS 16 for short-term leases and leases for which the underlying asset is of low value. Short-term leases and low value leases are expensed in the period incurred.

Halifax Water maintains very few lease arrangements and management will assess future leases as they arise to determine whether the impact of the recognition of a right-of-use asset and lease liability on the statements of financial position, where Halifax Water is acting as a lessee, is material to the financial statements. All existing leases have been assessed and recognition in the financial statements has been deemed immaterial.

#### (f) Deferred contributed capital

Contributions towards capital projects are treated as deferred contributed capital on the statement of financial position and amortized over the estimated useful lives of the assets (Note 12). Deferred contributed capital is initially measured at cost, being the value of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets and show as a reduction in the amortization of utility plant in service.

#### (g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash balances managed by HRM that are held within financial institutions.

#### (h) Depreciation of utility plant in service

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for the major classifications of utility plant in service are as follows:

Office equipment and furniture and transportation equipment	3 to 10 years
Supervisory control and data acquisition (SCADA) equipment	5 to 25 years
Meters	20 to 25 years
Pumping equipment	5 to 30 years
Tools and work equipment	5 to 30 years
Culverts	25 to 50 years
Purification and treatment equipment	20 to 50 years
Services and laterals	50 to 60 years
Hydrants	50 to 80 years
Structures and improvements	50 to 100 years
Water, Wastewater and Stormwater mains	50 to 100 years

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (h) Depreciation of utility plant in service (continued)

Depreciation commences in the year an asset is placed into service and ready for its intended use. In the year of acquisition, depreciation is calculated at 50% of the above rates unless a project is significant, in which case depreciation is prorated for the number of months the asset was in use. Halifax Water does not maintain a depreciation fund per regulatory reporting requirements. Halifax Water has received NSUARB approval for exemption from establishing a depreciation fund as long as net depreciable additions to utility plant in service exceed the depreciation expense included within the rates.

#### (i) Inventory

Inventory is comprised of direct materials and supplies. Inventory is valued at the lower of cost and net realizable value with cost being determined on the weighted average cost method.

#### (j) Revenues and expenditures

Halifax Water recognizes revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration Halifax Water is entitled to in exchange for those goods or services rendered.

All revenues and expenditures are recorded on an accrual basis. Revenues relating to supplying Water, Wastewater and Stormwater Services are recorded based on cyclical billings and include an accrual for estimated amounts not yet billed. Fire protection revenue is recorded based on approved rates. Other revenues are recorded at the time services are performed, the amount can be measured reliably, and collection is reasonably assured.

#### (k) Long term debt

Debt issue costs are deferred and amortized over the term of the debt to which they relate.

#### (l) Use of estimates and critical accounting judgments

In preparing Halifax Water's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Significant estimates and assumptions include the following:

- At year end, unbilled service revenues from Water, Wastewater and Stormwater Services have been earned, but not yet billed due to the timing of the billing cycles. Management estimates the unbilled service revenues accrual based on historic billing trends.
- Management assumptions are used in the actuarial determination of employee benefit obligations, such as standard rates of inflation, mortality, discount rates, and anticipation of future salary increases.
- Useful lives of utility plant in service are reviewed based on expected patterns of usage and historical information.
- Recognition and measurement of provisions and contingencies.

Actual results could differ from these estimates.

#### (m) Financial instruments

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognized when Halifax Water becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (m) Financial instruments (continued)

##### *Classification and initial measurement of financial instruments*

All financial instruments are initially measured at fair value and adjusted for transaction costs, where applicable. Financial instruments are classified as: those measured at amortized cost, fair value through other comprehensive income (assets only), or fair value through profit and loss (FVTPL).

Halifax Water has classified its financial instruments as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost
Long term debt	Amortized cost
Contractor and customer deposits	Amortized cost

The classification is determined by both the Halifax Water business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

##### *Subsequent measurement of financial assets*

Financial assets are measured subsequently at amortized cost if the assets meet the following conditions, and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial instruments are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### *Impairment of financial assets*

Impairment requirements use more forward-looking information to recognize expected credit losses, the expected credit loss (ECL) model. Financial assets that are subject to the ECL model include cash and cash equivalents and receivables.

##### *Subsequent measurement of financial liabilities*

Financial liabilities are subsequently measured at amortized cost using the effective interest method. All interest charges are included in interest costs or revenues within the statement of earnings and comprehensive earnings.

#### (n) Provisions

A provision is recognized in the statement of financial position when Halifax Water has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the obligation.

#### (o) Impairments

At the end of each reporting period, Halifax Water reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. The recoverable amount of any asset is the higher of its fair value less costs to sell and its value in use.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (o) Impairments (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (CGU), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Halifax Water has three CGU's (Water, Wastewater and Stormwater) for which impairment testing is performed.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings. When an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

#### (p) Intangible assets

Intangible assets include land rights, water removal rights, studies, and capital master plans. These are recorded at cost less accumulated amortization. Land rights include payment for easements and right of use over land and have an indefinite useful life. Intangibles with finite useful lives are amortized annually over the estimated useful lives. The expected useful lives are as follows:

Intangible assets	10 to 30 years
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#### (q) Employee benefit obligations

Halifax Water accrues annually, the estimated liabilities for pension and other employee benefits.

##### *Pension benefits*

Halifax Water provides employment, post-retirement and pre-retirement benefits through defined benefit plans and supplemental retirement plans.

The cost of pension benefits for the supplemental retirement plans are expensed at the time active employees are compensated.

The defined benefit plan sponsored by Halifax Water determines the amount of pension benefits employees will receive on retirement by reference to length of service and salary levels. Obligations associated with the defined benefit plan reside with Halifax Water, even if plan assets for funding the plan are set aside.

The liability recognized in the statement of financial position for the defined benefit plan sponsored by Halifax Water is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

Management estimates the defined benefit obligation annually with assistance from an independent actuary using the projected unit credit method. The defined benefit obligation uses estimates for inflation, medical cost trends, mortality, and anticipated salary levels. The discount factor used to present value estimated future cash flows is determined with reference to high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Gains and losses resulting from re-measurements of the net defined benefit liability are charged to other comprehensive income in the period in which they arise. Service costs are recognized immediately into earnings.

