



West Hants
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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda – **AMENDED, July 16, 2024**
July 17, 2024, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Facebook Livestreamed**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Agenda, including additions or deletions
5. Approval of March 11, 2024 Minutes, including additions or deletions
6. Presentation
 - (a.) Policy and Internal Controls – Diana Gibson, Manager of Accounting and Financial Reporting
7. New Business
 - a.) Financial Update to March 31, 2024 – Director Rochon – **Reports (2) now included**
 - b.) FCI Report – Director Rochon
8. Director’s Update – Director Rochon
9. Date of Next Meeting – September 18, 2024
10. Adjournment



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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
March 11, 2024, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Facebook Livestreamed**

1. Call to Order
2. Declaration(s) of Conflict of Interest
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4. Approval of Agenda, including additions or deletions
5. Approval of October 16, 2023 Minutes, including additions or deletions
6. Presentation
 - (a.) West Hants Regional Municipality 2023-2024 Audit Plan – Auditor Andy Forse, Kent & Duffett
7. New Business
 - a.) Financial Update to December 31, 2023 – Director Rochon
8. Director's Update – Director Rochon
9. Date of Next Meeting
10. Adjournment



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WEST HANTS REGIONAL MUNICIPALITY

Audit Committee – Draft Meeting Minutes

March 11, 2024, 6:00 p.m.

Council Chambers, 76 Morison Drive, via Zoom & Facebook Livestreamed

Present :

Abraham Zebian	Mayor / Committee Chair
Jeff Hartt	Councillor, District 4
Laurie Murley	Councillor, District 10
Kathryn Duffy	Resident Member
Meagan Halverson	Resident Member
Carlee Rochon	Director of Financial Services
Mark Phillips	Chief Administrative Officer (CAO)
Carmen Dewar-Miller	Admin Assistant, Financial Services
Andy Forse	Auditor, Kent & Duffett

1. Call to Order – Mayor Zebian called the meeting to order at 6:02 p.m.
2. Declaration(s) of Conflict of Interest – there were no conflicts
3. Announcements – Mayor Zebian acknowledged that the West Hants Regional Municipality is in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People. These lands are governed by the Treaties of Peace and Friendship, signed in 1726.
4. Approval of Agenda, including additions or deletions
Moved by Councillor Murley and Resident Member Duffy that the agenda be approved.
Motion Carried.
5. Approval of October 16, 2023 Minutes, including additions or deletions
Moved by Councillor Murley and Resident Member Halverson that the October 16, 2023 Minutes be approved.
Motion Carried.
6. Presentation
 - (a.) West Hants Regional Municipality 2023-2024 Audit Plan – Auditor Andy Forse, Kent & Duffett
Auditor Forse's team was in recently to begin audit planning and control testing for the year. This will be year four of their five-year audit tender.

Auditor Forse reviewed the concept of materiality. What level of misstatement (error or omission) would change the opinion of a user of the municipality's financial statements. The number assigned to materiality remains unchanged at \$430,000. This number helps them assign some testing levels. The Province (our principal lender) would have a very different threshold than a user (resident). The auditors take that into consideration. While materiality has not changed, would the auditors allow a misstatement of \$420,000 to go uncorrected? Historically they have not. Nor does management want them to let that go unchecked. Even something trivial or the slightest hint of someone wanting a correction, they would make the correction. It has been close to seven years of a good working relationship with Director Rochon to ensure that statements are precise and accurate year to year. It has been a comforting environment to work in and the auditors are excited to start the process this year.

The auditors perform a risk based audit. Their job, in the planning stage especially, is to assess the risks for material misstatements. There are two types of misstatement; intentional (fraud, misappropriation of assets) and unintentional. In excess of 90% of the errors that the auditors come across are unintentional. They have to assess the risk of both.

Last year there were a variety of new audit standards introduced, with Asset Retirement Obligations (ARO) having the biggest impact to the financial statements. There were a significant amount of these to record last year. As this was brand new, the likelihood of error was higher. ARO required extra attention and double the amount of work as on other types of assets or liabilities that were similar in scope.

Auditor Forse did not divulge details or specifics of the areas where the auditors did a higher or lower level of testing as this information could be used by financial staff. They always do some work on every single area but more attention is given to the high risk areas. It is important to note that an audit is not 100% verification. Auditors use their professional judgement and tools at hand to give a high level of precision, providing between 95-98% accuracy and assurance that our financial statements are free from material misstatements.

Auditor Forse's best analogy is the tv show, "Law and Order". The first part of the show involves an investigation and the during the second part, opinions and conclusions based on the evidence gathered are formed. Similar to what auditors do except that they do not take a side, they look from an unbiased, objective position and form their opinions based on the evidence.

Auditors are the only profession that is paid by one entity (municipality) but reports on behalf of the end users of the entity's financial statements (residents).

The auditors do a very thorough level of testing. They have always appreciated West Hants' management's similar thoroughness and precision.

Yearly, the auditors must assess and report on their independence to the Audit Committee. Once again there is no impairment to objectivity, no close personal relationships, no owing of a large amount of money, no harassment, or bullying. In the coming days a letter to this effect will be issued to Director Rochon.

The audit work schedule for year-end will be finalized in the next week or so. Planning went well when they were in for a few days in February. They expect to come back over June, July and August and finish in time to meet the September 30 deadline.

During audit testing there were no findings that raised any suspicions of any type of misstatement, either intentional or unintentional. Auditor Forse will be issuing a letter in approximately a week. It will summarize this meeting and the audit plan in general. In the back of the letter, there will be two questions posed to the audit committee which require a documented response back, either via email or letter. These questions are related to fraud and are as follows:

- What oversight if any do you provide over management's processes for identifying and responding to fraud? These processes could be policies, procedures, programs, controls or general oversight that serve to prevent, detect or deter fraud.
- Do you have any knowledge of actual, suspected or alleged fraud including misappropriation of assets or manipulation of the financial statements? If so, please provide details on how the fraud or allegations of fraud were addressed.

It is important for the auditor to communicate yearly with the Audit Committee on the concept of fraud. Instances of fraud are not common but they have occurred locally/provincially prior to a clean couple of years. Fraud occurs from a breakdown of internal control. Internal controls are a set of policies and procedures that act to detect or prevent fraud. Preventative controls are far superior to detective controls, as detecting means something has actually happened. Preventative controls can be electronic, segregation of duties, approvals, authorizations and oversight.

The Audit Committee should monitor budget. From an audit perspective, closely monitoring how you've met your budget targets is an important oversight function. Studies have shown the number one preventative control was an effective governance oversight function. The second best key control is segregation of duties.

West Hants' controls are designed very effectively. The "gold standard" is met year after year in terms of design effectiveness. Good preventative and detective controls.

You have to assess the design of controls. Are they working as intended? The control must be enforced. This year there was a very, very small occurrence of a missing control in action. One or two unsigned cheques were discovered during planning that were cleared by the bank, who should have picked it up, but didn't.

The auditors do hundreds of samples of internal controls with very few occurrences if any, of a breakdown. The Audit Committee should be happy with that.

Auditor Forse reviewed the following Audit Committee responsibilities:

- Assist and provide direction in the audit vetting process where and when appropriate
- Meet with Auditors as necessary, and prior to release and approval of the financial statements, review the audit disclosures and compliance issues
- Help set the tone of the organization by emphasizing honesty, ethical behaviour and fraud prevention
- Oversee management including ensuring the management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting
- Where necessary review matters raised by the auditors with appropriate levels of management, reporting their findings back to the auditors (management letter follow-up)
- Make known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them
- Provide guidance and direction to the auditors on any additional work they feel should be undertaken in response to issues raised throughout the year
- Make inquiries as appropriate into findings of the auditors with respect to corporate governance, management conduct, financial statements, information flow and systems of internal controls, as well as any issues that have popped up during the year through Council or management

- Be able to review draft financial statements including presentations, disclosures and supporting notes and schedules for accuracy, completeness and appropriateness

Committee members should have some high-level, general financial knowledge as well as some knowledge of financial statements and the ability to read and interpret them and raise issues if necessary. West Hants has had a wonderful track record and zero issues along those fronts.

Auditor Forse did update that there are no new standards being introduced this year. There are some new standards coming in the next year and the following year which can be discussed after this audit is completed. There are some minor changes to revenue recognition next year and some fairly comprehensive changes to financial statements the following year.

Auditor Forse was asked who sets the September 30 deadline for completing the audit and has this deadline been met over the last few years.

The province sets this deadline. Two years ago, it was December when the statements were approved. There were significant staff shortages and turnover and a new entity. The Province was okay that year with a deadline extension due to the extraordinary circumstances. Otherwise, the deadline has historically been met.

Auditor Forse mentioned that the only difference last year is that the Financial Indicator Report (FIR) has still not been submitted, but that deadline was extended as the province themselves made changes to the report. It is due imminently (now) but not considered overdue for anything the municipality or the auditors have done.

It was requested that Auditor Forse send his list of Audit Committee responsibilities to the committee members, which he will do.

Auditor Forse was asked if a consultant's report surrounding ARO will be required going forward.

Auditor Forse responded that with regard to the new ARO policy, there was an initial general sense of frustration with lack of guidance from the province surrounding what was needed by way of note disclosures and audit work. Last summer, good clarity was provided including some samples of note disclosures. In addition, more guidance is being provided and comparisons between municipal units' financial statements have created more conformity. There is no talk of requiring a consultant's report, even for the landfill.

Auditor Forse stated that there is really nothing large enough in the Maritimes that he can see that would require a consultant's report. This is good news as a

report like this could take 12-18 months to create and cost hundreds of thousands of dollars. To date, no one has felt there have been any gaps in the process that would require a consultant's report.

More detail was requested surrounding the internal controls piece, specifically with regard to the unsigned cheques.

Auditor Forse advised that 75% of testing was completed during their planning phase in February and the balance of testing is done when they come back in the summer. In this instance they were actually testing something else when they happened to notice one cheque on the same page with no signatures. They followed up and got source documentation. It was discovered that the bank actually cashed the unsigned cheque, something they should not have done.

When a potential issue is discovered the auditors' process is to increase the sample. They thought it would be prudent to do an additional round of testing but did not find any more unsigned cheques. Additional sampling will be done in June, July and August as well.

The auditors did not reach out to the bank directly. It is fairly common that a single signature will be cashed, but not common for a cheque with no signature to be cashed. You cannot rely upon the bank and auditors must ensure that through their testing process, they are thorough and catching as much as possible.

A question was raised surrounding the water utilities. Last year Auditor Forse noted that based on revenue losses, a rate study was warranted. How deep did the auditors get into the utilities? Recently Council made a motion to audit the utilities based on the fact that on the Windsor side, one year we were flush and last year this utility was losing money.

Auditor Forse recalled that the Windsor water utility went from a 150K surplus to approximately a 500K deficit. The biggest part of that was debt repayment in the form of a one-time balloon payment. Also, there was a significant drop in revenue related to meter-related losses and an increase in expenditures due to a catastrophic issue with equipment. The water utility is audited however the auditors do not assess whether rates are appropriate. They are here to report on accuracy.

Auditor Forse's recommendation would be to do an analysis on the last three years of the Windsor Water Utility and then a projection of what you expect the next three years to look like. This could be done for West Hants as well, although to his recollection West Hants was appropriately funded with no issues. An analysis would be more worthwhile as it is not an issue of accuracy but more an

issue of operational effectiveness. A forecast process will show where things are going to sit in three years if changes are not made to the rate.

Director Rochon added to Auditor Forse's comments regarding reasons for the Windsor Water Utility deficit. There was a technical occurrence with one of the water treatment-related items causing a catastrophic equipment failure (2022-23), the balloon payment (500K when normally around 200K), and revenue off by approximately 200K related to a credit that was going through the system.

Auditors can calculate annual tax revenue very precisely. Water is a little bit different as usage is not consistent month-to-month and quarter-to-quarter. They do a sample of a couple of months and a projection forward, then a follow-up set of samples. High level of testing and follow-up calculation. They take individual bills and compare meter readings. They also test the largest customer, this year to last year, and a few other random samples, some analytical testing, and individual average customer revenue testing.

Auditor Forse was asked how Audit Committee members can feel and provide assurance outside of the information and assurances given to them by the auditors. Without seeing actual cheques, receipts, and supporting paperwork, they are looking to the Auditors to direct them as a committee. They base their decisions off of what is given to them.

Per Auditor Forse, there is a 90/10 relationship between auditors and the committee. Auditors provide 90% of the information through annual reports, comments, and management letters. He advised committee members to look to the Director of Finance and ask questions when warranted (overspending),. Asking questions, or giving the impression that questions will be asked, can deter fraud. You can also request follow-up or an investigation if something gives you cause for concern. Having the attitude towards ethical behaviour is important.

Auditor Forse was asked if when the auditors are looking at a receipt and a cheque, do they check where the money went and that it seems reasonable.

He responded that they do. The auditors test specifically for vendor names. They have to be very thorough, checking amounts, accuracy, support, approval, signatures, authorization and that the vendor is the right one. High-risk, would-be expenditures are submitted to a high level of testing. There is incentive there.

Auditor Forse was asked where the threshold amount of \$430K came from.

He responded that this number actually has not changed since consolidation. They take a percentage of total expenditures, between 1% – 1 ½ %. This gives them a testing threshold. It is an aggregate number. One error or 100 errors, should either meet the threshold, are exactly the same to them. This is not to say that errors below this threshold escape them. At the request of Director Rochon,

they have made entries for hundreds of dollars to ensure that things are accurate.

Auditor Forse was asked if they check tender information such as; public competition; tender amounts lining up with the contract, and; change requests being put through for amounts over authorized.

The auditors look at tenders after they are approved. If a significant tender was over the tender amount they would make sure there was some sort of approval process in place to check that. It is not part of the financial statement audit to verify that the minimum number of bids were received or that a tender was advertised publicly.

7. New Business

a.) Financial Update to December 31, 2023 – Director Rochon

Director Rochon reviewed this report for committee members. Revenues, expenditures and financial implications (projected deficit) were highlighted in Director Rochon's report, which also included actual vs budget figures as of December 31, 2023.

Clarification was requested on two items mentioned as part of the higher General Government expenditure projection. Chambers furniture covers the chairs for Council Chambers and is an item that Director Rochon will be removing from the projections. The Dial-A-Ride funding was not originally incorporated due to a budgeting error which has since been identified and fixed.

Director Rochon was asked why the RCMP is projecting higher. She advised that this was due to a budgeting estimate error. This is being mitigated through RCMP reserve funding. The balance of this fund is approximately 700K-800K.

The increased costs for meetings was questioned. These costs were attributed to new mobile meeting kits for off-site meetings where projection, zoom and livestream capabilities were required. There has also been an increase in the number of meetings and workshops. Hard to compare these costs to pre-COVID years, as pre-COVID we were two separate entities.

The two major capital repairs for Hantsport Fire and Windsor Fire apparatus were identified for the committee as non-expected maintenance.

Facilities within General Admin were confirmed as being part of the budgeting error.

No major increases or expenses are projected for Council in the last three months.

8. Director's Update – Director Rochon

There has been a motion from Council to audit the water utilities. It will be up to this committee to appoint an auditor and then receive the auditor's report prior to it being forwarded to Council for review. This audit will not change any previous results on the financial statements as these have been sent to the UARB and province already. This audit will be conducted as more of a review.

The municipality is in the midst of a water utility rate study. There will be a UARB rate hearing to determine whether the water utilities will consolidate and what new rates may be decided upon. The hearing outcome could change the following year's audit presentation. The UARB could come back and say they want an interim audit for the utilities to the date that they approve the new consolidated entity. They could alternately allow a full audit for the year that would encompass the two separate utilities and the new, consolidated utility

Council approved consolidation of the sewer systems, with new rates taking effect April 1. Staff are in the process of consolidating the sewer budgets and chart of accounts.

Our next meeting will tentatively be held in May. There will be discussion surrounding policies and internal controls along with the financial update as of March 31.

Director Rochon was asked about the debt ratio forecast and whether we know where we sit currently.

Director Rochon responded that she is still working on projections. More information to come during budget meetings. She has reached out to the province regarding our 2021-22 Financial Condition Indicator (FCI) update (through FIR). This update is still in draft mode for release in April or May. She hopes to have this information for our May meeting along with the debt ratio for 2021-22.

FIR is a report we prepare for the province which they use to prepare financial indicators including a municipal unit report that compares our financial indicators to other regions. From the draft report that she has seen we are looking very healthy although it is worth noting that until we build three years' worth of historical data there will still be some grey indicators within the report.

Typically, we would see this report in July of last year. It is later than normal. Based on the information received from our Municipal Advisor as well as another provincial staff member, this report will be available in April. The province is going through significant updates related to new standards. They have had to make changes to their financial reporting framework for municipalities as well as to the excel document for the FIR that we complete.

Director Rochon was asked about the timeline for the water utilities audit.

She advised that currently staff are working through consolidations for sewer and water and preparing for the rate hearing. Once complete, a scope will be developed for the procurement process. She is anticipating the same timeline as with the regular audit. This will commence after the UARB hearing.

9. Date of Next Meeting – tentative for May, probably a heavier meeting. More in-depth policy review. Mentioned reviewing the 5 modules on roles and responsibilities, she will circulate prior to the next meeting.
10. Adjournment – Mayor Zebian asked for a motion to adjourn the meeting.
Moved by Resident Member Halverson and Councillor Murley that the meeting be adjourned.
Motion Carried.

The meeting adjourned at 7:19 p.m.

X

Committee Chair



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Financial Policies

Audit Committee Presentation

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





Policies Impacting Decisions & Procedures

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



Expense Policy, RCOFN-006.00

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

Breakfast \$17

Lunch \$20

Dinner \$30

Incidentals \$5

Meeting Allowance \$12.50

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

Hospitality Policy, RCOFN-001.00

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



Investment Policy, RCOFN-005.00

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



Procurement Policy, RCOFN-003.00

- This policy directs staff and community groups using municipal funds for single capital projects on the best practices approved by Council for procuring goods and services at various purchasing levels. These practices reflect provincial and federal trade agreements.
- It assigns authority to the CAO to approve purchases within the Council approved budget. The authority is:
 - Goods & Services up to \$25,000
 - Construction up to \$100,000
- It also assigns authority to Directors to approve purchases within the Council approved budget up to \$15,999.99 before HST.
 - With CAO Approval, Directors can assign authority to managers to a maximum of \$5,499.99
 - With CAO Approval, Directors can assign authority to staff members to a maximum of \$2,499.99.
- Anything outside the Council approved budget, or over the signing authority of the CAO, must be recommended to Council for approval.
- This policy also governs the application and use of credit cards and supplier purchase cards.
 - Acquisition of Credit Cards shall be approved by Council.
 - Acquisition of Supplier Purchase Cards shall be approved by the CAO/Director, Financial Services.
 - Both cards are to be used in compliance with the Municipal Government Act Section 65 – Power to Expense Money & Section 67 – Expenditure for Municipal Purposes.



