



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 9.1.8
Audit & Finance Committee
September 17, 2014

TO: Councillor Bill Karsten, Chair, and Members of Audit & Finance Standing
Committee
Original Signed

SUBMITTED BY: _____
Bruce Fisher Acting for Greg Keefe, Director of Finance & ICT, CFO

DATE: August 15, 2014

SUBJECT: Write-off of Uncollectible Accounts

ORIGIN

Staff and HRM Charter requirement.

LEGISLATIVE AUTHORITY

Section 42 of the Halifax Regional Municipality (HRM) Charter requires that;

The Treasurer shall promptly advise Council of

(a) all moneys due to the Municipality that the Treasurer considers cannot reasonably be collected after pursuing all reasonable avenues of collection; and

(b) the reasons for the belief that such moneys cannot be collected, and the Council may write off the amounts determined to be uncollectible.

RECOMMENDATION

It is recommended that

1. The Audit and Finance Standing Committee forward this report to HRM Regional Council for approval;
2. The business occupancy tax accounts in the amount of \$26,266.66 comprised of \$15,961.75 principal and \$10,304.91 interest as detailed in Schedule 2 be formally written out of the books of account;
3. The general revenue accounts in the amount of \$ 27,508.76 comprised of \$26,503.31 principal and \$1,005.45 interest as detailed in Schedule 3 be formally written out of the books of account;

Recommendation continued on Page 2.

4. The real property tax accounts in the amount of \$3,371.94 comprised of \$2,947.57 principal and \$424.37 interest as detailed in Schedule 4 be formally written out of the books of account;
5. The capital recovery in the amount of \$59,432.37 as detailed in Schedule 5 be formally written out of the books of account;

BACKGROUND

The HRM Charter requires that all accounts considered uncollectible and which are to be permanently removed from the accounts of the HRM be approved by Council. Administrative Order 18, The Revenue and Collections Policy, section 5(g) requires staff to provide Council with a write-off report at least once per year.

The last write-off report to Council was on March 18, 2014.

DISCUSSION

Each year the provision for losses on accounts is budgeted in the operating fund as mandated by the HRM Charter. The HRM Charter section 93(1) – (2b) requires that:

93 (1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.

(2) The estimates shall include the probable revenue from all sources other than taxes for the fiscal year and make due allowance for

(a) the abatement and losses that might occur in the collection of the taxes; and

(b) taxes for the current fiscal year that might not be collected.

This provision is accumulated each year in the valuation allowance account in order to offset on the balance sheet the value of the receivables recorded in the books of account. In this way, and in accordance with legislation and with generally accepted accounting practices, there is recognition that not all accounts billed will be collectible.

Business Occupancy Account Write-offs:

Fiscal 2012-13 was the last year for business occupancy tax billings. Our current recommended write-offs for business occupancy, (\$26,266.66), are for companies that are defunct, closed and/or bankrupt. Since the phase-out of business occupancy tax in 2006, HRM has billed \$117.8M in revenues and has written-off \$2.4M, for an uncollectible rate of 2%. With only \$3,000 remaining in business occupancy receivables, Staff will continue collection efforts, as the companies that make up the remaining receivable balances are active companies.

General Revenue:

General Revenue charges being recommended for write-off, (\$27,508.76), are for miscellaneous billings, recoveries and recreation charges that are related to bankruptcies, defunct companies or inaccessible entities/persons that have been deemed uncollectible.

Real Property:

The amount of real property charges, (\$3,371.94), being recommended for write-off is for amounts related to residential mobile home accounts.

Capital Recovery:

The capital recovery proposed for write-off of \$59,432.37, is for the Victoria Park Legacy Project. In the summer of 1999 staff was approached by Feed Nova Scotia to partner with them to find a site to place a commemorative wall to celebrate the 15th anniversary of the organization and to raise funds for its continued operation. In May of 2000, Council approved a recommendation directing staff to work with Feed Nova Scotia in developing a legacy project in Victoria Park. HRM Council subsequently approved \$200,000 in capital funding for this project in 2002, which was to be repaid by Feed Nova Scotia through the sale of paving bricks engraved with the donor's name that would be used to construct a plaza at the north end of the park by the Robert Burns Statute. Sales of bricks over and above the capital project amount would be allocated to the operations of Feed Nova Scotia.