Net interest cost related to pension obligations and returns on plan assets are included in salary and benefits on the statement of earnings.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (q) Employee benefit obligations (continued)

Halifax Water is responsible for funding the employer share of contributions to the HRM pension plan for certain employees that transferred from HRM as of August 1, 2007. HRM administers this defined benefit pension plan and Halifax Water reimburses HRM for the pension costs related to Halifax Water's proportionate share of the employees covered under the plan. Due to the nature of the plan, Halifax Water does not have sufficient information to account for the plan as a defined benefit pension plan; therefore, the multi-employer defined benefit plan is accounted for in the same manner as the supplemental retirement plans. An expense is recorded in the period when Halifax Water is obligated to make contributions for services rendered by the employee.

#### *Short-term employee benefits*

Short-term employee benefit obligations that are due to be settled wholly within twelve months after the end of the annual reporting period in which the employees rendered the related service are measured on an undiscounted basis and are expensed as the related service is provided.

#### (r) Regulatory deferral account

The regulatory deferral account is recognized and measured at historical cost less depreciation. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

### 3. Contingent liabilities

Halifax Water has reviewed environmental risk factors at properties owned to determine whether there is an obligation for reclamation. As of the date of issue of the financial statements the likelihood of any related liability is not determinable.

There are active claims against Halifax Water; however, the likelihood of actual liability is not determinable at this time. If Halifax Water's defence of active claims is unsuccessful, the potential exposure would be \$1,000 - \$2,000.

### 4. Employee benefit obligations

#### **Retirement benefit plan – employees transferred from HRM**

For employees that transferred from HRM, Halifax Water records an expense for the employer's share of the contributions to the Halifax Regional Municipality Pension Plan (HRM Pension Plan) in the period when Halifax Water is obligated to make contributions for services rendered by the employee. During 2024, Halifax Water funded \$431 (2023 - \$458) in contributions to the HRM Pension Plan. The number of employees included in this plan is 44 (2023 - 48) and this number is reducing over time. As former HRM employees retire, they are replaced with employees in the Halifax Regional Water Commission Employee Pension Plan (the Plan).

#### **Supplemental retirement plans sponsored by Halifax Water**

For employees who participate in the supplemental retirement plans, the cost of pension benefits are expensed at the time active employees are compensated. During 2024, Halifax Water funded \$21 (2023 - \$28) in contributions to these plans. The number of employees included in these plans is 5 (2023 - 6).

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

### 4. Employee benefit obligations (continued)

#### Defined benefit plan sponsored by Halifax Water and other long term employment benefits

For all other employees, Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The defined benefit pension plan provides pensions based upon length of service and best seven consecutive years' earnings. The defined benefit pension plan is funded by employer and employee contributions with employees contributing 9.60% (10.34% to December 31, 2021) of pensionable employee earnings and Halifax Water matching employee contributions. The defined benefit pension plan assets are managed by the HRM Pension Committee.

Employees, who retired prior to July 1, 1998, have extended health benefits coverage for life, and drug coverage until age 65. Employees, who retired after July 1, 1998 and before December 31, 2008, had coverage for extended health, drug, dental and life insurance until age 65 on a 50/50 cost shared basis. Employees who retired after December 31, 2008 have coverage for extended health, drug, dental and life insurance until age 65 on a 100% retiree paid basis. As of March 31, 2024, only pre-July 1998 participants remain, as such the actuarial assumptions for the post-retirement benefits reflect only the remaining health benefit trending percentage. Extended health coverage for retirees and their spouses after the age of 65 is available on an optional basis at 100% retiree cost and drug coverage is available through the provincially managed drug program.

Halifax Water has a non-funded pre-retirement benefit that is accrued annually, and is payable on retirement, termination or death of the employee. For individuals who elected to defer receipt of their benefit until the time which they leave employment, their individual benefit equates to approximately three days' pay for each year of completed service. Completed service for unionized employees was frozen as at June 7, 2019, and June 20, 2019 for non-union employees, for the purposes of determining their pre-retirement benefit. Pre-retirement benefits accrue to a maximum of six months' salary and can be taken as a lump sum payment at the time of retirement in lieu of pre-retirement leave.

Information about Halifax Water's plans, based on an actuarial extrapolation of the defined benefit pension plan, and an actuarial valuation of the pre-retirement benefits and the post-retirement benefits as at March 31, 2024, is as follows:

	Defined benefit pension plan		Post-retirement benefits		Pre-retirement benefits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Change in accrued benefit obligation</b>								
Balance, April 1	\$ 186,747	\$ 208,627	\$ 290	\$ 310	\$ 1,357	\$ 1,637	\$ 188,394	\$ 210,574
Current service cost	10,710	11,628	-	-	71	89	10,781	11,717
Interest cost	9,245	8,450	12	10	68	62	9,325	8,522
Benefit payments	(6,877)	(6,407)	(39)	(45)	(76)	(273)	(6,992)	(6,725)
Re-measurements – actuarial (gains)/ losses from changes in financial/experience assumptions	-	(35,551)	(51)	15	21	(158)	(30)	(35,694)
Balance, March 31	<u>199,825</u>	<u>186,747</u>	<u>212</u>	<u>290</u>	<u>1,441</u>	<u>1,357</u>	<u>201,478</u>	<u>188,394</u>
<b>Change in fair value of plan assets</b>								
Balance, April 1	180,316	168,624	-	-	-	-	180,316	168,624
Investment income	8,865	6,746	-	-	-	-	8,865	6,746
Administrative expenses	(109)	(149)	-	-	-	-	(109)	(149)
Actual return on plan assets	8,743	4,872	-	-	-	-	8,743	4,872
Benefit payments	(6,877)	(6,407)	(39)	(45)	(76)	(273)	(6,992)	(6,725)
Contributions: Employee	4,505	3,377	-	-	-	-	4,505	3,377
Employer	3,682	3,253	39	45	76	273	3,797	3,571
Balance, March 31	<u>199,125</u>	<u>180,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,125</u>	<u>180,316</u>
Accrued benefit liability, March 31	\$ 700	\$ 6,431	\$ 212	\$ 290	\$ 1,441	\$ 1,357	\$ 2,353	\$ 8,078

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

### 4. Employee benefit obligations (continued)

Included in the statement of earnings and comprehensive earnings is pension expense of \$6,514 (2023 - \$10,628).

