

1. Introduction

1.1 Authority

This manual is a regulation prescribed pursuant to subsection 451(1) of the *Municipal Government Act* as the system for accounting to be used by municipalities and villages in the Province of Nova Scotia. It amends and consolidates amendments to the *Municipal Accounting and Reporting Manual*. It has been renamed the *Financial Reporting and Accounting Manual*, so references in any enactments to the *Municipal Accounting and Reporting Manual* should be read as references to the *Financial Reporting and Accounting Manual*.

1.2 Purpose of this Manual

This manual provides:

- the system for accounting that is to be used by municipalities;
- the information that is to be provided by municipalities to the Minister;
- the manner in which municipal accounts are to be audited and that the reports provided by municipal auditors are a regulation prescribed pursuant to Section 451(1) of the *Municipal Government Act*;
- the procedure for calculating the municipality's requirements for the purposes of establishing tax rates as prescribed in Section 72 of the *Municipal Government Act*; and
- the information required for calculating standard expenditures as prescribed in Section 12 of the *Municipal Grants Act*.

1.3 Additions and Revisions

Accounting is not static. As a result, periodic review and amendments to this manual will be required. All additions and revisions to this manual will be issued and identified as "manual revisions."

1.4 Application

The Handbooks of the Public Sector Accounting Board and the Canadian Institute of Chartered Accountants should be reviewed as the authoritative sources of guidance on accounting and financial reporting for municipalities.

This manual also contains specific accounting policies that have been developed for application by Nova Scotia municipalities (including villages and service commissions) and their committees, boards, authorities or other such entities.

The Minister of Service Nova Scotia and Municipal Relations may designate a municipality to be exempt from certain of the accounting policies contained in this manual if, in the Minister's opinion, the application of certain policies is inappropriate in light of emergency financial or operational situations confronting the municipality.

Should exemptions be granted by the Minister, these are to be disclosed in the Notes to the Financial Statements.

1.5 Format of this Manual

This manual contains 5 sections corresponding to:

- System for Accounting and Reporting
- Specific Accounting Policies for Nova Scotia Municipalities
- Financial Information Return Requirements
- Audited Financial Statements
- Statement of Estimates Requirements

The Line Item Dictionary for Reporting to SNSMR, the Financial Information Return, the Statement of Estimates, Sample Financial Statements, a Sample Financial Information Return and a Sample Statement of Estimates are provided in Appendices to this manual.