



WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
July 29th, 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.) June 17, 2026
6. Presentation
 - a.) Audit Plan Presentation from BDO Canada
7. Unfinished Business
 - a.) Review of Terms of Reference
8. Director's Update
 - a.) Financial Update as of March 31st, 2026
9. Correspondence
 - a.) Utility Matters
10. Public Comment
11. Date of Next Meeting
12. Adjournment



WEST HANTS REGIONAL MUNICIPALITY
Audit Committee DRAFT Meeting Minutes
June 17th, 2026, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube

Present:	Abraham Zebian	Mayor
	Rupert Jannasch	Councillor, District 1
	Chrystal Remme	Councillor, District 3
	Paul Wheadon	Councillor, District 4
	Jim Ivey	Councillor, District 11
	Scott McLean	Councillor, District 2
	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 – Councillor Jannasch called the meeting to order at 6:06 p.m. Mayor Zebian attended via Zoom.
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 February 4th, 2026, Minutes, including additions or deletions
Approved with one correction to the meeting adjournment.
6. **New Business**
 - a.) Recommendation Report for Annual Auditing Services
Director Rochon reviewed the recommendation report that had been circulated to the committee.

On April 17, 2026, a Request for Proposals (RFP) for auditing services was posted on the Nova Scotia Procurement website. The closing date for submissions was May 28, 2026, with three proposals received from: MNP LLP, Doane Grant Thornton LLP, and BDO Canada LLP.

The proposals were reviewed by staff, including the Director, the Manager of Accounting and Financial Reporting, and the Municipal Clerk, between May 28 and June 5, 2026.

This was a two-phase evaluation process. In the first phase, the technical details of each proposal were reviewed and scored. The price information (Phase 2) was kept sealed until this step was completed. In compliance with the procurement policy, proposals needed to score at least 56 out of 70 points (80%) in Phase 1 to move forward to the next stage.

The review team found that two proposals met the minimum score required in Phase 1, however, BDO Canada LLP was identified as the strongest overall submission, as it best aligned with the RFP and the Municipality's needs.

Director Rochon opened the floor up for questions on the report.

Resident member Lauchlin Mackenzie questioned the experience and qualifications that BDO has specifically municipal audits.

Director Rochon responded that all the proponents provided experience related to each of the members on the committee. She noted that BDO has experience working on municipal audits in Nova Scotia, New Brunswick, and PEI.

Councillor Ivey noted he was surprised to see such a gap in the pricing between the two companies. He also questioned why the committee could not view the proposals for the bidders and questioned the audit committee's role in the selection process.

Director Rochon explained that there are a few areas along the process, like independence, that is reviewed annually during the audit preparation and planning.

She confirmed that the qualifications are outlined in the RFP which include being registered with the CPA as well as being eligible to be an auditor under that umbrella, including meeting the requirements and being registered through Municipal Affairs as a listed approved auditors for a Municipality.

**Moved by Councillor Ivey and Councillor McLean that the meeting move in camera.
Motion Carried.**

At 6:18 p.m., the meeting moved in camera.

At 6:48 p.m., the meeting moved out of in camera.

Audit Committee recommends that:

Council award a contract to BDO Canada LLP to perform Annual Auditing services for West Hants Regional Municipality and the Water Utility, and to perform Annual Financial Statement Compilation Services for Hantsport Fire Department for fiscal year ends March 31, 2026, through to March 31, 2030.

Councillor Wheadon made the motion seconded by Councillor Remme.

Discussion:

Director Rochon was asked to provide more detail on the compilation services for Hantsport Fire Department.

Director Rochon explained the Hantsport Fire department is part of the WHRM municipal overall audit, however separate statements are required to send to Kings County. She confirmed the compilation is to prepare Hantsport Fires Financial statements to be submitted to Kings County.

Motion Caried one contrary minded Councillor Ivey.

7. Director's Update
 - a.) Financial Update as of February 28, 2026

Director Rochon reviewed the report that had been circulated.

Key Takeaways:

- As of February 28, 2026, Revenues are 3.3% above budget.
- Expenses are forecasting at 1.4% above budget.
- Based on the variance analysis the general operating fund is predicting a surplus of \$725,188.
- Since the previous reporting period of January 31 to Council the marginal change within the surplus has been 0.1%.
- Compared to the previous period ending February 28, 2025, revenues in 2026 are 9.1% lower and expenses are 22.5% lower.

- Sewer revenues are expected to exceed budget based on performance of the first three quarters.
- Sales of services above budget driven by increase programming activities and higher community centre rentals.
- Services provided to other local governments are expected to exceed budget due to the increase in the host tipping fees as well as circular materials came in higher than anticipated.
- Deed transfer is the unknown and exceeding budget more substantially and resulting in the bigger portion of the 3.3% over budget production reflecting a very high volume in the September to November period more than West Hants has seen in the past.
- Transfers from other local government are projected to exceed our budget this is primarily due to some additional grants that have been received.
- Other revenue is higher due to interest and penalties on outstanding balances.
- Significant outstanding balances which have resulted in higher interest charges to the account.

Expenditures:

- Environmental Health Services expenses are projected to exceed budget, primarily due to increased costs related to sewer operations, administration, and waste collection.
- Net transfers are higher than budget due to adjustments related to the reassessment of the asset retirement obligation.

Director Rochon pointed out that anything that is highlighted in red in the report are under review and may change during the next projection.

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

There were questions on the topics below:

HST Offset Grant

Resident member Lauchlin McKenzie inquired about the HST offset grant and the associated figures. Director Rochon advised that this account was recently reviewed and staff identified that a GST remittance had been incorrectly posted to this account, which impacted the reported balance.

Windsor Courthouse

Mr. McKenzie inquired about the Windsor Courthouse. Director Rochon explained that following year-end adjustments (either positive or negative) are made based on actual annual operations.

She advised that the courthouse was previously rented by the Department of Justice however it is no longer operational. She indicated as part of the year-end process, West Hants Regional Municipality submits the prior year's operating information to the province. The province then reviews the financials, as they are responsible for the full operating costs, and makes any necessary financial adjustments to reconcile amounts paid to the Municipality.

Municipal Capacity Grant

Director Rochon noted that the Municipal Capacity Grant is part of the province's Municipal Operating Agreement. The grant is calculated using uniform assessment values along with other qualifying factors to determine the funding received to support municipal operations.

Expenditures - Policing and Fire Services

In response to a question about why expenditures for policing and firefighting are not evenly distributed throughout the year. Director Rochon explained that some costs occur at specific times rather than monthly. For example, policing services are invoiced quarterly, resulting in expenditures being recorded in four larger installments rather than evenly across all months.