The significant actuarial assumptions adopted in measuring Halifax Water's accrued benefit obligations are as follows:

	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	<b>Defined benefit pension plan</b>	Defined benefit Pension plan	<b>Post- retirement benefits</b>	Post- retirement benefits	<b>Pre- retirement benefit</b>	Pre- retirement benefit
Discount rate	4.90%	4.90%	4.75%	4.75%	4.90%	3.90%
Expected return on plan assets	4.90%	4.90%	N/A	N/A	N/A	N/A
Rate of compensation increase	3.75%	3.75%	N/A	N/A	3.75%	3.75%
Expenses for life benefits as a % of claims	N/A	N/A	0.00%	9.36%	N/A	N/A
Health benefit trending per year	N/A	N/A	6.30%	6.06%	N/A	N/A
Dental benefit trending per year	N/A	N/A	0.00%	4.00%	N/A	N/A

The measurement date used to determine the plan assets and the accrued benefit obligation was March 31, 2024. The most recent actuarial valuation for the defined benefit pension plan was January 1, 2023, with the next actuarial valuation scheduled for January 1, 2025. Going concern extrapolations of the defined benefit pension plan occur annually between the actuarial valuation dates.

The estimated employer contributions expected to be paid to the pension plans for the next fiscal year are \$4,344.

### 5. Regulatory deferral account

In 2011, the NSUARB granted Halifax Water approval to defer depreciation charges on certain assets transferred in 2010 from HRM relating to the Halifax Harbour Solutions Project (HHSP). Depreciation of \$2,078 was deferred in each of fiscal 2011 and 2012. As a result, Halifax Water recognized a \$4,156 regulatory deferral account. In absence of rate regulation, this regulatory deferral account would have been expensed as depreciation in fiscal 2011 and 2012. In 2012, the NSUARB granted approval of the depreciation of this deferral account over the remaining useful lives of the underlying assets, beginning in 2014. The expense recognized in 2024 is \$192 (2023 - \$192).

	<b>2024</b>	2023
Balance, April 1	\$ 2,236	\$ 2,428
Depreciation	<u>(192)</u>	<u>(192)</u>
Balance, March 31	<u>\$ 2,044</u>	<u>\$ 2,236</u>

### 6. Commitments

An agreement with HRM for the dividend/grant in lieu of taxes (dividend) for the period from April 1, 2023 through March 31, 2028 was signed in the fiscal year. Dividend payments are approved as part of revenue requirements by the NSUARB. The total amount payable will be calculated based on Property Valuation Services Corporation's (PVSC) assessed value of Halifax Water properties and the property tax rates set by HRM each fiscal year. The assessed value of Halifax Water properties will be reduced by a declining percentage over the five-year period to phase in this new approach. For the fiscal year ended March 31, 2024, the assessed values of the properties were reduced by 8% for the calculation. In addition, the agreement states that the amount payable by Halifax Water to HRM in the fiscal year ending March 31, 2024 shall not exceed \$6,589. The payment will be allocated to each service based on no more than 1.56% times the water rate base, at least 0.25% times the wastewater rate base, and at least 0.25% times the stormwater rate base. In the event these allocations are not sufficient to fund the payment in any given fiscal year, the allocations for wastewater and stormwater will be increased to an amount sufficient to fund the payment.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 7. Capital management

Halifax Water's objective when managing capital is to ensure sufficient liquidity to support its financial obligations and execute its operating and capital plans. Halifax Water monitors and adjusts its capital structure through additional borrowings of long term debt which are used to finance capital projects.

Halifax Water considers its total capitalization to include all long term debt and total equity. The calculation is set out as follows:

	<u>2024</u>	<u>2023</u>
Long term debt	\$ 236,454	\$ 218,451
Equity	<u>316,526</u>	<u>296,323</u>
Capital under management	<u>\$ 552,980</u>	<u>\$ 514,774</u>

Halifax Water has obtained regulatory approval for all borrowings during the fiscal year. Halifax Water is not subject to financial borrowing covenants other than as outlined in Note 9.

### 8. Financial instruments and risk management

Halifax Water applies a three-tier hierarchy framework for disclosing fair value of financial instruments, based on whether the inputs into the various valuation techniques are observable or unobservable. Observable techniques reflect market data obtained from independent sources, while unobservable inputs reflect management assumptions. Changes in valuation techniques of financial instruments may result in transfers of assigned levels. The hierarchy of input is as follows:

- Level I Quoted prices in active markets for identical assets or liabilities;
- Level II Inputs other than quoted prices included in Level I that are observable, either directly or indirectly; and
- Level III Inputs that are not based on observable market data.

The carrying values of current assets and current liabilities approximate their fair value due to the relatively short period to maturity of these financial instruments. The fair value of fixed rate long-term debt is assumed to approximate its carrying value given the limitations where Halifax Water can obtain long-term debt.

There were no transfers between classes of the fair value hierarchy during the year.

Halifax Water is exposed to risks as a result of holding financial instruments. Management considers and evaluates those risks on an on-going basis to ensure that the risks are appropriately managed. These potential risks include credit risk, interest risk, market risk and liquidity risk.

#### *Credit risk*

Credit risk arises from the possibility that Halifax Water's customers may experience financial difficulty and be unable to fulfill their obligations. Halifax Water's maximum exposure to credit risk corresponds to customer charges and contractual receivables. However, Halifax Water's customers are numerous and diverse, which reduces the concentration of credit risk.

Halifax Water makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, Halifax Water uses its historical experience, external indicators and forward-looking information to calculate the ECL for non-government balances using a provision matrix. Halifax Water includes 75% of the balance of closed accounts in the allowance and 1% of active accounts. Halifax Water assesses impairment of receivables on a collective basis. As receivables possess shared credit risk characteristics, receivables have been grouped based on the days past due.

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

### 8. Financial instruments and risk management (continued)

An analysis of Halifax Water's receivables and continuity of Halifax Water's provision for impairment losses on receivables is as follows:

	<u>2024</u>	<u>2023</u>
Customer charges, contractual, and unbilled service revenues	\$ 45,521	\$ 40,141
Less: allowance for doubtful accounts	<u>(3,016)</u>	<u>(3,052)</u>
	<u>\$ 42,505</u>	<u>\$ 37,089</u>

The credit quality of financial assets that are neither past due nor impaired are assessed with reference to historical information and includes the following considerations; new customers, existing customers and payment pattern history.

#### *Interest risk*

Interest risk arises from the possibility that changes in interest rates will cause fluctuations in expenses and/or cash flows associated with Halifax Water's long term debt. Halifax Water's long term debt has been acquired with a variety of fixed rates and has staggered maturity dates which mitigates the interest rate risk.

#### *Market risk*

Market risk arises from the possibility that the value of an investment will fluctuate as a result of changes in market prices. These changes could affect the market value of the investments in Halifax Water's Plan and consequently the Plan's surplus. The risk is mitigated by the Plan diversifying the types of investments in its portfolio.