Reserve Policy, RCOFN-010.00

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





Policies Impacting Revenue

General Services

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

Water

- Utility Assurances Rebate Policy, RCOFN-016.00

Taxes

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

Area Rates

- Area Rate Policy, RCOFN-008.00

Other

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



General Service & Water

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



Taxes

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



Area Rates

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



Other

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



Other

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





Policies Impacting Expenses

- Acquisition of Real Property Policy, COUNCIL-01-006
- Council Remuneration Policy, RCOHR-001.00
- Grants and Contributions Policy, RCOFN-012.00
- Property Assessed Clean Energy (PACE) Policy, RCOPL-007.00
- Regional High School Bursary Policy, RCOFN-013.00



Acquisition of Real Property, COUNCIL-01-006

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



Council Remuneration Policy, RCOHR-001.00

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

Grants and Contributions Policy, RCOFN-012.00

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



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

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



Regional High School Bursary Policy, RCOFN-013.00

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

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



QUESTIONS



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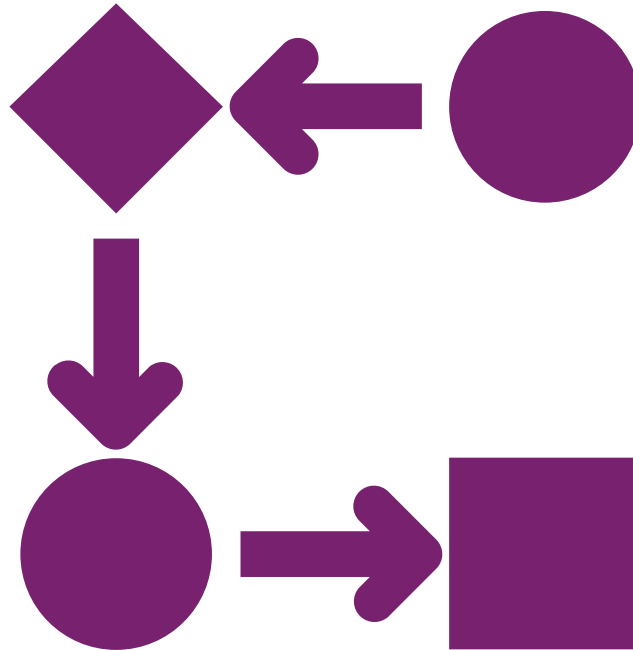
Financial Process

Audit Committee Presentation

something inspiring awaits

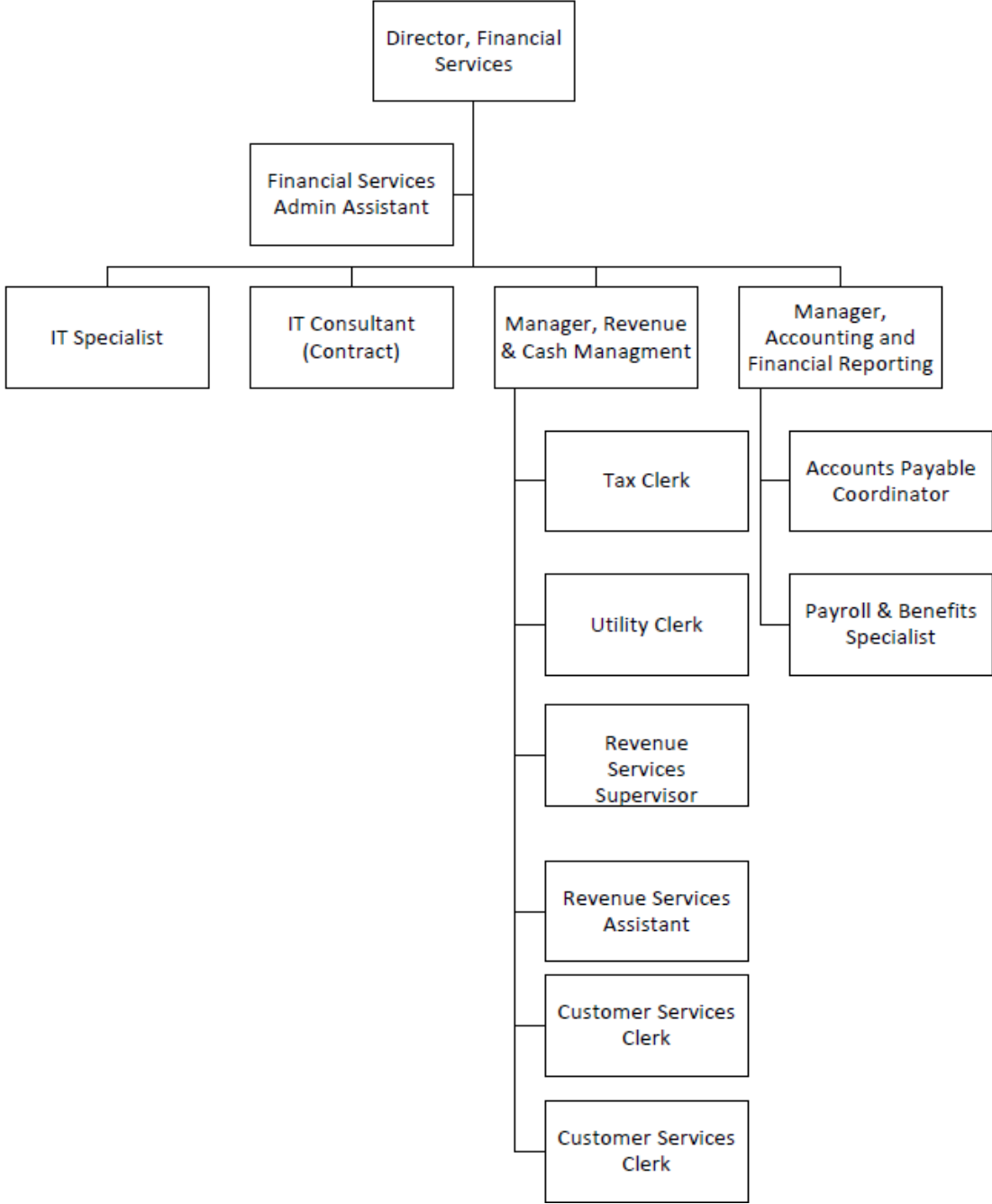


Processes & Information

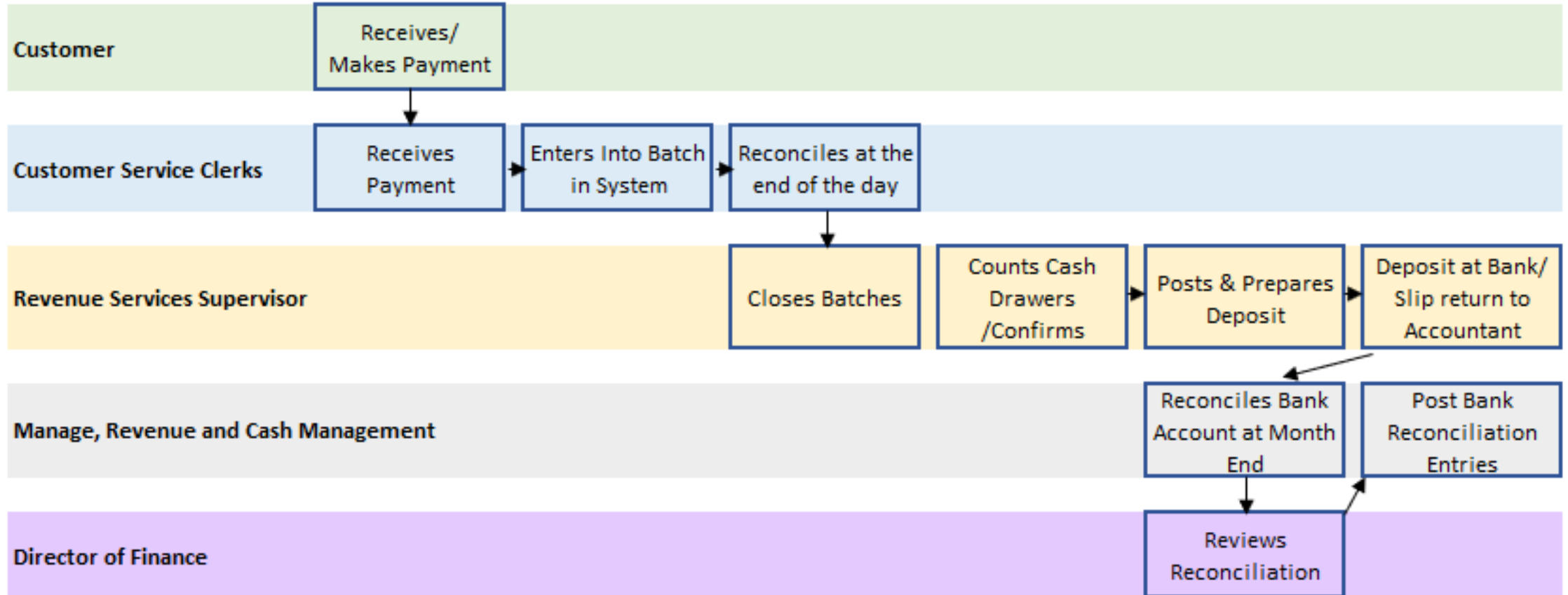




WHRM Financial Services Department Organizational Chart



Accounting Process - Example payment at the counter

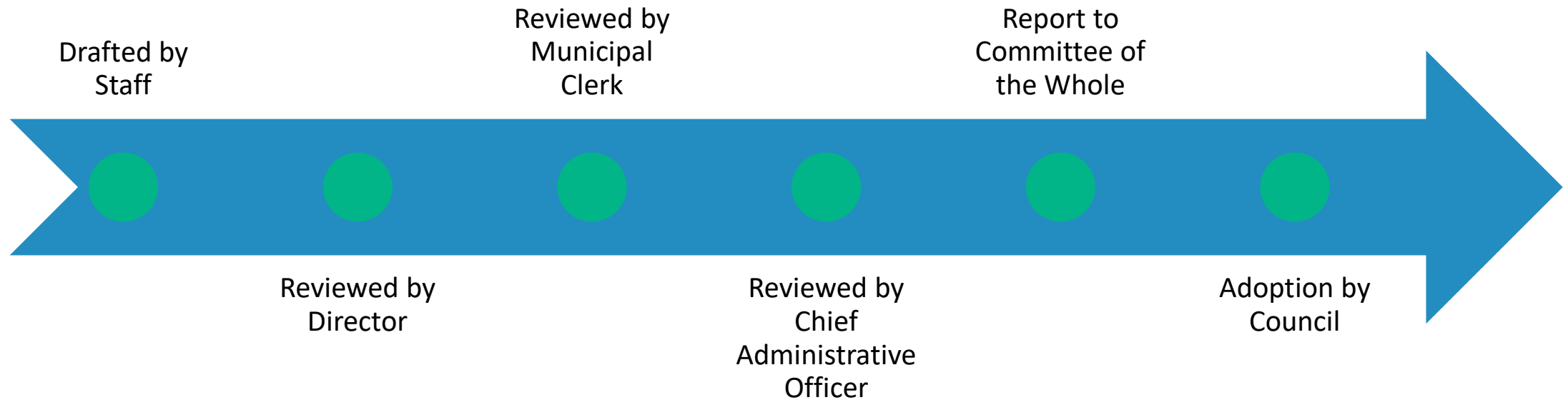


Banking

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



Policy Development

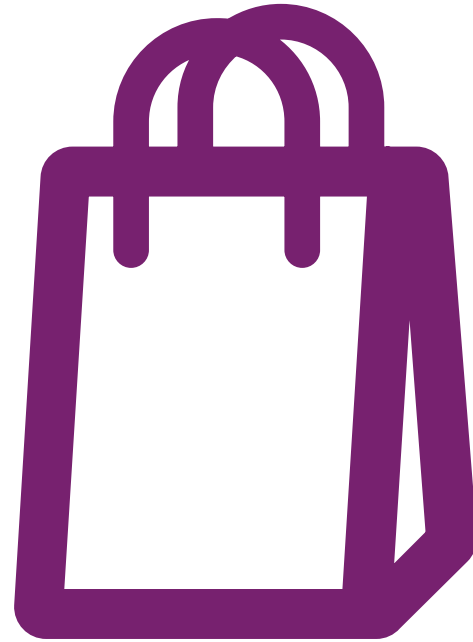


Auditing Requirement

- The Municipal auditors are Kent and Duffett Professional Chartered Accountants
- The auditors review and develop an auditing plan and present to the Audit Committee, along with reviewing the engagement letter.
- Audit engagement letter will then be signed off by the Mayor.
- On-site audit work begins around June-July.
- The audit results are presented to the Audit Committee



Procurement



Signing Authority

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



Procurement Process

- Under \$1,000
 - All documentation is kept and Signing Authority sign-off
- Over \$1,000
 - Purchase Order submitted
 - Approval from the appropriate Signing Authority
- Between \$1,000-\$9,999.99
 - Three verbal quotes required
 - Approval from the appropriate Manager/Director
- Between \$10,000-\$24,999.99
 - Three written quotes required
 - Approval from the appropriate Director or CAO
- Over \$25,000
 - Public Procurement required
 - Approval from CAO or Council



Purchase Order – Approval

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

For example: \$9,000 invoice, based on the Planning Department's signing matrix

Administrative Assistant (a.k.a. Purchaser) submits the purchase order

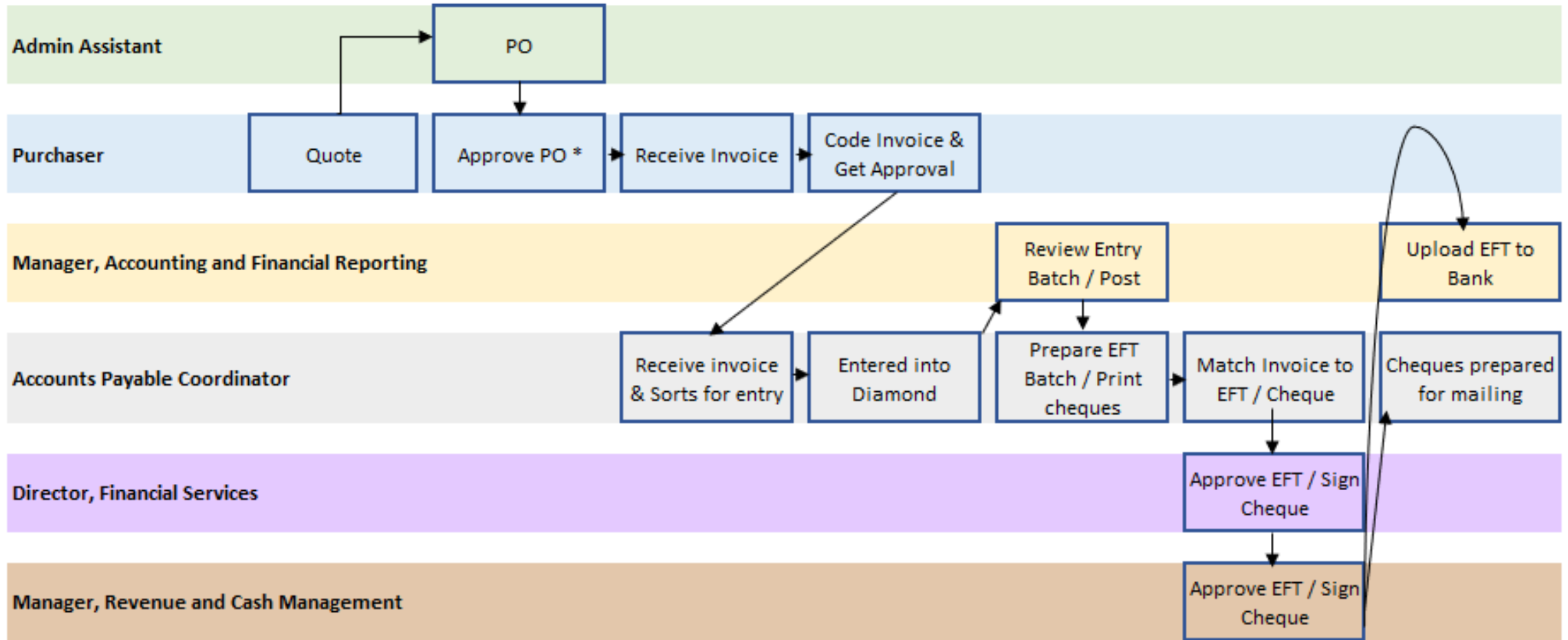
Email goes to Planning Director for approval when the invoice is over Administrative Assistant's approval level

Each approver is set up with a time limit, and if it expires the purchase order will automatically escalate to the next approver in the chain. In this example it would escalate to the CAO

Once approved the Administrative Assistant receives an email noting final approval has occurred and may proceed with the purchase



Accounting Process - example assumes over \$500 and within individual purchaser's signing authority



QUESTIONS





West Hants
something inspiring awaits

westhants.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: _____
Carlee Rochon, Director, Financial Services

Date: July 17, 2024

Subject: Financial Update – Month Ending March 31, 2024

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 2023-24 Municipal Operating budget was passed on April 25, 2023.

- 2023-24 Operating Budget of \$31,161,282
- 2023-24 Capital Budget of \$24,376,228

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.

DISCUSSION

Please refer to the attached Actual vs Budget Variance reports for the period ending March 31st, 2024. Projections are based on the current information and limited historical trends. The possibility of fluctuations within these projections should be presumed as the year is finalized.

Revenues on March 31st are projecting 2.5% higher than the budgeted revenues. Expenses are projecting 2.9% higher than the budgeted expenses. The overall projected deficit based on the variance analysis for the general fund is \$143,637.

We have reduced the capital contribution by \$747,000 relating to the budgeting error previously presented at the September 26, 2023, Council meeting. The remaining deficit, as communicated, will be mitigated through a transfer from the operating reserve, following the March 31, 2024, report to Council.

Revenue Highlights

- Deed Transfer Tax ended the year at \$1.9 million on March 31, 2024, which is 95.2% of budget.
- Unconditional Transfers is lower by \$562,634, due to the Municipal Financial Capacity Grant.
- Operational Grants came in higher, as well as Other Revenue due to miscellaneous revenue including permits, licenses, rentals, tax certificates and return on investment.
- Services Provided to Other Governments are higher due to host community fees associated to the landfill.
- Sale of Services were lower due to recreation revenue. We utilized the remaining \$124,405 from Safe Restart funding.

Expenditure Highlights

- RCMP is higher, with the addition of the provincial RCMP quarterly billing of \$236,291.
- Fire Protection is higher, due to the major repairs for Hantsport Fire, Windsor Fire apparatus, increases associated with Southwest Hants Fire Operating and Regional Fire Operations.
- Emergency is higher due to the costs associated with the flood and additional communication approved by Council.
- Taxation is higher due to broadening eligibility within the Residential Property Tax Assistance policy.
- General Government is higher, with the increases associated with office buildings, Council Chambers furniture and Dial-A-Ride.
- Environmental Health Services are higher due to increases associated to sewer depreciations and increases in tipping charges associated to the flood. In addition, the Windsor Sewer's operational sewer treatment cost has increased due to higher utility costs (water and power) and insurance.

- Facilities for many departments have had higher than expected power costs.
- Education is higher by \$27,142, and the Regional Library is also higher by \$7,750.

NEW ITEMS

Not Applicable

FINANCIAL IMPLICATIONS

The projections provided are limited as we are currently at the end of the twelfth month, finalizing the fiscal year. The overall projected deficit based on the variance analysis for the general fund is \$143,637.

