



**West Hants**  
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY  
Audit Committee – Meeting Agenda - **AMENDED**  
December 5, 2024, 6:00 p.m.  
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube**

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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 July 17, 2024 Minutes, including additions or deletions
6. Presentation
  - a.) Audited Financial Statements – Auditor Andy Forse, Kent & Duffett
7. New Business
  - a.) Financial Update to September 30, 2024 – Director Rochon
8. Director’s Update – Director Rochon
9. **Correspondence**
  - a.) **Correspondence Received from Rick Smith, August 29, 2024**
10. Public Participation Period
11. Date of Next Meeting – Late February / Early March 2025
12. Adjournment



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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**

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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 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 Minutes  
July 17, 2024, 6:00 p.m.  
Council Chambers, 76 Morison Drive, via Zoom & Facebook Livestreamed**

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**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
Diana Gibson	Manager of Accounting and Financial Reporting

1. Call to Order – Mayor Zebian called the meeting to order at 6:00 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  
Prior to approval a question was raised regarding adding a public participation opportunity to the agenda/meeting format.

This addition needs to be addressed through a revision to the Audit Committee Terms of Reference. A recommendation report to this point (as related to all committee Terms of Reference), is going before Council next week. A revision may occur in advance of the next Audit Committee meeting.

**Moved by Councillor Murley and Resident Member Halverson that the agenda be approved.**

**Motion Carried.**

5. Approval of March 11, 2024 Minutes, including additions or deletions  
Prior to being approved, committee members had the following questions arising from these minutes, answered by Director Rochon as follows:

- **Was there follow-up with the bank regarding the unsigned cashed cheques and any confirmation that a more thorough process would be followed?**
  - Our RBC account manager was made aware of the issue. This would be addressed internally by RBC. They cannot guarantee that unsigned cheques will not get through. Internally, we can check anything that clears from the account including bank-generated images of cleared cheques. We are initiating a new process of having the cheque register beside the cheque batch to ensure that nothing gets through unsigned.
- **Regarding Total Expenditures, the threshold for concern is \$430,000. Is this in total, or per instance?**
  - This would be the threshold for the entire audit, taking into account both the qualitative and quantitative factors of materiality. This amount will change annually based on auditor analysis.
- **Who authorized the one-time balloon payment (Windsor Water Utility 2022-23 deficit)?**
  - This was presented to and passed by Council as part of the budget. Over and above the balloon payment, there were reported expenditures to cover an equipment failure and equipment rentals and also the bulk water meter credit, which reduced the revenue.
- **Director Rochon was asked to give a refresher on the credit from bulk water sales to Three Mile Plains from the Windsor Water Utility.**
  - She did not have the detailed reports that went to Council on hand but explained that they had noticed in the budgeting process that the account was high and had already initiated some investigation of the meter through the water utility. It was determined that it was multiplying at a different factor - a reading issue. An analysis was done and a credit issued, based on what was billed and what should have been billed.
- **Auditor Forse had two questions for the Audit committee to answer. Is that something that each individual member should respond back to him directly in writing?**
  - Yes. As part of the Financial Director's update later in the meeting, Director Rochon will advise that she followed up with the auditor, reminding him that he needed to send us something to forward to committee members. She will get clarity from Auditor Forse on how those questions should be addressed by committee members.
- **There is still a lack of clarity on the leakages from the Three Mile Plains Water Utility - 100 million gallons of water purchased from Windsor, 60% leaked in Three Mile Plains. More information would be appreciated as the numbers are very high.**



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- **We mitigated the extra RCMP costs through reserves. Was that an item that was dealt with at budget or was that brought to Council for approval?**
    - This is the item that's been brought through financial reports to Council every month since last October. The \$236,000 was a transfer from the RCMP. As explained, this would be dealt with through surplus received in the year from the RCMP before the deposit went into the RCMP account.

**Moved by Councillor Murley and Resident Member Duffy that the March 11, 2024 minutes be approved.  
Motion Carried.**

6. Presentation

- (a.) Policy and Internal Controls – Diana Gibson, Manager of Accounting and Financial Reporting

As part of committee training, Manager Gibson presented a review on WHRM's Financial Policies, which impact municipal decisions and procedures, revenues and expenses and ultimately, the financial statements.

The policies have been broken into three categories for this presentation, the first being "Policies Impacting Decisions and Procedures". This category includes the Expense Policy, Hospitality Policy, Investment Policy, Procurement Policy, and Reserve Policy. Manager Gibson then reviewed each these policies in greater detail. (Reference PowerPoint documents from the agenda package.)

As related to the Expense Policy, there was a question about individual councillor expenses. Expenses can be attributed to councillors without them submitting a reimbursement request for items such as training, iPad and cell phone, if paid for by the municipality. These expenses need to be reported quarterly per provincial requirements.

Policies are audited annually through the audit process.

Regarding the procurement policy it was confirmed that the limits on purchasing authority apply to a single purchase.

Regarding the controls and audit oversights in place to deter or catch purchasing a larger item incrementally, just below the authorized level, the municipality has an electronic PO system set up so that any purchase over \$1000 must have approval before it happens. A manager or supervisor has to sign off on approval.

Regarding an audit or check in place to deter a systemic “slice and dice” method of getting around the procurement policy, Manager Gibson advised that for larger capital purchases, she oversees the procurement and ensures policy is being followed. All purchase orders for capital projects come to her as a secondary check before they go to the CAO. Per Director Rochon, they also do quarterly reviews on those capital accounts.

Regarding the Reserve Policy and with increasingly impactful events due to climate change (flooding, fires), the thresholds for reserves are at healthy levels and meeting current needs. Per Director Rochon, there are provincially mandated thresholds (FRAM reporting requirements). Budgeting for “what if” events is risky. It means taking more from the taxpayers than required - a delicate balance. We have insurance in place to help with damages. If the totality of the event reaches a certain provincial threshold level, there is additional funding available for the municipality to access. We are appropriately funded and rely on the province for feedback as to whether we are meeting indicators, which we are.

The second category of policies surrounds “Policies Impacting Revenue”. These include the Accounts Receivable Policy (recently created), Acceptance of Donations Policy, Fees Policy, Utility Assistance Rebate Policy (recently created), Residential Property Tax Assistance Policy, Tax Collection Policy, Tax Exemption Policy Area Rate Policy, Disposal of Surplus Real Property and Disposal of Surplus Goods and Material Policy.

Manager Gibson reviewed each of these policies. (Reference PowerPoint documents from the agenda package.)

Regarding the Utility Assistance Rebate policy, it was mentioned that Halifax Water has a similar Utility Assistance Rebate, but it is administered by the Salvation Army. The WHRM policy is administered by staff.

The third and final category of policies involves “Policies Impacting Expenses” and includes the Acquisition of Real Property Policy, Council Remuneration Policy, Grants and Contributions Policy, Property Assessed Clean Energy (PACE) Policy and the Regional High School Bursary Policy.



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Manager Gibson reviewed these policies. (Reference PowerPoint documents from the agenda package.)

There was discussion surrounding the PACE Policy. The PACE loan is noted on the borrower's tax account. Receipt of payment is handled by PACE and if two payments are missed, the municipality is notified. The amount owing is added to the tax bill. In extreme cases payment could be recovered through a tax sale. The municipality would only contact mortgage holders when going through a tax sale process. They can then enact their interest process. We do ensure the borrower is in good standing with their municipal tax and water accounts.

There is actually no connection to a borrower's tax account until they fall behind. The municipality had lawyers review the PACE contracts prior to signing with the program. Director Rochon noted that we are also offered some protections under the MGA. Manager Gibson did not know what would happen with PACE participants who default on their mortgage. She will reach out to Coordinator Ogilvie for clarification.

The PACE loan would affect a resident's overall debt servicing. The application process is intensive. Loans are tied to the property and not the property owners. If a PACE program participant were to sell their house, we would reach out to PACE for the outstanding balance to add to the tax account and be covered. The seller will have to repay the loan as part of the sale. Per PACE, loan defaults are very infrequent.

Regarding policy review requirements, some of our municipal policies may have to go through legal. Some may have to go through the province (Department of Housing and Municipal Affairs). Policies would also be reviewed by Director Rochon and Manager Gibson.

Manager Gibson continued with the Financial Process Presentation. (Reference PowerPoint documents from the agenda package.)

She began with a review of the organizational chart for Financial Services and the cash control process followed when a payment is made to the municipality including at several offsite payment locations (pool, sports complex, community center).

A review of banking followed. Anything over \$100,000 requires two signatures, for changes or transfers. Anything over our daily transaction limit is reviewed by the bank and the bank manager may call to review. Manager Gibson then reviewed the procurement process.

The signing authority list (hard copy and digital) is maintained by Manager Gibson and does get updated throughout the year depending on new staff or a change in signing requirements.

Regarding the public procurement process, Manager Gibson advised that typically we go with the lowest one-envelope bid, however it is ultimately up to Council to decide. In this process, there is more safety in two-envelope bids. This applies to both goods and services.

For procurement less than the public tender amount of \$25,000, a record would be kept on file.

Change orders for a large project involve our engineering staff, then Manager Gibson, then the CAO. Each change order gets a new purchase order and has its own process.

There was ensuing discussion regarding how staff could potentially work around the requirement to go out to public procurement. To date, there has been no instance of this and there has been no process established to review or look for patterns of omission. Significant project changes would come to Council for review and approval.

For Director Rochon, there are checks and balances along the way. Questions are asked throughout the process from initiation to payment, followed by an account analysis. If items have to go to Council, a report goes to both Manager Gibson and Director Rochon.

The municipality does have a whistleblower policy. For situations surrounding finance, if an employee with concerns was not getting the response they were looking for, it would come back to the Audit Committee as an in-camera matter. Our Auditor would most likely be brought in as well.



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Manager Gibson then reviewed the accounting process for invoice payment. She also does a daily check of the bank account to ensure all looks to be in order.

Director Rochon added that within the payment approval portion there are various stages of approval and levels of review. This includes reviewing the signatures themselves for authenticity and cross referencing to ensure payments are within budget (capital projects).

A common area with control deficiency can be who is authorized to set up vendors. Who does this for WHRM?

Per Manager Gibson, she, Director Rochon, the Manager of Revenue Services and the Accounts Payable (AP) Coordinator all have access to set up vendors but it is typically done by the AP Coordinator. In their absence, Manager Gibson would do it. Vendor set-ups are requested electronically.

Fraud can occur at the AP level. Director Rochon cited a past incident at a municipality in Saskatchewan where a vendor request was processed to change banking information. Months later they received an email from the vendor wondering why they weren't getting paid.

We have a process to verify those change requests. We don't verify just by the vendor information submitted online. We look at their company information, their online presence/website, and we require a cheque or deposit form.

**7. New Business**

**a.) Financial Update to March 31, 2024 – Director Rochon**

Director Rochon provided the update up to the municipality's 12<sup>th</sup> month but numbers may fluctuate as they go through the audit process, based on review and evidence gathering.

Revenue and Expense highlights were reviewed and clarification was provided regarding the Host Community Fees line of the financial report.

Regarding the Equalization Grants on page two that appear under-budgeted, Director Rochon explained that this is now called the Municipal Capacity Budgeting Grant. We had budgeted for double, but it was not doubled this year. This line was purposely highlighted in red due to an accrual (one of the acct. numbers that is going to change).

Regarding the formula used for Equalization Grants, this has recently changed as part of the Memorandum of Understanding (MOU). If the committee wishes, Director Rochon can bring it forward at the next meeting.

Education is determined by the uniform assessment. The number is projecting higher as it was part of the error in the budget.

The Miscellaneous category would include our tax certificates and other fees (building inspections, permits, etc.). It was impacted by the budgeting error.

Expenditure highlights were reviewed. There was a question regarding repairs to the ice resurfer at the Sports Complex. If these repairs fell within budget, there would be no need to get Council approval.

The West Hants and Windsor administrative cost for sewer can be attributed in part to depreciation and administrative fees not included in budget.

b.) FCI Report – Director Rochon

Director Rochon presented the 2021-22 Financial Condition Index report, created by Municipal Affairs and Housing. It is based on the financial indicator reporting that we submit to the province, based on our audited financial statements.

West Hants is “green”, meaning low risk. There is one grey indicator as we do not have enough historical data to be graded on it.

There is one yellow for uncollected taxes, carried through from the former District of West Hants. We have been making strides towards improvement. The percentage has come down significantly.

The 10% refers to the ratio that is calculated by cumulative taxes as a whole divided by the tax bills in the current fiscal year. Outstanding receivables divided by tax revenue.



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Residential Tax Effort ratio speaks to median household income and the affordability portion. It assesses the affordability of the municipality's taxes. We are at 2.4% (green). We are incredibly competitive for an all inclusive tax rate.

**8. Director's Update – Director Rochon**

Director Rochon advised that she is anticipating a draft of the financial statements to be ready in early September in hopes to present to the Audit Committee by September 18. We would hope to have the committee's recommendation for the Council meeting on September 24. Once approved, the statements can be presented to the Province.

Director Rochon provided a brief update on the water audit. This financial and operational audit will go out to public tender, if possible by the end of August, with a closing date in early October. Submissions will be reviewed by the Audit committee and the tender awarded by Council prior to the election. The cost and timeline for the audit will depend on how much operational evidence auditors will need to dig into. The audit will be funded through the water utility with a probable contingency request to Council. This unbudgeted item will not impact the overall tax rate but will require the approval of Council.

As part of the UARB hearing, there were questions and undertakings to be responded to. One question (Undertaking Three in the Board Matter) involved creating a timeline leading up to the TMP water credit. Director Rochon and the Utility Clerk did this, going a little bit further back to reflect the consistency of how the reads were happening and the associated billing. They included the start and end reads as well as the total consumption and bill.

Director Rochon then reviewed the timeline, from April 2019 to April 2022, for the committee. Contributing factors included read malfunctions in September, 2020 and January, 2021, installation of a new meter in February, 2021, and reoccurring factoring errors which resulted in overbillings and the subsequent credit. She can bring forward more information and hopefully provide the UARB hearing decision at the next meeting.

Director Rochon is expecting a delay with the next FCI. It is running a couple of months late. Typically, in the past they have always been populated early in the year.

9. Date of Next Meeting – Tentative September 18, 2024
10. Adjournment  
**Moved by Councillor Hartt and Resident Member Halverson that the meeting be adjourned.**  
**Motion Carried.**

*The meeting was adjourned at 8:17 p.m.*

X

Committee Chair

# **WEST HANTS REGIONAL MUNICIPALITY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

DRAFT

# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

### WEST HANTS REGIONAL MUNICIPALITY

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

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

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

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

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A. Zebian  
Mayor  
DATE

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M. Phillips  
Chief Administrative Officer  
DATE

## INDEPENDENT AUDITOR'S REPORT

### **His Worship the Mayor and Members of Council of the West Hants Regional Municipality**

#### ***Opinion***

We have audited the consolidated financial statements of the West Hants Regional Municipality which comprise the consolidated statement of financial position as at March 31, 2024, consolidated statement of financial activities, consolidated change in net assets and consolidated cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Municipality are prepared, in all material respects, in accordance with Canadian public sector accounting standards.

