

9.1.3

General Rate Surplus of

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2012

## **AUDITORS' REPORT**

### **TO THE MAYOR AND THE COUNCILLORS OF THE 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, 2012. 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, 2012 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

Month XX, 2012

# HALIFAX REGIONAL MUNICIPALITY

## Statement of General Rate Surplus

Year ended March 31, 2012

(In thousands of dollars)

	2012	2011
General rate surplus, before transfers to reserves	\$ 17,790	\$ 2,368
Transfers to reserves		
Contribution to Otter Lake Landfill Closure reserve	(5,135)	-
Transfer to fund Mengoni landfill closure costs	(177)	-
Contribution to Ferry Replacement reserve	(2,533)	-
Contribution to ICT Planning reserve	(400)	-
Contribution to Central Library reserve	(600)	-
Contribution to Police Emergency/Extraordinary Investigation reserve	(500)	-
Contribution to Police Officer On the Job Injury reserve	(265)	-
	(9,610)	-
Adjustments related to prior years recorded in the 2012 fiscal year		
Accumulated deficit of Sackville Sports Stadium (note 2)	(3,132)	-
Total adjustments related to prior years	(3,132)	-
	5,048	2,368
Prior years general rate surplus available for the 2012 fiscal year	2,533	165
General rate surplus	\$ 7,581	\$ 2,533

# HALIFAX REGIONAL MUNICIPALITY

## Notes to the Statement of General Rate Surplus

Year ended March 31, 2011

(In thousands of dollars)

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### 1. Basis of accounting:

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 Nova Scotia ("MGA") by Service Nova Scotia and Municipal Relations and adheres to their Financial Accounting and Reporting Manual ("FRAM") and is intended for the use of Members of Council of the Halifax Regional Municipality ("the Municipality").

This statement is the net actual result of revenue and expenses of the Municipality's Operating Fund, to the extent that those revenues and expenses are included in the calculation of the Municipality's estimate of required sums as determined under Section 72 of the MGA, the basis for the general tax rate.

### 2. Significant accounting policies:

Revenue and expenses included in the determination of the general rate surplus are recorded on an accrual basis except as noted below:

- a) Interest expense is recorded on a cash basis,
- b) Debt principal repayments are deducted as an expense,
- c) Inter-fund transfers are included in the financial results of the Operating Fund,
- d) Transfers from the Operating Fund to purchase or construct tangible capital assets are deducted as an expense, and,
- e) Amortization of tangible capital assets is not included in the determination of the general rate surplus.

### 3. Adjustments related to prior years recorded in the 2012 fiscal year:

During the year, the Municipality undertook a review of the way in which it accounted for the financial results of Sackville Sports Stadium. In prior years, consistent with the treatment of other recreation facilities operated by boards on behalf of the Municipality, the financial results of Sackville Sports Stadium were included in the Municipality's consolidated financial statements as required by PSAB to reflect the Municipality's control of this entity; these results were not included in the General Rate Surplus. The Municipality's review determined that Sackville Sports Stadium is in substance an operating division of the Municipality, and as such the financial results of Sackville Sports Stadium should be included in the calculation of the Municipality's General Rate Surplus. The accumulated deficit of Sackville Sports Stadium as at March 31, 2011 has been recorded as an adjustment to the 2012 General Rate Surplus. The 2012 deficit associated with the operation of Sackville Sports Stadium is included in the General Rate Surplus, before transfers to reserves.

### 4. Unfunded liabilities:

During the year, the Municipality recorded a liability for employee sick leave in the amount of \$12,354 of which \$12,094 was related to sick leave accumulated by employees in prior periods. This amount has not been included in the General Rate Surplus calculation and remains to be funded in future years.