For the fiscal year ended March 31, 2013 staff recognized that:

- 30% of the original capital funding for the Victoria Park Project remained outstanding 11 years after the project had concluded
- Brick sales over the last 4 years have been less than stellar
- 100% recovery of the remaining receivable through commemorative brick sales is highly unlikely, as the project and improvements to Victoria Park have been finished for over 10 years.
- In a May 2002, staff report to Council (see Appendix A), staff advised that **“A shortfall in brick sales/donations would require HRM to assume responsibility for any capital costs not reimbursed. If this becomes the case staff would review potential alternative funding from operating, reserves or debt and bring a recommendation to Council.**
- An HRM owned Public Park was ascetically improved for the public through the good intentions of Feed Nova Scotia.

Taking the above factors into consideration, staff budgeted and allowed 100% for the outstanding capital recovery through the annual valuation allowance as an operating funding source for Council to consider.

FINANCIAL IMPLICATIONS

Each year an allowance for bad debt, the valuation allowance, is calculated based on estimates of amounts outstanding that may be uncollectible in future years. Accounts proposed for write-off in this report have been 100% provided for in the annual valuation allowance expense.

Account Type	Write-off Amount	Allowance Account	Balance Aug 15, 2014
General Revenue	\$27,508.76	2525 – Allowance Other	-\$23,241,396
Real Property	\$3,371.94	2521 – Allowance Tax	-\$2,144,568
Business Occupancy	\$26,266.66	2521 – Allowance Tax	-\$2,144,568
Capital Recovery	\$59,432.37	2524 – Allowance Capital	-\$1,995,620

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

None.

ATTACHMENTS

Schedule 1 - Summary of write-offs

Schedules 2, 3, 4, 5- Write-off accounts and explanations

Appendix A: May 7, 2002 Council Report "Victoria Park Legacy Project"

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Original Signed

Financial Approval by:

Bruce Fisher, Acting for Greg Keefe, Director of Finance & ICT/CFO, 490-4493

SCHEDULE 1: WRITE OFF SUMMARY SEPTEMBER 2014

CUSTOMER TYPE	Total	Principal	Interest
Business Occupancy Taxes	\$ 26,266.66	\$ 15,961.75	\$ 10,304.91
General Revenues	\$ 27,508.76	\$ 26,503.31	\$ 1,005.45
Real Property Taxes	\$ 3,371.94	\$ 2,947.57	\$ 424.37
Capital Recoveries	\$ 59,432.37	\$ 59,432.37	\$ -
Total Write-off Amount	\$ 116,579.73	\$ 104,845.00	\$ 11,734.73

SCHEDULE 2: BUSINESS OCCUPANCY ACCOUNTS

ACCT	ACCT NAME	TOTAL DUE	PRINCIPAL	INTEREST	BILL YEAR	WRITE OFF REASON
10135079	HOOP Retail Stores	\$ 22,696.92	\$ 13,666.70	\$ 9,030.22	2008-2009	Bankruptcy
07570570	Marco Investments	\$ 2,145.82	\$ 1,236.26	\$ 909.56	2005-2008	Defunct Ltd. Company
10262291	Clinch Martial Arts	\$ 1,155.42	\$ 790.29	\$ 365.13	2009-2010	Business sold no - liability to new owner
05598168	Windgate Farms	\$ 268.50	\$ 268.50	\$ -	2009	Business closed
TOTALS:		\$ 26,266.66	\$ 15,961.75	\$ 10,304.91		

