West Hants
something inspiring awaits

WEST HANTS REGIONAL MUNICIPALITY REPORT

Information ✓	Recommendation ✓	Decision Request ☐	Councillor Activity ☐

To: West Hants Regional Municipal Council

Submitted by: Councillor Jim Ivey, District 11, Windsor South

Date: September 9, 2025

Subject: 2025-26 Tax Rate re the Correction for 2023-24 Budget

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LEGISLATIVE AUTHORITY
N/A Information Request

RECOMMENDATION or DECISION REQUEST:
To Be Determined

BACKGROUND

In 2023-24 Council and staff made progressive changes within its budget that allowed for the creation of significant opportunities for expansion of services and development within the region

Unfortunately, some in the formulas that translate the budget numbers into the final summary calculations, did not function as intended. This was identified in a report to Council at its September 2023 Council meeting.

Mitigation measures identified by staff for revenue management and expense control as well as anticipated surpluses anticipated in 2023-24 were able to successfully offset and counter the budget calculation errors. (measures attached below).

During the 2024 budget cycle a reference was made in the budget minutes to a correcting amount of $236,000 relating to the RCMP and the error from the 2023-2024. Similarly in the Audit Committee meeting in July 2024 refers to the $236,000 (as a transfer in) from the RCMP serving to mitigate the error from the previous year. Additionally, a transfer from reserves of $743,000 was also referenced.

Property ☐	Public Opinion ☐	Environment ☐	Social ☐	Economic ✓	Councillor Activity ✓

DISCUSSION

To the best of my recollection the formula errors and the mitigation measures were a one-year item, that would not carry forward in following years.

Identification of the previous references to this financial item was only able to be quickly done. There could be other details previously discussed that I have overlooked due to lack of time.

The reason for identifying the brief detail in this report is that during our most recent budget discussions, the question was raised on several occasions about the reasons for the increased tax rate being allocated to West Hants. None of the explanations provided related to the budget calculation errors from 2023-24 or subsequent / carry forward impacts.

As was identified at the end of July within my Councillor Report, the increased use of reserves over the last 2 years for the purpose of offsetting a greater tax rate increase was substantial.

Use of Reserves:

2020-2021: $265K	2023-2024: $0.00 (zero)
2021-2022: $295K	2024-2025: $1.180M
2022-2023: $219K	2025-2026: $1.125M reduced to $672K

I think it is important that we are all clear on this and would look forward to any additional information to resolve the questions or a staff report as might be necessary.

NEXT STEPS

To Be Determined based on Council Discussion.

FINANCIAL IMPLICATIONS

To be determined.

ALTERNATIVES

ATTACHMENTS: See below

CHIEF ADMINISTRATIVE OFFICER REVIEW

Pending CAO review and comments

Report Prepared by: Councillor Jim Ivey, Windsor South

Report Reviewed by: ___________________________________

Report Approved by: ___________________________________

WEST HANTS REGIONAL MUNICIPALITY REPORT

Information √	Recommendation ☐	Decision Request ☐	Councillor Activity ☐

To: West Hants Regional Municipality Council

Submitted by: Carlee Rochon

Carlee Rochon, Director of Finance

Date: September 26, 2023

Subject: 2023-24 Operating Budget

LEGISLATIVE AUTHORITY

- Municipal Government Act

RECOMMENDATION or DECISION REQUEST

Not Applicable

BACKGROUND

Property ☐	Public Opinion ☐	Environment ☐	Social ☐	Economic √	Councillor Activity ☐

On April 25, 2023, Council approved the 2023-24 Operating budget, based on the files presented at the April budget deliberation meeting, showing a balanced budget of $31,161,282.

DISCUSSION

As staff reviewed the budget documents for importing into our Diamond accounting software, used to prepare the budget to actual reports for Council, it was discovered that there were formula errors within the overall budget summary page. With these errors, there were a few items that missed being added into the budget summary. These items were correctly displayed in the individual budget pages, but were accidentally omitted from the calculations that bring them into the overall budget summary:

Item	**$ Value**
Revenue Items:	
Miscellaneous Revenue	($83,950)
Rental Revenue ($100,811 - ($103,200 + $3,600))	($5,989)
Expense Items:	
Municipal Contribution to Southwest Hants	$15,795
Regional Fire Operations	$82,030
Grant for West Hants Dial-A-Ride	$30,000
Office Building Operations (100 King Street & 76 Morison Drive)	$255,460
Allowance for Uncollectable Taxes	$5,000
Safety Grant (duplicated)	($7,500)
Depreciated netted with Deficit for West Hants Sewer ($350,500 less $76,601)	$273,899
Depreciated netted with Deficit for Windsor Sewer ($176,165 less $36,390)	$139,775
Calculation of HFD Municipal Cost,	($114)
Net Impact on Operating Budget	**$704,406**

What this means is the operating expenses should have been $794,459 higher, and the operating revenue should have been $89,939 higher than what was presented in the final budget document. These two numbers netted together show the total net impact these errors have made on our operating budget.