Acronyms

CAC- Climate Action Committee

VCFN- Valley Communication Fibre Network

VREN- Valley Regional Enterprise Network

Fiscal Services

WHRM is required to budget during the fiscal services for valuation allowance in that field. Director Rochon advised that it is not always used and confirmed that it hasn't been used in the last few years, adding it would be considered a write off if something was incurred. She noted that it typically occurs when there are adjustments received from previous years assessments.

Commercial Taxes

Director Rochon noted that this section would not necessarily represent collections that would sit in AR rather it would represent items that have been billed out. She confirmed that larger adjustments have come down from PVSC that have impacted certain commercial accounts. A question was asked when recognizing revenue is it periodically or for the year. Director Rochon confirmed that it is at the time it is billed. We forecast our surplus or deficit thorough out the year and periodically wouldn't impact the forecast.

Tax Agreements

Industrial Park, developer items fall under special tax items, with some dictated by assessment value.

Deed Transfer Tax

Deed Transfer Tax is going directly into operating there is no special fund that is set up. It has previously been discussed through Council and the idea to potentially set aside some of the host community fees or deed transfer tax but has yet to be a formal decision of Council.

Farm Property Acreage:

WHRM receives a grant in lieu of farm property, it is amount per acre that's set by the province.

Surplus

A surplus of \$725,000 compared to an overall municipal budget of about \$37 million accounting for the unknown revenue coming in associated to the deed transfer tax which is almost \$500,000 of that.

b.) Financial System Update

Director Rochon gave an update on the new Enterprise Resource Program (ERP) for WHRM's new financial system software. She added that the current software is at the end-of-life and that the Finance Department team are reaching the end of the procurement process.

She is planning to bring a report to Council before they break for the summer. She confirmed that staff have begun their preparation, initial meetings as well as project management meetings. She advised staff have begun extra auditing, consolidating accounts and are documenting workflows.

Director Rochon added that this will be a significant project to which she will provide additional updates once the recommended vendor is chosen by Council.

Resident member Nicole Hubley recommended from past experiences to engage with counterparts throughout the selection process to hear real feedback and experiences with the different companies being considered.

8. Correspondence- None
9. Public Comment- None
10. Date of Next Meeting – TBD July or August

11. Adjournment

The meeting was adjourned at 7:40 p.m.

X

Committee Chair

The background of the slide is a close-up photograph of raindrops hitting a dark, reflective surface, creating concentric ripples. The image is split diagonally from the top left to the bottom right. The upper-left portion is white, and the lower-right portion shows the dark water with ripples.

West Hants Regional Municipality
Audit Planning Presentation for the year ended
March 31, 2026
Audit Committee Meeting
July 29, 2026



To the Audit Committee of West Hants Regional Municipality.

We are pleased to provide you with this planning communication to highlight and explain key issues which we believe to be relevant to the audit of West Hants Regional Municipality consolidated financial statements for the year ended March 31, 2026

The enclosed planning communication includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this communication will not necessarily identify all matters that may be of interest to the Audit Committee in fulfilling its responsibilities. This communication has been prepared solely for the use of the Audit Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

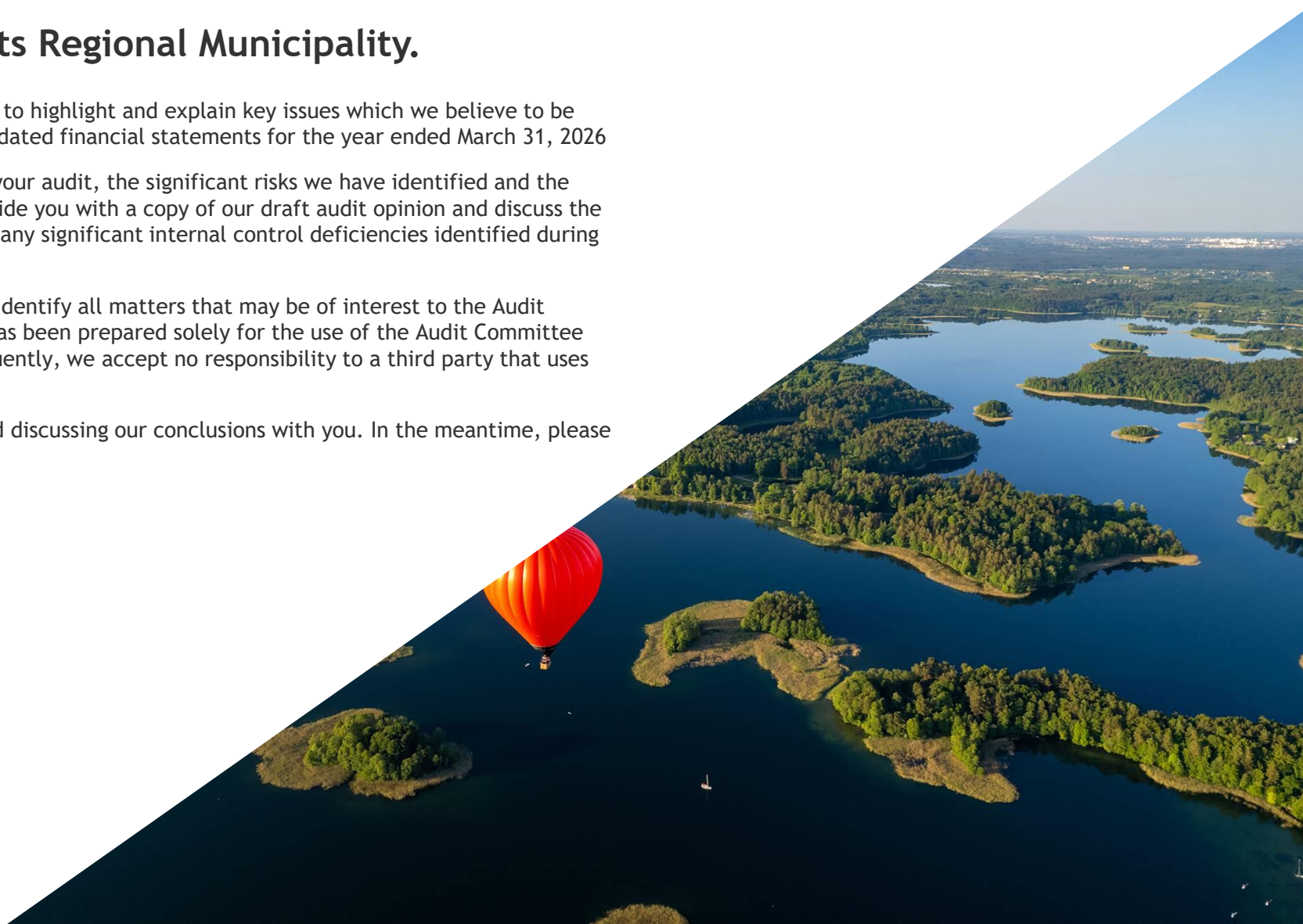
We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

BDO Canada LLP

Chartered Professional Accountants





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.



