



**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
September 21st, 2026, 6:00 p.m.
Council Chambers, 76 Morison Drive**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Presentation of Agenda, including additions or deletions
5. Presentation of Minutes
 - a.) July 29, 2026
6. Presentation
 - a.) Audited Financial Statements ending March 31st, 2026, from BDO Canada
7. Unfinished Business
 - a.) Citizen Submission Information Report
 - b.) Terms of Reference Revision
8. New Business
 - a.) Policy and Internal Controls – Jennifer Gilbert, Manager of Accounting and Financial Reporting
9. Directors Update
 - a.) Reminder of Audit Committee Reappointment
10. Correspondence
11. Public Comment



West Hants
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
September 21st, 2026, 6:00 p.m.
Council Chambers, 76 Morison Drive**

12. Date of Next Meeting January 2026

13. Adjournment



WEST HANTS REGIONAL MUNICIPALITY
Audit Committee Meeting Minutes
July 29th, 2026, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube

Present:	Abraham Zebian	Mayor
	Rupert Jannasch	Councillor, District 1
	Paul Wheadon	Councillor, District 4
	Jim Ivey	Councillor, District 11
	Nicole Hubley	Resident Member
	Vicki Robertson	Resident Member
	Lauchlin Mackenzie	Resident Member
	Carlee Rochon	Director of Financial Services
	Mark Phillips	Chief Administrative Officer (CAO)
	Chelsea Woodman	Admin Assistant, Financial Services

1. Call to Order – Mayor Zebian called the meeting to order at 6:05 p.m.
2. Declaration(s) of Conflict of Interest – No declarations
3. Announcements – Land acknowledgement
4. Approval of Agenda, including additions or deletion
Approved as presented.
5. Approval of June 17, 2026, Minutes, including additions or deletions
Approved as presented.
6. **Presentation**
 - a.) Audit Plan Presentation from BDO Canada

Lauren Vail thanked the committee for selecting BDO Canada to be the new auditors for West Hants and advised that they have a tight timeline this year for the audit to be completed but assured that she has a strong team to take on this process.

Purpose and Scope

- Outlining the approach, significant risks, and terms of engagement for the 2026 consolidated financial statement audit.
- The audit aims to provide reasonable assurance that the financial statements are free from material misstatement due to fraud or error.

Audit Team

- **Lauren Vail, CPA, CA:** Engagement Partner, leads the audit and is the main contact.
- **Nicole LaPorte, CPA:** Engagement Project Manager, oversees planning and field staff.
- **Ryan DeGooyer, CPA:** Senior Auditor, manages day-to-day audit execution.
- The team confirms their independence from the Municipality.

Auditor's Responsibilities

- Plan and perform the audit using risk assessment and materiality.
- Evaluate evidence for significant balances, disclosures, and estimates.
- Identify and assess fraud risks, including management override of controls.
- Communicate significant findings and any identified or suspected fraud to the Audit Committee.
- Management is responsible for preparation, internal controls, and fraud prevention/detection.

Materiality

- Overall materiality is set at \$900,000 (2.5% of budgeted revenue), with performance materiality at \$720,000 and a threshold of \$45,000.
- For the West Hants Water Utility, materiality is \$115,000 (2.5% of utility revenues).

Audit Approach and Timeline

- A combined approach is used, with reliance on control testing where possible. No issues were noted in the control environment during planning.

Key Audit Risks Identified

- Management override of control
- Recognition of taxation revenue
- Long-term debt
- Tangible capital assets
- Recognition of government transfers
- Consolidation process

- For the Water Utility: existence and valuation of utility assets, accuracy of cash, and recognition of water sales

Upcoming Changes in Financial Reporting

- Implementation of Section PS 1202 – Presentation of Financial Statements, effective for periods beginning on or after April 1, 2026.
- New requirements include a Statement of Net Financial Assets (Liabilities) and changes to how liabilities and net assets are presented.
- Disclosure is required if budget information is not prepared or approved.

Lauren Vail clarified that on a standard audit report issued fraud prevention and detection is the responsibility of management. To ensure that there are proper policies and controls in place to monitor is the responsibility of those charged with governance to make sure those policies exist and being monitored by management. The audit committee role is to understand the internal controls and make sure management is following them and that any issues are reported to the committee.

Resident member Lauchlin Mackenzie raised a question when looking at the tangible capital assets risks asking if this included deferred maintenance. Lauren replied they won't look at it in tangible capital assets instead they would investigate reserve funds.

Councillor Ivey questioned if unbilled water would be recognized as part of the audit. Lauren assured that it would be, and they would ensure that water sales are being billed as earned not necessarily when billed.

Lauren Vail concluded her presentation.

7. Unfinished Business

a.) Review of Terms of Reference

The current Terms of Reference were circulated to the committee for review and feedback for revision.

Councillor Ivey noted that the Terms of Reference circulated varied from the meeting and procedural policy, also adding that a reconciliation will need to take place including the numbers of councillors and resident members.

Director Rochon noted prior to committee and procedural policy changes the audit committee and a number of other committees had a separate policy. She offered that the policy piece was absorbed as an appendix into the committee and procedural policy, however the committee still had their own Terms of Reference. The Terms of Reference have been reviewed a few times since created in 2023. The

member and composition section will need an update. Director Rochon looked for any other feedback from the committee to revise and bring back for review.

Resident member Lauchlin Mackenzie suggested revising the section on the RFP selection process due to concerns from the committee at the last meeting. Director Rochon noted that the terms of reference were in compliance with the Municipal Government Act (MGA). The Audit Committee will review the performance of the auditors each year which is required and outlined in the Terms of Reference.

Resident member Vicki Robertson agreed with Resident member Lauchlin Mackenzie that the next RFP selection process should be handled differently. It was suggested to begin with an in-camera meeting with all the details of the recommendation to allow the committee to feel comfortable making the recommendation or choosing to select an alternative option.

Councillor Jannasch suggested changing some of the language on the Terms of Reference to help alleviate the anxiety associated with the liability and responsibilities of the committee.

Mayor Zebian felt it would be best to have the director revise the Terms of Reference to include everyone's feedback and share with the committee.

Councillor Ivey shared some concerns with the annual reviewing of the auditors noting that the committee won't be able to see anything other than the final report, which would make it difficult to review.

8. Director's Update

a.) Financial Update as of March 31st, 2026

Director Rochon reviewed the report that had been circulated and pointed out that anything in the far forecast column that is considered red is still being finalized and the numbers may change, administration work and transfers from reserves is still in progress. She noted anything highlighted in brown is over budget but explainable and has been investigated.

Key Takeaways:

- As of March 31, revenues are projected to be 3.9% above budget.
- expenses are projected to be 2.8% above budget.
- The General Fund is expected to report a surplus of approximately \$398,28.
- Since the previous reporting period, the projected surplus has remained stable, changing by less than 1% (0.9%).
- Compared with the same period ending March 31, 2025, revenues in 2026 are 0.3% lower, while expenses are 3.5% higher. J-class roads are included, which are not an owed asset of the Municipality but are used to do work on provincial roads on a cost sharing budget which runs through the transportation line, the province was billing for this years work rather than last years.

Key revenue variances include the following:

- Sewer revenue is higher than budget, consistent with metered consumption data.
- Sales of services are above budget due to increased program participation and higher community centre rental revenue.
- Services provided to other governments are above budget due to higher revenue from host Tipping fees and Circular Materials.
- Deed transfer tax revenue is above budget due to a higher volume of property sales between September and November.
- Transfers from other levels of government are above budget, mainly because additional Grant funding was received.
- Other revenue is above budget, largely due to increased interest and penalties on outstanding balances.
- Grants in Lieu funding is above budget because of the property assessment growth.

Key expenditure variances include the following:

- Environmental health services expenditures are projected to be above budget due to higher costs for sewer operations, administration, and waste collection.
- Net transfers are above budget, primarily due to a reassessment of the Asset Retirement Obligation. This increase is partially offset by lower use of the Housing Accelerator Fund and Home Flood Protection Program.
- Transportation expenditures are above budget due to higher J-Class Roads costs, which are offset by a transfer from reserves.
- Planning expenditures are below budget due to staffing changes and lower spending on Climate Action initiatives, including the Home Flood Protection Program and the Climate Action Committee work plan.

Director Rochon concluded her overview and proceeded to answer questions from the committee.

Councillor Wheadon noted that the first line in the budget showed that taxes are almost half a million dollars off budget. Director Rochon explained that this is due to assessment changes and a small estimate is done for these changes in the budget, she shared there were two significant changes in nature of their assessment and adjustment. The other part would be from adjustments done throughout the year as per PVSC.

Councillor Ivey suggested changing the report formulas to allow for an easier interpretation.

Resident member Vicki Robertson asked if the successful appeal percentage is tracked. Director Rochon responded that not many assessment appeals are received, mostly weekly assessment change reports are received from PVSC.

Resident member Lauchlin Mackenzie noted a variance in services provided to other government agencies the forecast is different than the year to date. Director Rochon shared that this area is still under investigation pending a journal entry from the courthouse. She noted that the courthouse is currently showing negative revenue due to an accrual for accounts receivable which had been reversed as of April 1st. She confirmed that the negative will disappear once the journal entry is added.

9. Correspondence
 - a.) Utility Matter
10. Public Comment

Rick Smith a resident of Windsor has raised concerns on utility matters and procurement processes. He has included in his correspondence 5 briefs relating to financial and operation issues with the water and sewer utilities. He noted his main concern is incorrect utility billing resulting in lost revenue to the Municipality. He asked the committee to review the correspondence and raise any questions.
11. Date of Next Meeting – September
12. Adjournment

The meeting was adjourned at 7:37 p.m.

X

Committee Chair

Consolidated Financial Statements of

WEST HANTS REGIONAL MUNICIPALITY

Year ended March 31, 2026

WEST HANTS REGIONAL MUNICIPALITY

Consolidated Financial Statements
Year ended March 31, 2026

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West Hants Regional Municipality

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the West Hants Regional Municipality are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Municipality. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Mayor

Chief Administrative Officer



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Halifax, Nova Scotia B3L 0B7 Canada

Independent Auditor's Report

To the Board of Directors of West Hants Regional Municipality

Opinion

We have audited the accompanying consolidated financial statements of West Hants Regional Municipality (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2026 and the consolidated statements of operations, change in net financial assets (liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at March 31, 2026, and the results of its operations, its change in net financial assets (liabilities), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 29-51 is presented for the purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the consolidated financial statements as a whole.

The consolidated financial statements of the Municipality for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 3, 2026.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, the future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Halifax, Nova Scotia
TBD

WEST HANTS REGIONAL MUNICIPALITY

Consolidated Statement of Financial Position

As at March 31, 2026

	2026	2025
Financial Assets		
Cash	\$ 23,045,294	\$ 27,244,617
Accounts receivable (net of valuation of allowance) (Note 3)	10,864,052	9,017,322
Equity in Valley Waste Resource Management	152,558	152,558
	34,061,904	36,414,497
Liabilities		
Bank indebtedness	30,000	30,000
Accounts payable	8,327,721	5,105,214
Asset retirement obligations (Note 5)	1,915,359	731,600
Deferred revenue (Note 9)	12,874,586	14,662,196
Tax sales surplus	964,745	658,795
Long-term debt (Note 4)	19,474,353	17,881,218
	43,586,764	39,069,023
Net financial liabilities	(9,524,860)	(2,654,526)
Non-financial Assets		
Tangible capital assets (Note 6)	116,719,806	102,800,196
Prepaid expenses	265,740	188,489
	116,985,546	102,988,685
Accumulated surplus	\$ 107,460,686	\$ 100,334,159

On Behalf of the Municipality:

Mayor

Chief Administrative Officer

The accompanying notes are an integral part of these financial statements.

WEST HANTS REGIONAL MUNICIPALITY

Consolidated Statement of Operations

Year ended March 31, 2026

	Budget	2026	2025
Revenues			
Taxes	\$ 31,362,873	\$ 31,890,013	\$ 28,946,097
Payments in lieu of taxes	251,659	274,198	276,114
Services provided to other governments	1,193,311	1,359,681	1,074,685
Sales of services	1,014,055	1,397,245	1,121,278
Other revenue from own sources	1,442,388	6,489,422	4,754,621
Unconditional transfers from other governments	1,723,746	1,715,063	1,722,896
Conditional transfers from Federal and Provincial governments and agencies	147,594	254,624	215,584
Gas tax transfers	-	1,272,999	867,309
Cemetery	124,607	138,620	116,926
Water rates	4,604,349	4,129,375	3,278,218
	41,864,582	48,921,240	42,373,728
Expenses			
General government services	10,895,633	11,242,796	6,671,604
Protective services	10,801,282	10,854,913	12,717,384
Transportation services	1,939,110	3,688,911	3,620,291
Environmental health services	3,882,039	4,782,089	5,224,460
Public health services	175,056	141,104	180,401
Environmental development services	2,137,180	1,773,745	1,660,994
Recreation and cultural services	3,704,138	4,781,992	4,794,994
Water treatment and distribution	3,925,970	4,546,285	4,844,211
	37,460,408	41,811,835	39,714,339
Annual surplus	4,404,174	7,109,405	2,659,389
Accumulated surplus, beginning of the year	100,351,281	100,351,281	97,691,892
Accumulated surplus, end of the year	\$ 104,755,455	\$ 107,460,686	\$ 100,351,281

The accompanying notes are an integral part of these financial statements.

WEST HANTS REGIONAL MUNICIPALITY

Consolidated Statement of Change in Net Financial Assets (Liabilities)

Year ended March 31, 2026

	Budget	2026	2025
Annual surplus	\$ 4,404,174	\$ 7,109,405	\$ 2,659,389
Acquisition of tangible capital assets	-	(18,509,003)	(12,637,146)
Revaluation of asset retirement obligations	-	(1,183,759)	-
Amortization of tangible capital assets	-	5,773,152	5,857,195
Write-down of tangible capital assets	-	-	(9,964)
	4,404,174	(6,810,205)	(4,130,526)
Change in prepaid expenses		(77,251)	22,311
Change in net financial assets (liabilities)	4,404,174	(6,887,456)	(4,108,215)
Net financial assets (liabilities), beginning of the year	(2,637,404)	(2,637,404)	1,470,811
Net financial liabilities, end of the year	\$ 1,766,770	\$ (9,524,860)	\$ (2,637,404)

The accompanying notes are an integral part of these financial statements.

WEST HANTS REGIONAL MUNICIPALITY

Consolidated Statement of Cash Flows

Year ended March 31, 2026

	2026	2025
Cash flows from (used by) operating activities		
Annual surplus	\$ 7,109,405	\$ 2,659,389
Amortization of tangible capital assets	5,773,152	5,857,195
Write-down of tangible capital assets	-	(9,964)
	12,882,557	8,506,620
Increase in accounts receivable	(1,846,730)	(1,152,502)
Increase (decrease) in accounts payable	3,222,507	(1,095,638)
(Decrease) increase in deferred revenue	(1,787,610)	1,891,643
Increase in tax sale surplus	305,950	127,784
(Increase) decrease in prepaid expenses	(77,251)	22,311
	12,699,423	8,300,218
Cash flows from (used by) capital activity		
Purchase of tangible capital assets	(18,509,003)	(12,637,146)
Cash flows from (used by) financing activity		
Proceeds from issuance of long-term debt	4,174,835	3,050,153
Repayment of long-term debt	(2,581,700)	(1,571,125)
	1,593,135	1,479,028
Decrease in cash	(4,216,445)	(2,857,900)
Cash, beginning of the year	27,261,739	30,119,639
Cash, end of the year	\$ 23,045,294	\$ 27,261,739

The accompanying notes are an integral part of these financial statements.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

1. Nature of operations and summary of significant accounting policies

The Consolidated financial statements of the West Hants Regional Municipality are prepared by management in accordance with Canadian generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The Consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the Municipality for the administration of their financial affairs and resources and which are owned or controlled by the Municipality.

Trust funds administered by the Municipality amounting to \$556,217 (2025 - \$546,825) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

Interdepartmental and organization transactions and balances have been eliminated.

(b) Basis of accounting

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Fund accounting

Funds within the Consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks, bank overdrafts, and highly liquid temporary money instruments with maturities of three months or less. Bank borrowings are considered to be financing activities.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

1. Nature of operations and summary of significant accounting policies (continued)

(e) Revenue recognition

Tax and related revenue

Property tax billings are prepared by the Municipality based on assessment issued by the Property Valuation Services Corporation. Tax rates are established annually by the Municipality during the budget approval process. Tax adjustments as a result of appeals and re-assessment are recorded when the result of the appeal is known.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Interest revenue

Interest earned on investments in the depreciation fund or on any other fund is recognized within the respective funds, unless otherwise approved by the Nova Scotia Utility and Review Board.

Other revenues

Revenue from exchange transactions is recognized when the Municipality satisfies its performance obligations by transferring promised goods or services to the customer, and the amount can be reasonably estimated. Revenue from transactions without performance obligations is recognized when the Municipality has the authority to claim or retain the related economic resources and a past transaction or event has occurred giving rise to an asset. The Municipality's revenues recognized under PS 3400 include, but are not limited to: services to other governments, sale of services, water fire protection, and other revenues.

Revenue from services and user fees is recognized as the services are rendered or the related goods are provided. Amounts received in advance of service delivery are recorded as deferred revenue and recognized as revenue in the period in which the related performance obligations are satisfied. Licence, permit, and similar fee revenues that do not contain performance obligations are recognized when the Municipality has the authority to claim or retain the revenue and the underlying transaction or event has occurred.

(f) Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

1. Nature of operations and summary of significant accounting policies (continued)

(g) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Items subject to such estimates include the useful lives of tangible capital assets, the remediation costs associated with asset retirement obligations, the valuation of pension costs, and the disclosure of contingent assets/liabilities.

(h) Financial instruments

Cash is measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position and the effective interest rate method is used to determine interest revenue or expense. Transaction costs are added to the carrying value for financial instruments measured using cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

The Municipality has no equity instruments quoted in an active market and therefore there are no remeasurement gains and losses presented in the consolidated financial statements.

(i) Allocation of municipal costs to water utility funds

Where identifiable, costs incurred by the Municipality on behalf of the Water Utility are charged to the Utility funds. Salary and wage related costs are allocated based on time spent performing functions on behalf of the Water Utility. Administration and general expenses incurred for both the Municipality and Water Utility are partially allocated to the Water Utility.

(j) Depreciation - water utility

In accordance with the Nova Scotia Utility and Review Board regulations, the depreciation expense in the Water Operating Fund is transferred to a special bank account in the Water Capital Fund which is used to help fund replacement of existing plant and equipment or, subject to approval by the Utility and Review Board, to repay the principal capital of debt.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

1. Nature of operations and summary of significant accounting policies (continued)

(k) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Contributed capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue, when fair value can be reasonably estimated.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of financial operations

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:

Assets	Rate
Land improvements	40 years
Buildings	40 years
Parks	40 years
Equipment	5-25 years
Vehicles	5 years
Roads, streets and sidewalks	30 years
Sewer system	25-50 years
Structures, improvements, and wells	20-77 years
Transmission	77 years
Distribution	77 years
Meters	20 years
Hydrants	50-77 years
Services	50 years

Tangible capital assets under construction are not amortized until construction is completed and the assets are available for use.

Additions and amortization expenses include costs related to asset retirement obligations.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

1. Nature of operations and summary of significant accounting policies (continued)

(l) Asset retirement obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date and is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(m) Equity in Valley Waste Resource Management

The Valley Region Solid Waste-Resource Management Authority is a corporate body formed under an Inter-Municipal Services Agreement including the Municipality of Annapolis County, the Municipality of the County of Kings, and the Towns of Annapolis Royal, Berwick, Kentville, Middleton, Wolfville, for the purpose of collective resource management within the region. The modified equity method is used to record the investment in Valley Regional Solid Waste-Resource Management.

(n) Liability for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. As at March 31, 2026, there are no known contaminated sites identified.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

2. Contributions to boards, regional authorities, and other entities

The West Hants Regional Municipality is required to finance the operations of numerous Boards and Regional Authorities along with other municipalities in the Annapolis Valley, to the extent of its participation determined upon assessment and/or population formula.

In addition to any budgeted contributions, the Municipality acquires the deficits or surpluses of some of these organizations based on their relevant cost-sharing percentage. The Municipality's share of any deficit is to be paid in the next fiscal year and any surpluses is to be taken into operations in the estimates of the organization in the next fiscal year.

Nova Scotia Housing Development Corporation

An amount of \$nil (2025 - \$133,565) was provided for as at March 31, 2026 as the Municipality's share of the deficit of the Nova Scotia Housing Development Corporation for the period April 1 2025 to March 31, 2026. The expense is presented in public health services expenditures.

Annapolis Valley Regional Library Board

During 2025-26, the Municipality paid \$134,400 (2025 - \$134,400) as its share in the operations of the Annapolis Valley Regional Library Board, serving Annapolis, Kings, and West Hants. The expense is presented in recreation and culture expenditures.

Annapolis Valley Regional School Board

During 2025-26, the Municipality paid \$6,276,864 (2025 - \$5,611,284) as its share in the operations of the Annapolis Valley Regional School Board, serving Annapolis, Kings, and West Hants. The expense is presented in general government expenditures.

