

**HALIFAX**

# **Third Quarter Report**

Presentation to Audit and  
Finance Standing Committee

February 20, 2019

# General Rate Surplus

- Projected surplus of \$15.2m primarily due to:
  - Decrease in salaries and benefits of \$11.8m representing 3.0% of total compensation.
  - Increase in deed transfer taxes of \$10.9m.
  - Increase in other revenues including investment income \$2.0m and building permit \$0.4m.
  - Increase in solid waste diversion credit \$0.2m and revenue from sale of recyclables and warranty recoveries \$0.3m.

# General Rate Surplus – cont'd

- Other significant items:
  - Halifax Transit's carry forward to 2019/20 \$0.7k.
  - Decrease in fine fees revenue \$1.3m.
  - Increase in valuation allowance \$1.2m.
  - Increase in fuel cost \$2.8m. Increase in projected year-end deficit for Dartmouth Sportsplex \$1.6m and Scotia Bank Centre \$0.7m.
  - Increase in Fire's equipment costs \$1.1m and funding for uniforms and personal protective equipment \$1.4m.
  - Decrease in miscellaneous costs \$0.4m.

# Projected General Rate Surplus Summary

Increase / (decrease) to General Rate Surplus	in millions
Salaries and benefits net of overtime costs	\$ 11.8
Increase in deed transfer tax	10.9
Increase in investment income	2.0
Increase in solid waste diversion credit (\$0.2k) and revenue from sale of recyclables and warranty recovery (\$0.3k)	0.5
Decrease in miscellaneous costs	0.4
Increase in building permit revenue	0.4
Halifax Transit's carry forward to 2019/20	(0.7)
Increase in valuation allowance	(1.2)
Decrease in fine fee revenue	(1.3)
Increase in projected year-end deficit for Dartmouth Sportsplex and Scotiabank Centre	(2.3)
Increase in Fire's equipment (\$1.1m) costs and funding for uniforms and PPE (\$1.4m)	(2.5)
Increase in cost of fuel	(2.8)
<b>General Rate Surplus</b>	<b>\$15.2</b>

# Risks

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

Risks:

- Current surplus almost entirely due to projected increases in revenue which may not be as predictable or controllable as expenses.

# Project Statement

in millions

<b>Available Budget April 1, 2018</b>	<b>\$ 480.3</b>
Budget 2018/19	128.6
Multi Year Budget	69.3
Budget increases (decreases)	<u>(5.6)</u>
<b>Total Budget Available</b>	<b>672.6</b>
Less: Closed Projects	<u>30.9</u>
<b>Budget for Active Projects</b>	<b>641.7</b>
Less: Current Expenditures & Commitments for Active Projects	<u>447.6</u>
<b>Available Budget December 31, 2018</b>	<b><u>\$ 194.1</u></b>

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# 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 \$69k budget, \$43k has been spent leaving \$26k available.

# Recreation Area Rates

- There are 21 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2018 was \$1.8m.
- Revenue of \$0.7m has been earned and \$0.9m has been spent.
- The surplus at December 31, 2018 is \$1.6m.

# 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 \$54.5m has been transferred into reserves and \$37.5m has been transferred out of reserves.
- The actual reserves balance at December 31, 2018 is \$216.5m.
- Pending revenue is \$23.4m and pending expenditures are \$129.8m.
- Projected available balance in reserves at March 31, 2019 is \$110.1m.

# Aged Accounts Receivable

Property Taxes	\$	27.5m
Local Improvement Charges		7.8m
Payments-in-Lieu of Taxes		0.1m
General Revenue		12.2m
<b>Total Gross Accounts Receivable</b>	<b>\$</b>	<b><u>47.6m</u></b>

# Assessment Appeals Summary

HRM Appeals Summary Fiscal 2018-19  
December 31, 2018

	Residential	Apartments	Commercial	Totals
Total Taxable Value Under Appeal	\$ 894,162,300 17%	\$ 1,989,638,200 39%	\$ 2,283,877,900 44%	\$ 5,167,678,400 100%
Total # of Appeals				3,557
Total Taxable Value Completed	\$ 768,019,600 86%	\$ 1,592,928,000 80%	\$ 1,788,687,500 78%	\$ 4,149,635,100 80%
Total Taxable Value Outstanding	\$ 126,142,700 14%	\$ 396,710,200 20%	\$ 495,190,400 22%	\$ 1,018,043,300 20%
Net Taxable Value Amended	\$ (52,968,400)	\$ (57,303,500)	\$ (106,212,400)	\$ (216,484,300)
<b>Appeal Loss Ratio</b>	<b>(6.90%)</b>	<b>(6.60%)</b>	<b>(5.94%)</b>	<b>(5.22%)</b>
Tax Rate (per \$100)	\$ 0.6735	\$ 0.6735	\$ 2.9255	
<b>Total Property Tax Revenue Loss due to Appeals</b>	<b>\$ (356,742)</b>	<b>\$ (385,939)</b>	<b>\$ (3,107,244)</b>	<b>\$ (3,849,925)</b>

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# Capital Projection Summary

Net Budget available before expenditures, December 31, 2018	\$ 333.4m
Spent by December 31, 2018	\$ 119.6m
Projected expenditures by March 31, 2019	\$ 165.0m
Current projected carry forward	\$ 168.4m