ALTERNATIVES

Not Applicable

ATTACHMENTS

- Actual vs Budget 2023-2024 – Ending March 31, 2024

CHIEF ADMINISTRATIVE OFFICER REVIEW

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

Report Reviewed by: _____
Mark Phillips, Chief Administrative Officer

West Hants Regional Municipality
Income Statement - Actual vs. Budget
For the Twelfth Month Ending March 31, 2024

	2023-24 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2024
TOTAL REVENUES					
ASSESSABLE PROPERTIES					
RESIDENTIAL	8,483,934	8,466,449	17,485	99.8%	8,466,449
COMMERCIAL	1,309,086	1,310,907	(1,821)	100.1%	1,310,907
SPECIAL TAX AGREEMENT	58,147	36,081	22,066	62.1%	36,081
RESOURCE	328,793	316,246	12,547	96.2%	316,246
WEST HANTS AREA RATES	7,005,316	7,063,339	(58,023)	100.8%	7,063,339
HANTSPORT AREA RATES	620,505	586,154	34,351	94.5%	586,154
WINDSOR AREA RATES	4,107,288	4,029,223	78,065	98.1%	4,029,223
TOTAL	21,913,069	21,808,399	104,670	99.5%	21,808,399
SEWER UTILITY REVENUE					
WEST HANTS SEWER	1,294,235	1,238,877	55,358	95.7%	1,238,877
WINDSOR SEWER	1,125,148	1,046,947	78,201	93.0%	1,046,947
TOTAL	2,419,383	2,285,824	133,559	94.5%	2,285,824
BUSINESS PROPERTY					
MT&T	79,380	73,102	6,278	92.1%	73,102
NS POWER	244,368	244,368	-	100.0%	244,368
HST OFFSET GRANT	86,729	112,207	(25,478)	129.4%	112,207
TOTAL	410,477	429,677	(19,200)	104.7%	429,677
OTHER					
DEED TRANSFER TAX	2,000,000	1,903,752	96,248	95.2%	1,903,752
5% SUBDIVISION	10,000	-	10,000	0.0%	-
TOTAL	2,010,000	1,903,752	106,248	94.7%	1,903,752
GRANTS-IN-LIEU					
FEDERAL	51,206	140,620	(89,414)	274.6%	140,620
PROVINCIAL	40,394	119,178	(78,784)	295.0%	119,178
TOTAL	91,600	259,798	(168,198)	283.6%	259,798
LOCAL GOVERNMENT					
GENERAL GOV SERVICES	2,000	4,896	(2,896)	244.8%	4,896
RECYCLING/ENFORCEMENT	75,700	46,255	29,445	61.1%	46,255
HOST COMMUNITY FEES	431,438	781,154	(349,716)	181.1%	781,154
COURTHOUSE	95,315	102,860	(7,545)	107.9%	102,860
RESERVE TFR - TIPPING FEES	53,860	40,933	12,927	76.0%	40,933
ADMINISTRATION FEES	500,969	439,740	61,229	87.8%	439,740
KINGS COUNTY FIRE GRANT	71,600	101,994	(30,394)	142.4%	101,994
GLOOSCAP FIRE GRANT	7,065	7,064	1	100.0%	7,064
CAPITAL FIRE GRANT - KINGS	72,124	72,124	-	100.0%	72,124
MISC GLOOSCAP	30,000	35,055	(5,055)	116.9%	35,055
TOTAL	1,340,071	1,632,075	(292,004)	121.8%	1,632,075
LICENSES & PERMITS					
LICENSES	90,000	109,962	(19,962)	122.2%	109,962
FINES	31,000	49,841	(18,841)	160.8%	49,841
RENTALS					
RENTALS	64,311	70,875	(6,564)	110.2%	70,875
LICENSES	36,500	55,474	(18,974)	152.0%	55,474
TOTAL	100,811	126,349	(25,538)	125.3%	126,349
RETURN ON INVESTMENT	75,000	404,264	(329,264)	539.0%	404,264

West Hants Regional Municipality
Income Statement - Actual vs. Budget
For the Twelfth Month Ending March 31, 2024

	2023-24 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2024
INTEREST & PENALTIES					
INTEREST & PENALTIES	322,150	366,887	(44,737)	113.9%	366,887
TOTAL	322,150	366,887	(44,737)	113.9%	366,887
OTHER					
WIND FARMS	175,676	175,676	-	100.0%	175,676
MISC	48,000	173,839	(125,839)	362.2%	173,839
TOTAL	223,676	349,515	(125,839)	156.3%	349,515
COMMUNITY DEVELOPMENT					
RECREATION	238,975	282,138	(43,163)	118.1%	282,138
RECREATION - FACILITIES	599,870	617,474	(17,604)	102.9%	617,474
	838,845	899,612	(60,767)	107.2%	899,612
SERVICES & MUN RELATIONS					
EQUALIZATION GRANTS	1,125,416	422,031	703,385	37.5%	562,708
FARM PROPERTY ACREAGE	98,485	98,485	-	100.0%	98,485
911 COST RECOVERY	6,300	6,374	(74)	101.2%	6,374
TOTAL	1,230,201	526,890	703,311	42.8%	667,567
FEDERAL GOVERNMENT GRANTS	15,000	24,107	(9,107)	160.7%	24,107
LOCAL GOVERNMENTS	50,000	82,342	(32,342)	164.7%	82,342
OWN VALUATION ALLOW & EQUITY					
OTHER FUNDS GENERAL	-	529,117	529,117	#DIV/0!	529,117
TOTAL REVENUE	31,161,283	31,788,411	431,106	#DIV/0!	31,929,088

West Hants Regional Municipality
Income Statement - Actual vs. Budget
For the Twelfth Month Ending March 31, 2024

	2023-24 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2024
TOTAL EXPENDITURES					
LEGISLATIVE					
WARDEN	61,740	61,620	120	99.8%	61,620
COUNCIL	365,160	369,809	(4,649)	101.3%	369,809
CONSOLIDATION & TRANSITION	-	-	-		
OTHER LEGISLATIVE	29,000	22,076	6,924	76.1%	22,076
TOTAL	455,900	453,505	2,395	99.5%	453,505
GENERAL ADMINISTRATION					
ADMINISTRATIVE MANAGEMENT	535,208	537,911	(2,703)	100.5%	537,911
FINANCIAL MANAGEMENT	990,200	990,502	(302)	100.0%	990,502
LEGAL/AUDITOR	90,460	69,520	20,940	76.9%	69,520
TAXATION	185,340	275,908	(90,568)	148.9%	275,908
COMMON SERVICES	4,000	6,211	(2,211)	155.3%	6,211
OTHER GENERAL ADMIN					-
OFFICE ADMIN	120,335	149,167	(28,832)	124.0%	149,167
FACILITIES	-	298,647	(298,647)	#DIV/0!	298,647
LIBRARIES	51,351	57,463	(6,112)	111.9%	57,463
DATA SERVICES	452,620	445,149	7,471	98.3%	445,149
INSURANCE	242,900	227,243	15,657	93.6%	227,243
PUBLIC SAFETY GRANTS	43,500	47,600	(4,100)	109.4%	47,600
OTHER	72,695	(81,929)	154,624	(112.7%)	(81,929)
TOTAL	2,788,609	3,023,392	(234,783)	108.4%	3,023,392
PROTECTIVE SERVICES					
POLICE	5,504,910	5,723,528	(218,618)	104.0%	5,723,528
LAW ENFORCEMENT	187,110	178,812	8,298	95.6%	178,812
FIRE FIGHTING	2,683,451	2,719,078	(35,627)	101.3%	2,719,078
EMERGENCY	44,320	203,622	(159,302)	459.4%	203,622
BUILDING INSPECTION	433,930	403,903	30,027	93.1%	403,903
FOOD BANK	6,490	5,431	1,059	83.7%	5,431
TOTAL	8,860,211	9,234,374	(374,163)	104.2%	9,234,374
TRANSPORTATION					
ROADS & STREETS - ADMIN	705,952	762,617	(56,665)	108.0%	762,617
ROADS & STREETS - WEST HANTS	212,350	199,964	12,386	94.2%	199,964
ROADS & STREETS - WINDSOR	524,300	461,251	63,049	88.0%	461,251
ROADS & STREETS - HANTSPORT	216,700	214,036	2,664	98.8%	214,036
TOTAL	1,659,302	1,637,868	21,434	98.7%	1,637,868
ENVIRONMENTAL HEALTH SERVICES					
<i>WEST HANTS SEWER</i>					
ADMINISTRATION	654,604	966,018	(311,414)	147.6%	966,018
OPERATING COSTS	243,587	273,247	(29,660)	112.2%	273,247
LONG TERM DEBT	122,145	102,876	19,269	84.2%	102,876
<i>WINDSOR SEWER</i>					
ADMINISTRATION	407,099	665,029	(257,930)	163.4%	665,029
OPERATING COSTS	270,060	398,486	(128,426)	147.6%	398,486
LONG TERM DEBT	308,214	308,214	-	100.0%	308,214
SUB-TOTAL	2,005,709	2,713,870	(708,161)	135.3%	2,713,870
<i>GARBAGE & RECYCLING</i>					
GARBAGE & WASTE - WEST HANTS	1,137,933	1,235,337	(97,404)	108.6%	1,235,337
GARBAGE & WASTE - WINDSOR	315,850	267,475	48,375	84.7%	267,475
CLOSED LANDFILL	53,860	45,756	8,104	85.0%	45,756
RECYCLING/ENFORCEMENT	75,700	46,834	28,866	61.9%	46,834
SUB-TOTAL	1,583,343	1,595,402	(12,059)	100.8%	1,595,402
TOTAL ENVIRO HEALTH SERVICES	3,589,052	4,309,272	(720,220)	120.1%	4,309,272

West Hants Regional Municipality
Income Statement - Actual vs. Budget
For the Twelfth Month Ending March 31, 2024

	2023-24 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2024
ENVIRONMENTAL DEVELOPMENT SERVICES					
PLANNING	843,200	967,588	(124,388)	114.8%	967,588
MCAPP/VCFN/REN/TOURISM	213,760	199,427	14,333	93.3%	199,427
INDUSTRIAL PARK	4,400	3,861	539	87.8%	3,861
HANTS SHORE COMMUNITY HEALTH CENTRE	50,000	50,000	-	100.0%	50,000
TOTAL	1,111,360	1,220,876	(109,516)	109.9%	1,220,876
RECREATION & CULTURAL SERVICES					
ADMINISTRATION	373,450	415,881	(42,431)	111.4%	415,881
RECREATION SITES & MAINTENANCE	480,989	479,250	1,739	99.6%	479,250
PROGRAMS	584,700	618,383	(33,683)	105.8%	618,383
POOL	168,370	154,831	13,539	92.0%	154,831
COMMUNITY CENTRE	195,440	230,977	(35,537)	118.2%	230,977
SPORTS COMPLEX	621,650	648,645	(26,995)	104.3%	648,645
COMMUNITY ECONOMIC DEVELOPMENT	367,550	374,242	(6,692)	101.8%	374,242
HMCC	135,735	131,318	4,417	96.7%	131,318
MAPLEWOOD CEMETERY	52,300	52,300	-	100.0%	52,300
RIVERBANK CEMETERY	31,045	31,045	-	100.0%	31,045
TOTAL	3,011,229	3,136,872	(125,643)	104.2%	3,136,872
FISCAL SERVICES					
VALUATION ALLOWANCE & BAD DEBTS	-	-	-	#DIV/0!	-
HOUSING AUTHORITY	215,000	209,342	5,658	97.4%	209,342
ASSESSMENT	332,421	332,421	-	100.0%	332,421
CORRECTIONAL	251,281	251,677	(396)	100.2%	251,677
REGIONAL LIBRARY	126,690	134,440	(7,750)	106.1%	134,440
EDUCATION	5,000,882	5,028,024	(27,142)	100.5%	5,028,024
TOTAL	5,926,274	5,955,904	1,750,986	100.5%	5,955,904
COURTHOUSE	95,315	114,294	(18,979)	119.9%	114,294
			-		
LONG TERM DEBT	2,207,653	1,983,526	224,127	89.8%	1,983,526
TRANSFER TO RESERVES	1,456,378	1,002,842	453,536	68.9%	1,002,842
TOTAL EXPENDITURES	31,161,283	32,072,725	869,174	102.9%	32,072,725
SURPLUS/(DEFICIT)*	-	(284,314)			(143,637)



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: _____
Carlee Rochon, Director, Financial Services

Date: July 15, 2024

Subject: 2021-22 Financial Condition Index

LEGISLATIVE AUTHORITY

Municipal Government Act 44 (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 FCI helps Municipal Councils and Nova Scotians make sense of municipal financial information by providing various forms of analysis in a single document.

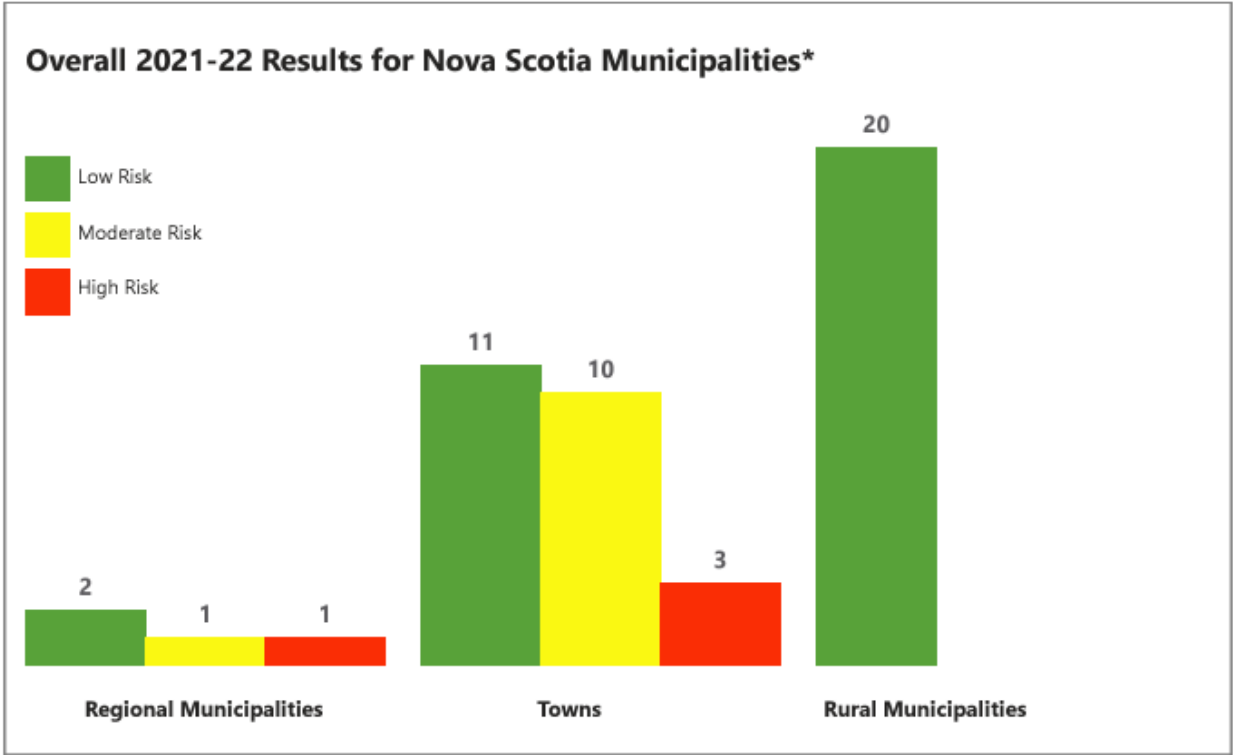
The Index is organized into three financial dimensions:

1. Roof – Assesses the overall health of the municipality
2. Structure – Factors that impact the overall health of the municipality
3. Base – Factors that the municipality does not have control over but impacts the financial health of the municipality.

The index was developed jointly by the Province of Nova Scotia, the Nova Scotia Federation of Municipalities (formally the UNSM), and the Association of Municipal Administrators.

Thresholds have been established which compare individual municipal performances against the performance of other Nova Scotian municipalities.

Comparison: The majority of Municipalities are at low risk (see chart below).



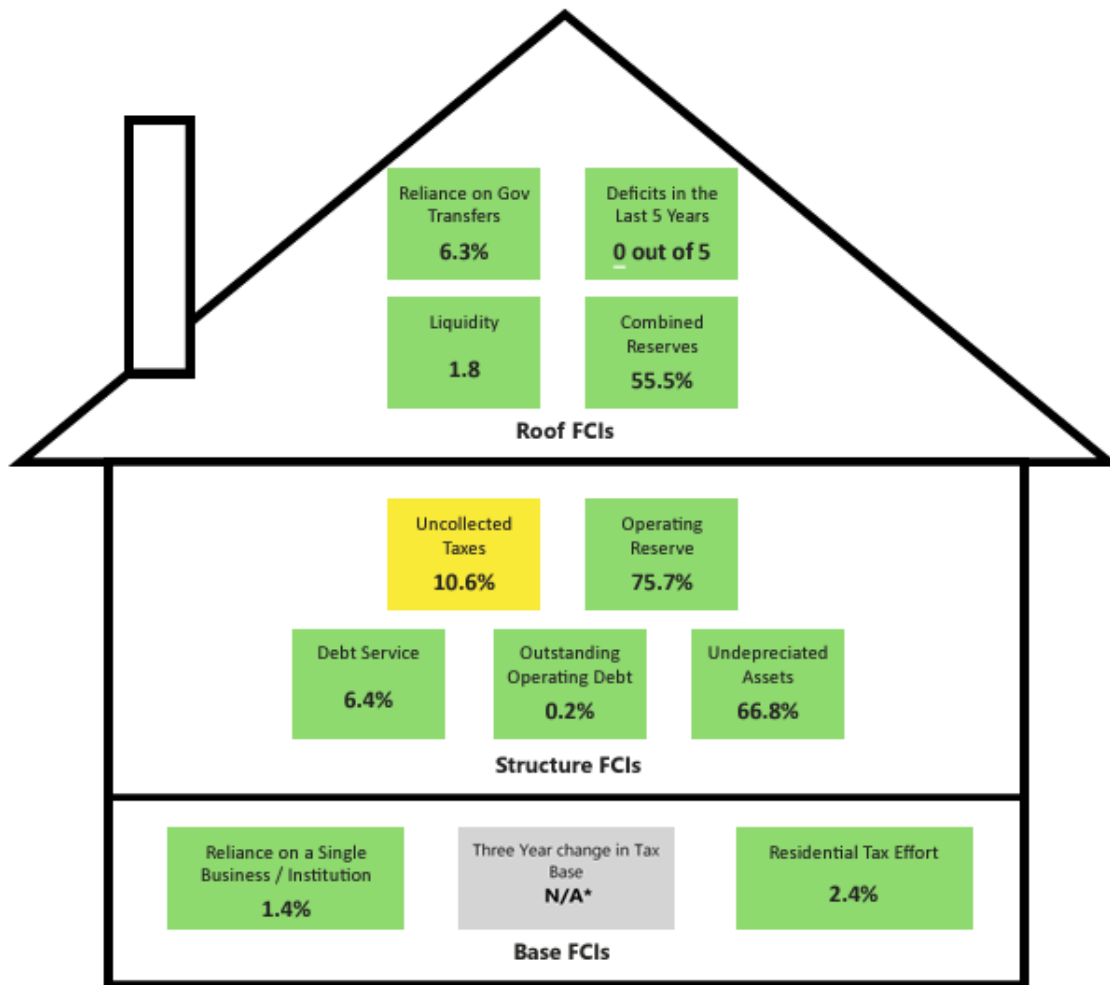
* Please note, these results do not include details from the Town of Mahone Bay due to outstanding financial reporting.

