

The word "HALIFAX" is written in a bold, white, sans-serif font against a dark blue background. The background of the slide features a large, abstract geometric shape in shades of blue and white, resembling a stylized 'H' or a series of overlapping triangles.

Third Quarter Report

Presentation to Audit and Finance

February 20, 2015

General Rate Deficit

- Deficit projected to be \$3.1m at the end of the year
 - Savings achieved in compensation, primarily vacancy management \$10.7m, partially offset by overtime costs \$3.4m
 - Deed transfer tax revenues are expected to be under budget \$4m
 - Transit fuel leak costs \$2.6m
 - Operational costs of facilities including surplus buildings \$2m
 - Deficit in snow and ice operations \$1.7m
 - Extra equipment, communications and training costs in Police \$1.2m

Vacancies

- During the first 9 months of the year, there have been approximately 520 positions vacant for some period of time.
- At the end of December, there are over 230 positions that are vacant.

Breakdown - December

Business Unit	Non - Union	Union
CAO	5	0
Transit	6	26
P&R	11	11
Legal	1	0
FICT	6	15
HR	9	1
TPW	6	42
Police	2	30
P&D	6	15
Fire	1	21
OP SUP	3	18

General Rate Deficit

- Other significant items included in projections
 - Additional bus maintenance costs \$1.1m
 - Repair of potholes and asphalt \$800k
 - Increase in miscellaneous revenues, primarily development permits and Police secondments \$744k
 - Capital from Operating surplus \$1m
 - Fuel savings due to decline in prices \$1.3m
 - Anticipated increase in PILT revenue for Citadel Hill \$1.9m is completely offset by valuation allowance
 - Transit surplus carry forward to 2015/16 of \$441k

Projected Deficit Summary

Compensation/Vacancy savings	10.7
Overtime costs	(3.4)
Reduction in Deed Transfer taxes	(4.0)
Miscellaneous revenues including Citadel Hill	2.6
Current year surplus - Transit	(0.4)
Transit fuel leak	(2.6)
Capital from Operating surplus	1.0
Valuation allowance including Citadel Hill	(2.3)
Administrative costs	(0.2)
Miscellaneous program costs	<u>(4.5)</u>
December Projected Deficit	<u>(3.1)</u>

Funding the Deficit - Reserves

- We also track risks and opportunities that may affect our projections going forward:
 - Outstanding fundraising at CGC - \$1.7m
 - CCC's for Mount Hope interchange - \$7.2m
- Recommended funding withdrawals from Reserves to eliminate the 2014/15 projected General Rate Deficit:
 - Snow and Ice Control Variable Operating Reserve - \$1.7m
 - Operating Surplus Reserve - \$1.1m
 - Self Insurance Reserve - \$300k
- Other potential risks and opportunities are being monitored with impacts unknown at this time.

Projects

- Available Budget April 1, 2014 \$718.2m
- Budget 2014/15 \$144.2m
- Advanced 2015/16 Budget \$ 42.3m
- Budget increases/decreases \$ 22.9m
- **Total Budget Available** **\$927.6m**

- Current Expenditures
and Commitments \$765.5m
- **Available** **\$162.1m**

- There is approximately \$162.1m available in projects to be spent in current and future years.

Capital Projection

- 2014/15 Capital Work Plan \$215.2m
- 3rd Qtr Projection to March 31, 2015 \$204.7m
(5% Net variance from work plan)
- Projected funding carry over to 2015/16 \$161.4m
(based on \$366m funding available)

Councillors' Funds

- District Capital Funds
 - Of the total budget of \$3.3m, \$2.9m has been spent or committed leaving \$400k available to fund projects.
 - If funds are committed before March 31, 2015, they may be carried forward to fiscal year 2015/16.
- District Activity Funds
 - Of the \$69k budget, \$44k has been spent leaving \$25k available.
 - Funds must be spent and disbursed before March 31, 2015. There is no carry forward of these funds.

Recreation Area Rates

- There are 34 Recreation Area Rate Accounts.
- The surplus in these accounts at April 1, 2014 was \$6m.
- Revenue of \$2m has been earned and \$1.8m has been spent in the first 9 months.
- The surplus at the end of December is \$6.2m.

Reserves

- HRM's reserves are currently at \$187.3m.
- A further \$32.2m is anticipated to be contributed to reserves before March 31, 2015.
- Withdrawals from the reserves are anticipated to be \$98.3m before year end.
- The projected balance in reserves at March 31, 2015 is \$121.2m.

Trust Financial Statements

- We have added the unaudited financial statements for the Miscellaneous Trusts as Attachment 11

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