#### *Liquidity risk*

Liquidity risk arises from the possibility of Halifax Water not being able to meet its cash requirements in a timely and cost-effective manner. Halifax Water manages this risk by closely monitoring the cash on hand in comparison to upcoming cash commitments.

### 9. Related party transactions

The immediate parent and ultimate controlling party of Halifax Water is HRM.

Halifax Water is obligated to make payments on debt, held in the name of HRM, associated with Wastewater and Stormwater assets which were transferred to Halifax Water in 2007 and subsequent years.

Amounts receivable from HRM have normal credit terms.

Halifax Water had the following related party transactions with HRM:

	<u>2024</u>	<u>2023</u>
Revenue for provision of Water, Wastewater and Stormwater Services	\$ 7,563	\$ 6,029
Public fire protection revenue	8,083	7,744
Dividend/grant in lieu of taxes	(6,589)	(6,524)
Operating expenditures	<u>(2,428)</u>	<u>(1,015)</u>
Net revenue and expenditures	<u>\$ 6,629</u>	<u>\$ 6,234</u>

The debt issued by Halifax Water was covered by a blanket guarantee from HRM subject to Halifax Water maintaining a debt service ratio of less than 35%. The debt service ratio at March 31, 2024 is 17.50% (2023 - 18.94%).

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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### 9. Related party transactions (continued)

#### Compensation of key management personnel

Members of the Board of Commissioners and Executive Management team are deemed to be key management personnel. It is the Board of Commissioners and Executive Management team who have the responsibility for planning, directing and controlling the activities of Halifax Water.

The following is compensation expense for key management personnel:

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 1,769	\$ 1,364
Post-employment benefits	<u>118</u>	<u>123</u>
Total compensation	<u>\$ 1,887</u>	<u>\$ 1,487</u>

### 10. Intangible assets

	<u>2024</u>	<u>2023</u>
Cost		
Balance, April 1	\$ 36,423	\$ 31,967
Additions	<u>16,505</u>	<u>4,456</u>
Balance, March 31	<u>52,928</u>	<u>36,423</u>
Accumulated amortization		
Balance, April 1	13,616	11,162
Amortization	<u>3,323</u>	<u>2,454</u>
Balance, March 31	<u>16,939</u>	<u>13,616</u>
Net book value, March 31	<u>\$ 35,989</u>	<u>\$ 22,807</u>

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

### 11. Utility plant in service

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
<b>Cost</b>						
Balance, April 1, 2023	\$ 25,771	\$ 284,830	\$ 292,869	\$ 1,037,049	\$ 41,861	\$ 1,682,380
Additions	-	6,926	6,390	29,487	4,569	47,372
Disposals	-	-	(245)	-	-	(245)
Balance, March 31, 2024	<u>25,771</u>	<u>291,756</u>	<u>299,014</u>	<u>1,066,536</u>	<u>46,430</u>	<u>1,729,507</u>
<b>Accumulated depreciation</b>						
Balance, April 1, 2023	\$ -	\$ 90,865	\$ 118,184	\$ 149,457	\$ 21,360	\$ 379,866
Depreciation	-	9,301	18,121	17,958	6,497	51,877
Depreciation retired	-	-	(178)	-	-	(178)
Balance, March 31, 2024	<u>-</u>	<u>100,166</u>	<u>136,127</u>	<u>167,415</u>	<u>27,857</u>	<u>431,565</u>
Net book value, March 31, 2024	<u>\$ 25,771</u>	<u>\$ 191,590</u>	<u>\$ 162,887</u>	<u>\$ 899,121</u>	<u>\$ 18,573</u>	<u>\$ 1,297,942</u>

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
<b>Cost</b>						
Balance, April 1, 2022	\$ 25,771	\$ 272,587	\$ 282,749	\$ 990,615	\$ 35,554	\$ 1,607,276
Additions	-	12,243	10,120	46,434	6,307	75,104
Disposals	-	-	-	-	-	-
Balance, March 31, 2023	<u>25,771</u>	<u>284,830</u>	<u>292,869</u>	<u>1,037,049</u>	<u>41,861</u>	<u>1,682,380</u>
<b>Accumulated depreciation</b>						
Balance, April 1, 2022	\$ -	\$ 81,781	\$ 102,153	\$ 130,694	\$ 15,255	\$ 329,883
Depreciation	-	9,084	16,031	18,763	6,105	49,983
Depreciation retired	-	-	-	-	-	-
Balance, March 31, 2023	<u>-</u>	<u>90,865</u>	<u>118,184</u>	<u>149,457</u>	<u>21,360</u>	<u>379,866</u>
Net book value, March 31, 2023	<u>\$ 25,771</u>	<u>\$ 193,965</u>	<u>\$ 174,685</u>	<u>\$ 887,592</u>	<u>\$ 20,501</u>	<u>\$ 1,302,514</u>

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

<b>12. Deferred contributed capital</b>	<u>2024</u>	<u>2023</u>
Balance, April 1	\$ 938,258	\$ 908,589
Assets contributed during the year	24,535	18,500
Contributions and interest	3,512	29,962
Amortization	<u>(18,997)</u>	<u>(18,793)</u>
Balance, March 31	947,308	938,258
Less: current portion	<u>(19,260)</u>	<u>(18,836)</u>
	<u>\$ 928,048</u>	<u>\$ 919,422</u>

Deferred contributed capital is comprised of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets.

<b>13. Long-term debt</b>	<u>Interest rates</u>	<u>2024</u>	<u>2023</u>
Payable to NS Finance and Treasury Board			
Water	0.565% to 5.460%	\$ 101,166	\$ 86,712
HHSP	2.205% to 2.561%	3,900	4,550
Wastewater	0.565% to 5.460%	96,634	89,859
Stormwater	0.565% to 5.460%	<u>29,427</u>	<u>25,252</u>
		231,127	206,373
Payable to Halifax Regional Municipality			
Wastewater/Stormwater	3.041% to 5.940%	<u>6,500</u>	<u>13,000</u>
		237,627	219,373
Less: debt issue costs		<u>(1,173)</u>	<u>(922)</u>
		236,454	218,451
Less: amount payable within one year		<u>(39,832)</u>	<u>(45,962)</u>
		<u>\$ 196,622</u>	<u>\$ 172,489</u>

During the year Halifax Water acquired \$39,988 in new debt with a ten year term and thirty year amortization period and refinanced \$24,228 in existing debt for the remaining ten year term.

