



**West Hants**  
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY  
Audit Committee – Meeting Agenda  
March 8, 2023, 6:00 p.m.  
Facebook Livestreamed**

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1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements / Introduction of New Committee Member
4. Approval of Agenda, including additions or deletions
5. Approval of December 9, 2022 Minutes, including additions or deletions
6. Unfinished Business
  - a) Martock ACOA Expenditure Designation
  - b) Financial Services Mentorship Update
7. New Business
  - c) 2020-21 Financial Indicator Report – Acting Financial Services Director  
Gibson
  - d) Financial Update to December 31, 2022 – Acting Financial Services  
Director Gibson
  - e) Audit Committee Terms of Reference (TOR)
8. In-Camera
9. Date of Next Meeting
10. Adjournment



**West Hants**  
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY  
Audit Committee – Meeting Agenda  
December 9, 2022, 1:00 p.m.  
Via Zoom and Facebook Livestreamed**

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1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Agenda, including additions or deletions
5. Approval of June 6, 2022 Minutes, including additions or deletions
6. New Business
  - (a.) Presentation of Financial Statements – Andy Forse, Kent & Duffett
  - (b.) Financial Update to October 31, 2022 (time permitting) – Acting Financial Services Director, Diana Gibson
7. Date of Next Meeting
8. Adjournment



**West Hants**  
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**WEST HANTS REGIONAL MUNICIPALITY  
Audit Committee – Meeting Minutes  
December 9, 2022, 1:00 p.m.  
Via Zoom and Facebook Livestreamed**

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<b>Present :</b>	Abraham Zebian	Mayor / Committee Chair
	Jeff Hartt	Councillor, District 4
	Laurie Murley	Councillor, District 10
	Jane Davis	Resident Member
	Kathryn Duffy	Resident Member
	Andy Forse	Auditor, Kent & Duffett
	Diana Gibson	Acting Director of Financial Services
	Mark Phillips	Chief Administrative Officer (CAO)
	Carmen Dewar-Miller	Admin Assistant, Financial Services

1. Call to Order – Mayor Zebian called the meeting to order at 1:00 p.m.
2. Declaration(s) of Conflict of Interest – No declarations
3. Announcements – No announcements
4. Approval of Agenda, including additions or deletions

**MOVED by Councillor Murley and Resident Member Davis that the agenda be approved.  
Motion Carried.**

5. Approval of June 6, 2022 Minutes, including additions or deletions

**MOVED by Councillor Hartt and Resident Member Davis that the minutes be approved.  
Motion Carried.**

6. New Business
  - (a.) Presentation of Financial Statements - Andy Forse, Kent & Duffett

Auditor Forse stated that his presentation would not be as lengthy as last year (the first year for full results for the West Hants Regional Municipality). Last year's audit brought some unique results and quirks to the financial process that were not applicable to this year's audit.

Auditor Forse advised that he would briefly review the audit process to give an idea of what an audit is, what it is and is not designed to accomplish and a summary of findings. He will conclude with the management letter (a required piece of documentation from the province of Nova Scotia), which summarizes the key components of the audit, items found that might require improvement or other issues discovered through the audit process this year.

Auditor Forse reviewed the audit concepts of reasonable assurance and materiality. Reasonable assurance is approximately 95-98% accurate. Auditors need enough, high-quality, persuasive evidence to provide reasonable assurance. Materiality is the qualitative concept of the magnitude of a misstatement. How much of a misstatement would change a person with reasonable financial and business expertise's opinion of the financial results. \$200,000 is the qualifying quantitative magnitude of misstatement that would change someone's opinion. A transposition error of \$500,000 would change opinion as would an undetected theft of \$50,000 cash. Any type of misstatement could be material if it changes opinion.

Auditors gather a large amount of evidence using software, AI and sophisticated ratio techniques to form their opinion. They allow the evidence to guide them. There were some corrections made within the West Hants audit, but the auditors are prepared to present an audit opinion in the form of an "unqualified" audit report, that the financial statements are free from material misstatement. No reasonable person's opinion would change by anything that hasn't been corrected.

An unqualified opinion in this case means that there are no qualifications (i.e., "yes but" or "except for"). In the auditors' opinion, all areas of the financial statements are clear from financial misstatement.

Auditors take a risk-based approach. Areas deemed to be higher risk (i.e., inappropriate expenditures), get more thorough testing. Areas deemed to be lower risk (i.e., prepaid expense account), get less extensive testing. Auditors do not ensure everything is correct to the penny. They look for a reasonable level of precision.

The most common user of these financial statements would be West Hants' lender, Municipal Finance Corporation (MFC). They lend the municipality money for capital projects and their opinion towards lending to the municipality could change based on audit results.

Auditors test for fraud and misappropriation of assets (theft). No evidence of either issue was discovered. West Hants has controls in place that are sufficiently designed and operating to a satisfactory degree to prevent fraud. Auditors have a difficult task when it comes to detecting collusion. There is no reason to suspect collusion. It is a rare occurrence in municipal and business auditing. No evidence of intentional misstatements whatsoever.

Auditor Forse concluded his summary of the audit process and asked for any questions.

Councillor Hartt asked how many corrections were required.

Auditor Forse replied that there were in excess of 30 but not to 40. A higher volume than they are used to seeing and can be attributed in part to the fact that key financial staff were missing for the audit.

It is normal to see a trivial number of corrections, especially with thousands of accounts. The odds of being completely accurate are low. Less than 10 would be a normal year (on any audit). They conduct audits where they see in excess of 50 to 100 corrections. West Hants is not at the top end of the scale. More corrections than usual and more than the auditors would like to see.

Resident Member Duffy asked if Auditor Forse feels that this is a one-time issue due to the extenuating circumstances (absences), or indicative that further discussion within or outside of Audit Committee is required.

Auditor Forse replied that the number of corrections was at least significantly affected by the absence of key financial staff. He has recommendations for staff training and mentoring that would be useful to existing staff, especially when they are recently elevated to a new role or taking on new duties. Current staff are extremely capable and hardworking but somewhat inexperienced and could have used more support. Important to point out that municipal accounting is in the top three or four most challenging types of accounting in the industry here in Canada. It has its own set of indicators and processes. The financial reporting is unique to itself. Extensive on-the-job training is required after hiring as it is difficult to prepare in advance for municipal accounting.

An attempt was made to bring in extra support but that attempt failed. It is challenging to find financial staff right now. This year staff did not have the resources they needed. Probably a one-time occurrence. It would not be an unwise decision to provide staff with mentoring and extra training. In Auditor Forse's opinion, this is the most important topic on the agenda today.

Resident Member Duffy asked CAO Phillips if it would be appropriate for staff to prepare a short implementation plan related to Auditor Forse's recommendations, to be ready for the next Audit Committee meeting.

CAO Phillips advised that pending the reading of the management letter and receipt of Auditor Forse's recommendations, there will be steps going forward. The municipality does have resources (external and internal) that could help provide customized and generic support across the department.

At this point Auditor Forse read the management letter. Key takeaways included:

- Errors in the financial results
  - During the audit process they identified a high volume of unintentional misstatements in the recorded financial results for the period under audit that were not initially identified by the entity's internal controls or

financial reporting process. This includes misstatements involving estimation, judgement and account balances.

- They performed additional testing and concluded the nature of the misstatements to be unintentional (no fraud or misappropriation of assets was detected).
- Acknowledgement of the circumstances around the audit period with key staff missing and difficulties finding suitable replacement short-term.
- Their implication of this issue would be that it is not unusual for there to be trivial amounts of misstatements both in volume and magnitude. The volume of misstatements this year was significant and would have resulted in material misstatement had they not been corrected.
- Recommendations
  - Based on their audit they conclude that the municipality should invest resources in additional temporary staff when key financial personnel are away from their duties for extended periods of time.
  - Additional training and mentoring to key financial staff especially for new staff or when staff roles are elevated or they take on new duties.
  - An internal review process to perform an ongoing review of the accuracy of financial information on a regular basis. Performing monthly or quarterly reviews will ensure misstatements are identified and corrected prior to the audit process.

Auditor Forse offered the following additional comments:

- There is some review that happens on the income statement side.
- There is a wonderful financial presentation performed regularly, summarizing how the municipality is doing on revenues and expenses, with comparisons to budget and year-to-year.
- The vast majority of corrections this year were all along the balance sheet side, hence the need for a comprehensive quarterly review.
- Cash was not misstated. Robust reconciliation process in place.
- One area that could use more attention going forward is Payables. Liabilities were showing higher / worse than they actually were.
- Balance sheet side is not as critical as income and expense but still important.
- Interest expense was off.
- It may resolve itself in one- or two-year's time, depending on key absences.

Councillor Hartt asked if this led to the longer time to complete the audit.

Auditor Forse advised that it did. The process became very slow. On the balance sheet side, significant time was required to test and make corrections.

Councillor Hartt asked if there was no way to speed up the audit process to get us here before December?

Auditor Forse replied that last year was a very difficult, extremely unique audit process. There hasn't been a similar example of two municipal units creating a new municipal

unit. Kent and Duffett were under the gun non-stop to the end of October. As a result, Auditor Forse did not feel entirely comfortable with a few trivial items that lingered into this year's audit. Very small in terms of magnitude but the auditors were not prepared to wrap things up quickly without the normal two-to-three-week quality control process at the end of the audit. Ensures auditors have a level of comfort with their audit file. This meeting could not have been held sooner.

Auditor Forse moved on to the financial results, stating that they were positive. He started with the Statement of Financial Activities, noting that the 2021 numbers included a one-time Conditional Transfer of almost \$16 million. It is more accurate to compare 2022 to budget. He pointed out three items when comparing this year's actuals to budget which would explain higher than budgeted revenues:

- Taxes are considerably over budget (good, more revenue), mainly a result of the Deed Transfer Tax (\$1 million over budget).
- "Other", which has no budgeted line, represents mostly capital grants and other non-budgeted grants received. A healthy amount of grants came in.
- Unconditional Transfer, formerly called an equalization grant, now referred to as a financial capacity grant from the province of Nova Scotia. Appears to be twice as much as last year, double the amount budgeted. Great news.
- Of note as well, Proceeds from Disposal of Assets are rarely budgeted for, but this year brought in \$415,000.

On the Expenditure side, Auditor Forse noted:

- \$4.4 million amortization is not an unexpected item, a variance in budget due to a quirk in the system. There is a Public Sector accounting requirement to provide budget for water assets but not general capital fund. Difference between budgeted and actual amortization is always going to look ridiculous in Auditor Forse's opinion.
- Expenditures are consistent to last year and down a little bit. Nice to see solid quality control over expenditures.
- Other Transfers (such as MFC loans) decreased a little bit, lovely to see.
- There is nothing alarming or unusual within expenditure line items.

On the Balance Sheet / Statement of Financial Position Auditor Forse identified the municipality's cash position (indicative of how the year went), has improved significantly. Seeing a \$3 million increase in cash and almost \$2 million increase in payables. Nothing alarming, the cash increase is a nice sign.

Audit Committees should always be asking, is the municipality properly funded? While not offering a recommendation or conclusion, Auditor Forse can point to areas in the financial statements that are indicative. Cash plus receivables less accounts payable – have results gone up or down? The municipality has gone up nearly a million dollars, great to see.

Auditor Forse pointed out that the municipality's tangible assets have increased. \$6.5 million in capital assets less the \$4.4 million in amortization, some paid in cash/operations. Healthy looking balance sheet. Fine use of cash and debt servicing is

well within expected ranges. Common and not alarming to see a net debt position - most municipal units are heavily invested in tangible capital assets. It has come up since last year. Nice to see a trend towards a net assets position. All points to signs of a well-run, well-funded municipal unit.

Auditor Forse is happy to answer questions. It was a good, solid, strong year. Expenditures remained consistent with an increase in revenues due in large part to the Financial Capacity Grant (ongoing), and Deed Transfer Tax.