Auditor's Responsibilities

Objective: obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

01 Financial statement responsibilities

- Plan and perform the audit using risk assessment and materiality.
- Evaluate evidence for significant balances, disclosures, estimates and presentation.
- Report our opinion and communicate significant findings to the Audit Committee.

02 Fraud responsibilities

- Identify and assess fraud risks, including management override of control.
- Maintain professional skepticism and design procedures responsive to fraud risks.
- Communicate identified or suspected fraud matters when required.

Management is responsible for preparation, internal controls, and fraud prevention/detection; the audit provides reasonable—not absolute—assurance.

Audit at a Glance

Audit Approach

Combined approach with control testing relied upon where possible

Materiality

2.5% budgeted revenue
M: \$900,000
PM: \$720,000
T: \$45,000

Control Environment

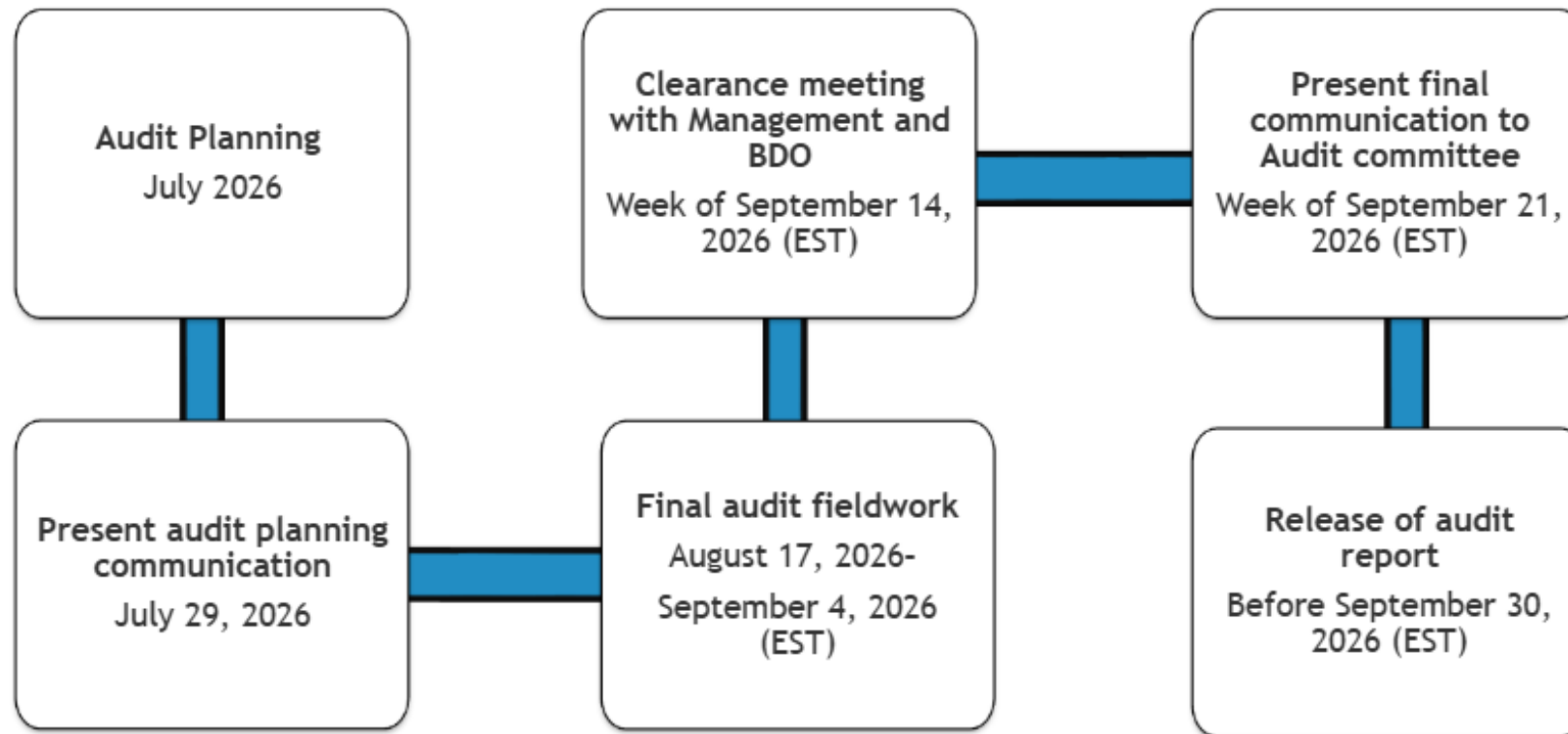
Controls relevant to the audit were tested at planning no issues noted



