

Statement of General Rate Surplus of the

**HALIFAX REGIONAL MUNICIPALITY**

Year ended March 31, 2014



KPMG LLP  
Chartered Accountants  
Purdy's Wharf Tower One  
Suite 1500, 1959 Upper Water Street  
Halifax NS B3J 3N2

Telephone (902) 492-6000  
Fax (902) 429-1307  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Halifax Regional Municipality

We have audited the accompanying statement of general rate surplus for the Halifax Regional Municipality for the year ended March 31, 2014 and notes, comprising a summary of significant accounting policies and other explanatory information (together "the statement"). The statement has been prepared by management in accordance with the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act Nova Scotia.

### *Management's Responsibility for the Statement*

Management is responsible for the preparation of the statement in accordance with the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act Nova Scotia, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on this statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the statement of general rate surplus for the Halifax Regional Municipality for the year ended March 31, 2014 is prepared, in all material respects, in accordance with the accounting principles prescribed pursuant to Section 451 of the Municipal Government Act Nova Scotia.

### *Basis of Accounting and Restriction on Use*

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to provide information to the Mayor and Councillors of the Halifax Regional Municipality as to the annual general rate surplus or deficit that is carried forward to the subsequent year in determining rate base under Section 72 of the Municipal Government Act Nova Scotia. As a result, the statement may not be suitable for another purpose. Our report is intended solely for the Mayor and Councillors of the Halifax Regional Municipality and should not be used by parties other than Mayor and Councillors of the Halifax Regional Municipality.

Chartered Accountants

July 22, 2014  
Halifax, Canada

# HALIFAX REGIONAL MUNICIPALITY

## Statement of General Rate Surplus

Year ended March 31, 2014, with comparative information for 2013

(In thousands of dollars)

	2014	2013
Accumulated general rate surplus, beginning of year	\$ 9,288	\$ 7,581
Current year general rate surplus, before transfers to reserves	(232)	15,907
Transfers to reserves		
Contribution to Service Improvement reserve	(2,350)	-
Contribution to Police Emergency/Extraordinary Investigation reserve	-	(66)
Contribution to Police Officer On the Job Injury reserve	(140)	(300)
Contribution to Police Facility Lease reserve	(612)	(634)
Contribution to LED Streetlight reserve	-	(8,000)
Contribution to Capital Surplus reserve	-	(3,000)
Contribution to Strategic Growth reserve	-	(2,200)
	(3,102)	(14,200)
	5,954	9,288
Transfer to Operating Surplus reserve	(5,954)	-
Accumulated general rate surplus, end of year	\$ -	\$ 9,288

The accompanying notes are an integral part of the statement.

# HALIFAX REGIONAL MUNICIPALITY

## Notes to the Statement of General Rate Surplus

Year ended March 31, 2014  
(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. As per FRAM Section 3.16(g), any resulting surplus shall be transferred to an operating reserve.

### 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 and changes in the value of the liability for employee sick leave are not included in the determination of the general rate surplus.