Region 6 Solid Waste Management

During 2025-26, the Municipality paid \$27,448 (2025 - \$32,323) as its share in the operations of the Region 6 Solid Waste Management, serving West Hants, Chester, Mahone Bay, Bridgewater, Lunenburg, Queens, Shelburne, Lockeport, Barrington and Clark's Harbour. The expense is presented in environmental health services.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

3. Accounts Receivable

	Current year	Prior years	2026 Total	2025 Total
Taxes receivable				
Balance, beginning of the year	\$ -	\$ 2,987,739	\$ 2,987,739	\$ 2,271,818
Current year tax levy	31,890,013	-	31,890,013	23,608,449
	31,890,013	2,987,739	34,877,752	25,880,267
Deduct:				
Current year collections	29,899,870	1,883,293	31,783,163	23,256,244
Reduced taxes	(56,677)	-	(56,677)	(56,677)
	29,843,193	1,883,293	\$ 31,726,486	23,199,567
Total taxes receivable	\$ 2,046,820	\$ 1,104,446	\$ 3,151,266	\$ 2,680,700
Interest on taxes			-	367,177
Valuation allowance			(60,138)	(60,138)
Net taxes receivable			3,091,128	2,987,739
Water rates and sewer charges			3,446,062	1,552,558
Due from federal government and its agencies			713,590	1,118,531
Other receivables			3,613,272	3,358,494
			\$ 10,864,052	\$ 9,017,322

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

4. Long-term debt

	2026	2025
Municipal Finance Corporation, bearing interest at a variable rate from 3.123% to 4.119%, with annual principal repayments of \$15,422 plus interest, maturing in 2037.	\$ 185,057	\$ 200,479
Municipal Finance Corporation, bearing interest at a variable rate from 3.971% to 4.026%, with annual principal repayments of \$37,667 plus interest, maturing in 2026.	37,662	75,329
Municipal Finance Corporation, bearing interest at a variable rate from 2.799% to 2.925%, with annual principal repayments of \$218,603 plus interest, maturing in 2026.	218,605	437,208
Municipal Finance Corporation, bearing interest at a variable rate from 2.374% to 3.108%, with annual principal repayments of \$154,000 plus interest, maturing in 2031.	554,000	708,000
Municipal Finance Corporation, bearing interest at a variable rate from 2.892% to 3.073%, with annual principal repayments of \$59,700 plus interest, maturing in 2027.	119,400	179,100
Municipal Finance Corporation, bearing interest at a variable rate from 3.0965% to 3.501%, with annual principal repayments of \$49,944 plus interest, maturing in 2033.	\$ 898,995	\$ 948,939
Municipal Finance Corporation, bearing interest at a variable rate from 4.367% to 5.029%, with annual principal repayments of \$69,024 plus interest, maturing in 2039.	982,407	1,051,431
Municipal Finance Corporation, bearing interest at a variable rate from 1.241% to 2.378%, with annual principal repayments of \$43,334 plus interest, maturing in 2035.	433,335	476,669
Municipal Finance Corporation, bearing interest at a variable rate of 4.875%, repaid in the year.	-	70,000
Municipal Finance Corporation, bearing interest at a variable rate from 3.711% to 3.856%, with annual principal repayments of \$8,000 plus interest, maturing in 2027.	56,000	64,000

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

4. Long-term debt (continued)

	2026	2025
Municipal Finance Corporation, bearing interest at a variable rate from 3.55% to 4.448%, with annual principal repayments of \$188,717 plus interest, maturing in 2043.	3,748,470	3,937,187
Municipal Finance Corporation, bearing interest at a variable rate from 4.897% to 5.536%, with annual principal repayments of \$30,127 plus interest, maturing in 2043.	631,439	661,566
Municipal Finance Corporation, bearing interest at a variable rate from 3.428% to 4.731%, with annual principal repayments of \$126,762 plus interest, maturing in 2044.	1,871,960	1,998,722
Municipal Finance Corporation, bearing interest rate of 4.875%, repaid in the year.	-	965,300
Municipal Finance Corporation, bearing interest rate of 4.875%, repaid in the year.	-	123,093
Municipal Finance Corporation, bearing interest at a variable rate of 3.814% to 4.114% with annual principal repayments of \$4,307 plus interest, maturing in 2028.	12,916	17,223
Municipal Finance Corporation, bearing interest at a variable rate of 2.894% to 3.449% with annual principal repayments of \$11,740 plus interest, maturing in 2030.	58,700	70,440
Municipal Finance Corporation, bearing interest at a variable rate of 2.892% to 3.382% with annual principal repayments of \$181,574 plus interest, maturing in 2032.	2,178,878	2,360,452
Municipal Finance Corporation, bearing interest at a variable rate of 2.36% to 3.048% with annual principal repayments of \$10,888 plus interest, maturing in 2034.	152,422	163,310
Municipal Finance Corporation, bearing interest at a variable rate of 1.148% to 2.809% with annual principal repayments of \$91,446 plus interest, maturing in 2036.	993,671	1,085,117

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

4. Long-term debt (continued)

	2026	2025
Municipal Finance Corporation, bearing interest at a variable rate of 1.148% to 2.809% with annual principal repayments of \$7,446 plus interest, maturing in 2036.	37,259	44,705
Municipal Finance Corporation, bearing interest at a variable rate of 3.847% to 4.567% with annual principal repayments of \$30,930 plus interest, maturing in 2037.	371,162	402,092
Municipal Finance Corporation, bearing interest at a variable rate of 1.3% to 2.677% with annual principal repayments of \$83,676 plus interest, maturing in 2036.	1,757,180	1,840,856
Municipal Finance Corporation, bearing interest at a variable rate of 2.72% to 4.874% with annual principal repayments of \$305,467 plus interest, maturing in 2045.	3,611,434	-
Municipal Finance Corporation, bearing interest at a variable rate of 2.511% to 3.872% with annual principal repayments of \$43,440 plus interest, maturing in 2035.	563,401	-
	\$ 19,474,353	\$ 17,881,218

All long-term debt outstanding has been authorized by Nova Scotia Department of Municipal Affairs.

Principal repayments required during the next five years are as follows:

2027 - \$1,633,291
 2028 - \$1,299,936
 2029 - \$1,240,234
 2030 - \$1,231,754
 2031 - \$1,220,919

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

5. Asset Retirement Obligation

a) Well obligation

The Municipality owns a water hauler well, which will need to be decommissioned and properly capped following the Nova Scotia Water Well Decommissioning Guidelines. The liability for the closure of this well and post-closure care has been recognized as an asset retirement obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the well. Estimated costs at retirement of \$5,000.

b) Asbestos obligation

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building or to meet environmental standards, and therefore there is a legal obligation for the removal of these contaminants on the decommissioning. As a result, the Municipality recognized an obligation relating to the decommissioning and remediation of contaminants. The buildings have estimated useful lives ranging between 15 to 20 years. Estimated costs have been re-calculated using a range of \$42 (2025 - \$15) per square foot for asbestos removal, totalling estimated costs at retirement of \$2,039,480 (2025 - \$726,600).

Annually the Municipality will revalue the obligation and when applicable record the increase, following the cost escalation method. Changes to the asset retirement obligation in the year are as follows:

	Asbestos removal	Well remediation	2026 Total
Opening balance	\$ 726,600	\$ 5,000	\$ 731,600
Accretion expense	52,033	-	52,033
Current year change in estimate	1,131,726	-	1,131,726
Closing balance	1,910,359	5,000	1,915,359

The Municipality's reserve fund is \$942,325 and they plan to fund the ARO reserve at a value of \$558,060 per year for the following next two years.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

6. Tangible Capital Assets

General Capital Fund and Cemetery Fund	Land	Parks	Buildings	Vehicles & equipment	Sewer	Roads, Streets & Sidewalks	Assets under Construction	2026 Total
Cost:								
Balance, beginning of year	\$ 3,968,123	\$ 2,847,027	\$ 42,416,923	\$ 22,610,525	\$ 26,399,954	\$ 25,680,263	\$ 1,445,732	\$125,368,547
Additions	-	1,100,678	1,600,241	717,511	1,087,929	1,792,973	7,474,681	13,774,013
Disposals/Reallocations	-	-	-	(812,409)	-	-	(1,445,732)	(2,258,141)
Balance, end of year	3,968,123	3,947,705	44,017,164	22,515,627	27,487,883	27,473,236	7,474,681	36,884,419
Accumulated amortization:								
Balance, beginning of year	-	576,056	10,407,834	14,082,321	11,525,497	9,973,805	-	46,565,513
Amortization expense	-	97,331	1,061,680	1,905,599	687,742	866,128	-	4,618,480
Disposals	-	-	-	(812,409)	-	-	-	(812,409)
Balance, end of year	-	673,387	11,469,514	15,175,511	12,213,239	10,839,933	-	50,371,584
Net book value	\$ 3,968,123	\$ 3,274,318	\$32,547,650	\$ 7,340,116	\$15,274,644	\$16,633,303	\$ 7,474,681	\$86,512,835

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

6. Tangible Capital Assets (continued)

General Capital Fund and Cemetery Fund	Land	Parks	Buildings	Vehicles & equipment	Sewer	Roads, Streets & Sidewalks	Assets under Construction	2025 Total
Cost:								
Balance, beginning of year	\$ 3,944,639	\$ 2,782,453	\$ 41,909,366	\$ 19,128,778	\$ 25,969,912	\$ 21,858,508	\$ 1,935,561	\$117,529,217
Additions	23,484	64,574	507,557	3,510,204	430,042	3,811,110	1,445,732	9,792,703
Disposals/Adjustments	-	-	-	(28,457)	-	10,645	(1,935,561)	(1,953,373)
Balance, end of year	3,968,123	2,847,027	42,416,923	22,610,525	26,399,954	25,680,263	1,445,732	125,368,547
Accumulated amortization:								
Balance, beginning of year	-	505,291	9,329,141	11,910,905	10,888,104	9,130,800	-	41,764,241
Amortization expense	-	70,765	1,078,693	2,182,799	637,393	831,622	-	4,801,272
Disposals/Adjustments	-	-	-	(11,383)	-	11,383	-	-
Balance, end of year	-	576,056	10,407,834	14,082,321	11,525,497	9,973,805	-	46,565,513
Net book value	\$ 3,968,123	\$ 2,270,971	\$ 32,009,089	\$ 8,528,204	\$ 14,874,457	\$ 15,706,458	\$ 1,445,732	\$ 78,803,034

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

6. Tangible Capital Assets (continued)

Water Capital March 31, 2026	Land and land rights	Structures	Plants & equipment	Mains	Meters & Hydrants	Services & Other assets	Assets under Construction	Total
Cost:								
Balance, beginning of year	\$ 695,884	\$ 10,887,430	\$ 3,327,858	\$ 13,277,862	\$ 1,845,117	\$ 1,282,661	\$ 3,683,404	\$35,000,216
Additions	-	1,512,530	77,037	804,479	97,933	130,031	8,425,875	11,047,885
Disposals/Adjustments	-	-	-	-	-	-	(3,683,404)	(3,683,404)
Balance, end of year	695,884	12,399,960	3,404,895	14,082,341	1,943,050	1,412,692	8,425,875	42,364,697
Accumulated amortization:								
Balance, beginning of year	-	4,488,891	1,610,991	3,260,763	1,176,168	466,241	-	11,003,054
Amortization expense	-	373,547	453,140	187,643	79,759	60,583	-	1,154,672
Disposals/Adjustments	-	-	-	-	-	-	-	-
Balance, end of year	-	4,862,438	2,064,131	3,448,406	1,255,927	526,824	-	12,157,726
Net book value	\$ 695,884	\$ 7,537,522	\$ 1,340,764	\$10,633,935	\$ 687,123	\$ 885,868	\$ 8,425,875	\$30,206,971

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

6. Tangible Capital Assets (continued)

Water Capital March 31, 2025	Land and land rights	Structures	Plants & equipment	Mains	Meters & Hydrants	Services & Other assets	Assets under Construction	Total
Cost:								
Balance, beginning of year	\$ 695,884	\$ 7,325,667	\$ 5,880,552	\$ 13,171,131	\$ 1,822,202	\$ 1,262,882	\$ 44,082	\$ 30,202,400
Additions	-	590,364	418,705	501,072	22,915	35,448	3,683,404	5,251,908
Disposals/Adjustments	-	2,971,399	(2,971,399)	(394,341)	-	(15,669)	(44,082)	(454,092)
Balance, end of year	695,884	10,887,430	3,327,858	13,277,862	1,845,117	1,282,661	3,683,404	35,000,216
Accumulated amortization:								
Balance, beginning of year	-	2,673,721	2,681,666	3,093,542	1,101,305	406,861	-	9,957,095
Amortization expense	-	303,114	441,381	177,185	74,863	59,380	-	1,055,923
Disposals/Adjustments	-	1,512,056	(1,512,056)	(9,964)	-	-	-	(9,964)
Balance, end of year	-	4,488,891	1,610,991	3,260,763	1,176,168	466,241	-	11,003,054
Net book value	\$ 695,884	\$ 6,398,539	\$ 1,716,867	\$ 10,017,099	\$ 668,949	\$ 816,420	\$ 3,683,404	\$ 23,997,162

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

7. Rate of return on rate base

For the year ended March 31, 2026, the Water Utility had a rate of return on rate base of 3.09% (2025 - 0.05%). The rate of return is calculated using the amortization approved by the Nova Scotia Regulatory and Appeals Board.

8. Disclosure of Remuneration

The total remuneration paid to each member of Municipal Council and to the Chief Administrative Officer is as follows:

	Salary	Expenses
Mayor Abraham Zebian	\$ 75,116	\$ 956
Councillor District #1	40,547	1,660
Councillor District #2	40,489	1,023
Councillor District #3	40,547	1,315
Councillor District #4	40,547	-
Councillor District #5	44,622	-
Councillor District #6	40,547	-
Councillor District #7	40,547	2,319
Councillor District #8	40,547	-
Councillor District #9	40,547	-
Councillor District #10	40,547	-
Councillor District #11	37,454	-
	522,057	7,273
Chief Administrative Officer	217,551	3,703

9. Deferred revenue

	2026	2025
Tax and user charges	449,085	154,807
Property taxes	1,387,792	1,148,178
Canada Community Building Fund	5,647,008	6,835,303
Provincial grants	4,454,230	4,454,230
Other	936,471	2,069,678
	12,874,586	14,662,196

Tax and user charges represent funds collected for which the related services have yet to be performed.

Canada Community Building Fund represents funds received from the Federal Government that have not yet been used to fund eligible projects under the terms of the Gas Tax Agreement.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

10. Pension plans

a) Defined contribution plan

The Municipality provides its employees with a defined contribution pension plan. The Municipality will match the employees contribution up to a maximum of 6%. During the year the Municipality contributed \$660,766 (2025 - \$465,900).

b) Defined benefit plan

The Municipality provides a pension to the surviving spouses of retired Municipal clerks and uses the accrual method of accounting. The Municipality estimates its obligation to the retired clerk based on estimated life expectancy and future inflation rate of 2%. During the year the total pension costs were \$40,152 (2025 - \$50,085)

11. Financial Instrument Risk Management

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of the Municipality's financial instruments best represents the maximum exposure to credit risk. The Municipality manages its credit risk by providing allowances for potentially uncollectible accounts receivable. The risk has not increased from the prior year.

As at March 31	2026			2025		
	Accounts receivable	Impairment allowance	Total	Accounts receivable	Impairment allowance	Total
Current	\$ 9,819,744	\$ -	\$9,819,744	\$ 8,302,604	\$ -	\$ 8,302,604
1 to 2 years	552,221	-	552,221	399,730	-	399,730
2 to 3 years	68,987	-	68,987	94,869	-	94,869
Over 3 years	483,237	(60,138)	423,099	280,257	(60,138)	220,119
	<u>\$10,924,189</u>	<u>\$ (60,138)</u>	<u>\$0,864,051</u>	<u>\$ 9,077,460</u>	<u>\$ (60,138)</u>	<u>\$ 9,017,322</u>

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

11. Financial Instrument Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting its obligations associated with financial liabilities. The Municipality enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Municipality manages liquidity risk by monitoring forecasted and actual cash flows. Liquidity risk has increased during the year due to the increase in net financial liabilities.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Current	Due within 1 year	Due within 2 to 5 years	Thereafter	Total
Bank indebtedness	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Accounts payable	8,327,721	-	-	-	8,327,721
Tax sales surplus	964,745	-	-	-	964,745
Long-term debt	-	1,633,291	4,992,843	12,848,219	19,474,353
	\$ 9,322,466	\$ 1,633,291	\$ 4,992,843	\$ 12,848,219	\$ 28,796,819

12. Operating budget data

The unaudited operating budget data presented in these consolidated financial statements is based upon the 2025 - 2026 budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget
Approved budget deficit for the year	\$ (5,876)
Budget adjustments:	
Other transfers	1,828,350
Debt principal repayments	2,581,700
Total PSAS adjustments	4,410,050
PSAS adjusted budget surplus	\$ 4,404,174

13. Comparative information

The comparative figures have been reclassified to conform to the current year's presentation.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

14. Segmented Information

The West Hants Regional Municipality is a municipal unit that provides a wide range of services to its residents. The Municipality's operations and activities are organized and reported by fund for the purpose of recording specific activities to meet objectives as outlined by legislation, special regulation, or other limitations and restrictions. Services are provided by department and their activity is reported in these funds.

General government services

Legislative: The council serves as elected representatives of the West Hants Regional Municipality. It facilitates the decision-making process. In this role it formulates policy and provides strategic direction to guide the Chief Administrative Officer.

Administrative: This department is responsible for financial and local government administration. Functions include budget and financial statement preparation, tax collection, the Municipal Government Act administration, and accounts payable and receivable.

Protection services

The Municipality contracts with the Royal Canadian Mounted Police for police services. Fire protection is provided by grants to fire departments throughout the Municipality. The Municipality supplies animal control services through this department.

Transportation services

Transportation services provides the administration and provision of engineering and public works, and street lighting.

Environmental health services

Environmental health services provides for sewage collection and treatment, solid waste collection and recycling.

Public health services

Public health services includes cemetery expenditures.

Environmental development services

Environmental planning and zoning administers policy and enforces codes, by-laws, and regulations pertaining to the Municipal Planning Strategy.

Recreation and cultural services

Recreation and cultural services is responsible for promoting and offering opportunities and activities to residents.

Water treatment and distribution

The water utilities provides the delivery of drinking water through supply, pumping, treatment and distribution to its users.

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

15. Consolidated schedule of operations by segment

March 31, 2026	General government	Protective services	Transportation services	Environmental health services	Public health services	Environmental development	Recreation and cultural services	Water utility	Total
Revenue									
Taxes	\$ 28,870,051	\$ -	\$ -	\$ 2,909,563	\$ -	\$ -	\$ 110,399	\$ -	\$ 31,890,013
Grants in lieu of taxes	274,198	-	-	-	-	-	-	-	274,198
Services provided to other governments	-	320,823	-	1,038,858	-	-	-	-	1,359,681
Sale of services	364,779	-	-	-	-	-	1,032,466	-	1,397,245
Revenue from own sources	6,289,750	-	-	-	-	7,763	191,909	-	6,489,422
Unconditional government transfers	1,715,063	-	-	-	-	-	-	-	1,715,063
Conditional government transfers and gas tax	1,527,623	-	-	-	-	-	-	-	1,527,623
Water rates	-	-	-	-	-	-	-	4,129,375	4,129,375
Other	-	-	-	-	138,620	-	-	-	138,620
	39,041,464	320,823	-	3,948,421	138,620	7,763	1,334,774	4,129,375	48,921,240
Expenditures									
Personnel costs	2,305,904	904,572	948,064	871,251	61,827	1,083,649	1,964,285	1,477,576	9,617,128
Operating costs	7,820,110	8,262,389	1,301,059	3,071,549	71,031	678,355	1,833,309	1,865,044	24,902,846
Amortization	421,160	1,356,158	1,134,869	745,535	8,246	11,741	940,771	1,154,672	5,773,152
Other	695,622	131,318	7,550	13,924	-	-	-	-	848,414
Interest	-	200,476	297,369	79,830	-	-	43,627	48,993	670,295
	11,242,796	10,854,913	3,688,911	4,782,089	141,104	1,773,745	4,781,992	4,546,285	41,811,835
Surplus (deficit)	\$ 27,798,668	\$(10,534,090)	\$ (3,688,911)	\$ (833,668)	\$ (2,484)	\$ (1,765,982)	\$ (3,447,218)	\$ (416,910)	\$ 7,109,405

WEST HANTS REGIONAL MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended March 31, 2026

15. Consolidated schedule of operations by segment (continued)

March 31, 2025	General government	Protective services	Transportation services	Environmental health services	Public health services	Environmental development	Recreation and cultural services	Water utility	Total
Revenue									
Taxes	\$ 26,484,652	\$ -	\$ -	\$ 2,356,886	\$ -	\$ -	\$ 104,559	\$ -	\$ 28,946,097
Grants in lieu of taxes	275,939	175	-	-	-	-	-	-	276,114
Services provided to other governments	92,793	171,355	-	827,675	-	-	-	-	1,091,823
Sale of services	160,790	-	754	-	-	-	925,474	-	1,087,018
Revenue from own sources	2,758,220	-	-	-	-	-	-	-	2,758,220
Unconditional government transfers	1,722,896	-	-	-	-	-	-	-	1,722,896
Conditional government transfers and gas tax	1,082,893	-	-	-	-	-	-	-	1,082,893
Water rates	-	-	-	-	-	-	-	3,278,218	3,278,218
Other	1,998,968	-	-	-	114,359	-	-	-	2,113,327
	34,577,151	171,530	754	3,184,561	114,359	-	1,030,033	3,278,218	42,356,606
Expenditures									
Personnel costs	2,005,982	750,127	731,813	881,313	71,970	914,727	1,886,441	1,518,225	8,760,598
Operating costs	4,133,890	9,273,481	1,590,751	3,242,653	100,185	734,526	1,749,603	2,129,676	22,954,765
Amortization	488,300	1,644,706	1,027,988	690,455	8,246	11,741	929,836	1,055,922	5,857,194
Other	42,240	784,758	174,936	319,817	-	-	139,114	110,248	1,571,113
Interest	1,192	264,312	94,803	90,222	-	-	90,000	30,140	570,669
	6,671,604	12,717,384	3,620,291	5,224,460	180,401	1,660,994	4,794,994	4,844,211	39,714,339
Surplus (deficit)	\$ 27,905,547	\$(12,545,854)	\$ (3,619,537)	\$ (2,039,899)	\$ (66,042)	\$ (1,660,994)	\$ (3,764,961)	\$ (1,565,993)	\$ 2,642,267

Non-consolidated Supplementary Financial Information of:

**WEST HANTS REGIONAL
MUNICIPALITY**

Year ended March 31, 2026
(Unaudited)

WEST HANTS REGIONAL MUNICIPALITY

General Operating Fund
Non-consolidated Balance Sheet

As at March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 4,926,228	\$ 3,583,243
Taxes receivable	3,092,402	2,989,012
Sewer rates receivable	791,848	617,050
Due from Province of Nova Scotia	6,716	6,716
Due from other local governments	27,398	27,398
Other accounts receivable	2,399,017	2,095,193
Harmonized sales tax	713,590	1,118,531
Due from		
General capital	25,506,272	20,519,256
Water capital	7,203,478	3,708,277
Due from perpetual care	2,816	2,816
Prepaid expenses	260,440	183,189
	44,930,205	34,850,681
Liabilities		
Bank indebtedness	30,000	30,000
Accounts Payable and Accrued Liabilities	7,873,047	4,680,655
Due to Region 6 Waste Management	190,680	98,273
Due to trust funds	4,280	4,280
Due to		
Capital reserve	15,546,307	13,617,875
Special reserve	5,975,737	3,425,095
Water operating	1,189,242	488,053
Hantsport cemetery	279,292	224,726
Operating reserve	10,260,941	6,360,752
Deferred revenue	2,466,977	2,288,403
Tax sale surplus	964,745	658,795
	44,781,248	31,876,907
Fund balance	148,957	2,973,774
Total liabilities and fund balance	\$ 44,930,205	\$ 34,850,681

WEST HANTS REGIONAL MUNICIPALITY

General Operating Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026

(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Revenue			
Taxes	\$ 31,362,873	\$ 31,890,013	\$ 28,946,097
Grants in lieu of taxes	251,659	274,198	276,114
Services to other governments	1,193,311	1,359,681	1,638,661
Sales of services	1,008,055	1,389,483	1,115,263
Other revenue from own sources	1,448,388	2,430,211	1,184,487
Unconditional transfers	1,723,746	1,715,063	1,722,896
Conditional transfers from federal or provincial	147,594	254,624	215,584
	37,135,626	39,313,273	35,099,102
Expenses			
General government services	4,454,163	4,454,163	3,992,564
Protective services	10,803,579	10,829,881	9,914,861
Transportation services	1,939,110	2,256,673	2,821,722
Environmental health services	4,091,406	4,464,441	4,045,064
Public health services	141,057	141,057	133,565
Environmental development services	2,137,180	1,762,004	1,649,253
Recreation	3,704,138	3,797,594	3,556,526
Interest on long-term debt	609,084	630,414	540,529
Appropriation to school board	6,278,180	6,276,864	5,611,284
	34,157,897	34,613,091	32,265,368
Excess of revenue over expenses	2,977,729	4,700,182	2,833,734
Debenture principal instalments	(2,337,423)	(2,293,965)	(1,460,865)
Net transfer from (to) own reserves	(567,626)	(2,257,261)	27,103
Change in fund balance	72,680	148,956	1,399,972
Opening fund balance	2,910,228	2,910,228	1,510,256
Opening surplus transferred to operating reserve	\$ -	(2,910,227)	-
Closing fund balance	\$ 2,982,908	\$ 148,957	\$ 2,910,228

WEST HANTS REGIONAL MUNICIPALITY

General Capital Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 686,605	\$ 1,195,000
Receivables	1,078,943	1,188,246
Due from		
Capital reserves	8,152,539	6,175,732
Operating reserves	2,339,023	1,106,884
Water operating	-	6,024
Water capital	267,720	-
Special reserves	8,510,009	5,933,552
Property and equipment, at cost	136,666,149	125,325,957
Accumulated amortization	(50,372,056)	(46,565,513)
Investment in Valley Waste Resource Management	152,558	152,558
	\$ 107,481,490	\$ 94,518,440
Liabilities		
Payables and accruals	287,823	142,225
Due to		
Municipal operating	25,506,272	20,519,256
Water capital	-	15,215
Deferred revenue	1,362,566	1,339,448
Asset retirement obligations	1,910,359	726,600
Long-term debt	17,746,280	16,271,547
	46,813,300	39,014,291
Investment in capital assets	60,668,190	55,504,149
Total liabilities and investment in capital assets	\$ 107,481,490	\$ 94,518,440