Upon finding this error, in mid-September, Staff have done a thorough review of the budget documents to determine ways to mitigate this short coming in the budget. And have come up with a few options.

1. **Reduce Capital Reserve Contributions**

   Within this year's budget we have accounted for an increased contribution to our capital reserves compared to previous years. To mitigate this impact on the operating budget we could reduce our contribution at year-end, if needed.

   To add to this, we have a number of capital projects that are not moving forward this year, which will allow us to reduce the planned utilization of reserves to support the projects, in-turn reducing the need to replenish the reserves as scheduled for this year.

Operating Budget		
Transfer to Capital Reserves		
Capital Reserves		$809,627
Building Reserve	$100,000	
Road Infrasture Reserve	$400,000	
Vehicle Reserve	$200,000	
General	$109,627	
Hantsport Infrasture Reserve		$275,000
Windsor Infrasture Reserve		$225,000
Total Transfer into Reserves		$1,309,627

Estimated Total Deferred Capital Work	$8,409,244	
The Value of Deferred Work Funded Through Capital Reserves		
Capital Reserves		$247,000
Building Reserve	$22,000	
Road Infrasture Reserve	$225,000	
Vehicle Reserve		
General		
Hantsport Infrasture Reserve		$626,295
Windsor Infrasture Reserve		$225,000
		$1,098,295

Potential Reduction to the Transfer to Capital Reserves

	Original Budgeted Contribution	Proposed Reduction	Proposed New Contribution
Capital Reserves			
Building Reserve	$100,000	$22,000	$78,000
Road Infrasture Reserve	$400,000	$225,000	$175,000
Vehicle Reserve	$200,000		$200,000
General	$109,627		$109,627
Hantsport Infrasture Reserve	$275,000	$275,000	$0
Windsor Infrasture Reserve	$225,000	$225,000	$0
	$1,309,627	$747,000	$562,627

In addition, we also have a few capital projects funded through operating reserves that are not moving forward this year in the amount of $160,000. Which will open capacity in the operating reserves, without affecting our capital schedule or impacting the projected March 31, 2024, reserve balance.

2. **Operating Reserve Utilization**

Finally, we have the following operating reserve balances projected for March 31, 2024:

Town of Windsor	$943,791
Municipality of West Hants	$2,424,607
West Hants Regional Municipality	$3,338,146
	$6,706,544

Our reserve policy indicates that we should have an operating reserve balance of 10% of revenue, or in this case $3.1 million. This means, our operating reserves have capacity to bring the budget back into balance, at year-end, if required.

Along, with these suggestions, staff will ensure that expenses continue to be monitored closely or reduced to limit the impact on the budget at year end.

NEXT STEPS

- Council to discuss the mitigation process.
- Staff to monitor the budget to actuals as the year progresses and determine if the approved process is needed or not, at year-end.

FINANCIAL IMPLICATIONS

These expenses were intended to be included, and presented during budget deliberations and necessary to maintain the intended level of services planned this year. The overall impact of the $704,406. It is also important to note, that mitigating efforts would only be utilized if the Municipality incurs a deficit. If the Municipality completes the year with a surplus, no mitigation is needed.

ALTERNATIVES

- Council could suggest a different alternative for mitigation.
- Council could suggest mitigating using a combination of both the options presented above.
- Council could suggest no mitigation alternative and wait for the year to finish and see if anything is needed.

ATTACHMENTS

Not applicable.

CHIEF ADMINISTRATIVE OFFICER REVIEW

The report notes the discovery of the error and the factors contributing to the error. Staff are accepting the responsibility for this error and regret its occurrence. In addition to the mitigation options noted above staff reviewed the following areas of the operating budget to determine if there were other reliable options for mitigation. Areas such as; Deed Transfer Tax, RCMP surplus due to staff compliment reduction / credits for absenteeism, unannounced

Provincial contributions that may be forthcoming, Covid Restart funding utilization, consolidation funding, reduced capital spending and the reduction of services or costs associated with service delivery have been explored. The mitigation options noted above proved to be most reliable at this time in the fiscal year and this may change as the year progresses. Specifically, an item such as DTT is trending $100,000 less in the first quarter of the year compared to last year's first quarter. Last year's year-end total was 2.8 million and the budget value set for this fiscal year is 2 million. At this point we have elected to be conservative and forecasted meeting the 2-million-dollar budget for year end. There is a volatility to DDT that may result in a slow down or pick up of the real-estate conditions that are unknown.

We remain confident with the overall financial condition of the municipality in this current year as well as future years due to the healthy reserve conditions of the WHRM, the growth we continue to experience, and we stand to benefit from a renewed service exchange agreement with the province if approved before the 2024/25 fiscal year.

At the present time Directors have been notified to reduce or eliminate all unscheduled expenditures or extra service requests until further notice.

Report Prepared by: ____
Diana Gibson, Manager, Accounting & Financial Reporting

Report Reviewed by: ____
Carlee Rochon, Director, Financial Services

Report Approved by: ____
Mark Phillips, Chief Administrative Officer