Financial data used to create the FCI results for West Hants Regional Municipality (WHRM) comes from the 2021-22 Financial Information Return, which is based on the audited statements. For the purposes of this information report, we will only review the FCIs that are yellow or red.

DISCUSSION

West Hants Regional Municipality

The 2021-22 FCI summary has the overall Financial Condition rating of West Hants at Low Risk. Note that grey FCIs may not be available due to the establishment of the Regional Municipality in April 1, 2020, with limited comparative data.



* Please note indicator results are not available, as the municipality was incorporated as of April 01, 2020.

The Yellow indicator relates to Uncollected Taxes. This has been ongoing in the former West Hants Municipality and is the sixth year this indicator has been at a moderate risk. Since the 2020-21 report this indicator has dropped 2.9%, meaning the initiatives put in place have been effective, including but not limited to increased tax reminders. Every effort is made to ensure effective tax collection continues. Below are the risk thresholds for Uncollected Taxes. WHRM would need to have less than 10% to move into the green indicator.

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

NEXT STEPS

Not Applicable

FINANCIAL IMPLICATIONS

Not Applicable

ALTERNATIVES

Not Applicable

ATTACHMENTS

- FCI Municipal Report –West Hants Regional Municipality – March 31, 2022

CHIEF ADMINISTRATIVE OFFICER REVIEW

I have no further comments.

Report Prepared by: _____
Carlee Rochon, Director Financial Services

Report Reviewed 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

2021-22



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Introduction

The Department of Municipal Affairs and Housing compiles municipal indicators on behalf of the Nova Scotia Government and the 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

Located in: Hants County

Approximate size: 1,251 km²

Number of dwellings*: 9,685

Government: 12 Elected councillors (including the Mayor)



Figure 1 - Location of Municipality

Municipal Profile - Highlights

Population Highlights

Municipal Population 2021 Census:	19,498
Percent of Provincial population:	2.03%
Municipal Population 5-year trend:	2.53%
County's 5-year trend:	4.12%

Since the last census in 2016, **482** more people live in the Municipality

Population Change from 2016 to 2021

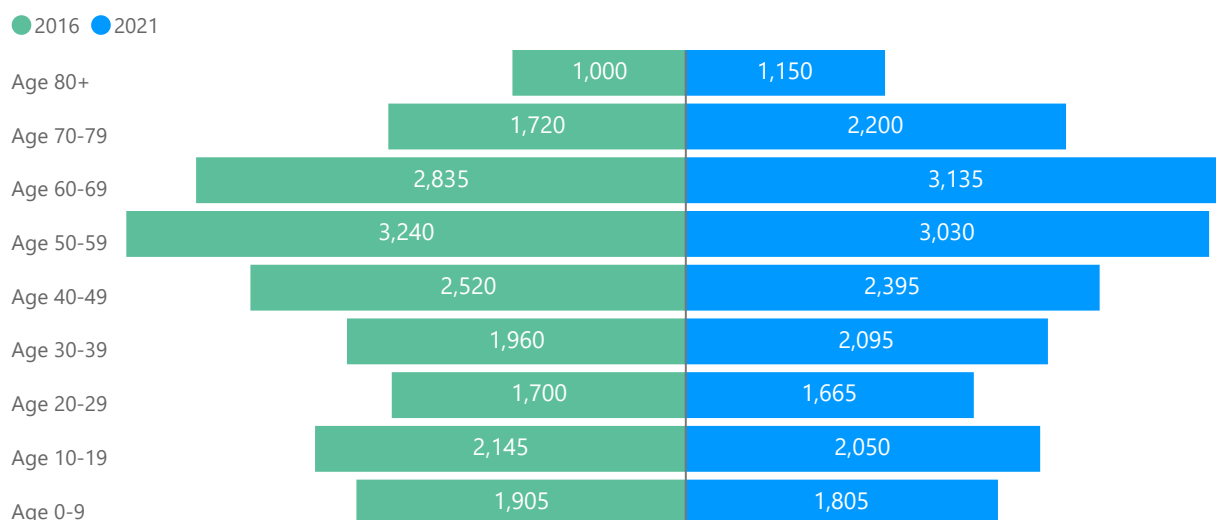


Figure 2 - Population Change from 2016 to 2021 (rounded to nearest five). Source: Statistics Canada

Municipal Profile - Highlights

Population Trends

20-year trend: Growing (supported by Figure 3 below)

Highest Age Bracket: 60-69 years of age (supported by Figure 4 below)

Population Trend from 2001 to 2021

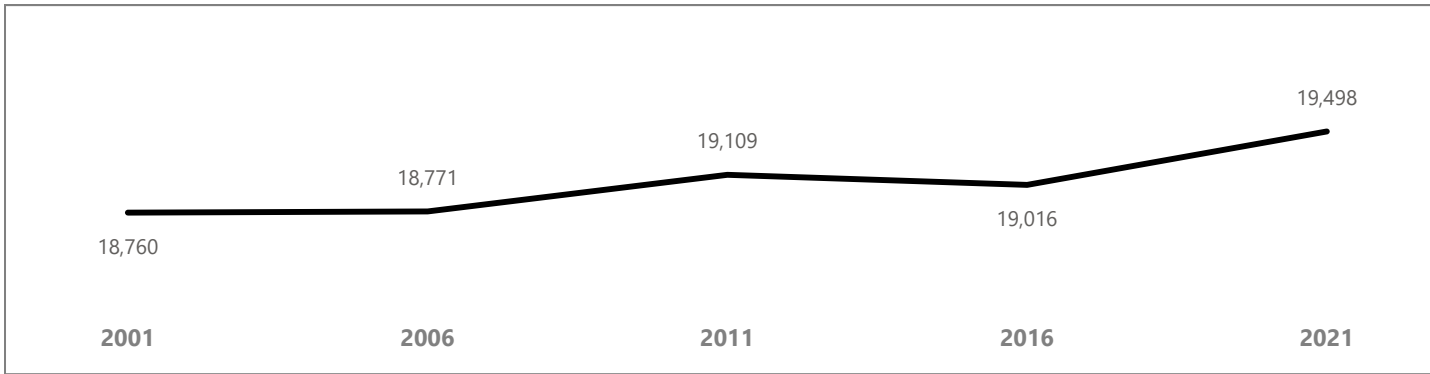


Figure 3 - Population from 2001-2021. Source: Statistics Canada

Population Change from 2016 to 2021

Year ● 2016 ● 2021

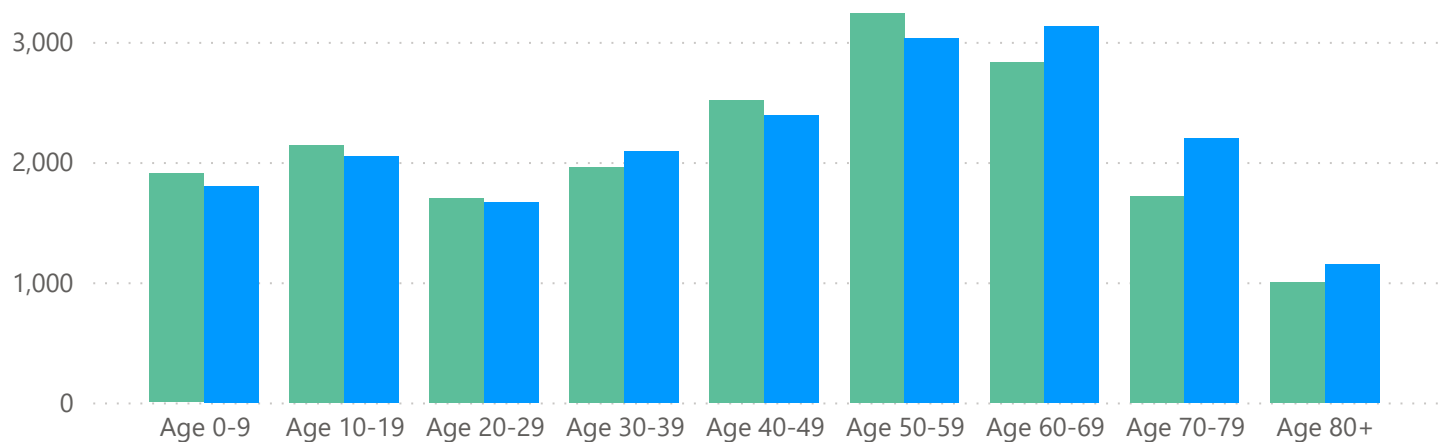


Figure 4 - Population by Age Group from 2016 to 2021. Source: Statistics Canada

Municipal Profile - Highlights

Population Comparison

Comparison of the West Hants Regional Municipality vs. the Region Average

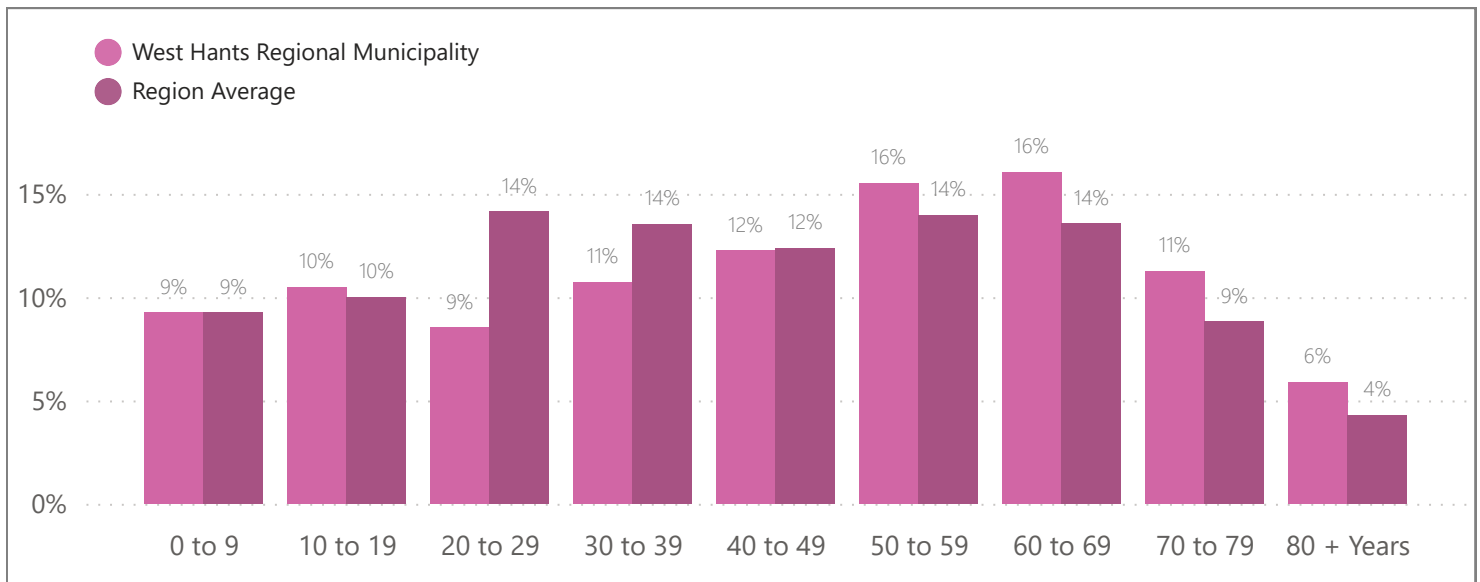


Figure 5 - Population by Age Group. Source: Statistics Canada

Comparison of the West Hants Regional Municipality vs. the Provincial Average

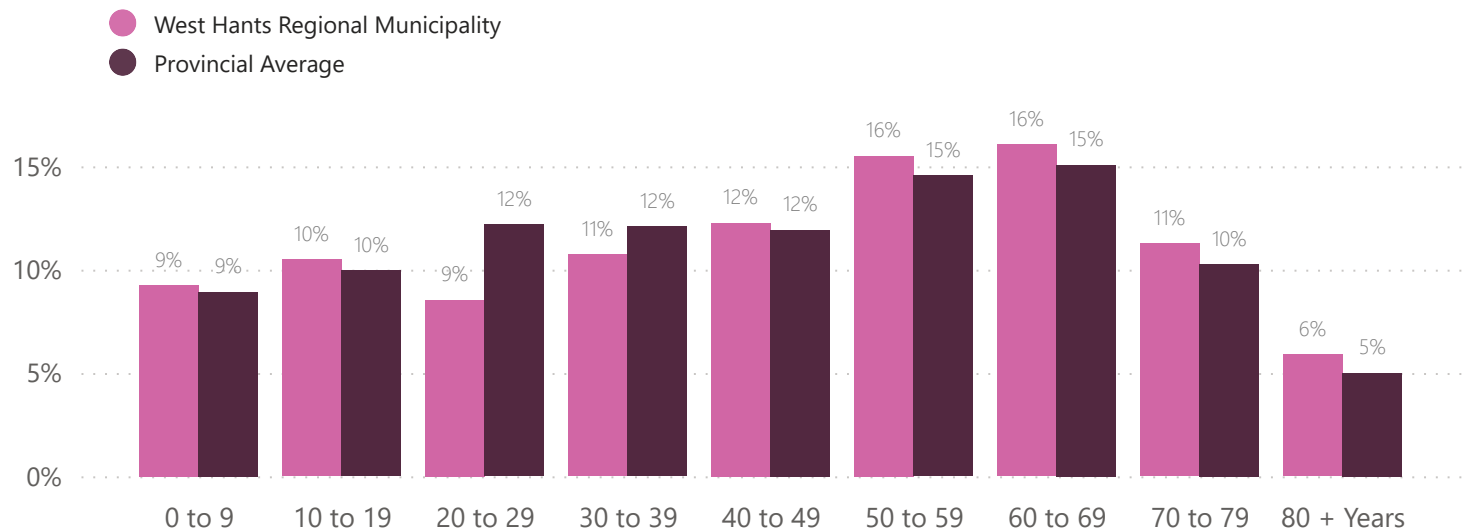


Figure 6 - Population by Age Group. Source: Statistics Canada

Municipal Profile - Highlights

Age Group Comparison

Population Age Groups

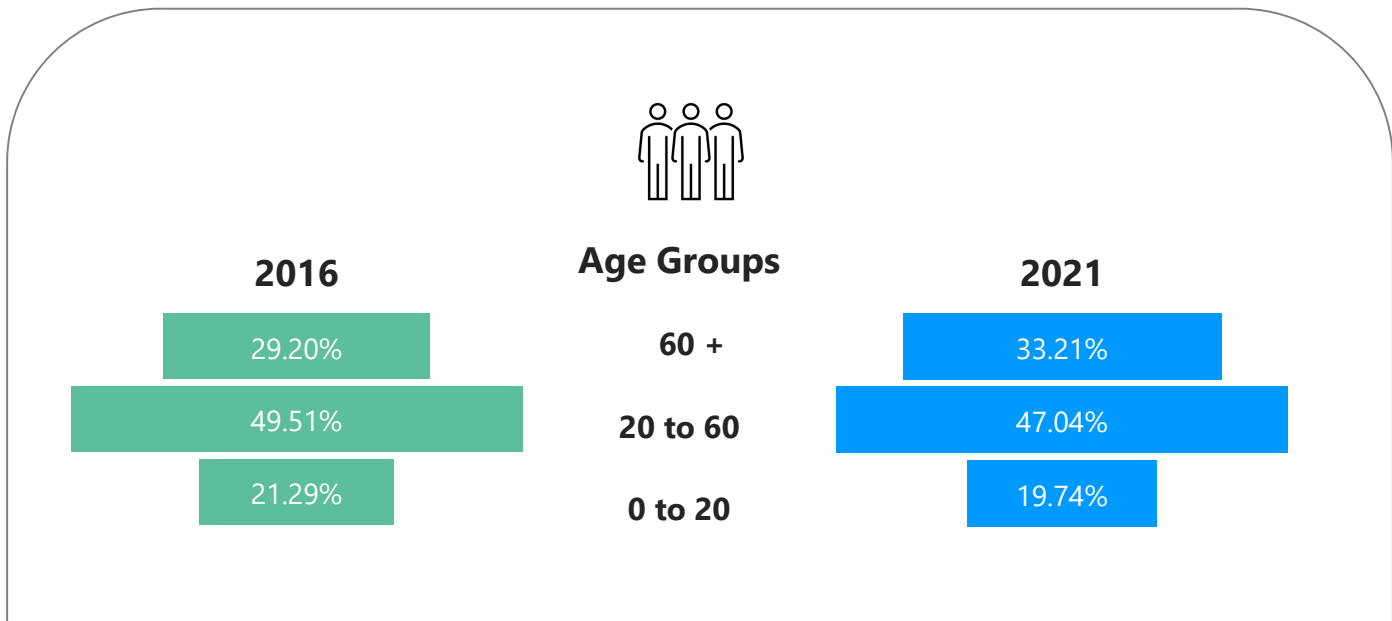


Figure 7 - Population by Age Group 2016 vs 2021. Source: Statistics Canada

Generational Groups

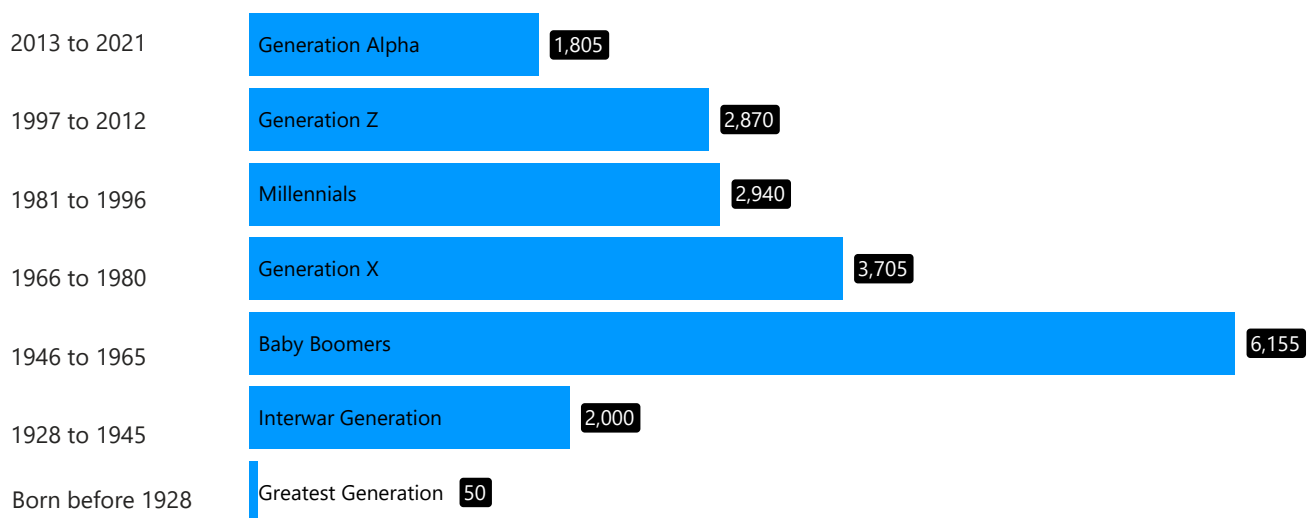


Figure 8 - Population by Generation for 2021 (rounded to nearest five). Source: Statistics Canada

Municipal Profile - Highlights

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. The educational level noted in the chart below represents the percentage of population, aged 15 and over, who have education beyond a high school diploma.

