

HALIFAX

Second Quarter Report

Presentation to Audit and
Finance Standing Committee

November 28, 2018

General Rate Surplus

- **Projected surplus of \$12.0m primarily due to:**
 - Decrease in salaries and benefits of \$8.7m. Net surplus of \$8.7m represents 2.3% of total compensation.
 - Increase in deed transfer taxes of \$10.0m.
 - Increase in other revenues including investment interest \$0.9m and building permit \$0.4m.
 - Increase in Halifax Transit's and corporate fleet's fuel costs of \$2.7m.
 - Increase in funding of \$1.7m due to the anticipated year-end deficit for Dartmouth Sportsplex and Scotiabank Centre.

General Rate Surplus – cont'd

- **Other significant items:**
 - Increase in recoveries for premium payments for non-development in business parks of \$0.4m.
 - Decrease in fine fees revenue \$0.5m.
 - Increase in vehicle repair and maintenance costs of \$0.9m.
 - Increase in anticipated snow removal costs of \$0.9m.
 - Halifax Transit's surplus carry forward to 2019/20 \$0.6m.

Projected General Rate Surplus Summary

Increase / (decrease) to General Rate Surplus	in millions
Increase in deed transfer taxes	\$ 10.0
Salaries and benefits net of overtime costs	8.7
Increase in investment interest	0.9
Increase in recoveries for premium payments for non-development in business parks	0.4
Increase in building permit revenue	0.4
Decrease in fine fees revenue	(0.5)
Halifax Transit's surplus carry forward to 2019/20	(0.6)
Increase in anticipated snow removal costs	(0.9)
Increase in vehicle repair and maintenance costs	(0.9)
Increase in miscellaneous net costs	(1.1)
Increase in funding due to the anticipated year-end deficit for Dartmouth Sportsplex and Scotiabank Centre	(1.7)
Increase in Halifax Transit's and corporate fleet's fuel costs	(2.7)
General Rate Surplus	\$12.0

Risks and Opportunities

- We monitor other items that may affect our projections going forward:

Risks:

- HRM's share of operating deficit of the Halifax Convention Centre are unknown.
- Projected salaries and benefits savings will continued to be monitored for fluctuations.
- The impact of changes in fuel costs and the effects of snow is currently difficult to estimate.

Opportunities:

- An agreement with respect to the Port's assessed values may increase the projected surplus.

Project Statement

	in millions
Available Budget April 1, 2018	\$ 480.3
Budget 2018/19	128.6
Multi Year Budget	69.3
Budget increases (decreases)	<u>(2.6)</u>
Total Budget Available	675.6
Less: Closed Projects	<u>8.9</u>
Budget for Active Projects	666.7
Less: Current Expenditures & Commitments for Active Projects	<u>445.5</u>
Available Budget September 30, 2018	<u>\$ 221.2</u>

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$3.1m, \$2.4m has been spent or committed leaving \$0.7m available.
- District Activity Funds
 - Of the \$69.0k budget, \$31.5k has been spent leaving \$37.5k available.

Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2018 was \$1.9m.
- Revenue of \$0.4m has been earned and \$0.6m has been spent.
- The surplus at September 30, 2018 is \$1.7m.

Reserves – the process

- We start the process with the actual amount in the reserves.
- We budget the contributions to the reserves, primarily from operating, gas tax and sales of property.
- We then determine the new withdrawals from the reserves to fund the operating and capital budgets.
- We always keep track of the amounts that Council has already approved to be withdrawn.
- During the year, Council may approve additional unbudgeted withdrawals and the amounts to be withdrawn may be reduced based on actual requirements.
- The amount of the contributions may change during the year.
- Each quarter, we provide details of our actual reserve balances, the expected contributions and withdrawals.
- We compare this to the budgeted balance and explain the variances.

Reserves

- HRM's reserves opening balance at April 1, 2018 was \$199.5m.
- To date \$39.5m has been transferred into reserves and \$27.6m has been transferred out of reserves.
- The actual reserves balance at September 30, 2018 is \$211.4m.
- Pending revenue is \$69.6m and pending expenditures are \$130.5m.
- Projected available balance in reserves at March 31, 2019 is \$150.5m.

Aged Accounts Receivable

Property Taxes	\$	330.0m
Local Improvement Charges		7.3m
Payments-in-Lieu of Taxes		29.1m
General Revenue		<u>13.0m</u>
Total Gross Accounts Receivable	\$	<u>379.4m</u>

Assessment Appeals Summary

HRM Appeals Summary Fiscal 2018-19
September 30, 2018

	Residential	Apartments	Commercial	Totals
Total Taxable Value Under Appeal	\$ 895,271,700 17%	\$ 1,986,234,300 39%	\$ 2,276,506,900 44%	\$ 5,158,012,900 100%
Total # of Appeals				3,520
Total Taxable Value Completed	\$ 651,596,300 73%	\$ 1,618,271,900 81%	\$ 1,932,931,000 85%	\$ 4,202,799,200 81%
Total Taxable Value Outstanding	\$ 243,675,400 27%	\$ 367,962,400 19%	\$ 343,575,900 15%	\$ 955,213,700 19%
Net Taxable Value Amended	\$ (26,040,000)	\$ (44,352,500)	\$ (87,713,300)	\$ (158,105,800)
Appeal Loss Ratio	(4.00%)	(2.74%)	(4.54%)	(3.76%)
Tax Rate (per \$100)	\$ 0.6735	\$ 0.6735	\$ 2.9255	
Total Property Tax Revenue Loss due to Appeals	\$ (175,379)	\$ (298,714)	\$ (2,566,053)	\$ (3,040,146)

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Capital Projection Summary

Net Budget available before expenditures, September 30, 2018	\$ 336.4m
Spent by September 30, 2018	\$ 65.3m
Projected expenditures by March 31, 2019	\$ 174.8m
Current projected carry forward	\$ 161.6m