SCHEDULE 3: GENERAL REVENUE ACCOUNTS

ACCT	ACCT NAME	TOTAL DUE	PRINCIPAL	INTEREST	BILL YEAR	WRITE OFF REASON
GEN00269104	UC Investments	\$ 21,066.92	\$ 20,294.75	\$ 772.17	2013-2014	Solid Waste Receivable - Bankruptcy
GEN00401174	Marlane MacKenzie	\$ 2,207.50	\$ 2,207.50	\$ -	2011	Terminated Employee Receivable - Uncollectible
GEN00400031	Peter Grant	\$ 2,030.00	\$ 2,030.00	\$ -	2008	Cemetery Receivable - NSF - uncollectible
GEN00401173	Julia Horncastle	\$ 644.53	\$ 644.53	\$ -	2011	Terminated Employee Receivable - Uncollectible
GEN00401290	Ashley Meade	\$ 430.22	\$ 343.64	\$ 86.58	2011	Terminated Employee Receivable - Uncollectible
GEN00400881	Justin Webb	\$ 387.89	\$ 387.89	\$ -	2011	Terminated Employee Receivable - Uncollectible
GEN00401003	Dwayne Davis	\$ 108.41	\$ 75.00	\$ 33.41	2011	NSF-Solid Waste - Uncollectible
GEN00319781	Bruce Anthony Skeete	\$ 60.22	\$ 40.00	\$ 20.22	2011	NSF Chg - Uncollectible
GEN00401009	Ernest Fast	\$ 57.70	\$ 40.00	\$ 17.70	2011	NSF Chg - Uncollectible
GEN00401466	Hamachi Mura - Suchi	\$ 56.08	\$ 40.00	\$ 16.08	2012	NSF Chg - Uncollectible
GEN00401088	Alice Ann Graves	\$ 55.55	\$ 40.00	\$ 15.55	2012	NSF Chg - Uncollectible
GEN00401040	William Bruce Florian	\$ 54.22	\$ 40.00	\$ 14.22	2012	NSF Chg - Uncollectible
GEN00401464	Julie Bissonnette	\$ 45.22	\$ 40.00	\$ 5.22	2013	NSF Chg - Uncollectible
GEN00401558	Joseph Wright	\$ 44.31	\$ 40.00	\$ 4.31	2013	NSF Chg - Uncollectible
GEN00401565	Your Mechanic Auto	\$ 44.20	\$ 40.00	\$ 4.20	2013	NSF Chg - Uncollectible
GEN00401817	Kilah Rolle	\$ 43.48	\$ 40.00	\$ 3.48	2013	NSF Chg - Uncollectible
GEN00401860	Kailyn Grimby	\$ 43.35	\$ 40.00	\$ 3.35	2013	NSF Chg - Uncollectible
GEN00401898	Alexandra Bennett	\$ 43.07	\$ 40.00	\$ 3.07	2013	NSF Chg - Uncollectible
GEN00401897	Kirsten Taggart	\$ 43.07	\$ 40.00	\$ 3.07	2013	NSF Chg - Uncollectible
GEN00401934	Beronica Nauss	\$ 42.82	\$ 40.00	\$ 2.82	2013	NSF Chg - Uncollectible
TOTALS		\$ 27,508.76	\$ 26,503.31	\$ 1,005.45		

SCHEDULE 4: REAL PROPERTY TAX ACCOUNTS

ACCT	ACCT NAME	TOTAL DUE	PRINCIPAL	INTEREST	BILL YEAR	WRITE OFF REASON
09404325	David Dwyer	\$ 2,092.03	\$ 1,865.34	\$ 226.69	2010-2013	Mobile moved to unknown location
00902314	David Hayes	\$ 457.53	\$ 344.28	\$ 113.25	2011-2012	Mobile destroyed - owner deceased
09188355	Charlene Boudreau	\$ 367.90	\$ 302.05	\$ 65.85	2012	Mobile moved to unknown location
09189580	Curtis Borgal	\$ 294.30	\$ 286.52	\$ 7.78	2013	Mobile Removed - 2012
05109159	Margaret Vaughn	\$ 160.18	\$ 149.38	\$ 10.80	2013	Mobile No longer Assessed
TOTAL		\$ 3,371.94	\$ 2,947.57	\$ 424.37		

SCHEDULE 5: CAPITAL RECOVERY ACCOUNTS

ACCT NAME	TOTAL DUE	PRINCIPAL	INTEREST	WRITE OFF REASON
Feed Nova Scotia	\$ 59,432.37	\$ 59,432.37	\$ -	Shortfall in fundraising activies
	\$ 59,432.37	\$ 59,432.37	\$ -	

Halifax Regional Council
May 7, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Karen MacTavish, Director, Parks and Recreation

DATE: April 16, 2002

SUBJECT: Victoria Park Legacy Project

INFORMATION REPORT

ORIGIN

On May 2, 2000, Regional Council approved a recommendation directing staff to work with the Metro Food Bank and other agencies in developing a legacy project in Victoria Park. Subsequently, Regional Council approved project - Capital District - Victoria Park (Account # CDB00393-\$200,000) in the 2002/03 Capital Budget.

BACKGROUND

Staff have worked with the Metro Food Bank and Spring Garden and Area Merchants Association to redesign the north end of Victoria Park on Spring Garden Road. The purpose of the project was threefold:

1. Commemorate the 15th anniversary of the Metro Food Bank and assist fund raising efforts of the Metro Food Bank Society.
2. Incorporate a performance plaza within the park for various events throughout the tourist and holiday seasons.
3. Refurbish the park and improve it's safety and aesthetic/functional qualities.