	2016 Census	2021 Census	+/-	Provincial Average
Median household Income:	\$58,601	\$69,500	\$10,899	\$61,724
Employment rate:	52.7%	50.1%	-2.6%	46.2%
Education level:	51.8%	51.6%	-0.2%	50.5%

Figure 9 - 2021 Census; Source: Statistics Canada

Median household Income: West Hants Regional Municipality median household income increased since 2016.

Employment rate: The employment rate at the West Hants Regional Municipality decreased since 2016.

Education level: The education level at the West Hants Regional Municipality decreased since 2016.

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. For more information about the following financial indicators, please refer to Chapter 4 - Financial Condition Indicators.

Three-year change in
Tax Base (Uniform Assessment¹): N/A

Reliance on a Single Business or Institution: 1.4% Not dependent (Low Risk)

Residential Tax Effort: 2.4% 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.

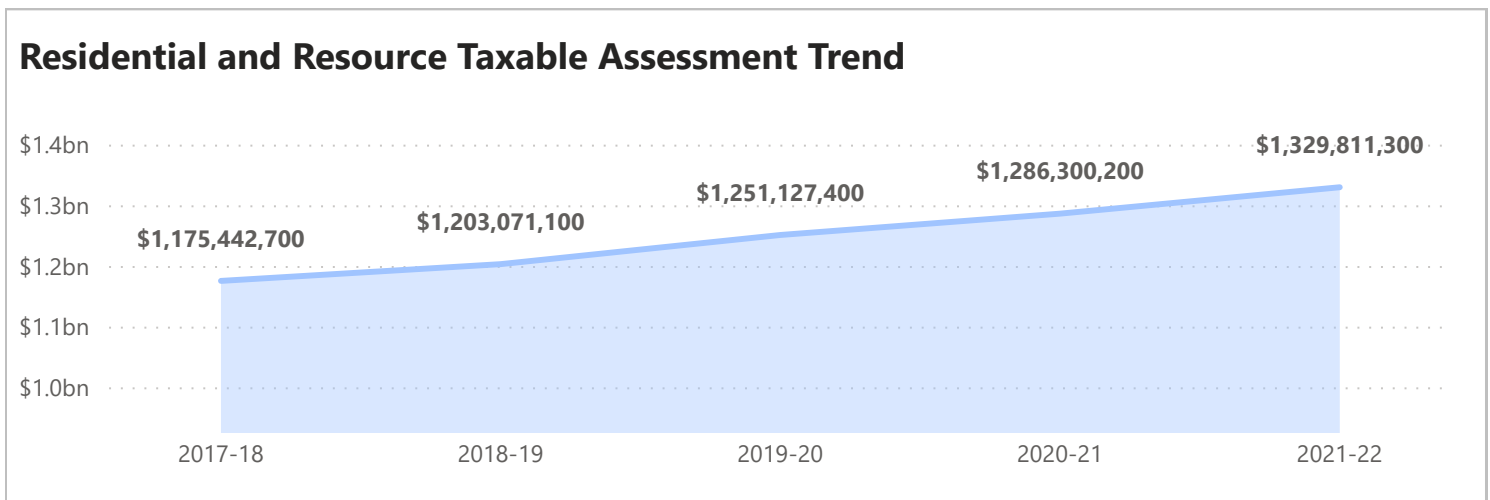


Figure 10 - Residential taxable assessment over the last five years. Source: 2017-18 to 2021-22 Statement of Estimates - Assessment

Commercial Taxable Assessment Trend

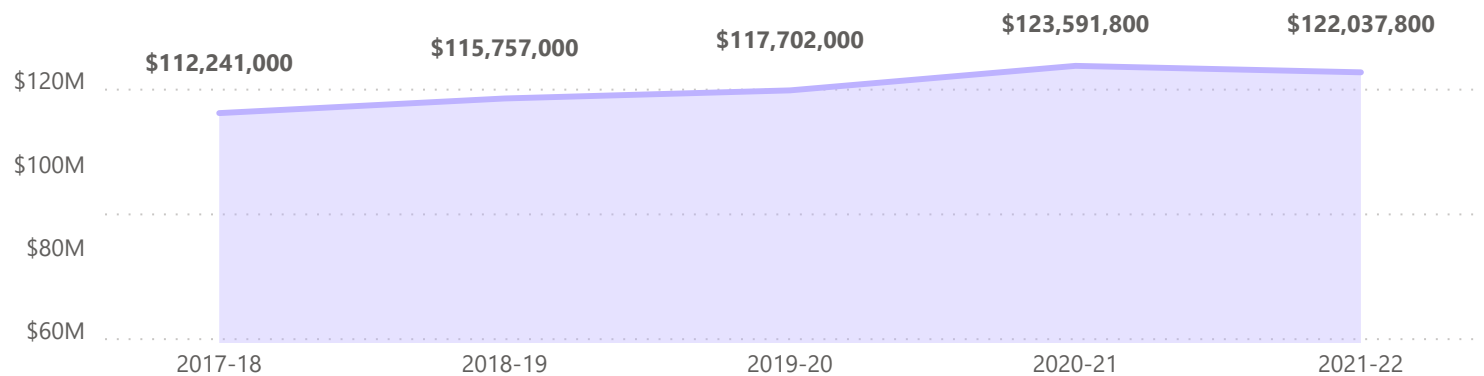


Figure 11 - Commercial taxable assessment over the last five years. Source: 2017-18 to 2021-22 Statement of Estimates - Assessment

¹ Uniform assessment is the value of a municipality's taxable property assessment plus the capitalized value of payments in lieu of taxes.

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:
 - Cemetery

The Municipality's non-consolidated financial statements present 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 audited².

Financial Reporting Compliance

Legislated Requirements

Submitted before deadline³:

- | | |
|---|------------|
| ◦ Audited Consolidated Financial Statements | No |
| ◦ Financial Information Return (FIR) | No |
| ◦ Statement of Estimates - Assessment (SOE-A) | Yes |
| ◦ Statement of Estimates - Budget (SOE-B) | Yes |
| ◦ Management Letter/Internal Control Letter | No |
| ◦ Summary Report of Expenses | No |
| ◦ Summary Report of Hospitality Expenses | No |

Financial Statements include:

- | | |
|---|------------|
| ◦ Unqualified Audit Opinion | Yes |
| ◦ Elected Officials remuneration and expenses | Yes |

Expense and Hospitality report posted online quarterly	Yes
--	------------

² Please be advised that, although the Department of Municipal Affairs and Housing 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.

³ Annually, municipalities are required to submit their financial information by Sept 30th.

Financial Highlights

Revenue

Total consolidated revenue:	\$30.4 Million
Revenue generated from own source revenue*:	\$26.8 Million
Total general operating revenue:	\$24.4 Million
Largest general operating revenue:	79% Net property taxes and payments in lieu of taxes

Expenses

Total consolidated expenses:	\$27.0 Million
Total general operating expenses:	\$20.0 Million
Largest general operating expense:	40% Protective services

Annual Surplus

Annual consolidated surplus (deficit):	\$3.4 Million
Consolidated accumulated surplus (deficit):	\$86.7 Million
Annual general operating surplus (deficit):	\$2.4 Million

Debt

Total consolidated long-term debt:	\$14.6 Million
Total general capital fund long-term debt:	\$12.7 Million
General operating fund bank indebtedness:	\$33.5 Thousand

* Total consolidated revenue excluding government transfers

Revenue

\$30.4M

2021-22 Consolidated Revenue

Total consolidated revenue: \$30.4 Million

Largest revenue: \$19.3 Million Net property taxes and payments in lieu of taxes

Revenue generated from own source revenue: 88%

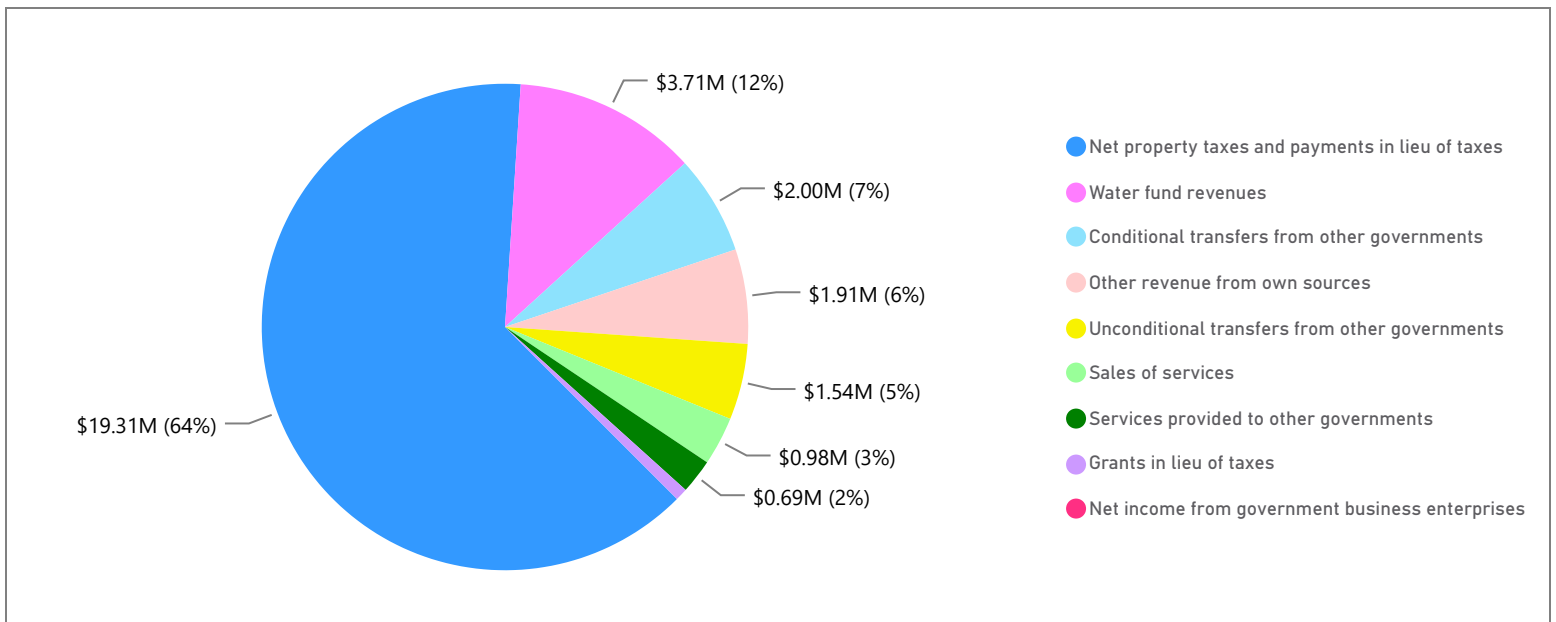
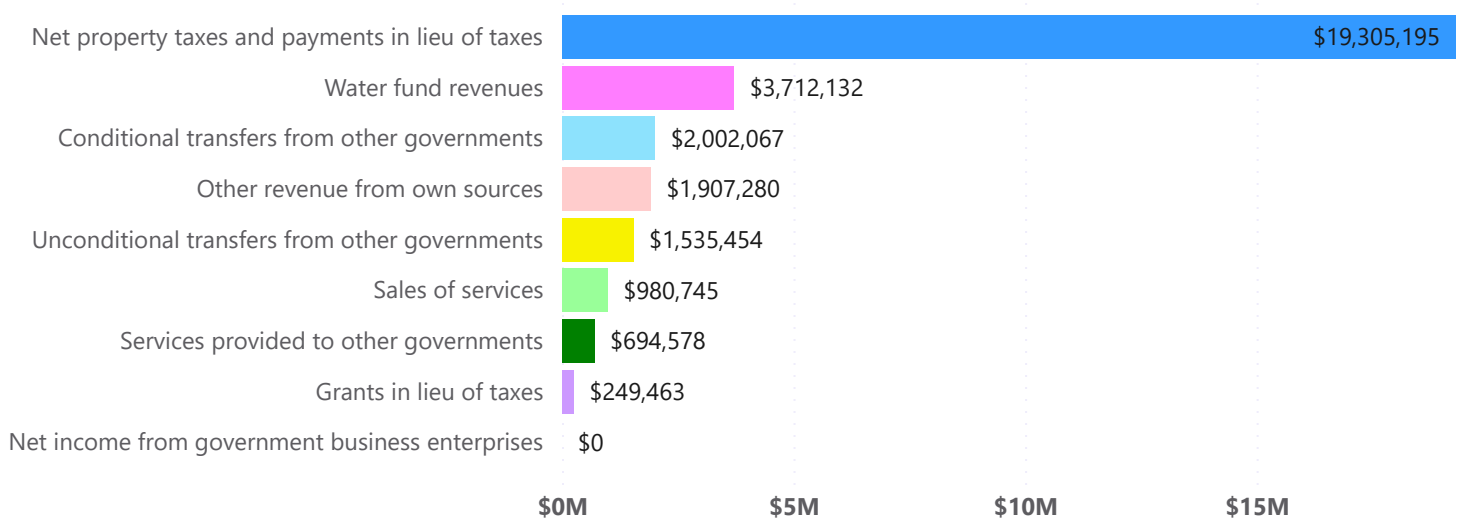


Figure 11 - Consolidated Revenue Source: 2021-22 Financial Information Return

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

Consolidated Revenue



Revenue

\$24.4M

2021-22 General Operating Revenue

Total general operating revenue:	\$24.4 Million
Largest general operating revenue:	79% Net property taxes and payments in lieu of taxes
Uncollected Taxes Financial Condition Indicator (FCI):	10.6%
Reliance on Government Transfers (FCI):	6.3%

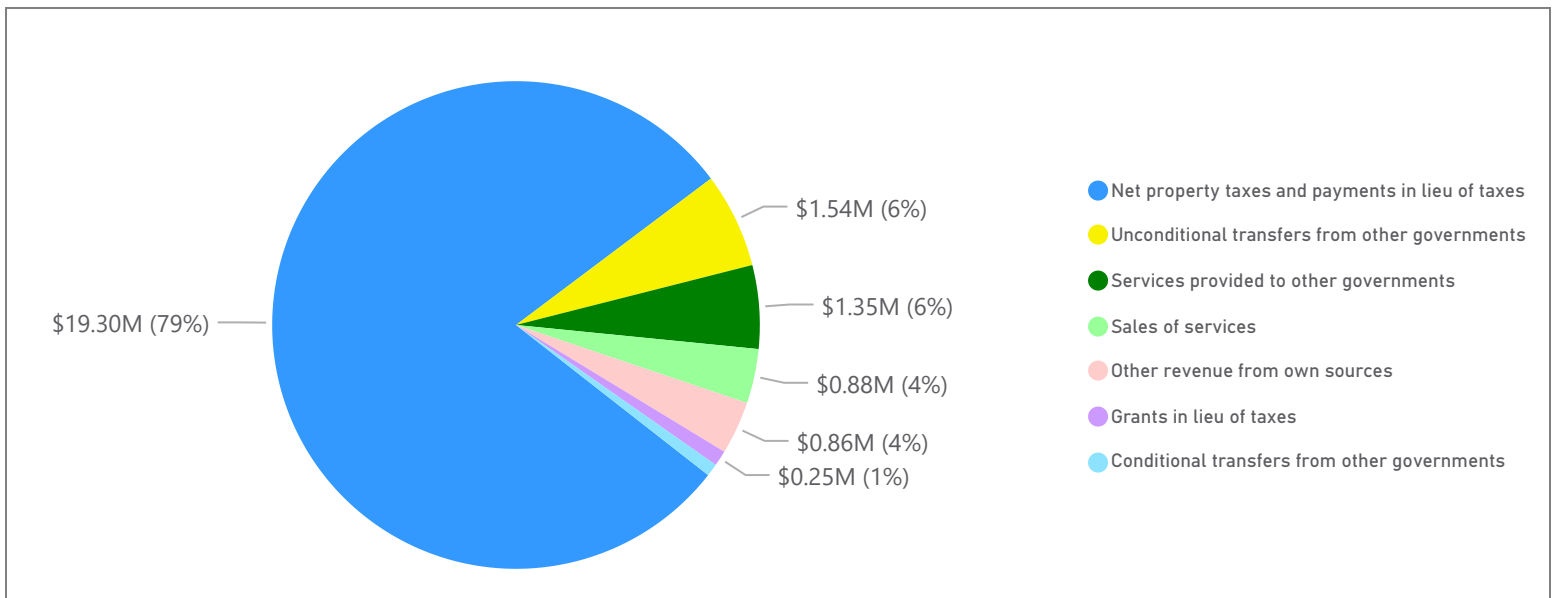
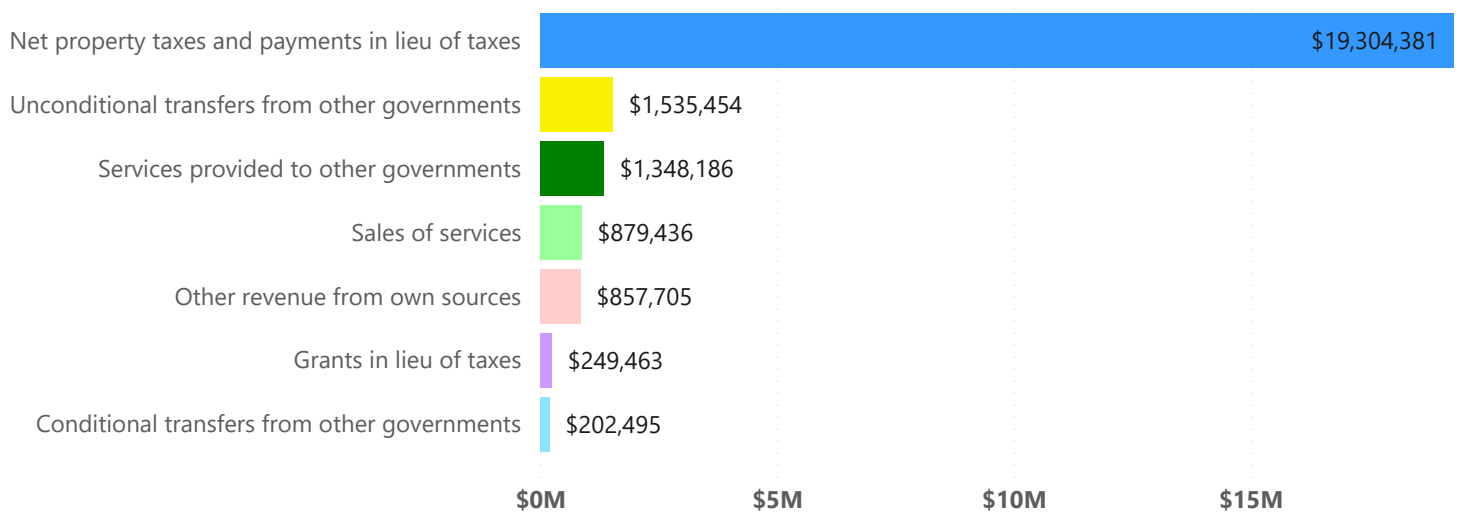