#### ***Basis for Opinion***

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.

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

Kentville, Nova Scotia  
DATE

  
Chartered Professional Accountants  
Registered Municipal Auditor

# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 2024

	Budget (unaudited)	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
<b>REVENUES</b>			
Taxes	\$ 26,666,200	\$ 26,315,447	\$ 25,700,918
Payments in lieu of taxes	91,600	259,798	244,765
Services provided to other governments	1,340,071	1,178,179	1,067,710
Sales of services	831,646	996,749	956,365
Other revenue from own sources	756,836	3,454,999	1,707,754
Unconditional transfers from other governments	1,316,930	799,508	786,698
Conditional transfers from Federal and Provincial governments and agencies	158,000	198,957	3,413,257
Gas tax transfers	-	1,942,929	2,031,672
Proceeds from disposal of assets	-	25,000	250,700
Other	-	1,593,690	885,230
Cemetary	114,845	124,357	129,483
Water rates	4,072,664	3,844,799	3,860,776
	<u>35,348,792</u>	<u>40,734,412</u>	<u>41,035,328</u>
<b>EXPENSES</b>			
General government services	3,149,658	3,069,871	3,062,329
Protective services	8,903,711	9,201,972	8,361,056
Public works and transportation services	1,789,468	2,128,202	2,103,683
Environmental health services	3,158,693	3,708,619	3,359,873
Public health services	215,000	209,342	212,062
Environmental development services	1,079,260	1,191,659	895,422
Recreation and cultural services	2,959,984	3,093,667	2,579,874
Other transfers	1,226,203	1,878,997	1,427,247
Cemetary	114,845	119,964	107,334
Appropriation to school boards	5,000,882	5,028,024	4,682,544
Write off of tangible capital assets	-	-	-
Amortization	712,818	4,634,074	4,676,043
Water treatment and distribution	2,888,453	2,615,449	2,364,144
	<u>31,198,975</u>	<u>36,879,840</u>	<u>33,831,611</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 4,149,817</u>	<u>3,854,572</u>	7,203,717
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		<b>93,939,805</b>	86,736,088
Other items affecting accumulated surplus		<b>(102,485)</b>	-
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		<u><b>\$ 97,691,892</b></u>	<u>\$ 93,939,805</u>

note 12

# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>FINANCIAL ASSETS</b>		
Cash (note 1(e))	\$ 30,119,640	\$ 26,335,789
Accounts receivable (net of valuation allowance) (note 4)	7,864,820	5,519,655
Equity in Valley Waste Resource Management	152,558	152,558
	<u>38,137,018</u>	<u>32,008,002</u>
<b>LIABILITIES</b>		
Bank indebtedness	30,000	33,511
Accounts payable	6,203,026	6,435,859
Asset retirement obligations (note 1(m))	731,600	731,600
Deferred revenue (note 9)	12,768,379	9,183,276
Tax sales surplus (note 9)	531,011	537,248
Long-term debt (note 5)	16,402,191	13,061,454
	<u>36,666,207</u>	<u>29,982,948</u>
<b>NET ASSETS (DEBT)</b> (page 5)	<u>1,470,811</u>	<u>2,025,054</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	96,010,281	91,667,239
Prepaid expenses	210,800	247,512
	<u>96,221,081</u>	<u>91,914,751</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 97,691,892</u>	<u>\$ 93,939,805</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Chief Administrative Officer

# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

AS AT MARCH 31, 2024

	Budget (unaudited)	<u>2024</u>	<u>2023</u>
<b>ANNUAL SURPLUS</b> (page 3)	\$ 4,149,817	\$ <b>3,854,572</b>	\$ 7,203,717
Acquisition of tangible capital assets	-	<b>(9,846,830)</b>	(8,974,305)
Amortization of tangible capital assets	712,818	<b>4,634,074</b>	4,676,043
NBV of assets disposed for accounting purposes	-	<b>869,713</b>	(47,496)
Other items affecting accumulated surplus	-	<b>(102,485)</b>	-
	<u>4,862,635</u>	<u><b>(590,956)</b></u>	<u>2,857,959</u>
Change in prepaid expenses	-	<b>36,713</b>	(48,784)
<b>CHANGE IN NET ASSETS</b>	<u>\$ 4,862,635</u>	<b>(554,243)</b>	2,809,175
Net assets (debt) beginning of year		<u><b>2,025,054</b></u>	(784,121)
<b>NET ASSETS (DEBT) AT END OF YEAR</b>		<u><b>\$ 1,470,811</b></u>	<u>\$ 2,025,054</u>

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

# WEST HANTS REGIONAL MUNICIPALITY

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 3,854,572	\$ 7,203,717
Amortization of tangible capital assets	4,634,074	4,676,043
NBV of assets disposed for accounting purposes	869,713	(47,496)
Other items affecting accumulated surplus	(102,485)	-
	<u>9,255,874</u>	<u>11,832,264</u>
(Increase) decrease in accounts receivables	(2,345,165)	(194,510)
Increase (decrease) in bank indebtedness	(3,511)	-
Increase (decrease) in accounts payable	(232,833)	2,024,230
Increase (decrease) in asset retirement obligations	-	731,600
Increase (decrease) in deferred revenue	3,585,105	229,691
Increase (decrease) in tax sale surplus	(6,237)	32,984
(Increase) decrease in non-financial assets	36,712	(48,784)
	<u>10,289,945</u>	<u>14,607,475</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(9,846,830)	(8,974,305)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of new debt	4,817,597	695,275
Repayment of long term debt	(1,476,861)	(2,188,629)
	<u>3,340,736</u>	<u>(1,493,354)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,783,851</b>	<b>4,139,816</b>
Opening balance	<u>26,335,789</u>	<u>22,195,973</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 30,119,640</b>	<b>\$ 26,335,789</b>

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

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Reporting entity

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

Trust funds administered by the Municipality amounting to \$532,762 have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Financial Activities.

Interdepartmental and organizational transactions and balances have been eliminated.

#### (b) Basis of accounting

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

#### (c) Fund accounting

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

#### (d) Use of estimates

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

In addition, the Municipality's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual amounts could differ from these estimates.

#### (e) Cash and cash equivalents

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

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Accounts receivable

##### Uncollected taxes and rates

Accounts receivable are shown net of allowance for doubtful accounts. The Municipality provides a valuation allowance for estimated losses that will be incurred on collecting receivables outstanding.

#### (g) Revenue and expenditure

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of a legal obligation to pay.

##### Tax and related revenue

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

##### Government transfers

Federal and/or provincial transfers for operating and capital purposes are recognized in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without any eligibility criteria or stipulations, it is recognized when the transfer(s) from the Federal government and/or the Province of Nova Scotia are authorized.

##### Interest revenue

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

##### Other revenues

Other revenues are recognized as services or goods are provided, the exchange amount is measurable and collectability of the amount is reasonably assured.

#### (h) Tangible capital assets

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

Amortization is recorded in the financial statements on a straight line basis over an asset's estimated useful life as noted below.

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

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Tangible capital assets (continued)

<u>Capital</u>	<u>Years</u>	<u>Water Utility</u>	<u>Years</u>
Land improvements		Structures, improvements, and wells	50-77
Buildings	40	Equipment	5-20
Small equipment	5	Transmission	77
Vehicles	5	Distribution	77
Roads and streets	30-50	Meters	20
Sidewalk	20	Hydrants	50-77
Sewer system	25-50	Services	50
Fire department vehicles and equipment	10		
Parks	25		
Schools	40		

#### (i) Depreciation - water utility

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

#### (j) Financial instruments

The Municipality's financial instruments include cash and cash equivalents, temporary investments, receivables, payables and accruals and long-term debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these instruments approximate their carrying value.

#### (k) Allocation of municipal costs to water utility funds

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

#### (l) Deferred revenue

Deferred revenue includes government transfers received with eligibility criteria that have not been met. When criteria have been met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 1(g).

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The liability is recorded for asbestos removal and decommissioning of a water station has been recognized based on estimated future expenses, using the cost escalation method and reviewed annually for valuation and adjusted when required. The recognition of a liability, or change in liability valuation results in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in 1.(h).

#### (n) Equity in Valley Waste Resource Management

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

### 2. CHANGE IN ACCOUNTING POLICIES

On April 1, 2023, the Municipality adopted the new Public Sector Accounting Standards Section PS 3400 Revenue. New Section 3400 Revenue establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e. exchange transactions) and transactions that do not have performance obligations (i.e. non-exchange transactions). Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payor. Revenue from transactions with no performance obligation will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. In accordance with the provisions of this new standard, the Municipality has no adjustments.

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 3. CONTRIBUTIONS TO BOARDS, REGIONAL AUTHORITIES, AND OTHER ENTITIES

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

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

#### Nova Scotia Housing Development Corporation

An amount of \$209,342 (2023 - \$212,062) was provided for as at March 31, 2024 as the Municipality's share of the deficit of the Nova Scotia Housing Development Corporation for the period April 1, 2023 to March 31, 2024.

#### Annapolis Valley Regional Library Board

During 2023-24, the Municipality paid \$134,440 (2023 - \$134,400) as its share of the operations of the Annapolis Valley Regional Library Board, which serves Annapolis, Kings, and West Hants.

#### Annapolis Valley Regional School Board

During 2023-24, the Municipality paid \$5,028,024 (2023 - \$4,682,544) as its share of the operations of the Annapolis Valley Regional School Board, which serves Annapolis, Kings, and West Hants.

### 4. ACCOUNTS RECEIVABLE

	<u>Current year</u>	<u>Prior years</u>	<u>2024</u> Total	<u>2023</u> Total
Taxes receivable				
Balance, net of prepaid taxes, beginning of year	\$ -	\$ 1,892,952	\$ 1,892,952	\$ 1,702,841
Current year tax levy	<u>21,631,982</u>	<u>-</u>	<u>21,631,982</u>	<u>25,640,105</u>
	<u>21,631,982</u>	<u>1,892,952</u>	<u>23,524,934</u>	<u>27,342,946</u>
Deduct:				
Current year collections	20,109,931	1,199,862	21,309,793	25,449,994
Reduced taxes	(56,677)	-	(56,677)	(56,677)
	<u>20,053,254</u>	<u>1,199,862</u>	<u>21,253,116</u>	<u>25,393,317</u>
Total taxes receivable	<u>\$ 1,578,728</u>	<u>\$ 693,090</u>	<u>\$ 2,271,818</u>	<u>\$ 1,949,629</u>
Interest on taxes			307,036	226,235
Valuation allowance			(60,138)	(60,138)
Net taxes receivable			<u>2,518,716</u>	<u>2,115,726</u>
Water rates and Sewer charges			1,522,664	1,457,884
Due from federal government and its agencies			315,142	829,718
Other receivables			<u>3,508,298</u>	<u>1,116,327</u>
			<u>\$ 7,864,820</u>	<u>\$ 5,519,655</u>

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

5. LONG-TERM DEBT	<u>2024</u>	<u>2023</u>
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.575% to 4.119%, with annual principal repayments of \$15,422 plus interest; maturing in 2037.	\$ 215,901	\$ 231,323
Municipal Finance Corporation debenture, bearing interest at a variable rate from 4.844% to 4.939%, with annual principal repayments of \$54,000 plus interest; maturing in 2024.	54,000	108,000
Municipal Finance Corporation debenture, bearing interest at a variable rate from 3.826% to 4.026%, with annual principal repayments of \$37,667 plus interest; maturing in 2026.	112,996	150,663
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.443% to 2.925%, with annual principal repayments of \$218,603 plus interest; maturing in 2026.	655,811	874,414
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.048% to 3.108%, repayable in annual instalments of \$154,000 plus interest; maturing in 2031.	862,000	1,016,000
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.617% to 3.073%, repayable in annual instalments of \$59,700 plus interest; maturing in 2027.	238,800	298,500
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.884% to 3.501%, with annual principal repayments of \$49,944 plus interest; maturing in 2033.	998,883	1,048,827
Municipal Finance Corporation debenture, bearing interest at a rate of 3.048%, with annual principal repayments of \$16,500 plus interest; repaid during the year.	-	16,502
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.205% to 2.265%, with annual principal repayments of \$18,754 plus interest; maturing in 2024.	18,754	37,510
Municipal Finance Corporation debenture, bearing interest at a variable rate from 0.955% to 2.378%, with annual principal repayments of \$43,333 plus interest; maturing in 2035.	520,003	563,337
Carried forward	\$ 3,677,148	\$ 4,345,076

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 5. LONG-TERM DEBT

Brought forward	\$ 3,677,148	\$ 4,345,076
Municipal Finance Corporation debenture, bearing interest at a variable rate from 4.720% to 4.875%, with annual principal repayments of \$26,000 plus interest; maturing in 2025.	96,000	122,000
Municipal Finance Corporation debenture, bearing interest at a variable rate from 3.566% to 3.856%, with annual principal repayments of \$8,000 plus interest; maturing in 2027.	72,000	80,000
Municipal Finance Corporation debenture, bearing interest at a variable rate from 3.193% to 3.347%, with annual principal repayments of \$4,500 plus interest; maturing in 2024.	4,500	9,000
Municipal Finance Corporation debenture, bearing interest at a variable rate from 3.550% to 4.714%, with annual principal repayments of \$188,717 plus interest; maturing 2043.	4,125,904	-
Municipal Finance Corporation debenture, bearing interest at a variable rate from 0% to 5.536%, with annual principal repayments of \$30,127 plus interest; maturing 2043.	691,693	-
Municipal Finance Corporation debenture, bearing interest at a variable rate from 5.004% to 5.088%, with annual principal repayments of \$9,502 plus interest; repaid during the year.	-	9,502
Municipal Finance Corporation debenture, bearing interest at a variable rate from 5.534% to 5.644%, with annual principal repayments of \$58,933 plus interest; maturing in 2024.	58,938	117,871
Municipal Finance Corporation debenture, bearing interest at a variable rate from 4.720% to 4.875%, with annual principal repayments of \$160,885 plus interest; maturing in 2025.	1,126,185	1,287,070
Municipal Finance Corporation debenture, bearing interest at a variable rate from 4.720% to 4.875%, with annual principal repayments of \$20,513 plus interest; maturing in 2025.	143,606	164,119
Municipal Finance Corporation debenture, bearing interest at a variable rate from 3.614% to 4.114%, with annual principal repayments of \$4,307 plus interest; maturing in 2028.	21,530	25,837
Carried forward	\$ 10,017,504	\$ 6,160,475

