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Halifax Regional Council
November 28, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Cathie O'Toole, CGA, A/Director, Finance

DATE: November 21, 2006

SUBJECT: Year End 2005/2006 Financial Report

INFORMATION REPORT

ORIGIN

Fourth Quarter Report to Council and response to a question raised at the Audit Committee meeting of November 17, 2006

BACKGROUND

Beginning with the 2004/05 year end HRM began preparing year end audited statements on the basis of generally accepted accounting principles (GAAP) as set out in the CICA's Public Sector Accounting Board (PSAB) recommendations. The move to Public Sector Accounting Board compliant financial statements produces year-end reporting which is general purpose and comparable to other Canadian Municipalities outside Nova Scotia. PSAB compliant statements consolidate the results and financial position of the organizations which make up the HRM reporting entity on the basis of ownership and control.

The report provided in this package presents the non consolidated operating fund audited financial results against HRM's approved operating budget. This is consistent with prior years' quarterly financial reporting and reflects GAAP according to the Municipal Accounting and Reporting Manual

DISCUSSION

The attached operating statement includes a 2005/06 general rate surplus of \$379,000. This general rate surplus has been carried forward to the 2006/07 budget. The use of MARM to report this surplus was required as the legislation to enact the Financial Reporting and Accounting Manual (FRAM) had not passed into law until after March 31, 2006.

The annual general rate surplus report under MARM and in future under FRAM will be a useful performance measurement report with regard to the annual HRM operating budget.

BUDGET IMPLICATIONS

Any surplus (deficit) in this operating year will be carried forward and included in the operating statement of the next fiscal year.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

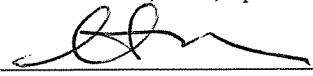
This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves as well as any relevant legislation.

ATTACHMENTS

1. KPMG Supplementary Audit Report

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Anna Marchand, CMA, Operations Manager, Accounting 490-7222

Approved by: 
Catherine Sanderson, CMA, Senior Manager Financial Services 490-1562

AUDITORS' REPORT

To His Worship the Mayor
and Members of Council of Halifax Regional Municipality

We have audited the general rate surplus of the operating fund of the Halifax Regional Municipality for the year ended March 31, 2006. This financial information has been prepared to comply with generally accepted accounting principles adopted for Nova Scotia Municipalities. This financial information is the responsibility of the Municipality's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the general rate surplus of the operating fund of the Halifax Regional Municipality for the year ended March 31, 2006 in accordance with the basis of accounting described in note 1 to the financial information.

This financial information, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of Council of Halifax Regional Municipality. The financial information is not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Chartered Accountants

Halifax, Canada

October 16, 2006

HALIFAX REGIONAL MUNICIPALITY

Note to Financial Information

Year ended March 31, 2006

1. Significant accounting policies:

This financial information has been prepared to conform in all material respects to the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act for Nova Scotia municipalities by Service Nova Scotia and Municipal Relations ("MARM") and are intended for the use of Members of Council of Halifax Regional Municipality.

The basis of accounting used in this financial information differs materially from generally accepted accounting principles as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants ("PSAB"). The significant differences between MARM and PSAB are described below. PSAB requires that:

- Financial statements be prepared on a consolidated basis to reflect the assets, liabilities, revenues and expenditures, and changes in net assets and in financial position of the reporting entity where the reporting entity is comprised of all organizations, commissions and agencies accountable to the Halifax Regional Municipality ("HRM") for the administration of their financial affairs and resources and which are owned or controlled by the HRM. This would include, at a minimum, the individual funds represented in the March 31, 2006 financial statements - Operating Fund, Capital Fund and Reserve Funds of the HRM, and the Halifax Regional Water Commission, a public utility owned by the HRM. The consolidated financial statements prepared in accordance with PSAB would include a Statement of Financial Position, Statement of Financial Activities and a Statement of Cash Flows.
- Revenue and expenditures be recorded on a full accrual basis; and
- Expenditures on capital assets be reported on the Statement of Financial Activities in the year incurred.

Draft
11/21/2006

HALIFAX REGIONAL MUNICIPALITY

March 31, 2006, with comparative figures for 2005
(In thousands of dollars)

	2006	2005
General rate surplus of the operating fund	\$ 379	\$ 337

See accompanying note to financial information.