***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 Timeline





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

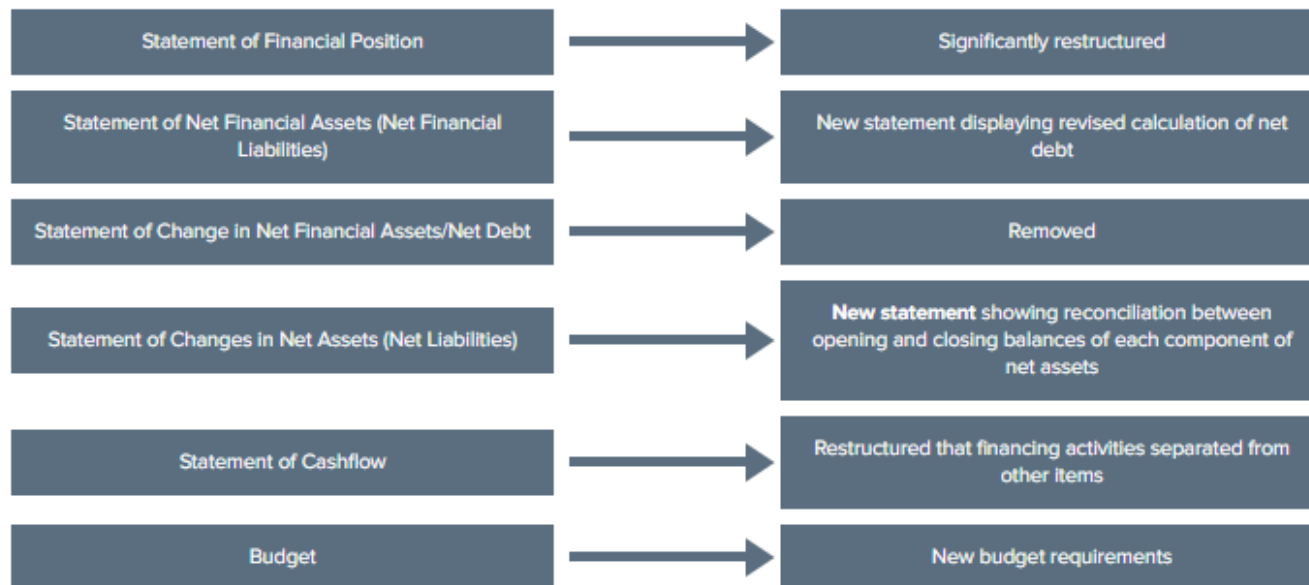
West Hants Water Utility

- 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



Section PS 1202 - Presentation of financial statements

Section PS 1202 - *Presentation of Financial Statements* is effective for annual reporting periods beginning on or after April 1, 2026 with **retrospective** application required. This new reporting model is being implemented to better support the preparation of understandable financial statements.



Statement of Net Financial Assets (Liabilities)

- Will illustrate the assets available to meet future financial liabilities and/or additional financial assets required to settle liabilities incurred.

Statement of Net Financial Assets (Liabilities)

- Liabilities will not be split between financial and non-financial
- New third component “accumulated other” will be added to the net asset/liability indicator

Budget

- When budget information is not prepared or approved, this fact must be disclosed on the face of the statements
- Amended budgets may be used in specific circumstances

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.



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 five members.

- The Mayor
- Two (2) Municipal Councillors
- Two (2) 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 two 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 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
 RCOHR-002.00 Code of Conduct For Elected Municipal Officials Policy
 RCOHR-001.00 Council Remuneration Policy
 RCOFN-006.00 Expense Policy

Approved by:


 Abraham Zebian, Committee Chair

<i>Adoption</i>	
<i>Notice to Council:</i>	Not Applicable
<i>Approval:</i>	July 22, 2020
<i>Description:</i> Initial approval of the Audit Committee Terms of Reference, identified as RADFN-002.04.	



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: July 29, 2026

Subject: Financial Update – Month Ending March 31, 2026

LEGISLATIVE AUTHORITY

Municipal Government Act, Part II, Administration, Section 31 (c)

RECOMMENDATION or DECISION REQUEST

Not Applicable

BACKGROUND

Property ☐	Public Opinion ☐	Environment ☐	Social ☐	Economic ☒	Councillor Activity ☐
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As a recap, the 2025-26 Municipal Operating budget was passed on June 16 and June 24, 2025.

- 2025-26 Operating Budget of \$37,188,959
- 2025-26 Capital Budget of \$45,882,316

WHRM Council provides overall governance of Municipal funds while the Chief Administrative Officer is responsible for the administration of the budget after adoption.

The intent of this report is to provide a summary view of what is currently recorded on the Municipal Operating Fund. Municipal departments are responsible for overseeing the day-to-day activity of their budget areas.

Financial projections are developed using a combination of historical financial results, established averages, and assumptions based on what has been formally approved by Council, ensuring that

the outlook is both evidence-based and aligned with strategic direction. These projections are then regularly reviewed and refined through three key types of analysis: budget vs. actual, which compares real performance against the original plan; variance analysis, which explains the reasons for any differences; and forecast vs. budget, which assesses how current expectations for the remainder of the period compare to the approved budget. Together, these approaches provide a comprehensive view of financial performance and expected outcomes, supporting informed decision-making.

DISCUSSION

Please refer to the attached Actual vs. Budget Variance Reports for the period ending March 31st, 2026. The projections are based on information available and historical trends. As the fiscal year end progresses, some variability in the projections should be expected as results are realized.

As of March 31, revenues are projected to be 3.9% above budget, while expenses are projected to be 2.8% above budget. Based on these projections, the General Fund is expected to report a surplus of approximately \$398,281. 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.

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.

Please note that if revenues and expenditures were incurred evenly throughout the year, approximately 100% of the budget would be utilized by this point. This percentage serves as a general guideline when reviewing the information above. However, it is important to recognize that variances—both positive and negative—will occur over the course of the fiscal year due to seasonal activities and year-end timing of accounting entries. For example, seasonal activities such as summer programming, facility maintenance, and winter snow removal result in expenditures that are not incurred uniformly. In addition, items such as transfers from reserves typically occur later in the fiscal year and will impact budget-to-actual comparisons as they are recorded.

NEW ITEMS

Not Applicable

FINANCIAL IMPLICATIONS

As the fiscal year is nearing completion and we are currently at the end of the eleventh month, these projections are subject to refinement as final results are confirmed. Based on the current variance analysis, the General Fund is projecting an overall surplus of \$398,281.

