# ΗΛLIFΛΧ

### Fiscal and Consolidated Accounts – February 3, 2016

### **Overview**

- Current Overview
- Balancing Taxes and Services
  - Budget Direction
- Key Changes
  - Assessment and Taxes
  - Revenues
  - Debt
  - Capital from Operating
  - Reserves
- Operating Cost of Capital
- Conclusions



#### **Current Overview**

	Base Year	2014-15	
	2015-16	October-20-15	February-03-16
Gross Expenditures (\$m)	\$726.5	\$749.8	\$722.3
Revenues	-\$213.3	-\$213.0	-\$202.0
Property Taxes	<u>-513.3</u>	-518.2	-520.3
Targeted Revenues	-\$726.6	-\$731.1	-\$722.3
(Surplus)/Deficit	\$0.0	\$18.7	\$0.0

Final Amounts still under review

3

## **Current Overview**

	2015/16	2016/17	Variance	!
Revenues				
Property Tax	419,559,000	426,095,500	6,536,500	
Other Revenues	82,266,200	<u>81,550,200</u>	<u>-716,000</u>	
Sub-Total	501,825,200	507,645,700	5,820,500	
Expenditures (net)				
Debt	33,240,400	34,336,900	1,096,500	
Transfers	1,790,600	643,000	-1,147,600	
Reserves	20,679,100	19,818,400	-860,700	
Capital from Operating	40,461,000	32,280,000	-8,181,000	
Other	<u>24,823,100</u>	<u>29,078,400</u>	<u>4,255,300</u>	
Sub-Total	120,994,200	116,156,700	-4,837,500	
Total	380,831,000	391,489,000	10,658,000	2.8%

## **Balancing Taxes and Services**

#### **Key Economic Assumptions**

#### **Conference Board of Canada**

	Base Year 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Inflation (CPI)	0.5%	2.4%	2.1%	2.1%
Income (per person)	\$40,385	\$41,395	\$42,341	\$43,224
- percentage change	1.2%	2.5%	2.3%	2.1%
Employment (000s)	224,000	228,000	230,000	231,000
New Homes	1,469	1,832	1,905	1,854
- percentage change	0.8%	1.0%	1.0%	1.0%
Real GDP	2.3%	3.0%	1.8%	1.7%

Source: Conference Board of Canada, Statistics Canada (2015 CPI), PVSC (2015 New Homes)

3

# **Direction for Budget**

#### **Average Assessments and Tax Rates**



\* Amount includes Urban & Transit Tax Rates

# **Direction for Budget**

#### **Average Assessments and Tax Rates**



## Key Changes for 2016-17

- Assessment growth (2016)
  - Average Home up 0.9%
  - Assessment Cap at 0.3%
  - Commercial Growth 4.1% (excl. tax agreements)
  - Residential Growth 2.6% (taxable)
- No deficit projected for 2015-16
- Debt continues to decline

### Key Changes from 2015-16 Revenue:

#### **Property Tax Rate comparisons:**

Residential	<u>2015-16</u>	<u>2016-17</u>	
• Urban	<b>\$0.669</b>	<b>\$0.662</b>	-0.007
Suburban	<b>\$0.636</b>	<b>\$0.629</b>	-0.007
Rural	<b>\$0.636</b>	<b>\$0.629</b>	-0.007
Commercial	<u>2015-16</u>	<u>2016-17</u>	
• Urban	<b>\$2.895</b>	<b>\$2.832</b>	-0.063
Suburban	\$2.895	<b>\$2.832</b>	-0.063
Rural	\$2.566	<b>\$2.510</b>	-0.056
Transit	<u>2015-16</u>	<u>2016-17</u>	
• Transit	<b>\$0.151</b>	\$0.151	n/c

# **Comparing Halifax's Property Taxes**



8

# **Comparing Halifax's Property Taxes**



## **Other Tax Rates**

- Stormwater Right-of-Way Charge
  - \$42 per property, per Council June 22-15
- Supplementary Education
  - reduced by \$450K
- Fire Protection \$9.6M
- Provincial Area Rates:
  - Amounts not yet available:
    - Halifax Regional School Board \$125.8M
    - Correctional Centre \$6.6M
    - PVSC \$7.0m
    - Metropolitan Regional Housing Authority \$3M