Councillor Hartt asked how the money from ACOA for the Martock project affects our balance.

Auditor Forse responded that this money comes in and briefly hits a reserve account until a matching expenditure comes in (\$1.2 million). Expenditures aren't fully spent. Not all of that amount would technically hit the income statement. The full \$1.2 is not recorded until you meet the matching expenditure. This is a side quirk of public accounting. Happens if you spend operational cash on capital assets. Expenditures would fall under Rec he believes and can find out. Councillor Hartt would like that information.

Mayor Zebian questioned the Valley Resource Management line under Financial Assets.

Auditor Forse responded that this has been a lingering issue for a few years. Director Rochon has made a significant attempt to resolve it one way or another. There is not enough accounting evidence to take it off our financial statements. He cannot make any recommendations on what should be done legally. Accounting evidence is required to show that it doesn't belong there, and so far this has not been available. He suggested making it an agenda item when Director Rochon returns.

Auditor Forse reminded committee members that statements remain in "draft format" and are considered confidential until they are approved by council at the next meeting.

Councillor Hartt asked about councillors' expenses. What if a councillor did not have any expenses? Are expenses still allowed to be allotted to that councillor?

Auditor Forse replied that there are certain types of expenses such as training that would be allocated to councillors. The auditors do very thorough testing on that area specifically as it is highly sensitive. Kent and Duffett made the recommendation to publicize council expenses and this recommendation was adopted province wide. Nothing at all was unreasonable for any councillor.

Councillor Hartt asked if is it normal procedure for CAO expenses to also be there?

Auditor Forse responded yes. This is mandated under the Municipal Finance Act and these expenses are recorded (top of the list).

Mayor Zebian offered the committee's thanks to Auditor Forse who in turn thanked municipal staff, particularly Acting Director Gibson. This process does not happen without the cooperation of staff.

*Auditor Forse leaves the meeting at 2:03pm.*

Acting Director Gibson presents a drafted motion for the committee to take to council.

**MOVED by Councillor Murley and Resident Member Duffy that Audit Committee recommends that Council approve the West Hants Regional Municipality's Audited Consolidated Financial Statements ending March 31, 2022 as presented to the Audit Committee.  
Motion Carried.**

- (b.) Financial Update to October 31, 2022 (time permitting) – Acting Financial Services Director, Diana Gibson

Acting Director Gibson summarized this report for the committee. This is the committee's first meeting regarding the 2022-2023 fiscal year. At this point in the year, current projections show a \$28,000 surplus. On the revenue side the largest contributor to this would be our surplus in Deed Transfer Tax. Originally budgeted to \$1.8 million but due to continuing, heavy activity, the budget number was increased to \$2.1 million. Based on the most recent numbers received, we will likely increase the projection again next month.

On the expense side our largest result for the surplus can be attributed to Salaries and Benefits. Municipal departments continue to struggle to fill positions. At this point in the year, it is unlikely that we will reach full budget.

Mayor Zebian commented that going forward it would be prudent for Council to keep an eye on Deed Transfer, staying on the conservative side in the event that the real estate market goes quiet. We don't want to find ourselves in a deficit.

Acting Director Gibson agrees that it would be a good decision to increase but stay conservative.

7. Date of Next Meeting – Will look to schedule a meeting early in the new year.
8. Mayor Zebian called for a motion to adjourn.

**MOVED by Councillors Hartt and Murley that the meeting be adjourned.  
Motion Carried.**

*Meeting adjourned at 2:10 p.m.*

X

Committee chair



**WEST HANTS REGIONAL MUNICIPALITY REPORT**

Information <input checked="" type="checkbox"/>	Recommendation <input type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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**To:** Audit Committee

**Submitted by:** Diana Gibson  
Diana Gibson, Acting Director, Financial Services

**Date:** March 8, 2023

**Subject:** Financial Mentorship Update

**LEGISLATIVE AUTHORITY**

Not Applicable

**RECOMMENDATION or DECISION REQUEST**

Not Applicable

**BACKGROUND**

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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At the December 9<sup>th</sup> Audit Committee Meeting, Andy Forse from Kent and Duffett Chartered Professional Accountants presented the 2021-22 Audited Financial Statements. Within this presentation was the presentation of the management letter, which details the key components of the audit, any items found that may require improvements, or anything else discovered during the audit process.

Management letter indicated that within the 2021-22 audit there were a larger than usual number of corrections that needed to be made at the audit level. Mr. Forse, indicated that this was primarily due to absence of key financial staff without being able to successfully bring on extra support staff. Mr. Forse recommended that West Hants Regional Municipality provide additional mentoring, training, and support to new hires and staff being elevated into new

positions. He indicated that the current staff are capable and hardworking but could have used more support during this time.

At this meeting, it was requested by the committee that staff bring an update to the next Audit Committee meeting, regarding the auditor's recommendations in the management letter.

## **DISCUSSION**

Since we last met the following has occurred in work toward meeting the auditor's recommendations:

- January 12
  - CAO and Acting Director, Financial Services met with Kevin Matheson, an individual recommended by the auditor to provide mentorship to the Financial Services team.
  - This was an introductory meeting, explaining the make up of Financial Services and explaining what each position does.
  - At this time, the audited financial statements, department organizational chart, and budgets were shared with Mr. Matheson for his review.
  
- January 23
  - Mr. Matheson was introduced to the Financial Services team at the semi-monthly staff meeting.
  
- January 31
  - Mr. Matheson spent the day at Morison Drive.
  - Journal entries that the auditors referred to in the management letter were reviewed.
  - Individual staff meetings were held.
  - Acting Director spent part of the day reviewing regular procedures with Mr. Matheson.
  
- February 7
  - Mr. Matheson spent part of the day at Morison Drive.
  - Finalized individual staff meetings.
  - Provided a verbal update Acting Director.
  
- February 17
  - Mr. Matheson provided a written update.
    - He has had a chance to meet with everyone in Financial Services at this time.
      - Mr. Matheson has been impressed by the staff and by the amount of review and procedures in place, while short-staffed.

- He has thoroughly reviewed the journal entries from the auditor and has determined out of the 34 entries there are 9 issues that he'd like to investigate deeper.

At this time, CAO and Acting Director will be scheduling a follow-up meeting with Mr. Matheson to discuss any topics or potential risks that arose from the staff meetings and to set an action plan for more mentorship moving forward.

Mr. Matheson does have a plan to meet with the IT department, dive deeper into the annual financial statements, review and make suggestions to the monthly reports given to council and have a follow up meeting with members of Financial Services who have requested guidance in certain areas.

From conversations with Mr. Matheson, he believes that we are in a good place financially, the reconciliations and tracking sheets that he has reviewed are on par with what he would typically suggest, and Financial Services is excited to work with him to help formalize more reviews and processes.

#### **NEXT STEPS**

Not Applicable.

#### **FINANCIAL IMPLICATIONS**

Not Applicable.

#### **ALTERNATIVES**


Not Applicable.

#### **ATTACHMENTS**

Not Applicable.

#### **CHIEF ADMINISTRATIVE OFFICER REVIEW**

Not Applicable.

Report Prepared by:   
Diana Gibson, Acting Director, Financial Services

Report Approved by:   
Mark Phillips, Chief Administrative Officer



**WEST HANTS REGIONAL MUNICIPALITY REPORT**

Information <input checked="" type="checkbox"/>	Recommendation <input type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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**To:** Audit Committee

**Submitted by:** Diana Gibson  
Diana Gibson, Acting Director, Financial Services

**Date:** March 8, 2023

**Subject:** 2020-21 Financial Condition Indicator Report

**LEGISLATIVE AUTHORITY**

- *Municipal Government Act, Section 44, subsection f.*

**RECOMMENDATION or DECISION REQUEST**

Not Applicable

**BACKGROUND**

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic <input checked="" type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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The Municipal Profile and Financial Condition Indicators Results (FCI) help municipal councils and Nova Scotians to make sense of municipal financial information. They do this by providing various forms of analysis within a single document.

The FCI provides a House Model, which is organized into three (3) financial dimensions:

1. Roof – Assesses the overall health of the municipality.
2. Structure – Individual factors that impact the municipality’s health.
3. Base – Individual factors, outside of the municipality’s control, that impact its health.

The FCI was developed jointly by the Province of Nova Scotia, the Nova Scotia Federation of Municipalities (UNSM), and the Association of Municipal Administrators. Through development, thresholds have been established to compare individual municipal performance against the performance of other Nova Scotian municipalities.

Financial data used to create the FCI results for West Hants Regional Municipality comes from the 2020-21 Financial Information Return, based on the 2020-21 audited financial statements. These two items serve to reflect the first year of consolidation.

**DISCUSSION**

The 2020-21 FCI summary has the overall Financial Condition rating of West Hants Regional Municipality at Low Risk. This means that the municipality is considered a low risk for fiscal instability.



Two indicators have not been used in this rating, as WHRM does not have the appropriate history. These are:

- Deficits in the Last 5 Years
- Three-Year Change in Tax Base

WHRM currently has one yellow rating for Uncollected Taxes. Prior to consolidation, this indicator had been listed as a moderate risk for the Municipality of the District of West Hants for its last five (5) years, with a steady decrease in percentage. Not being able to hold a tax sale in 2020-21 resulted in this percentage increasing slightly. The municipality makes every effort to ensure effective tax collection continues and we are confident with a tax sale occurring in 2021-22 and upcoming in 2022-23, this percentage should show a decrease in coming reports.

Compared to the two former entities, we have seen three new items move into a low-risk status:

**Operating Reserves** – Provides the value of funds set aside for planned future needs, to smooth expenses or for unexpected expenses.

- The former Municipality of West Hants was at a moderate risk for operating reserves at 18.7% and the former Town of Windsor was at a low risk at 37.4%.
- WHRM now has a combined operating reserve status of low risk at 64.4%
  - This means that the Municipality is setting aside sufficient funds to help mitigate any unforeseen risks or future needs.

- **Residential Tax Effort** – Assesses the affordability of municipal taxes in relation to the current service levels.

- The former Municipality of West Hants was at a low risk for residential tax effort at 2.5% and the former Town of Windsor was at a moderate risk at 4.9%.
- WHRM now has a combined residential tax effort status of low risk at 2.8%
  - This means that the Municipality, if required, has some flexibility to increase taxes.

**Debt Servicing** – Calculated by comparing the total debt servicing costs to the total own sources of operating revenue.

- The former Municipality of West Hants was at a low-risk for debt servicing at 7.1% and the former Town of Windsor was a moderate-risk at 11.0%.
- WHRM now has a combined debt servicing status of low risk at 9.4%.
  - This means that the Municipality, if needed, has flexibility to increase borrowing levels to help finance future capital expenditures.

## NEXT STEPS

Not Applicable.

## FINANCIAL IMPLICATIONS

Not Applicable.


**ALTERNATIVES**

Not Applicable.