Figure 12 - General Operating Fund Revenue: 2021-22 Financial Information Return

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

General Operating Revenue



Expenses

\$27.0M

2021-22 Consolidated Expenses

Total consolidated expenses: \$27.0 Million
 Largest expense: 29% Protective services

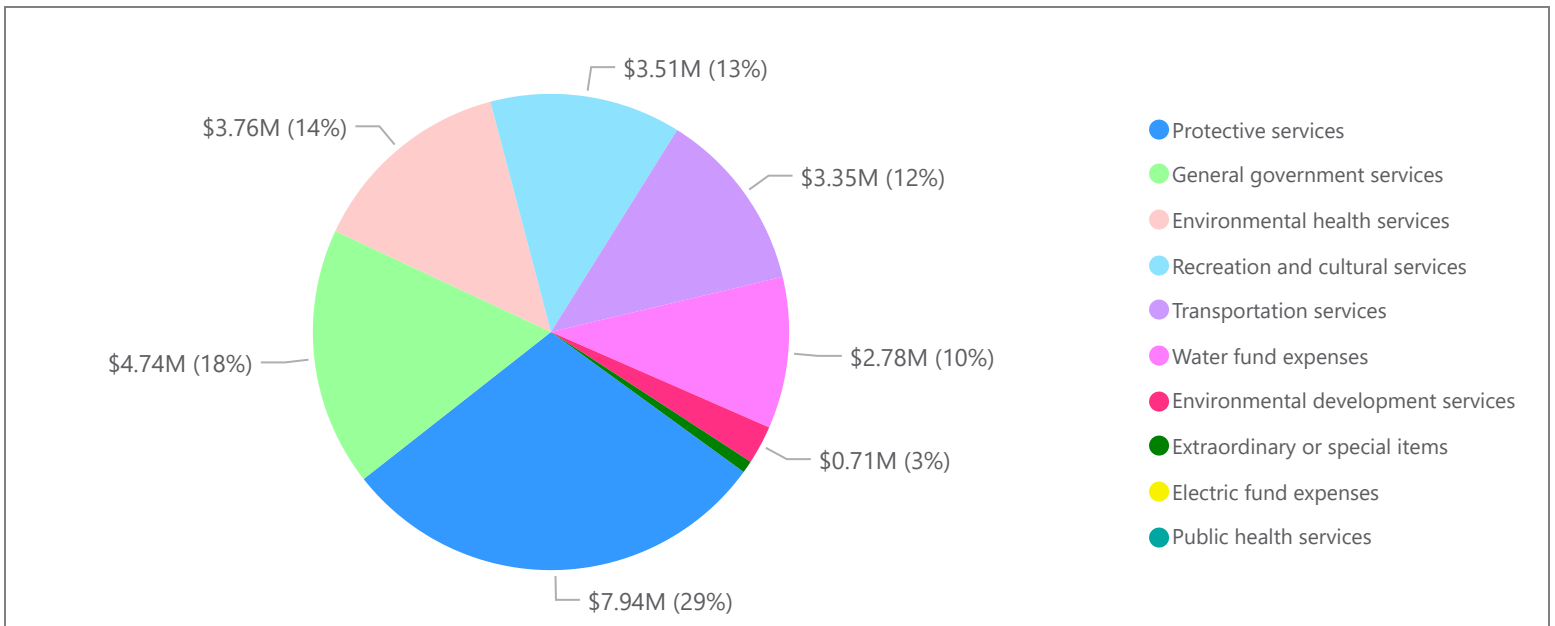
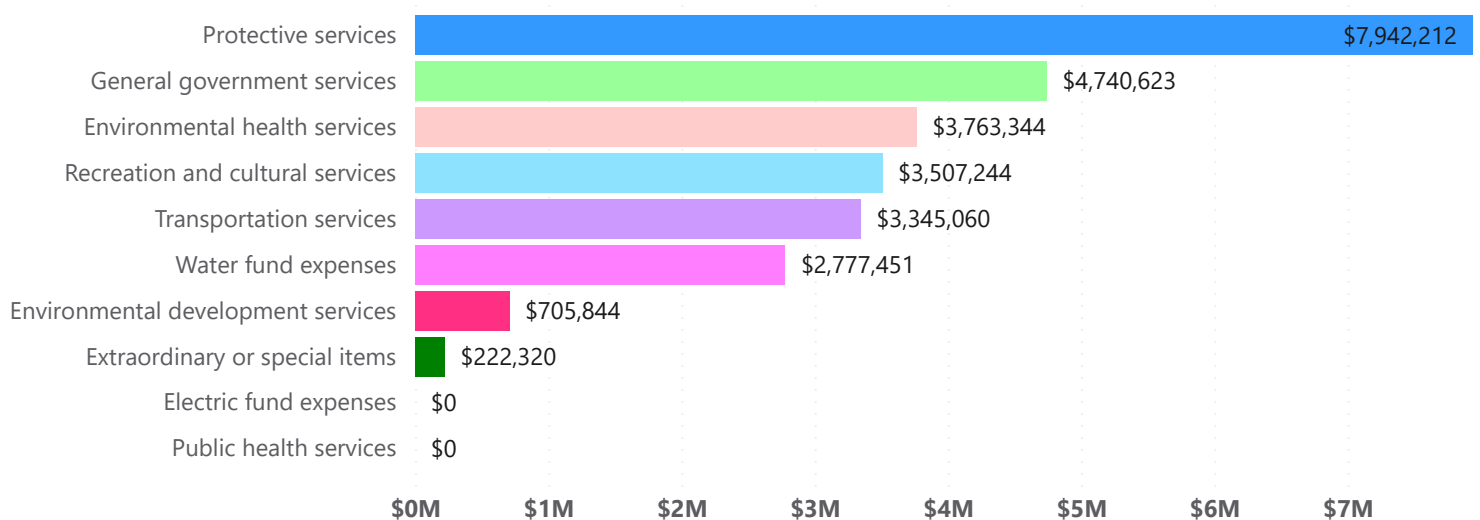


Figure 13 - Consolidated Expenses Source: 2021-22 Financial Information Return

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

Consolidated Expenses



Expenses

\$20.0M

2021-22 General Operating Expenses

Total general operating expenses: \$20.0 Million

Largest general operating expense: 40% Protective services

General operating reserves as a percentage of total general operating expenses: 75.7%

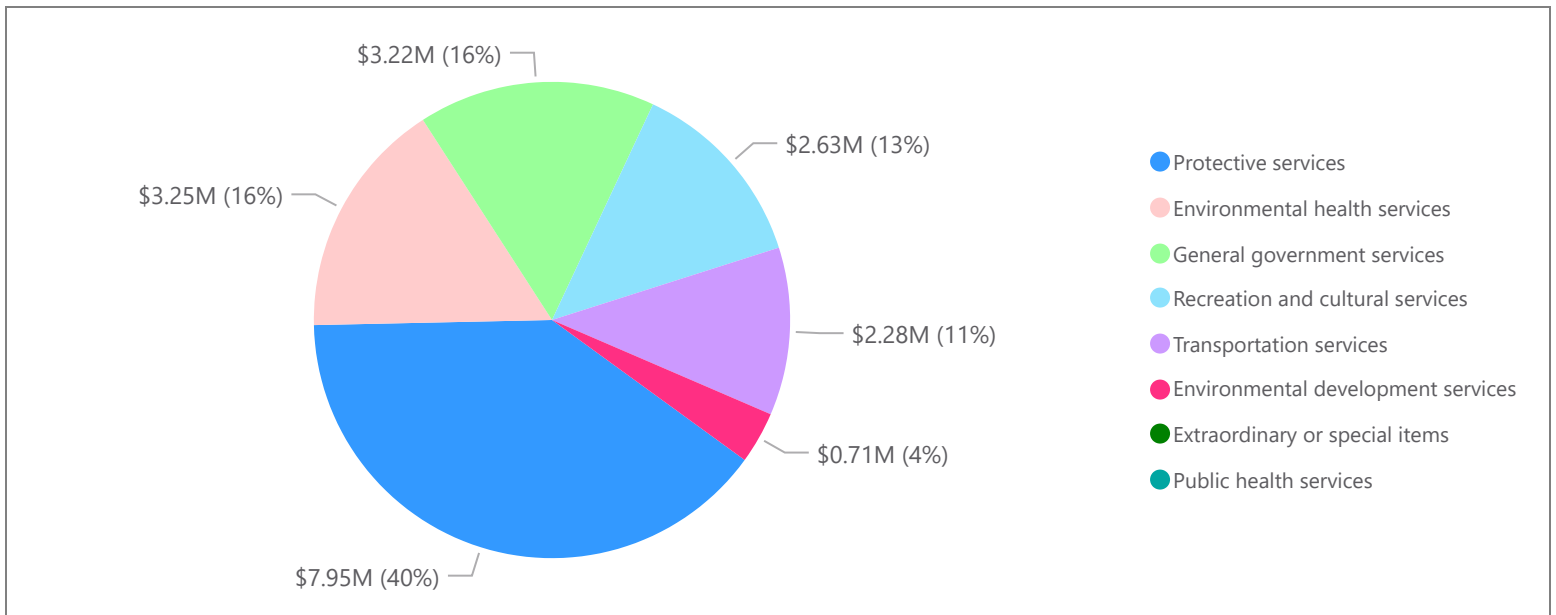
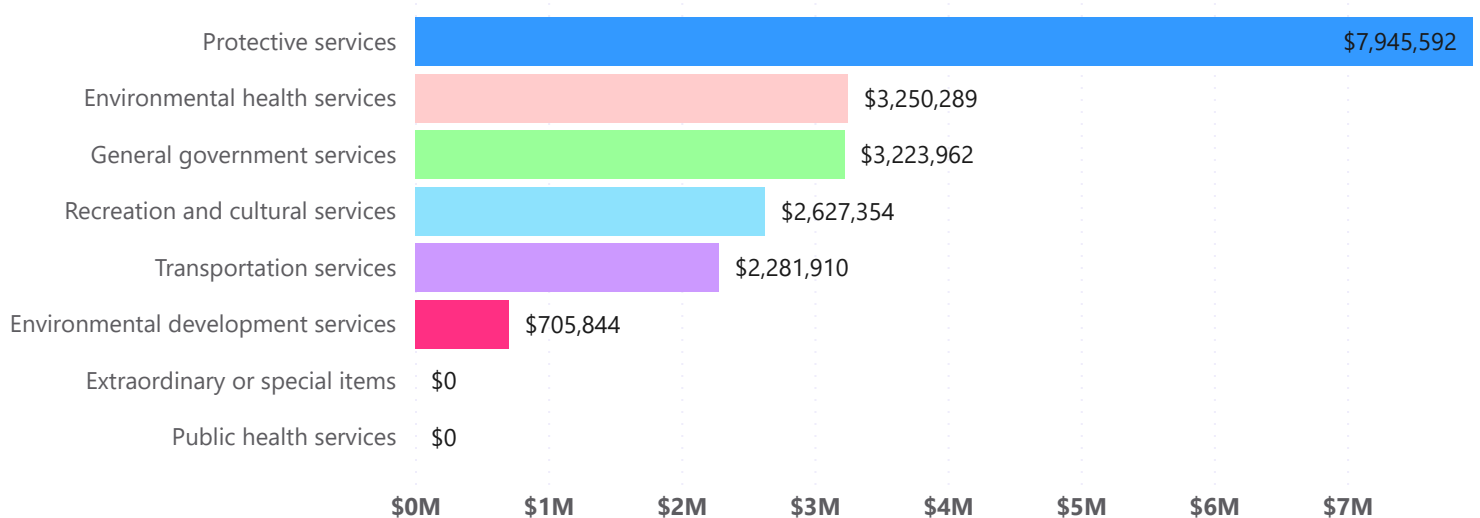


Figure 14 - General Operating Fund Expenses: 2021-22 Financial Information Return

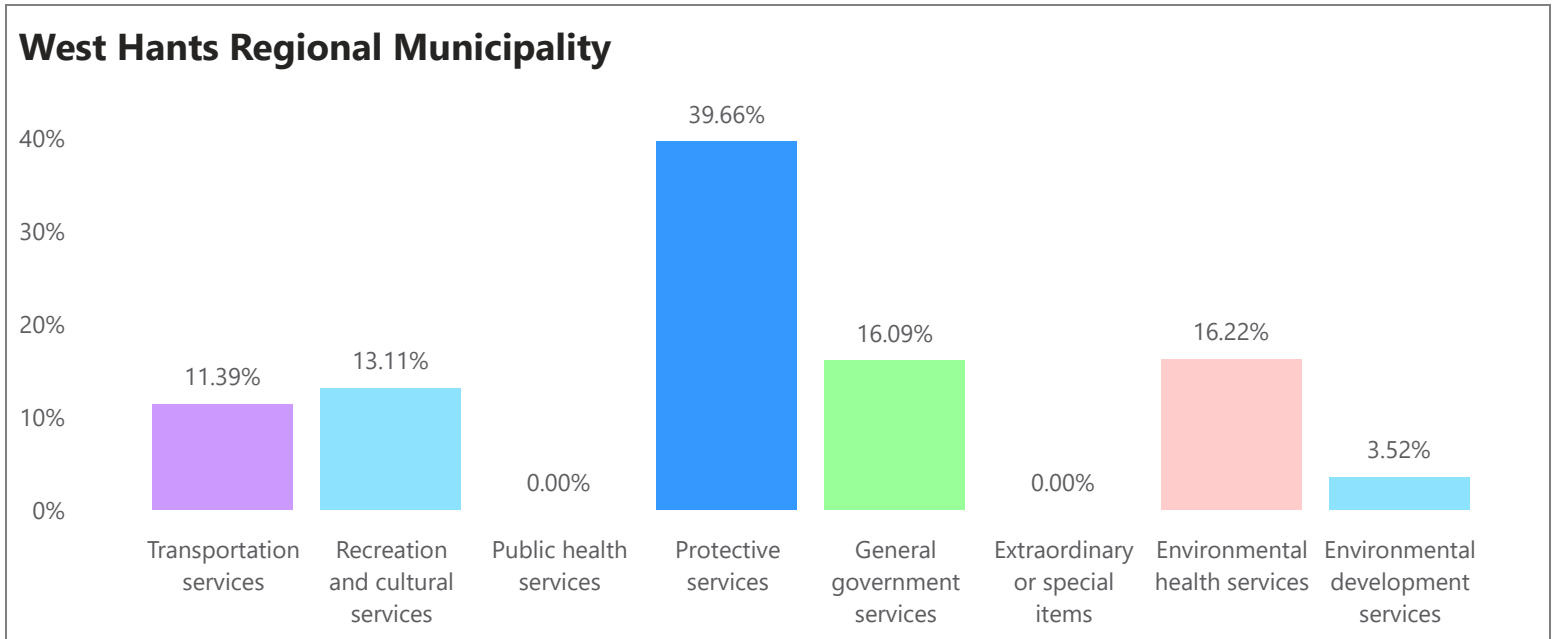
The graph above and table below show the Municipality's general operating fund expenses divided into categories.

General Operating Expenses

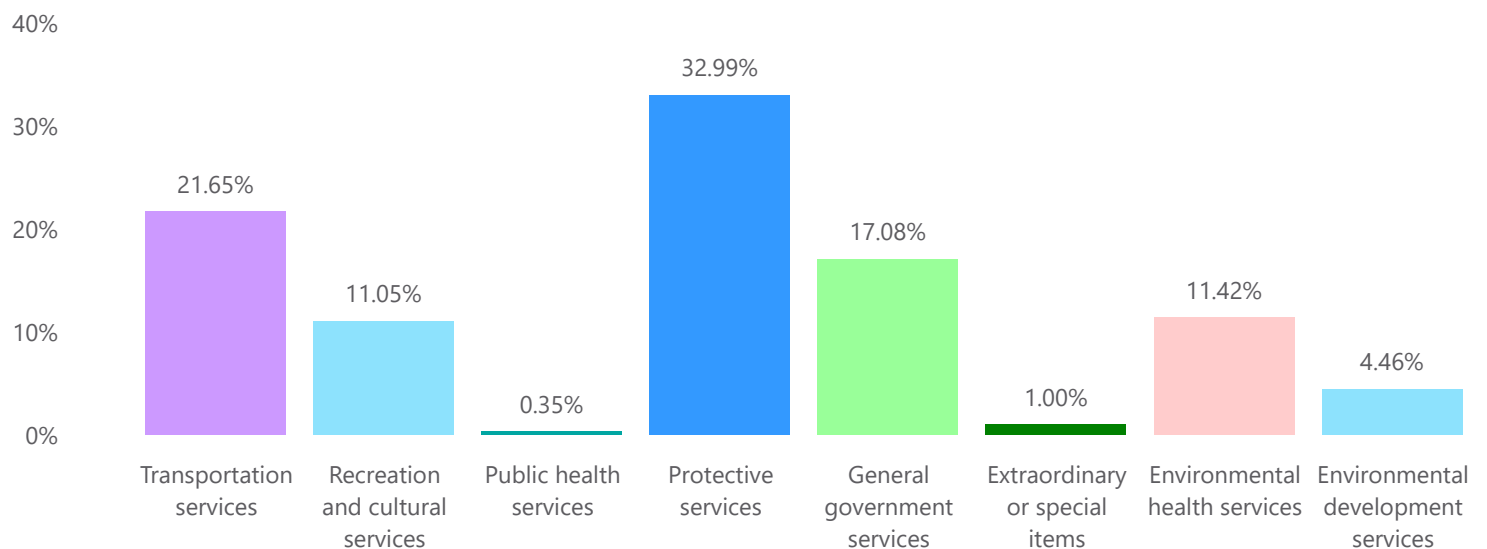


2021-22 General Operating Expenses Comparison to the Provincial Average

The graph below shows the expense by function for the municipal operations or General Operating Fund expenses compared to the Provincial Average.



Provincial Average



* Please note, these results do not include details from the Town of Mahone Bay due to outstanding financial reporting.