### Revenues

Revenues	2015/16	2016/17	Variance	
Property Tax				
Residential Property Tax	225,942,300	229,173,000	3,230,700	
Commercial Property Tax	177,875,700	180,361,000	2,485,300	
Resource Property Tax	1,410,000	1,402,000	-8,000	
Other Taxes	138,000	138,000	0	
Tax Agreement	9,614,000	10,358,500	744,500	
HRWC Dividend	<u>4,579,000</u>	4,663,000	<u>84,000</u>	
Sub-Total	419,559,000	426,095,500	6,536,500	
Deed Transfer Tax	32,000,000	31,000,000	-1,000,000	
Grants in Lieu	37,247,000	37,509,000	262,000	
Own Source Revenue				
Interest Revenues	6,370,000	6,470,000	100,000	
Parking Meters	2,750,000	2,675,000	-75,000	
Other	<u>20,000</u>	<u>17,000</u>	<u>-3,000</u>	
Sub-Total	9,140,000	9,162,000	22,000	
Parkade (net)	179,200	179,200	0	
Unconditional Transfer (HST)	3,700,000	3,700,000	0	
	501,825,200	507,645,700	5,820,500	1.2%

# Key Changes from 2015-16

#### **Debt Servicing:**

- Fiscal includes most debt payments
  - 2015-16 \$33.2m
  - 2016-17 \$34.3m
    - Increase of \$1.1m
- Principle payments increased by \$1.4M offset by decreased Interest payments of \$300K

## Key Changes from 2015-16

#### **Capital from Operating:**

#### - Included in both Fiscal and Transit

	2015/16	2016/17	Variance	
Capital from Operating		•		
Fiscal Services	40,461,000	32,280,000	-8,181,000	
Transit	6,782,400	9,000,000	2,217,600	
Total	47,243,400	41,280,000	-5,963,400	-12.6%

#### Reserves

	2015/16	2016/17	Varian	ce
Reserves				
Potential Strategic Growth				
Previous Amounts	6,000,000	6,000,000	0	
One Cent on Tax	4,173,000	4,288,000	115,000	
Capital Surplus	8,854,500	5,754,400	-3,100,100	
Waste Resources	0	500,000	500,000	
<b>Convention Center</b>	986,000	1,390,000	404,000	
Library Replacement	816,000	836,000	20,000	
Elections	96,800	100,000	3,200	
Strategic Studies	450,000	950,000	500,000	
Operating Cost Capital <sup>1</sup>	-1,094,600	0	1,094,600	
DNA	397,400	0	-397,400	
Total	20,679,100	19,818,400	-860,700	-4.2%

<sup>1</sup> In 2015-16 the Operating Cost of Capital Reserve had a budgeted contribution of \$2,305,400 and a withdrawal (to close out the reserve) of \$3.4m for a net change of (\$1,094,600).

## **Reserves Review**

- Council approved Admin Order on Reserves
   last year with new requirements and
   classifications (Opportunity, Risk, Obligation)
- During the past year, staff engaged in an extensive review of all reserves:
  - Phase 1 nearly complete:
    - Analyzing corporate risk factors
  - Phase 2:
    - Determine Number of Reserves and Reserve requirements
  - **Phase 3:** 
    - Process for new Admin Order

# Key Changes from 2015-16

#### **Other Fiscal Services:**

- Includes
  - Contingencies and allowances
    - fuel, diesel, contracts, wages
  - Grants, Tax concessions,
  - Valuation Allowance,
- Net Increase of \$4.3M

#### Expanded Services – New Assets Acquired

– Roads	24.2 km
<ul> <li>Sidewalks</li> </ul>	18.3 km
– Bike Lanes	13.0 km
- Trees	400
- Splashpads	2
– Buses	fuel, 6 operators
-IT	licenses, maintenance

#### Expanded Services – Operating Costs of New Capital

Summary of Proposed Costs To Be Added to these Business Unit:

	<u>2016-17</u>
CAO	\$ 25,000
Finance & ICT	\$1,306,800
<b>Operations Support</b>	\$ 109,800
Parks & Recreation	\$ 207,200
Planning & Development	\$ 10,000
<b>Transportation &amp; Public Works</b>	\$ 487,400
Transit	<u>\$1,126,600</u>

<u>\$3,272,800</u>

### Conclusions

- Average Residential and Commercial Taxes are flat
- Debt declines
- Capital from Operating declines
- Reserve Review well under way
- Operating Cost of Capital to be included in Budget

### **Overview**

- Current Overview
- Balancing Taxes and Services
  - Budget Direction
- Key Changes
  - Assessment and Taxes
  - Revenues
  - Debt
  - Capital from Operating
  - Reserves
- Operating Cost of Capital
- Conclusions

### **Questions and Discussion**