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 5. LONG-TERM DEBT

Brought forward	\$ 10,017,504	\$ 6,160,475
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.573% to 3.449%, with annual principal repayments of \$11,740 plus interest; maturing in 2030.	82,180	93,920
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.573% to 3.382%, with annual principal repayments of \$181,574 plus interest; maturing in 2032.	2,542,024	2,723,600
Municipal Finance Corporation debenture, bearing interest at a rate of 2.884%, with annual principal repayments of \$98,595 plus interest; repaid during the year.	-	98,595
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.131% to 3.048%, with annual principal repayments of \$10,888 plus interest; maturing in 2034.	174,195	185,086
Municipal Finance Corporation debenture, bearing interest at a variable rate from 0.565% to 2.809%, with annual principal repayments of \$91,446 plus interest; maturing in 2036.	1,176,563	1,268,009
Municipal Finance Corporation debenture, bearing interest at a variable rate from 0.565% to 2.809%, with annual principal repayments of \$7,446 plus interest; maturing in 2036.	52,150	59,597
Municipal Finance Corporation debenture, bearing interest at a variable rate from 4.177% to 4.567%, with annual principal repayments of \$30,930 plus interest; maturing in 2037.	433,032	463,952
Municipal Finance Corporation debenture, bearing interest at a variable rate from 0.775% to 2.677%, with annual principal repayments of \$83,676 plus interest; maturing in 2036.	1,924,543	2,008,220
	<u>\$ 16,402,191</u>	<u>\$ 13,061,454</u>

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

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

2025	\$ 1,571,113
2026	2,333,114
2027	1,280,317
2028	934,162
2029	839,162

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 6. ASSET RETIREMENT OBLIGATION

#### a) Well obligation

The Municipality owns a water hauler well, which will need to be decommissioned and properly capped following the Nova Scotia Water Well Decommissioning Guidelines. The liability for the closure of this well and post-closure care has now been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the well. Estimated costs at retirement of \$5,000. Annually the Municipality will revalue the obligation and when applicable record the increase, following the cost escalation method. (note 1m)

#### b) Asbestos obligation

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building or to meet environmental standards, and therefore there is a legal obligation for the removal of these contaminants on the decommissioning. Following PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the decommissioning and remediation of contaminants as estimated at April 1, 2022. The buildings have estimated useful lives ranging between 15 to 20 years. Estimated costs have been calculated using a range of \$15 to \$20 per square foot for asbestos removal, totalling estimated costs at retirement of \$726,600. Annually the Municipality will revalue the obligation and when applicable record the increase, following the cost escalation method. (note 1m)

Changes to the asset retirement obligation in the year are as follows:

<b>Asset Retirement Obligation</b>	<b>Asbestos removal</b>	<b>Well remediation</b>	<b>Balance at March 31, 2024</b>
Opening balance	\$ 726,600	\$ 5,000	\$ 731,600
Current year change in estimate	-	-	-
Closing balance	\$ 726,600	\$ 5,000	\$ 731,600
Reserve fund			267,154
Excess of liability over available reserve			\$ 464,446

The Municipality plans to fund the ARO reserve at a value of \$146,320 per year for the five years ending March 31, 2028.

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 7. TANGIBLE CAPITAL ASSETS

#### General Capital Fund

Cost	2023	Additions	Disposals	2024
Land	\$ 4,036,733	\$ -	\$ (134,685)	\$ 3,902,048
Parks	2,362,922	419,531	-	2,782,453
Buildings	41,205,728	1,388,534	(684,896)	41,909,366
Motor vehicles	2,172,754	1,497,914	(92,888)	3,577,780
Sewer lagoon	3,537,858	65,421	-	3,603,279
Sewers	21,807,873	558,760	-	22,366,633
Roads	19,322,118	1,172,296	-	20,494,414
Equipment	14,961,807	1,056,509	(467,318)	15,550,998
Donated assets	1,364,094	-	-	1,364,094
Assets under construction	-	1,935,561	-	1,935,561
	\$ 110,771,887	\$ 8,094,526	\$ (1,379,787)	\$ 117,486,626

Accumulated Amortization	2023	Adjustments	Amortization	2024
Land	\$ -	\$ -	\$ -	\$ -
Parks	435,991	-	69,300	505,291
Buildings	8,604,925	(344,434)	1,068,650	9,329,141
Motor vehicles	2,000,155	(60,053)	184,051	2,124,153
Sewer lagoon	1,053,498	-	71,314	1,124,812
Sewers	9,217,709	(761)	546,344	9,763,292
Roads	8,206,644	76	680,311	8,887,031
Equipment	8,585,826	(152,264)	1,353,190	9,786,752
Donated assets	216,487	-	27,282	243,769
Assets under construction	-	-	-	-
	\$ 38,321,235	\$ (557,436)	\$ 4,000,442	\$ 41,764,241

Net book value	2023	2024
Land	\$ 4,036,733	\$ 3,902,048
Parks	1,926,931	2,277,162
Buildings	32,600,803	32,580,225
Motor vehicles	172,599	1,453,627
Sewer lagoon	2,484,360	2,478,467
Sewers	12,590,164	12,603,341
Roads	11,115,474	11,607,383
Equipment	6,375,981	5,764,246
Donated assets	1,147,607	1,120,325
Assets under construction	-	1,935,561
	\$ 72,450,652	\$ 75,722,385

#### Cemetery Fund

Net book value	2023	Additions	Disposals	2024
Land	\$ 42,591	\$ -	\$ -	\$ 42,591

**WEST HANTS REGIONAL MUNICIPALITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2024**

**7. TANGIBLE CAPITAL ASSETS (continued)**

**West Hants Water Capital**

<b>Cost</b>	<b>2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>2024</b>
Intangible assets	\$ 1,293	\$ -	\$ -	\$ 1,293
Land and land rights	266,692	-	-	266,692
Structures and improvements	5,762,810	295,422	(25,596)	6,032,636
Plants and equipment	1,172,120	152,740	(4,475)	1,320,385
Mains	3,736,654			3,736,654
Meters	1,079,796	20,289	-	1,100,085
Hydrants	431,026	-	-	431,026
Services	950,284	37,932	-	988,216
Other assets	226,161	18,758	-	244,919
Donated assets	2,122,315	-	-	2,122,315
Assets under construction	-	44,082	-	44,082
	\$ 15,749,151	\$ 569,223	\$ (30,071)	\$ 16,288,303

<b>Accumulated Amortization</b>	<b>2023</b>	<b>Adjustments</b>	<b>Amortization</b>	<b>2024</b>
Intangible assets	\$ -	\$ -	\$ -	\$ -
Land and land rights	-	-	-	-
Structures and improvements	2,141,796	-	171,724	2,313,520
Plants and equipment	483,972	-	28,914	512,886
Mains	820,332	19,210	76,876	916,418
Meters	708,955	-	55,005	763,960
Hydrants	191,824	-	6,541	198,365
Services	176,442	-	19,764	196,206
Other assets	184,564	(1,920)	22,020	204,664
Donated assets	314,730	-	31,691	346,421
Assets under construction	-	-	-	-
	\$ 5,022,615	\$ 17,290	\$ 412,535	\$ 5,452,440

<b>Net book value</b>	<b>2023</b>	<b>2024</b>
Intangible assets	\$ 1,293	\$ 1,293
Land and land rights	266,692	266,692
Structures and improvements	3,621,014	3,719,116
Plants and equipment	688,148	807,499
Mains	2,916,322	2,820,236
Meters	370,841	336,125
Hydrants	239,202	232,661
Services	773,842	792,010
Other assets	41,597	40,255
Donated assets	1,807,585	1,775,894
Assets under construction	-	44,082
	\$ 10,726,536	\$ 10,835,863

## WEST HANTS REGIONAL MUNICIPALITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**AS AT MARCH 31, 2024**

#### 7. TANGIBLE CAPITAL ASSETS (continued)

##### Windsor Water Capital

Cost	2023	Additions	Disposals	2024
Land and land rights	\$ 427,899	\$ -	\$ -	\$ 427,899
Structures and improvements	1,293,031	-	-	1,293,031
Plants and equipment	4,094,931	465,236	-	4,560,167
Mains	6,626,169	275,983	-	6,902,152
Meters	200,537	11,133	-	211,670
Hydrants	79,421	-	-	79,421
Services	9,028	14,079	-	23,107
Assets under construction	-	416,650	-	416,650
	\$ 12,731,016	\$ 1,183,081	\$ -	\$ 13,914,097

Accumulated Amortization	2023	Adjustments	Amortization	2024
Land and land rights	\$ -	\$ -	\$ -	\$ -
Structures and improvements	335,200	-	25,001	360,201
Plants and equipment	2,073,841	-	94,939	2,168,780
Mains	1,742,179	-	88,524	1,830,703
Meters	98,638	-	10,584	109,222
Hydrants	28,170	-	1,588	29,758
Services	5,529	-	462	5,991
Assets under construction	-	-	-	-
	\$ 4,283,557	\$ -	\$ 221,098	\$ 4,504,655

Net book value	2023	2024
Land	\$ 427,899	\$ 427,899
Parks	957,831	932,830
Buildings	2,021,090	2,391,387
Motor vehicles	4,883,990	5,071,449
Sewer lagoon	101,899	102,448
Sewers	51,251	49,663
Roads	3,499	17,116
Assets under construction	-	416,650
	\$ 8,447,459	\$ 9,409,442

#### a) Assets under construction

Assets under construction have not been amortized. Amortization of these assets will commence when the asset is put into service.

#### b) PS 3280 Asset retirement obligation

Additions and amortization expenses include costs related to the April 2022 adoption of PS 3280 Asset Retirement Obligation.

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

### 8. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2024 the Water Utility had a rate of return on rate base of 2.09% . The rate of return is calculated using the amortization approved by the Nova Scotia Utility and Review Board.

### 9. DISCLOSURE OF REMUNERATION

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

<u>Council</u>	<u>Elected Officials</u>	
	<u>Salary</u>	<u>Expenses</u>
Abraham Zebian Mayor	\$ 58,639	\$ 2,981
Councillor District #1	29,964	1,315
Councillor District #2	29,319	851
Councillor District #3	29,319	393
Councillor District #4	29,319	710
Councillor District #5	29,319	-
Councillor District #6	29,319	172
Councillor District #7	29,219	225
Councillor District #8	30,924	168
Councillor District #9	29,319	123
Councillor District #10	29,219	173
Councillor District #11	29,319	135
	<u>\$ 383,198</u>	<u>\$ 7,246</u>
<u>Chief Administrative Officer</u>	<u>\$ 180,145</u>	<u>\$ 3,190</u>

### 10. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Tax and user charges	\$ 115,528	\$ 173,326
Gas tax	6,255,512	6,376,847
Other	6,397,339	2,633,103
	<u>\$ 12,768,379</u>	<u>\$ 9,183,276</u>

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

Gas tax represents funds received from the Federal Government that have not yet been used to fund eligible projects under the terms of the Gas Tax Agreement. These funds remain in deferred revenue until the stipulations for their use have been met.

Tax Sale Surplus - the Municipal Government Act requires a twenty year holding period for maintaining these funds.

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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### 11. PENSION PLANS

#### Defined contribution plan

The Municipality provides its employees with a defined contribution pension plan. The Municipality will match the employees contribution up to a maximum of 6%. During the year the Municipality contributed \$412,179.

#### Defined benefit plan

The Municipality provides a pension to the surviving spouse of a retired former Town of Hantsport clerk and uses the accrual method of accounting. The Municipality estimates its obligation based on the present value of the remaining term of the agreement. This plan finished in the current year, and there is no future obligation.

Pension cost	\$	21,660
Accrued benefit obligation	\$	-

The Municipality provides a pension to a retired Municipal clerk and uses the accrual method of accounting. The Municipality estimates its obligation to the retired clerk based on estimated life expectancy and future inflation rate of 2%.

Pension cost	\$	50,062
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### 12. SEGMENTED INFORMATION

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

Services are provided by department and their activity is reported in these funds.

#### General government services

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

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

#### Protection services

The Municipality contracts with the Royal Canadian Mounted Police for police services. Fire protection is provided by grants to fire departments throughout the Municipality.

The Municipality supplies animal control services through this department.

#### Transportation services

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

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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### 12. SEGMENTED INFORMATION (continued)

#### Environmental health services

This department provides for sewage collection and treatment, solid waste collection and recycling.

#### Public health services

Public health services provides a transfer to the Regional Housing Authority.

#### Environmental development services

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

#### Recreation and cultural services

This department is responsible for promoting and offering opportunities and activities to residents.

#### Water treatment and distribution

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

### 13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$532,762 (2023 - \$517,780) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

### 14. SAFE RESTART FUND

The Safe Restart fund is a federal funding program designed to assist municipalities recover from the effects of the COVID-19 virus. The program provides funding for revenue shortfalls and certain additional expenditures specifically related to dealing with COVID-19.

Safe Restart funding, beginning balance	\$ 124,405
Less safe restart expenses	
Personal protective equipment	-
Control protocols	-
Lost revenues	(124,405)
	<u>(124,405)</u>
Safe Restart funding, ending balance (page 42)	<u><u>\$ -</u></u>

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

### 15. CONSOLIDATED SCHEDULE OF OPERATIONS BY FUNCTION

	General Gov't	Protective Services	Transportation Services	Env. Health Services	Public Health Services	Env. Development Services	Recreation and Cultural Services	Water Utility	2024
<b>REVENUE</b>									
TAXES	\$ 23,868,614	\$ -	\$ -	\$ 2,303,168	\$ -	\$ -	\$ 143,665	\$ -	\$ 26,315,447
PAYMENTS IN LIEU OF TAXES	229,516	30,282	-	-	-	-	-	-	259,798
SERVICES PROVIDED TO OTHER LOCAL GOVERNMENTS	55,295	295,475	-	827,409	-	-	-	-	1,178,179
SALE OF SERVICES	187,309	-	2,356	-	119,698	139,696	547,690	-	996,749
OTHER REVENUE FROM OWN SOURCES	3,235,370	66,700	860	(16,568)	4,659	163,978	-	-	3,454,999
UNCONDITIONAL TRANSFERS FROM OTHER GOV'TS	793,134	6,374	-	-	-	-	-	-	799,508
CONDITIONAL TRANSFERS FROM FEDERAL OR PROVINCIAL GOVERNMENTS AND AGENCIES	106,449	-	-	-	-	-	92,508	-	198,957
CONDITIONAL TRANSFERS FROM OTHER LOCAL GOVERNMENTS	-	-	-	-	-	-	-	-	-
GAS TAX FUNDING	392,433	-	547,244	-	262,270	-	500,060	240,922	1,942,929
WATER RATES	-	-	-	-	-	-	-	3,844,799	3,844,799
OTHER	1,702,114	-	-	40,933	-	-	-	-	1,743,047
<b>TOTAL REVENUE</b>	<b>30,570,234</b>	<b>398,831</b>	<b>550,460</b>	<b>3,154,942</b>	<b>386,627</b>	<b>303,674</b>	<b>1,283,923</b>	<b>4,085,721</b>	<b>40,734,412</b>
<b>EXPENDITURES</b>									
SALARIES, WAGES AND BENEFITS	1,960,199	657,271	646,888	757,763	95,385	862,709	1,641,592	1,334,182	7,955,990
OPERATING COSTS	821,810	7,725,057	1,274,919	2,226,752	113,957	328,950	1,290,809	1,246,815	15,029,069
AMORTIZATION	278,319	1,172,895	959,734	672,471	7,978	13,283	895,762	633,632	4,634,074
OTHER	6,759,048	819,644	206,395	724,105	-	-	281,230	-	8,790,422
INTEREST ON LONG-TERM DEBT	4,209	193,622	69,708	116,719	-	-	51,576	34,453	470,286
<b>TOTAL EXPENDITURES</b>	<b>9,823,585</b>	<b>10,568,489</b>	<b>3,157,644</b>	<b>4,497,809</b>	<b>217,320</b>	<b>1,204,942</b>	<b>4,160,969</b>	<b>3,249,081</b>	<b>36,879,840</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$ 20,746,649</b>	<b>\$ (10,169,658)</b>	<b>\$ (2,607,184)</b>	<b>\$ (1,342,867)</b>	<b>\$ 169,307</b>	<b>\$ (901,268)</b>	<b>\$ (2,877,046)</b>	<b>\$ 836,640</b>	<b>\$ 3,854,572</b>

# WEST HANTS REGIONAL MUNICIPALITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

### 16. OPERATING BUDGET DATA

The unaudited operating budget data presented in these consolidated financial statements is based upon the 2023-2024 operating budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Approved budget surplus for the year	\$ 211,555
Budget adjustments:	
Other transfers	1,492,878
Debt principal repayments	2,445,384
<b>Total PSAS adjustments</b>	<b>3,938,262</b>
<b>PSAS adjusted budget surplus per consolidated financial statements</b>	<b>\$ 4,149,817</b>

### 17. COMPARATIVE FIGURES

In some instances, the comparative prior year figures have been reclassified to conform to the current year's financial statement presentation. The changes do not affect prior year earnings.