**ATTACHMENTS**

- FCI Municipal Report – West Hants Regional Municipality – March 31, 2021

**CHIEF ADMINISTRATIVE OFFICER REVIEW**

Report Prepared by:   
Diana Gibson, Acting Director, Financial Services

Report Approved by:   
Mark Phillips, Chief Administrative Officer



# Municipal Report

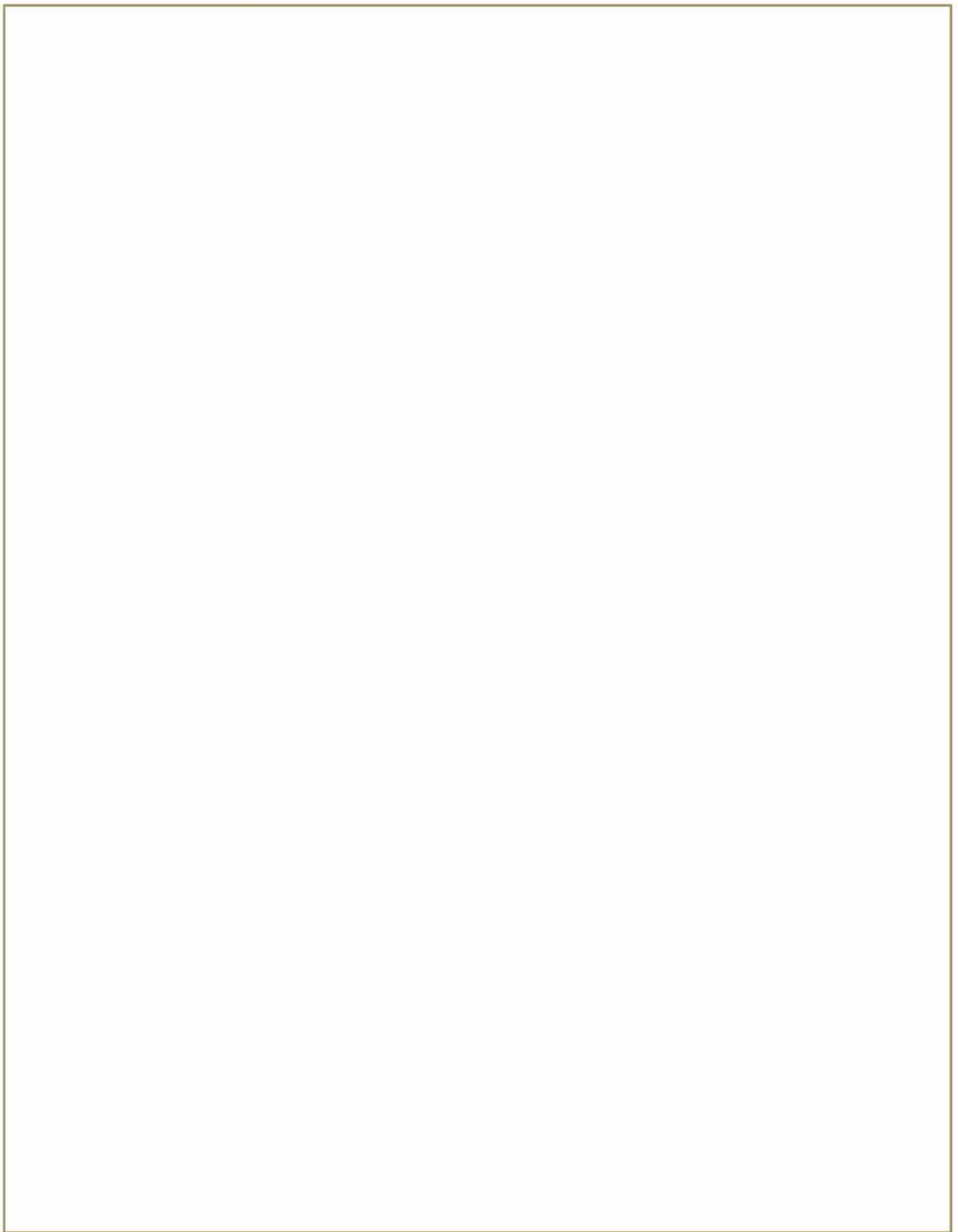


## **West Hants Regional Municipality**

**Department of Municipal Affairs  
and Housing**

Municipal Profile and  
Financial Condition Indicators Results

2020-21



# Municipal Profile and Financial Condition Indicators Report

2020-2021 Fiscal Period

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	<h3>Chapter 4 - Financial Condition Indicators</h3> <p>The Financial Condition Indicators (FCIs) condense multiple sources of information into a single visual “House Model” graph. The House Model gives a quick visual of a municipality’s strengths and possible areas where a municipality may want to focus its attention. Thirteen indicators consisting of:</p> <ul style="list-style-type: none"><li>• 4 key performance indicators;</li><li>• 5 financial indicators that concern management and debt; and</li><li>• 3 indicators relating to internal and external factors that could impact the municipality’s revenue stream.</li></ul>
	<h3>Appendices</h3> <ul style="list-style-type: none"><li>• List of additional municipal data located on the Nova Scotia Open Data Portal</li><li>• Municipality’s website contact information</li></ul>
	<h3>Contact Information</h3>

## Introduction

The Department of Municipal Affairs compiles municipal indicators on behalf of the Nova Scotia Government and Association of Municipal Administrators of Nova Scotia (AMANS) that focus on three areas:

- financial matters;
- administration of the municipality; and
- characteristics of the community.

This report creates a snapshot from those financial and demographic statistics to help community members and decision makers better understand:

- the municipality in which they live;
- the municipality's key characteristics; and
- the municipality's financial risks.

For example, the snapshot makes it easy to:

- compare the Three-Year Change in Tax Base indicator to understand the municipality's revenue growth in comparison to cost of living; and
- use the change in population to indicate whether a community's population is growing or declining and its potential impact on municipal revenues and expenses.



## Chapter 1 - Municipal Profile

Municipalities are diverse and operate within unique demographic and economic characteristics. These characteristics have a significant impact on municipal performance and subsequent strategies required to ensure a sustainable environment. This chapter outlines the unique demographic and economic characteristics of the Municipality, specifically its composition, population trends, demographics, median household income levels, employment rates, and educational attainment. The municipal profile trends could have impacts on the current and potential future tax base for a municipality.

# Municipal Profile Highlights

## About the Municipality

Name:	West Hants Regional Municipality <sup>1</sup>
County:	Hants County
Approximate size:	1,244 km <sup>2</sup>
Number of dwellings:	9,560
Government:	12 elected councillors (including the Mayor)



Figure 1 - Location of Municipality

## Population Highlights

Population 2016:	19,020
Population 5-year trend:	+1.8%
County 5-year trend:	+0.6%
Demographic trend:	Aging
Up to 19 Yrs.	21%
20 to 59 Yrs.	50%
Over 60 Yrs.	29%

Age Breakdown for the former Town of Windsor and District of West Hants

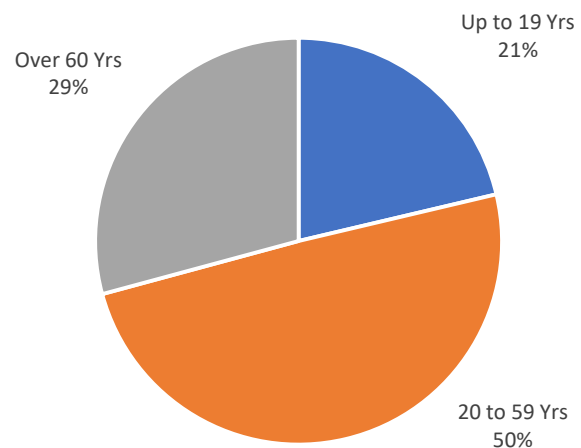


Figure 2 - Age Breakdown

<sup>1</sup> As of April 1st, 2020, the former Town of Windsor and the Municipality of District of West Hants consolidated and incorporated a regional municipality, West Hants Regional Municipality.

## Population Trends

Population: 19,020 (former Town of Windsor and District of West Hants combined)  
 Provincial population: 2.1%  
 20-year trend: Has grown since 20 years ago [supported by Figure 3 below] Majority  
 Age Trend: between 40-69 years of age [supported by Figure 4 below]

Population Trend from 1996 to 2016

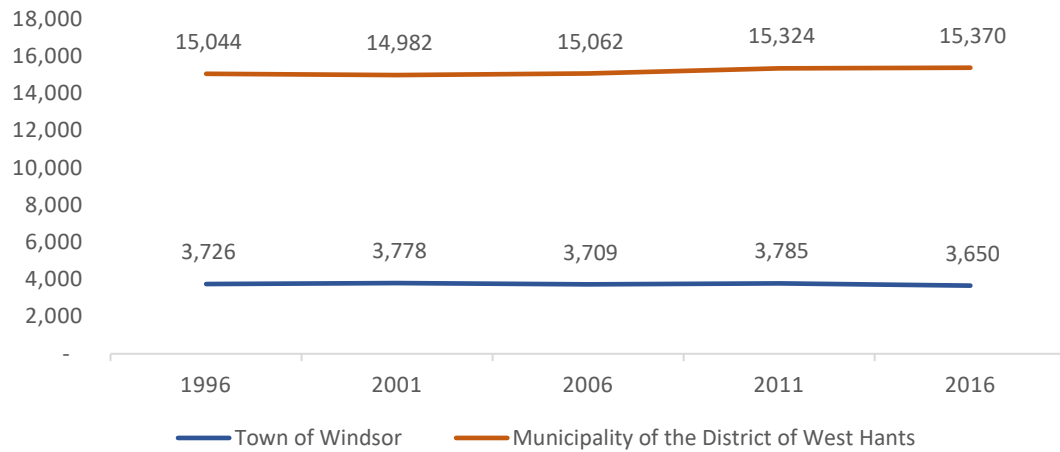


Figure 3 - Population from 1996-2016. Source: Statistics Canada

2016 Population by Age

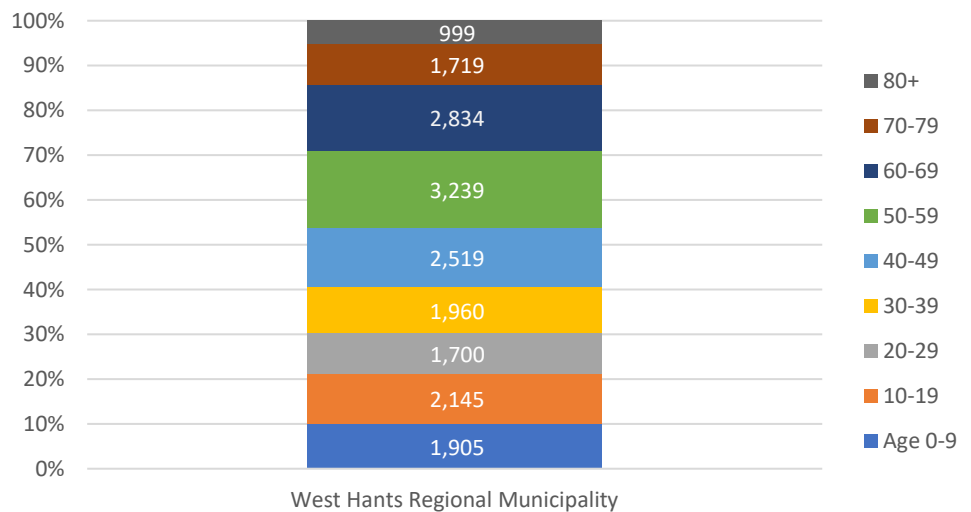


Figure 4 - Population by Age for 2016  
 Source: Statistics Canada

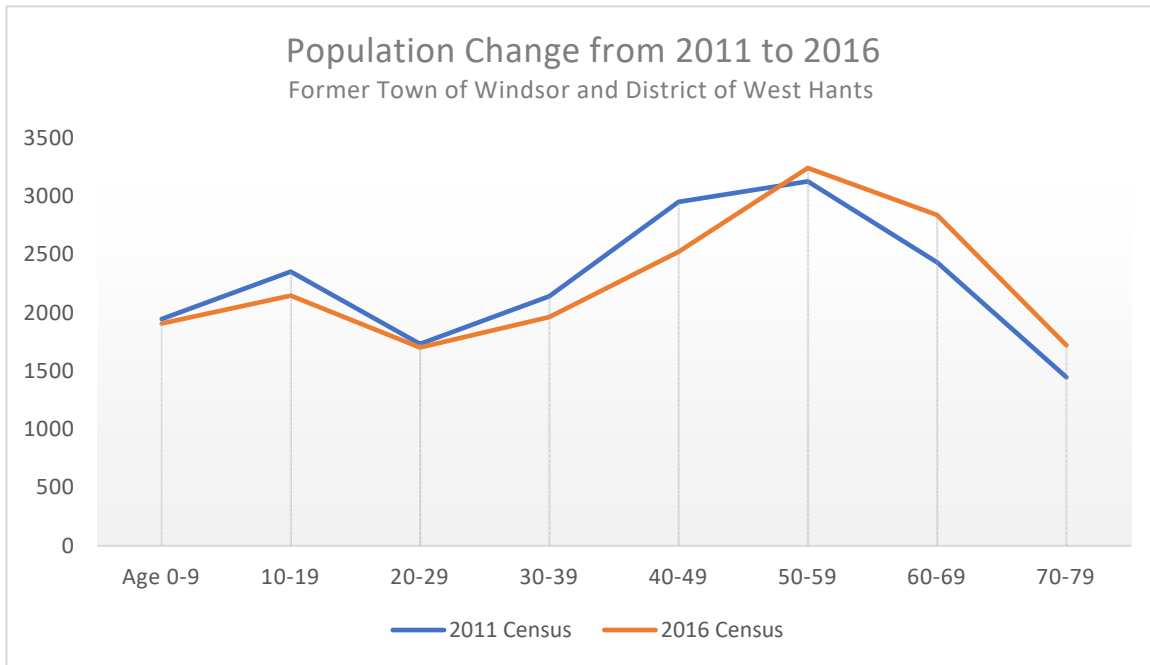


Figure 5 - Population Age Change from 2011 to 2016. Source: Statistics Canada

According to the 2016 Census, similar to most rurals in Nova Scotia, the majority of West Hants' citizens are between the ages of 40 and 69.