The debentures are repayable in fixed annual principal instalments plus interest payable semi-annually. Interest expensed during the year was \$7,277 (2023 - \$6,851). Principal instalments for the next five years are as follows:

2024/25	\$ 39,832
2025/26	\$ 28,934
2026/27	\$ 16,766
2027/28	\$ 17,687
2028/29	\$ 19,687
Thereafter	\$ 114,721

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2024 (in thousands)

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<b>14. Operating expenditures by nature</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Salaries and benefits	\$ 47,492	\$ 42,473
Pension	3,012	6,851
Training and conferences	789	681
Contract services	18,208	15,791
Electricity	8,476	7,090
Operating supplies	17,140	15,351
Professional services	4,840	5,351
Chemicals	10,747	8,708
Depreciation on assets allocated to departments	1,546	999
Depreciation and amortization	<u>53,654</u>	<u>51,438</u>
	<b><u>\$ 165,904</u></b>	<b><u>\$ 154,733</u></b>

### 15. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current fiscal year.

### 16. Revenue Deficiency Account

Halifax Water is in the process of establishing an Ambient Temperature District Energy System (DES) and as such, has approval from the NSUARB to establish a Revenue Deficiency Account (RDA). The RDA will accumulate expenditures being made in relation to the DES. Once the DES is operational, RDA amounts will be recovered through the setting of rates which reflect the cost of providing this service together with a provision for the recovery of the amounts accumulated in the RDA over a reasonable period of time. There is no balance in the RDA as of March 31, 2024 as the infrastructure is not yet complete. Capital costs to March 31, 2024 reflected in the total balance of work in progress, are \$1,390.

# Halifax Regional Water Commission

## Schedule of utility plant in service

### Year ended March 31, 2024 (in thousands)

## Schedule A

### Water

	Land		Structures and improvements		Pumping equipment		Purification equipment		SCADA equipment		Transmission & distribution mains		Services		Meters		Hydrants		Aerotech and small systems		Tools and work equipment		Total
<b>Cost</b>																							
Balance, April 1, 2023	\$ 18,215	\$ -	\$ 131,837	\$ 10,778	\$ 32,106	\$ 12,185	\$ 434,296	\$ 49,019	\$ 19,372	\$ 23,300	\$ 10,048	\$ 39,870	\$ 781,026										
Additions	-	6,185	-	-	774	56	7,893	1,421	-	206	8	9,430	25,973										
Disposals	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)										
<b>Balance, March 31, 2024</b>	<b>18,215</b>	<b>6,185</b>	<b>138,022</b>	<b>10,778</b>	<b>32,880</b>	<b>12,241</b>	<b>442,189</b>	<b>50,440</b>	<b>19,372</b>	<b>23,506</b>	<b>10,056</b>	<b>49,282</b>	<b>806,981</b>										
<b>Accumulated depreciation</b>																							
Balance, April 1, 2023	\$ -	\$ -	\$ 37,900	\$ 8,771	\$ 22,448	\$ 5,919	\$ 110,677	\$ 10,678	\$ 7,621	\$ 5,958	\$ 4,626	\$ 23,203	\$ 237,801										
Depreciation	-	2,347	-	298	1,507	557	5,539	892	909	401	420	4,317	17,187										
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)										
<b>Balance, March 31, 2024</b>	<b>-</b>	<b>40,247</b>	<b>-</b>	<b>9,069</b>	<b>23,955</b>	<b>6,476</b>	<b>116,216</b>	<b>11,570</b>	<b>8,530</b>	<b>6,359</b>	<b>5,046</b>	<b>27,502</b>	<b>254,970</b>										
<b>Net book value, March 31, 2024</b>	<b>\$ 18,215</b>	<b>\$ 97,775</b>	<b>\$ 1,709</b>	<b>\$ 1,709</b>	<b>\$ 8,925</b>	<b>\$ 5,765</b>	<b>\$ 325,973</b>	<b>\$ 38,870</b>	<b>\$ 10,842</b>	<b>\$ 17,147</b>	<b>\$ 5,010</b>	<b>\$ 21,780</b>	<b>\$ 552,011</b>										

	Land		Structures and improvements		Pumping equipment		Purification equipment		SCADA equipment		Transmission & distribution mains		Services		Meters		Hydrants		Aerotech and small systems		Tools and work equipment		Total
<b>Cost</b>																							
Balance, April 1, 2022	\$ 18,215	\$ -	\$ 122,825	\$ 10,778	\$ 29,411	\$ 11,293	\$ 418,465	\$ 45,052	\$ 19,234	\$ 22,447	\$ 10,048	\$ 35,131	\$ 742,899										
Additions	-	9,012	-	-	2,695	892	15,831	3,967	138	853	-	4,739	38,127										
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-										
<b>Balance, March 31, 2023</b>	<b>18,215</b>	<b>-</b>	<b>131,837</b>	<b>10,778</b>	<b>32,106</b>	<b>12,185</b>	<b>434,296</b>	<b>49,019</b>	<b>19,372</b>	<b>23,300</b>	<b>10,048</b>	<b>39,870</b>	<b>781,026</b>										
<b>Accumulated depreciation</b>																							
Balance, April 1, 2022	\$ -	\$ -	\$ 35,665	\$ 8,468	\$ 21,069	\$ 5,375	\$ 105,279	\$ 9,850	\$ 6,717	\$ 5,581	\$ 4,296	\$ 19,490	\$ 221,790										
Depreciation	-	2,235	-	303	1,379	544	5,398	828	904	377	330	3,713	16,011										
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-	-										
<b>Balance, March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>37,900</b>	<b>8,771</b>	<b>22,448</b>	<b>5,919</b>	<b>110,677</b>	<b>10,678</b>	<b>7,621</b>	<b>5,958</b>	<b>4,626</b>	<b>23,203</b>	<b>237,801</b>										
<b>Net book value, March 31, 2023</b>	<b>\$ 18,215</b>	<b>\$ 93,937</b>	<b>\$ 2,007</b>	<b>\$ 2,007</b>	<b>\$ 9,658</b>	<b>\$ 6,266</b>	<b>\$ 323,619</b>	<b>\$ 38,341</b>	<b>\$ 11,751</b>	<b>\$ 17,342</b>	<b>\$ 5,422</b>	<b>\$ 16,667</b>	<b>\$ 543,225</b>										

Schedule A is presented in accordance with the NSUARB Handbook.