ALTERNATIVES

Not Applicable

ATTACHMENTS

- Actual vs Budget 2025-26 – Month Ending March 31, 2026

CHIEF ADMINISTRATIVE OFFICER REVIEW

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

Report Reviewed by: _____
Mark Phillips, Chief Administrative Officer

2025-26 WEST HANTS REGIONAL OPERATING BUDGET UPDATE
TWELFTH MONTH ENDING MARCH 31, 2026

REVENUE	2025-26 BUDGET	% OF THE BUDGET	FORECAST MARCH 31, 2026	VARIANCE % (BASED ON FORECAST)	VARIANCE (BASED ON FORECAST)	ACTUALS* MARCH 31, 2025	BUDGET UTILIZATION %
TAXES	\$ 26,504,112	71%	\$ 26,016,390	-1.8%	\$ (487,722)	\$ 26,006,390	98.1%
SEWER	\$ 2,427,776	7%	\$ 2,909,563	19.8%	\$ 481,787	\$ 2,909,563	119.8%
BUSINESS PROPERTY / DEED TRANSFER TAX	\$ 2,531,417	7%	\$ 3,110,749	22.9%	\$ 579,331	\$ 3,110,749	122.9%
GRANTS	\$ 251,659	1%	\$ 337,158	34.0%	\$ 85,499	\$ 274,197	109.0%
SERVICES PROVIDED TO OTHER GOVERNMENTS ¹	\$ 1,502,983	4%	\$ 1,586,960	5.6%	\$ 83,977	\$ 1,729,001	115.0%
SALES OF SERVICES	\$ 977,499	3%	\$ 1,177,795	20.5%	\$ 200,296	\$ 1,177,795	120.5%
OTHER REVENUE ²	\$ 1,031,805	3%	\$ 1,520,929	47.4%	\$ 489,124	\$ 1,520,929	147.4%
UNCONDITIONAL TRANSFERS	\$ 1,623,314	4%	\$ 1,576,821	-2.9%	\$ (46,493)	\$ 1,576,821	97.1%
TRANSFERS FROM FED OR PROV GOVT.	\$ 74,000	0%	\$ 124,329	68.0%	\$ 50,329	\$ 124,329	168.0%
TRANSFERS FROM OTHER LOCAL GOVERNMENTS	\$ 269,393	1%	\$ 269,458	0.0%	\$ 65	\$ 269,458	100.0%
TOTAL	\$ 37,193,959	100%	\$ 38,630,151	3.9%	\$ 1,436,193	\$ 38,699,232	104.0%
EXPENSES							
GENERAL GOVERNMENT SERVICES ³	\$ 4,725,543	13%	\$ 4,536,085	-4.0%	\$ (189,458)	\$ 4,531,085	95.9%
PROTECTIVE SERVICES ⁴	\$ 10,803,577	29%	\$ 10,710,181	-0.9%	\$ (93,396)	\$ 10,710,181	99.1%
TRANSPORTATION	\$ 1,939,110	5%	\$ 2,190,592	13.0%	\$ 251,482	\$ 2,163,324	111.6%
ENVIRONMENTAL HEALTH SERVICES ⁵	\$ 4,445,586	12%	\$ 4,807,372	8.1%	\$ 361,786	\$ 4,642,076	104.4%
PUBLIC HEALTH SERVICES ⁶	\$ 90,607	0%	\$ 90,607	0.0%	\$ -	\$ 90,607	100.0%
PLANNING	\$ 1,742,266	5%	\$ 1,260,715	-27.6%	\$ (481,551)	\$ 1,260,715	72.4%
RECREATION	\$ 3,955,805	11%	\$ 3,821,773	-3.4%	\$ (134,032)	\$ 3,806,773	96.2%
EDUCATION	\$ 6,278,180	17%	\$ 6,276,864	0.0%	\$ (1,316)	\$ 6,276,864	100.0%
PRINCIPAL INSTALLMENTS	\$ 2,485,686	7%	\$ 2,420,528	-2.6%	\$ (65,158)	\$ 2,420,528	97.4%
NET TRANSFERS	\$ 727,599	2%	\$ 2,117,153	191.0%	\$ 1,389,554	\$ 2,518,763	346.2%
TOTAL	\$ 37,193,959	100%	\$ 38,231,870	2.8%	\$ 1,037,911	\$ 38,420,916	103.3%
SURPLUS / DEFICIT	\$ -		\$ 398,281	1.1%		\$ 278,316	

Please note that if revenue and expenditures were incurred evenly over the year approximately 100% 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 \$398,281.

Keynotes:

Revenue Highlights

- Sewer Revenue is higher than budget, consistent with metered consumption data.
- Sale of Services revenue is above budget due to increased program participation and higher community centre rental revenue.
- Services Provided to Other Governments revenue is above budget due to increased host tipping fee revenue and funding from Circular Materials.
- Deed Transfer Tax revenue is above budget due to a higher number of property sales between September and November.
- Transfers from Other Levels of Government are above budget as additional grant funding was received during the year.
- Other Revenue is above budget due to increased interest and penalty charges on outstanding balances.
- Grants in Lieu are above budget as a result of the property assessment growth adjustment.

Expenditure Highlights

- Environmental Health Services expenditures are projected to be above budget due to increased costs for sewer operations, administration, and waste collection.
- Net Transfers are above budget primarily due to the reassessment of the Asset Retirement Obligation, partially offset by lower utilization of the Housing Accelerator Fund and Home Flood Protection Program.
- Transportation expenditures are above budget due to increased J-Class Roads costs, with a corresponding 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 CAC Workplan.

*Reminder that March 31, 2026 actuals will change as we finalize the 2025-26 year end.

West Hants Regional Municipality
Budget vs. Actuals
March 31, 2026

	2025-26 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2026
		2026-03-31			
<u>TOTAL REVENUES</u>					
TAXES					
RESIDENTIAL	14,920,388	14,834,390	85,998	99.4%	14,834,390
COMMERCIAL	1,536,423	1,458,911	77,512	95.0%	1,458,911
RESOURCE	538,796	503,004	35,792	93.4%	503,004
SPECIAL TAX AGREEMENT	96,147	40,480	55,667	42.1%	40,480
WEST HANTS AREA RATES	4,646,980	4,595,998	50,982	98.9%	4,595,998
HANTSPORT AREA RATES	522,087	516,093	5,994	98.9%	516,093
HMCC AREA RATES	112,321	110,399	1,922	98.3%	110,399
WINDSOR AREA RATES	4,120,970	3,947,115	173,855	95.8%	3,947,115
TOTAL	26,494,112	26,006,390	487,722	98.2%	26,006,390
SEWER UTILITY REVENUE					
SEWER REVENUE	2,420,776	2,900,557	(479,781)	119.8%	2,900,557
OTHER SEWER REVENUE	7,000	9,006	(2,006)	128.7%	9,006
TOTAL	2,427,776	2,909,563	(481,787)	119.8%	2,909,563
BUSINESS PROPERTY					
MT&T (BELL ALIANT)	72,716	82,796	(10,080)	113.9%	82,796
NS POWER	258,269	258,269	-	100.0%	258,269
HST OFFSET GRANT	100,432	136,688	(36,256)	136.1%	136,688
TOTAL	431,417	477,753	(46,336)	110.7%	477,753
OTHER					
DEED TRANSFER TAX	2,100,000	2,632,996	(532,996)	125.4%	2,632,996
5% SUBDIVISION	10,000	-	10,000	0.0%	10,000
TOTAL	2,110,000	2,632,996	(522,996)	124.8%	2,642,996
TOTAL TAXES	31,463,305	32,026,702	(563,397)	101.8%	32,036,702
GRANTS-IN-LIEU					
FEDERAL	118,562	144,958	(26,396)	122.3%	144,958
PROVINCIAL	133,097	129,239	3,858	97.1%	192,200
TOTAL	251,659	274,197	(22,538)	109.0%	337,158
SERVICES PROVIDED TO OTHER GOVERNMENTS & AGENCIES					
ENVIRONMENTAL HEALTH SERVICES	84,152	93,163	(9,011)	110.7%	93,163
LANDFILL TIPPING FEES	716,030	804,134	(88,104)	112.3%	804,134
COURTHOUSE	23,736	(21,953)	45,689	-92.5%	(21,953)
CIRCULAR MATERIALS	100,000	141,562	(41,562)	141.6%	141,562
CLOSED LANDFILL - TFR FROM RESERVE	58,332	49,321	9,011	84.6%	49,321
ADMINISTRATION REVENUE	520,733	662,774	(142,041)	127.3%	520,733
TOTAL	1,502,983	1,729,001	(226,018)	115.0%	1,586,960
CONDITIONAL TRANSFERS - OTHER LOCAL GOVERNMENT					
IT SERVICES (TOWN & VILLAGE)	2,000	2,080	(80)	104.0%	2,080
KINGS COUNTY FIRE GRANT	127,700	127,173	527	99.6%	127,173
GLOOSCAP FIRE GRANT	7,065	7,065	-	100.0%	7,065
CAPITAL FIRE GRANT - KINGS	132,628	133,140	(512)	100.4%	133,140
TOTAL	269,393	269,458	(65)	100.0%	269,458
REVENUE FROM OWN SOURCES					
OTHER GOVERNMENT REVENUE	136,310	412,840	(276,530)	302.9%	412,840
FINES	42,000	73,869	(31,869)	175.9%	73,869
LICENCES	99,144	101,601	(2,457)	102.5%	101,601
RETURN ON INTESTMENT	275,000	290,776	(15,776)	105.7%	290,776

