

General Rate Surplus of

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2012



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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, 2012 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 proscribed 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 proscribed 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, 2012 is prepared, in all material respects, in accordance with the accounting principles proscribed 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.

KPMG LLP

Chartered Accountants
June 26, 2012
Halifax, Canada

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 3)	(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, 2012

(In thousands of dollars)

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.