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of utility plant in service

### Year ended March 31, 2024 (in thousands)

## Schedule A

### Wastewater

Cost	Land		Structures and improvements		Pumping equipment		Purification equipment		SCADA equipment		Collection system		Laterals		Meters		Aerotech and small systems		Tools and work equipment		Total	
Balance, April 1, 2023	\$	7,083	\$	202,942	\$	29,151	\$	180,499	\$	16,040	\$	355,662	\$	37,207	\$	9,109	\$	12,784	\$	52,323	\$	902,800
Additions	-	-	-	452	-	809	-	3,912	-	293	-	7,278	-	1,684	-	-	-	762	-	9,244	-	24,434
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(478)	-	(478)
<b>Balance, March 31, 2024</b>		<b>7,083</b>		<b>203,394</b>		<b>29,960</b>		<b>184,411</b>		<b>16,333</b>		<b>362,940</b>		<b>38,891</b>		<b>9,109</b>		<b>13,546</b>		<b>61,089</b>		<b>926,756</b>
<b>Accumulated depreciation</b>																						
Balance, April 1, 2023	\$	-	\$	77,345	\$	11,993	\$	99,369	\$	6,049	\$	84,927	\$	4,932	\$	1,857	\$	5,600	\$	28,233	\$	320,305
Depreciation	-	-	-	4,007	-	1,245	-	9,065	-	827	-	5,017	-	772	-	457	-	1,276	-	4,657	-	27,323
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(478)	-	(478)
<b>Balance, March 31, 2024</b>		<b>-</b>		<b>81,352</b>		<b>13,238</b>		<b>108,434</b>		<b>6,876</b>		<b>89,944</b>		<b>5,704</b>		<b>2,314</b>		<b>6,876</b>		<b>32,412</b>		<b>347,150</b>
<b>Net book value, March 31, 2024</b>		<b>\$ 7,083</b>		<b>\$ 122,042</b>		<b>\$ 16,722</b>		<b>\$ 75,977</b>		<b>\$ 9,457</b>		<b>\$ 272,996</b>		<b>\$ 33,187</b>		<b>\$ 6,795</b>		<b>\$ 6,670</b>		<b>\$ 28,677</b>		<b>\$ 579,606</b>

Cost	Land		Structures and improvements		Pumping equipment		Purification equipment		SCADA equipment		Collection system		Laterals		Meters		Aerotech and small systems		Tools and work equipment		Total	
Balance, April 1, 2022	\$	7,083	\$	199,497	\$	26,142	\$	178,188	\$	15,954	\$	349,151	\$	32,279	\$	8,971	\$	12,784	\$	46,900	\$	876,949
Additions	-	-	-	3,445	-	3,009	-	2,311	-	86	-	6,511	-	4,928	-	138	-	-	-	5,423	-	25,951
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>		<b>7,083</b>		<b>202,942</b>		<b>29,151</b>		<b>180,499</b>		<b>16,040</b>		<b>355,662</b>		<b>37,207</b>		<b>9,109</b>		<b>12,784</b>		<b>52,323</b>		<b>902,800</b>
<b>Accumulated depreciation</b>																						
Balance, April 1, 2022	\$	-	\$	73,004	\$	10,834	\$	90,122	\$	5,146	\$	80,026	\$	4,227	\$	1,407	\$	5,209	\$	24,127	\$	294,102
Depreciation	-	-	-	4,341	-	1,159	-	9,247	-	903	-	4,901	-	705	-	450	-	391	-	4,106	-	26,203
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>		<b>-</b>		<b>77,345</b>		<b>11,993</b>		<b>99,369</b>		<b>6,049</b>		<b>84,927</b>		<b>4,932</b>		<b>1,857</b>		<b>5,600</b>		<b>28,233</b>		<b>320,305</b>
<b>Net book value, March 31, 2023</b>		<b>\$ 7,083</b>		<b>\$ 125,597</b>		<b>\$ 17,158</b>		<b>\$ 81,130</b>		<b>\$ 9,991</b>		<b>\$ 270,735</b>		<b>\$ 32,275</b>		<b>\$ 7,252</b>		<b>\$ 7,184</b>		<b>\$ 24,090</b>		<b>\$ 582,495</b>

Schedule A is presented in accordance with the NSUARB Handbook.

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of utility plant in service

# Schedule A

Year ended March 31, 2024 (in thousands)

### Stormwater

	Land		Structures and improvements		Collection system		Laterals		Tools and work equipment		Total	
<b>Cost</b>												
Balance, April 1, 2023	\$	473	\$	12,732	\$	295,041	\$	5,784	\$	6,919	\$	320,949
Additions	-	-	-	-	-	10,498	-	42	-	2,192	-	12,732
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2024</b>		<b>473</b>		<b>12,732</b>		<b>305,539</b>		<b>5,826</b>		<b>9,111</b>		<b>333,681</b>
<b>Accumulated depreciation</b>												
Balance, April 1, 2023	\$	-	\$	2,681	\$	74,819	\$	925	\$	4,431	\$	82,856
Depreciation	-	-	-	237	-	7,186	-	116	-	822	-	8,361
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2024</b>		<b>-</b>		<b>2,918</b>		<b>82,005</b>		<b>1,041</b>		<b>5,253</b>		<b>91,217</b>
<b>Net book value, March 31, 2024</b>		<b>\$ 473</b>		<b>\$ 9,814</b>		<b>\$ 223,534</b>		<b>\$ 4,785</b>		<b>\$ 3,858</b>		<b>\$ 242,464</b>

	Land		Structures and improvements		Collection system		Laterals		Tools and work equipment		Total	
<b>Cost</b>												
Balance, April 1, 2022	\$	473	\$	12,732	\$	279,900	\$	5,525	\$	6,388	\$	305,018
Additions	-	-	-	-	-	15,141	-	259	-	531	-	15,931
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>		<b>473</b>		<b>12,732</b>		<b>295,041</b>		<b>5,784</b>		<b>6,919</b>		<b>320,949</b>
<b>Accumulated depreciation</b>												
Balance, April 1, 2022	\$	-	\$	2,444	\$	67,865	\$	812	\$	3,691	\$	74,812
Depreciation	-	-	-	237	-	6,954	-	113	-	740	-	8,044
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>		<b>-</b>		<b>2,681</b>		<b>74,819</b>		<b>925</b>		<b>4,431</b>		<b>82,856</b>
<b>Net book value, March 31, 2023</b>		<b>\$ 473</b>		<b>\$ 10,051</b>		<b>\$ 220,222</b>		<b>\$ 4,859</b>		<b>\$ 2,488</b>		<b>\$ 238,093</b>

	Water	Wastewater	Stormwater	Total
Collective utility plant in service				
Net book value, March 31, 2024	\$ 552,011	\$ 579,606	\$ 242,464	\$ 1,374,081
Net book value, March 31, 2023	\$ 543,225	\$ 582,495	\$ 238,093	\$ 1,363,813

Schedule A is presented in accordance with the NSUARB Handbook.