Figure 15 - Comparison of General Operating Fund Expenses to Provincial Average. Source: 2021-22 Financial Information Return

Accumulated Surplus (Deficit)

Annual surplus (deficit): Revenue - Expenses

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

Annual consolidated surplus (deficit): \$3.4 Million

Consolidated accumulated surplus (deficit): \$86.7 Million

Annual general operating surplus (deficit): \$2.4 Million

Number of Deficits in the Last 5 Years Financial Condition Indicator (FCI): 0

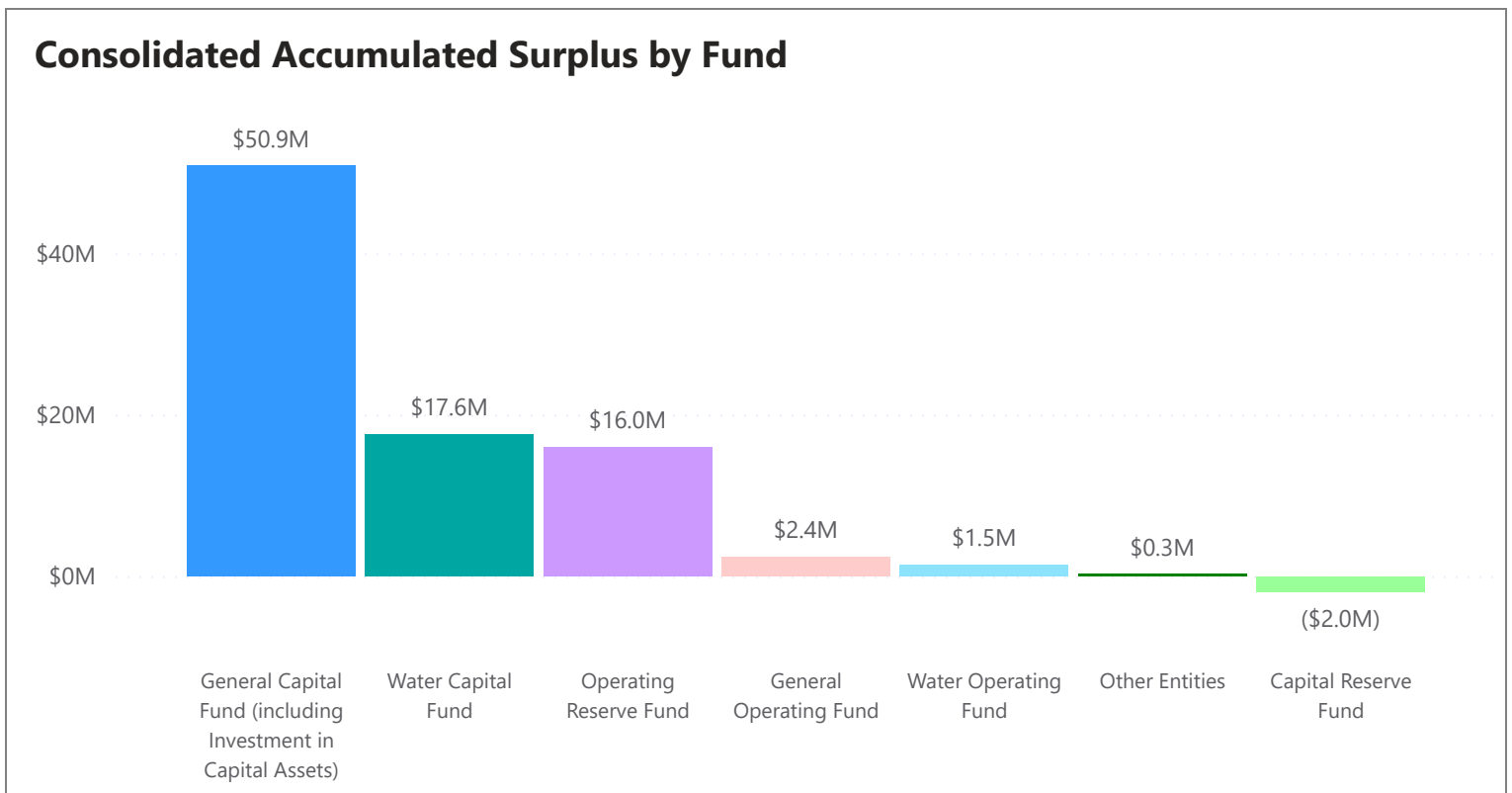


Figure 16 - Consolidated Accumulated Surplus by Fund. Source: 2021-22 Financial Information Return

Debt

Total consolidated long-term debt:	\$14.6 Million
Total general capital fund long-term debt:	\$12.7 Million
Debt Service Financial Condition Indicator (FCI):	6.4%
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 twelve indicators organized into base, structure and roof, focusing on:

- Base: Three indicators relating to internal and external factors that could impact the municipality's revenue stream.
- Structure: Five financial indicators that concern management and debt; and
- Roof: Four key performance indicators, that reflect the municipality's ability to meet current and future needs in a balanced and independent manner.

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:

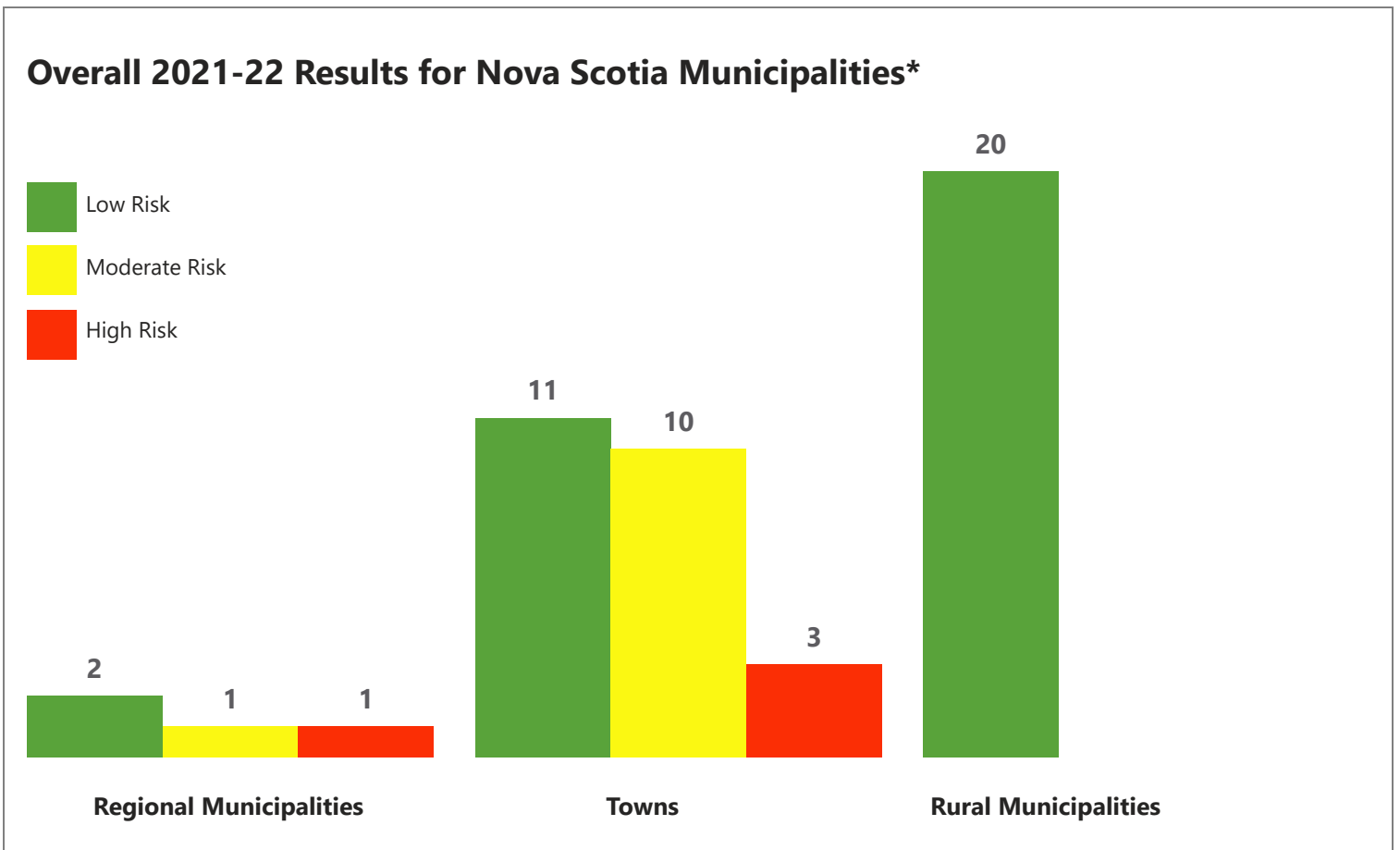
Low Risk

The overall Financial Conditions 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:

The majority of Municipalities are at low risk (see chart below).



* Please note, these results do not include details from the Town of Mahone Bay due to outstanding financial reporting.

Financial Condition Indicators Highlights for 2021-22

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.

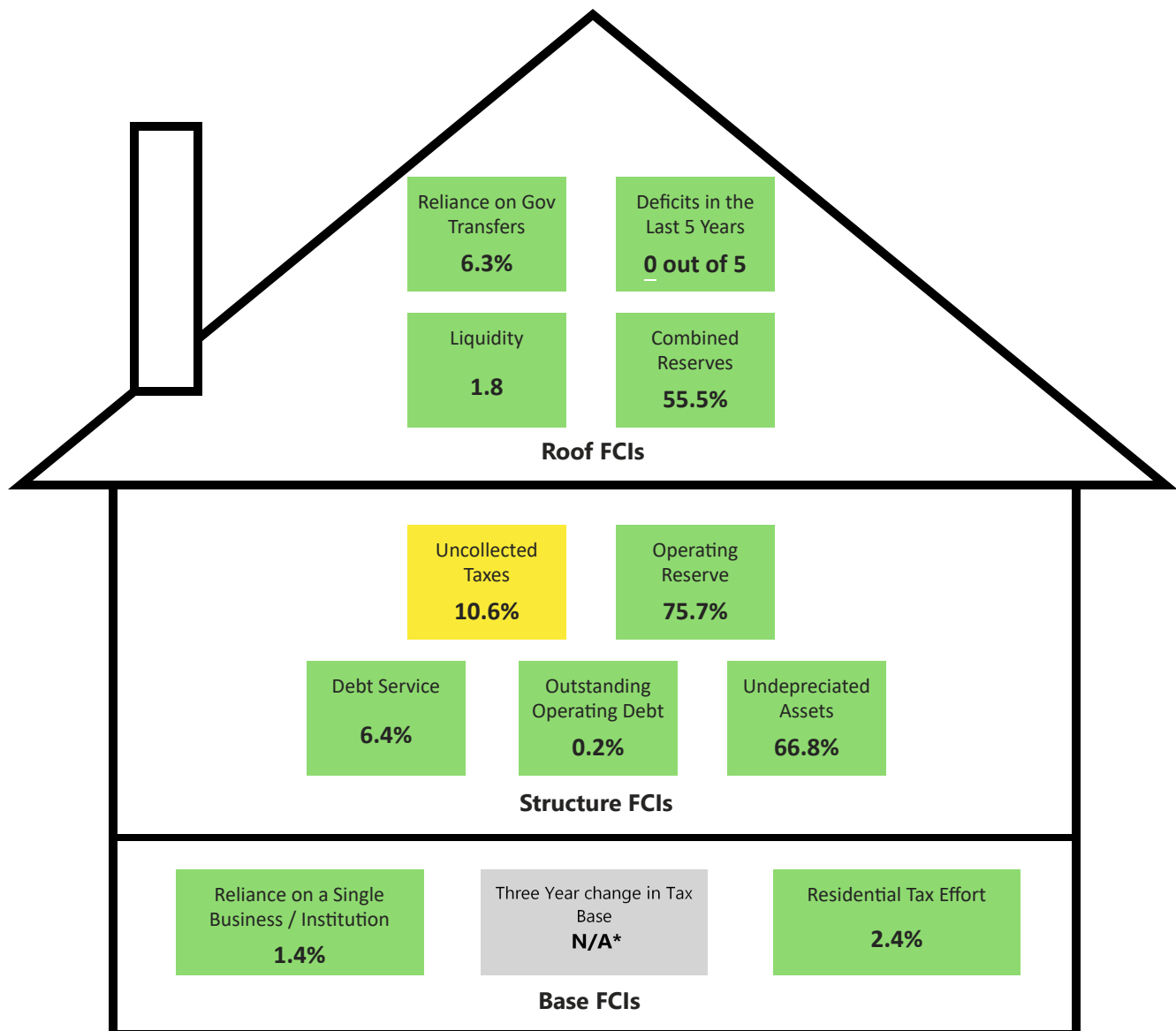
As shown in the House model below, the West Hants Regional Municipality's FCIs are comprised of:

Low Risk (**green**): 10 Indicators

Moderate Risk (**yellow**): 1 Indicator

High Risk (**red**): 0 Indicators

Individual FCI results are presented in the House below and are compared to last year's result on the next page.



* Please note indicator results are not available, as the municipality was incorporated as of April 01, 2020.

Two-Year Comparison of Financial Condition Indicators

BASE	2020-21	2021-22	+/-
Reliance on a Single Business or Institution	0.8%	1.4%	0.6%
Three-Year change in Tax Base*	N/A	N/A	
Residential Tax Effort	2.8%	2.4%	-0.4%

STRUCTURE	2020-21	2021-22	+/-
Uncollected Taxes	13.5%	10.6%	-2.9%
Operating Reserve	64.4%	75.7%	11.3%
Debt Service	9.4%	6.4%	-3.0%
Outstanding Operating Debt	0.0%	0.2%	0.2%
Undepreciated Assets	68.1%	66.8%	-1.3%

ROOF	2020-21	2021-22	+/-
Reliance on Government Transfers	4.1%	6.3%	2.2%
Number of Deficits in the Last 5 Years	0	0	0
Liquidity	1.7	1.8	0.1
Combined Reserves	71.6%	55.5%	-16.1%

* Please note indicator results are not available, as the municipality was incorporated as of April 01, 2020.

Base FCI Indicator - Municipal Revenue Dimension

Reliance on a Single Business or Institution

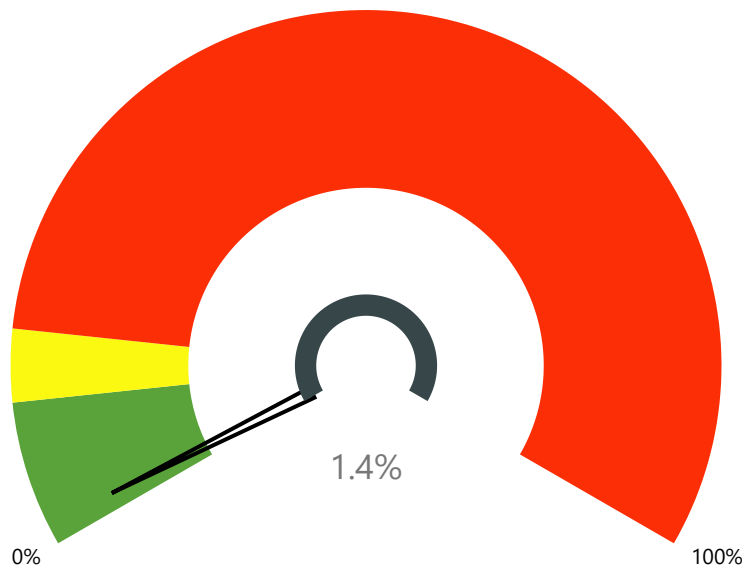
2021-22 Results: **Low Risk 1.4 %**

The largest single commercial or institutional account is 1.4 % of the Municipality's total Uniform Assessment.

What does it mean? The Municipality is showing no vulnerability in this area. The Municipality's tax base is not dependent on one single business or institution.

Calculation:
$$\frac{\text{Taxable assessment value of the largest business or institution}}{\text{Uniform assessment}} = 1.4\%$$

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



Base FCI Indicator - Municipal Revenue Dimension

Three-Year Change in Tax Base*

2021-22 Results: **Not applicable** for West Hants Regional Municipality as the Municipality was incorporated starting the fiscal year 2021-2021.

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 (Three Year CPI 2021-22: 12.1 %)
 - Moderate: Below CPI % change, but not negative growth
 - High: Negative growth

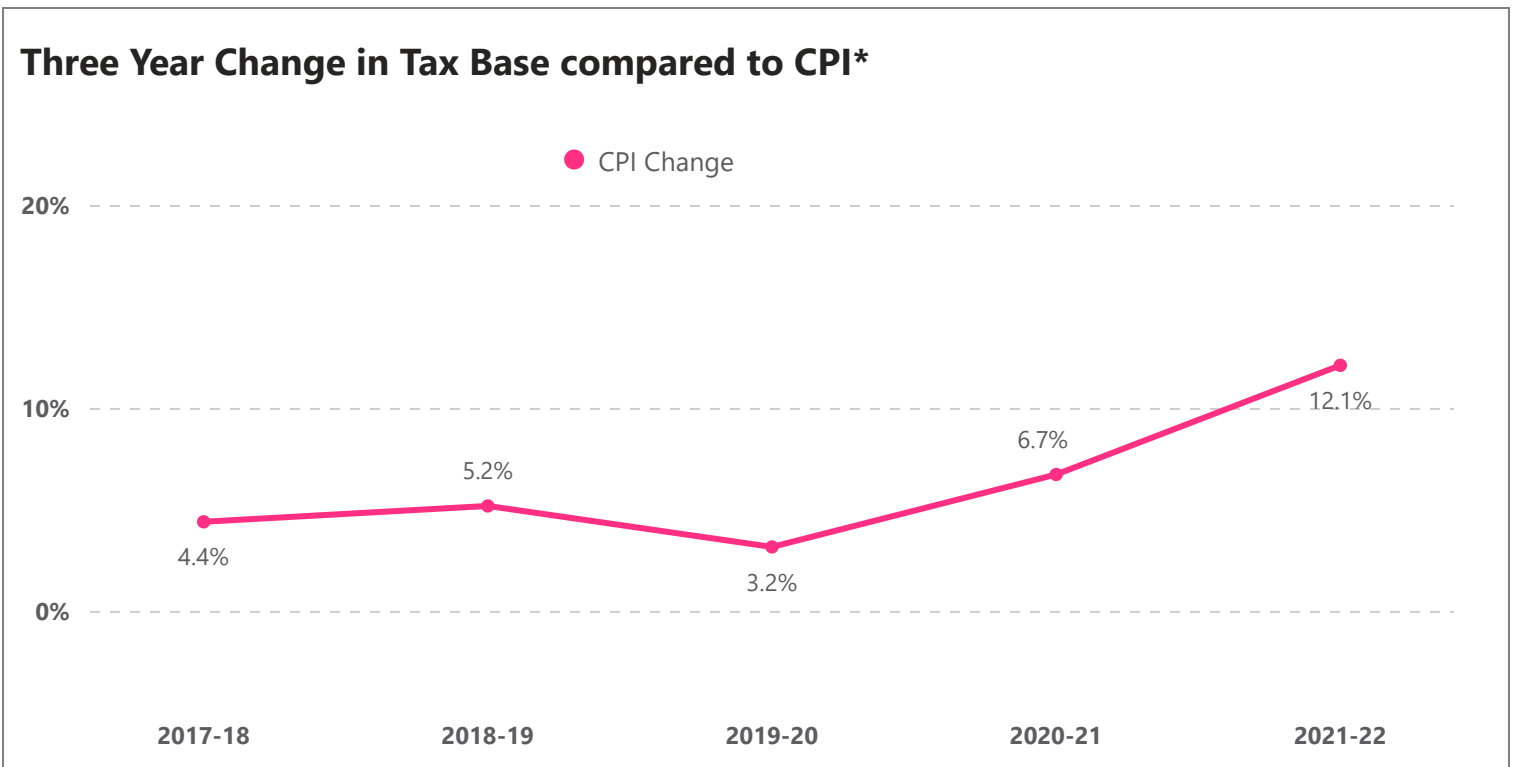


Figure 17 - Three-year change in Uniform Assessment in comparison to three-year change in CPI for the last 5 years.
Source: Statement of Estimates-Assessment and Statistics Canada

* Please note indicator results are not available, as the municipality was incorporated as of April 01, 2020.