West Hants Regional Municipality
Budget vs. Actuals
March 31, 2026

	2025-26 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2026
INTEREST & PENALTIES	357,533	457,445	(99,912)	127.9%	457,445
RENTALS			-		
RENTALS	85,318	3,600	81,718	4.2%	3,600
LEASES	36,500	28,183	8,317	77.2%	28,183
TOTAL	1,031,805	1,368,314	(336,509)	132.6%	1,368,314
SALES OF SERVICES					
WIND FARMS	179,207	178,757	450	99.7%	178,757
COMMUNITY DEVELOPMENT			-		
RECREATION	14,000	18,248	(4,248)	130.3%	18,248
PROGRAMS	178,838	206,544	(27,706)	115.5%	206,544
FACILITIES - POOL	82,954	88,457	(5,503)	106.6%	88,457
FACILITIES - SPORT COMPLEX	480,500	553,999	(73,499)	115.3%	553,999
FACILITIES - CENTRES	42,000	131,790	(89,790)	313.8%	131,790
	977,499	1,177,795	(200,296)	120.5%	1,177,795
SERVICES & MUN RELATIONS			-		
MUNICIPAL CAPACITY GRANTS	1,514,504	1,468,006	46,498	96.9%	1,468,006
FARM PROPERTY ACREAGE	102,383	102,383	-	100.0%	102,383
911 COST RECOVERY	6,427	6,432	(5)	100.1%	6,432
TOTAL	1,623,314	1,576,821	46,493	97.1%	1,576,821
OTHER GRANTS					
FEDERAL GOVERNMENT GRANTS	24,000	24,948	(948)	104.0%	24,948
PROVINCIAL GOVERNMENT GRANTS	50,000	99,381	(49,381)	198.8%	99,381
TOTAL	74,000	124,329	(50,329)	168.0%	124,329
OTHER FUNDS GENERAL	-	152,615	(152,615)	0.0%	152,615
TOTAL REVENUE	37,193,959	38,699,232	(1,505,273)	104.0%	38,630,151

West Hants Regional Municipality
Budget vs. Actuals
March 31, 2026

	2025-26 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2026
TOTAL EXPENDITURES					
LEGISLATIVE					
MAYOR	73,815	73,783	32	100.0%	73,783
COUNCIL	461,397	462,828	(1,431)	100.3%	462,828
COMMITTEE OF COUNCIL EXPENSES	10,000	6,364	3,636	63.6%	6,364
OTHER LEGISLATIVE	55,000	31,710	23,290	57.7%	31,710
TOTAL	600,212	574,685	25,527	95.7%	574,685
GENERAL ADMINISTRATION					
ADMINISTRATIVE MANAGMENT	588,117	505,009.00	83,108	85.9%	505,009
FINANCIAL MANAGEMENT	1,226,468	1,161,629.00	64,839	94.7%	1,161,629
TAXATION	291,702	250,233.00	41,469	85.8%	250,233
REBATES	35,000	23,759.00	11,241	67.9%	23,759
OTHER GENERAL ADMIN			-		-
PROFESSIONAL SERVICES	75,500	111,142.00	(35,642)	147.2%	111,142
SAFETY, WELLNESS, AND APPRECIATION	28,500	28,275.00	225	99.2%	28,275
OFFICE ADMIN	161,745	178,064.00	(16,319)	110.1%	178,064
COMMUNICATIONS	36,724	28,487.00	8,237	77.6%	28,487
FACILITIES	338,025	444,803.00	(106,778)	131.6%	444,803
LIBRARIES	61,697	81,751.00	(20,054)	132.5%	81,751
DATA SERVICES	426,815	374,464.00	52,351	87.7%	374,464
INSURANCE	319,057	248,649.00	70,408	77.9%	248,649
OTHER	37,733	31,987.00	5,746	84.8%	31,987
TOTAL	3,627,083	3,468,252	158,831	95.6%	3,468,252
PROTECTIVE SERVICES					
POLICE	6,405,764	6,421,483	(15,719)	100.2%	6,421,483
BY-LAW ENFORCEMENT	226,682	207,712	18,970	91.6%	207,712
FIRE FIGHTING	3,441,963	3,461,784	(19,821)	100.6%	3,461,784
EMERGENCY MANAGEMENT OFFICE	78,311	12,550	65,761	16.0%	12,550
BUILDING INSPECTION	489,790	427,566	62,224	87.3%	427,566
PUBLIC SAFETY GRANT FUNDING	37,770	22,770	15,000	60.3%	22,770
FOOD BANKS	52,090	56,515	(4,425)	108.5%	56,515
TOTAL	10,732,370	10,610,380	121,990	98.9%	10,610,380
TRANSPORTATION					
ROADS & STREETS - ADMIN	1,939,110	2,128,656	(189,546)	109.8%	2,139,085
DIAL-A-RIDE GRANT FUNDING	-	34,668	(34,668)	0.0%	51,507
TOTAL	1,939,110	2,163,324	(224,214)	111.6%	2,190,592
ENVIRONMENTAL HEALTH SERVICES					
<i>WEST HANTS SEWER</i>					
ADMINISTRATION	1,361,494	1,403,695	(42,201)	103.1%	1,548,133
OPERATING COSTS	605,460	725,849	(120,389)	119.9%	746,707
LONG TERM DEBT	451,056	503,852	(52,796)	111.7%	503,852
SUB-TOTAL	2,418,010	2,633,396	(215,386)	108.9%	2,798,692
<i>GARBAGE & RECYCLING</i>					
GARBAGE & WASTE - WEST HANTS	1,495,038	1,594,295	(99,257)	106.6%	1,594,295
GARBAGE & WASTE - WINDSOR	380,290	271,901	108,389	71.5%	271,901
CLOSED LANDFILL	58,331	49,321	9,010	84.6%	49,321
WASTE DIVERSION	84,153	93,163	(9,010)	110.7%	93,163
SUB-TOTAL	2,017,812	2,008,680	9,132	99.5%	2,008,680
TOTAL ENVIRO HEALTH SERVICES	4,435,822	4,642,076	(206,254)	104.6%	4,807,372
ENVIRONMENTAL DEVELOPMENT SERVICES					