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of long term debt

# Schedule B

Year ended March 31, 2024 (in thousands)

	<u>Interest rate</u>	<u>Maturity</u>	<u>Balance Remaining</u>	
			<u>2024</u>	<u>2023</u>
Payable to NS Finance and Treasury Board				
Water				
Debenture 34 B 1	3.041% to 3.190%	2024	\$ 7,520	\$ 8,203
Debenture 35 A 1	2.573% to 2.894%	2025	8,080	8,754
Debenture 36 A 1	2.443% to 2.925%	2026	600	800
Debenture 36 B 1	2.048% to 2.506%	2026	2,820	3,036
Debenture 37 A 1	2.617% to 3.073%	2027	2,450	2,625
Debenture 38 A 1	2.884% to 3.300%	2028	500	700
Debenture 38 B 1	3.048% to 3.389%	2028	4,500	4,800
Debenture 39 A 1	2.205% to 2.561%	2029	8,800	9,350
Debenture 40 A 1	0.995% to 1.879%	2030	10,200	10,800
Debenture 40 B 1	0.565% to 2.376%	2031	9,000	9,500
Debenture 42 A 1	2.575% to 3.782%	2032	12,700	13,138
Debenture 42 B 1	4.177% to 4.116%	2032	4,999	5,367
Debenture 43 A 1	4.550% to 4.714%	2033	5,056	5,562
Debenture 43 B 1	4.897% to 5.460%	2033	3,706	4,077
Debenture 43 B 1	4.897% to 5.460%	2033	20,235	-
Wastewater				
Debenture 34 A 1	3.193% to 3.347%	2024	3,063	3,342
Debenture 34 B 1	3.041% to 3.190%	2024	4,722	5,151
Debenture 35 A 1	2.573% to 2.894%	2025	8,466	9,172
Debenture 36 B 1	2.048% to 2.506%	2026	1,178	1,268
Debenture 37 A 1	2.617% to 3.073%	2027	4,270	4,575
Debenture 38 B 1	3.048% to 3.389%	2028	4,800	5,120
Debenture 39 A 1	2.205% to 2.561%	2029	12,000	12,750
Debenture 40 A 1	0.955% to 1.879%	2030	7,480	8,020
Debenture 40 B 1	0.565% to 2.376%	2031	5,400	5,700
Debenture 42 A 1	2.575% to 3.782%	2032	15,478	17,198
Debenture 42 B 1	4.177% to 4.116%	2032	1,900	2,297
Debenture 43 A 1	4.550% to 4.714%	2033	8,430	9,275
Debenture 43 B 1	4.897% to 5.460%	2033	5,446	5,991
Debenture 43 B 1	4.897% to 5.460%	2033	14,001	-
HHSP				
Debenture 39 A 1	2.205% to 2.561%	2029	3,900	4,550
Stormwater				
Debenture 34 B 1	3.041% to 3.190%	2024	3,247	3,542
Debenture 35 A 1	2.573% to 2.894%	2025	1,938	2,100
Debenture 36 B 1	2.048% to 2.506%	2026	586	630
Debenture 37 A 1	2.617% to 3.073%	2027	280	300
Debenture 38 B 1	3.048% to 3.389%	2028	1,950	2,080
Debenture 39 A 1	2.205% to 2.561%	2029	3,200	3,400
Debenture 40 A 1	0.955% to 1.879%	2030	4,760	5,040
Debenture 40 B 1	0.565% to 2.376%	2031	3,600	3,800
Debenture 42 A 1	2.575% to 3.782%	2032	2,524	2,611
Debenture 43 A 1	4.550% to 4.714%	2033	270	297
Debenture 43 B 1	4.897% to 5.460%	2033	1,320	1,452
Debenture 43 B 1	4.897% to 5.460%	2033	5,752	-
			<u>231,127</u>	<u>206,373</u>
Payable to Halifax Regional Municipality				
Wastewater/Stormwater				
Debenture 24 B 1	5.920% to 5.940%	2024	5,500	11,000
Debenture 34 B 1	3.041% to 3.190%	2024	1,000	2,000
			<u>6,500</u>	<u>13,000</u>
			237,627	219,373
Less: debt issue costs			(1,173)	(922)
			<u>236,454</u>	<u>218,451</u>
Less: amount payable within one year			(39,832)	(45,962)
Total long term debt			<u>\$ 196,622</u>	<u>\$ 172,489</u>

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2024 (in thousands)

### Water

	<u>2024</u>	<u>2023</u>
Operating revenues		
Water	\$ 54,938	\$ 49,134
Public fire protection	8,083	7,744
Private fire protection	1,698	1,398
Other operating revenue		
Bulk water stations	257	356
Late payment and connection fees	191	157
Miscellaneous	187	322
	<u>65,354</u>	<u>59,111</u>
Operating expenditures		
Water supply and treatment	14,786	11,646
Water transmission and distribution	13,768	11,757
Engineering and technology services	6,003	4,724
Regulatory services	2,052	1,446
Customer services	2,380	2,218
Corporate services	1,588	1,622
Administration services	3,179	2,974
Depreciation and amortization	13,212	12,186
	<u>56,968</u>	<u>48,573</u>
Earnings from operations before financial and other revenues and expenditures	<u>8,386</u>	<u>10,538</u>
Financial and other revenues		
Interest	300	343
Other	392	446
	<u>692</u>	<u>789</u>
Financial and other expenditures		
Interest on long term debt	2,833	2,434
Repayment of long term debt	6,164	6,148
Amortization of debt issue costs	88	87
Dividend/grant in lieu of taxes	5,824	5,608
Other	129	119
	<u>15,038</u>	<u>14,396</u>
Loss for the year	<u>\$ (5,960)</u>	<u>\$ (3,069)</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2024 (in thousands)