Base FCI Indicator - Municipal Revenue Dimension

Residential Tax Effort

2021-22 Results: **Low Risk 2.4 %**

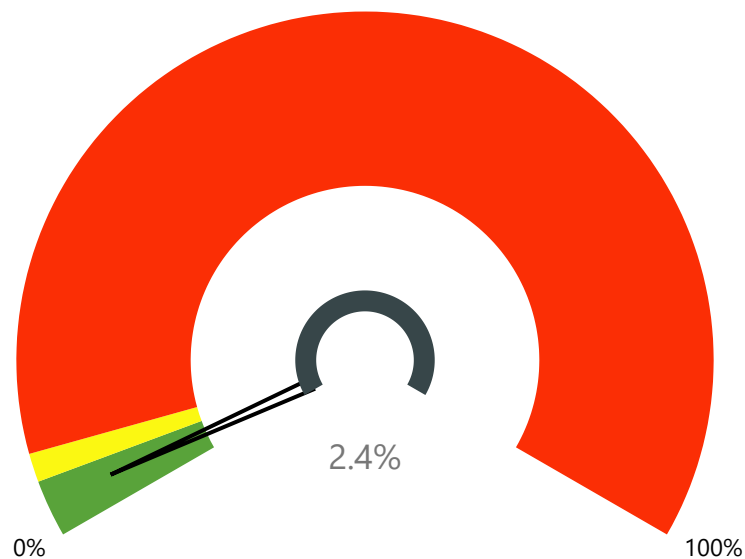
2.4 % of median household income is required to pay the average tax bill.

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:
$$\frac{\text{Total residential tax revenue per dwelling unit}}{\text{Median household income}} = 2.4\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

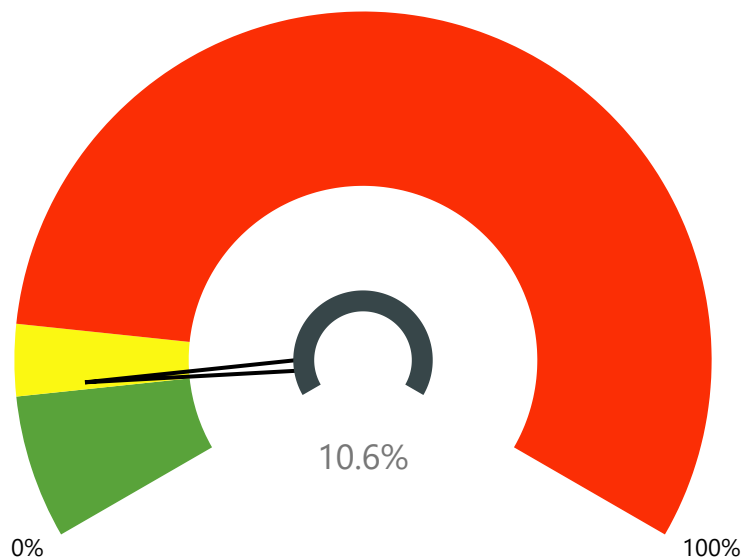
Uncollected Taxes

2021-22 Results: **Moderate Risk 10.6 %**

What does it mean? The Municipality is experiencing challenges managing tax revenue collection.

Calculation:
$$\frac{\text{Total cumulative uncollected taxes}}{\text{Total taxes billed in current fiscal year}} = 10.6\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

Operating Reserve

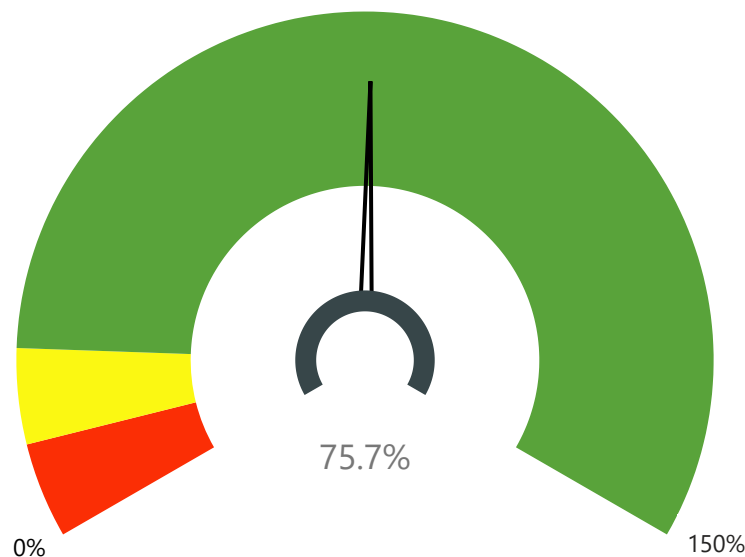
2021-22 Results: **Low Risk 75.7 %**

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:
$$\frac{\text{Total operating reserve fund balance}}{\text{Total operating expenditures}} = 75.7\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

Debt Service

2021-22 Results: **Low Risk 6.4 %**

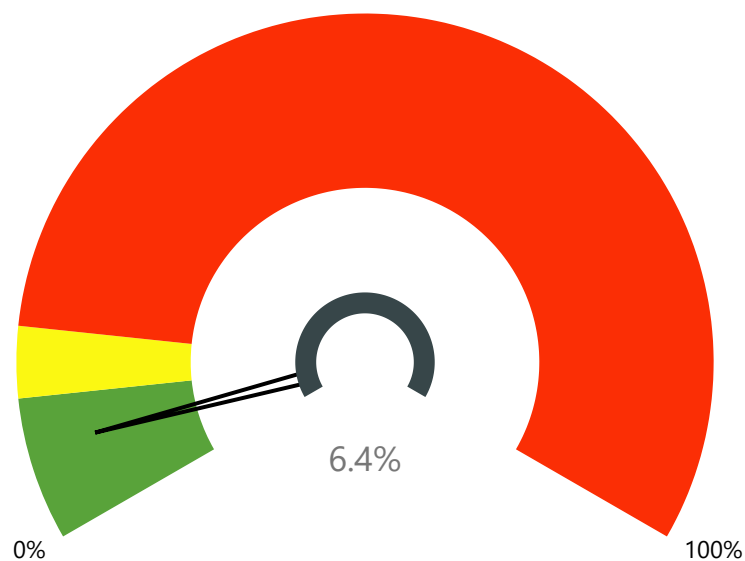
6.4% of own source revenue is spent on principal and interest payments.

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:

$$\frac{\text{Principal and interest paid on long-term debt}}{\text{Total own source operating revenue}} = 6.4\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

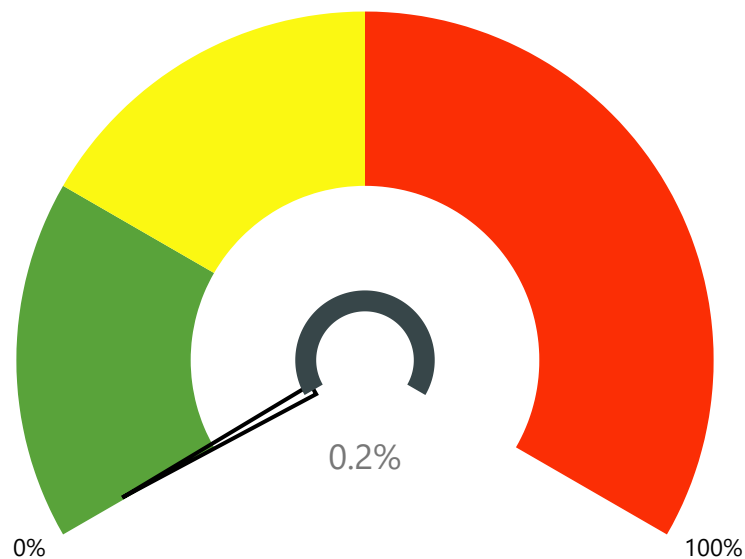
Outstanding Operating Debt

2021-22 Results: **Low Risk 0.2 %**

What does it mean? The Municipality is carrying operating debt.

Calculation:
$$\frac{\text{Total outstanding operating debt}}{\text{Total own source operating revenue}} = 0.2\%$$

- Risk Thresholds:
- Low: Less than 25%
 - Moderate: 25% to 50%
 - High: Greater than 50%



Structure (Management) FCI Indicator - Municipal Management Dimension

Undepreciated Assets

2021-22 Results: **Low Risk 66.8 %**

What does it mean?

This indicator estimates that the Municipality's capital assets have 66.8 % of their useful life remaining

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

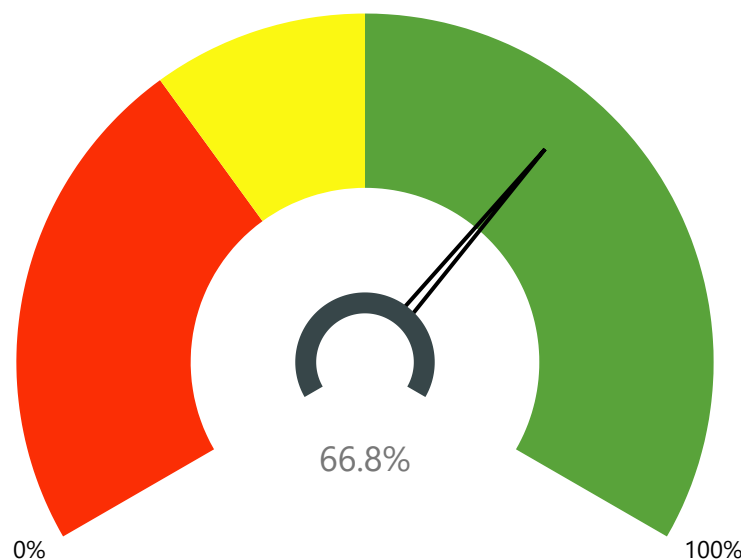
While this indicator provides an estimate of the useful life left in the Municipality/Town's recorded capital assets, it does not necessarily indicate the condition of those assets. For instance, some older assets could still be in good working condition, while the opposite could also be true.

Calculation:

$$\frac{\text{Total net book value of capital assets}}{\text{Gross costs of capital assets}} = 66.8\%$$

Risk Thresholds:

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



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

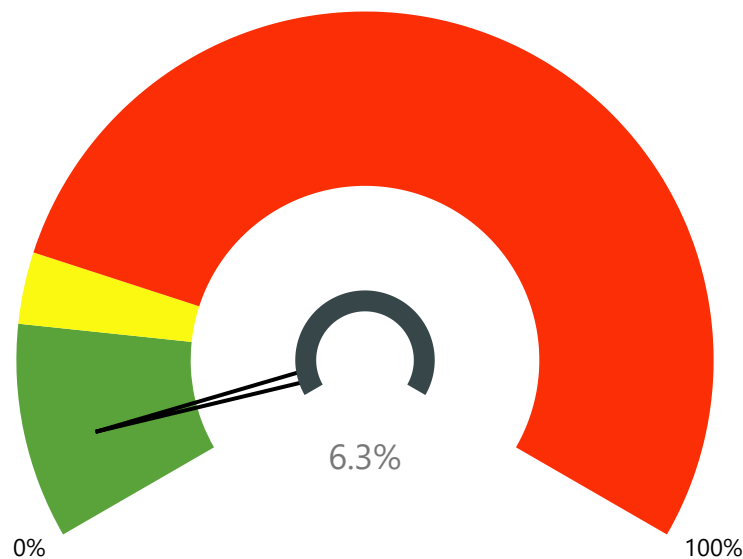
Reliance on Government Transfers

2021-22 Results: **Low Risk 6.3 %**

What does it mean? The Municipality is not dependent on another level of government to meet its service obligations.

Calculation:
$$\frac{\text{Total government transfers}}{\text{Total revenue}} = 6.3\%$$

- Risk Thresholds:
- Low: Less than 15%
 - Moderate: 15% to 20%
 - High: Greater than 20%



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Number of Deficits in the last 5 Years

2021-22 Results: **Low Risk: 0 Operating deficit in the last five years**

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

Calculation: Number of non-consolidated operating deficits in the last five years = 0

- Risk Thresholds:
- Low: 0 in the last five 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)

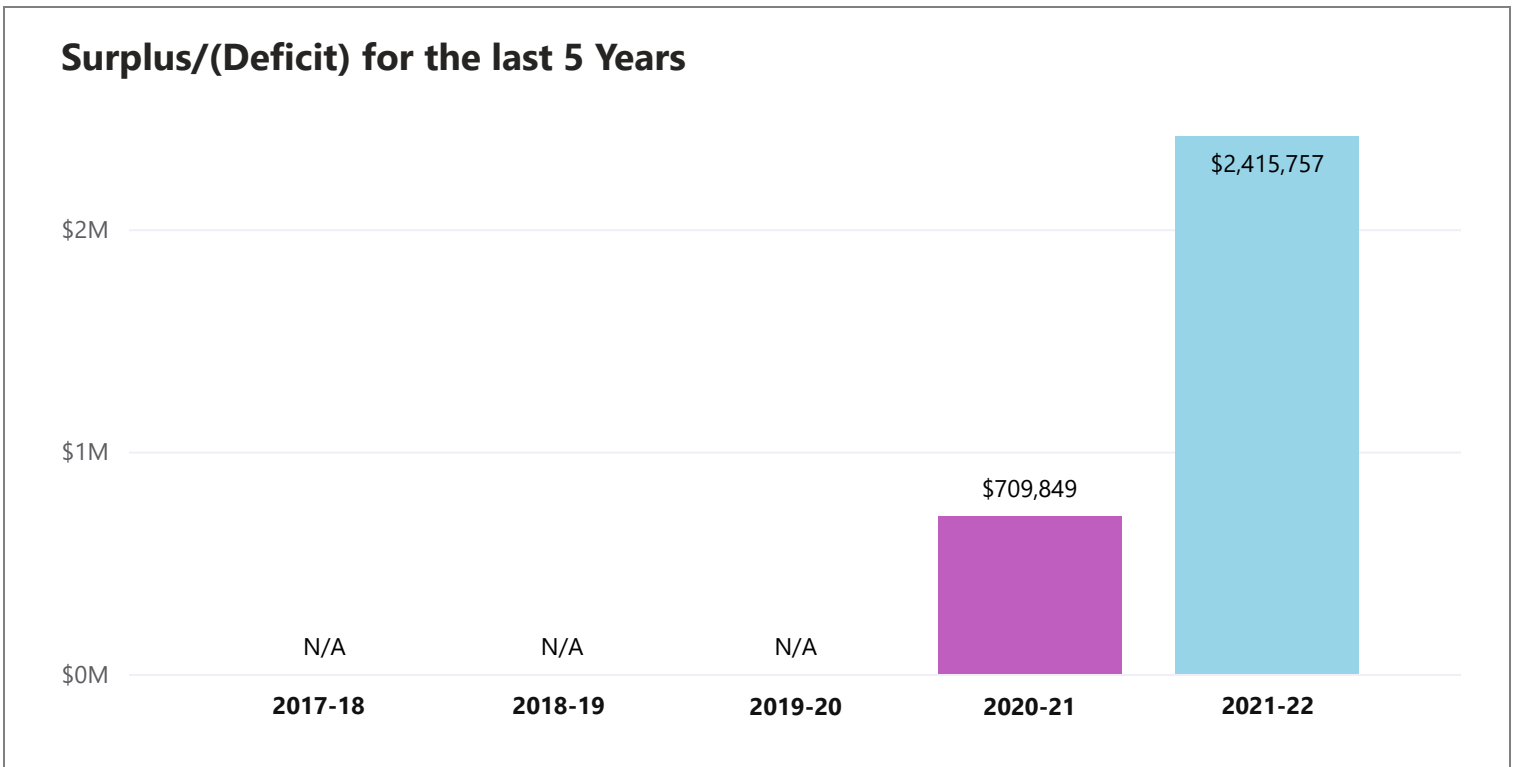


Figure 18 - Annual operating fund surplus (deficit) for the last 5 years. Source: Financial Information Return

Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

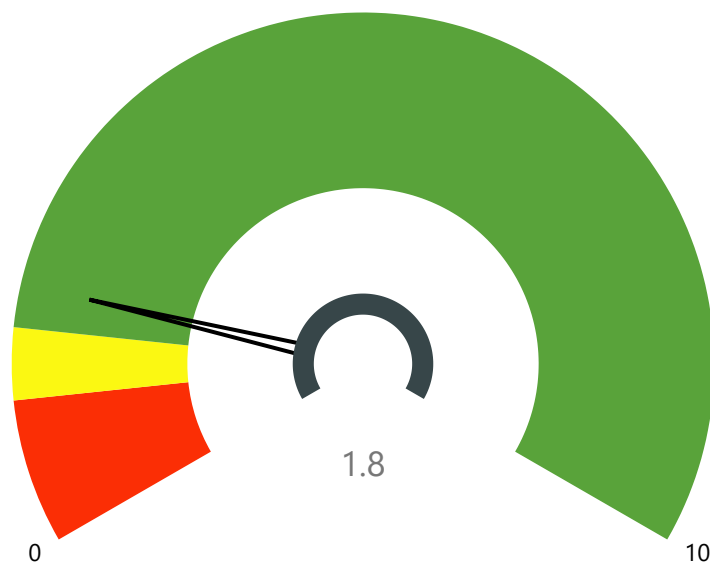
Liquidity

2021-22 Results: **Low Risk 1.8**

What does it mean? Liquidity is key to financial performance. The result indicates that the Municipality does not have a cash flow problem and is able to meet its service obligations.

Calculation:
$$\frac{\text{Total current financial assets}}{\text{Total current liabilities}} = 1.8$$

- Risk Thresholds:
- Low: Greater than 1.5
 - Moderate: 1 to 1.5
 - High: Less than 1



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Combined Reserves

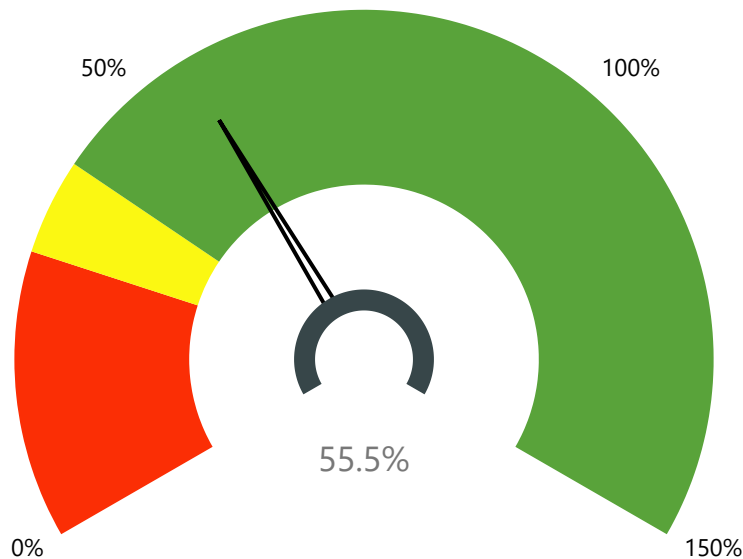
2021-22 Results: **Low Risk 55.5 %**

What does it mean? This result indicates that the Municipality does appear to have sufficient reserves needed to address unexpected events or provide flexibility to address future projects.

Calculation: 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.

Risk Thresholds:
$$\frac{\text{Total operating and capital reserves}}{\text{Total operating expenses plus amortization expense}} = 55.5\%$$

- 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)

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:

- Consolidated Revenues and Expenses by Municipality
- Municipal Affairs and Housing Funding Programs
- Farm Land Grant
- Financial Condition Indicators by Municipality
- Municipal Contributions to Roads
- Municipal Financial Capacity Grant
- 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

The municipal website is 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.