West Hants Regional Municipality
Budget vs. Actuals
March 31, 2026

	2025-26 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2026
PLANNING	1,055,673	923,658	132,015	87.5%	923,658
WELCOME CENTRE	41,514	32,714	8,800	78.8%	32,714
CAC/VCFN/VREN	632,137	283,186	348,951	44.8%	283,186
INDUSTRIAL PARK LIGHTS	4,006	3,421	585	85.4%	3,421
HANTS SHORE COMMUNITY HEALTH CENTRE	50,450	50,450	-	100.0%	50,450
TOTAL	1,783,780	1,293,429	490,351	72.5%	1,293,429
RECREATION & CULTURAL SERVICES					
ADMINISTATION	416,056	411,157	4,899	98.8%	411,157
RECREATION SITES & MAINTENANCE PROGRAMS	690,446	720,390	(29,944)	104.3%	735,390
PROGRAMS			-		-
PROGRAMS	594,747	454,524	140,223	76.4%	454,524
GRANTS	351,000	194,853	156,147	55.5%	194,853
POOL	208,524	251,359	(42,835)	120.5%	251,359
COMMUNITY CENTRE	292,566	382,021	(89,455)	130.6%	382,021
SPORT COMPLEX	763,267	653,108	110,159	85.6%	653,108
COMMUNITY ECONOMIC DEVELOPMENT	425,364	509,992	(84,628)	119.9%	509,992
HMCC	172,321	196,655	(24,334)	114.1%	196,655
MAPLEWOOD CEMETERY	56,927	56,927	-	100.0%	56,927
RIVERBANK CEMETERY	33,680	33,680	-	100.0%	33,680
TOTAL	4,004,898	3,864,666	140,232	96.5%	3,879,666
FISCAL SERVICES					
VALUATION ALLOWANCE & BAD DEBTS	5,000	-	5,000	0.0%	5,000
ASSESSMENT	353,748	353,748	-	100.0%	353,748
REGIONAL LIBRARY	134,500	134,400	100	99.9%	134,400
EDUCATION	6,278,180	6,276,864	1,316	100.0%	6,276,864
TOTAL	6,771,428	6,765,012	6,416	99.9%	6,770,012
COURTHOUSE	71,207	99,801	(28,594)	140.2%	99,801
			-		
LONG TERM DEBT	2,495,451	2,420,528	74,923	97.0%	2,420,528
TRANSFER TO RESERVES	727,599	2,518,763	(1,791,164)	346.2%	2,117,153
TOTAL EXPENDTURES	37,193,959	38,420,916	(1,226,957)	103.3%	38,231,870
SURPLUS/(DEFICIT)	-	278,316	2,653,731		398,281

Colour Legend

Green = Surplus Over Budget

Dark Red = Deficit Over Budget

Red = Year End Entries Pending

Brown = Significant Variance Investigated

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

[REDACTED]

From: Rick Smith on behalf of [REDACTED]
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, July 1st – 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 ①



West Hants

West Hants Regional Municipality

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

Rec'd April 25th

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: [REDACTED]

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 Owning

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

-\$194.68



West Hants

Payment enclosed

\$

West Hants Regional Municipality

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



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: [REDACTED]

For service at: [REDACTED]

Due Date: August 18, 2025

Meter Reading and Usage Details this bill

Meter 54031470

Reading on 6/11/2025

Actual 4,58

Previous reading on 3/7/2025

Actual 4,58

Amount of water you used

7,478.95 GA

Payment and Adjustment Details

Payment on 4/29/2025

-\$120.0

Payment on 5/30/2025

-\$100.0

Payment on 6/30/2025

-\$200.0

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

Amount Owing

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

Metered Water

1,994.387 GAL @ \$0.01064 = \$21.22

5,484.563 GAL @ \$0.01232 = \$67.57

5/8" Water Base Charge

Sewer Consumption Charge

1,994.387 @ \$0.009 = \$17.95

5,484.563 @ \$0.01114 = \$61.10

5/8" Sewer Base Charge

Total Payment now due

\$43.27

\$311.59

\$74.84

\$79.05

\$68.91

NEW RATE \$78.81 - short 3.97

NEW RATE \$71.95 - short 3.04

\$7.01

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

Payment Due August 18, 2025

\$43.27



West Hants

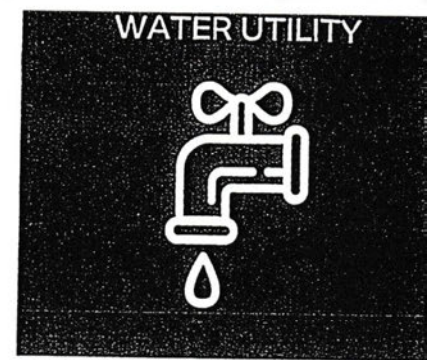
Payment enclosed

\$

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



[REDACTED]

From:

To:

[REDACTED]
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
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	\$ 236.50
				210	46,194	365						\$ 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
2021-2022												\$ 1,353.69
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	6,999	88	\$ 68.20	\$ 44.15	\$ 54.10	\$ 60.98	\$ 227.43
2022-2023												\$ 1,167.66
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	\$ 511.66
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	\$ 42.88	\$ 55.33	\$ 58.94	\$ 226.70
				223	49,054	365						\$ 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	338.83		
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	65.36	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									**	Under Billed	\$3.97	Under Billed	\$3.04	Total	\$7.01

April 1, 2025 Rate Change

** \$3.97

\$3.04

\$7.01

Under Billed	Under Billed	Total

1116
60.55

65.36
142

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

126

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	4,373,159	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

From: Rick Smith
To: [PublicOnlyCouncilEmail](#)
Subject: WHRM Procurement Practices - Audit Services
Date: June 30, 2026 1:32:37 PM
Attachments: [Audit Comments - .docx](#)

Caution [External Email]

This email comes from an outside sender. Verify the sender and use caution with any requests, links or attachments.