**WEST HANTS REGIONAL MUNICIPALITY**  
**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**OF THE GENERAL OPERATING FUND**  
**AS AT MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 8,928,080	\$ 5,225,637
Taxes receivable (net of valuation allowance \$60,138 in the current year)	2,526,298	2,123,161
Sewer rates receivable	615,731	602,029
Due from other local governments	27,398	36,895
Due from Province of Nova Scotia	6,716	6,716
Due from Region 6 Waste Management	604,755	-
Other accounts receivable	1,657,176	315,625
Harmonized sales tax	315,142	829,718
Due from		
General capital	18,638,410	19,703,780
Water operating	630,563	-
Water capital	-	250,123
Due from special reserves	2,816	2,438
Prepaid expenses	205,500	242,212
	<u>\$ 34,158,585</u>	<u>\$ 29,338,334</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,831,305	\$ 6,008,623
Bank indebtedness	30,001	33,511
Pension liability	-	70,597
Due to Region 6 Waste Management	-	100,971
Due to trust funds	4,280	4,280
Due to		
Capital reserve	15,200,168	13,353,333
Water operating	-	48,464
Hantsport cemetery	201,763	165,313
Operating reserve	6,866,750	6,214,852
Water capital	1,878,279	-
	<u>30,012,546</u>	<u>25,999,944</u>
<b>OTHER LIABILITIES</b>		
Prepayment of taxes and sewer charges	-	91,977
Deferred revenue	2,104,772	1,459,327
Tax sale surplus	531,011	537,248
	<u>2,635,783</u>	<u>2,088,552</u>
	<u>32,648,329</u>	<u>28,088,496</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>1,510,256</u>	<u>1,249,838</u>
	<u>\$ 34,158,585</u>	<u>\$ 29,338,334</u>
On behalf of the West Hants Regional Municipality		

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 Mayor

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# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL OPERATING FUND

YEAR ENDED MARCH 31, 2024

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
<b>REVENUE</b>			
Taxes	\$ 26,666,200	\$ 26,315,447	\$ 25,700,917
Grants in lieu of taxes	91,600	259,798	244,765
Services provided to other governments	1,340,071	1,563,861	1,554,227
Sales of services	831,646	996,749	956,365
Other revenue from own sources	756,836	1,291,283	1,172,369
Unconditional transfers from other governments	1,316,930	799,508	786,698
Conditional transfers from federal and provincial governments and agencies	158,000	198,957	281,032
Other	-	5,564	1,930
	<u>31,161,283</u>	<u>31,431,167</u>	<u>30,698,303</u>
<b>EXPENDITURES</b>			
General government services	3,149,658	3,069,870	3,023,582
Protective services	8,903,711	9,201,972	8,361,056
Public works and transportation services	1,789,468	2,138,592	2,111,297
Environmental health services	3,158,693	3,879,646	3,480,829
Public health services	215,000	209,342	212,062
Environmental development services	1,079,260	1,191,659	895,422
Recreation and cultural services	2,959,984	3,099,020	2,586,472
Other transfers	793,737	956,871	800,865
Interest on long-term debt	398,805	436,332	375,451
Appropriation to regional school boards	5,000,882	5,028,024	4,682,544
	<u>27,449,198</u>	<u>29,211,328</u>	<u>26,529,580</u>
<b>NET REVENUE</b>	<u>3,712,085</u>	<u>2,219,839</u>	<u>4,168,723</u>
<b>FINANCING AND TRANSFERS</b>			
Debenture principal instalments	(2,239,207)	(1,270,684)	(1,615,957)
Net transfer from (to) own reserves, funds and agencies	(1,472,878)	(688,737)	(1,302,928)
	<u>(3,712,085)</u>	<u>(1,959,421)</u>	<u>(2,918,885)</u>
<b>Change in fund balance</b>	<u>\$ -</u>	<u>260,418</u>	<u>1,249,838</u>
<b>Opening fund balance</b>		<u>1,249,838</u>	<u>2,415,756</u>
Opening surplus transferred to operating reserve		-	(2,415,756)
<b>Closing fund balance</b>		<u>\$ 1,510,256</u>	<u>\$ 1,249,838</u>

**WEST HANTS REGIONAL MUNICIPALITY****NON-CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION OF THE GENERAL CAPITAL FUND****AS AT MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 430,429	\$ 5,526
Receivables		
Third party gas tax	1,113,039	845,838
Due from		
Capital reserves	5,991,697	5,448,535
Operating reserves	791,310	659,010
Water operating	6,024	-
Water capital	81,717	-
Special reserves	5,529,797	5,720,505
	<u>13,944,013</u>	<u>12,679,414</u>
Property and equipment, at cost	117,486,626	110,771,888
Accumulated amortization	(41,764,241)	(38,321,236)
Investment in Valley Waste Resource Management	152,558	152,558
	<u>75,874,943</u>	<u>72,603,210</u>
	<u>\$ 89,818,956</u>	<u>\$ 85,282,624</u>
<b>LIABILITIES</b>		
Payables and accruals	\$ 83,758	\$ 97,520
Due to		
Municipal operating	18,638,410	19,703,780
Water operating	-	5,422
Water capital	-	75,665
Deferred revenue	1,202,316	845,838
Asset retirement obligations	726,600	726,600
Long-term debt	15,300,417	11,858,047
	<u>35,951,501</u>	<u>33,312,872</u>
<b>ACCUMULATED SURPLUS</b>	<u>53,867,455</u>	<u>51,969,752</u>
	<u>\$ 89,818,956</u>	<u>\$ 85,282,624</u>
On behalf of the West Hants Regional Municipality		

\_\_\_\_\_  
Mayor\_\_\_\_\_  
CAO

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF INVESTMENT IN CAPITAL ASSETS OF THE GENERAL CAPITAL FUND

YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 51,969,752</b>	<b>\$ 50,902,473</b>
Add:		
Capital additions	8,094,526	7,652,337
Repayment of debt	1,262,801	1,014,217
Grants	1,378,203	732,230
Other revenue from own sources	21,020	19,257
Interest	11,846	27,465
Insurance proceeds	209,922	-
Proceeds from disposal of assets	25,000	64,625
Transfers and other	(314,232)	(4,234,699)
Less:		
Proceeds of long-term debt	(4,790,941)	(171,422)
Net book value of assets disposed	-	-
Amortization	(4,000,442)	(4,036,731)
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 53,867,455</u></b>	<b><u>\$ 51,969,752</u></b>

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WINDSOR WATER UTILITY OPERATING FUND

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 803,331	\$ 638,525
Receivables		
Water rates (net of valuation allowance \$21,600)	344,107	322,349
Inventory	-	-
Due from		
General capital	-	2,294
West Hants water utility	25,338	8,042
General operating	237,508	423,849
	<u>\$ 1,410,284</u>	<u>\$ 1,395,059</u>
<b>LIABILITIES</b>		
Payables and accruals	\$ 70,746	\$ 84,405
Deferred revenue	13,322	2,823
Due to		
West Hants water utility	-	-
Water capital	244,837	546,402
General operating	3,012	-
	<u>331,917</u>	<u>633,630</u>
<b>ACCUMULATED SURPLUS</b>	<u>1,078,367</u>	761,429
	<u>\$ 1,410,284</u>	<u>\$ 1,395,059</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WINDSOR WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2024

	<u>2024</u> Budget	<u>2024</u> Actual	<u>2023</u> Actual
<b>OPERATING REVENUE</b>			
Revenue from water rates	\$ 1,117,051	\$ 989,698	\$ 798,374
Flat rate sales	481,416	458,147	465,140
Water supply for fire protection	474,303	474,303	474,303
Sprinkler service	5,927	5,650	5,728
Interest	6,555	51,086	5,741
Other	6,214	3,500	5,400
	<u>2,091,466</u>	<u>1,982,384</u>	1,754,686
<b>OPERATING EXPENDITURES</b>			
Source of supply	6,800	9,513	12,742
Water treatment	532,192	576,452	536,455
Transmission and distribution	484,885	496,265	450,832
Administration and general	285,470	136,275	323,482
Taxes	47,018	28,060	45,647
Depreciation	254,661	221,098	249,007
	<u>1,611,026</u>	<u>1,467,663</u>	1,618,165
<b>NET OPERATING REVENUE (EXPENDITURES)</b>	<u>480,440</u>	<u>514,721</u>	136,521
<b>NON-OPERATING EXPENDITURES</b>			
Capital expenditures out of revenue	-	23,739	17,922
Transfer to reserves	10,000	10,000	-
Debenture principal	146,043	146,043	512,538
Interest repayment	17,751	18,001	31,845
	<u>173,794</u>	<u>197,783</u>	562,305
<b>Change in fund balance</b>	<u>\$ 306,646</u>	<u>316,938</u>	(425,784)
<b>Opening fund balance</b>		<u>761,429</u>	1,187,213
<b>Closing fund balance</b>		<u>\$ 1,078,367</u>	\$ 761,429

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WEST HANTS WATER UTILITY OPERATING FUND

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 1,546,018	\$ 1,055,772
Receivables		
Water rates (net of valuation allowance \$350)	549,083	528,767
Prepays	24,276	16,165
Due from		
Windsor water utility	-	-
General capital	-	3,128
	<u>\$ 2,119,377</u>	<u>\$ 1,603,832</u>
<b>LIABILITIES</b>		
Payables and accruals	\$ 154,610	\$ 137,613
Deferred revenue	31,756	57,269
Due to		
Municipal operating	868,071	375,383
Windsor water utility	25,338	8,042
General capital	3,012	-
Water capital	515,347	320,281
Operating reserves	10,000	-
Reserve for future expenditures	102,362	92,362
	<u>1,710,496</u>	<u>990,950</u>
<b>ACCUMULATED SURPLUS</b>	<b>408,881</b>	<b>612,882</b>
	<u>\$ 2,119,377</u>	<u>\$ 1,603,832</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WEST HANTS WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2024

	<u>2024</u> Budget	<u>2024</u> Actual	<u>2023</u> Actual
<b>OPERATING REVENUE</b>			
Revenue from water rates	\$ 1,194,025	\$ 1,052,170	\$ 1,107,458
Flat rate sales	730,869	726,899	708,471
Water supply for fire protection	614,951	613,607	595,789
Sprinkler service	927	1,800	-
Interest	6,836	50,671	3,860
Other	21,863	(58,679)	2,961
	<u>2,569,471</u>	<u>2,386,468</u>	<u>2,418,539</u>
<b>OPERATING EXPENDITURES</b>			
Source of supply	439,132	442,631	296,994
Power and pumping	-	-	45,465
Water treatment	469,550	507,467	354,414
Transmission and distribution	822,337	752,605	671,666
Administration and general	314,342	284,760	202,281
Taxes	25,000	35,909	18,243
Depreciation	458,157	412,535	390,304
	<u>2,528,518</u>	<u>2,435,907</u>	<u>1,979,367</u>
<b>NET OPERATING REVENUE (EXPENDITURES)</b>	<u>40,953</u>	<u>(49,439)</u>	<u>439,172</u>
<b>NON-OPERATING EXPENDITURES</b>			
Capital expenditures out of revenue	50,000	68,475	24,941
Transfer to reserves	10,000	10,000	-
Debenture principal	60,134	60,134	60,134
Interest repayment	15,910	15,953	13,571
	<u>136,044</u>	<u>154,562</u>	<u>98,646</u>
<b>Change in fund balance</b>	<u>\$ (95,091)</u>	<u>(204,001)</u>	340,526
<b>Opening fund balance</b>		<u>612,882</u>	<u>272,356</u>
<b>Closing fund balance</b>		<u>\$ 408,881</u>	<u>\$ 612,882</u>

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WINDSOR WATER UTILITY CAPITAL FUND

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash - depreciation	\$ 179,410	\$ -
Due from		
Water operating	244,837	546,402
General operating	<u>2,060,247</u>	<u>-</u>
	<u>2,484,494</u>	<u>546,402</u>
Capital assets at cost	13,914,097	12,731,016
Accumulated amortization	<u>(4,504,655)</u>	<u>(4,283,556)</u>
	9,409,442	8,447,460
	<u>\$ 11,893,936</u>	<u>\$ 8,993,862</u>
<b>LIABILITIES</b>		
Long-term debt	\$ 434,842	\$ 567,557
Deferred government assistance	3,075,034	-
Due to		
General operating	-	213,961
General capital	<u>81,717</u>	<u>81,717</u>
	<u>3,591,593</u>	<u>863,235</u>
<b>ACCUMULATED SURPLUS</b>	<u>8,302,343</u>	<u>8,130,627</u>
	<u>\$ 11,893,936</u>	<u>\$ 8,993,862</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

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CAO

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WEST HANTS UTILITY CAPITAL FUND

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 886,240	\$ 123,363
Cash - depreciation	587,351	413,081
Receivables	4,204	4,204
Due from		
General capital	-	157,381
Water operating	515,347	320,281
Special reserves	240,922	739,820
	<u>2,234,064</u>	<u>1,758,130</u>
Capital assets at cost	16,288,303	15,749,151
Accumulated amortization	(5,452,440)	(5,022,615)
	<u>10,835,863</u>	<u>10,726,536</u>
	<u>\$ 13,069,927</u>	<u>\$ 12,484,666</u>
<b>LIABILITIES</b>		
Payables and accruals	\$ 83,153	\$ 64,719
Deferred government assistance	1,085,179	1,085,179
Nova Scotia Municipal Finance Corporation	666,932	635,850
Due to		
General operating	181,968	36,163
	<u>2,017,232</u>	<u>1,821,911</u>
<b>ACCUMULATED SURPLUS</b>	<u>11,052,695</u>	<u>10,662,755</u>
	<u>\$ 13,069,927</u>	<u>\$ 12,484,666</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF INVESTMENT IN CAPITAL ASSETS OF THE WATER UTILITY CAPITAL FUNDS