WEST HANTS REGIONAL MUNICIPALITY

General Capital Fund

Non-consolidated Statement of Investment in Capital Assets

Year ended March 31, 2026

(Unaudited)

	2026	2025
Balance, beginning of year	\$ 55,504,149	\$ 53,867,455
Add:		
Capital additions	12,328,281	7,839,330
Repayment of debt	2,287,092	1,460,865
Grants	-	1,900,274
Interest and other revenue	-	37,931
Insurance proceeds	-	86,127
Proceeds from disposal of assets	-	10,000
Transfers and others	(1,221,418)	(2,464,554)
Less:		
Proceeds of long-term debt	(3,611,434)	(2,432,007)
Amortization	(4,618,480)	(4,801,272)
	5,164,041	1,636,694
Balance, end of year	\$ 60,668,190	\$ 55,504,149

WEST HANTS REGIONAL MUNICIPALITY

West Hants Water Utility Operating Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 512,692	\$ 2,073,340
Receivables (net of allowance \$21,950)	2,652,939	934,235
Prepays	5,300	5,300
Due from		
General operating	1,189,242	488,053
	4,360,173	3,500,928
Liabilities		
Payables and accruals	270,211	244,989
Deferred revenue	36,560	36,365
Due to		
General capital	-	6,024
Water capital	2,367,574	1,805,220
Operating reserves	10,000	10,000
Reserves for future expenditures	142,362	132,362
	2,826,707	2,234,960
Fund balance	1,533,466	1,265,968
Total liabilities and fund balance	\$ 4,360,173	\$ 3,500,928

WEST HANTS REGIONAL MUNICIPALITY

West Hants Water Utility Operating Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026

(Unaudited)

	2026	2025
Operating revenue		
Revenue from water rates	\$ 2,544,260	\$ 2,095,247
Flat rate sales	1,462,661	1,191,514
Water supply for fire protection	1,563,926	1,199,977
Sprinkler service	7,950	7,164
Interest	30,374	49,732
Other	29,298	79,295
	5,638,469	4,622,929
Operating expenses		
Source of supply	14,903	208,154
Water treatment	1,209,251	1,075,770
Transmission and distribution	1,768,117	1,627,233
Administration and general	605,917	573,228
Taxes	78,946	72,502
Depreciation	1,154,672	1,055,922
	4,831,806	4,612,809
Net operating revenue	806,663	10,120
Non-operating expenditures		
Capital expenditures out of revenue	201,550	71,012
Principal LTD	287,735	110,248
Interest on LTD	39,880	30,140
Transfer to reserves	10,000	20,000
	539,165	231,400
Change in fund balance	267,498	(221,280)
Opening fund balances	1,265,968	1,487,248
Closing fund balance	\$ 1,533,466	\$ 1,265,968

WEST HANTS REGIONAL MUNICIPALITY

West Hants Water Utility Capital Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 3,296,060	\$ 926,520
Cash - depreciation	414,973	2,229,782
Receivables	4,204	4,204
Due from		
General capital	-	15,215
Special reserves	564,668	425,453
Water operating	2,367,574	1,805,220
Operating reserves	12,885	-
Capital assets at cost	42,364,692	35,000,216
Accumulated amortization	(12,157,724)	(11,003,054)
	36,867,332	29,403,556
Liabilities		
Payables and accruals	39,419	39,910
Deferred government assistance	4,159,387	4,159,387
Asset retirement obligations	5,000	5,000
Nova Scotia Municipal Finance Corporation	1,728,080	1,609,671
Due to		
General operating	7,203,478	3,708,277
General capital	267,720	-
Reserves	2,754,457	-
	16,157,541	9,522,245
Fund balance	20,709,791	19,881,311
Total liabilities and fund balance	\$ 36,867,332	\$ 29,403,556

WEST HANTS REGIONAL MUNICIPALITY

West Hants Water Utility Capital Fund

Non-consolidated Statement of Investment in Capital Assets

Year ended March 31, 2026

(Unaudited)

	2026	2025
Balance, beginning of year	\$ 19,881,311	\$ 19,355,038
Add:		
Capital additions	7,364,481	4,797,816
Repayment of debt	287,735	110,248
Less:		
Proceeds of long-term debt	(406,144)	(618,146)
Transfers and others	(5,263,394)	(2,707,722)
Amortization	(1,154,198)	(1,055,923)
	828,480	526,273
Balance, end of year	\$ 20,709,791	\$ 19,881,311

WEST HANTS REGIONAL MUNICIPALITY

Operating Reserves Fund Non-consolidated Balance Sheet

Year ended March 31, 2026
(Unaudited)

	2026	2025
Assets		
Cash	\$ 3,047,793	\$ 3,852,888
PACE program receivable	289,136	136,472
Due from		
General operating	10,260,941	6,360,752
West Hants water operating	10,000	10,000
Special reserves	469,074	419,766
	14,076,944	10,779,878
Liabilities		
Due to		
General capital	2,339,024	1,106,884
Capital reserves	812,413	789,328
Water capital	12,885	-
	3,164,322	1,896,212
Fund balance	10,912,622	8,883,666
Total liabilities and fund balances	\$ 14,076,944	\$ 10,779,878

WEST HANTS REGIONAL MUNICIPALITY

Operating Reserves Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026
(Unaudited)

	Sewer reserve	Carryover reserve	Region operating reserve	West Hants operating reserve	Windsor operating reserve	Equipment reserve	Landfill reserve	Brought forward
Revenue								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	18,300	135,211	-	-	-	-	153,511
	-	18,300	135,211	-	-	-	-	153,511
Expenditures								
Contributions	-	-	163,527	-	-	-	-	163,527
Net revenue	-	18,300	(28,316)	-	-	-	-	(10,016)
Financing and transfers	(242)	(108,555)	2,969,359	(46,058)	(924,063)	(22,844)	(692)	1,866,905
Change in fund balance	(242)	(90,255)	2,941,043	(46,058)	(924,063)	(22,844)	(692)	1,856,889
Opening fund balance	242	1,548,319	1,807,922	2,383,550	924,063	22,844	692	6,687,632
Closing fund balance	\$ -	\$ 1,458,064	\$ 4,748,965	\$ 2,337,492	\$ -	\$ -	\$ -	\$ 8,544,521

WEST HANTS REGIONAL MUNICIPALITY

Operating Reserves Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026
(Unaudited)

	Swimming Pool reserve	Hantsport snow removal reserve	RCMP operating reserve	Acquisition of land	Election reserve	5% res land & improvement reserve	Open space (Brison) reserve	Brought forward
Revenue								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Expenditures								
Contributions	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net revenue	-	-	-	-	-	-	-	-
Financing and transfers	-	(27,105)	(219,270)	117,848	50,000	-	45,885	(32,642)
Change in fund balance	-	(27,105)	(219,270)	117,848	50,000	-	45,885	(32,642)
Opening fund balance	68,518	27,105	1,284,108	303,252	-	30,916	(45,885)	1,668,014
Closing fund balance	\$ 68,518	\$ -	\$ 1,064,838	\$ 421,100	\$ 50,000	\$ 30,916	\$ -	\$ 1,635,372

WEST HANTS REGIONAL MUNICIPALITY

Operating Reserves Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026
(Unaudited)

	Fire equipment reserve	Boundary reserve	General fund snow removal reserve	Sports Complex reserve	Interest earned	Balance brought forward	2026	2025
Revenue								
Interest	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ 89,110	\$ 117,744
Other	38,348	-	-	-	-	153,511	191,859	10,000
	38,348	-	-	-	89,110	153,511	280,969	127,744
Expenditures								
Contributions	-	-	-	-	-	163,527	163,527	150,000
Net revenue	38,348	-	-	-	89,110	(10,016)	117,442	(22,256)
Financing and transfers	82,852	12,250	(17,851)	-	-	1,834,263	1,911,514	(458,815)
Change in fund balance	121,200	12,250	(17,851)	-	89,110	1,824,247	2,028,956	(481,071)
Opening fund balance	75,625	36,750	17,851	2,000	395,794	8,355,646	8,883,666	9,364,737
Closing fund balance	\$ 196,825	\$ 49,000	\$ -	\$ 2,000	\$ 484,904	\$ 10,179,893	\$10,912,622	\$ 8,883,666

WEST HANTS REGIONAL MUNICIPALITY

Capital Reserves Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 1,283,589	\$ 1,944,061
Due from		
Municipal operating	15,546,307	13,617,875
Operating reserves	812,413	789,328
	17,642,309	16,351,264
Liabilities		
Due to		
General capital	8,152,539	6,175,732
Cemetery	167,927	167,927
Special reserves	4,939,692	4,939,692
	13,260,158	11,283,351
Fund balance	4,382,151	5,067,913
Total liabilities and fund balance	\$ 17,642,309	\$ 16,351,264

WEST HANTS REGIONAL MUNICIPALITY

Capital Reserves Fund
Non-consolidated Schedule of Operations

Year ended March 31, 2026
(Unaudited)

	Building reserve	Transportation reserve	Vehicle reserve	West Hants sewer reserve	Windsor sewer reserve	Windsor fire reserve	Sale of land reserve	West Hants equipment reserve	Balance forward
Revenue									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-	-
Expenditures									
Contributions	-	-	-	-	-	-	-	-	-
Net revenue	-	-	-	-	-	-	-	-	-
Financing and transfers	(40,073)	-	206,152	(702,152)	(341,423)	(50,702)	-	23,002	(905,196)
Change in fund balance	(40,073)	-	206,152	(702,152)	(341,423)	(50,702)	-	23,002	(905,196)
Opening fund balance	768,712	183,388	64,627	1,704,393	427,003	219,582	274,355	-	3,642,060
Closing fund balance	\$ 728,639	\$ 183,388	\$ 270,779	\$ 1,002,241	\$ 85,580	\$ 168,880	\$ 274,355	\$ 23,002	\$ 2,736,864

WEST HANTS REGIONAL MUNICIPALITY

Capital Reserves Fund
Non-consolidated Schedule of Operations (continued)

Year ended March 31, 2026
(Unaudited)

	Road infrastructure reserve	Windsor equipment reserve	Recreation reserve	Capital reserve	Hantsport fire reserve	Interest earned	Balance forward	2026	2025
Revenue									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,527	\$ -	\$ 39,527	\$ 115,741
Other	-	-	-	68,661	-	-	-	68,661	252,885
	-	-	-	68,661	-	39,527	-	108,188	368,626
Expenditures									
Contributions	-	-	-	-	-	-	-	-	95,049
Net revenue	-	-	-	68,661	-	39,527	-	108,188	273,577
Financing and transfers	111,246	-	-	-	(19,294)	19,294	(905,196)	(793,950)	18,434
Change in fund balance	111,246	-	-	68,661	(19,294)	58,821	(905,196)	(685,762)	292,011
Opening fund balance	809,739	35,667	215,633	(66,558)	19,719	411,653	3,642,060	5,067,913	4,775,902
Closing fund balance	\$ 920,985	\$ 35,667	\$ 215,633	\$ 2,103	\$ 425	\$ 470,474	\$ 2,736,864	\$ 4,382,151	\$ 5,067,913

WEST HANTS REGIONAL MUNICIPALITY

School Capital Fund Assets Non-consolidated Balance Sheet

Year ended March 31, 2026, with comparative figures for 2025

(Unaudited)

	2026	2025
Assets		
Falmouth District School	\$ 277,199	\$ 277,199
School bus garage	407,273	407,273
	684,472	684,472
Accumulated amortization	(684,472)	(684,472)
	-	-
Fund balance	\$ -	\$ -

WEST HANTS REGIONAL MUNICIPALITY

Cemetery Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 55,524	\$ 53,878
Land	42,591	42,591
Due from		
Capital reserves	167,927	167,927
General capital	279,292	224,726
Perpetual care	2	2
	545,336	489,124
Liabilities		
Due to special reserves	167,927	167,927
Deferred revenue	1,000	1,000
Fund balance	376,409	320,197
Total liabilities and fund balance	\$ 545,336	\$ 489,124

WEST HANTS REGIONAL MUNICIPALITY

Cemetery Fund

Non-consolidated Schedule of Operations

Year ended March 31, 2026

(Unaudited)

	2026	2025
Revenue		
Operating grant	\$ 90,607	\$ 80,758
Interest income	1,645	2,568
Sale of lots	19,644	8,784
Care of lots	10,101	7,157
Burial fees	16,623	17,661
	138,620	116,928
Expenses		
Wages	61,826	71,970
Ground maintenance	15,407	14,766
Equipment maintenance	379	661
General projects	693	185
Miscellaneous	4,103	3,814
	82,408	91,396
Change in fund balance	56,212	25,532
Opening fund balance	320,197	294,665
Closing fund balance	\$ 376,409	\$ 320,197

WEST HANTS REGIONAL MUNICIPALITY

Trust Funds

Non-consolidated Balance Sheet and Statement of Operations

Year ended March 31, 2026

(Unaudited)

	Perpetual Care Cemetery	Grace Oulton	Ellen Beazley Scholarship	Windsor trust Fund	Windsor youth recreation	2026	2025
Assets							
Cash	\$ 94,680	\$ -	\$ (15)	\$ 94,595	\$ 36,049	\$ 225,309	\$ 218,780
Investment	73,919	22,665	-	260,682	-	357,266	354,403
Land	-	1	-	-	-	1	1
	168,599	22,666	(15)	355,277	36,049	582,576	573,184
Liabilities							
Due to municipal operating	(11,453)	4,113	(8,358)	37,354	4,704	26,360	26,360
Trust balances	180,052	18,553	8,343	317,923	31,345	556,216	546,824
Total liabilities and trust balances	\$ 168,599	\$ 22,666	\$ (15)	\$ 355,277	\$ 36,049	\$ 582,576	\$ 573,184
Interest revenue	\$ 4,997	\$ 672	\$ -	\$ 2,655	\$ 1,068	\$ 9,392	\$ 14,062
Opening trust balances	175,055	17,881	8,343	315,268	30,277	546,824	532,762
Closing trust balances	\$ 180,052	\$ 18,553	\$ 8,343	\$ 317,923	\$ 31,345	\$ 556,216	\$ 546,824

WEST HANTS REGIONAL MUNICIPALITY

Special Reserves Fund
Non-consolidated Balance Sheet

Year ended March 31, 2026

(Unaudited)

	2026	2025
Assets		
Cash	\$ 8,821,828	\$ 11,385,903
Due from		
General operating	5,975,737	3,425,095
Capital reserves	4,939,692	4,939,692
Cemetery	167,927	167,927
	19,905,184	19,918,617
Liabilities		
Due to		
General capital	8,510,009	5,933,552
Water capital	564,668	425,453
Operating reserves	469,074	419,766
	9,543,751	6,778,771
Reserve fund balances	10,361,433	13,139,846
Total liabilities and reserve fund balances	\$ 19,905,184	\$ 19,918,617

WEST HANTS REGIONAL MUNICIPALITY

Special Reserves Fund
Non-consolidated Statement of Operations

Year ended March 31, 2026

(Unaudited)

	Consolidation reserve	Capital grant reserve	Hantsport capital grant reserve	Sale of land reserve	Hantsport sale of land reserve	Tax sale surplus reserve	Sinking Fund reserve	Dissolution sale of asset reserve	Balance forward
Revenue									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Expenditures									
Contributions	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Net revenue	-	-	-	-	-	-	-	-	-
Financing and transfers	(1,078,833)	-	-	-	-	-	-	-	(1,078,833)
Change in fund balance	(1,078,833)	-	-	-	-	-	-	-	(1,078,833)
Opening fund balance	2,760,912	2,327	56,801	4,583	1,479	22,499	765	35,566	2,884,932
Closing fund balance	\$ 1,682,079	\$ 2,327	\$ 56,801	\$ 4,583	\$ 1,479	\$ 22,499	\$ 765	\$ 35,566	\$ 1,806,099

WEST HANTS REGIONAL MUNICIPALITY

Special Reserves Fund

Non-consolidated Statement of Operations (continued)

Year ended March 31, 2026

(Unaudited)

	Housing accelerator fund reserve	Landfill closure reserve	West Hants gas tax reserve	Consolidated gas tax reserve	Sustainability services growth reserve	ARO reserve	Investment in capital assets reserve	Balance forward
Revenue								
Interest	\$ -	\$ -	\$ -	\$ 194,435	\$ 21,916	\$ -	\$ -	\$ 216,351
Conditional transfers	270,472	-	-	-	-	-	-	270,472
	270,472	-	-	194,435	21,916	-	-	486,823
Expenditures								
Contributions	-	-	-	-	-	49,321	-	49,321
Net revenue	270,472	-	-	194,435	21,916	(49,321)	-	437,502
Financing and transfers	(206,079)	(1,662)	(1,051,299)	(222,128)	(1,189,003)	560,412	-	(2,109,759)
Change in fund balance	64,393	(1,662)	(1,051,299)	(27,693)	(1,167,087)	511,091	-	(1,672,257)
Opening fund balance	488,247	1,662	2,627,210	3,019,847	1,167,087	431,234	56,475	7,791,762
Closing fund balance	\$ 552,640	\$ -	\$ 1,575,911	\$ 2,992,154	\$ -	\$ 942,325	\$ 56,475	\$ 6,119,505

WEST HANTS REGIONAL MUNICIPALITY

Special Reserves Fund

Non-consolidated Statement of Operations (continued)

Year ended March 31, 2026

(Unaudited)

	Dissolution transition reserve	Hantsport infrastructure reserve	Windsor infrastructure reserve	Hantsport tax sale surplus reserve	Interest earned	Balance brought forward	2026	2025
Revenue								
Interest	\$ -	\$ -	\$ -	\$ -	\$ 108,468	\$ 216,351	\$ 324,819	\$ 511,478
Other	-	-	-	-	-	270,472	270,472	1,625,312
	-	-	-	-	108,468	486,823	595,291	2,136,790
Expenditures								
Contributions	-	-	-	-	-	49,321	49,321	54,900
Net revenue	-	-	-	-	108,468	437,502	545,970	2,081,890
Financing and transfers	(173,675)	(403,111)	440,996	-	(1)	(3,188,592)	(3,324,383)	(1,121,104)
Change in fund balance	(173,675)	(403,111)	440,996	-	108,467	(2,751,090)	(2,778,413)	960,786
Opening fund balance	173,675	1,348,773	423,604	4,690	512,410	10,676,694	13,139,846	12,179,060
Closing fund balance	\$ -	\$ 945,662	\$ 864,600	\$ 4,690	\$ 620,877	\$ 7,925,604	\$10,361,433	\$ 13,139,846

The background of the slide is a photograph of a forest. In the foreground, several large, dark tree trunks stand prominently. The ground is covered with brown pine needles and some rocks. In the middle ground, a body of water, likely a lake, is visible through the trees. The far shore is lined with a dense forest of green trees under a blue sky with scattered white clouds.

West Hants Regional Municipality
Final audit presentation for the year ended
March 31, 2026
Town Council Meeting: September 21, 2026



Your dedicated BDO audit team



Lauren Vail, CPA, CA

T: +1 (782) 355-0227
E: LVail@bdo.ca

Lauren has over 15 years of experience providing assurance and accounting advisory services to a wide range of governments, financial institutions, private enterprises and not-for-profits. She specializes in assurance and accounting services for the public sector

As the Engagement Partner, Lauren will lead the audit and be the connection point for all services BDO provides to the County. She will review and approve the overall audit plan, working papers, financial statements, significant decisions made during the audit and the proposed audit opinion. Lauren will be available to address any questions, concerns or issues and will attend meetings with management.



Nicole LaPorte, CPA

T: (782)-355-0221
E: nlaporte@bdo.ca

Nicole has over 7 years of experience providing assurance services to a wide range of clients in governments, financial institutions, private enterprises and not-for-profits.

Nicole will serve as the Engagement Project Manager. Nicole will review and assist with the audit planning and lead the audit field staff to execute the client service plan. In addition, she provide a detailed review of all audit work, financial statements and other deliverables.



Ryan deGooyer, CPA

T: (782) 355-0260
E: RdeGooyer@bdo.ca

Ryan has five years of public accounting and audit experience, working on various engagements for not-for-profit organizations, and organizations reporting under PSAS.

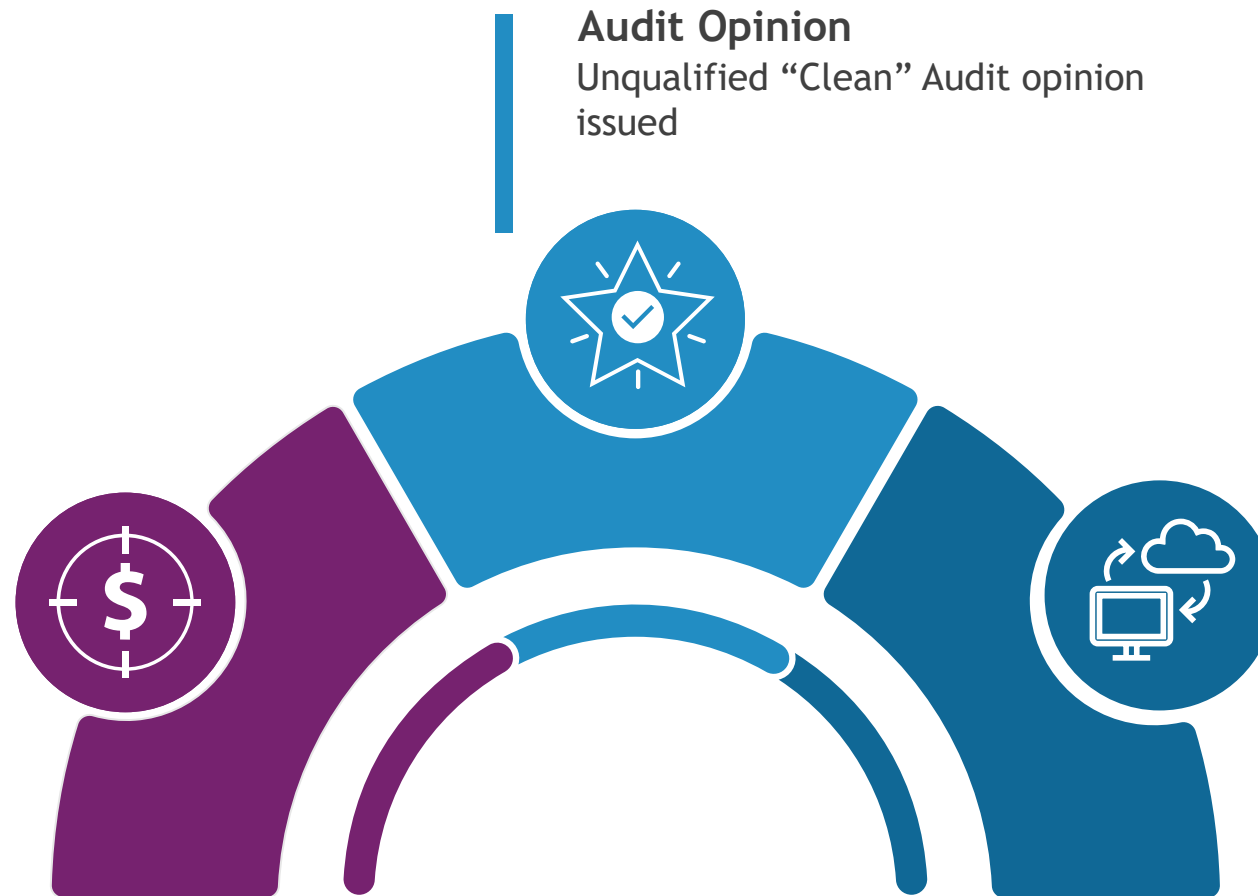
Ryan's role within this engagement would be that of senior auditor. He will be responsible for the day-to-day execution of the audit, leading additional audit staff and working with management to ensure requests are provided and received in a timely manner.

Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between The Municipality and our Firm that may reasonably be thought to bear on our independence.

Audit at a Glance



***Materiality** in a financial audit means the size or nature of an error or omission that could influence decisions made by users of financial statements.



Audit Risks

Management Override
of Control



Recognition of
Taxation Revenue



Long-term Debt



Tangible Capital Assets



Recognition of
Government Transfers



Consolidation Process





Water Utility

Non-consolidated Financial Statements

West Hants Water Utility

- Materiality: \$115,000 (2.5% of water utility revenues)
- Risks:
 - Existence and valuation of utility, plant and equipment
 - Existence and accuracy of cash
 - Recognition of water sales
- No unadjusted errors were identified specific to the water utility

Remaining Audit Procedures

Confirmation of
subsequent events up to
report date

Receipt of Signed
Management
Representation Letter



Internal Control Matters



Internal Control Matters

No deficiencies or significant deficiencies to report

Management Letter Point

Attached to discuss in detail





Inquiries of the Those Charged with Governance

Contingent Liabilities
Any outstanding legal matters other than those disclosed?

Fraud
Any actual, alleged, or suspected instances during the year?

Non-compliance
Any non-compliance with laws and regulations?

Subsequent Events
Confirmed nothing to disclose



Unadjusted Misstatements

West Hants Regional Municipality
Summary of Unadjusted Misstatements
Tuesday, March 31, 2026

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Proposed entry to adjust accounts receivable	181,938			(181,938)		181,938	
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	181,938	-	-	(181,938)	-	181,938	-
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				(181,938)	-	181,938	-



Management letter Points

Area	Observation	Risk/Impact	Recommendation	Management's Response
Accounts receivable - reconciliation of subledger to GL	During our audit of accounts receivable, it was noted that the aged subledger balance and general ledger balances for accounts receivable did not agree. This was the result of manual journal entries being posted within the system, clearing or adding balances to the general ledger but not adding them to the subledger itself.	This can lead to an inaccurate picture of accounts receivable when attempting to reconcile balances, as there could be collected items listed on a subledger, or outstanding balances missing from the subledger.	We recommend going forward that no manual entries be posted to ledger accounts and that the variance be reviewed to ensure that the balances between the subledger and general ledgers agree.	We agree with this recommendation and will create a contra account for the fiscal 2027 year end close.
Inactive accounts in accounting data	During our audit of accounts receivable, it was noted that multiple accounts were deemed "Inactive" as the result of mergers and amalgamations with other municipalities. As a result, transactions were being recorded elsewhere subsequent to the merger.	These accounts however, still continued to hold a balance and as such they did not change year-over-year. This can result in an inaccurate picture of the overall receivables for the municipality.	Auditors are aware that there is a planned systems conversion as the current software will soon no longer be supported, we therefore recommend at the time of conversion, to consider amalgamating inactive accounts with the active accounts that have been used subsequently, this will ensure inactive accounts remain with a balance of \$Nil and not roll forward from year-to-year.	We are in the process of reviewing and amalgamating the chart of accounts post-merger and as a part of the accounting system conversion. These issues inactive accounts will be addressed as part of this ongoing process.



Management letter Points

Area	Observation	Risk/Impact	Recommendation	Management's Response
Asset retirement obligations - present value measurement techniques	Management has recorded several asset retirement obligations for asbestos in Town properties on the financial statements. Per PS 3280, asset retirement obligations, the liability is measured as the best estimate of the amount required to retire the asset at the financial reporting date. When the timing and amount of the future cash flows can be reasonably estimated, a present value technique should be used to reflect the timing of settlement and the time value of money.	At March 31, 2026, the Municipality recorded its asset retirement obligation liability at the estimated remediation value without discounting the expected future cash flows to reflect the anticipated remediation dates, which range from approximately 15 to 20 years depending on the asset. As a result, the asset retirement obligation liability has the potential for misstatement.	We recommend that the Municipality establish and document a methodology to identify the expected settlement date for each obligation and apply an appropriate, supportable discount rate to determine the present value of the expected remediation cash flows. The calculation and key assumptions should be reviewed at each financial reporting date, with the liability adjusted for accretion and for changes in estimated cash flows, timing, and discount rates, as applicable.	We agree with BDO's assessment and have established a methodology to appropriately present value the future expected remediation costs related to the Municipality's asset retirement obligations. The obligations have been updated to reflect these present values as of March 31, 2026.

About BDO

At BDO, our priority is understanding what matters to you - your challenges, your ambitions, your “more.” Every client’s vision is unique, and we work alongside you to provide solutions that are both practical and forward-looking.





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BDO Canada LLP
6940 Mumford Road
Suite 510
Halifax, NS B3L 0B7

September 21, 2026

Management and Council of
West Hants Regional Municipality
PO Box 3000
76 Morison Drive
Windsor, NS
B0N 2T0

Dear Carlee Rochon, CPA

During the course of our audit of the consolidated financial statements of West Hants Regional Municipality (the Municipality) for the year ended March 31, 2026, we observed the Municipality's significant accounting policies and procedures and certain business, financial, income tax, and administrative practices.

In planning and performing our audit of the consolidated financial statements of the Municipality as of and for the year ended March 31, 2026, in accordance with Canadian Auditing Standards (CASs), we considered the Municipality's internal control relevant to the preparation of the consolidated financial statements (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements but not for the purpose of expressing an opinion on the effectiveness of the Municipality's system of internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's system of internal control. The matters being reported are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to management and those charged with governance.

Category	Definition
Deficiency	A deficiency in internal control exists when: (a) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or (b) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.
Significant deficiency	A significant deficiency in internal control is defined as a deficiency or a combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Our consideration of the Municipality's system of internal control was for the limited purpose described in the previous paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies. Had we had performed more extensive procedures on the Municipality's system of internal control, we may have identified more deficiencies to be reported, or concluded that some of the reported deficiencies need not, in fact, have been reported.



Significant deficiencies in internal control

We did not identify any deficiencies in the Municipality's system of internal control that we consider to be significant deficiencies, as defined above.

Other recommendations

As a result of our observations identified during the audit, we suggest you consider the following:

Other recommendations	Comments
Inactive Accounts in Accounting Data	During our audit of accounts receivable, it was noted that multiple accounts were deemed "Inactive" as the result of mergers and amalgamations with other municipalities. As a result, transactions were being recorded elsewhere subsequent to the merger. These accounts however, still continued to hold a balance and as such they did not change year-over-year. This can result in an inaccurate picture of the overall receivables for the municipality. Auditors are aware that there is a planned systems conversion as the current software will soon no longer be supported, we therefore recommend at the time of conversion, to consider amalgamating inactive accounts with the active accounts that have been used subsequently, this will ensure inactive accounts remain with a balance of \$Nil and not roll forward from year-to-year. <i>Management's response: We are in the process of reviewing and amalgamating the chart of accounts post-merger and as a part of the accounting system conversion. These issues inactive accounts will be addressed as part of this ongoing process.</i>
Accounts Receivable - Reconciliation of Subledger to GL	During our audit of accounts receivable, it was noted that the aged subledger balance and general ledger balances for accounts receivable did not agree. This was the result of manual journal entries being posted within the system, clearing or adding balances to the general ledger but not adding them to the subledger itself. This can lead to an inaccurate picture of accounts receivable when attempting to reconcile balances, as there could be collected items listed on a subledger, or outstanding balances missing from the subledger. We recommend going forward that no manual entries be posted to subledger accounts and rather management create a contra account for all accrued receivables that have not yet been invoiced or to reclassify deferred income recorded as receivable. <i>Management's response: We agree with this recommendation and will create a contra account for the fiscal 2027 year end close.</i>

Asset Retirement Obligations - Present Value Measurement

Management has recorded several asset retirement obligations for asbestos in Town properties on the financial statements. Per PS 3280, asset retirement obligations, the liability is measured as the best estimate of the amount required to retire the asset at the financial reporting date. When the timing and amount of the future cash flows can be reasonably estimated, a present value technique should be used to reflect the timing of settlement and the time value of money.

At March 31, 2026, the Municipality initially recorded its asset retirement obligation liability at the estimated remediation value without discounting the expected future cash flows to reflect the anticipated remediation dates, which range from approximately 15 to 20 years depending on the asset, resulting in an overstatement of the liabilities.

We recommend that the Municipality establish and document a methodology to identify the expected settlement date for each obligation and apply an appropriate, supportable discount rate to determine the present value of the expected remediation cash flows. The calculation and key assumptions should be reviewed at each financial reporting date, with the liability adjusted for accretion and for changes in estimated cash flows, timing, and discount rates, as applicable.

Management's response: We agree with BDO's assessment and have established a methodology to appropriately present value the future expected remediation costs related to the Municipality's asset retirement obligations. The obligations have been updated to reflect these present values as of March 31, 2026.



In the near future, Lauren Vail, CPA, CA, will call to discuss with you the above recommendations and their implementation.

This communication is intended solely for the information and use of management and Council and is not intended to be, and is not to be, used by anyone other than these specified parties. This communication is not to be relied upon by third parties. We do not accept responsibility for this report to any other person and we hereby disclaim all such liability.

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the Municipality's consolidated financial statements.

Yours sincerely,

Lauren Vail, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Letter Version: 20250919



WEST HANTS REGIONAL MUNICIPALITY REPORT

Information ☒	Recommendation ☐	Decision Request ☐	Councillor Activity ☐
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To: Audit Committee

Submitted by: _____
Carlee Rochon, Director, Financial Services

Date: September 21, 2026

Subject: Citizen Briefings Information and Conclusions

LEGISLATIVE AUTHORITY

Not Applicable

RECOMMENDATION or DECISION REQUEST

Not Applicable

BACKGROUND

Property ☐	Public Opinion ☐	Environment ☐	Social ☐	Economic ☐	Councillor Activity ☐
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Citizen members submitted five briefings at the last Audit Committee meeting. After reviewing a few points with the committee, an information report was requested to respond to the briefing. In addition, the new auditors were forwarded with the briefing and this report to form an opinion.

The five briefings are:

1. Accrual Issues
2. Billing Issues
3. Consumption & Non-Revenue Water
4. Sewer Utility Concerns
5. Water Budget & UARB Requirements

DISCUSSION

Each briefing and additional information follow.

Briefing #1 - Accrual Issues

Staff has reviewed the concerns raised regarding the accounting treatment of unbilled water and sewer revenues at fiscal year-end.

The briefing identifies two separate issues:

- The presentation of unbilled water within the financial statements.
- The application of accrual accounting to recognize water and sewer revenue earned but not yet billed at year-end.

The second issue has been identified as potentially having a material impact on utility revenues and operating results. However, when assessing the impact of an accrual adjustment, it is important to consider the cumulative nature of accrual accounting rather than treating the entire current-year accrual balance as omitted revenue.

Under accrual accounting, revenues are recognized in the period in which they are earned, regardless of when they are billed or collected. If an accrual had been recorded at March 31, 2025, that amount would have been recognized as revenue in the 2024-25 fiscal year and reversed in 2025-26 when customers were subsequently billed.

Based on the information provided in the correspondence:

Estimated unbilled period at March 31, 2025: 24 days

Estimated unbilled period at March 31, 2026: 29 days

Incremental year-over-year difference: 5 days

Accordingly, the impact on the 2025-26 financial statements would be the increase from 24 days to 29 days rather than the full 29-day balance.

Water Utility

Using the estimates provided:

$\$194,146 \div 29 \text{ days} = \$6,694.69 \text{ per day}$

Incremental impact:

$\$6,694.69 \times 5 \text{ days} = \$33,473$

Materiality threshold: \$115,000

Sewer Utility

Using the estimates provided:

$\$147,949 \div 29 \text{ days} = \$5,101.69 \text{ per day}$

Incremental impact:

$\$5,101.69 \times 5 \text{ days} = \$25,508$

Materiality threshold: \$900,000

Note: Staff would normally estimate any accrual using actual consumption data and approved rates rather than annual revenue averages. The calculations above are intended solely to demonstrate the concept using the figures provided in the briefing.

Based on the assumptions presented, the total unbilled balance at March 31, 2026 may approximate \$342,095. However, the year-over-year impact on 2025-26 operating results is estimated at approximately \$58,981, representing the increase in the accrual position from the prior year.

Conclusion

While the concern regarding unbilled revenue is understood, the financial statement impact should be assessed based on the change in the accrual position between reporting periods rather than the total outstanding balance at year-end. Based on the information provided, the estimated year-over-year impact is below the materiality thresholds established for both utilities.

Briefing #2 - Billing Issues

Staff has reviewed the concerns regarding billing schedules, meter reading dates, quarterly base charges, and the implementation of the April 1, 2025 rate adjustment.

The observations regarding billing periods and fiscal reporting dates are valid. Utility billing cycles are designed primarily for customer service and operational efficiency, whereas financial reporting is designed to present revenues and expenses within the appropriate fiscal period.

Because billing cycles regularly cross fiscal year-end, accounting adjustments are made to ensure revenues and expenses are recorded in the correct reporting period regardless of when invoices are issued. This is a standard accounting practice and helps mitigate timing differences between billing operations and financial reporting.

Using the example contained within the briefing:

March 31, 2025 estimated unbilled period: 24 days

March 31, 2026 estimated unbilled period: 29 days

Difference: 5 days

For a typical 5/8" service connection:

Water Base Charge

2024-25: \$63.94

2025-26: \$78.81

Increase: \$14.87

Estimated timing variance:
 $\$14.87 \div 90 \text{ days} \times 5 \text{ days} = \0.83

Sewer Base Charge
2024-25: \$60.55
2025-26: \$71.95
Increase: \$11.40

Estimated timing variance:
 $\$11.40 \div 90 \text{ days} \times 5 \text{ days} = \0.63

Actual variances will differ depending on meter size, customer mix, base charges, and the number of accounts falling within the year-end period.

Conclusion

The recommendation to align billing quarters more closely with fiscal reporting periods has merit and may be considered as part of future operational reviews. However, any changes would need to balance customer impacts, administrative requirements, available resources, system capabilities, and implementation costs. Current accounting processes are designed to address timing differences that arise from the existing billing schedule.

Briefing #3 - Consumption & Non-Revenue Water

Staff recognizes the concerns raised regarding reporting accuracy, data consistency, non-revenue water levels, and overall accountability for water system performance.

Historically, information related to water production, consumption, and system losses has been reported through multiple data sources, which can make it difficult to fully assess system performance and trends over time.

To address this, staff have implemented a more comprehensive reporting framework that tracks water volumes from water treatment plants through to customer consumption recorded by residential and commercial meters. The first of these enhanced reports was presented to Council in September.

This reporting approach is intended to improve transparency, provide a clearer understanding of system performance, and better quantify non-revenue water. It will also assist staff and Council in identifying trends, prioritizing infrastructure investments, evaluating system losses, and monitoring the effectiveness of future improvement initiatives.

Conclusion

Staff agrees that accurate and consistent reporting is important. The enhanced reporting framework is intended to provide greater transparency and a more complete understanding of water production, consumption, and non-revenue water going forward.

Briefing #4 - Sewer Utility Concerns

The core concerns the author is raising can be summarized as:

- Persistent sewer utility deficits despite a recent rate study.
- Potential shortfall in sewer revenue relative to study projections.
- Limited financial transparency due to the absence of utility-specific statements.
- Questions about differences between study assumptions and budgeted expenses.
- Concerns that general taxpayers may be subsidizing sewer users.

The 2024 Sewer Rate Study was developed using the best information available at the time and relied on a range of assumptions regarding revenues, operating expenses, customer growth, infrastructure requirements, inflation, financing costs, and overall operating conditions. As with any long-term financial forecast, actual results may vary from projections as circumstances change and new information becomes available.

Utility budgets are reviewed and prepared annually based on the most current information available to staff. Consequently, differences between the assumptions used in the rate study and those reflected in subsequent annual budgets do not necessarily indicate an error in the study. Rather, they may reflect updated operating requirements, revised capital plans, economic conditions, regulatory changes, actual customer activity, or other factors that were not known at the time the study was completed.

It is also important to recognize that forecasts are intended to provide a reasonable estimate of future financial performance and will naturally evolve as actual results become available. Regular monitoring and periodic updates are necessary to ensure rates and budgets continue to reflect current conditions.

With respect to sewer revenue projections, while water consumption is often used as a basis for calculating sewer charges, the relationship between water and wastewater revenues is not always straightforward. The customer bases for the water and sewer systems are not identical. There are customers who receive municipal water service but are not connected to the sewer system, as well as customers connected to the sewer system who do not receive municipal water service. As a result, fluctuations in water consumption do not directly translate into equivalent changes in sewer revenues.

Differences between projected and actual sewer revenues may be influenced by a number of factors, including:

- Changes in water consumption patterns;

- Variations in the number of water and sewer customers;
- Growth occurring in different service areas;
- Changes in customer billing characteristics;
- The mix of residential, commercial, and institutional customers; and
- Any adjustments to billing practices, customer classifications, or service connections.

A detailed review of customer counts, billed consumption, and sewer billing data would be required to fully assess variances between the rate study projections and current budget estimates.

Utility operations can also be influenced by environmental and climate-related factors. Weather conditions may affect water consumption patterns, infiltration and inflow into the sewer system, maintenance requirements, emergency repairs, and overall operating costs. Significant rainfall events, prolonged dry periods, and changing seasonal conditions can all create operational and financial impacts that may not have been fully anticipated during the original rate study. These considerations further highlight the importance of ongoing monitoring and periodic review of utility financial performance.

With respect to concerns that general taxpayers may be subsidizing sewer operations, utility deficits are not automatically funded through the general tax rate. Any outstanding utility deficit is recorded as a receivable due to the General Operating Reserve. The amount remains the responsibility of the utility and is intended to be repaid from the accumulated utility operating reserve position as funds become available. Accordingly, the deficit represents an outstanding balance between the utility and the General Operating Reserve rather than a direct cost borne by taxpayers through current property tax rates. The financial impact is therefore tracked separately within the municipality's financial records and does not result in an immediate increase to general taxation.

REVENUE	ACTUALS			
	2022-23	2023-24	2024-25	
Total Revenue	\$ 2,316,284	\$ 2,302,780	\$ 2,356,886	
EXPENSES	ACTUALS			
	2022-23	2023-24	2024-25	
Total Expenses	\$ 2,527,124	\$ 2,823,737	\$ 2,859,854	
Surplus/(Deficit)	\$ (210,840)	\$ (520,957)	\$ (502,968)	

Conclusion

Staff acknowledges the concerns related to utility deficits, transparency, potential taxpayer impacts, and long-term financial sustainability. Any outstanding sewer utility deficits are recorded as amounts owing to the General Operating Reserve and are intended to be recovered from the accumulated utility operating reserve position. As a result, these amounts are tracked within the utility's financial structure and do not directly affect current property tax rates.

Ongoing monitoring, financial analysis, and enhanced reporting will support informed decision-making and help ensure the long-term sustainability of the utility.

Briefing # 5 - Water Budget & UARB Requirements

The key concerns raised by the author can be summarized as follows:

- Water utility revenues in the 2025-26 and 2026-27 budgets are significantly lower than those projected in the approved rate study.
- Operating expenses appear higher than anticipated in 2025-26 and lower in 2026-27, without a clear explanation for the variance.
- Budgeted principal and interest expenditures are substantially lower than those included in the rate study.
- If capital projects have been delayed, there is concern that the resulting surplus funds may not be available for transfer to the reserve fund as required by the UARB decision.
- Questions have been raised regarding compliance with UARB reporting requirements related to capital reserve balances and activity.
- A more detailed explanation of budget assumptions, project timing, and operating variances has been requested.

The Water Rate Study was prepared using the best information available at the time and established rates based on assumptions regarding customer growth, water consumption, operating costs, capital project timing, borrowing requirements, inflation, and other financial factors. As with any long-term forecast, actual results may vary as circumstances change and new information becomes available.

Annual budgets are developed using the most current information available to staff and may differ from rate study projections due to changes in operating conditions, revised capital project schedules, updated cost estimates, customer activity, regulatory requirements, or financing needs. Variances between the study and the budget do not necessarily indicate an error in either document but may reflect changing conditions and updated assumptions.

Similar to the sewer utility, water revenues can be influenced by factors such as:

- Changes in customer consumption patterns;
- Variations in customer growth;
- Weather and climate conditions;
- Economic activity within the service area;
- Changes in customer classifications; and
- Timing differences in billing and connection activity.

Utility operations are also affected by environmental and climate-related factors. Periods of drought, significant rainfall events, increasingly variable weather patterns, and changing infrastructure requirements can influence both revenues and operating costs. These impacts may

not have been fully anticipated when the original rate study was completed and can contribute to variances from projected results.

Staff has reviewed the concern regarding reserve fund contributions and the timing of capital expenditures. While project schedules may shift from year to year, reserve balances remain available for their intended utility purposes and are used in accordance with approved funding strategies, borrowing requirements, and UARB directives. The timing of expenditures does not necessarily indicate non-compliance, but rather reflects the actual timing of project delivery.

Conclusion

Staff recognizes the importance of transparency, regulatory compliance, and sound financial management of the water utility. A capital reserve has been established and continues to be managed in accordance with the approved funding strategy. Staff will continue to monitor reserve activity, project timing, utility performance, and reporting requirements to ensure financial information remains accurate, transparent, and consistent with UARB expectations.

Overall Conclusion

Staff has reviewed the concerns and observations presented through the five citizen briefings related to water and sewer utility financial reporting, billing practices, utility operations, rate studies, budgeting, and regulatory compliance.

In reviewing the issues raised, staff found that many of the concerns relate to timing differences, forecasting assumptions, and the distinction between utility operations, accounting requirements, and financial reporting practices. While some variances between rate studies, budgets, billing cycles, and financial statements are expected as conditions evolve, staff recognizes the value of regularly reviewing these differences to ensure utility revenues, expenditures, reserves, and financial results continue to be appropriately reported and understood.

The municipality remains committed to continual improvement in utility financial management, reporting, and long-term planning. Enhanced reporting initiatives, ongoing review of utility performance, periodic rate studies, annual budget reviews, and compliance with applicable accounting standards and regulatory requirements will continue to support transparency, accountability, and the long-term sustainability of both the water and sewer utilities.

Staff appreciates the level of detail contained within the submissions and recognizes that citizen engagement contributes to strengthening accountability and promoting effective stewardship of municipal utility services.

NEXT STEPS

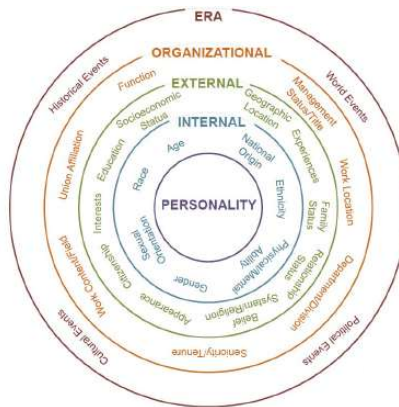
Not applicable

FINANCIAL IMPLICATIONS

Not applicable

DIVERSITY, EQUITY, INCLUSION AND ACCESSIBILITY CONSIDERATIONS

No DEI considerations are needed as a result of this report.



ENVIRONMENTAL CONSIDERATIONS

No environmental considerations are needed as a result of this report.

