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**Halifax Regional Council**  
**October 31, 2006**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** Cathie O'Toole  
Cathie O'Toole, A/Director, Finance

**DATE:** October 20, 2006

**SUBJECT:** 2005-06 Deficit for Bedford & County Supplementary Education

**INFORMATION REPORT**

**ORIGIN**

On June 27, 2006, Regional Council directed staff to return with a report addressing the deficit which occurred in fiscal 2005-06 with the funding of Supplementary Education for Bedford and Halifax County.

## **BACKGROUND**

The 2005-06 Approved Operating Budget for Supplementary Education for Bedford and the former County was \$3,312,000. The funding to meet this budget obligation was raised through an area rate of \$0.034 per \$100 of eligible residential, resource, commercial and business occupancy assessment in the former Town of Bedford and Halifax County. While HRM met its commitment to pay \$3,312,000 to the Halifax Regional School Board, only \$3,255,612 in area rate revenue was collected, resulting in a shortfall of \$56,388. This shortfall was recovered in the following fiscal year (2006-07) through an increase in the area rate.

## **DISCUSSION**

Staff investigated why the shortfall occurred. When the area rate was calculated, the assessment total used included the full assessment figures for the Maritimes Northeast Pipeline, and for the Halifax International Airport. In reality, both entities pay property taxes based on formulas specified in tax agreements. These negotiated tax agreements do not include area rated services, including Supplementary Education. If Maritimes Northeast Pipeline and the Halifax International Airport paid Supplementary Education based on full assessment, they would have been billed \$20,500 and \$37,747 respectfully for a total of \$58,247. This would have resulted in a year end surplus of \$1,859 for the Supplementary Education for Bedford and the County.

## **BUDGET IMPLICATIONS**

The deficit which occurred in 2005-06 is being recovered through the 2006-07 area rate for Supplementary Education in Bedford and the former County. When calculating the area rate for 2006-07, the assessment figures for the Maritimes Northeast Pipeline and the Halifax International Airport were excluded as they are not billed for Supplementary Education. Therefore, a deficit is not anticipated for fiscal 2006-07.

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

## **ALTERNATIVES**

Not applicable.

## **ATTACHMENTS**

Not applicable.

**2005-06 Deficit for Bedford & County Supplementary Education  
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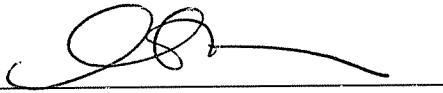
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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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