YEAR ENDED MARCH 31, 2024

<u>2024</u>	<u>Windsor</u>	<u>West Hants</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 8,130,627	\$ 10,662,755
<b>Add:</b>		
Capital additions	1,195,688	646,672
Repayment of debt	146,043	68,017
<b>Less:</b>		
Proceeds from issuance of new debt	(13,328)	(13,328)
Amortization	(222,302)	(384,250)
<b>Net transfers and other</b>	<u>(934,385)</u>	<u>72,829</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 8,302,343</u>	<u>\$ 11,052,695</u>
<b>DRAFT</b>		
<u>2023</u>	<u>Windsor</u>	<u>West Hants</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 7,589,399	\$ 10,057,971
<b>Add:</b>		
Capital additions	641,306	680,662
Repayment of debt	512,538	661,874
<b>Less:</b>		
Proceeds from issuance of new debt	-	(523,853)
Amortization	(249,007)	(390,304)
<b>Net transfers and other</b>	<u>(363,609)</u>	<u>176,405</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 8,130,627</u>	<u>\$ 10,662,755</u>

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OPERATING RESERVE FUNDS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 3,559,823	\$ 4,072,703
PACE program receivable	89,036	-
Due from		
Municipal operating	6,866,750	6,214,852
West Hants water operating	10,000	-
Special reserves	419,766	178,850
	<u>\$ 10,945,375</u>	<u>\$ 10,466,405</u>
Due to		
General capital	\$ 791,310	\$ 659,010
Capital reserves	789,328	789,328
	<u>1,580,638</u>	<u>1,448,338</u>
<b>RESERVE</b>	<u>9,364,737</u>	<u>9,018,067</u>
	<u>\$ 10,945,375</u>	<u>\$ 10,466,405</u>

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# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE OPERATING RESERVE FUNDS

YEAR ENDED MARCH 31, 2024

	Sewer Reserve	Carryover Reserve	Region Operating Reserve	West Hants Operating Reserve	Windsor Operating Reserve	Equipment Reserve	Landfill Reserve	Balance forward
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	14,368	-	-	-	-	-	14,368
	-	14,368	-	-	-	-	-	14,368
<b>EXPENDITURES</b>								
Contributions to other organizations	-	-	-	-	219,787	-	-	219,787
<b>NET REVENUE</b>	-	14,368	-	-	(219,787)	-	-	(205,419)
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	-	508,623	(302,543)	201,714	-	-	-	407,794
<b>Change in fund balance</b>	-	522,991	(302,543)	201,714	(219,787)	-	-	202,375
<b>Opening fund balance</b>	242	653,620	2,810,030	2,331,836	1,314,180	22,844	692	7,133,444
<b>Closing fund balance</b>	\$ 242	\$ 1,176,611	\$ 2,507,487	\$ 2,533,550	\$ 1,094,393	\$ 22,844	\$ 692	\$ 7,335,819

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE OPERATING RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	General Fund Snow Removal Reserve	Swimming Pool Reserve	Hantsport Snow Removal Reserve	RCMP Operating Reserve	Acquisition of Land	Election Reserve	5% Res Land and Improvement Reserve	Balance forward
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
<b>EXPENDITURES</b>								
Contributions to other organizations	-	-	-	-	-	-	-	-
<b>NET REVENUE</b>	-	-	-	-	-	-	-	-
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	-	18,480	-	72,938	61,704	25,000	-	178,122
<b>Change in fund balance</b>	-	18,480	-	72,938	61,704	25,000	-	178,122
<b>Opening fund balance</b>	17,851	50,038	27,105	1,294,385	163,024	25,000	30,916	1,608,319
<b>Closing fund balance</b>	\$ 17,851	\$ 68,518	\$ 27,105	\$ 1,367,323	\$ 224,728	\$ 50,000	\$ 30,916	\$ 1,786,441

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE OPERATING RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	Open Space (Brison) Reserve	Sports Complex Donation Reserve	Fire Equipment Reserve	Boundary Reserve	Interest Earned	Balance brought forward	2024	2023
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ 170,540	\$ -	\$ 170,540	\$ 34,756
Other	-	-	-	-	-	14,368	14,368	153,000
	-	-	-	-	170,540	14,368	184,908	187,756
<b>EXPENDITURES</b>								
Contributions to other organizations	191,120	-	-	-	-	219,787	410,907	-
<b>NET REVENUE</b>	<b>(191,120)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,540</b>	<b>(205,419)</b>	<b>(225,999)</b>	<b>187,756</b>
<b>FINANCING AND TRANSFERS</b>								
Transfer (to) from other funds	-	-	(25,497)	12,250	-	585,916	572,669	2,105,900
<b>Change in fund balance</b>	<b>(191,120)</b>	<b>-</b>	<b>(25,497)</b>	<b>12,250</b>	<b>170,540</b>	<b>380,497</b>	<b>346,670</b>	<b>2,293,656</b>
<b>Opening fund balance</b>	<b>145,235</b>	<b>2,000</b>	<b>9,309</b>	<b>12,250</b>	<b>107,510</b>	<b>8,741,763</b>	<b>9,018,067</b>	<b>6,724,411</b>
<b>Closing fund balance</b>	<b>\$ (45,885)</b>	<b>\$ 2,000</b>	<b>\$ (16,188)</b>	<b>\$ 24,500</b>	<b>\$ 278,050</b>	<b>\$ 9,122,260</b>	<b>\$ 9,364,737</b>	<b>\$ 9,018,067</b>

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPECIAL RESERVE FUNDS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 10,216,725	\$ 11,458,870
Accounts Receivable	-	2,425
Due from		
Municipal operating	3,045,201	2,229,197
Capital reserves	4,939,692	4,939,692
Cemetery	167,927	167,927
	<u>\$ 18,369,545</u>	<u>\$ 18,798,111</u>
Due to		
General capital	\$ 5,529,797	\$ 5,720,505
Water capital	240,922	739,820
Operating reserves	419,766	178,849
	<u>6,190,485</u>	<u>6,639,174</u>
<b>RESERVE</b>	<u>12,179,060</u>	<u>12,158,937</u>
	<u>\$ 18,369,545</u>	<u>\$ 18,798,111</u>

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# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE SPECIAL RESERVE FUNDS

YEAR ENDED MARCH 31, 2024

	Consolidation Reserve	Capital Grant Reserve	Hantsport Capital Grant Reserve	Sale of Land Reserve	Hantsport Sale of Land Reserve	Tax Sale Surplus Reserve	Sinking Fund Reserve	Balance forward
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conditional transfers	-	-	-	-	-	-	-	-
Proceeds from sale of school	-	-	-	-	-	-	-	-
Gain on disposal of asset	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>EXPENDITURES</b>								
Other expenditures	-	-	-	-	-	-	-	-
<b>NET REVENUE</b>	-	-	-	-	-	-	-	-
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	(326,643)	-	-	-	-	-	-	(326,643)
<b>Change in fund balance</b>	(326,643)	-	-	-	-	-	-	(326,643)
<b>Opening fund balance</b>	3,611,347	2,327	56,801	4,583	1,479	22,499	765	3,699,801
<b>Closing fund balance</b>	\$ 3,284,704	\$ 2,327	\$ 56,801	\$ 4,583	\$ 1,479	\$ 22,499	\$ 765	\$ 3,373,158

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE SPECIAL RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	Dissolution Sale of Asset Reserve	Landfill Closure Reserve	Landfill Current Closure Reserve	West Hants Gas Tax Reserve	Windsor Gas Tax Reserve	Sustainability Services Growth Reserve	Balance brought forward	Balance forward
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,040	\$ -	\$ 60,040
Conditional transfers	-	-	-	-	-	1,047,633	-	1,047,633
Proceeds from sale of assets	-	-	-	-	-	-	-	-
Gain on disposal of asset	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,107,673	-	1,107,673
<b>EXPENDITURES</b>								
Other expenditures	-	-	-	-	-	-	-	-
<b>NET REVENUE</b>	-	-	-	-	-	1,107,673	-	1,107,673
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	(186,001)	(161,767)	-	(313,008)	(89,818)	-	(326,643)	(1,077,237)
<b>Change in fund balance</b>	(186,001)	(161,767)	-	(313,008)	(89,818)	1,107,673	(326,643)	30,436
<b>Opening fund balance</b>	221,567	161,767	1,662	3,370,080	89,818	-	3,699,801	7,544,695
<b>Closing fund balance</b>	\$ 35,566	\$ -	\$ 1,662	\$ 3,057,072	\$ -	\$ 1,107,673	\$ 3,373,158	\$ 7,575,131

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE SPECIAL RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	Gas Tax Reserve	ARO Reserve	Hantsport Smoothing Reserve	Interest earned	Investment in Capital Assets Reserve	Dissolution Transition Reserve	Balance brought forward	Balance forward
<b>REVENUE</b>								
Interest	\$ 397,630	\$ -	\$ -	\$ 228,204	\$ -	\$ -	\$ 60,040	\$ 685,874
Conditional transfers	1,090,413	-	-	-	-	-	1,047,633	2,138,046
Proceeds from sale of school	-	-	-	-	-	-	-	-
Gain on disposal of asset	-	-	-	-	-	-	-	-
	<b>1,488,043</b>	<b>-</b>	<b>-</b>	<b>228,204</b>	<b>-</b>	<b>-</b>	<b>1,107,673</b>	<b>2,823,920</b>
<b>EXPENDITURES</b>								
Other expenditures	389,547	40,933	-	-	-	-	-	430,480
<b>NET REVENUE</b>	<b>1,098,496</b>	<b>(40,933)</b>	<b>-</b>	<b>228,204</b>	<b>-</b>	<b>-</b>	<b>1,107,673</b>	<b>2,393,440</b>
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	(1,186,696)	308,087	(240,120)	-	-	-	(1,077,237)	(2,195,966)
<b>Change in fund balance</b>	<b>(88,200)</b>	<b>267,154</b>	<b>(240,120)</b>	<b>228,204</b>	<b>-</b>	<b>-</b>	<b>30,436</b>	<b>197,474</b>
<b>Opening fund balance</b>	<b>2,173,599</b>	<b>-</b>	<b>300,150</b>	<b>119,667</b>	<b>56,475</b>	<b>173,675</b>	<b>7,544,695</b>	<b>10,368,261</b>
<b>Closing fund balance</b>	<b>\$ 2,085,399</b>	<b>\$ 267,154</b>	<b>\$ 60,030</b>	<b>\$ 347,871</b>	<b>\$ 56,475</b>	<b>\$ 173,675</b>	<b>\$ 7,575,131</b>	<b>\$ 10,565,735</b>

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE SPECIAL RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	Infrastructure - Hantsport Dissolution Reserve	Hantsport Infrastructure Reserve	Windsor Infrastructure Reserve	Hantsport Tax Sale Surplus Reserve	Safe Restart Reserve	Balance brought forward	2024	2023
<b>REVENUE</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,874	\$ 685,874	\$ 329,739
Conditional transfers	-	-	-	-	-	2,138,046	2,138,046	4,180,011
Proceeds from sale of school	-	-	-	-	-	-	-	-
Gain on disposal of asset	-	-	-	-	-	-	-	-
	-	-	-	-	-	2,823,920	2,823,920	4,509,750
<b>EXPENDITURES</b>								
Other expenditures	-	-	-	-	-	430,480	430,480	250,931
<b>NET REVENUE</b>	-	-	-	-	-	2,393,440	2,393,440	4,258,819
<b>FINANCING AND TRANSFERS</b>								
Transfers (to) from other funds, net	(17,663)	(4,432)	(30,851)	-	(124,405)	(2,195,966)	(2,373,317)	(1,375,050)
<b>Change in fund balance</b>	(17,663)	(4,432)	(30,851)	-	(124,405)	197,474	20,123	2,883,769
<b>Opening fund balance</b>	17,663	1,167,818	476,100	4,690	124,405	10,368,261	12,158,937	9,275,168
<b>Closing fund balance</b>	\$ -	\$ 1,163,386	\$ 445,249	\$ 4,690	\$ -	\$ 10,565,735	\$ 12,179,060	\$ 12,158,937

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CAPITAL RESERVE FUNDS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 2,930,922	\$ 3,258,943
Due from		
Municipal operating	12,154,967	11,124,136
Operating reserves	<u>789,328</u>	<u>789,328</u>
	<u>\$ 15,875,217</u>	<u>\$ 15,172,407</u>
Due to		
General capital	\$ 5,991,696	\$ 5,448,535
Cemetery	167,927	167,927
Special reserves	<u>4,939,692</u>	<u>4,939,692</u>
	11,099,315	10,556,154
<b>RESERVE</b>	<u>4,775,902</u>	4,616,253
	<u>\$ 15,875,217</u>	<u>\$ 15,172,407</u>

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# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CAPITAL RESERVE FUNDS

YEAR ENDED MARCH 31, 2024

	Building Reserve	Transportation Reserve	Vehicle Reserve	West Hants Sewer Reserve	Windsor Fire Reserve	Windsor Sewer Reserve	Sale of Land Reserve	Road Infrastructure Reserve	Balance Forward
<b>REVENUE</b>									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conditional transfers	-	-	-	-	-	-	65,900	-	65,900
	-	-	-	-	-	-	65,900	-	65,900
<b>EXPENDITURES</b>									
Contributions to other organizations	-	-	-	-	-	-	696	-	696
<b>NET REVENUE</b>	-	-	-	-	-	-	65,204	-	65,204
<b>FINANCING AND TRANSFERS</b>									
Transfers (to) from other funds, net	-	(16,185)	-	96,985	(35,587)	(131,853)	(134,685)	144,149	(77,176)
<b>Change in fund balance</b>	-	(16,185)	-	96,985	(35,587)	(131,853)	(69,481)	144,149	(11,972)
<b>Opening fund balance</b>	684,396	192,268	7,305	1,347,787	308,261	694,500	186,075	269,019	3,689,611
<b>Closing fund balance</b>	\$ 684,396	\$ 176,083	\$ 7,305	\$ 1,444,772	\$ 272,674	\$ 562,647	\$ 116,594	\$ 413,168	\$ 3,677,639

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CAPITAL RESERVE FUNDS (CONTINUED)