ALTERNATIVES

Not Applicable

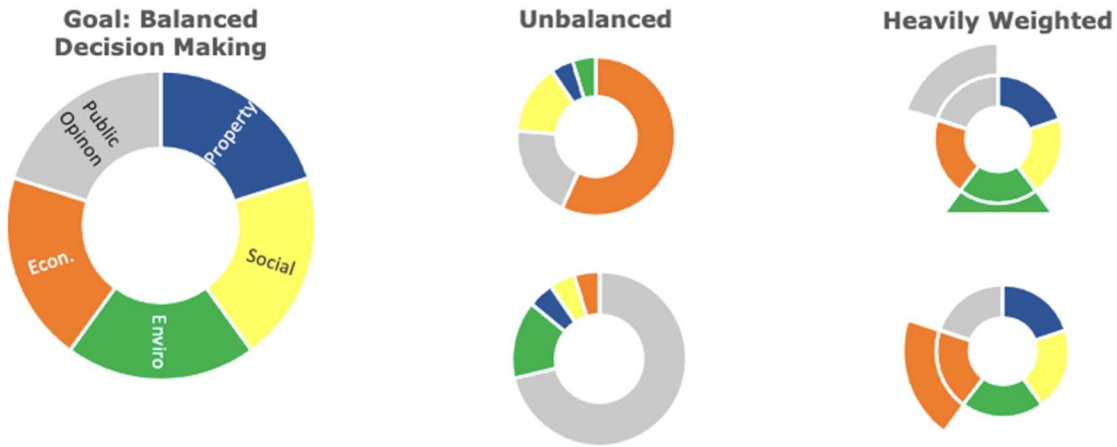
ATTACHMENTS

1. Accrual Issues Briefing
2. Billing Issues Briefing
3. Consumption & Non-Revenue Water Briefing
4. Sewer Utility Concerns Briefing
5. Water Budget & UARB Requirements Briefing

CHIEF ADMINISTRATIVE OFFICER REVIEW

Report still under review for comment.

Council has been provided with a reference taken from the Meeting and Committee Procedural Policy , Appendix C “Decision Making by Council and Committee of the Whole” as a reminder of the principles highlighted for good decision making.



Report Prepared by: _____
Carlee Rochon, Director, Financial Services

Report Approved by: _____
Mark Phillips, Chief Administrative Officer

West Hants Regional Municipality (WHRM) Revised Version May 29, 2026

Water and Sewer Utilities

2025 – 2026 Financial Presentation & Accrual Issues

This information is in addition to my e-mail and attachment dated March 13, 2026. I have attached a copy of the e-mail and attachment as it related to the March 31, 2025, financial statements.

With the 2025 – 2026 financial statements pending, I feel it is important to understand the issues outlined in the attached e-mail.

The presentation matter deals with the treatment/presentation of unbilled water on the Statement of Financial Position. To reiterate, a receivable does not take place until an actual invoice is rendered to the customer. The correct presentation is outlined in the attachment.

The accrual matter is even more critical as it has a financial impact on the financial results for both the water and sewer utilities. The Municipality states that it follows the accrual method of accounting and therefore should not deviate from this generally accepted accounting policy.

It is extremely important to match revenue and expenses, and it should be a standard accounting practice to accrue for this unbilled water revenue.

This accrual will continue to get larger each year as the current billing practice of WHRM is to invoice every ninety (90) days as compared to each quarter.

For example, the invoice for the billing period December 8, 2024, to March 7, 2025, fell some twenty-four (24) days short of the municipalities quarterly reporting for March 31, 2025. This revenue (24 days) was missed, and revenue was not reported in the year end results.

This year the invoice for the billing period December 3, 2025, to March 2, 2026, increased the short fall to twenty-nine (29) days (added 5 more days) off the municipalities quarterly reporting on March 31, 2026.

The current billing practice will continue to move the billing date further away from a quarterly billing cycle. This will also create larger accruals and unnecessarily complicate rate change calculations.

Water & Sewer Consumption

A sample calculation of the accrual for the water & sewer utility might look as follows, based on 29 days. However, depending on the meter read date, the calculation would be adjusted accordingly.

Revenue from water rates for 2025 -2026 based on the current forecast of \$3,818,077 when multiplied by a factor of 64% (removing the base rate revenue) equals \$2,443,569. When you divide by 365 to get a daily rate and multiply by the missing 29 days equals about \$194,146 (estimate).

Revenue from sewer rates for 2025 -2026 based on the current forecast of \$2,909,563 when multiplied by a factor of 64% (removing the base rate revenue) equals \$1,862,120. When you divide by 365 to get a daily rate and multiply by the missing 29 days equals about \$147,949 (estimate).

Water & Sewer Base Charges

You should be aware that the UARB Order set the base charges as a quarterly rate. However, WHRM has been billing the base charges out every ninety (90) days as noted in my Water & Sewer Billing Issue report.

Billing the base rate out every 90 days means that a portion of the base charge is being billed out in advance compared to four quarters each year. As a result, no further accrual will be required at March 31, 2026.

Next Steps

The presentation of the unbilled water can be discussed with your new auditors.

Subject to the actual calculations being performed, the accruals for both the water and sewer will total about \$342,095 and need to be set-up as an accrual at March 31, 2026.

Prepared by Rick Smith

May 29, 2026

From: Rick Smith on behalf of ricksmith335@outlook.com
Sent: March 13, 2026 1:00 PM
To: Mark Phillips
Cc: PublicOnlyCouncilEmail
Subject: FW: Changes to the Audited Financial Statements, March 31, 2025
Attachments: Financial Statement 2025 Accruals.docx

Importance: High

Good afternoon, Mark.

This is a follow up to my comments at the Committee of the Whole meeting on Tuesday, March 10th.

I felt it was important to provide details of my comments as soon as possible given that changes are required to properly reflect the results of the March 31, 2025, audited financials.

The first issue is a presentation matter that deals with the treatment of unbilled water revenue on the Statement of Financial Position. It may not seem important to the auditor, but a receivable does not take place until an actual invoice is rendered to the customer. The correct presentation as outlined in the attachment is to define it as Unbilled Water Revenue.

The second issue is that a known accrual in the amount of about \$237,000 (estimated) must be recorded to comply with generally accepted accounting principles. This amount is material and must be reported as the financial statements have not been approved at this point.

When the question was asked of the auditor, about the need for an accrual (March 7th to the March 31st year end) he was quick to dismiss the question. He replied that the accrual would be trivial and inconsequential, without regard for the amount in question.

The Independent Auditor's Report states that "Management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error".

The Notes to Consolidated Financial Statements, Significant Accounting Policies.

1. (b) Basis of accounting, states: The Municipality follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. (d) Use of estimates states: In preparing the Municipality's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities , the disclosure of contingent liabilities and reported amounts of revenue and expenses.

This matter of accruals was included in my brief dated November 12, 2025, which included twelve (12) issues of concern regarding the West Hants Water Utility. Reference document #8 of my brief asked the question; do you currently set up an accrual each quarter / end of year to record the additional revenue while referring to the billing cut-off date.

The mayor, DOF, you and I attended that meeting, without any resolve of the issues.

This accrual should have been recorded each year since March 2021. At that time, the cut-off for billing water & sewer slipped to March 24, 2021. The billing since then has slipped to March 7th in 2025.

I trust that this information will be useful in making the changes.

Please take the time to read the attachment.

Respectfully Submitted

Rick Smith

The West Hants Water Utility – 2025 Presentation & Accrual Issues

The Non-Consolidated Statements of Financial Position (Page 29) of the audited financial statements shows Receivables, Water Rates as being \$934,234. It is my understanding, that the fourth quarter of water for the 2024 – 2025 year are included in this amount.

The fourth quarter billings were only invoiced in mid April of 2025 (April 17th) and are therefore not considered an account receivable but unbilled water revenue at March 31, 2025.

All water sales/revenue that has not been invoiced by March 31st is considered unbilled water revenue and is a presentation issue.

A billing only becomes an account receivable when an invoice is issued and sent to the customer.

Once the amount of the fourth quarter billings has been verified by the finance department, this amount should be presented on the financials as unbilled water revenue and removed from the receivable amount of \$934,234 and shown separately on the Statement of financial position.

This amount becomes an accrual for unbilled water revenue and is important for accurate financial reporting and presentation.

As well, based on information provided by management on how billings were reported in 2024 – 2025, an additional accrual is required.

This accrual is necessary as the last billing date in the fourth quarter was only to March 7th. Therefore, an accrual is required from March 7th to March 31st the year end for the Water Utility.

This accrual is extremely important to match revenue and expenses and is a standard accounting practise to accrue for this unbilled water revenue.

The accrual might be estimated something like the following:

Revenue from water rates for 2024 – 2025 was reported as \$2,095,247. When divided by 365 days and multiplied by the missing 24 days is about \$138,000 (example of calculation).

The West Hants Municipal Sewer System – 2025 Presentation & Accrual Issues

Just like in the Water Utility, the fourth quarter sewer billings were only invoiced in mid April of 2025 and are therefore not a receivable but unbilled water revenue at March 31, 2025.

Once the fourth quarter billings have been verified by the finance department, this amount should be removed from the accounts receivable and correctly presented in the financials as unbilled water revenue.

An accrual is also required as the last billing date in the fourth quarter was March 7th. Therefore, an accrual is required from March 7th to March 31st the year end for the municipal sewer.

The accrual might be estimated something like the following:

Revenue from sewer rates including the base rates were reported as \$2,356,886. When multiplied by a factor of 64 percent (delete the base rate revenue) equals \$1,508,407. When you divide by 365 days and by the missing 24 days is about \$99,000 (estimate).

This sewer estimate of \$99,000 when combined with the Water Utility estimate of \$138,000 totals \$237,000 and is considered quite material.

Once these estimates are verified, the financial statements for March 31, 2025, must be revised to comply with generally accepted accounting principles.

These two adjustments will increase revenue in both the sewer and water utility by \$99,000 and \$138,000 respectively.

It is important to note, that my estimated calculations are based on the average daily cost during the 2024 -2025 year.

As well, the base rates for both water & sewer have not been included in the above accruals.

It is important to note, that the quarterly base rates as per the UARB Order for water and the base rates as per the Sewer Study for sewer are being billed out every ninety days rather than quarterly.

This means, that a portion of the base rate is being billed in advance based on the ninety-day basis compared to four quarters each year and no further accrual should be required.

West Hants Regional Water Utility - Revised Version May 29, 2026

Water & Sewer Billing Issues

Attached is a copy of our recent utility invoice with a statement date of April 17, 2026, for your reference. The billing period is December 3, 2025 – March 2, 2026, and the invoice was only received on April 19th.

I have provided several e-mails relating to billing related issues in the past and will therefore keep my comments brief.

The billing period on the invoice attached has an ending date of March 2nd, but the base charges are actually billed to the quarterly period ending date of March 31st.

In addition, the meter reading dates are some 7-10 days after the end of the billing period close of March 2nd and some 15-20 days before the March 31st quarter end.

In summary, the billing periods noted on the utility invoices are not in sync with the base rate charges that are presented nor with the meter reading dates provided.

The current practice of billing water & sewer consumption every ninety (90) days does not align with the West Hants quarterly reporting requirement. As well, it means the billing period dates continues to slip back five (5) days each year. The billing is currently twenty-nine (29) days short of the WH March 31 quarterly and financial year end. The optics are not very good.

Base charges are also billed out every 90 days but at the UARB approved quarterly rate. This means that base charges are already fully billed to March 31st.

This invoice (short billed 29 days) causes a significant accrual issue which we will subsequently discuss in detail.

It should be noted that meter readings have been taken after the billing period end date (Mar 2nd) and on all other invoices for the past several years.

I have attached a copy of the invoice for the billing period March 8, 2025, to June 5, 2025, which included rate changes effective April 1, 2025, for your info.

Keep in mind, that typically UARB approved rate changes take affect at the start of a quarter.

You will note that both the metered water and sewer consumption charges required two-line items and calculations, because of the effective date of billing being March 8th and a different rate change date effective April 1st.

As noted above, the base rate charges for both water and sewer were being billed in advance of the billing period and year end and have already been billed to March 31st. Therefore, the new base rates effective April 1, 2025, **did not** require any adjustment except for the new rate change.

Unfortunately, both base rates were adjusted (pro rated) and resulted in the WH Water & Sewer Utilities under billing each customer \$3.97 for base water and \$3.04 for base sewer. **In total, this error cost the utilities about \$28,243 (\$7.01 X 4,029 estimated customers).**

This error needs to be avoided with the new rate changes effective April 1, 2026.

Next Steps:

Standardize the billing periods to coincide with the West Hants financial quarters.

April 1st -June 30th, July1st – Sept 30th, Oct 1st to Dec 31st and Jan 1st to Mar 31st.

Consider phasing in the meter reading dates over the next two quarters to avoid a significant change to customers to be closer to the end of the quarter,

This will avoid a base rate change issue as well and keep any year end accrual issue to a minimum.

Prepared by Rick Smith, May 29, 2026

UTILITY INVOICE



West Hants

West Hants Regional Municipality

76 Morison Drive
P.O. Box 3000
Windsor, NS B0N 2T0
Canada

Rec'd April 28th

Questions?

Online: www.westhants.ca
Email: sbarnett@westhants.ca
Phone: 902-798-8391 Ext. 107
Office Hours: Monday to Friday, 8:30am - 4:30pm.

Statement Date: April 17, 2026

Billing Period: December 3, 2025 - March 2, 2026

Your account number: 54031470.00

For service at: [REDACTED]

Due Date: May 19, 2026

Meter Reading and Usage Details this bill

Meter: 54031470	
Reading on 3/9/2026	Actual 4,762
Previous reading on 12/9/2025	Actual 4,733
Amount of water you used	6,379.10 GAL

Payment and Adjustment Details

Payment on 1/30/2026 -\$100.00

****PLEASE READ THE BACK OF THIS INVOICE****

Amount Owing

Amount of your last bill	-\$395.09
Adjustments processed	\$0.00
Late fees added	\$0.00
Payments we processed <i>Thank you</i>	-\$100.00
New Charges	\$300.41
Metered Water	\$78.59
6,379.10 GAL @ \$0.01232 = \$78.59	
5/8" Water Base Charge	\$78.81
Sewer Consumption Charge	\$71.06
6,379.10 @ \$0.01114 = \$71.06	
5/8" Sewer Base Charge	\$71.95
Total Payment now due	-\$194.68

PLEASE NOTE:

New rates became effective on April 1, 2026 and will be reflected on utility bills issued in July.
More information can be found at www.westhants.ca/financial-services/.

Payment Return Slip

Please complete and return this slip with your payment. Make your payment payable to West Hants Regional Municipality. For other payment options, please contact us.

Your Account Number Payment Due May 19, 2026
54031470.00 -\$194.68



West Hants

Payment enclosed

\$

MYERS WANDA
P.O. BOX 2322
WINDSOR, NS B0N 2T0

West Hants Regional Municipality

76 Morison Drive
P.O. Box 3000
Windsor, NS B0N 2T0
Canada

UTILITY INVOICE



West Hants

West Hants Regional Municipality

76 Morison Drive
P.O. Box 3000
Windsor, NS B0N 2T0
Canada

Questions?

Online: www.westhants.ca
Email: sbarnett@westhants.ca
Phone: 902-798-8391 Ext. 107
Office Hours: Monday to Friday, 8:30am - 4:30pm.

2

Statement Date: July 18, 2025

Billing Period: March 8, 2025 - June 5, 2025

Your account number: 54031470.00

For service at:

Due Date: August 18, 2025

Meter Reading and Usage Details this bill

Meter: 54031470

Reading on 6/11/2025	Actual	4,59
Previous reading on 3/7/2025	Actual	4,56
Amount of water you used		7,478.95 GA

Payment and Adjustment Details

Payment on 4/29/2025	-\$120.00
Payment on 5/30/2025	-\$100.00
Payment on 6/30/2025	-\$200.00

****PLEASE READ THE BACK OF THIS INVOICE****

Amount Owning

Amount of your last bill	\$65.14
Adjustments processed	\$0.00
Late fees added	\$0.00
Payments we processed	Thank you \$420.00
New Charges	\$311.59
Metered Water	\$88.79
1,994.387 GAL @ \$0.01064	= \$21.22
5,484.563 GAL @ \$0.01232	= \$67.57
5/8" Water Base Charge	\$74.84
Sewer Consumption Charge	\$79.05
1,994.387 @ \$0.009	= \$17.95
5,484.563 @ \$0.01114	= \$61.10
5/8" Sewer Base Charge	\$68.91
Total Payment now due	-\$43.27

\$311.59

NEW RATE \$78.81 - short 3.97

NEW RATE \$71.95 - short 3.04

PLEASE NOTE:

This bill reflects the rate changes that came into effect on April 1, 2025.

More information can be found at www.westhants.ca/financial-services/.

Payment Return Slip

Please complete and return this slip with your payment. Make your payment payable to West Hants Regional Municipality. For other payment options, please contact us.

Your Account Number 54031470.00
Payment Due August 18, 2025
\$43.27

MYERS WANDA
P.O. BOX 2322
WINDSOR, NS B0N 2T0



West Hants

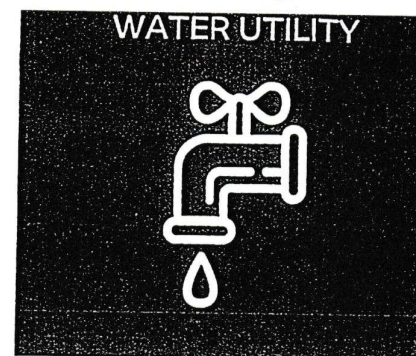
Payment enclosed

\$

West Hants Regional Municipality
76 Morison Drive
P.O. Box 3000
Windsor, NS B0N 2T0
Canada

West Hants Water & Sewer Rate Changes, Effective April 1, 2026

These updated rates will be reflected on utility bills issued in July, 2026.



Water Rate Changes for *5/8" Meters Customers

Below are rates approved by the Nova Scotia Regulatory and Appeals Board (formerly NSUARB), effective April 1, 2026:

Rates in Effect	Water Rate	5/8" Meter Base Charge
April 1, 2025 - March 31, 2026	\$2.71/m ³	\$78.81/quarter
April 1, 2026 - March 31, 2027 (New)	\$2.91/m ³	\$85.72/quarter

*Find rates for all other meter sizes at westhants.ca/whrm-water-system-consolidation.html

Sewer Rate Changes for *5/8" Meters Customers

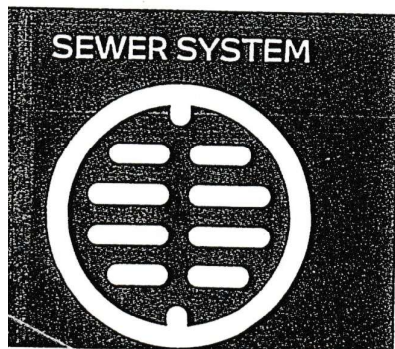
Below are Council approved rates effective April 1, 2026:

Rates in Effect	Sewer Rate	5/8" Meter Base Charge
April 1, 2025 - March 31, 2026	\$2.45/m ³	\$71.95/quarter
April 1, 2026 - March 31, 2027 (New)	\$2.63/m ³	\$77.60/quarter

*Find rates for all other meter sizes at westhants.ca/whrm-sewer-system-consolidation.html

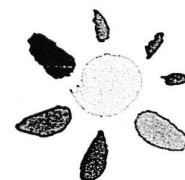
Find the following (and more) at westhants.ca/financial-services

- Rate charts
- UARB Board Order
- Payment options
- Sample utility bill
- Water contracts
- Cancelling service
- Utility rebates
- Checking for leaks
- Water treatment



Questions? Reach out to the Utility Clerk at
902-798-8391, ext. 107 or sbarnett@westhants.ca

West Hants Regional Municipality
PO Box 3000, 76 Morison Drive,
Windsor, NS, B0N 2T0
902-798-8391 • westhants.ca



West Hants
something inspiring awaits

ricksmith335@outlook.com

From: ricksmith335@outlook.com
To: Mark Phillips; Abraham Zebian
Subject: Memo Dated May 30, 2026

Abe & Mark.

In my memo of May 30th, I stated the following: “the highlighted columns on the billing summary for both the water & sewer base charges (for the past 3 years) clearly indicates that the quarterly base rates have been consistently charged for each of the billing periods except for the rate increase on April 1, 2026”. **This statement was incorrect.**

I failed to mention/identify that **the sewer base rate** charged in the billing period Mar 13, 2024 – June 10, 2024, of \$59.45 is incorrect, as it was not necessary to prorate the rate change.

As well, the **water base rate** charged in the billing period Sept 9, 2024 – Dec 7, 2024, of \$65.36 is also incorrect as it was also pro rated.

It seems that each time I revisit this issue, I find yet another issue. My apologies.

Regards Rick

Mark Phillips & Abe Zebian

May 30, 2026

Since our meeting on May 20th, I have prepared a **Revised Version of my Water & Sewer Billing Issues** report. Along with a copy of the utility invoice /billing summary for 335 Tremain, I believe that it will provide the clarity necessary to understand the issues as presented.

The underbilling of the base rate for both water and sewer back in the billing period March 8, 2025 – June 5, 2025 (rate change April 1st) will also become obvious from my billing summary.

The highlighted columns on the billing summary for both the water & sewer base charges (for the past 3 years) clearly indicates that the **quarterly base rates** have been consistently charged for each of the billing periods except for the rate increase on April 1, 2025.

Pro-rating for both base rates (water & sewer) **will not be required** for the rate change on April 1, 2026.

I have also provided a **Revised Version of my Financial Presentation & Accrual Issues** report to provide more clarity and understanding of the issues as well.

If you have any questions do not hesitate to reach out to me.