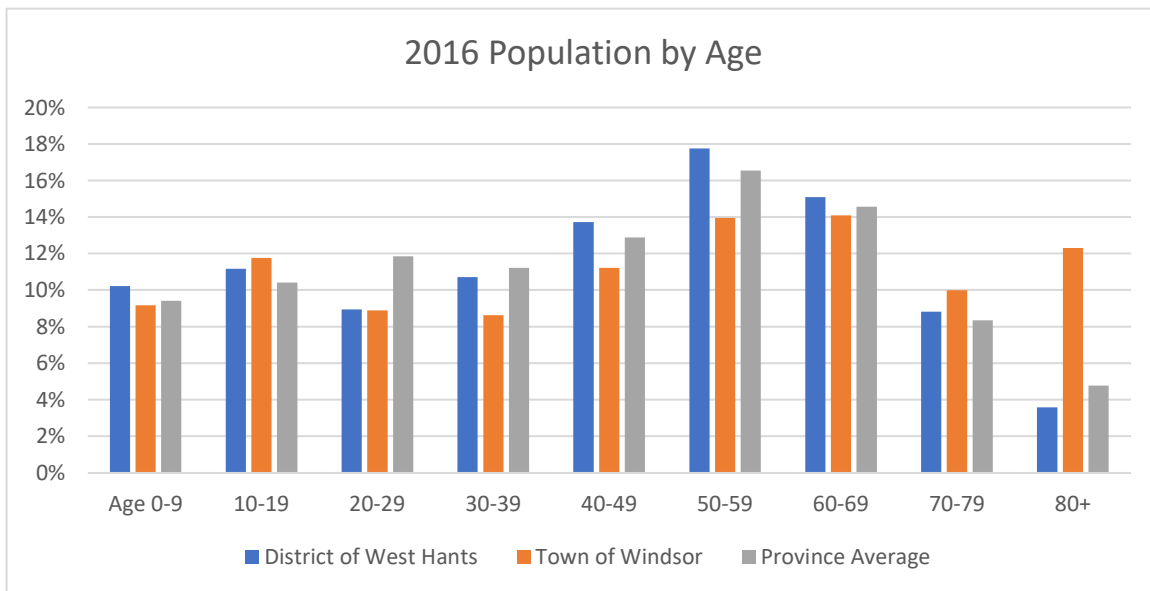


Figure 6 - Comparison of Population by Age for 2011 and 2016. Source: Statistics Canada

## Economic Indicators

Along with population trends, employment rates and median household income are important economic indicators. Education levels can also play a crucial role in economic and social progress and can help improve income distribution. These factors provide an indication of the wellbeing of the economy and labour force.

<b>Municipality of District of West Hants</b>	<b>2016 Census</b>	<b>2011 Census</b>	<b>+/-</b>	<b>Rural Average</b>
<b>Median Household Income</b>	<b>\$62,087</b>	<b>\$58,182</b>	<b>\$3,905</b>	<b>\$57,294</b>
<b>Employment Rate</b>	<b>53.9%</b>	<b>56.5%</b>	<b>-2.6%</b>	<b>50.1%</b>
<b>Education Beyond High School</b>	<b>52.5%</b>	<b>50.0%</b>	<b>2.5%</b>	<b>49.4%</b>

*Source: 2011 and 2016 Statistics Canada Census*

<b>Town of Windsor</b>	<b>2016 Census</b>	<b>2011 Census</b>	<b>+/-</b>	<b>Town Average</b>
<b>Median Household Income</b>	<b>\$43,922</b>	<b>\$41,859</b>	<b>\$2,063</b>	<b>\$48,934</b>
<b>Employment Rate</b>	<b>47.6%</b>	<b>46.3%</b>	<b>1.3%</b>	<b>48.3%</b>
<b>Education Beyond High School</b>	<b>49.0%</b>	<b>46.8%</b>	<b>2.2%</b>	<b>52.0%</b>

*Source: 2011 and 2016 Statistics Canada Census*

## Chapter 2 - Assessment Information



Since property taxes are a primary source of revenue for most municipalities, special emphasis has been placed on reviewing assessment trends.

Three-year change in Tax Base (Uniform Assessment) <sup>2</sup> :	N/A	
Reliance on a Single Business or Institution Financial Condition Indicator (FCI):	0.8%	not dependent (low risk)
Residential Tax Effort FCI:	2.8%	has some flexibility (low risk)

The line graphs below show the five-year trend of residential and commercial portion of the municipality's taxable assessment. For comparison purposes, the years from 2016-17 to 2019-20 include both the former Town of Windsor and District of West Hants.

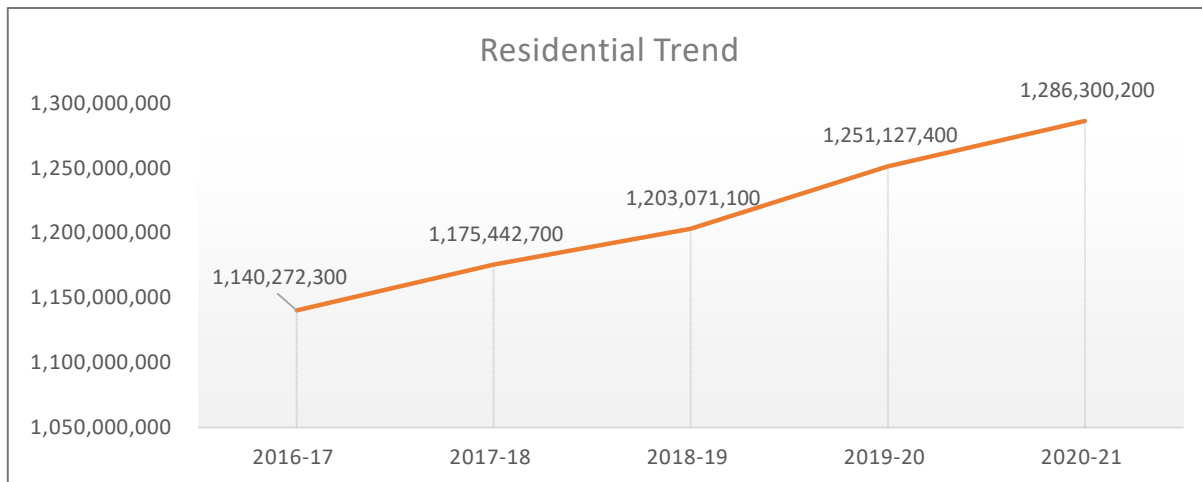


Figure 7 - Residential taxable assessment over the last five years. Source: 2016-17 to 2020-21 Statement of Estimates - Assessment

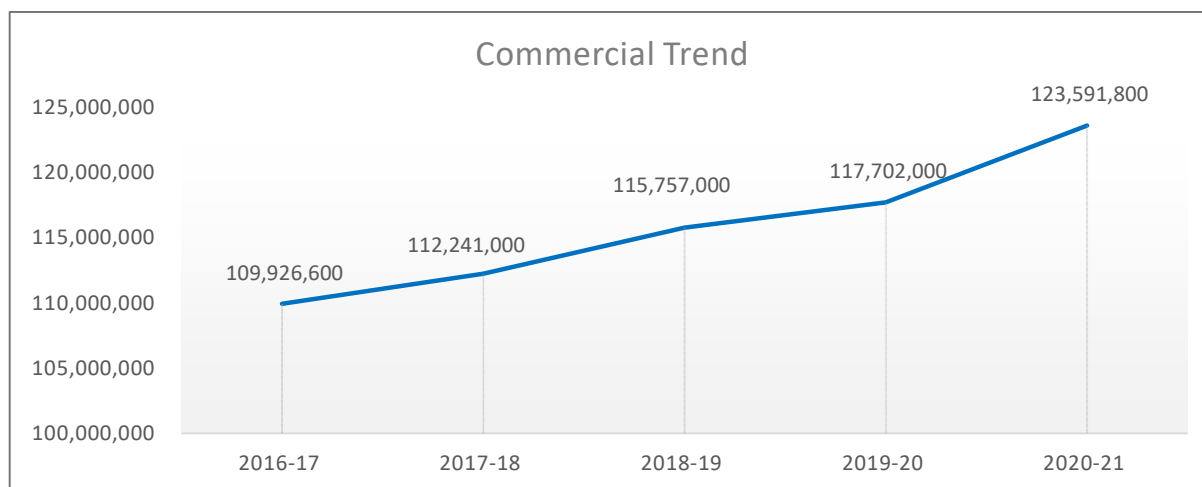


Figure 8 - Commercial taxable assessment over the last five years. Source: 2016-17 to 2020-21 Statement of Estimates - Assessment

<sup>2</sup> Uniform assessment is the value of a municipality's taxable property assessment plus the capitalized value of payments in lieu of taxes.  
<sup>3</sup> Not applicable as the West Hants Regional Municipality does not have three year's of history. The West Hants Regional Municipality was incorporated as of April 1, 2020.

## Chapter 3 - Financial Information

### General Overview:

Audited financial statements are presented on a consolidated basis. These consolidated financial statements present all municipal entities as one single reporting entity:

- all the individual funds managed by the Municipality
- organizations or enterprises that the Municipality owns or controls, such as:
  - West Hants Water Utility
  - Windsor Water Utility

The Municipality's non-consolidated financial statements present only the individual funds managed by the Municipality, such as the General Operating Fund, General Capital Fund, Non-operating Reserve Fund, Operating Reserve Fund and, if applicable, Water Operating Fund, Water Capital Fund, Water Reserve Fund, Electric Operating Fund, Electric Capital Fund, and Electric Reserve Fund. Non-consolidated financial statements are reconciled but not audited<sup>3</sup>.

### Financial Reporting Compliance:

Audited Financial Statements and Financial Information Return	Yes
Submission of financial information:	After deadline <sup>4</sup>
Financial statements include:	
Remuneration and Expenses for Elected	Yes
Unqualified Opinion:	Yes
Quarterly Expense and Hospitality Report posted online:	Yes
Summary Expense and Hospitality Report submitted:	Yes
Statement of Estimates (SOE) -Assessment and SOE-Budget submitted:	Yes

<sup>3</sup> Please be advised that, although the Department reconciles, at a high level, a municipality's non-consolidated financial statements to the consolidated financial statements, the non-consolidated financial statements are usually not audited nor presented in full accordance with Canadian public sector accounting standards.

<sup>4</sup>Annually, municipalities are required to submit their financial information by Sept 30th, with an exception made for the 2020-21 FIR, which was due November 24.