YEAR ENDED MARCH 31, 2024

	Windsor Equipment Reserve	Recreation Reserve	Vehicle Reserve	Capital Reserve	Building Reserve	Hantsport Fire Reserve	Interest Earned Reserve	Balance forward	2024	2023
<b>REVENUE</b>										
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,536	\$ -	\$ 175,536	\$ 79,351
Other revenue	-	-	-	-	-	50	-	65,900	65,950	186,125
	-	-	-	-	-	50	175,536	65,900	241,486	265,476
<b>EXPENDITURES</b>										
Contributions to other organizations	-	-	-	-	-	-	-	696	696	-
<b>NET REVENUE</b>	-	-	-	-	-	50	175,536	65,204	240,790	265,476
<b>FINANCING AND TRANSFERS</b>										
Transfers (to) from other funds, net	(54,621)	-	66,368	(56,395)	40,683	-	-	(77,176)	(81,141)	18,204
<b>Change in fund balance</b>	(54,621)	-	66,368	(56,395)	40,683	50	175,536	(11,972)	159,649	283,680
<b>Opening fund balance</b>	291,531	215,633	160,222	-	119,286	19,594	120,376	3,689,611	4,616,253	4,332,573
<b>Closing fund balance</b>	\$ 236,910	\$ 215,633	\$ 226,590	\$ (56,395)	\$ 159,969	\$ 19,644	\$ 295,912	\$ 3,677,639	\$ 4,775,902	\$ 4,616,253

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SCHOOL FUNDS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Falmouth District School	\$ 277,199	\$ 277,199
School Bus garage	407,273	407,273
	<u>684,472</u>	<u>684,472</u>
Accumulated amortization	<u>(684,472)</u>	<u>(684,472)</u>
	<u>\$ -</u>	<u>\$ -</u>
<b>SURPLUS</b>	<u>\$ -</u>	<u>\$ -</u>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO

DRAFT

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CEMETERY FUND

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 51,311	\$ 83,369
Land	42,591	42,591
Due from (to) other funds	<u>201,765</u>	<u>165,315</u>
	<u>\$ 295,667</u>	<u>\$ 291,275</u>
Deferred revenue	\$ 1,000	\$ 1,000
<b>ACCUMULATED SURPLUS</b>	<u>294,667</u>	<u>290,275</u>
	<u>\$ 295,667</u>	<u>\$ 291,275</u>

DRAFT

## WEST HANTS REGIONAL MUNICIPALITY

### NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CEMETERY FUND

YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Operating grant	\$ 83,345	\$ 81,825
Interest income	2,119	6,039
Sale of lots	10,034	8,896
Care of lots	6,845	5,284
Burial fees	22,014	27,439
	<u>124,357</u>	<u>129,483</u>
<b>EXPENDITURES</b>		
Wages	95,385	85,878
Ground maintenance	18,588	16,976
Equipment maintenance	1,432	980
General projects	312	360
Miscellaneous	4,248	3,138
	<u>119,965</u>	<u>107,332</u>
<b>Change in fund balance</b>	4,392	22,151
<b>Opening fund balance</b>	<u>290,275</u>	<u>268,124</u>
<b>Closing fund balance</b>	<u>\$ 294,667</u>	<u>\$ 290,275</u>

**WEST HANTS REGIONAL MUNICIPALITY**

**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST FUNDS**

**AS AT MARCH 31, 2024**

	Perpetual Care Cemetery	Grace Oulton	Ellen Beazley Scholarship	Windsor Trust Fund	Windsor Youth Recreation	2024	2023
<b>ASSETS</b>							
Cash	\$ 87,673	\$ -	\$ (15)	\$ 87,964	\$ 33,381	\$ 209,003	\$ 198,486
Investment	68,448	20,988	-	260,682	-	350,118	345,507
Land	-	1	-	-	-	1	1
	<b>\$ 156,121</b>	<b>\$ 20,989</b>	<b>\$ (15)</b>	<b>\$ 348,646</b>	<b>\$ 33,381</b>	<b>\$ 559,122</b>	<b>\$ 543,994</b>
Due to Municipal operating	\$ (5,045)	\$ 3,108	\$ (8,358)	\$ 33,551	\$ 3,104	\$ 26,360	\$ 26,214
<b>TRUST BALANCE</b>	<b>161,166</b>	<b>17,881</b>	<b>8,343</b>	<b>315,095</b>	<b>30,277</b>	<b>532,762</b>	<b>517,780</b>
	<b>\$ 156,121</b>	<b>\$ 20,989</b>	<b>\$ (15)</b>	<b>\$ 348,646</b>	<b>\$ 33,381</b>	<b>\$ 559,122</b>	<b>\$ 543,994</b>

**WEST HANTS REGIONAL MUNICIPALITY**

**NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE TRUST FUNDS**

**YEAR ENDED MARCH 31, 2024**

	Perpetual Care Cemetery	Grace Oulton	Ellen Beazley Scholarship	Windsor Trust Fund	Windsor Youth Recreation	2024	2023
<b>REVENUE</b>							
Interest earned	\$ 14,941	\$ -	\$ -	\$ 41	\$ -	\$ 14,982	\$ 8,504
Investment income	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
	<b>14,941</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>14,982</b>	<b>8,504</b>
<b>NET REVENUE</b>	<b>14,941</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>14,982</b>	<b>8,504</b>
<b>Change in fund balance</b>	<b>14,941</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>14,982</b>	<b>8,504</b>
<b>Opening fund balance</b>	<b>146,225</b>	<b>17,881</b>	<b>8,343</b>	<b>315,054</b>	<b>30,277</b>	<b>517,780</b>	<b>509,276</b>
<b>Closing fund balance</b>	<b>\$ 161,166</b>	<b>\$ 17,881</b>	<b>\$ 8,343</b>	<b>\$ 315,095</b>	<b>\$ 30,277</b>	<b>\$ 532,762</b>	<b>\$ 517,780</b>

On behalf of the West Hants Regional Municipality

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO



**WEST HANTS REGIONAL MUNICIPALITY REPORT**

Information <input checked="" type="checkbox"/>	Recommendation <input type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
-------------------------------------------------	-----------------------------------------	-------------------------------------------	----------------------------------------------

**To:** Audit Committee

**Submitted by:** \_\_\_\_\_  
Carlee Rochon, Director, Financial Services

**Date:** December 5, 2024

**Subject:** Financial Update – Month Ending September 30, 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 2024-25 Municipal Operating budget was passed on May 29, 2024.

- 2024-25 Operating Budget of \$33,662,313
- 2024-25 Capital Budget of \$27,016,672

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 Budget Variance reports for the period ending September 30<sup>th</sup>, 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 September 30<sup>th</sup> are projecting 0.1% lower than the budgeted revenues. Expenses are projecting 1.3% lower than the budgeted expenses. The overall projected surplus based on the variance analysis for the general fund is \$373,965.

### Revenue Highlights

- 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.

### Expenditure Highlights

- Fire Protection is projecting lower, due to the consolidation of the Water Utilities and prorated fire protection rate.
- Emergency is higher due to the costs associated with the flood.
- Public health services are lower, due to the Public Housing deficit being lower than forecasted.
- Planning is forecasting higher due to professional services with increased development and appeals.
- Pool expenditures are expected to be higher, with the relocation of the warming centre.
- Transfer from Reserve is higher, due to additional non-capital grants, studies, and consultant work approved by Council outside of budget.

## **NEW ITEMS**

Not Applicable

## **FINANCIAL IMPLICATIONS**

The projections provided are limited as we are currently at the end of the sixth months into the fiscal year. The overall projected surplus based on the variance analysis for the general fund is \$373,965.

## **ALTERNATIVES**

Not Applicable

**ATTACHMENTS**

- Actual vs Budget 2024-2025 – Ending September 30, 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 Sixth Month Ending September 30, 2024**

	2024-25 Budget	YTD Actual 9/30/2024	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2025
<b>TOTAL REVENUES</b>					
<b>TAXES</b>					
RESIDENTIAL	12,260,957	12,241,329	19,628	99.8%	12,231,395
COMMERCIAL	1,540,934	1,449,664	91,270	94.1%	1,449,664
RESOURCE	455,263	459,593	(4,330)	101.0%	459,558
SPECIAL TAX AGREEMENT	96,147	53,443	42,704	55.6%	53,443
WEST HANTS AREA RATES	5,115,686	5,058,786	56,900	98.9%	5,055,283
HANTSPORT AREA RATES	519,528	509,943	9,585	98.2%	509,943
HMCC AREA RATES	106,522	104,568	1,954	98.2%	104,568
WINDSOR AREA RATES	4,007,075	3,916,280	90,795	97.7%	3,914,794
<b>TOTAL</b>	<b>24,102,112</b>	<b>23,793,606</b>	<b>308,506</b>	<b>98.7%</b>	<b>23,778,648</b>
<b>SEWER UTILITY REVENUE</b>					
SEWER REVENUE	2,231,424	1,201,907	1,029,517	53.9%	2,169,554
OTHER SEWER REVENUE	8,385	2,526	5,859	30.1%	10,104
<b>TOTAL</b>	<b>2,239,809</b>	<b>1,204,433</b>	<b>1,035,376</b>	<b>53.8%</b>	<b>2,179,658</b>
<b>BUSINESS PROPERTY</b>					
MT&T (BELL ALIANT)	73,205	73,205	-	100.0%	73,205
NS POWER	258,327	258,327	-	100.0%	258,327
HST OFFSET GRANT	90,383	100,733	(10,350)	111.5%	100,733
<b>TOTAL</b>	<b>421,915</b>	<b>432,265</b>	<b>(10,350)</b>	<b>102.5%</b>	<b>432,265</b>
<b>OTHER</b>					
DEED TRANSFER TAX	1,700,000	1,083,734	616,266	63.7%	1,733,974
5% SUBDIVISION	10,000	-	10,000	0.0%	10,000
<b>TOTAL</b>	<b>1,710,000</b>	<b>1,083,734</b>	<b>626,266</b>	<b>63.4%</b>	<b>1,743,974</b>
<b>TOTAL TAXES</b>	<b>28,473,836</b>	<b>26,514,038</b>	<b>1,959,798</b>	<b>93.1%</b>	<b>28,134,545</b>
<b>GRANTS-IN-LIEU</b>					
FEDERAL	113,731	293	113,438	0.3%	113,731
PROVINCIAL	129,426	274	129,152	0.2%	129,426
<b>TOTAL</b>	<b>243,157</b>	<b>567</b>	<b>242,590</b>	<b>0.2%</b>	<b>243,157</b>
<b>SERVICES PROVIDED TO OTHER GOVERNMENTS &amp; AGENCIES</b>					
ENVIRONMENTAL HEALTH SERVICES	78,647	-	78,647	0.0%	81,203
LANDFILL TIPPING FEES	600,000	365,676	234,324	60.9%	661,058
COURTHOUSE	112,857	(6,296)	112,857	-5.6%	110,261
CLOSED LANDFILL - TFR FROM RESERVE	53,883	-	53,883	0.0%	55,570
ADMINISTRATION REVENUE	483,538	3,688	479,850	0.8%	483,538
<b>TOTAL</b>	<b>1,328,925</b>	<b>363,068</b>	<b>959,561</b>	<b>27.3%</b>	<b>1,391,630</b>
<b>CONDITIONAL TRANSFERS - OTHER LOCAL GOVERNMENT</b>					
IT SERVICES (TOWN & VILLAGE)	2,000	320	1,680	16.0%	1,500
KINGS COUNTY FIRE GRANT	82,300	-	82,300	0.0%	82,300
GLOOSCAP FIRE GRANT	7,065	-	7,065	0.0%	7,065
CAPITAL FIRE GRANT - KINGS	87,189	-	87,189	0.0%	87,189
MISC GLOOSCAP	30,000	10,014	30,000	33.4%	20,028
<b>TOTAL</b>	<b>208,554</b>	<b>10,334</b>	<b>208,234</b>	<b>5.0%</b>	<b>198,082</b>
<b>REVENUE FROM OWN SOURCES</b>					
OTHER GOVERNMENT REVENUE	149,660	55,676	93,984	37.2%	136,351
FINES	42,000	24,520	17,480	58.4%	47,394
LICENCES	90,000	44,300	45,700	49.2%	88,600
RETURN ON INTESTMENT	75,000	124,540	(49,540)	166.1%	249,080
INTEREST & PENALTIES	322,150	108,836	213,314	33.8%	343,718
RENTALS					
RENTALS	79,579	1,800	77,779	2.3%	79,579
LEASES	36,500	30,184	6,316	82.7%	36,500
<b>TOTAL</b>	<b>794,889</b>	<b>389,856</b>	<b>405,033</b>	<b>49.0%</b>	<b>981,222</b>

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Sixth Month Ending September 30, 2024**

	<b>2024-25 Budget</b>	<b>YTD Actual</b>	<b>Remaining Funds</b>	<b>Act./Bud. Percentage</b>	<b>Forecast March 31, 2025</b>
<b>SALES OF SERVICES</b>					
WIND FARMS	177,433	-	177,433	0.0%	177,433
COMMUNITY DEVELOPMENT					
RECREATION	20,000	6,000	14,000	30.0%	20,000
PROGRAMS	159,091	132,961	26,130	83.6%	181,364
FACILITIES - POOL	78,995	78,657	338	99.6%	86,744
FACILITIES - SPORT COMPLEX	439,328	83,479	355,849	19.0%	417,362
FACILITIES - CENTRES	42,000	15,416	26,584	36.7%	40,083
	<u>916,847</u>	<u>316,513</u>	<u>600,334</u>	<u>34.5%</u>	<u>922,985</u>
<b>SERVICES &amp; MUN RELATIONS</b>					
MUNICIPAL CAPACITY GRANTS	1,514,504	858,484	656,020	56.7%	1,514,504
FARM PROPERTY ACREAGE	101,232	-	101,232	0.0%	101,232
911 COST RECOVERY	6,370	-	6,370	0.0%	6,370
TOTAL	<u>1,622,106</u>	<u>858,484</u>	<u>763,622</u>	<u>52.9%</u>	<u>1,622,106</u>
<b>OTHER GRANTS</b>					
FEDERAL GOVERNMENT GRANTS	24,000	5,337	18,663	22.2%	18,287
PROVINCIAL GOVERNMENT GRANTS	50,000	100,000	(50,000)	200.0%	100,000
TOTAL	<u>74,000</u>	<u>105,337</u>	<u>(31,337)</u>	<u>142.3%</u>	<u>118,287</u>
OTHER FUNDS GENERAL	-	627	(627)	#DIV/0!	627
<b>TOTAL REVENUE</b>	<u><b>33,662,314</b></u>	<u><b>28,558,824</b></u>	<u><b>5,107,208</b></u>	<u><b>84.8%</b></u>	<u><b>33,612,641</b></u>

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Sixth Month Ending September 30, 2024**