Regards Rick

Utility Invoices - Account # 54031470.00

For Presentation Purposes Only

May 29, 2026

Page 1

2019-2020	Billing Period	Previous	Current	Cubic Meter	Gallons	No of Days	Base	Consump	Base	Consump	Total	
April 1,2019	June 30,2019	Windsor	3313	3350	37	8,139	91	\$ 69.75	\$ 54.45	\$ 48.38	\$ 69.26	\$ 241.84
July 1,2019	Sept 30,2019	Windsor	3350	3455	105	23,097	92	\$ 69.75	\$ 154.52	\$ 48.38	\$ 196.56	\$ 465.21
Oct 1,2019	Dec 31,2019	Windsor	3455	3487	32	7,039	92	\$ 69.75	\$ 47.09	\$ 48.38	\$ 59.90	\$ 225.12
Jan 1,2020	Mar 31,2020	Windsor	3487	3523	36	7,919	90	\$ 69.75	\$ 52.98	\$ 48.38	\$ 67.39	\$ 238.50
				210	46,194	365	\$ 279.00	\$ 309.04	\$ 193.52	\$ 393.11	\$ 1,174.67	
2020-2021	Billing Period	Amalgamation	Previous	Current	Cubic Meter	Gallons	No of Days	Water Base	Water Consump	Sewer Base	Sewer Consump	Qtr Total
April 1,2020	June 26,2020	WHRM	3523	3594	71	15,617	87	\$ 69.75	\$ 104.48	\$ 51.85	\$ 138.53	\$ 364.61
June 27,2020	18-Sep-20	WHRM	3594	3644	50	10,998	84	\$ 65.10	\$ 73.58	\$ 48.39	\$ 97.56	\$ 284.63
Sep 19,2020	Jan 7,2021	WHRM	3644	3742	98	21,557	111	\$ 86.02	\$ 144.22	\$ 63.95	\$ 191.21	\$ 485.40
Jan 8,2021	Mar 24,2021	WHRM	3742	3776	34	7,479	76	\$ 58.90	\$ 50.03	\$ 43.78	\$ 66.34	\$ 219.05
				253	55,651	358	\$ 279.77	\$ 372.31	\$ 207.97	\$ 493.64	\$ 1,353.69	
2021-2022												
Mar 25,2021	June 23,2021	WHRM	3776	3820	44	9,679	91	\$ 70.52	\$ 64.75	\$ 55.67	\$ 89.15	\$ 280.09
June 24,2021	Sept 21,2021	WHRM	3820	3901	81	17,817	90	\$ 69.75	\$ 119.20	\$ 55.33	\$ 164.63	\$ 408.91
Sept 22,2021	Dec 20,2021	WHRM	3901	3937	36	7,918	90	\$ 69.75	\$ 52.98	\$ 55.33	\$ 73.17	\$ 251.23
Dec 21,2021	Mar 18,2022	WHRM	3937	3967	30	6,599	88	\$ 68.20	\$ 44.15	\$ 54.10	\$ 60.98	\$ 227.43
				191	42,013	359	\$ 278.22	\$ 281.08	\$ 220.43	\$ 387.93	\$ 1,167.66	
2022-2023												
Mar 19,2022	June 20,2022	WHRM	3967	4011	44	9,679	94	\$ 72.85	\$ 64.75	\$ 57.79	\$ 89.43	\$ 284.82
June 21,2022	17-Sep-22	WHRM	4011	4122	111	24,417	89	\$ 68.98	\$ 163.35	\$ 54.72	\$ 225.61	\$ 512.66
18-Sep-22	18-Dec-22	WHRM	4122	4161	39	8,579	92	\$ 71.30	\$ 57.39	\$ 56.56	\$ 79.27	\$ 264.52
19-Dec-22	18-Mar-23	WHRM	4161	4190	29	6,379	90	69.75	42.68	55.33	58.94	\$ 226.70
				223	49,054	365	\$ 282.88	\$ 328.17	\$ 224.40	\$ 453.25	\$ 1,288.70	

2023-2024	Billing Period	Previous	Current	Cubic Meter	Gallons	No of Days	Water	Water	Sewer	Sewer	Qtr			
							Base	Consump	Base	Consump		Total		
19-Mar-23	16-Jun-23	WHRM	4190	4232	42	42	9,239	90	69.75	61.81	55.33	85.37	272.26	
17-Jun-23	14-Sep-23	WHRM	4232	4293	61	61	13,418	90	69.75	89.77	55.33	123.98	388.83	
15-Sep-23	14-Dec-23	WHRM	4293	4330	37	37	8,139	90	69.75	54.45	55.33	75.2	254.73	
14-Dec-24	12-Mar-24	WHRM	4330	4362	32	32	7,039	90	69.75	47.09	55.33	75.2	247.37	
2024-2025							37,835	360	279.00	253.12	221.32	359.75	\$ 1,113.19	
13-Mar-24	10-Jun-24	WHRM	4362	4402	40	40	8,799	90	69.75	58.86	59.45	79.63	267.69	
Jun 12-24	Sept 08-24	WHRM	4402	4493	91	91	20,017	90	69.75	133.91	60.55	180.15	444.36	
Sept 9-24	Dec 7-24	WHRM	4493	4546	53	53	11,658	90	65.94	112.79	60.55	104.93	343.63	
Dec 8-24	Mar 7-25	WHRM	4546	4564	18	18	3,959	90	63.94	42.13	60.55	35.63	202.25	
2025-2026							44,433	360	268.80	347.69	241.10	400.34	1,257.93	
Mar 8-25	Jun 5-25	WHRM	4564	4598	34	34	7,479	90	74.84	88.79	68.91	79.05	311.59 Pro-rated	
Jun 6-25	Sept 3-25	WHRM	4598	4701	103	103	22,657	90	78.81	279.13	71.95	252.4	682.29	
Sept 4-25	Dec 2-25	WHRM	4701	4733	32	32	7,039	90	78.81	86.72	71.95	78.41	315.89	
Dec 3-25	Mar 2-26	WHRM	4733	4762	29	29	6,379	90	78.81	78.59	71.95	71.06	300.41	
							43,554	360	311.27	533.23	284.76	480.92	1610.18	
April 1, 2025 Rate Change							**	\$3.97	Under Billed		Under Billed	\$3.04	Total	\$7.01

West Hants Regional Water Utility

Consumption Reporting & Non-Revenue Water

Since consumption reporting was first initiated/requested back in 2023 the report has included many errors, corrections, omissions, lost meter reads due to battery failures and inconsistencies in the reads.

As an example, the March 31, 2025, consumption report had the total for the bulk master meters at 81,108,069 gallons for the year. However, the current report shows the 2024-2025 totals carried forward as 87,383,787 gallons.

The consumption for TMP was apparently changed from 39,484,655 to 45,760,370 gallons without any explanation.

The most recent report dated February 28, 2026, did not provide any updated information compared to the previous January 31, 2026, report. This report was prepared /released on May 8th, and I believe could have been updated for both billings and meter reads.

The attached spreadsheet is my understanding of the status of non-revenue water (treated water that is produced but is lost before it reaches the customers taps).

The spreadsheet compares the information provided to the UARB for the 2023 year to my revised version. It also provides estimates for the year ended March 31, 2025 and March 31, 2026, for comparison purposes.

The revised column more closely represents the actual total billed water at about 124 M imp. gal compared to the info provided to the UARB at 183 M imp. gal. The difference being 59 M imp gal represents the lost/unaccounted for water in TMP.

I have attached a copy of the consumption report dated March 31, 2025, as well as the February 28, 2026, report to help provide some reference.

The unaccounted-for non-revenue water for the Windsor treatment plant in 2023 was about 133.5 M imp.gal or 51.55%.

The estimate for March 31, 2026, is very similar at 132.5 M imp. gal. or 49.82 %.

Keep in mind that this does include non-revenue water for Falmouth or Hantsport which was reported to the UARB for 2023 to be 17.8 M imp.gal and 22.0 M imp.gal. respectively

The total non-revenue water for the 2023 year would therefore be about **173 M imp. gal.**

This water is a valuable resource and at the current billing rate is worth about \$2,288,790 or \$13,230 per million.

I believe that currently there is a lack of understanding of the need for accurate and timely consumption reporting.

It is imperative that someone / department takes responsibility for consumption reporting, understands the issues and is accountable for the results.

It is also essential that the bulk master meter reads are timed and taken as close as possible to the customer billing reads. Currently there is no assurance that this happens.

A flow chart should be prepared for each of the water treatment plants detailing the distribution, bulk master meters and any need for additional meters etc.

A comprehensive consumption monthly reporting program should be developed for the entire WHRM. It should include all three water treatment plants (Windsor, Hantsport & Falmouth). The report should be prepared monthly with quarterly updates with the water billed information.

The report should include details of the water that leaves each plant, billed water, water flushing, any other accounted for water and lost / non-revenue water and dates for all meter reads.

I have not seen the final version of the MNP report. I do believe that this non-revenue water is of such importance that hopefully MNP has identified the issue and made some recommendations as well.

Prepared by Rick Smith

May 20, 2026

**West Hants Regional Water Utility
Windsor Treatment Plant
Non-Revenue Water
For Discussion Purposes**

	<u>UARB *</u> <u>2023</u>	<u>Revised **</u> <u>2023</u>	<u>Estimate</u> <u>2025</u>	<u>Estimate</u> <u>2026</u>
WTP - Total Treated Water - Imp. gal	275,687,238	275,687,238	275,000,000	275,000,000
Billed Metered Water - Windsor		91,000,000 EST	91,427,806	100,000,000
Billed Metered Water - TMP		33,000,000 EST	33,378,652	37,000,000
Less -Total Billed Metered Water	<u>182,687,314 **</u>	<u>124,000,000</u>	<u>124,806,458</u>	<u>137,000,000</u>
Less - Flushing Stations/Annual Flushing	18,130,068 6.6%	18,130,068 ?	?	
Less - Accounted For Non-Revenue Water			<u>2,991,839</u>	<u>5,500,000</u>
Water Unaccounted For (Non-Revenue Water)	<u>74,869,856</u>	<u>133,557,170</u>	<u>147,201,703</u>	<u>132,500,000</u>
% Accounted For	72.84%	51.55%	45.38%	49.82%
% Unaccounted For	27.16%	48.45%	53.53%	48.18%

* Information From UARB Undertaking

** Billed Metered Water Included TMP Non-Revenue Water

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Three Mile Plains/Wentworth water utilities as 17.51%, 13.53% and 56.7%, respectively.

- i. What is the current amount of non-revenue water in the West Hants water utility?
- ii. Are actions being taken to actively try to reduce the non-revenue water in the West Hants water utility? If so, are any costs related to this contained in the Rate Study, and please identify these costs?

Response:

- i. The following table presents the non-revenue water for each of the three separate water systems included in the proposed West Hants Regional Water Utility.

2023	Windsor/TMP	Hantsport	Falmouth
Billed Metered Water	182687314	19926551.78	34016887.91
Flushing Stations/Annual Flushing	18130068	7252300	2135936
WTP Treated Water Flow	275687238	45027840	58243680
% Accounted For	72.84	60.36	62.07
% Unaccounted For	27.16	39.64	37.93

- ii. Flushing stations are sampled weekly to make adjustments based on water quality results. Water surfacing is investigated immediately. Once determined it is treated water it is repaired as soon as possible. Water mains that become known areas for leaks/breaks are placed on a priority list for replacement and are done so as funds become available.

- c) Did the Municipality address the issue of inadequate fire protection in areas of Hantsport?

Response:

The majority of small diameter watermain in Hantsport have been replaced. The remaining areas have been identified in the 5-10 year capital plan. The Municipality has identified inadequate fire protection areas within the Capital Budget. To date, the Municipality has upgraded infrastructure in four of the six areas previously identified as having inadequate fire protection. In the previous 2019 West Hants water rates study, it was recorded that Hantsport had 76 water customers affected by inadequate fire protection. Today that number is 20.

- d) The Board encouraged the utility to further explore any operating efficiencies gained through amalgamation of the three utilities to form the West Hants water utility to reduce operating expenses and thus the operating deficit. Please indicate whether the utility explored these and whether there was any reduction to operating expenses.

Response:

WEST HANTS REGIONAL MUNICIPALITY
WATER UTILITY - CONSUMPTION REPORT - FEBRUARY 28, 2026

NOTE: These reports are prepared monthly basis. Customer meters are read quarterly, the reports will have limited data until the quarterly meter data is available.

Community	2024-2025		2025-2026				TOTAL CONSUMPTION ¹
	TOTAL CONSUMPTION	Average per Quarter	Q1 - Jul	Q2 - Oct	Q3 - Jan	Q4 - Apr	
West Hants							
TMP (incl. Wentworth)	33,378,652	8,344,663	8,836,285	9,797,674	9,192,114	7,259	27,833,332 37m
Hantsport	22,776,473	5,694,118	5,942,462	7,408,776	5,363,284	8,139	18,722,660 25m
Falmouth	34,648,303	8,662,076	8,889,388	10,748,566	7,468,608	29,696	27,136,257 36m
TOTAL BY QUARTER	90,803,428	22,700,857	23,668,135	27,955,016	22,024,006	45,094	73,692,250 98

¹Note all figures are shown in imperial gallons.

Community	2024-2025		2025-2026				TOTAL CONSUMPTION ¹
	TOTAL CONSUMPTION	Average per Quarter	Q1 - Jul	Q2 - Oct	Q3 - Jan	Q4 - Apr	
Windsor	91,427,806	22,856,951	23,472,700	27,582,801	24,222,703	104,485	75,382,690 100
Bulk Master Meters (BMM)							
WH Dill Road	9,990,992	2,497,748	2,340,470	2,155,696	2,578,037	-	7,074,203
WH TMP 5 Back Rd	45,760,370	11,440,093	12,154,607	15,747,581	15,689,729	-	43,591,917
WH Underwood Rd	30,725,710	7,681,428	8,534,797	9,876,608	13,110,152	-	31,521,558 110
WH Wentworth Rd	906,713	226,678	277,161	249,005	219,089	-	745,255
SUBTOTAL	87,383,784	21,845,946	23,307,035	28,028,890	31,597,007	-	82,932,932
TOTAL BY QUARTER	178,811,590	44,702,897	46,779,736	55,611,691	55,819,710	104,485	158,315,622

¹Note all figures are shown in imperial gallons.

SUBTOTAL (BMM - TMP)	55,099,600
LESS: AUTHORIZED AND ACCOUNTED FOR NON-REVENUE WATER ³	4,148,472
VARIANCE BETWEEN TMP AND BULK MASTER METERS ²	50,951,127
% OF VARIANCE FROM TOTAL BULK CONSUMPTION	61.4%

²The variance for imp. gallons is attributed to leakage, system flushing, fire hydrants, unauthorized usage, inaccurate meter reads, and old meter equipment, etc.

³The authorized and accounted for non-revenue water is attributed to estimated loss from water main breaks in imp. gallons.

Director Comments:

New
6/7/2025

WEST HANTS REGIONAL MUNICIPALITY
WATER UTILITY - CONSUMPTION REPORT - MARCH 31, 2025

Community	2023-2024		2024-2025				TOTAL CONSUMPTION ¹
	TOTAL CONSUMPTION	Average per Quarter	Q1	Q2	Q3	Q4	
West Hants							
TMP (incl. Wentworth)	33,020,931	8,255,233	8,544,257	8,759,958	8,298,237	7,776,199	33,378,652
Hantsport	22,168,036	5,542,009	6,990,175	5,397,919	5,208,646	5,179,733	22,776,473
Falmouth	31,778,484	7,944,621	10,217,225	9,787,961	7,659,541	6,983,576	34,648,303
Total by Quarter	86,967,450	21,741,863	25,751,657	23,945,838	21,166,424	19,939,509	90,803,428

¹Note all figures are shown in imperial gallons.

Community	2023-2024		2024-2025				TOTAL CONSUMPTION ¹
	TOTAL CONSUMPTION	Average per Quarter	Q1	Q2	Q3	Q4	
Windsor	91,595,595	22,898,899	22,141,863	22,552,232	24,370,700	22,363,010	91,427,806
Bulk Master Meters (BMM)							
WH Dill Road	16,042,340	4,010,585	2,235,545	3,771,808	1,445,196	2,538,442	9,990,992
WH TMP 5 Back Rd	44,582,878	11,145,720	15,466,900	10,668,936	7,867,631	5,481,188	39,484,655
WH Underwood Rd	52,876,588	13,219,147	13,278,429	6,592,471	2,383,364	8,471,446	30,725,710
WH Wentworth Rd	815,425	203,856	833,693	207,651	157,498	207,871	906,713
SUBTOTAL	114,317,231	28,579,308	31,314,567	21,240,866	11,853,689	16,698,947	81,108,069
TOTAL BY QUARTER	205,912,826	51,478,206	53,456,430	43,793,098	36,224,389	39,061,957	172,535,875

¹Note all figures are shown in imperial gallons.

SUBTOTAL (BMM - TMP)	47,729,417
LESS: AUTHORIZED AND ACCOUNTED FOR NON-REVENUE WATER ³	2,991,839
VARIANCE BETWEEN TMP AND BULK MASTER METERS ²	44,737,578
% OF VARIANCE FROM TOTAL BULK CONSUMPTION	55.2%

²The variance for imp. gallons is attributed to leakage, system flushing, fire hydrants, unauthorized usage, inaccurate meter reads, and old meter equipment, etc.

West Hants Regional Sewer Utility

Financial Concerns

The West Hants Utilities Budget states that West Hants manages one water and one wastewater system which are self-supported through user fees. I believe that this means full cost recovery without being subsidized by taxes.

A rate study was completed back in early 2024 which set new rates for 2024 – 2025, 2025 – 2026 and 2026 – 2027. It is my understanding, that the intent of the study and new rates was to balance the financial results in each of the three years.

The 2026 – 2027 sewer budget shows the 3 -year average deficit to be \$412,356. This is concerning as this means over the 3-year period the sewer utility lost over \$1.2 M.

It is my understanding, that the result for the 2024 – 2025 year has already been included in the 3-year average provided in the budget,

I have attached a spreadsheet which shows the budgets from the sewer study (based on revenue required to break even) compared to the budgets prepared by West Hants in each of the three years

The West Hants budgets (as per the attached schedule) for the two years 2025 – 2026 & 2026 – 2027 are projecting a deficit of \$568,809 and \$348,207. These two budgeted deficits total \$917,016 and when added to the three-year deficits of 1.2 M will total over \$2.1M.

I have a concern that the sewer rate revenue included in the budgets are very low compared to the projected rates in the study and this could be contributing to the losses.

However, without actual financial statements for the sewer utility, it is impossible to understand why the utility continues to lose money.

Another issue is that budgeted non-operating expenditures are considerably lower than projected in the sewer study. This has the effect of lowering the deficits (losses) significantly by \$182,063, \$604,774 and \$616,616 in each of the three years.

At a recent meeting it was stated that the deficits of the sewer utility are being covered by the general tax rate. This is a concern as it means that many residents are paying for a service that they do not receive.

Further, there has not been any attempt to explain the deficits or offer comments on how to deal with the financial results and budgeted deficits.

Next Steps

Have financial statements prepared for the sewer utility for the years ended March 31, 2023, 2024, 2025 and 2026 as soon as possible.

These statements could follow the same format as for the water utility however separate line items should be included for sewer consumption, sewer base charges and depreciation. The information to complete these statements should be readily available.

The financials should provide the much-needed details on comparisons of the sewer rates, operating expenses and non-operating expenditures compared to the study.

Should Council consider a sewer rate study, this information will be necessary and help to provide clarity on the issues.

Consideration should also be given as to how the sewer deficits will be funded if they continue in the future.

Prepared by Rick Smith

May 20, 2026

West Hants Regional Municipality

Sewer Study Compared to Budgets 2024 - 2027

	Study 2024-2025	Budget 2024-2025	Study 2025-2026	Budget 2025-2026	Study 2026-2027	Budget 2026-2027	Revised Budget 2026-2027
Sewer Rates	\$ 2,840,879	\$ 2,231,424	\$ 3,453,628	\$ 2,420,775	\$ 3,705,924	\$ 2,493,398	\$ 2,900,000
Other Operating Revenue	52,885	8,385	63,486	7,000	66,591	6,500	6,500
	2,893,764	2,239,809	3,517,114	2,427,775	3,772,515	2,499,898	2,906,500
Operating Expenditures	2,258,251	2,191,873	2,451,519	2,535,763	2,587,163	2,696,644	2,685,971
Non-Operating Expenditures	635,513	453,450	1,065,595	460,821	1,185,352	587,780	568,736
Surplus or Deficit	\$ -	-\$ 405,514	\$ -	-\$ 568,809	\$ -	-\$ 784,526	-\$ 348,207
Non-Operating Difference **		\$ 182,063		\$ 604,774		\$ 597,572	\$ 616,616
		*		*			*

Additional Information

Sewer Rates - Actual 2024 - 2025 \$ 2,356,886

Sewer Rates - Forecast 2025 - 2026 \$ 2,909,563

Sewer Rates In The Study Are Projected Much Higher Than Budgeted

** Difference Between Non-Operating Expenditures From The Study Compared to The Budget

Revenue Required

04-Jan-24

Table 3-1

Combined WWH Sewer Rate Study
Statement of Operating Expenditures and Revenue Requirements

	2022/23 (Actual)	2023/24 (Projected)	2024/25 (Test)	2025/26 (Test)	2026/27 (Test)
OPERATING EXPENDITURES					
Sewage Collection	64,500	69,500	71,585	73,733	75,945
Sewage Lift Stations	134,771	155,587	164,688	171,317	178,421
Sewage Treatment West Hants	106,000	121,150	127,231	131,048	134,979
Sewage Treatment - Lagoon Drive	84,830	89,160	93,780	96,731	99,633
Sewage Treatment - Wentworth Road	61,814	78,250	81,796	84,678	87,218
Administration and General	1,006,489	1,001,703	1,024,598	1,055,810	1,089,324
Capital Reserve Contribution Windsor	180,444	216,687	281,706	354,083	381,951
Capital Reserve Contribution West Hants	340,305	361,945	412,868	484,120	539,691
Taxes	0	0	0	0	0
Total	1,979,153	2,093,982	2,258,251	2,451,519	2,587,163
ADD NON-OPERATING EXPENDITURES					
Non-Operating Expenditures - WEST HANTS	117,957	122,145	122,145	171,616	171,616
Debt Charges - Principal	253,648	210,950	260,293	368,293	368,293
Debt Charges - Interest	104,420	97,264	99,562	104,586	104,586
New Debt - Principal and Interest	0	35,669	35,669	35,669	35,669
New Debt - Principal and Interest	0	0	109,344	109,344	109,344
New Debt - Principal and Interest	0	0	0	266,087	266,087
New Debt - Principal and Interest	0	0	0	0	120,757
Short Term Borrowing	0	0	0	0	0
Capital out of Revenue	0	0	8,500	10,000	9,000
Other	0	0	0	0	0
Total	476,025	466,028	635,513	1,065,595	1,185,352
LESS NON-OPERATING REVENUES					
Interest and other income	0	0	0	0	0
Contract Services	0	0	0	0	0
Sludge Handling	0	0	0	0	0
Transfer from Depreciation Fund	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0
LESS OTHER OPERATING REVENUE					
Leachate Treatment Revenue	0	39,500	45,500	56,000	59,000
	0	0	0		0
Interest and Other Income	0	0	0	0	0
Other Revenue	4,000	7,286	7,385	7,486	7,591
Total	4,000	46,786	52,885	63,486	66,591
REVENUE REQUIRED FROM CUSTOMERS	2,451,178	2,513,225	2,840,879	3,453,628	3,705,924

**2025-26 WEST HANTS REGIONAL OPERATING BUDGET UPDATE
ELEVENTH MONTH ENDING FEBRUARY 28, 2026**

REVENUE	2025-26 BUDGET	% OF THE BUDGET	FORECAST MARCH 31, 2026	VARIANCE % (BASED ON FORECAST)	VARIANCE (BASED ON FORECAST)	ACTUALS FEBRUARY 28, 2026	BUDGET UTILIZATION %
TAXES	\$ 26,504,112	71%	\$ 26,016,390	-1.8%	\$ (487,722)	\$ 26,010,128	98.1%
SEWER	\$ 2,427,776	7%	\$ 2,909,563	19.8%	\$ 481,787	\$ 2,576,840	106.1%
BUSINESS PROPERTY / DEED TRANSFER TAX	\$ 2,531,417	7%	\$ 3,110,749	22.9%	\$ 579,331	\$ 3,134,160	123.8%
GRANTS	\$ 251,659	1%	\$ 208,056	-17.3%	\$ (43,603)	\$ 145,095	57.7%
SERVICES PROVIDED TO OTHER GOVERNMENTS ¹	\$ 1,502,983	4%	\$ 1,582,933	5.3%	\$ 79,950	\$ 829,368	55.2%
SALES OF SERVICES	\$ 977,499	3%	\$ 1,177,365	20.4%	\$ 199,866	\$ 1,069,261	109.4%
OTHER REVENUE ²	\$ 1,031,805	3%	\$ 1,402,391	35.9%	\$ 370,586	\$ 1,312,747	127.2%
UNCONDITIONAL TRANSFERS	\$ 1,623,314	4%	\$ 1,623,319	0.0%	\$ 5	\$ 819,569	50.5%
TRANSFERS FROM FED OR PROV GOVT.	\$ 74,000	0%	\$ 124,329	68.0%	\$ 50,329	\$ 119,986	162.1%
TRANSFERS FROM OTHER LOCAL GOVERNMENTS	\$ 269,393	1%	\$ 269,458	0.0%	\$ 65	\$ 85,460	31.7%
TOTAL	\$ 37,193,959	100%	\$ 38,424,552	3.3%	\$ 1,230,594	\$ 36,102,614	97.1%
EXPENSES							
GENERAL GOVERNMENT SERVICES ³	\$ 4,720,543	13%	\$ 4,582,290	-2.9%	\$ (138,253)	\$ 4,009,343	84.9%
PROTECTIVE SERVICES ⁴	\$ 10,803,577	29%	\$ 10,753,444	-0.5%	\$ (50,133)	\$ 7,304,001	67.6%
TRANSPORTATION	\$ 1,939,110	5%	\$ 1,897,597	-2.1%	\$ (41,513)	\$ 1,570,495	81.0%
ENVIRONMENTAL HEALTH SERVICES ⁵	\$ 4,445,586	12%	\$ 4,922,836	10.7%	\$ 477,250	\$ 4,256,588	95.7%
PUBLIC HEALTH SERVICES ⁶	\$ 90,607	0%	\$ 90,607	0.0%	\$ -	\$ -	0.0%
PLANNING	\$ 1,742,266	5%	\$ 1,675,113	-3.9%	\$ (67,153)	\$ 1,065,783	61.2%
RECREATION	\$ 3,955,805	11%	\$ 3,921,933	-0.9%	\$ (33,872)	\$ 3,400,901	86.0%
EDUCATION	\$ 6,278,180	17%	\$ 6,278,180	0.0%	\$ -	\$ 4,707,648	75.0%
PRINCIPAL INSTALLMENTS	\$ 2,485,686	7%	\$ 2,510,686	1.0%	\$ 25,000	\$ 2,420,528	97.4%
NET TRANSFERS	\$ 727,599	2%	\$ 1,066,679	46.6%	\$ 339,080	\$ -	0.0%
TOTAL	\$ 37,188,959	100%	\$ 37,699,365	1.4%	\$ 510,405	\$ 28,735,287	77.3%
SURPLUS / DEFICIT	\$ -		\$ 725,188	2.0%		\$ 7,367,327	

Please note that if revenue and expenditures were incurred evenly over the year approximately 91.7% of the budget would be used. This percentage provides a guideline when reviewing the above. However, it is important to keep in mind that account variances (up or down) will occur throughout the fiscal year. For example, seasonal activities such as summer programs and facility maintenance, as well as winter snow removal, will influence the budget in a non-uniform manner throughout the year. Items such as transfers from reserves, will also impact budget to actuals throughout the year as they occur at fiscal year end.

