

HALIFAX

**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

HALIFAX

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>	<u>-518.2</u>	<u>-520.3</u>
Targeted Revenues	-\$726.6	-\$731.1	-\$722.3
(Surplus)/Deficit	\$0.0	\$18.7	\$0.0

Final Amounts still under review

Current Overview

	2015/16	2016/17	Variance	
Revenues				
Property Tax	419,559,000	426,095,500	6,536,500	
Other Revenues	<u>82,266,200</u>	<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%

Final Amounts still under review

Balancing Taxes and Services

Key Economic Assumptions

Conference Board of Canada

	Base Year	Year 1	Year 2	Year 3
	2015-16	2016-17	2017-18	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)

Direction for Budget

Average Assessments and Tax Rates

	Base Year	Year 1	
	2015-16	2016-17	
Average Assessment (Single Family Home)	\$223,700	\$225,700	} The property tax rates will be reduced to offset any assessment increase.
* Urban Tax Rate	0.820	0.813	
Average Tax Bill	\$1,835	\$1,835	

* Amount includes Urban & Transit Tax Rates

Direction for Budget

Average Assessments and Tax Rates

	Base Year	Year 1	
	2015-16	2016-17	
Average Comm'l Property (excl. 2015 bldg permits)	\$1,409,300	\$1,440,600	} The property tax rates will be reduced to offset any assessment increase.
Urban Tax Rate	2.895	2.832	
Average Tax Bill	\$40,800	\$40,800	

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**

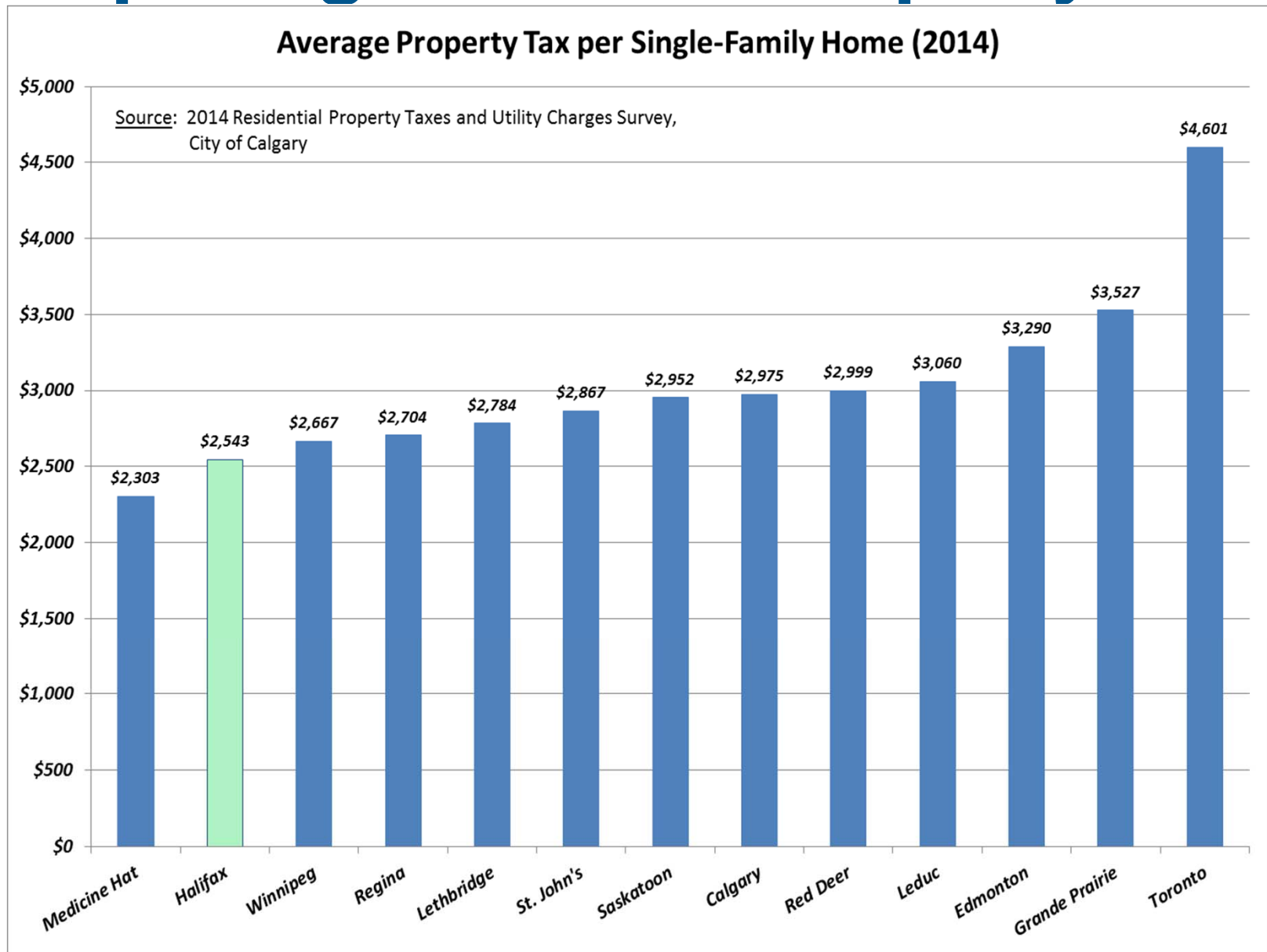
Key Changes from 2015-16

Revenue:

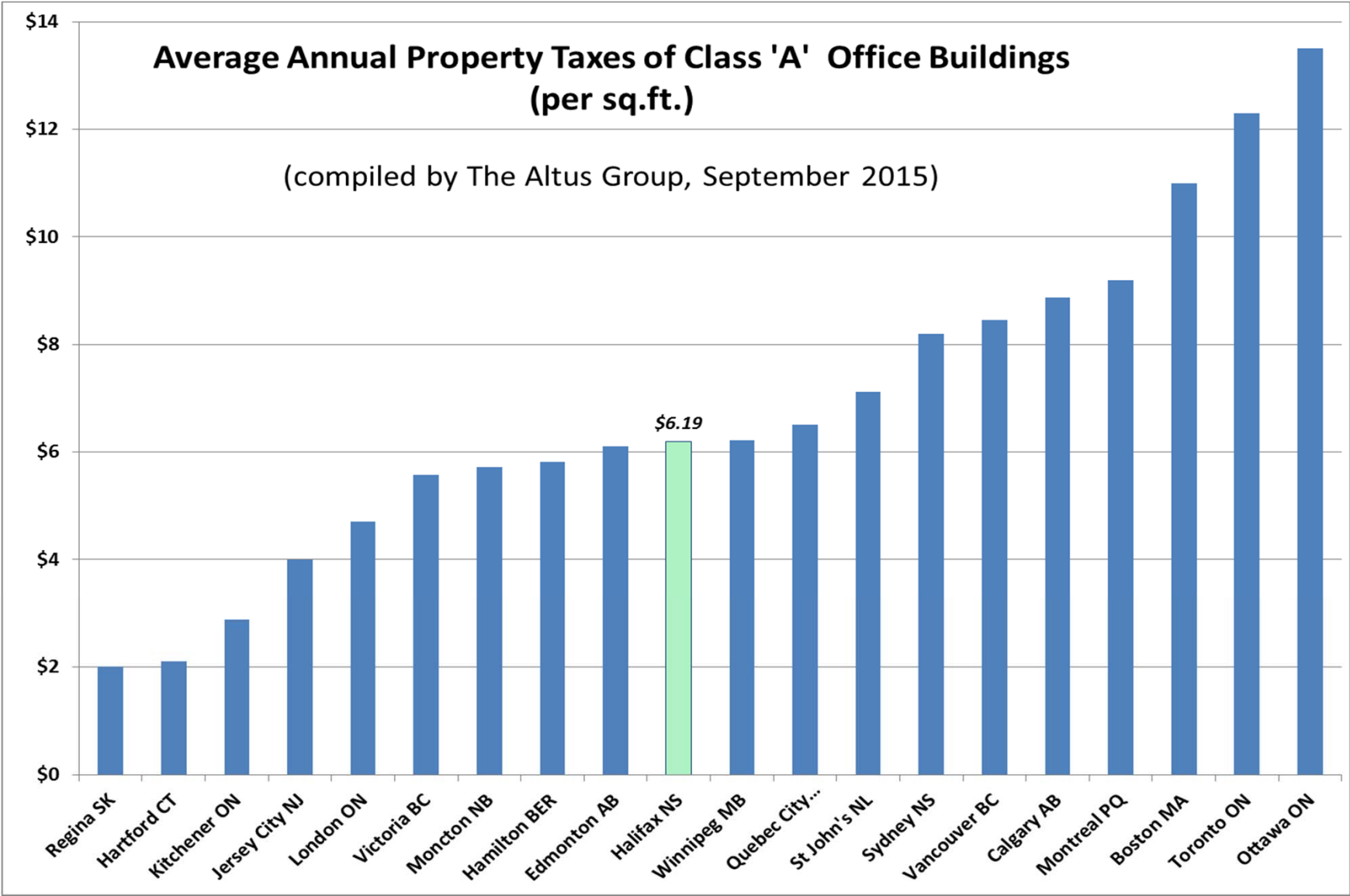
Property Tax Rate comparisons:

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

Comparing Halifax's Property Taxes



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

	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>	<u>4,663,000</u>	<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	Variance	
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	
Convention Center	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 ¹	-1,094,600	0	1,094,600	
DNA	397,400	0	-397,400	
Total	20,679,100	19,818,400	-860,700	-4.2%

¹ 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
– Sidewalks	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
Operations Support	\$ 109,800
Parks & Recreation	\$ 207,200
Planning & Development	\$ 10,000
Transportation & Public Works	\$ 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

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Questions and Discussion