




PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No. 1**

**Halifax Regional Council  
November 27, 2007**

**TO:** Mayor Kelly and Members of the Halifax Regional Council

**SUBMITTED BY:**   
Councillor Gloria McCluskey, Chair, Audit Committee

**DATE:** November 14, 2007

**SUBJECT:** Year End 2006/07 Financial Report

### INFORMATION REPORT

#### ORIGIN

The Audit Committee meeting of October 25, 2007.

Request by Audit Committee for a Supplementary Audit Report.

### **BACKGROUND**

See staff report dated October 5, 2007, Attachment 1 to this report.

### **BUDGET IMPLICATIONS**

See staff report dated October 5, 2007, Attachment 1 to this report.

### **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.

### **ALTERNATIVES**

See staff report dated October 5, 2007, Attachment 1 to this report.

### **ATTACHMENTS**

1. Staff Report dated October 5, 2007, Year End 2006/07 Financial 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: Melody Campbell, Legislative Assistant.

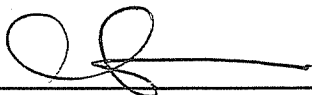


PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Audit Committee  
October 25, 2007

TO: Chair and Members of Audit Committee

SUBMITTED BY:

  
for Dale MacLennan, CA, Director of Finance

DATE: October 5, 2007

SUBJECT: Year End 2006/07 Financial Report

## INFORMATION REPORT

### ORIGIN

Request by Audit Committee for a Supplementary Audit Report.

### 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 internal quarterly reporting.

## DISCUSSION

The attached operating statement includes a 2006/07 general rate surplus of \$114,806. This general rate surplus has been carried forward to the 2007/08 budget. The annual general rate surplus/deficit report under FRAM will be a useful performance measurement report with regard to the achievement of the annual HRM operating budget.

The details of the general rate surplus and the area rate surpluses/deficits are also attached to this report.

## 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
2. Operating Results April 1, 2006 to March 31, 2007 - Net Revenue and Expenditures

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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

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

Draft  
9/28/2007

General Rate Surplus of the Operating Fund of

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2007

## 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, 2007. 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, 2007 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

September 14, 2007

Draft  
9/28/2007

# HALIFAX REGIONAL MUNICIPALITY

March 31, 2007, with comparative figures for 2006  
(In thousands of dollars)

	2007	2006
General rate surplus of the operating fund	\$ 115	\$ 379

See accompanying note to financial information.

# HALIFAX REGIONAL MUNICIPALITY

Note to Financial Information

Year ended March 31, 2007

---

## 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 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 with 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, 2007 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.



Net Revenue & Expenditures	Budget Current Fiscal Year	Current Year Actual to March 31/07	Surplus (Deficit)	Surplus (Deficit) %
CAO	8,757,573	8,527,446	230,127	2.70%
Environmental Management Services	26,199,262	25,123,751	1,075,511	4.28%
Fire & Emergency Services	45,748,949	45,854,990	-106,041	-0.23%
Finance	4,395,241	4,081,040	314,201	7.70%
Human Resources Services	4,070,790	3,962,669	108,121	2.73%
Legal Services	1,894,006	1,850,797	43,209	2.33%
Transportation & Public Works	83,525,112	84,479,693	-954,581	-1.13%
Community Development	18,826,298	16,754,444	2,071,854	12.37%
Regional Police	55,225,873	57,569,272	-2,343,399	-4.07%
Outside Police	17,269,000	17,199,765	69,235	0.40%
Business Planning & Information Mgmt.	15,302,534	15,207,247	95,287	0.63%
Halifax Regional Library	12,600,700	12,503,879	96,821	0.77%
<b>Departmental Sub-Total</b>	<b>293,815,338</b>	<b>293,113,996</b>	<b>700,345</b>	<b>0.24%</b>
<b>Fiscal Services</b>	<b>-293,815,338</b>	<b>-296,260,499</b>	<b>2,445,161</b>	<b>0.83%</b>
<b>HRM Total</b>			<b>3,145,506</b>	

**Details of surplus:**

General rate surplus	114,806	114,806	
Surplus/Deficit Area Rates Recreation	984,997		
Surplus/Deficit Area Rates S/W Plowing	-255,516		
Surplus/Deficit Fall River Sidewalk Area Rate	97,275		
Surplus/Deficit Waverley Sidewalk Area Rate	5,503		
Surplus/Deficit Community Transit Porters Lake	-67,799		
Surplus/Deficit Community Transit Hammonds	4,435		
Surplus/Deficit Local Improvement Charges	846,595		
Surplus/Deficit Fire Protection	854,131		
Surplus/Deficit Area Rate Supplementary Educ	561,079		
			<u>3,030,700</u>
Total surplus 2006/07			<u><u>3,145,506</u></u>