The overall projected surplus based on the variance analysis for the general fund is \$725,188.

Keynotes:

Revenue Highlights

- Sewer Revenue is projecting higher based on the first three quarters.
- Sale of Services is projecting higher than budgeted due to increase in programs and community centre rental revenue.
- Services Provided to Other Governments is higher due to increased revenue from the host tipping fees and Circular Materials.
- Deed Transfer Tax is projecting higher budgeted due to high number of sales between September - November.
- Transfers from other levels of Government are projecting higher than originally budgeted, as more grants were received.
- Other Revenue is projecting higher as a result of outstanding balances increasing interest and penalties on outstanding balances.
- Grants are being investigated, as some provincial grants have not been received.

Expenditure Highlights

- Environmental Health Services is projecting higher due to increase costs under sewer operations and administration, waste collection.
- Net Transfers is higher due to the reassessment in the asset retirement obligation.

LEGEND:

- 1 - SERVICES PROVIDED TO OTHER GOVERNMENTS INCLUDES: RECYCLING/ENFORCEMENT, HOST COMMUNITY FEES, ADMINISTRATION FEES, COURTHOUSE
- 2 - OTHER REVENUE INCLUDES: INTEREST AND PENALTIES, RETURN ON INVESTMENTS, ADMINISTRATIVE RENTALS AND LEASES, FINES, LICENSES AND PERMITS
- 3 - GENERAL GOVERNMENT SERVICES INCLUDES: LEGISLATIVE, ADMINISTRATION, FINANCIAL SERVICES, FACILITIES, LIBRARIES
- 4 - PROTECTIVE SERVICES INCLUDES: RCMP, FIRE, EMO, BY-LAW, COURTHOUSE, BUILDING INSPECTION
- 5 - ENVIRONMENTAL HEALTH SERVICES INCLUDES: SEWER, WASTE COLLECTION, WASTE DIVERSION, LANDFILL
- 6 - PUBLIC HEALTH SERVICES INCLUDES: CEMETERIES, PUBLIC HOUSING

West Hants Regional Water Utility

Water Budgets Compared to Study & UARB Reporting Requirements

The attached spreadsheet compares the WH budgets for the 2024 -2027 years to the rate study.

The water utility budgets should closely match the rate study projections. However, there are some significant differences.

The water consumption & base revenue are budgeted much lower than the study by \$.8M in 2025 – 2026 and \$1.0 M in 2026 – 2027 (recently revised) The purpose of the rate study was to establish rates and the revenue to support the water utility expenses and break even in each of these years.

As well operating expenses net of depreciation based on the latest forecast are over budget by about \$1 M in 2025 -2026. without any explanation. The budgeted expenses for 2026 – 2027 are lower than in the previous year (decrease) by about \$.5 M without explanation. This inconsistency is concerning.

The lower revenue budgets and the higher operating expense budgets negatively impact the financial picture.

The non-revenue expenditures budgeted (principal & interest) are also much lower than the study by \$.575 M, \$1.3 M and \$1.0 M in each of the years. The issue is that the study planned for these expenditures and set the rates accordingly.

Delays in projects can and do happen. However, in preparing the budgets these lower expenditures should also reflect positive results by increasing the surplus for each of the years.

In other words, by reducing non-revenue expenditures operating surplus should increase by adding \$.575 M in 2024 – 2025, \$1.3 M in 2025-2026 and \$1.0 M in 2026 – 2027.

These differences are considerable and total over \$ 2.9 M. over the three-year period and are required to be deposited into a reserve account. You can see in the spreadsheet, that based on actual results for 2024 – 2025 and the budgets for 2025 – 2026 and 2026 – 2027 that these surplus funds will not available.

The UARB Decision (131) states in brief that ... “If projects are unable to fully proceed, the Board directs the utility to deposit any variance for each of the three test years in its depreciation expense and its principal and interest expense to a reserve specifically designated for capital purposes, as opposed to adding it to operating surplus for a given year. This preserves the funds for the intended purpose” ...

Section (132) states in brief that ... "This reserve shall be reported in the annual financial statements which shall detail its balance, contributions withdrawals and earnings" ...

Next Steps:

Complete a more comprehensive review of the 2025 – 2026 and 2026 – 2027 budgets.

Determine why surpluses will not be available to deposit into a special reserve fund.

Determine why water revenue budgets have been much lower than the rate study. Change the budgeting methodology as required.

Complete a detailed analysis of the operating expenses for the 2025 – 2026 year. Look for any unusual expenses or one-of-a-kind expenses.

Prepare a list of the expenses that account for the \$ 1 M overrun.

Compare the detailed operating expense analysis for 2025 -2026 to the operating expense budget for 2026 – 2027. Determine if it is reasonable that expenses are budgeted \$.5 M lower in 2026 – 2027.

– Complete a review of all outstanding projects and the timeline to complete and the effect on the non-operating expenditures.

Ensure that all the UARB requirements are being met on a timely and reporting basis. (I was unable to find this information in the 2025 annual statements as required).

Consider moving your 2025 – 2026 fiscal audit completion date to July 31st. Constantly working in arrears is simply not healthy.

Prepared by Rick Smith

May 20, 2026

West Hants Regional Municipality

Draft 2

Water Study Compared to Budgets 2024 - 2027

	Study 2024-2025	Budget 2024-2025	Actuals 2024-2025	Study 2025-2026	Budget 2025-2026	Latest Forecast 2025-2026	Study 2026-2027	Budget 2026-2027	Revised Budget 2026-2027
Water Rates - Consumption	\$ 2,974,134	\$ 1,626,670	\$ 2,095,247	\$ 3,741,742	\$ 1,714,223	\$ 3,818,077	\$ 4,036,263	\$ 1,799,934	\$ 2,501,912
Water Rates - Base	2,974,134	1,186,822	1,191,514	3,741,742	1,190,640	3,818,077	4,036,263	1,250,073	1,400,073
		2,813,492	3,286,761		2,904,863			3,050,007	3,901,985
Water - Fire Protection	1,197,081	1,071,342	1,199,977	1,558,926	1,560,237	1,563,926	1,736,224	1,737,474	1,737,474
Other Operating Revenue	279,021	411,375	136,191	192,040	119,250	224,816	200,307	119,250	119,250
	4,450,236	4,296,209	4,622,929	5,492,708	4,584,350	5,606,819	5,972,794	4,906,731	5,758,709
Depreciation	956,380	725,646	1,055,922	1,089,591	697,535	1,100,000 ?	1,123,246	1,133,922 ???	1,133,922
Operating Expenses net of Depreciation	3,125,226	3,454,699	3,566,887	3,155,294	3,488,988	4,110,249	3,249,953	3,614,170	3,612,041
	4,081,606	4,180,345	4,612,809	4,244,885	4,186,523	5,210,249	4,373,199	4,748,092	4,745,963
Non-Operating Revenue	164,122	15,804		496,122	20,000	19,385	34,995	20,000	20,000
Non-Operating Expenditures	806,900	189,651	231,400	1,743,945	423,702	459,090	1,634,590	686,993	603,925
Surplus or Deficit	<u>-\$ 274,148</u>	<u>-\$ 57,983</u>	<u>-\$ 221,280</u>	<u>\$ -</u>	<u>-\$ 5,875</u>	<u>-\$ 43,135</u>	<u>\$ -</u>	<u>-\$ 508,354</u>	<u>\$ 428,821</u>
For Information Purposes									
Reserve Required - Non-Operating Exp		<u>\$ 617,249</u>	<u>\$ 575,500</u>		<u>\$ 1,320,243</u>				<u>\$ 1,030,665</u>
			**		**				**

** Difference/Variance Between Non-Operating Expenditures From The Study Compared to Budget

West Hants Regional Water Utility - Undertakings Comparative Statement of Operations Fiscal Years ending March 31st					
	2022/23 (Actual)	2023/24 (Projected)	Projection Using Proposed Rates		
			2024/25 Test Yr 2	2025/26 Test Yr 3	2026/27 Test Yr 3
OPERATING REVENUES					
Metered Sales	2,837,540	2,781,920	2,974,134	3,741,742	4,036,263
Public Fire Protection - Windsor	319,208	319,205			
Public Fire Protection from West Hants	155,095	155,097			
Public Fire Protection West Hants	595,789	611,107	1,197,081	1,558,926	1,736,224
Commercial	0	1,938	2,094	2,157	2,222
Sprinkler Service/Private Hydrants	5,728	9,950	8,281	8,349	8,416
Sales to Other Utilities	241,903	368,954	92,239	0	0
Bulk Water Sales	0	73,340	166,579	171,576	176,723
Other Income	8,361	42,619	9,828	9,958	12,945
Total	4,163,624	4,364,130	4,450,236	5,492,708	5,972,794
OPERATING EXPENDITURES					
Source of Supply	309,736	380,697	77,300	15,244	15,701
Power and Pumping	45,465	0			
Water Treatment	898,534	1,085,188	1,077,013	1,109,323	1,142,603
Transmission and Distribution	1,122,483	1,274,550	1,391,588	1,433,336	1,476,336
Administration and General	518,114	499,288	513,261	520,987	536,617
Depreciation	639,311	733,381	956,380	1,089,591	1,123,246
Taxes	63,891	63,969	66,064	76,404	78,696
Total	3,597,534	4,037,072	4,081,606	4,244,885	4,373,199
OPERATING PROFIT (LOSS)	566,090	327,058	368,630	1,247,823	1,599,595
NON-OPERATING REVENUES					
Interest on Customer Accounts	9,602	5,532	7,655	7,655	7,884
Interest	0	0	2,533	2,533	2,609
Special Service	0	12,780	18,191	18,191	18,737
Other	0	0	743	743	765
Transfer from Operating Surplus	0	0	100,000	450,000	0
Bank Interest	0	78,165	35,000	17,000	5,000
Total	9,602	96,477	164,122	496,122	34,995
NON-OPERATING EXPENDITURES					
Debt Charges - Principal	572,672	206,177	107,582	254,162	78,269
Debt Charges - Interest	45,416	33,954	29,448	22,946	17,053
New Debt - Principal	0	42,378	89,841	95,231	100,945
New Debt - Interest	0	93,534	181,982	176,591	170,878
New Debt - Principal	0	0	96,674	204,949	217,246
New Debt - Interest	0	0	213,373	415,145	402,849
New Debt - Principal	0	0	0	158,060	167,543
New Debt - Interest	0	0	0	348,860	339,376
New Debt - Principal	0	0	0	0	49,847
New Debt - Interest	0	0	0	0	22,584
Interest Paid on consumer deposits	0	30,000	10,000	10,000	10,000
Capital out of Revenue	42,862	50,000	78,000	58,000	58,000
Earnings	0	0	0	0	0
Total	660,950	456,042	806,900	1,743,945	1,634,590
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-85,258	-32,507	-274,148	0	0
SURPLUS AT BEGINNING OF YEAR	1,459,569	1,374,311	1,341,804	967,656	517,656
OPERATING FROM SURPLUS	0	0	100,000	450,000	0
CAPITAL FROM SURPLUS	0	0	0	0	0
ACCUMULATED SURPLUS (DEFICIT)	1,374,311	1,341,804	967,656	517,656	517,656

WEST HANTS REGIONAL MUNICIPALITY
AUDIT COMMITTEE TERMS OF REFERENCE

1. Official Name

The official name of this Committee will be the Audit Committee.

2. Members / Composition

The Committee consists of nine members

- The Mayor
- **Five (5) Municipal Councillors**
- **Three (3) Members of the Public**

Council will annually appoint an Audit Committee. Each member appointed by Council serves the Committee for a one (1) year term. Members are eligible for reappointment and may serve up to two (2) terms.

The CAO and/or Director of Finance will provide staff support to the Committee. They are not voting members of the Committee.

The Committee chair will act as the liaison in providing recommendations and reports to Council.

The selection process of the members of the public is determined through an evaluation process and a recommendation to Council. The three members at large will rotate off in opposite years to maintain continuity. In the first year, one of the members at large will sit for a one-year term and will not be eligible for reappointment in the following year.

All positions will be reviewed through the evaluation process when the designated term is over, whether an existing member has re-offered or not.

Committee members who fail to attend two (2) consecutive meetings without a reason accepted by the Committee Chair may be recommended to Council to be dismissed from the Committee. Committee members may be dismissed by Council on recommendation by the Audit Committee if they fail to fulfill the identified responsibilities and/or mandate of the Committee.

Each member of the Committee is expected to exercise care and diligence when dealing with the affairs of the West Hants Regional Municipality

3. Goals

The primary function of the Audit Committee is to assist Council in fulfilling its oversight responsibilities outlined in the Municipal Government Act, related to the quality and integrity of financial reporting.

The Audit Committee assures fair presentation of the financial position, and results of transactions and protection of assets.

WEST HANTS REGIONAL MUNICIPALITY
AUDIT COMMITTEE TERMS OF REFERENCE

4. Deliverables

4.1 Financial Reporting

- 4.1.1 Review with the external auditor the annual financial statements of the Municipality and the West Hants Regional Municipal Water Utilities.
- 4.1.2 Review the external auditor report and discuss the financial statements with management and the external auditor.
- 4.1.3 Review the auditor management letter (where applicable) and management's responses thereto, as well as the status of any significant issues reported previously.
- 4.1.4 Recommend the annual financial statements to Council for approval.
- 4.1.5 Review with management the quarterly financial updates to be presented to Council.

4.2 Financial and Accounting Policies

The Chief Administrative Officer and Council is responsible for setting financial and accounting policies. The Committee will review financial and accounting policies and recommend changes to the Chief Administrative Officer or Council, if required.

4.3 Risk and Uncertainty

Review with management, on an annual basis, risk management practices including insurance coverage and internal control systems to ensure adequacy.

4.4 Control Deviations

Consider any matters relating to internal controls and reports from management or other to significant control deviations or indications of fraud and the corrective action undertaken with regards to the matter.

4.5 Relationship with External Auditors

Recommend the appointment of the Municipality's auditor.

Review auditor RFP evaluations in camera, as required, prior to making a recommendation.

Review and approve the overall scope and approach of the auditor's annual audit plan. The Director of Financial Services has authority to make minor changes to the audit scope where necessary. Substantive

WEST HANTS REGIONAL MUNICIPALITY**AUDIT COMMITTEE TERMS OF REFERENCE**

changes that impact the scope and cost of the audit will be subject to a staff report recommended to Council with estimated costs and resource

impacts or will be managed within the existing policies of Council related to budget management and expenditures.

The Mayor will sign the Engagement and Representation letters on behalf of the Municipality. The Mayor and Chief Administrative Officer will sign the Financial Statements of the Municipality.

Review the auditor's performance, at least annually, including a review of all relationships and engagements between the auditor and the Municipality for non-audit services that may reasonably be thought to reflect on the independence of the auditor.

4.6 Committee Self Assessment and Accountability

The Committee will annually review, discuss and assess the performance of the Committee and its membership, and will periodically review and consider the need for recommending amendments to these Terms of Reference.

5. Jurisdiction

To pursue such matters arising out of the audit as may appear to the Audit Committee to require investigation, as outlined in Section 44 of the Municipal Government Act (MGA).

6. Resources / Budget

- 6.1 The Council Remuneration Policy will be followed regarding any stipend for the two members at large.
- 6.2 The Human Resources Policy and Expense Policy will be followed in regarding Staff time and expenses within the Financial Services Department of the Municipality.
- 6.3 All budgetary considerations for the Committee will be approved as part of the annual budget approved by Council.
- 6.4 Staff within the Financial Services Department of the Municipality are available as support to the Committee as required.

7. Governance

Meetings

WEST HANTS REGIONAL MUNICIPALITY**AUDIT COMMITTEE TERMS OF REFERENCE**

- 7.1 Meetings may be convened at the request of any member of the Committee, at the request of the Municipal appointed external auditor, or at the request of the Chief Administrative Officer or management. The Committee will meet no less than four (4) times each year. The required minimum of four meetings will occur:
- 7.1.1 after appointment of Committee members, for management to present all financial policies used in the preparations of financial statements to the Committee, appoint a Chair, review quarterly financial presentations
 - 7.1.2 prior to the year-end audit, to review and approve the audit scope, and review the quarterly financial presentations
 - 7.1.3 after the audit is complete, to review the draft financial statement, audit findings, and the auditors' performance for the current audit, and review quarterly financial presentations
 - 7.1.4 after approval of audited financial statement, to review process, internal controls, and quarterly financial presentations, and perform Committee Self-Assessment

The Committee will meet with the external auditor at least twice a year, at meetings (2) and (3). The external auditor will receive notice of all meetings to appear at and may be required to attend additional meetings at the Committee's request.

All meetings are open to the public as per the Municipal Government Act.

7.2 In-Camera Meetings

The Committee may hold in-camera meetings as allowed under Section 22 (2) of the Municipal Government Act, for issues related to the Committee.

No decisions will be made at in-camera meetings except a decision concerning procedural matters or to give direction to the Chair or staff.

A record which is open to the public will be made noting the fact that the Committee met in-camera, the type of matter that was discussed, the date, but no other information.

Any Committee or staff member who discloses information matters discussed at an in-camera meeting may be liable for damages to the Municipality.

7.3 Quorum and Decision-Making

WEST HANTS REGIONAL MUNICIPALITY
AUDIT COMMITTEE TERMS OF REFERENCE

A quorum consists of three (3) voting members of the Committee, one (1) of which must be a Councillor and one (1) must be a Member of the Public. Each Committee member is entitled to one vote and decisions will be by majority vote of those present. In the absence of the Chair of the Committee, the members will appoint one of the members of Council to act as Chair of the meeting.

In the event of a tie vote, the motion is defeated

7.2 Reporting

The Committee will report to Council.

8. Communications

The Committee members will maintain direct, open and frank communications with each other, management, Council, the external auditor and other advisors as appropriate, during meetings. Communications may be done outside of meetings with each other, management, Council, or as assigned, in person at meetings by phone or in writing which includes email. Notice of meetings will be communication through email.

9. Related Policies, Procedures and Legislation

RCOGE-003.00	Meeting and Committee Procedural Policy
	Code of Conduct For Elected Municipal Officials Policy
RCOHR-002.00	Council Remuneration Policy
	Expense Policy

Approved by: _____
 Committee Chair

<i>Adoption</i>	
<i>Notice to Council:</i>	
<i>Approval:</i>	
<i>Description:</i> Initial approval of the Audit Committee Terms of Reference, identified as RADFN-002.04.	



West Hants
something inspiring awaits

Financial Policies

Audit Committee Presentation

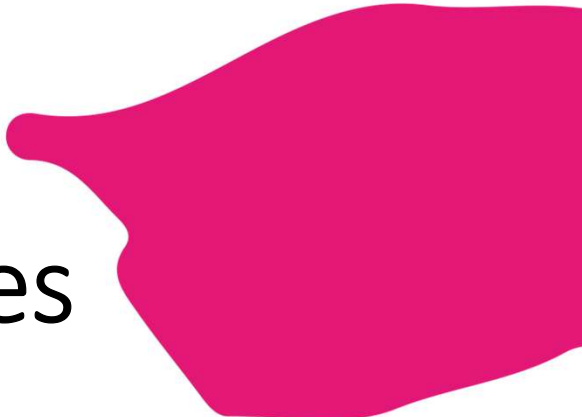
something inspiring awaits





This presentation will provide an overview of the financial and administrative policies that impact the financial statements.





Policies Impacting Decisions & Procedures

- Expense Policy, RCOFN-006.00
- Hospitality Policy, RCOFN-001.00
- Investment Policy, RCOFN-005.00
- Procurement Policy, RCOFN-003.00
- Reserve Policy, RCOFN-010.00



Expense Policy, RCOFN-006.00

- This policy directs staff and Councillors on the reimbursement of actual, necessary, and reasonable expenses incurred in the conduct of West Hants Regional Municipality business.
- It assigns approved per diem amounts for the following:

Breakfast	\$17
Lunch	\$20
Dinner	\$30
Incidentals	\$5
Meeting Allowance	\$12.50

- It also provides details on acceptable travel expenses, from airfare to hotel stays.
- The policy also provides details on how to be reimbursed for these items should a staff member or Councillor incur an expense.
- This policy also sets out the guidelines for quarterly reporting on Council expenses.





Hospitality Policy, FCOFN-001.00

- The purpose of this policy is to provide direction and guidance to Councillors and staff with respect to the appropriate expensing of necessary hospitality expenses that support the Municipality's objectives. While ensuring taxpayers' dollars are used prudently and responsibly with a focus on accountability and transparency.
- The Policy defines the circumstances when Hospitality expenses may be offered, such as hosting dignitaries or recognition events. Other authorized official functions not listed in the policy will require Council or CAO approval.
- It also states that all hospitality events require a Hospitality Request Form be submitted for authorization prior to the event for pre-approval by the CAO. And ensures a second CAO approval once all expenses are recorded.
- A quarterly Hospitality report will then be posted on the Municipal website 30 days after quarter period ends.





Investment Policy, RCOFN-005.00

- This policy governs the investment of trust funds, reserve funds, and surplus cash balance at an optimum level of return while ensuring the principal amounts of investment are preserved.
- This is accomplished by structuring the portfolio so that securities mature and/or are accessible concurrent with cash needs to meet anticipated demands.
- The Director, Financial Services is authorized to execute decisions made by the CAO. Any investments made are to be reported to Municipal Council at its next Committee of the Whole meeting.
- The investment portfolio shall be monitored and reported annually to the CAO and Council, by the Director, Financial Services.
- There are risks that go along with any investment, but this Policy's main objective is the preservation of the principal amount by remaining conservative when choosing investment options.





Procurement Policy, RCOFN-003.00

- This policy directs staff and community groups using municipal funds for single capital projects on the best practices approved by Council for procuring goods and services at various purchasing levels. These practices reflect provincial and federal trade agreements.
- It assigns authority to the CAO to approve purchases within the Council approved budget. The authority is:
 - Goods & Services up to \$25,000
 - Construction up to \$100,000
- It also assigns authority to Directors to approve purchases within the Council approved budget up to \$14,999.99 before HST.
 - With CAO Approval, Directors can assign authority to managers to a maximum of \$5,499.99
 - With CAO Approval, Directors can assign authority to staff members to a maximum of \$2,499.99.
- Anything outside the Council approved budget, or over the signing authority of the CAO, must be recommended to Council for approval.
- This policy also governs the application and use of credit cards and supplier purchase cards.
 - Acquisition of Credit Cards shall be approved by Council.
 - Acquisition of Supplier Purchase Cards shall be approved by the CAO/Director, Financial Services.
 - Both cards are to be used in compliance with the Municipal Government Act Section 65 – Power to Expense Money & Section 67 – Expenditure for Municipal Purposes.