## Financial Highlights

### Revenue

Total consolidated revenue:	\$42.4 million
Revenue generated from own source revenue *:	\$24.6 million
Total general operating revenue:	\$21.9 million
Largest general operating revenue:	84%
	Net property taxes and payments in lieu of taxes

### Expenses

Total consolidated expenses:	\$27.2 million
Total general operating expenses:	\$20.1 million
Largest general operating expense:	43%
	Protective services

### Annual Surplus

Annual consolidated surplus (deficit):	\$15.2 million
Consolidated accumulated surplus (deficit):	\$88.4 million
Annual general operating surplus (deficit):	\$0.7 million

### Debt

Total consolidated long-term debt:	\$16.5 million
Total general capital fund long-term debt:	\$14.4 million
General operating fund bank indebtedness:	\$33.5 thousand

\*excluding government transfers

**Revenue:**

**\$42.4 M**  
2021 Consolidated Revenue

Total consolidated revenue: \$42.4 million  
 Largest revenue: \$18.4 million  
 Net property taxes and payments in lieu of taxes  
 Revenue generated from own source revenue: 58%

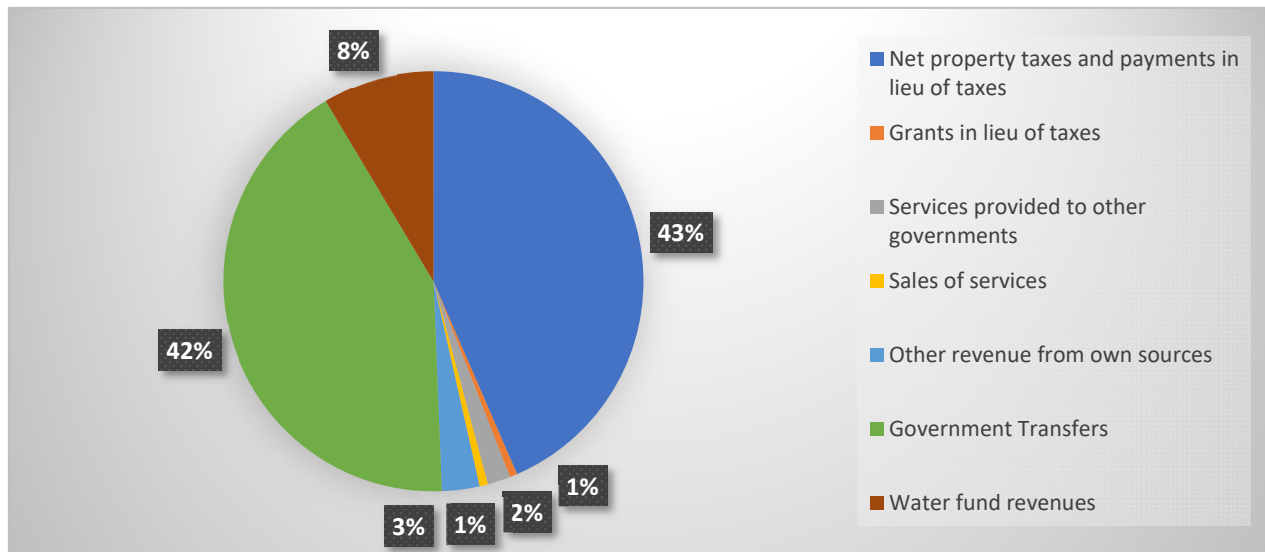


Figure 9 - Consolidated Revenue Source: 2020-21 Financial Information Return

The graph above and table below show the Municipality's consolidated revenue divided into categories.

	<u>Consolidated Revenue</u>
Net property taxes and payments in lieu of taxes	\$18,425,210
Grants in lieu of taxes	\$248,610
Services provided to other governments	\$745,921
Sales of services	\$274,956
Other revenue from own sources	\$1,221,952
Government Transfers	\$17,818,507
Net income from government business enterprises	\$0
Water fund revenues	\$3,638,254
Electric fund revenues	\$0
	<u>\$42,373,410</u>

## \$21.9 M 2021 General Operating Revenue

Total general operating revenue:	\$21.9 million
Largest general operating revenue:	84%
	Net property taxes and payments in lieu of taxes
Uncollected Taxes Financial Condition Indicator (FCI):	13.5%
Reliance on Government Transfers FCI:	4.1%

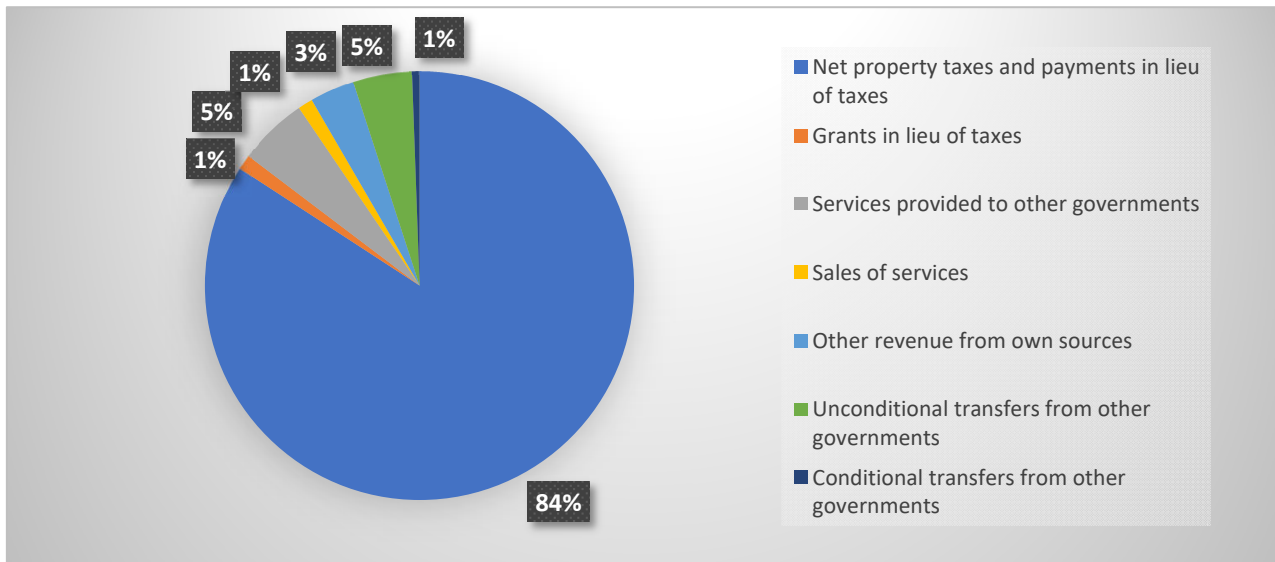


Figure 10 - General Operating Fund Revenue Source: 2020-21 Financial Information Return

The graph above and table below show the Municipality's general operating fund revenue divided into categories.

	General Operating Revenue
Net property taxes and payments in lieu of taxes	\$18,435,742
Grants in lieu of taxes	\$248,610
Services provided to other governments	\$1,134,127
Sales of services	\$248,536
Other revenue from own sources	\$736,830
Unconditional transfers from other governments	\$974,424
Conditional transfers from other governments	\$123,167
	\$21,901,436

**Expenses:**

**\$27.2 M**  
2021 Consolidated Expenses

Total consolidated expenses: \$27.2 million  
 Largest expense: 32%  
 Protective services

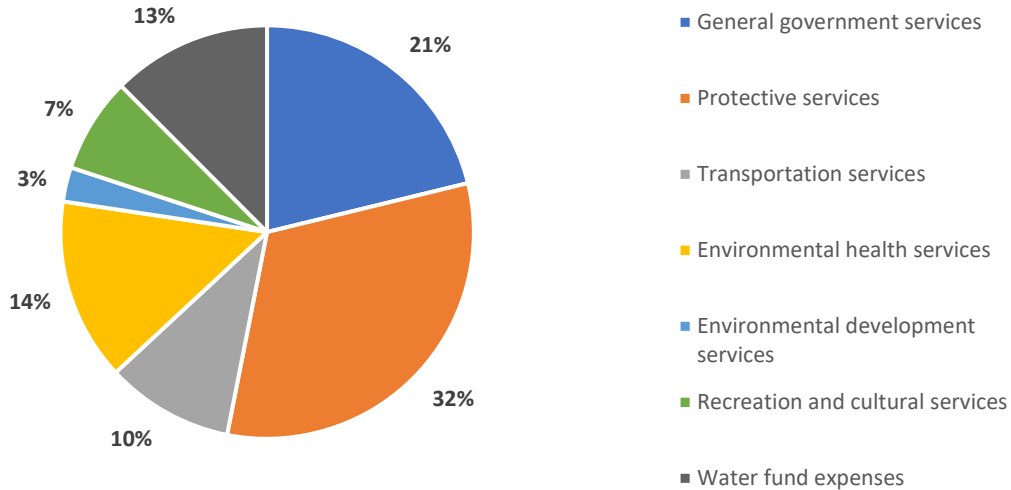


Figure 11 - Consolidated Expenses Source: 2020-21 Financial Information Return

The graph above and table below show the Municipality's consolidated expenses divided into categories.

	Consolidated Expenses
General government services	\$5,752,870
Protective services	\$8,673,198
Transportation services	\$2,709,486
Environmental health services	\$3,881,941
Public health services	\$0
Environmental development services	\$728,877
Recreation and cultural services	\$2,024,236
Extraordinary or special items	\$0
Water fund expenses	\$3,388,604
Electric fund expenses	\$0
	\$27,159,212

## \$20.1 M 2021 General Operating Expenses

Total general operating expenses: \$20.1 million  
 Largest general operating expense: 43% Protective services  
 General operating reserves as a percentage of total general operating expenses: 64.4%

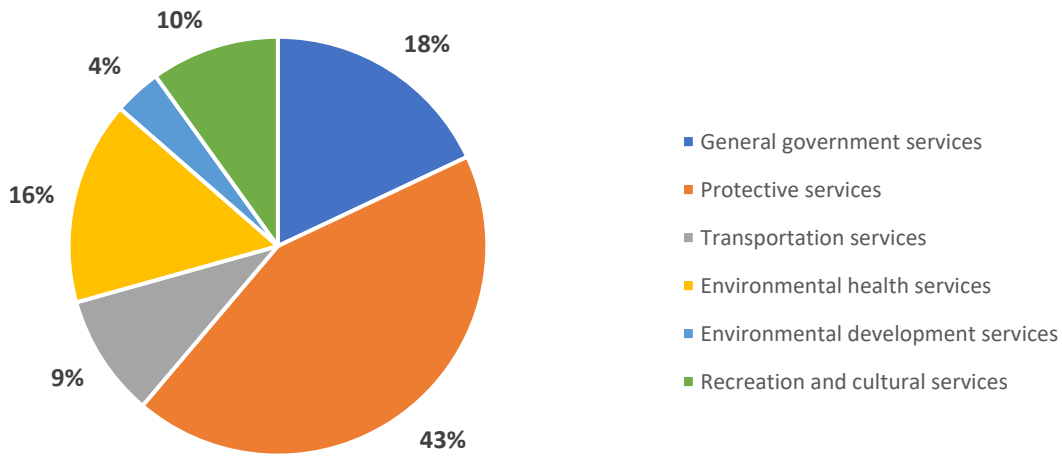


Figure 12 - General Operating Fund Expenses Source: 2020-21 Financial Information Return

The graph above and table below show the Municipality's general operating fund expenses divided into categories.