To all Councillors,

Attached is a brief regarding WHRM procurement practices when selecting audit services.

I believe that it is timely, given the circumstances and encourage you all to take the time to read it at your earliest.

Regards Rick Smith

West Hants Regional Municipality – Procurement Practices - June 30, 2026

WHRMFS 26-01 Annual Audit Services

Issued April 17, 2026, Closing date May 28, 2026

Contact Jennifer Gilbert

Bid Submission – Two Stage Evaluation

Proposal Evaluation – Stage 1 Technical Evaluation must achieve at least 75% of the total technical points (70).

Stage 2 - Cost Evaluation maximum 30 points.

The Recommendation Report noted that three proposals were received, one from MNP LLP, Doane Grant Thornton LLP, and BDO Canada LLP.

The report said that there was a two -phase evaluation process and proposals needed to score at **least 56 out of 70 points (80%) to move to the next stage**. The team determined that only two proposals met the minimum score. MNP LLP apparently did not meet the minimum score?

The proposals were reviewed by staff, including the Director, the Manager of Accounting and Financial Reporting and the Municipal Clerk.

The Recommendation Report dated June 11, 2026, was prepared by Carlee Rochon, Director, Financial Services.

This Recommendation Report was presented to the Audit Committee on June 17, 2026. Issues were raised during the meeting by counsellors and resident committee members regarding the role of the Audit Committee in the review, selection and recommendation process.

The Audit Committee went in camera to discuss the issue and subsequently approved a motion to recommend that Council award a contract to BBO Canada LLP to provide audit services to WHRM.

Concerns with the Annual Audit Services Procurement Process

Appendix E Audit Committee of the WHRM Meeting and Procedural Policy Section 5 Duties and Responsibilities 5.1 (a) The Audit Committee review the qualifications, independence, quality of service, performance, and fees of the auditors and recommend the appointment of the auditor to Council.

This policy is in place to ensure complete independence between WHRM's management / financial team and the auditors. Management cannot be allowed to choose who reviews and audits the very work that they do. In other words, they should not be involved in the evaluation and selection process other than to provide support to the Audit Committee.

It is normal practice to have safeguards in place to ensure accountability, by putting controls into the hands of an oversight body such as an audit committee. This also helps to avoid any conflict of interest between finance, management and the auditors.

I understand that the Audit Committee did have the opportunity to review and approve the recommendation report, however without any direct involvement with the process.

Scoring

There appears to be an issue with the minimum score required to move forward to stage two of the evaluation.

The request for proposal said at least 75% of the technical points would be required as a minimum requirement (75 % of 70 points which is **52.5 points**), compared to the Recommendation Report which used 80 % of 70 points which is **56.0 points**.

The technical score was intended to be a maximum of 70 points based on a weighted average. The proposal scores were determined to be 89.5 and 81.7 points which exceeds the 70-point maximum.

This indicates that the Recommendation Report used an **incorrect calculation**. My concern is that this calculation error will affect all the proponents scoring and may have possibly disqualified MMP LLP.

It is completely inappropriate to change the scoring process outlined in the RFP and use a different calculation in the recommendation process.

It is difficult to understand that a national audit firm such as MMP LLP did not meet the required minimum points. MNP is a registered auditor with Municipal Affairs and currently are auditors for the Cape Breton Regional Municipality.

It is apparent, that the Audit Committee should have carried out the review of the RFP's, the evaluations (including interviews with the qualifying proponents) and the recommendation process from start to finish.

It appears that this matter should be revisited and dealt with at your earliest.

WHRMFS 24-01 2022-23 Water Operational Audit

Issued November 12, 2024, Closing Date January 8, 2025

Contact Diana Gibson, Manager, Financial Services & Carlee Rochon, Director, Financial Services

Bid Submission – One-part submission process.

Proposal Evaluation – Part 1 based on 80 points for technical and Part 2 based on 20 points for price.

Recommendation Report dated February 19, 2025, was prepared by Diana Gibson. Manager, Accounting and reviewed by Carlee Rochon, Director, Financial Services.

Report noted that only one proposal was received from MNP. The proposal was reviewed by financial services and public works team members to determine if they had met all their requirements.

It does not appear that an evaluation score was provided to the Audit Committee.

The Recommendation report was reviewed by the Audit Committee on February 4, 2025, and subsequently approved by a motion of Council on February 19, 2025.

Concerns with the 2022-23 Operational Audit Procurement Process

The motion of Council stated that Council directs the CAO to secure an independent firm to undertake a detailed, operational and financial audit of the West Hants and Windsor Water Utilities.

Appendix E Audit Committee of the WHRM Meeting and Procedural Policy Section 5 Duties and Responsibilities 5.1 (a) The Audit Committee review the qualifications, independence, quality of service, performance, and fees of the auditors and recommend the appointment of the auditor to Council.

As identified previously this policy is in place to ensure complete independence between WHRM's management, financial team and the auditors. Management cannot be allowed to choose who reviews and audits the very work that they do. In other words, they should not be involved in the evaluation and selection process other than to provide support to the Audit Committee.

It is normal practice to have safeguards in place to ensure accountability, by putting controls into the hands of an oversight body such as an audit committee. This will also help to avoid any conflict of interest between management and the auditors.

I understand that the Audit Committee did review and approve the recommendation, however without any direct involvement with the process. It appears as well that the Proposal Evaluation and scoring was not provided to the Audit Committee for their review.

The motion of Council was not carried out as requested and the terms of reference in the Request for Proposal were changed. This should not have happened and the effects are obvious.

It should be noted that the auditors MNP qualified the limitations of the scope of their work as noted in the Work Addendum on page five of their report.

These issues could have all been avoided, if the intent of the Audit Committee Policy had been followed and the Audit Committee managed the selection process.

Respectfully Submitted Rick Smith