	2024-25 Budget	YTD Actual	Remaining Funds	Act./Bud. Percentage	Forecast March 31, 2025
<b>TOTAL EXPENDITURES</b>					
<b>LEGISLATIVE</b>					
MAYOR	64,763	29,691	35,072	45.8%	62,820
COUNCIL	389,139	184,402	204,737	47.4%	377,465
COMMITTEE OF COUNCIL EXPENSES	7,500	40	7,460	0.5%	7,500
OTHER LEGISLATIVE	41,000	4,019	36,981	9.8%	41,000
<b>TOTAL</b>	<b>502,402</b>	<b>218,152</b>	<b>284,250</b>	<b>43.4%</b>	<b>488,785</b>
<b>GENERAL ADMINISTRATION</b>					
ADMINISTRATIVE MANAGEMENT	596,190	236,477	359,713	39.7%	566,381
FINANCIAL MANAGEMENT	1,088,083	444,442	643,641	40.8%	1,066,321
TAXATION	269,818	231,413	38,405	85.8%	263,359
REBATES	40,000	340	39,660	0.9%	23,400
<b>OTHER GENERAL ADMIN</b>					
PROFESSIONAL SERVICES	81,600	2,000	79,600	2.5%	77,520
SAFETY, WELLNESS, AND APPRECIATION	34,500	845	33,655	2.4%	25,875
OFFICE ADMIN	136,310	93,286	43,024	68.4%	154,299
COMMUNICATIONS	36,521	16,957	19,564	46.4%	33,914
FACILITIES	287,082	162,701	124,381	56.7%	298,647
LIBRARIES	54,522	32,274	22,248	59.2%	64,548
DATA SERVICES	513,431	220,385	293,046	42.9%	504,703
INSURANCE	298,184	254,613	43,571	85.4%	276,493
OTHER	213,694	63,054	150,640	29.5%	207,283
<b>TOTAL</b>	<b>3,649,935</b>	<b>1,758,787</b>	<b>1,891,148</b>	<b>48.2%</b>	<b>3,562,743</b>
<b>PROTECTIVE SERVICES</b>					
POLICE	5,974,430	1,509,332	4,465,098	25.3%	5,967,703
BY-LAW ENFORCEMENT	219,381	91,594	127,787	41.8%	208,412
FIRE FIGHTING	3,295,464	795,799	2,499,665	24.1%	2,959,579
EMERGENCY MANAGEMENT OFFICE	89,304	50,591	38,713	56.7%	92,582
BUILDING INSPECTION	460,349	207,089	253,260	45.0%	437,332
PUBLIC SAFETY GRANT FUNDING	153,670	78,537	75,133	51.1%	153,670
FOOD BANKS	52,090	21,076	31,014	40.5%	50,527
<b>TOTAL</b>	<b>10,244,688</b>	<b>2,754,018</b>	<b>7,490,670</b>	<b>26.9%</b>	<b>9,869,804</b>
<b>TRANSPORTATION</b>					
ROADS & STREETS - ADMIN	716,091	386,671	329,420	54.0%	753,835
ROADS & STREETS - WEST HANTS	168,637	63,297	105,340	37.5%	168,637
ROADS & STREETS - WINDSOR	532,207	240,719	291,488	45.2%	532,207
ROADS & STREETS - HANTSPORT	193,936	71,859	122,077	37.1%	193,936
DIAL-A-RIDE GRANT FUNDING	35,658	-	35,658	0.0%	35,658
<b>TOTAL</b>	<b>1,646,529</b>	<b>762,546</b>	<b>883,983</b>	<b>46.3%</b>	<b>1,684,273</b>
<b>ENVIRONMENTAL HEALTH SERVICES</b>					
<i>WEST HANTS SEWER</i>					
ADMINISTRATION	1,215,019	434,241	780,778	35.7%	1,190,719
OPERATING COSTS	571,340	327,349	243,991	57.3%	559,913
LONG TERM DEBT	465,133	-	465,133	0.0%	465,133
<b>SUB-TOTAL</b>	<b>2,251,492</b>	<b>761,590</b>	<b>1,489,902</b>	<b>33.8%</b>	<b>2,215,765</b>
<i>GARBAGE &amp; RECYCLING</i>					
GARBAGE & WASTE - WEST HANTS	1,201,364	493,948	707,416	41.1%	1,225,391
GARBAGE & WASTE - WINDSOR	352,654	153,107	199,547	43.4%	359,707
CLOSED LANDFILL	53,883	27,785	26,098	51.6%	55,570
WASTE DIVERSION	78,647	48,724	29,923	62.0%	81,203
<b>SUB-TOTAL</b>	<b>1,686,548</b>	<b>723,564</b>	<b>962,984</b>	<b>42.9%</b>	<b>1,721,871</b>
<b>TOTAL ENVIRO HEALTH SERVICES</b>	<b>3,938,040</b>	<b>1,485,154</b>	<b>962,984</b>	<b>37.7%</b>	<b>3,937,636</b>
<b>ENVIRONMENTAL DEVELOPMENT SERVICES</b>					
PLANNING	1,051,035	441,868	826,486	42.0%	1,103,587
WELCOME CENTRE	33,868	33,498	25,610	98.9%	66,996

**West Hants Regional Municipality**  
**Income Statement - Actual vs. Budget**  
**For the Sixth Month Ending September 30, 2024**

	<b>2024-25</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, 2025</b>
CAC/VCFN/VREN	584,949	72,555	568,473	12.4%	584,949
INDUSTRIAL PARK LIGHTS	4,006	1,661	3,453	41.5%	2,657
HANTS SHORE COMMUNITY HEALTH CENTRE	50,000	-	50,000	0.0%	50,000
<b>TOTAL</b>	<b>1,723,858</b>	<b>549,582</b>	<b>1,474,022</b>	<b>31.9%</b>	<b>1,808,189</b>
<b>RECREATION &amp; CULTURAL SERVICES</b>					
ADMINISTRATION	399,617	209,063	271,009	52.3%	394,636
RECREATION SITES & MAINTENANCE PROGRAMS	656,278	373,355	527,735	56.9%	656,278
PROGRAMS	496,196	270,283	365,197	54.5%	496,196
GRANTS	284,000	138,785	275,327	48.9%	328,144
POOL	208,921	148,765	168,770	71.2%	228,033
COMMUNITY CENTRE	244,299	117,208	171,073	48.0%	246,801
SPORT COMPLEX	716,905	277,201	564,978	38.7%	716,905
COMMUNITY ECONOMIC DEVELOPMENT	420,489	145,420	356,396	34.6%	399,465
HMCC	141,522	78,740	124,515	55.6%	141,522
MAPLEWOOD CEMETERY	51,927	-	51,927	0.0%	51,927
RIVERBANK CEMETERY	28,831	-	28,831	0.0%	28,831
<b>TOTAL</b>	<b>3,648,985</b>	<b>1,758,820</b>	<b>2,905,758</b>	<b>48.2%</b>	<b>3,688,738</b>
<b>FISCAL SERVICES</b>					
VALUATION ALLOWANCE & BAD DEBTS	5,000	-	5,000	0.0%	5,000
HOUSING AUTHORITY	215,000	133,565	81,435	62.1%	133,565
ASSESSMENT	339,073	169,537	254,305	50.0%	339,073
REGIONAL LIBRARY	134,500	67,200	100,900	50.0%	134,500
EDUCATION	5,611,626	2,805,642	5,192,624	50.0%	5,611,289
<b>TOTAL</b>	<b>6,305,199</b>	<b>3,175,944</b>	<b>5,634,264</b>	<b>50.4%</b>	<b>6,223,427</b>
COURTHOUSE	112,857	43,815	88,445	38.8%	110,261
LONG TERM DEBT	2,484,721	1,000,350	1,721,475	40.3%	2,484,721
TRANSFER TO RESERVES	(594,900)	-	(594,900)	0.0%	(619,900)
<b>TOTAL EXPENDTURES</b>	<b>33,662,314</b>	<b>13,507,168</b>	<b>28,591,163</b>	<b>40.1%</b>	<b>33,238,676</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>15,051,656</b>	<b>2,653,731</b>		<b>373,965</b>



**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:** West Hants Regional Municipality’s Committee of the Whole

**Submitted by:** \_\_\_\_\_  
Carlee Rochon, Director, Financial Services

**Date:** September 24, 2024

**Subject:** Executive Summary – Utility and Review Board Water Amalgamation Hearing  
May 23, 2024

**LEGISLATIVE AUTHORITY**

- Public Utilities Act

**RECOMMENDATION or DECISION REQUEST**

**BACKGROUND**

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic v	Councillor Activity <input type="checkbox"/>
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Council requested an executive summary of the Utility and Review Board (UARB) decision on the Amalgamation of the Windsor Water Utility and the West Hants Water Utility, at the September 2024 Committee of the Whole meeting.

Council made a motion to consolidate the water utilities and sewer services in December 2023. G.A. Isenor Consulting and Blaine S. Rooney Consulting consolidated the water utilities and sewer services and conducted a water rate study and a sewer rate study to determine their financial needs over for the next three years (2024-25 to 2026-27).

Between the time of Council approval and the final decision of the UARB, it is completely normal to see some changes to the rate study. On May 23, 2024, a public hearing was held.

On September 3, 2024, the Nova Scotia Utility and Review Board (UARB) issued the following decision:

"Application to consolidate the Windsor Water Utility and the West Hants Water Utility into the West Hants Regional Water Utility is approved. The Schedule of Rates and Charges and Schedule of Rules and Regulations are approved as amended by the Utility in response to the Undertakings."

## **DISCUSSION**

During the May 23, 2024 Public Hearing, the Utility and Review Board asked for additional information regarding consumption, administrative fees, and the Back Road Bulk Meter credit. They also requested some adjustments to help smooth the impacts of the rate changes through debt servicing and capital project timeline adjustment. For further details, please reference the attached Decision.

There are two key directives from the UARB following their decision, that will need to occur before the next rate hearing.

The first is that the allocation of administrative costs between the Municipality and the Utility be reviewed, considering the current 10% allocation (page 40, paragraph 118) before the next rate application. This is to ensure the Utility is being charged fairly for its share of municipal costs going forward, as they are currently being undercharged. This has been a discussion of Council previously, and staff will bring it back for further discussion during future budget deliberations, based on the Board's directive.

The second is on page 45, paragraphs 131 and 132 and in the conclusion (paragraph 175). They have ordered the creation of a reserve for the revenue that is within the rates for any depreciation or debt servicing, for capital projects that are delayed or that do not go forward. If there are delays, the Board wants those funds allocated in the rates for depreciation and debt servicing to not go to operating surplus but to be held for the capital. This is similar to our current debt servicing practice within the Municipality's general operating budget. We will be making the request to the Board to create the reserve following October 1<sup>st</sup>. Once approved, it will be incorporated into the 2025-26 Reserve Budget. This is warranted, given the large capital plan for the utility, and will help support long-term capital financial needs. This will be a restricted reserve, as the Board's decision outlines what the reserve can be used for.

Rate comparisons were prepared from the first submitted study (dated January 18<sup>th</sup>) to the final submitted rate study, for reference (see below).

**Consolidated Water Utility Proposed Rate Comparison  
2024-25 to 2026-27**

Size of Meter	Quarterly Rates					% Change Year to Year			
	WIN Current	WH Current	Proposed - UARB			WIN	WH		
	2023/24	2023/24	2024/25	2025/26	2026/27	2024/25	2024/25	2025/26	2026/27
Unmetered	170.10	-	259.24	274.64	279.88	52.4%	100.0%	5.9%	1.9%
15mm – 5/8"	69.75	62.25	79.22	86.05	81.52	13.6%	27.3%	8.6%	-5.3%
19mm – 3/4"	102.00	92.42	117.18	127.38	120.54	14.9%	26.8%	8.7%	-5.4%
25mm – 1"	166.51	152.74	193.10	210.03	198.57	16.0%	26.4%	8.8%	-5.5%
37mm – 1 1/2"	327.78	303.56	382.91	416.66	393.66	16.8%	26.1%	8.8%	-5.5%
50mm – 2"	521.30	484.53	610.68	664.63	627.76	17.1%	26.0%	8.8%	-5.5%
75mm – 3"	1,037.36	967.14	1,218.07	1,325.86	1,252.05	17.4%	25.9%	8.8%	-5.6%
100mm – 4"	1,617.93	1,510.07	1,901.39	2,069.75	1,954.36	17.5%	25.9%	8.9%	-5.6%
150mm – 6"	3,230.61	3,018.20	3,799.48	4,136.10	3,905.24	17.6%	25.9%	8.9%	-5.6%
200mm – 8"	5,810.90	5,431.22	6,836.44	7,442.27	7,026.65	17.6%	25.9%	8.9%	-5.6%

Unit Measurement	Consumption Rates					% Change Year to Year			
	WIN Current	WH Current	Proposed - UARB			WIN	WH		
	2023/24	2023/24	2024/25	2025/26	2026/27	2024/25	2024/25	2025/26	2026/27
Consumption Rate per 1,000 Imperial Gallons	6.69	11.14	12.05	12.59	13.27	80.1%	8.1%	4.5%	5.4%
Consumption Rate per Cubic Meter	1.47	2.45	2.65	2.77	2.92	80.3%	8.2%	4.5%	5.4%

**West Hants Regional Water Utility Approved Rate Comparison  
2024-25 to 2026-27**

Size of Meter	Quarterly Base Rates					% Change Year to Year			
	WIN**	WH**	Approved Rates			WIN	WH		
	2023/24	2023/24	2024/25*	2025/26	2026/27	2024/25	2024/25	2025/26	2026/27
Unmetered	170.10	-	222.89	262.85	283.54	31.0%	100.0%	17.9%	7.9%
15mm – 5/8"	69.75	62.25	63.94	78.81	85.72	-8.3%	2.7%	23.3%	8.8%
19mm – 3/4"	102.00	92.42	94.48	116.75	127.08	-7.4%	2.2%	23.6%	8.8%
25mm – 1"	166.51	152.74	155.55	192.64	209.79	-6.6%	1.8%	23.8%	8.9%
37mm – 1 1/2"	327.78	303.56	308.22	382.35	416.58	-6.0%	1.5%	24.1%	9.0%
50mm – 2"	521.30	484.53	491.43	610.01	664.73	-5.7%	1.4%	24.1%	9.0%
75mm – 3"	1,037.36	967.14	979.99	1,217.10	1,326.46	-5.5%	1.3%	24.2%	9.0%
100mm – 4"	1,617.93	1,510.07	1,529.62	1,900.07	2,070.91	-5.5%	1.3%	24.2%	9.0%
150mm – 6"	3,230.61	3,018.20	3,056.37	3,797.21	4,138.81	-5.4%	1.3%	24.2%	9.0%
200mm – 8"	5,810.90	5,431.22	5,499.16	6,832.64	7,447.46	-5.4%	1.3%	24.2%	9.0%

Unit Measurement	Consumption Rates					% Change Year to Year			
	WIN**	WH**	Approved Rates			WIN	WH		
	2023/24	2023/24	2024/25*	2025/26	2026/27	2024/25	2024/25	2025/26	2026/27
Consumption Rate per 1,000 Imperial Gallons	6.69	11.14	10.64	12.32	13.23	59.0%	-4.5%	15.8%	7.4%
Consumption Rate per Cubic Meter	1.47	2.45	2.34	2.71	2.91	59.2%	-4.5%	15.8%	7.4%

\*Approved rates in effect on October 1, 2024  
 \*\* Current rates in effect till September 30, 2024

**NEXT STEPS**

**FINANCIAL IMPLICATIONS**

The former two utilities' financial records and 2024-25 budgets will be merged for the remainder of the year. The 2024-25 audit will be on the combined utility, as the Board did not give direction to complete a stub period audit. This will be a cost savings in the 2025-26 water

operating budget. Financial reporting on the combined utility will begin following the financial month end close of October 2024.