	General Operating Expenses
General government services	\$3,612,347
Protective services	\$8,673,198
Transportation services	\$1,904,190
Environmental health services	\$3,160,998
Public health services	\$0
Environmental development services	\$728,877
Recreation and cultural services	\$1,994,847
Extraordinary or special items	\$0
	\$20,074,457

## Accumulated Surplus (Deficit)

Annual Surplus: Revenue - Expenses

Note: Annual surplus is added to the accumulated surplus (deficit)

Annual consolidated surplus (deficit):	\$15.2 million
Consolidated accumulated surplus (deficit):	\$88.4 million
Annual general operating surplus (deficit):	\$0.7 million
Number of Deficits in the Last 5 Years Financial Condition Indicator (FCI) :	Nil

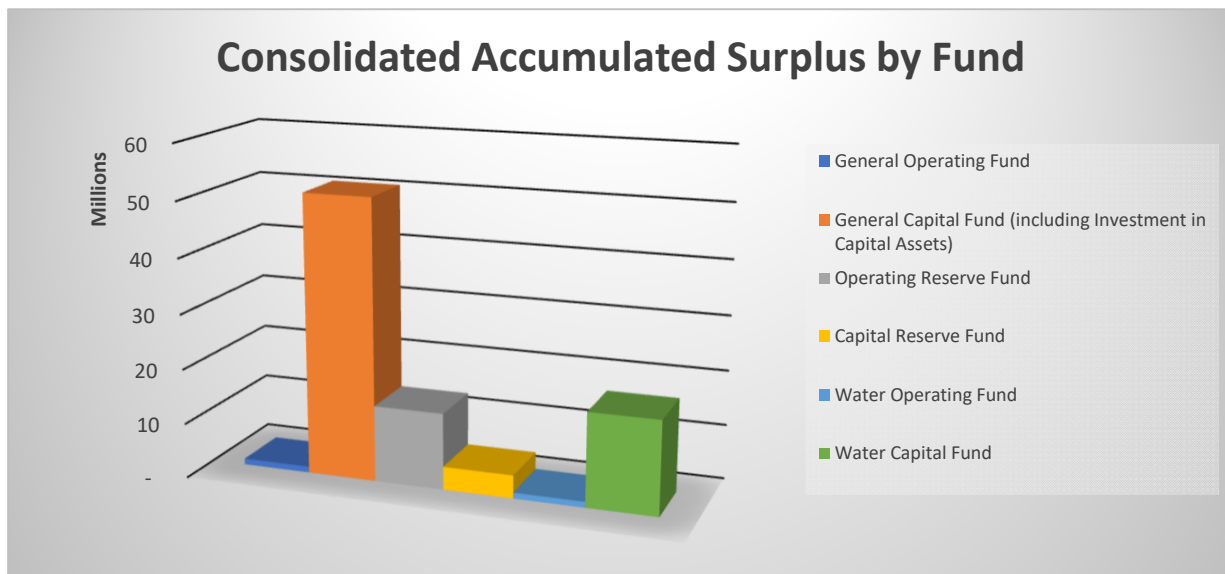


Figure 14 - Consolidated Accumulated Surplus by Fund. Source: 2020-21 Financial Information Return

**Debt**

Total consolidated long-term debt:	\$16.5 million
Total general capital fund long-term debt:	\$14.4 million
Debt Service Financial Condition Indicator (FCI):	9.4%
Operating fund bank indebtedness:	\$33.5 thousand
Outstanding Operating Debt FCI (as a percentage of Net Property Taxes/Payment in Lieu of Taxes, Grants in Lieu of Taxes and Government Transfers):	0.2%

## Chapter 4 - Financial Condition Indicators: House Model



The Financial Condition Indicators (FCIs) condense multiple sources of information into a single visual “House Model” graph. The House Model gives a quick visual of a municipality’s strengths and possible areas where a municipality may want to focus its attention.

### The Model:

The Model consists of 12 indicators organized into base, structure and roof, focusing on:

- roof: 4 key performance indicators;
- structure: 5 financial indicators that concern management and debt; and
- base: 3 indicators relating to internal and external factors that could impact the municipality’s revenue stream.

### Risk thresholds:

Each indicator is assessed against a risk threshold:

- low risk (**green**);
- moderate risk (**yellow**); and
- high risk (**red**).

### Overall assessment:

The Department calculates an overall assessment for fiscal instability:

- low risk (**green**): 9-12 FCIs meet low risk threshold;
- moderate risk (**yellow**): 7-8 FCIs meet low risk threshold; and
- high risk (**red**): 6 or less FCIs meet low risk threshold.

### For Comparison:

Prior years included the 5-Year Budget Accuracy as a financial condition indicator. Due to the impact of COVID-19, use of the 5-Year Budget Accuracy indicator has been suspended for 2020-2021 and 2021-2022. Its future inclusion or possible replacement will be re-evaluated for the 2022-2023 municipal reports.

## Overall Assessment

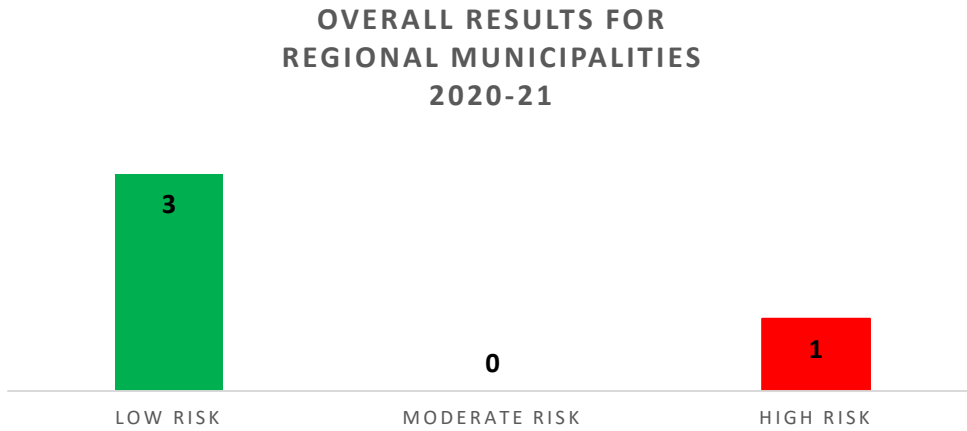
**Overall Assessment for:** West Hants Regional Municipality

**Financial Condition:** **Low Risk**

The overall Financial Condition Index assessment for the West Hants Regional Municipality is Low Risk.

This means that while the Municipality might face some challenges, it is considered low risk for fiscal instability.

**Comparison:** Most regional municipalities are at low risk (see chart below).



## Financial Condition Indicators Highlights for 2020-21

**Overall Assessment** Green (low risk)  
 The overall Financial Conditions Index assessment for the West Hants Regional Municipality is green (low risk). This means that while the Municipality might face some challenges, it is considered low risk for fiscal instability.

As shown in the House model below, West Hants Regional Municipality's FCIs are comprised of:

























- Low Risk (green): 9 Indicators
- Moderate Risk (yellow): 1 Indicators
- High Risk (red): 0 Indicators

Details on the individual FCI assessments are provided below. Note the following two indicators are not applicable for 2020-2021 as the Municipality was incorporated as of April 1, 2020.

- Deficits in the Last 5 Years
- Three-Year Change in Tax Base



## Two-Year Comparison of Financial Condition Indicators

<b>BASE</b>	<b>2020-21</b>	<b>2019-20*</b>	<b>+/-</b>
3-year Change in Tax Base	 0.0%	 0.0%	0.0%
Reliance on a Single Business or Institution	 0.8%	 0.0%	0.8%
Residential Tax Effort	 2.8%	 0.0%	2.8%
<b>STRUCTURE</b>			
Uncollected Taxes	 13.5%	 0.0%	13.5%
Operating Reserves	 64.4%	 0.0%	64.4%
Debt Service	 9.4%	 0.0%	9.4%
Outstanding Operating Debt	 0.2%	 0.0%	0.0%
Undepreciated Assets	 68.1%	 0.0%	68.1%
<b>ROOF</b>			
Deficits in the Last 5 Years	 0/5	 0/5	0
Liquidity	 1.7	 0.0	1.7
Reliance on Government Transfers	 4.1%	 0.0%	4.1%
Combined Reserve	 71.6%	 0.0%	71.6%

\* Please note indicator results are not available for 2019-20, as the municipality was incorporated as of April 1, 2020.






## Three-Year Change in Tax Base

**2020-21 Results:** **Not applicable** for West Hants Regional Municipality as the Municipality was incorporated starting the fiscal year 2020-2021.

**What does it mean?** This indicator illustrates the growth in property assessment. Municipalities rely heavily on property tax to fund services; therefore, healthy growth in property tax is important to a municipality's financial position.

**Calculation:** 
$$\frac{\text{Current Uniform Assessment} - \text{Uniform Assessment 3 Years Prior}}{\text{Uniform Assessment 3 Years Prior}} = \text{N/A}$$

**Risk Thresholds:**

-  Low: Equal or above CPI% Change
-  Moderate: Below CPI % Change, but not negative growth
-  High: Negative growth

## Residential Tax Effort

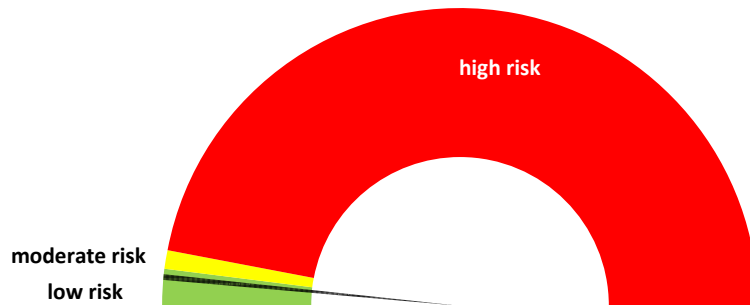
**2020-21 Results:**                      **Low risk**                      **2.8%**  
2.8% of median household income is required to pay the average tax bill.

**What does it mean?**                      The Municipality has some flexibility to increase the taxes, if required.  
This indicator helps council assess the affordability of municipal taxes in relation to the current service levels.

**Calculation:**                                      
$$\frac{\text{Total residential tax revenue per dwelling unit}}{\text{Median Household Income}} = 2.8\%$$

**Risk Thresholds:**

-  Low: Less than 4%
-  Moderate: 4% to 6%
-  High: Greater than 6%



## FCI Indicators - Structure (Management) Indicators

### Debt Service

**2020-21 Results:**

**Low risk      9.4%**

9.4% of own source revenue is spent on principal and interest payments.




**What does it mean?**

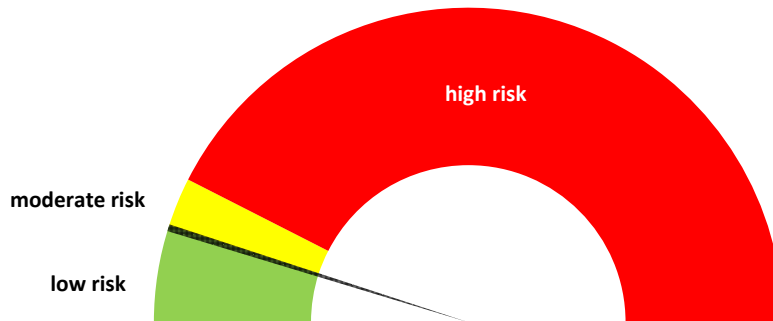
With adequate cash flow, the Municipality may have the flexibility to increase borrowing levels to help finance future capital expenditures.

**Calculation:**

$$\frac{\text{Principal and Interest Paid on Long-term Debt}}{\text{Total Own Source Operating Revenue}} = 9.4\%$$

**Risk Thresholds:**

-  Low: Less than 10%
-  Moderate: 10% to 15%
-  High: Greater than 15%





## Operating Reserve

**2020-21 Results:**                      **Low risk**                      **64.4%**




**What does it mean?**

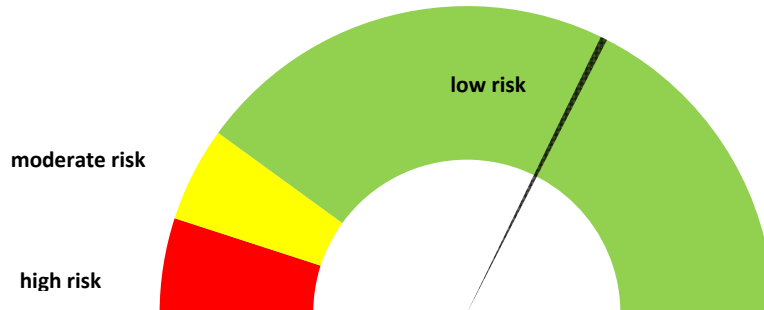
The Municipality is setting aside sufficient funds to help mitigate any unforeseen risks or future needs.  
This indicator provides the value of funds set aside for planned future needs, to smooth expenses or for unexpected expenses.

