

HALIFAX

First Quarter Financial Report

Presentation to Audit & Finance Standing Committee

2022-09-21

General Rate Surplus

- Projected deficit of \$2.8M primarily due to:
 - Increase in fuel costs of \$10.9M due to increased fuel prices
 - Decrease in building permits of \$4.8M due to a lower than planned volume of permits being issued
 - Increase in Winter Maintenance and Collections contracts \$1.4M
 - Increase in RCMP service contract of \$642K
- Offset by:
 - Transfer of fiscal 21/22 surplus to offset inflationary and contract pressures \$11.8M
 - Increased investment income of \$2.6M due to higher interest rates
 - Decrease in compensation and benefits of \$919K due largely to vacancy savings

Risks and Opportunities

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

Risks:

- Inflationary increases and stock shortages – impact on operational and capital budgets and the ability to progress capital work
- Commodity costs (fuel, diesel, salt, etc.)
- Staffing levels
- The impacts of winter-related weather conditions
- Housing

Councillors' Funds

➤ District Capital Funds

- Of the total budget of \$3.1M, \$1.3M has been spent or committed, leaving \$1.7M available.

➤ District Activity Funds

- Of the \$72.0K budget, \$18.8K has been spent or committed, leaving \$53.2K available.

Recreation Area Rates

- There are 21 Recreation Area Rate Accounts
- The surplus in these accounts at April 1, 2022 was \$1.2M
- Expenses of \$289K have been spent
- The surplus at June 30, 2022 is \$877K

Reserves

| Reserve | Opening Balance | Current Commitments | Pending Contribution | Projected Closing Balance 2022/23 | Projected Closing Balance 2023/24 | Projected Closing Balance 2024/25 | Projected Closing Balance 2025/26 | Future Commitments | Projected Uncommitted |
|-----------------------------------|--------------------|----------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------|-----------------------|
| TOTAL RISK RESERVES: | 9,964,210 | - | 119,908 | 10,084,118 | 10,245,418 | 10,409,318 | 10,575,818 | - | 10,575,818 |
| TOTAL OBLIGATION RESERVE: | 132,691,742 | (98,122,368) | 21,199,831 | 55,769,206 | 56,781,031 | 26,968,356 | 26,020,881 | 26,020,881 | - |
| TOTAL OPPORTUNITY RESERVE: | 330,729,103 | (164,906,014) | 49,786,325 | 215,609,415 | 220,832,938 | 259,874,328 | 286,228,634 | 273,727,421 | 12,501,213 |
| TOTAL RESERVE | 473,385,055 | (263,028,382) | 71,106,065 | 281,462,738 | 287,859,386 | 297,252,002 | 322,825,333 | 299,748,302 | 23,077,031 |

Aged Accounts Receivable

| | | |
|--|-----------|---------------------|
| Property Taxes | \$ | 28.9M |
| Local Improvement Charges | | 11.6M |
| Payments-in-Lieu of Taxes | | 0.0M |
| General Revenue | | <u>8.7M</u> |
| Total Gross Accounts Receivable | \$ | <u>49.2M</u> |

Capital Projection Summary

| | |
|--|-----------|
| Net Budget available before expenditures, June 30, 2022 | \$ 513.9M |
| Spent by June 30, 2022 | \$ 23.9M |
| Projected expenditures to March 31, 2023 | \$ 188.7M |
| Projected Work to Progress into 2023/24 | \$ 324.8M |

Hospitality Expenditures

- The three-month period ended June 30, 2022 with \$39 in hospitality expenditures.
- Hospitality expenses are: Expenses incurred while hosting individuals from outside the municipal government for reasons of diplomacy, protocol, business development or promotional advocacy. Examples include: gifts, receptions, ceremonies, conferences, performances or other group events.

