

Statement of General Rate Surplus of the

HALIFAX REGIONAL MUNICIPALITY

Year ended March 31, 2017



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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 of the Halifax Regional Municipality for the year ended March 31, 2017 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 of the Halifax Regional Municipality for the year ended March 31, 2017 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 Professional Accountants, Licensed Public Accountants

July 18, 2017
Halifax, Canada

HALIFAX REGIONAL MUNICIPALITY

Statement of General Rate Surplus

For the year ended March 31, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
General rate surplus, before transfers	\$ 2,165	\$ 5,431
Transfer to capital:		
Mount Hope Interchange	-	(4,235)
Transfers to reserves:		
Contribution to Police Officer On the Job Injury reserve	(80)	(50)
Contribution to Capital Fund reserve	-	(214)
Contribution to Landfill Closure Costs reserve	(318)	-
Contribution to Operating Stabilization reserve	(374)	-
Contribution to General Contingency reserve	(1,393)	(932)
	<u>(2,165)</u>	<u>(5,431)</u>
General rate surplus	-	-

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, 2017

(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 The Department of Municipal Affairs 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 93 of the Halifax Regional Municipality Charter, 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, changes in the value of the liability for employee sick leave and the liability for contaminated sites are not included in the determination of the general rate surplus.