**Calculation:**

$$\frac{\text{Total Operating Reserve Fund Balance}}{\text{Total Operating Expenditures}} = 64.4\%$$

**Risk Thresholds:**

-  Low: Greater than 20%
-  Moderate: 10% to 20%
-  High: Less than 10%





## Undepreciated Assets

**2020-21 Results:**                      **Low risk**                      **68.1%**

**What does it mean?**




This indicator estimates that the Municipality's capital assets have 68.1% of their useful life remaining.

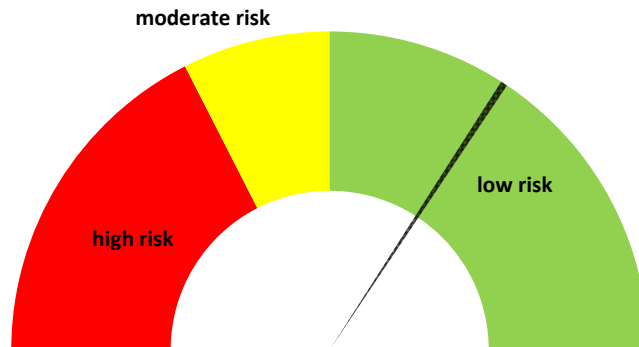
Municipalities across Canada are facing sufficient infrastructure challenges. This indicates that the Municipality is experiencing less of an infrastructure challenge than other municipalities.

**Calculation:**

$$\frac{\text{Total Net Book Value of Capital Assets}}{\text{Gross Costs of Capital Assets}} = 68.1\%$$

**Risk Thresholds:**

-  Low: Greater than 50%
-  Moderate: 35% to 50%
-  High: Less than 35%








## Number of Deficits in the Last 5 Years

**2020-21 Results:** **Not applicable** for West Hants Regional Municipality as the Municipality was incorporated starting the fiscal year 2020-2021.  
**Note:** West Hants Regional Municipality did not incur a deficit in 2020-21.

**What does it mean?** Deficits are important indications of financial health. The result indicates that the Municipality is somewhat able to meet its needs in a balanced manner and maintain a balanced budget.

**Calculation:** The number of non-consolidated operating deficits in the last five years = N/A

**Risk Thresholds:**

-  Low: 0 in the last 5 years
-  Moderate: 1 or more in the last 5 years
-  High: 1 or more in the last 2 years with one material deficit (0.5% of operating expenses)



## Combined Reserves

**2020-21 Results:**                      **Low risk**                      **71.6%**

**What does it mean?**




This result indicates that the Town does appear to have sufficient reserves needed to address unexpected events or provide flexibility to address future projects.

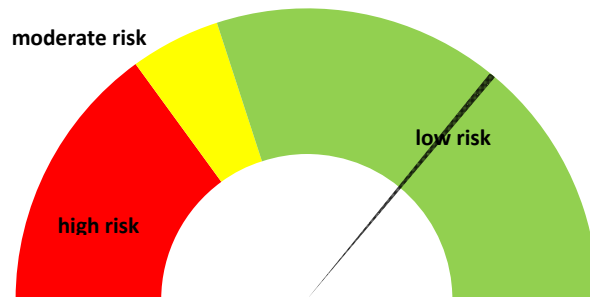
Reserves are critical components of a municipality's long-term sustainability. This indicator shows the value of the funds held in the reserves compared to a single year's operation, including amortization expenses.

**Calculation:**

$$\frac{\text{Total Operating and Capital Reserves}}{\text{Total Operating Expenses plus Amortization Expense}} = 71.6\%$$

**Risk Thresholds:**

-  Low: Greater than 40%
-  Moderate: 30% to 40%
-  High: Less than 30%



## Appendix I - Additional Resources

Nova Scotia Government's Open Data Portal ([data.novascotia.ca](http://data.novascotia.ca))

This portal provides access to various government data in a free, accessible, machine-readable format. Financial datasets currently published through the Nova Scotia Government's Open Data Portal:

- 911 Municipal Grants
- Consolidated Revenues and Expenses by Municipality
- Municipal Affairs Funding Programs
- Emergency Services Provider Fund
- Farm Land Grant
- Financial Condition Indicators by Municipality
- Municipal Contributions to Roads
- Municipal Financial Capacity Grant (formally equalization program)
- Municipal Operating Fund- Summary of Revenue and Expenses by Municipality
- Municipal Operating Expenses by Function -10 Year Summary
- Municipal Operating Revenue by Source -10 Year Summary
- Municipal Property Tax Rates
- Nova Scotia Power Grant-in-Lieu
- Uniform Assessment

## Appendix II - Municipal Website

Municipal website is [westhants.ca](http://westhants.ca)

A municipality's website can be a helpful resource to access various financial information. Currently, most municipal websites provide:

- Audited Financial Statements
- Approved Operating Budget
- Quarterly Municipal Councilor and CAO Expense Report
- Quarterly Municipal Hospitality Expense Report

## Contact Municipal Affairs and Housing

For more information, for support in action plan development, or to obtain a guide on action plan development: [municipalfinance@novascotia.ca](mailto:municipalfinance@novascotia.ca)





**WEST HANTS REGIONAL MUNICIPALITY REPORT**

Information <input checked="" type="checkbox"/>	Recommendation <input type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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**To:** Audit Committee

**Submitted by:** Diana Gibson  
Diana Gibson, Acting Director, Financial Services

**Date:** March 8, 2023

**Subject:** Financial Update – Month Ending December 31, 2022

**LEGISLATIVE AUTHORITY**

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

**RECOMMENDATION or DECISION REQUEST**

Not Applicable

**BACKGROUND**

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic <input checked="" type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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As a recap, the 2022-23 Municipal Budgets were passed on June 2, 2022.

- 2022-23 Operating Budget totals \$28,770,426
- 2022-23 Capital Budget totals \$17,614,640

WHRM Council provides overall governance of Municipal funds, while the CAO 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 activities of their budget areas.

## **DISCUSSION**

Please refer to the attached Actual to Budget Variance Report for the period ending December 31, 2022. There is a formatting update to this report. Since the last meeting, the sewer revenue and expenditures have been removed. Though the sewer is not a formal utility like our water utility, the sewer revenue funds the sewer expenses. By removing these items we're able to see a clearer picture of the general operations.

Please note that if revenue and expenditures were incurred evenly over the year, approximately 75% of the budget would be used. This percentage provides a guideline when reviewing the attached. However, it is important to keep in mind that account variances (up and down) will occur throughout the fiscal year.

Revenues recorded to date are 96.3% of budget. Expenditures are 67.2% of budget; however, as we move toward the fiscal year end, this percentage will continue to evolve upward.

Projections are based on the current information and historical trends. The possibility of fluctuation within these projections should be presumed. The overall projected surplus based on the variance analysis for the general fund is \$296,744. These remaining funds will be moved to the Operating Reserve as per the Reserves Policy.

### Revenue Highlights

Municipal revenues are projected to be higher than budgeted, with a projected variance of 3.2%. Some revenue sources are projecting to be higher, such as Deed Transfer Tax, Grants-in-Lieu of Taxes, Licenses, Fines, Rentals, and Federal Government Grants. Some revenue sources are projected to be lower, such as HST Offset Grant and Assessable Properties.

The largest variances come from West Hants Regional Municipality's budgets being conservative in projecting Deed Transfer Tax revenue. Given the continued real estate market activity, we budgeted at a higher level than previous years, but still set a conservative value. However, we are currently projecting \$760,000 higher than budget. At this point in the year, we can provide a more accurate forecast for the Deed Transfer Tax. At December 31 we have received \$2.14 million, however since then we have received the January and February payments, and our actuals are at \$2.46 million. Based on the trend of monthly Deed Transfer Tax slowly lowering and only have one month left to receive, we are currently projecting \$2.56 million in this area.

Revenue projections for HST Offset and Assessable Properties are currently lower than budgeted, and we don't expect to see an increase in either of these areas. The HST Offset Grant has been received already and came in lower than was budgeted for. The Assessable Properties, tax revenue, is lower than budgeted namely due to appeals being finalized.

### Expenditure Highlights

Municipal expenditures are projected to be higher than budgeted, with a projected variance of 2.1%. Some expenditure sources are projecting to be higher, such as Legislative, General Administration, Protective Services, Garbage and Recycling. Some expenditure sources are projecting to be lower, such as Environmental Development Services.

Looking at Environmental Development Services, the largest variance in this department continues to be staff expenses. This department has undergone a lot of change over the year and has been looking to fill vacancies. At this point in the year there is no way for the department to reach the originally budgeted amount in this area.

Protective Services is projecting to come in slightly over budget, along with Garbage and Recycling, Transportation, and Recreation and Cultural Services. A large reason for these departments seeing an increase in budgeted expenses is due to the cost of fuel this year. These departments consist of most of the Municipality's fleet and are on the road more often than other departments. This has resulted in increased costs in the fuel line of each department.

### **NEXT STEPS**

Not Applicable

### **FINANCIAL IMPLICATIONS**

The overall projected surplus, based on the variance analysis for the general fund is \$296,744.

### **ALTERNATIVES**

Not Applicable

### **ATTACHMENTS**

- Actual vs Budget 2022-23 – Ending December 31, 2022

Report Prepared by:



\_\_\_\_\_  
Diana Gibson, Acting Director, Financial Services

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Ninth Month Ending December 31, 2022**