Expenses for Reportable Individuals

| Name | Local Travel | Out of Town Travel | Development/ Training | Meals & Other Miscellaneous Expenses | Total |
|--------------------------------|--------------|--------------------|-----------------------|--------------------------------------|---------------|
| Mayor Mike Savage | 1,057 | 3,525 | - | 912 | 5,493 |
| Councillor Cathy Deagle-Gammon | 1,122 | - | - | - | 1,122 |
| Councillor David Hendsbee | 746 | - | - | - | 746 |
| Councillor Becky Kent | - | 557 | - | - | - |
| Trish Purdy | - | 1,888 | 977 | - | 2,865 |
| Councillor Sam Austin | - | 1,057 | 920 | - | 1,977 |
| Councillor Tony Mancini | - | - | - | - | - |
| Councillor Wayne Mason | - | 159 | - | - | 159 |
| Councillor Lindell Smith | - | 2,037 | 895 | - | 2,932 |
| Councillor Shawn Cleary | - | - | - | - | - |
| Councillor Kathryn Morse | - | - | - | - | - |
| Councillor Patty Cuttell | - | 1,180 | 920 | - | 2,100 |
| Councillor Iona Stoddard | - | 1,689 | 920 | - | 2,609 |
| Deputy Mayor Pam Lovelace | 754 | 2,532 | 920 | - | 4,206 |
| Councillor Lisa Blackburn | 582 | - | - | - | 582 |
| Councillor Paul Russell | 410 | 1,346 | 957 | - | 2,713 |
| Councillor Tim Outhit | - | - | - | - | - |
| CAO Jacques Dubé | 33 | 1,097 | 922 | 190 | 2,242 |
| Total | 4,703 | 17,065 | 7,431 | 190 | 29,744 |

Operating Pressures leading into 2023/24

➤ Inflation

- Significant increases to costs, especially seen in fuel
- Increases seen in utilities costs
- Service contracts are increasing

➤ Staffing

- Many internal positions are difficult to fill
- Multiple collective agreements currently under negotiation

➤ Other

- Lack of growth in Deed Transfer Tax revenues
- Significant Cap-from-Op required under current plan
- One-Time Reserve funding used to balance 2022/23 budget

Budget Pressures (000s)

| | |
|---------------------------------------|------------------|
| One time Reserve Funding | 7,000 |
| Salary Adjustments | 11,800 |
| Solid Waste/Winter Works Contracts | 2,000 |
| Transit Full years MFTP impact | 2,850 |
| P&D Revenue Shortfall | 4,000 |
| NSP/Nat Gas / HFX Water | 950 |
| RCMP (Increase & True-up) | 1,470 |
| Fuel Cost | 9,900 |
| Required Cap-from-Op (Incl Sidewalks) | 15,000 |
| Non-Profit Program Redesign | 800 |
| Various | 1,020 |
| Total Pressures | \$ 56,790 |
| <i>Pressure Offsets</i> | |
| Investment Income | (2,500) |
| Net Budget Pressures | \$ 54,290 |

Notes

Other pressures are still pending – i.e. Federal Carbon tax

Deed Transfer Tax (000's)

| | Actual | Budget | Surplus | General Rate | |
|----------------|-----------|-----------|-----------|--------------|----------|
| | | | | Surplus | % of GRS |
| 2022/23 | \$ 20,909 | \$ 83,000 | | | |
| 2021/22 | \$ 81,369 | \$ 60,000 | \$ 21,369 | \$ 29,348 | 72.8% |
| 2020/21 | \$ 59,587 | \$ 40,850 | \$ 18,737 | \$ 32,923 | 56.9% |
| 2019/20 | \$ 60,181 | \$ 39,000 | \$ 21,181 | \$ 35,120 | 60.3% |
| 2018/19 | \$ 46,097 | \$ 37,000 | \$ 9,097 | \$ 26,100 | 34.9% |
| 2017/18 | \$ 41,971 | \$ 33,000 | \$ 8,971 | \$ 9,800 | 91.5% |

22/23 DTT is 25% of budget as of Q1 and is projected to be on budget for the year.

Capital Pressures Leading into 2023/24

➤ Inflation

- 50-100% increase over estimate in some categories (esp. buildings)
- Delaying projects for re-scoping, re-tendering, deferral to next fiscal year

➤ Staffing Shortages

- Many internal positions are difficult to fill
- Contractor and consultant staffing shortages affecting project delivery as well

➤ Supply Chain

- Continuing to see delays over pre-pandemic timelines