### Wastewater

	<u>2024</u>	<u>2023</u>
Operating revenues		
Wastewater	\$ 89,512	\$ 82,592
Other operating revenue		
Leachate and other contract revenue	551	454
Septage tipping fees	577	598
Over strength surcharge	7	9
Airplane effluent	94	79
Late payment and connection fees	309	247
Miscellaneous	184	217
	<u>91,234</u>	<u>84,196</u>
Operating expenditures		
Wastewater collection	14,554	13,691
Wastewater treatment	24,782	23,420
Engineering and technology services	8,281	6,846
Regulatory services	1,604	1,491
Customer services	2,062	2,044
Corporate services	1,373	1,308
Administration services	2,779	2,344
Depreciation and amortization	17,809	16,698
	<u>73,244</u>	<u>67,842</u>
Earnings from operations before financial and other revenues and expenditures	<u>17,990</u>	<u>16,354</u>
Financial and other revenues		
Interest	112	139
Other	96	424
	<u>208</u>	<u>563</u>
Financial and other expenditures		
Interest on long term debt	3,581	3,668
Repayment of long term debt	13,954	14,021
Amortization of debt issue costs	110	116
Dividend/grant in lieu of taxes	630	778
Other	11	10
	<u>18,286</u>	<u>18,593</u>
Loss for the year	<u>\$ (88)</u>	<u>\$ (1,676)</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2024 (in thousands)

### Stormwater

	<u>2024</u>	<u>2023</u>
Operating revenues		
Stormwater site generated service	\$ 8,676	\$ 6,927
Stormwater right-of-way service	6,520	4,475
Other operating revenue		
Late payment and connection fees	80	262
Miscellaneous	115	118
	<u>15,391</u>	<u>11,782</u>
Operating expenditures		
Stormwater collection	5,755	4,719
Engineering and technology services	1,769	2,107
Regulatory services	1,876	1,497
Customer services	189	185
Corporate services	153	145
Administration services	305	260
Depreciation and amortization	3,065	2,710
	<u>13,112</u>	<u>11,623</u>
Earnings from operations before financial and other expenditures	<u>2,279</u>	159
Financial and other expenditures		
Interest	103	53
Interest on long term debt	862	749
Repayment of long term debt	2,486	2,210
Amortization of debt issue costs	24	24
Dividend/grant in lieu of taxes	135	138
	<u>3,610</u>	<u>3,174</u>
Loss for the year	<u>\$ (1,331)</u>	<u>\$ (3,015)</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule D

Year ended March 31, 2024 (in thousands)

### Regulated activities

	<u>2024</u>	<u>2023</u>
Operating revenues		
Water	\$ 54,938	\$ 49,134
Wastewater	89,512	82,592
Stormwater	15,196	11,402
Public fire protection	8,083	7,744
Private fire protection services	1,698	1,398
Other operating revenue	1,330	1,659
	<u>170,757</u>	<u>153,929</u>
Operating expenditures		
Water supply and treatment	14,781	11,619
Water transmission and distribution	13,768	11,757
Wastewater collection	14,499	13,631
Stormwater collection	5,755	4,719
Wastewater treatment	23,888	22,670
Engineering and technology services	16,053	13,677
Regulatory services	5,532	4,434
Customer services	4,627	4,402
Corporate services	3,095	3,057
Administration services	6,132	5,422
Depreciation and amortization	34,066	31,575
	<u>142,196</u>	<u>126,963</u>
Earnings from operations before financial and other revenues and expenditures	<u>28,561</u>	<u>26,966</u>
Financial and other revenues		
Interest	412	482
Other	11	32
	<u>423</u>	<u>514</u>
Financial and other expenditures		
Interest	103	53
Interest on long term debt	7,276	6,851
Repayment of long term debt	22,604	22,379
Amortization of debt issue costs	222	227
Dividend/grant in lieu of taxes	6,589	6,524
	<u>36,794</u>	<u>36,034</u>
Loss for the year	<u>\$ (7,810)</u>	<u>\$ (8,554)</u>

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule D

Year ended March 31, 2024 (in thousands)

### Unregulated activities

	<u>2024</u>	<u>2023</u>
Operating revenues		
Septage tipping fees	\$ 577	\$ 598
Leachate treatment and contract revenue	551	454
Airplane effluent	94	79
Other operating revenue	-	29
	<u>1,222</u>	<u>1,160</u>
Operating expenditures		
Water supply and treatment	5	27
Wastewater treatment	894	750
Wastewater collection	55	60
Customer services	4	45
Corporate services	19	18
Administration services	131	156
Depreciation and amortization	20	19
	<u>1,128</u>	<u>1,075</u>
Earnings from operations before financial and other revenues and expenditures	<u>94</u>	<u>85</u>
Financial and other revenues		
Other	<u>477</u>	<u>838</u>
Financial and other expenditures		
Other	<u>140</u>	<u>129</u>
Earnings for the year	<u>\$ 431</u>	<u>\$ 794</u>

# Halifax Regional Water Commission Nova Scotia Utility and Review Board information

## Schedule E

Year ended March 31, 2024 (in thousands)

<b>Return on rate base</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Rate of return on rate base for Water Service	<b>0.67%</b>	1.32%
Rate of return on rate base for Wastewater Service	<b>5.37%</b>	4.90%
Rate of return on rate base for Stormwater Service	<b>2.98%</b>	0.03%

Return on rate base is calculated based on earnings from operations before financial and other revenues and expenditures divided by the net book value of funded utility plant in service.

### Special purpose reserves

	Wastewater and Stormwater Reserves	Regional Development Charge Water Reserve	Regional Development Charge Wastewater Reserve	Other Capital Reserves	<b><u>2024 Total</u></b>	<b><u>2023 Total</u></b>
Reserve, April 1	\$ 1,964	\$ 5,836	\$ 85,165	\$ 912	<b>\$ 93,877</b>	\$ 69,961
Contributions and interest	-	4,394	15,054	168	<b>19,615</b>	27,919
Expenditures	-	(9,570)	(7,846)	-	<b>(17,416)</b>	(4,003)
Reserve, March 31	<u>\$ 1,964</u>	<u>\$ 660</u>	<u>\$ 92,373</u>	<u>\$ 1,079</u>	<b><u>\$ 96,076</u></b>	<u>\$ 93,877</u>

### Summarized consolidated operating results

	<b><u>2024</u></b>	<b><u>2023</u></b>
Operating revenues	<b>\$ 171,979</b>	\$ 155,089
Operating expenditures	<b><u>143,324</u></b>	<u>128,038</u>
Earnings from operations before financial and other revenues and expenditures	<b>28,655</b>	27,051
Financial and other revenues	<b>900</b>	1,352
Financial and other expenditures	<b><u>36,934</u></b>	<u>36,163</u>
Loss for the year	<b><u>\$ (7,379)</u></b>	<u>\$ (7,760)</u>

Schedule E is presented in accordance with the NSUARB Handbook.