A joint committee was formed which included members from the Spring Garden and Area Business Association, Metro Food Bank Society, the North British Society and HRM Capital District Task Force members. The committee had been tasked with reviewing and refining the proposed concept plan, developing a capital cost estimate for construction and developing the means to raise funds necessary to complete the legacy project.

DISCUSSION

As with the original concept plan, the design includes a small plaza at the north end of the park. The plaza includes an on-grade performance area with a low ornamental metal fence as separation from the street. A major element of this project is the connection between the work of the Food Bank and the poems and writings of Robert Burns, whose statue will remain the main fixture at the North End of the park. The Robert Burns statue will be moved back from Spring Garden Road approximately 20 feet where it will be restored and lit through the generosity of the North British Society. A slab of granite inscribed with Robert Burns' "Selkirk Grace" will be laid flush at the base of the statue. A second flush granite slab in the performance area commemorates the work of the Food Bank. Four small granite bollards with a wheat/bread motif representing food as one of the basic elements of life are placed at the perimeter. A major part of the project will be the upgrading of existing electrical service and installation of new light standards around the plaza area. This upgrade is intended to improve park security. Another significant part of the design is the installation of a number of ornamental benches for pedestrian seating. The park will reflect a Victorian style in its benches, light standards and ornamental metal work. The design also includes new shrub and flower planting beds around the perimeter of the plaza.

The committee's strategy to leave a legacy for the Metro Food Bank and refurbish the park is based on the sale of concrete paving bricks to be installed within the plaza. These pavers are to be sold at \$50.00 and will have the donor's name inscribed on the brick. Estimated sales of 12,000 pavers @ \$50.00 each represents potential donations of \$600,000. The committee quickly realized the campaign to sell bricks would be much more effective if the renovations were completed now rather than waiting until an adequate number of bricks could be sold to completely finance the capital renovations to the park. This would allow donors to see how their gift to the Food Bank would be commemorated. As they are sold the plain bricks would be replaced with inscribed donor bricks.

The Spring Garden Merchants Association has graciously taken on spearheading the fundraising campaign. A joint bank account is to be set up under the name 'Victoria Park Legacy Project', with signatories from the Metro Food Bank, Spring Garden Business Commission, and two (2) HRM representatives. Proceeds from the sale of the bricks will be deposited into this account and divided 50/50 between the Metro Food Bank and the capital costs of the park refurbishment. Once the capital costs are repaid all proceeds from brick sales will be directed towards the Metro Food Bank Fund.

The project is scheduled for construction in June of 2002.