	2022-23 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2022	
<b>TOTAL REVENUES</b>						
<b>ASSESSABLE PROPERTIES</b>						
RESIDENTIAL	6,545,252	6,543,676	1,576	100.0%	6,543,676	
COMMERCIAL	1,191,303	1,186,802	4,501	99.6%	1,186,802	
SPECIAL TAX AGREEMENT	53,346	37,140	16,206	69.6%	37,140	
RESOURCE	275,846	268,320	7,526	97.3%	268,320	
WEST HANTS AREA RATES	7,578,413	7,255,931	322,482	95.7%	7,255,931	
HANTSPORT AREA RATES	696,429	690,459	5,970	99.1%	690,459	
WINDSOR AREA RATES	4,307,288	4,219,527	87,761	98.0%	4,219,527	
<b>TOTAL</b>	<b>20,647,877</b>	<b>20,201,855</b>	<b>446,022</b>	<b>97.8%</b>	<b>20,201,855</b>	-2.2%
<b>BUSINESS PROPERTY</b>						
MT&T	75,450	75,450	-	100.0%	75,450	
NS POWER	218,730	218,730	-	100.0%	218,730	
<b>TOTAL</b>	<b>294,180</b>	<b>294,180</b>	<b>-</b>	<b>100.0%</b>	<b>294,180</b>	0.0%
<b>OTHER</b>						
DEED TRANSFER TAX	1,800,000	2,143,436	(343,436)	119.1%	2,563,054	
5% SUBDIVISION	8,000	30,020	(22,020)	375.3%	40,027	
<b>TOTAL</b>	<b>1,808,000</b>	<b>2,173,456</b>	<b>(365,456)</b>	<b>120.2%</b>	<b>2,603,081</b>	44.0%
<b>GRANTS-IN-LIEU</b>						
FEDERAL	50,321	131,966	(81,645)	262.2%	131,966	
PROVINCIAL	39,764	(6,318)	46,082	(15.9%)	39,764	
<b>TOTAL</b>	<b>90,085</b>	<b>125,648</b>	<b>(35,563)</b>	<b>139.5%</b>	<b>171,730</b>	90.6%
<b>LOCAL GOVERNMENT</b>						
GENERAL GOV SERVICES	6,006	1,928	4,078	32.1%	2,571	
RECYCLING/ENFORCEMENT	76,430	86,000	(9,570)	112.5%	86,000	
HOST COMMUNITY FEES	373,000	431,438	(58,438)	115.7%	431,438	
COURTHOUSE	83,753	53,999	29,754	64.5%	83,753	
RESERVE TFR - TIPPING FEES	54,100	-	54,100	0.0%	54,100	
ADMINISTRATION FEES	500,424	18,212	482,212	3.6%	500,424	
KINGS COUNTY FIRE GRANT	60,787	30,394	30,393	50.0%	60,787	
GLOOSCAP FIRE GRANT	7,065	7,065	-	100.0%	7,065	
CAPITAL FIRE GRANT - KINGS	66,404	66,404	-	100.0%	66,404	
MISC GLOOSCAP	30,000	15,212	14,788	50.7%	30,000	
<b>TOTAL</b>	<b>1,257,969</b>	<b>710,652</b>	<b>547,317</b>	<b>56.5%</b>	<b>1,322,542</b>	5.1%
<b>LICENSES &amp; PERMITS</b>						
LICENCES	62,988	92,314	(29,326)	146.6%	92,314	46.6%
FINES	30,861	40,656	(9,795)	131.7%	54,208	75.7%
<b>RENTALS</b>						
RENTALS	70,311	3,275	67,036	4.7%	70,311	
LEASES	30,500	54,626	(24,126)	179.1%	54,626	
<b>TOTAL</b>	<b>100,811</b>	<b>57,901</b>	<b>42,910</b>	<b>57.4%</b>	<b>124,937</b>	23.9%
RETURN ON INVESTMENT	68,656	172,036	(103,380)	250.6%	229,381	234.1%
<b>INTEREST &amp; PENALTIES</b>						
INTEREST & PENALTIES	313,296	255,216	58,080	81.5%	340,288	
<b>TOTAL</b>	<b>313,296</b>	<b>255,216</b>	<b>58,080</b>	<b>81.5%</b>	<b>340,288</b>	8.6%
<b>OTHER</b>						
TAX CERTIFICATES	14,000	9,500	4,500	67.9%	12,667	
SUBDIVISION FEE	2,000	101,676	(99,676)	5083.8%	2,000	
WIND FARMS	174,158	174,158	-	100.0%	174,158	
MISC	31,635	36,593	(4,958)	115.7%	36,593	
<b>TOTAL</b>	<b>221,793</b>	<b>321,927</b>	<b>(100,134)</b>	<b>145.1%</b>	<b>225,417</b>	1.6%
<b>COMMUNITY DEVELOPMENT</b>						

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Ninth Month Ending December 31, 2022**

	<b>2022-23 Budget</b>	<b>YTD Actual</b>	<b>Remaining Funds</b>	<b>Act./Bud. Percentage</b>	<b>Forecast March 31, 2022</b>	
RECREATION	212,125	108,270	103,855	51.0%	212,125	
RECREATION - FACILITIES	533,775	289,728	244,047	54.3%	533,775	
	745,900	397,998	347,902	53.4%	745,900	0.0%
<b>SERVICE NS &amp; MUN RELATIONS</b>						
EQUALIZATION GRANTS	562,708	281,354	281,354	50.0%	562,708	
FARM PROPERTY ACREAGE	93,143	93,143	-	100.0%	93,143	
HST OFFSET GRANT	112,360	85,028	27,332	75.7%	85,028	
911 COST RECOVERY	6,300	6,373	(73)	101.2%	6,373	
TOTAL	774,511	465,898	308,613	60.2%	747,252	-3.5%
FEDERAL GOVERNMENT GRANTS	147,008	268,552	(121,544)	182.7%	268,552	82.7%
<b>OWN VALUATION ALLOW &amp; EQUITY</b>						
OTHER FUNDS GENERAL	-	627	627	#DIV/0!	627	
<b>TOTAL REVENUE</b>	<b>26,563,935</b>	<b>25,578,916</b>	<b>986,273</b>	<b>#DIV/0!</b>	<b>27,422,265</b>	3.2%

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Ninth Month Ending December 31, 2022**

	2022-23 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2022	
<b>LEGISLATIVE</b>						
WARDEN	60,029	41,735	18,294	69.5%	60,029	
COUNCIL	350,135	252,796	97,339	72.2%	350,135	
CONSOLIDATION & TRANSITION	-	1,303	(1,303)		1,303	
OTHER LEGISLATIVE	28,000	34,169	(6,169)	122.0%	45,559	
<b>TOTAL</b>	<b>438,164</b>	<b>330,003</b>	<b>43,486</b>	<b>75.3%</b>	<b>457,026</b>	4.3%
<b>GENERAL ADMINISTRATION</b>						
ADMINISTRATIVE MANAGEMENT	447,827	294,942	152,885	65.9%	447,827	
FINANCIAL MANAGEMENT	984,032	596,960	387,072	60.7%	795,947	
LEGAL/AUDITOR	70,257	43,671	26,586	62.2%	72,757	
TAXATION	130,398	146,121	(15,723)	112.1%	194,828	
COMMON SERVICES	3,000	2,015	985	67.2%	2,687	
OTHER GENERAL ADMIN						
OFFICE ADMIN	117,891	98,408	19,483	83.5%	131,211	
FACILITIES	224,070	200,704	23,366	89.6%	267,605	
LIBRARIES	47,316	36,905	10,411	78.0%	49,207	
DATA SERVICES	476,790	279,960	196,830	58.7%	476,790	
INSURANCE	207,588	202,350	5,238	97.5%	202,350	
PUBLIC SAFETY GRANTS	16,000	8,500	7,500	53.1%	16,000	
OTHER	62,000	232,376	(170,376)	374.8%	309,835	
<b>TOTAL</b>	<b>2,787,169</b>	<b>2,142,912</b>	<b>522,013</b>	<b>76.9%</b>	<b>2,967,043</b>	6.5%
<b>PROTECTIVE SERVICES</b>						
POLICE	5,220,972	2,353,801	2,867,171	45.1%	5,220,972	
LAW ENFORCEMENT	180,601	112,934	67,667	62.5%	180,601	
FIRE FIGHTING	2,066,097	1,968,832	97,265	95.3%	2,625,109	
EMERGENCY	43,329	14,380	28,949	33.2%	43,329	
BUILDING INSPECTION	400,659	238,539	162,120	59.5%	318,052	
FOOD BANK	14,040	3,918	10,122	27.9%	14,040	
<b>TOTAL</b>	<b>7,925,698</b>	<b>4,692,404</b>	<b>4,377,188</b>	<b>59.2%</b>	<b>8,402,103</b>	6.0%
<b>TRANSPORTATION</b>						
ROADS & STREETS - ADMIN	718,816	521,801	197,015	72.6%	695,735	
ROADS & STREETS - WEST HANTS	188,300	166,808	21,492	88.6%	222,411	
ROADS & STREETS - WINDSOR	482,300	358,142	124,158	74.3%	477,523	
ROADS & STREETS - HANTSPORT	192,300	140,203	52,097	72.9%	186,937	
<b>TOTAL</b>	<b>1,581,716</b>	<b>1,186,954</b>	<b>851,891</b>	<b>75.0%</b>	<b>1,582,605</b>	0.1%
<b>ENVIRONMENTAL HEALTH SERVICES</b>						
<i>GARBAGE &amp; RECYCLING</i>						
GARBAGE & WASTE - WEST HANTS	1,091,860	872,751	219,109	79.9%	1,163,668	
GARBAGE & WASTE - WINDSOR	308,190	222,131	86,059	72.1%	296,175	
CLOSED LANDFILL	54,100	33,754	20,346	62.4%	54,100	
RECYCLING/ENFORCEMENT	76,430	42,386	34,044	55.5%	56,515	
<b>SUB-TOTAL</b>	<b>1,530,580</b>	<b>1,171,022</b>	<b>640,851</b>	<b>76.5%</b>	<b>1,570,457</b>	
<b>TOTAL ENVIRO HEALTH SERVICES</b>	<b>1,530,580</b>	<b>1,171,022</b>	<b>640,851</b>	<b>76.5%</b>	<b>1,570,457</b>	2.6%
<b>ENVIRONMENTAL DEVELOPMENT SERVICES</b>						
PLANNING	856,086	533,243	322,843	62.3%	710,991	
MCAPP/VCFN/REN/TOURISM	137,408	59,580	77,828	43.4%	79,440	
INDUSTRIAL PARK	8,600	3,075	5,525	35.8%	8,600	
<b>TOTAL</b>	<b>1,002,094</b>	<b>595,898</b>	<b>310,584</b>	<b>59.5%</b>	<b>799,031</b>	-20.3%
<b>RECREATION &amp; CULTURAL SERVICES</b>						
ADMINISTRATION	360,035	238,072	121,963	66.1%	360,035	
RECREATION SITES & MAINTENANCE	440,502	324,323	116,179	73.6%	440,502	
PROGRAMS	523,368	366,963	156,405	70.1%	489,284	
POOL	160,778	165,206	(4,428)	102.8%	165,206	
COMMUNITY CENTRE	193,120	122,055	71,065	63.2%	193,120	
SPORTS COMPLEX	590,106	344,304	245,802	58.3%	590,106	

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Ninth Month Ending December 31, 2022**

	<b>2022-23</b>	<b>YTD</b>	<b>Remaining</b>	<b>Act./Bud.</b>	<b>Forecast</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Funds</b>	<b>Percentage</b>	<b>March 31, 2022</b>	
COMMUNITY ECONOMIC DEVELOPMENT	273,671	238,639	35,032	87.2%	318,185	
HMCC	125,424	110,489	14,935	88.1%	147,318	
MAPLEWOOD CEMETERY	52,493	-	52,493	0.0%	52,493	
RIVERBANK CEMETERY	29,332	-	29,332	0.0%	29,332	
<b>TOTAL</b>	<b>2,748,829</b>	<b>1,910,051</b>	<b>972,338</b>	<b>69.5%</b>	<b>2,785,581</b>	<b>1.3%</b>
<b>FISCAL SERVICES</b>						
VALUATION ALLOWANCE & BAD DEBTS	15,000	-	15,000	0.0%	9,927	
HOUSING AUTHORITY	195,000	212,062	(17,062)	108.7%	212,062	
ASSESSMENT	330,544	247,908	82,636	75.0%	330,544	
CORRECTIONAL	251,281	191,275	60,006	76.1%	251,281	
REGIONAL LIBRARY	123,000	100,800	22,200	82.0%	123,000	
EDUCATION	4,680,803	3,511,908	1,168,895	75.0%	4,680,803	
<b>TOTAL</b>	<b>5,595,628</b>	<b>4,263,953</b>	<b>1,750,986</b>	<b>76.2%</b>	<b>5,607,617</b>	<b>0.2%</b>
COURTHOUSE	83,753	61,226	22,527	73.1%	83,753	0.0%
			-			
LONG TERM DEBT	2,666,411	1,497,576	1,168,835	56.2%	2,666,411	
TRANSFER TO RESERVES	203,893	-	203,893	0.0%	203,893	
<b>TOTAL EXPENDITURES</b>	<b>26,563,935</b>	<b>17,851,999</b>	<b>10,864,592</b>	<b>67.2%</b>	<b>27,125,521</b>	<b>2.1%</b>
<b>SURPLUS/(DEFICIT)*</b>	<b>-</b>	<b>7,726,917</b>	<b>7,726,917</b>		<b>296,744</b>	<b>1.1%</b>
<b>SURPLUS / DEFICIT</b>					<b>296,744</b>	

**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:** \_\_\_\_\_  
 Committee Chair

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