Reserve Policy, RCOFN-010.00

- The purpose of this policy is to establish long term funding strategies for the Municipality and to ensure good financial and cash management for ongoing financial stability.
- This policy supports decisions relating to long-range financial planning for operations and capital projects. Allowing the Municipality to minimize both debt servicing costs and significant annual budget impacts by allocating costs over multiple years through the prudent use of reserve funds.
- It governs that creation, intended use, limitations and targeted balance levels of reserve funds.
- It also directs the Financial Services Department to monitor the status of the reserve funds and how to allocate interest and budget surpluses.





Policies Impacting Revenue

General Services

- Accounts Receivable Policy, RCOFN-015.00
- Acceptance of Donations Policy, RCOFN-007.00
- Fees Policy, RCOFN-013.00

Water

- Utility Assistances Rebate Policy, RCOFN-016.00

Taxes

- Residential Property Tax Assistance Policy, RCOFN-011.01
- Tax Collection Policy, RCOFN-002.00
- Tax Exemption Policy, RCOFN-004.00

Area Rates

- Area Rate Policy, RCOFN-008.00

Other

- Disposal Surplus Real Property, COUNCIL-01-007
- Disposal of Surplus Goods and Material Policy, RADGE-001.00





General Service & Water

- **Accounts Receivable Policy, RCOFN-015.00**
 - This policy outlines the interest the Municipality can charge for outstanding general invoices as well as timelines for interest posting.
- **Acceptance of Donations Policy, RCOFN-007-00**
 - This policy outlines how the Municipality accepts, administers, and uses donated funds. It also outlines Canada Revenue Agency's and the Income Tax Act requirement for issuing tax receipts for income tax purposes.
- **Fees Policy, RCOFN-013.00**
 - This policy applies to fees set out in by-laws, policies, and resolutions authorized by Council for certain applications, licenses, and services that are applicable for residents and businesses when requesting permits, licenses, or other forms of services.
- **Utility Assistance Rebate Policy, RCOFN-016.00**
 - This policy outlines rebates available to Municipal residents for quarterly sewer fees and bulk water fees.





Taxes

- Residential Property Tax Assistance Policy, RCOFN-011.01
 - This policy outlines the rebates available to Municipal residents for their annual property tax billing.
- Tax Collection Policy, RCOFN-002.00
 - This policy is to provide direction regarding tax collection in accordance with various sections of the Municipal Government Act.
 - Interest, arrears, permanent property loss, tax sale, payments and additional costs charged to the property owner are covered in this policy.
- Tax Exemption Policy, RCOFN-004.00
 - This policy outlines the criteria for a property to become tax exempt or qualify for a tax reduction.
 - Registered Canadian Charity, Nonprofits and Nonprofits Commercial can apply. Once added to the list, owners of these properties shall annually provide a statement that the property use remains the same. Deadline to apply is February 28.
 - Council is provided a list annually for approval of the additions and removals from the exemption lists.





Area Rates

- Area Rate Policy, RCOFN-008.00
 - This policy provides the framework and guidelines to be used when establishing and managing an area rate approved by Council.
 - Public will be consulted for recommendation for Council approval. Council may be guided by, but is not bound by, the results of the recommendation polling.
 - The policy outlines the approved purposes, and guidelines that an Association, Society, or Local Community Group must comply with.





Other

- Disposal Surplus Real Property, COUNCIL-01-007
 - This policy outlines disposal criteria and categorizes the property. Each category has a preferred disposal method.
 - The CAO will recommend to Council any real property identified as surplus to operations, and no longer needed.
 - With Council approval on the categorization of the property and declaring the property surplus, the CAO will proceed to dispose as determined by the category.





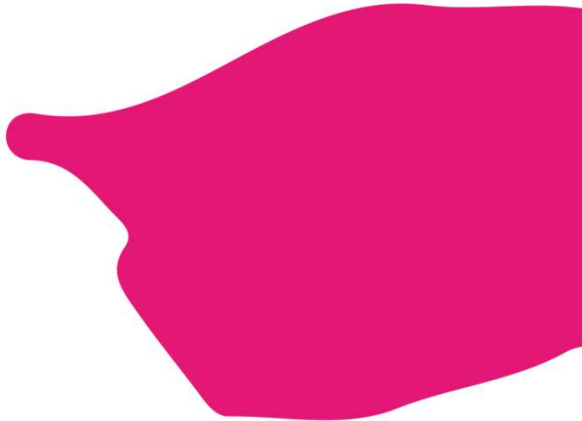
Other

- Disposal of Surplus Goods & Material Policy, RADGE-001.00
 - This policy outlines the disposal criteria for Information Technology Equipment and provides an opportunity for first rights to Schools of Nova Scotia, Annapolis Valley Regional Library Board, and Atlantic Canada Electronics Stewardship.
 - The CAO will identify which materials and goods are surplus and/or obsolete to departmental requirements and report to Council any materials declared surplus or obsolete over the preceding fiscal year.
 - Disposal criteria for surplus goods other than IT Equipment will be prepared annually and signed off by each department's director.
 - Surplus goods will be given first right to nonprofit organizations up to a value of \$1,000. Any goods that remain will be sent to public auction.





Policies Impacting Expenses



- Acquisition of Real Property Policy, COUNCIL-01-006
- Council Remuneration Policy, RCOHR-001.01
- Grants and Contributions Policy, RCOFN-012.00
- Property Assessed Clean Energy (PACE) Policy, RCOPL-007.00
- Regional High School Bursary Policy, RCOFN-013.00
- Home Flood Protection Pilot Program Policy, RCOPL-008.00
- Barrier-Free Small Business Accessibility Grant, RCOFN-015.00





Acquisition of Real Property, COUNCIL-01-006

- This policy governs the acquisition of property, including property outside the municipality, which it requires for its purposes or for the use of the public. A constant and equitable framework is followed when acquiring property that supports Council approved strategies, projects, programs and policies.
- CAO carries out a needs assessment, documenting the rationale and justification for the acquisition and presents it to Council for approval. CAO will obtain sufficient and appropriate advice from specialists and Council will set a budget value for the acquisition.
- The method of acquisition is then determined, negotiation being the preferred method.
- It is the intent of this policy to acquire property on the basis of current market value unless other considerations are included in the transaction and approved by Council. Any variances shall be explained in a recommendation report and presented to Council.





Council Remuneration Policy, RCOHR-001.00

- This policy sets out the rates of Councillor remuneration per year. As well as the requirements to received remuneration, and the required deductions for missed meetings over and above the allotted time per year.
- This policy also sets the rate of remuneration for Citizen Committee members.





Grants and Contributions Policy, RCOFN-012.00

- Annually Council will determine the amount of funding and specify the parameters under which the funding will be provided.
- This policy outlines organizational and funding eligibility criteria and type of grants or contributions that can be applied for.
- Applications will be received and reviewed based on the established parameters and a report will be provided to Council annually, recommending the distribution of funds.





Property Assessed Clean Energy (PACE) Policy, RCOPL-007.00

- This policy provides the guidelines for Municipal residents who may wish to participate in SWITCH West Hants, by increasing the efficiency of their homes and receiving a loan funded through WHRM and PACE.
- The policy sets the parameters on which a resident qualifies for the SWITCH West Hants program as well as setting the fees required to participate.
- This policy also speaks to the actions the Municipality may take in a resident is unable to pay their loan payments.



Regional High School Bursary Policy, RCOFN-013.00

- This policy ensures the Municipality has resources allocated equally throughout the WHRM to support and encourage all graduating students.
- This policy sets forth the requirements on which students across the WHRM may qualify for one of four annual secondary education grants:

The Dr. Garth Vaugh Memorial Bursary	\$1,000
The Jeanne Bourque Carpe Diem Memorial Bursary	\$1,000
The Fred Fox Memorial Bursary	\$1,000
The Inspire West Hants Bursary	\$1,000





Home Flood Protection Pilot Program Policy, RCOPL-008.00

- This policy defines the operational parameters of the Home Flood Protection Pilot Program, including specifying the program's eligibility criteria, methods of assessing applications, types of eligible home upgrades and installations, and details regarding funding..
- The purpose is to offer financial assistance to property owners and renters to:
 - Assess the risk of flooding and explore upgrades and installations to mitigate risk.
 - Implement eligible upgrade and installations that will either reduce the risk or impacts of flooding.





Barrier-Free Small Business Accessibility Grant Policy, RCOFN-015.00

- This policy defines the eligibility requirements of the Barrier-Free Small Business Accessibility Grant Program to help business make physical modifications to promote better customer accessibility.
- The grant program also serves to help small business meet the requirements of the Built Environment Accessibility Standards and the Nova Scotia Building Code regulations.
- The maximum grant is set at \$5,000 per small business and there is a match requirement of at least 50% of the cost from the applicant.
- This policy explains the eligibility criteria along with the requirements of the program.



QUESTIONS



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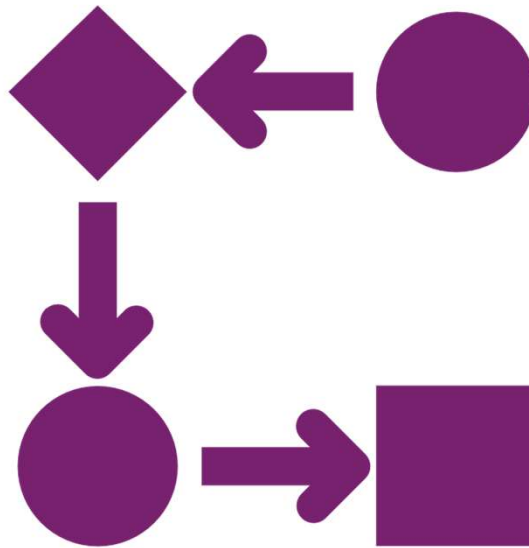
Financial Process

Audit Committee Presentation

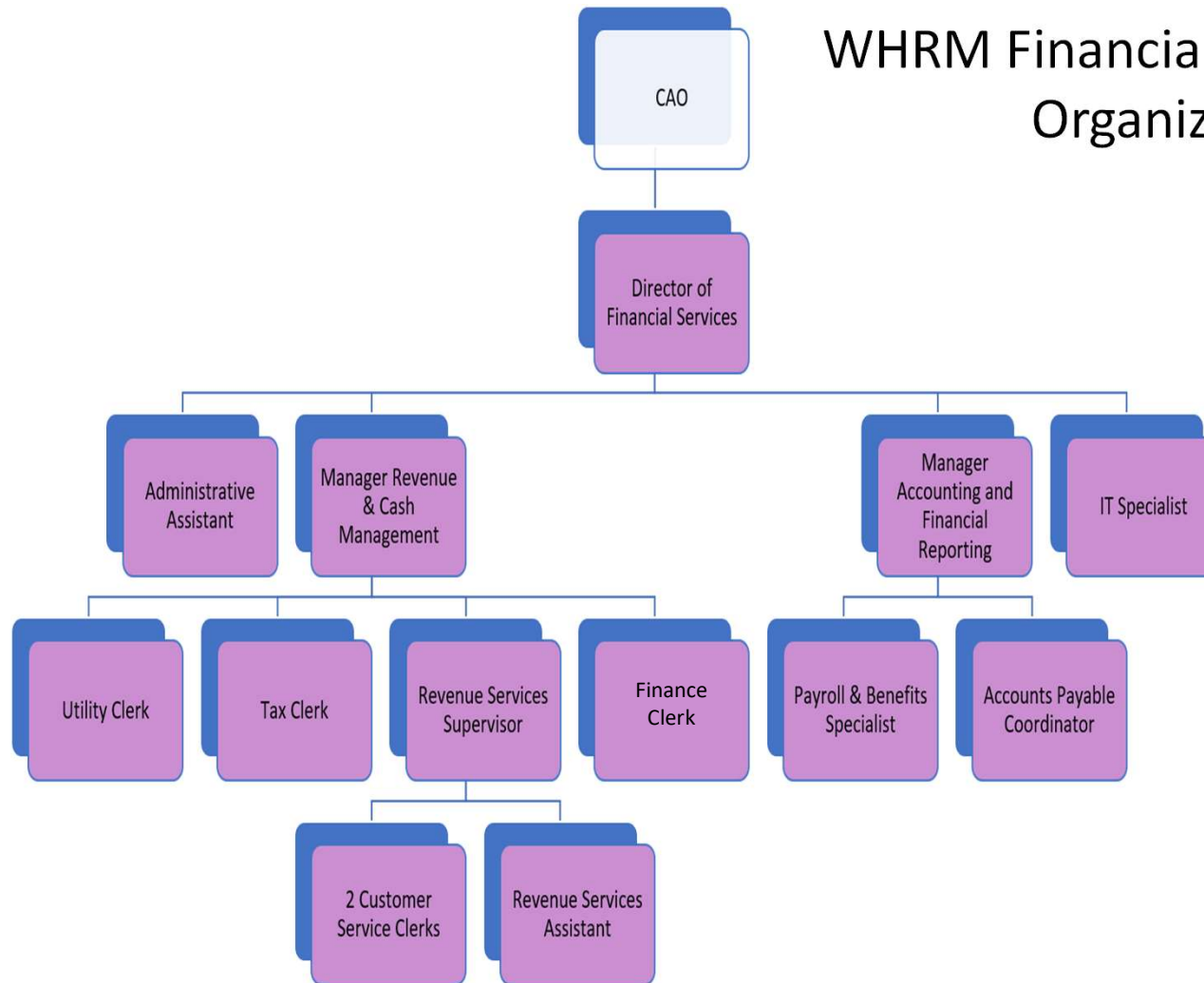
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Processes & Information



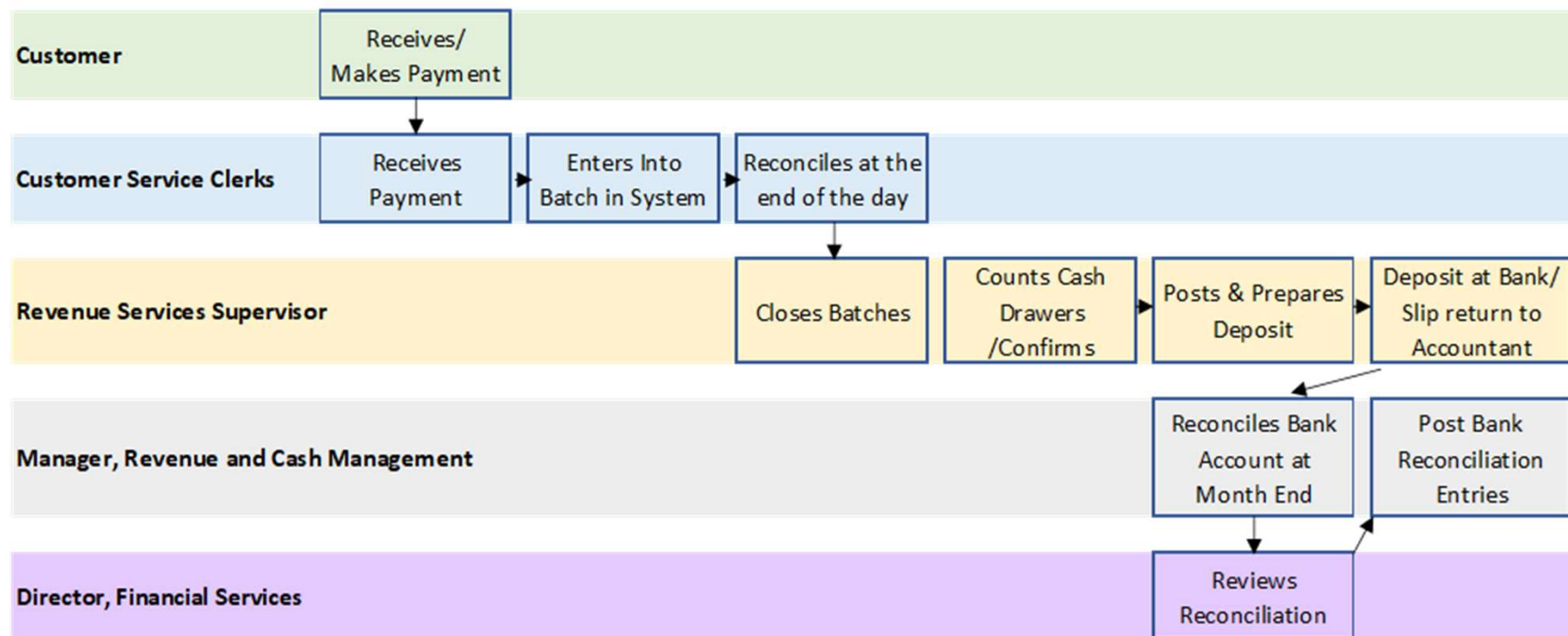
WHRM Financial Services Department Organizational Chart



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Accounting Process - Example payment at the counter



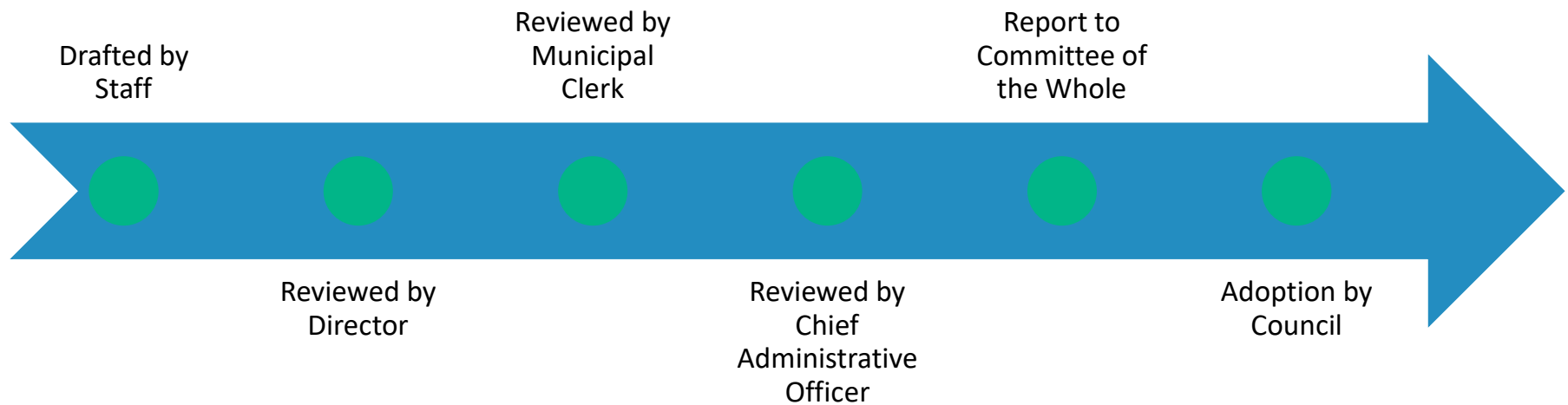


Banking

- The Municipality's banking provider, Royal Bank of Canada.
- Monthly reconciliations are completed.
- Authorized signing authorities for this account are:
 - Chief Administrative Officer
 - Director of Finance
 - Manager, Revenue and Cash Management
 - Manager, Accounting and Financial Reporting



Policy Development



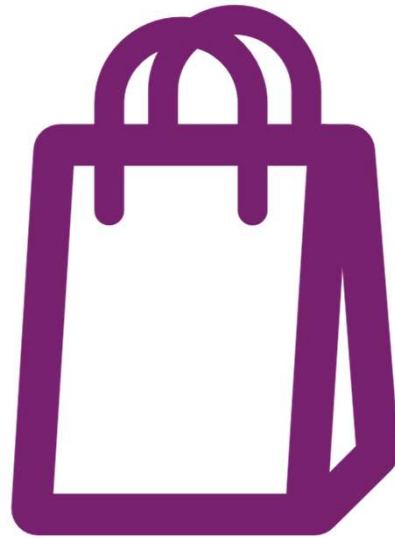


Auditing Requirement

- The Municipal auditors are BDO Canada LLP, a firm registered as a Municipal Auditor.
- The auditors review and develop an audit plan, which is presented to the Audit Committee annually, along with the Audit Engagement letter.
- Audit engagement letter will then be signed off by the Mayor.
- On-site audit work typically begins around June-July; however, the successful bidder for the Audit RFP this year started in August.
- The final audit results are then presented to the Audit Committee, along with the Management letter.



Procurement



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Signing Authority

- Procurement signing authority may only be granted by the Chief Administrative Officer and must meet the terms of the West Hants Regional Municipality's Procurement Policy.
- Signing authority can only be changed by submitting a completed and signed Signing Authority Form.
- Individuals granted signing authority by the Chief Administrative Officer must work within the approved budget. Anything outside of the approved budget must have Council approval in advance.
- Individuals granted signing authority will only be permitted to sign off on their specified budget accounts up to their specified threshold and will not be permitted to sign off on any expenses that are payable or will directly benefit themselves.
 - Any that do not follow this criteria could result in delayed payment and if it persists, a recommendation will be made to rescind or temporarily suspend their signing authority.





Procurement Process

1) Under \$1,000

- All documentation is kept including signoff of the Signing Authority on the supporting invoice

2) Over \$1,000

- Purchase Order submitted
- Approval from the appropriate Signing Authority

Between \$1,000-\$9,999.99

- Three verbal quotes required
- Approval from the appropriate Manager/Director

Between \$10,000-\$24,999.99

- Three written quotes required
- Approval from the appropriate Director or CAO

Over \$25,000

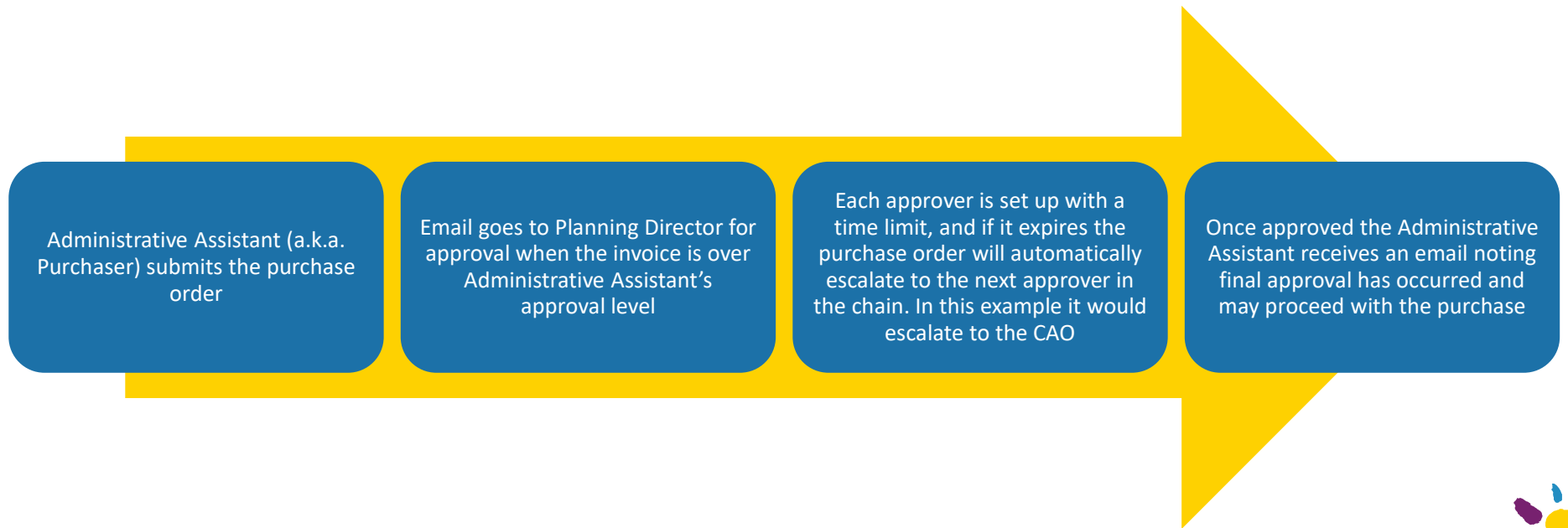
- Public Procurement required
- Approval from CAO or Council



Purchase Order – Approval

The Municipality's purchase order system is completely electronic. As staff submit a purchase order for approval, it will go in the background through an approval process that matches that of the signing matrix.

See example below: \$9,000 purchase, based on the Planning Department's signing matrix



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