

The word "HALIFAX" is written in a bold, white, sans-serif font against a dark blue background. The background features a large, abstract geometric shape that tapers to a point on the right side, creating a dynamic, modern look.

HALIFAX

Fourth Quarter Report

Presentation to Audit and
Finance Standing Committee

June 26, 2019

General Rate Surplus

- Projected surplus of \$26.1m: Recommended transfers into reserves total \$21.3m;
- This has resulted in a final General Rate surplus of \$4.8m due to:
 - Decrease in salaries and benefits of \$14.6m representing 3.8% of total compensation.
 - Increase in deed transfer taxes of \$9.1m.
 - Increase in other revenues including investment income \$1.6m and building permit \$1.2m.
 - Increase in solid waste diversion credit \$1m, revenues from sale of recyclables and warranty recoveries \$0.6m and utilities savings from natural gas conversion \$0.6m.
 - Barrington Heritage Incentive Program grant and tax credits as requirements not yet met \$1.7m.
 - Increase in Police recoveries from G7, training courses and secondments \$1.4m

General Rate Surplus – cont'd

- Other significant items:
 - Halifax Transit's carry forward to 2019/20 \$1.3m.
 - Decrease in fine fee revenue for parking/summary offence tickets \$1.1m due to delays in recruiting and training compliance officers.
 - Increase in valuation allowance primarily related to the estimated write-off of receivables for the St. Margaret's Centre and the Zatzman Sportsplex \$0.9m.
 - Increase in fuel prices \$2.4m.
 - Funding of deficit for Zatzman Sportsplex \$0.6m and Scotiabank Centre \$0.9m.
 - Increase in Fire's equipment costs \$1.3m and investment in equipment and buildings \$1.4m.
 - Lower than planned costs for RCMP \$0.6m and other contingencies surplus \$1.4m.
 - Information Technology projects not coming online as planned \$1.2m and software & licensing savings \$1m due to fewer licenses required and process improvements to reduce contract costs.

Projected General Rate Surplus Summary

Increase / (decrease) to General Rate Surplus	in millions
Salaries and benefits net of overtime costs	\$14.6
Increase in deed transfer tax	9.1
IT project, software and licensing savings	2.2
Increase in diversion credit, sale of recyclables and recoveries, and utilities savings	2.2
RCMP budget not required (\$0.6m) and other contingencies surplus (\$1.4m)	2.0
Barrington Heritage Incentive program grant and tax credit requirements not met	1.7
Increase in investment income	1.6
Increase in Police recoveries	1.4
Increase in building permit revenue	1.2
Increase in valuation allowance	(0.9)
Decrease in fine fee revenue	(1.1)
Halifax Transit's carry forward to 2019/20	(1.3)
Funding of year-end deficit for MDF's	(1.5)
Increase in cost of fuel	(2.4)
Increase in Fire equipment cost (\$1.3m) and capital (\$1.4)	(2.7)
Recommended transfer into reserves	(21.3)
General Rate Surplus	\$4.8

Project Statement

in millions

Available Budget April 1, 2018	\$ 480.3
Budget 2018/19	128.6
Advanced and Multi Year Budget	154.6
Budget increases (decreases)	<u>(6.3)</u>
Total Budget Available	757.2
Less: Closed Projects	<u>(73.3)</u>
Budget for Active Projects	683.9
Less: Current Expenditures & Commitments for Active Projects	<u>(461.2)</u>
Available Budget March 31, 2019	<u>\$ 222.7</u>

HALIFAX

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$3.1m, all \$3.1m has been spent or committed.
- District Activity Funds
 - Of the \$72k budget, \$71.7k has been spent leaving \$0.3k 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 \$0.9m has been earned and \$1.3m has been spent.
- The surplus at March 31, 2019 is \$1.4m.

Reserves

- HRM's reserves opening balance at April 1, 2018 was \$199.5m.
- To date \$109.8m has been transferred into reserves and \$69.2m has been transferred out of reserves.
- The actual reserves balance at March 31, 2019 is \$240.2m.
- Pending revenue is \$0m and pending expenditures are \$102.2m.
- Pending net available balance in reserves at March 31, 2019 is \$138.0m.

Aged Accounts Receivable

Property Taxes	\$	342.1m
Local Improvement Charges		8.2m
Payments-in-Lieu of Taxes		0.1m
General Revenue		17.8m
Total Gross Accounts Receivable	\$	<u>368.2m</u>

Assessment Appeals Summary

HRM Appeals Summary Fiscal 2018-19 March 31, 2019				
	Residential	Apartments	Commercial	Totals
Total of Roll	\$ 32,006,318,900	\$ 5,864,442,900	\$ 8,274,159,500	\$ 46,144,921,300
Total Taxable Value Under Appeal	\$ 901,999,700	\$ 1,981,530,000	\$ 2,285,021,800	\$ 5,168,551,500
Percentage of Properties under Appeal	3%	34%	28%	11%
Total # of Appeals				3,557
Total Taxable Value Completed	\$ 797,613,300	\$ 1,546,079,500	\$ 1,787,927,300	\$ 4,131,620,100
Percentage Completed	88%	78%	78%	80%
Total Taxable Value Outstanding Still Under Appeal	\$ 104,386,400	\$ 435,450,500	\$ 497,094,500	\$ 1,036,931,400
Percentage Outstanding	12%	22%	22%	20%
Net Value Amended	\$ (55,708,500)	\$ (59,873,200)	\$ (108,848,200)	\$ (224,429,900)
Appeal Loss Ratio (<i>Net Value Amended/Total Taxable Value Completed</i>)	(6.98%)	(3.87%)	(6.09%)	(5.43%)
Tax Rate	\$ 0.6735	\$ 0.6735	\$ 2.9255	
Total Property Tax Revenue Loss due to Appeals	\$ (375,197)	\$ (403,246)	\$ (3,184,354)	\$ (3,962,797)
Budget for Appeal Losses	\$ (250,000)	\$ (365,000)	\$ (3,200,000)	\$ (3,815,000)
Variance: surplus (deficit)	\$ (125,197)	\$ (38,246)	\$ 15,646	\$ (147,797)
Potential loss if outstanding appeals processed at current loss ratio	\$ (49,103)	\$ (113,574)	\$ (885,341)	\$ (1,048,018)

Capital Projection Summary

Net Budget available before expenditures, April 1, 2018	\$ 332.6m
Spent by March 31, 2019	\$ 147.2m
Projected expenditures by March 31, 2019	\$ 165.0m