BUDGET IMPLICATIONS

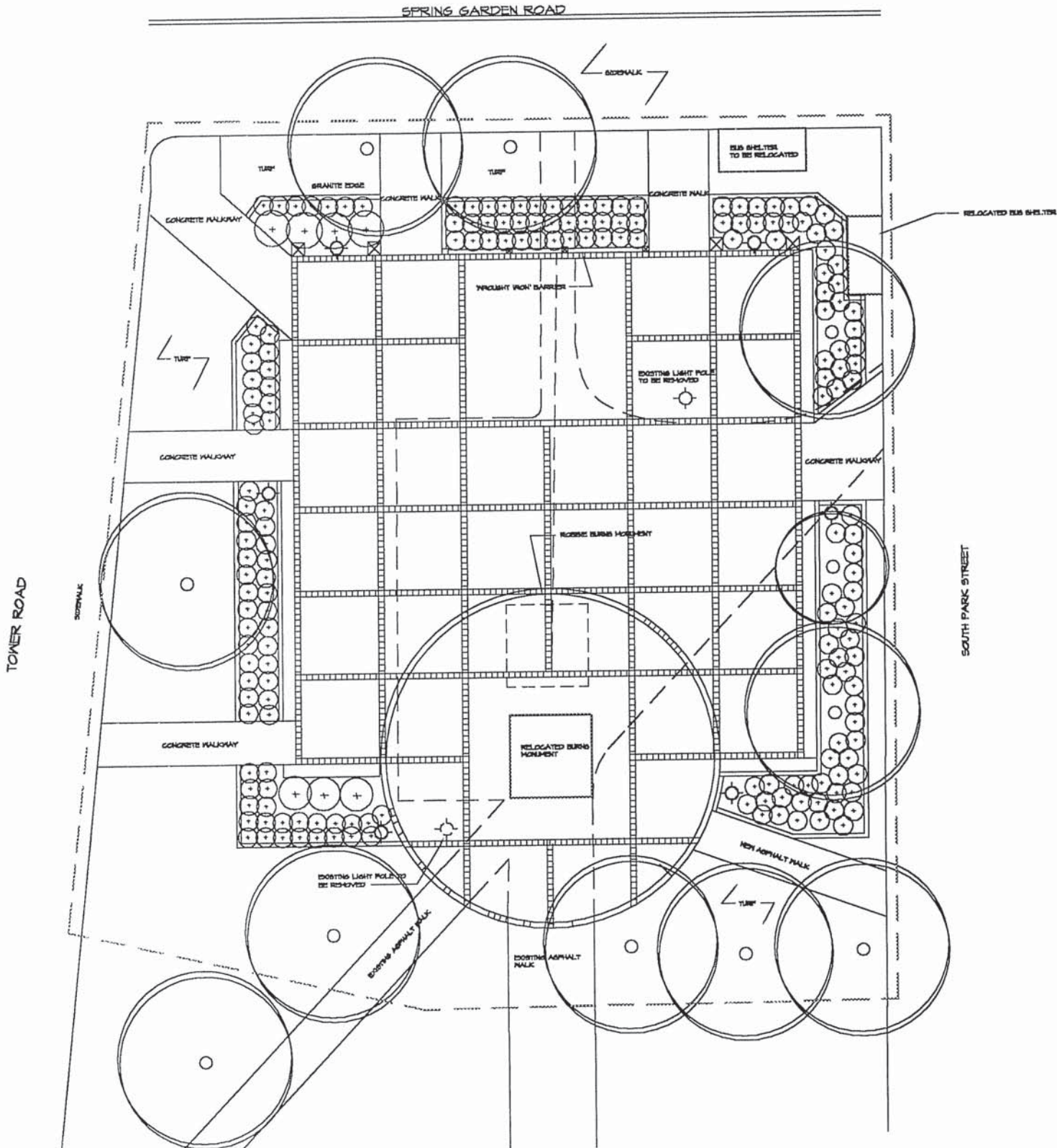
A shortfall in brick sales/donations would require HRM to assume responsibility for any capital costs not reimbursed. If this becomes the case staff would review potential alternative funding from operating, reserves, or debt and bring a recommendation to Council.

ATTACHMENTS

1. Concept design plan of Victoria Park
2. Letter from Doug McCallum of the British North Society

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peter Bigelow, General Manager, Parks and Open Spaces



PROPOSED IMPROVEMENTS - VICTORIA PARK
 L-1 1" = 10'





NBS: 1.28.1

March 11, 2002

Mr. Peter Bigelow
Manager Parks and Grounds
Halifax Regional Municipality
Alderney Gate, 2nd Floor
Dartmouth, NS B2Y 4A7

Dear Mr. Bigelow,

RE: Burns' Statue Area Improvements

At the Executive Committee Meeting of The Scots: The North British Society held March 1st, I had an opportunity to brief the executive on information provided to me during a series of meetings over the past few weeks regarding the Burns' Statue area improvements.

Our Society's executive committee is encouraged by the direction indicated in the conceptual plan. We offer the following points for consideration:

1. Our Society will undertake to fund the reconditioning and restoration of the Burns' Statue itself.
2. Our Society will be interested in adding additional lighting at our Society's cost to illuminate the Statue at night.
3. We assume that the movement of the Statue will be at the cost of the Halifax Regional Municipality, and include the services of a professional conservator to ensure that the Statue is not injured during the relocation process. We assume that the HRM will fund the relocation of the Statue and ensure that the Statue and its pedestal are installed on a firm foundation, and that any damage during the move is repaired and will be covered by the HRM.
4. We note with interest that the plan calls for four bollards to be located on site. We wonder if an additional two could be added? If so, our Society would then undertake at its cost to add interpretation information to allow visitors to better understand who Robert Burns was and appreciate the significance of his work.

A Society for the Celebration of Things Scottish

5. We note that it is the intention to engrave on the concrete pavers in front of the Statue, the Selkirk Grace. We would expect that we would be included in the discussion relating to the design and appearance of the engraving, so as to ensure it is in keeping with the Statue.

In conclusion, I must add that we are enthusiastic and appreciate the ability to participate as a stakeholder in this project. Once completed, it will be a significant improvement to that area of our city and provide a better presentation for the Burns' Statue itself.

Yours sincerely,

The Scots: The North British Society

Original Signed

R. Douglas McCallum
Senior Assistant Vice President