Staff are anticipating some financial variances in the results due to fire protection amounts having been prorated in the UARB Order for 2024-25. There is also the elimination of bulk water meter billing between the utilities and further, the new reserve contributions outlined within the decision will be made.

**ALTERNATIVES**

Not Applicable


**ATTACHMENTS**

- M11538 Decision - Windsor West Hants Rate Application

**CHIEF ADMINISTRATIVE OFFICER REVIEW**

I have no further comments.

Report Prepared by: \_\_\_\_\_  
Carlee Rochon, Director, Financial Services

Report Approved by:  \_\_\_\_\_  
Mark Phillips, Chief Administrative Officer

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE PUBLIC UTILITIES ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **THE WEST HANTS REGIONAL MUNICIPALITY**, on behalf of the existing two water utilities (Windsor and West Hants) to amalgamate the two utilities into one utility named the West Hants Regional Water Utility and for approval of a new Schedule of Rates and Charges for Water and Water Services and a Schedule of Rules and Regulations

**BEFORE:** Stephen T. McGrath, K.C., Chair  
Steven M. Murphy, MBA, P.Eng., Member  
Bruce H. Fisher, MPA, CPA, CMA, Member

**APPLICANT:** **WEST HANTS REGIONAL MUNICIPALITY**  
Gerry Isenor, P.Eng.  
G.A. Isenor Consulting Limited

Blaine Rooney, CPA, CA  
Blaine S. Rooney Consulting Limited

Mark Phillips  
Chief Administrative Officer

Todd Richard  
Director of Public Works

Carlee Rochon  
Director of Finance

**HEARING DATE:** May 23, 2024

**FINAL SUBMISSIONS:** June 6, 2024

**DECISION DATE:** **September 3, 2024**

**DECISION:** **Application to consolidate the Windsor Water Utility and the West Hants Water Utility into the West Hants Regional Water Utility is approved. The Schedule of Rates and Charges and Schedule of Rules and Regulations are approved as amended by the Utility in response to the Undertakings.**

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## 1.0 INTRODUCTION

[1] The West Hants Regional Municipality (Municipality) applied to the Nova Scotia Utility and Review Board on behalf of the existing two water utilities of Windsor and West Hants (utility or applicant) to be amalgamated as the West Hants Regional Water Utility. The Municipality also applied for approval of the Schedules of Rates and Charges for Water and Water Services and the Schedule of Rules and Regulations for the newly formed utility (application). The application is made under the *Public Utilities Act*, R.S.N.S. 1989, c. 380 (*Act*).

[2] The existing Board approved Schedule of Rates and Charges for Water Services for each of the Windsor and West Hants water utilities have been in effect since April 1, 2017, and April 1, 2021, respectively. The existing Schedule of Rules and Regulations have been in effect since October 1, 2015, and July 1, 2019, respectively. The West Hants Water Utility was formed in 2019 through the Board approved amalgamation of the Municipality's three utilities of Falmouth, Hantsport and Three Mile Plains/Wentworth.

[3] The application was supported by a rate study dated January 18, 2024, which was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on January 25, 2024. Information Requests (IRs) were issued to the utility by Board staff on March 8, 2024, to which responses were received on April 2, 2024. The applicant filed an amended rate study dated April 2, 2024, to make corrections that were identified as part of the IR responses. It showed that in the first test year West Hants utility ratepayers would see increases ranging from 13.4% to 23.6% and Windsor utility ratepayers would see increases ranging from 37.4% to 69.6%. The applicant became aware of further issues

related to some depreciation rates and the loan repayment schedule used in the rate study and filed a revised rate study, dated May 7, 2024.

[4] The Board held a public hearing on May 23, 2024, at the Council Chambers in Windsor after public notice was advertised in the *Valley Journal Advertiser* and posted on the Board's website. Gerry Isenor and Blaine Rooney represented the utility, along with West Hants Regional Municipality staff: Mark Phillips, Chief Administrative Officer; Todd Richard, Director of Public Works; and Carlee Rochon, Director of Finance. The Board received 18 letters of comment and two requests to speak at the hearing. The focus of the comments was on the proposed rate increase, in particular for existing Windsor Water Utility customers, and on the proposed amalgamation in general.

[5] The revised study dated May 7, 2024, was reviewed at the public hearing. The Board requested that an updated rate study be filed as an undertaking to address corrections and issues discussed during the hearing. These items include:

#### Capital Spending

2023/24

- \$505,000 Road Construction project added to Source of Supply Structures 2024/25

2024/25

- \$300,000 Service Replacement project added to Services (IR-27u)
- Purification Upgrade Project Design (\$300,000) included in 2024/25
- Purification Upgrade Project construction moved to 2025/26

2025/26

- Purification Upgrade Project construction added with budget adjustment to \$4,400,000

#### Operating Budgets

- Principal and interest payments for 2023/24 and 2024/25 loan reduced to 50% of total on Schedule B-1 in the first year to reflect timing of works/loan
- Transfer from Operating Surplus to Capital changed from Operating Surplus to Non-Operating Revenue for rate design purposes
- Regulatory fees on Schedule 2a/b/c/d/e revised
- Audit fees on Schedule 2a/b/c/d/e revised

- Allocation of Water Treatment Plant changed to 85% to General Service and 15% to Fire Protection in 2026/27 on Worksheet B-5 to match other test years
- Worksheet D-1 revised to separate customers currently served by the two separate utilities based on average flows of the separate utilities

[6] The Board also suggested that a revised rate study show the impact of using at least \$550,000 from an operating surplus to offset expenses in the test years.

[7] The Board further requested an undertaking for the utility to provide updated expense numbers for 2023/24 and updated principal and interest payment numbers for 2023/24.

[8] A revised water rate study was provided by the Municipality in its response to undertaking U-6, dated June 5, 2024. This is the final study referred to in this decision, unless noted otherwise. It is projected that at current rates, expenditures will increasingly exceed revenues, resulting in an accumulated operating deficit for the amalgamated utility of \$2,347,271 in 2026/27.

[9] The rate study provided in the undertakings identified rate increases for the amalgamated utility for the fiscal years 2024/25, 2025/26 and 2026/27 (test years). In the original application, which was used in the public notice advertising the hearing, the proposed water bills were shown for each of the existing water utilities using the average consumption figures for the various meter sizes for each utility in the first test year (2024/25). In the subsequent test years, the combined average consumption was used to show the proposed water bills for the amalgamated utility.

[10] For a 5/8" meter residential customer in the existing Windsor Water Utility, based upon an average quarterly consumption of 37 m<sup>3</sup> in 2024/25, which is projected to decrease to 36 m<sup>3</sup> in each of 2025/26 and 2026/27, the estimated quarterly water bill increases are 21.0%, 18.3% and 7.5%, respectively. For all other Windsor Utility metered

customers, based upon the average quarterly consumption of each meter size, the estimated bill increases are between 28.3% and 43.0% in 2024/25, 16.9% to 18.7% in 2025/26 and 7.7% to 8.0% in 2026/27.

[11] For a 5/8" residential customer in the existing West Hants Water Utility, based upon an average quarterly consumption of 35 m<sup>3</sup> in 2024/25 and 2025/26, which is projected to decrease to 34 m<sup>3</sup> in 2026/27, the estimated quarterly water bill is projected to decrease by 1.5% in 2024/25, and increase by 18.4% and 7.5%, in the other two test years, respectively. For all other West Hants metered customers, based upon the average quarterly consumption of each meter size, the rates are estimated to decrease between 3.5% and 1% in 2024/25 and increase by 17.4% to 21.0% in 2025/26 and between 7.8% and 8.4% in 2026/27.

[12] The application also proposed amendments to the annual public fire protection charge to be paid to the utility for the provision of water for fire protection service to various areas. In the application, the projected 2023/24 annual fire protection charges by each of the existing water utilities of Windsor and West Hants to the Municipality, along with the public fire protection charge to each of the Municipality of the County of Kings, and the Glooscap First Nation, have an estimated combined total of \$1,085,409. It is proposed to increase to \$1,308,754 (a 21% increase) in 2024/25; \$1,558,926 (a 19% increase) in 2025/26; and \$1,736,224 (an 11% increase) in 2026/27.

[13] The Board finds that utilities function more as separate divisions or departments inside of the Municipality and that their operations are already integrated. Furthermore, the Board finds that a more integrated management of the physical infrastructure will result in significant capital savings in the short term and will likely lead

to some efficiencies in the longer term as well. While amalgamation will not eliminate existing costs of the two utilities, the future costs of the amalgamated utilities should be lower than they would if they remained as separate utilities.

[14] The Board is concerned with the rate shock that ratepayers will experience, especially in the first year. By using the accumulated surplus, lower bill increases for all customers can be achieved in the first two test years and a smoother increase in bills for Windsor Water Utility customers can be achieved. In the third test year, however, all costs are fully reflected in rates, so the ultimate bill increase by the end of the test period is not affected. While these increases result in higher bills, the Board notes that average quarterly bills for residential customers in some utilities in the province are higher (with some exceeding \$200 each quarter), and there are several utilities who have not had rate increases in several years who will likely file rate applications soon.

[15] As set out in this decision, the Board approves the utility's requested Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations, as amended in response to the undertakings.

## **2.0 BACKGROUND**

[16] The Windsor Water Utility's source of supply is Mill Lakes, a series of four lakes, which are impounded into a single lake by an earthen dam constructed in 1945. The source water discharges into an impoundment reservoir from which the raw water is pumped to the utility's water treatment plant. At the treatment plant the raw water receives conventional treatment with clarification using dissolved air floatation technology, pH adjustment, corrosion control adjustment and gas chlorination, before leaving the plant.

The system serves the Windsor area and sells bulk water to the West Hants Water Utility's Three Mile Plains system.

[17] The West Hants Water Utility consists of three separate systems for Falmouth, Hantsport and Three Mile Plains/Wentworth.

[18] The Falmouth Water Utility sources water from the French Mill Brook impoundment, created by a dam constructed approximately two kilometres west of Falmouth. The raw water is pumped from the impoundment to a water treatment plant. The treated water is stored in a standpipe which feeds the distribution system by gravity.

[19] The Hantsport system's water source is Davison Lake, which supplies water to the areas of Hantsport, Hants Border and Glooscap First Nation. The raw water flows by gravity through the transmission main to the water treatment plant located near Glooscap First Nation where it is treated through micro filtration. The treated water is pumped to a steel reservoir prior to distribution. The system's distribution system consists of piping ranging from 4" to 12" in diameter. The utility has been actively replacing the 4" diameter mains which do not provide adequate fire protection. The water for Glooscap First Nation is pumped from the treatment plant to a small underground reservoir within the Community.

[20] The Three Mile Plains/Wentworth water system purchases water from the Windsor Water Utility through several metered connection points, with the main connection at Windsor Back Road. In 2022/23 there was an overbilling between the two systems, based on an inaccurate recording of water usage, and a credit in the total amount of approximately \$295,000 was issued to the West Hants Water Utility.

[21] The Municipality presented the calculated amount of non-revenue water for each of the water systems of Windsor/Three Mile Plains, Hantsport and Falmouth as 27.16%, 39.64% and 37.93%, respectively. Included in the test years' operating and capital budgets are several items related to the Municipality's efforts to reduce the amount of non-revenue water. Examples are expenses related to professional leak detection services, additional staff responsible for the coordination of leak detection and management, the addition of more accurate meters, replacement of aging meters and prioritized water main replacement.

[22] The test years' capital budgets also include costs associated with a distribution system interconnection between the Falmouth and Windsor water systems, which the applicant explained will result in deferring or eliminating many upgrades that would be required in both systems. Through proposed capital investments in the Windsor water treatment facility and the construction of a new water storage tank, the Windsor system will be able to supply additional water to Falmouth to meet peak demand, and comply with regulated water withdrawal limits.

[23] In response to the undertaking U-1, the applicant provided a cost comparison (high level Class "D" estimates) of the capital improvements required for each of the Windsor and Falmouth Water systems as separate systems versus a connected Windsor and Falmouth system. Based upon the analysis presented, the total capital cost associated with the separate systems is \$33,250,000 versus \$19,625,000 with a connected system. The response indicated that this represents an approximately 69% cost savings associated with connecting the systems. The applicant also noted that the

interconnection will result in lower operating costs, along with improving system reliability and resiliency, and increased water flow for public fire protection.

[24] The applicant explained that as the Town of Windsor and the Municipality of West Hants have previously merged to form the West Hants Regional Municipality, it has applied to the Board to combine the two existing water utilities so there will be one rate structure and one common set of rules and regulations for all customers within the Regional Municipality.

[25] The applicant further confirmed that the proposed amalgamated utility will serve only the areas which are currently served by the existing two utilities. It further stated that there have been no water quality issues associated with the water of the existing two utilities, both of which distribute water which meets the current regulations.

[26] It is projected in the application that the utility will have an annual increase of fifteen residential customers in each of the test years. All the expected growth is associated with the West Hants Water Utility.

[27] The application was presented to the Board based upon the need to adjust the rates to provide funds for projected increases in operating costs and necessary capital improvements. It further provides for standardized rates, rules and regulations, with the proposed amalgamation of the two existing utilities to form the West Hants Regional Water Utility.

### **3.0 SUBMISSIONS/PUBLIC PARTICIPATION**

[28] In addition to the 18 letters of comment received by the Board, two residents of Windsor spoke at the hearing.

[29] Jim Ivey stated that while the proposed amalgamation can be potentially beneficial, he has concerns with some of the items included in the application. He commented on the magnitude of the proposed rate increases, as well as the number of revised rate studies which he said is cause for concern about the validity of the rates proposed.

[30] He referred to the billing error between the Windsor and Three Mile Plains systems, which he described as changing the wholesale rate between the two utilities that is regulated by the Board and distorting the financial results in 2022/23 for the two utilities. He commented that this billing error should be further reviewed. He further questioned the source of supply cost for Three Mile Plains. He also commented on whether the water volume from the Underwood bulk meter was included as part of water consumption volume in the application.

[31] Mr. Ivey also presented differences between the actual 2023/24 utility operating budgets approved by Council, and the operating budgets provided in the three rate studies that were filed by the applicant prior to the public hearing. With respect to the capital budgets included in the application, Mr. Ivey noted the shift in capital projects from 2023/24 to 2024/25, resulting in \$15.8 million in capital additions projected for that year, which he felt will not get completed but will be built into the application's projected rates through the associated depreciation expense.

[32] He also questioned the rate study projected growth rate of 15 residential customers per year, in comparison to an annual growth rate of approximately 150 customers that was used in the model for a recent Board-approved capital expenditure related to an expanded water storage tank.

[33] Mr. Ivey concluded his presentation by suggesting that given the magnitude of the proposed rate increases, rate increases should be phased in over a five-year period.

[34] The other presenter, Rick Smith, agreed with the amalgamation of the utilities, which he believes should create efficiencies. He added, however, that it is essential that accurate information be used in completing the water rate study. His interest in the water utilities stems from an October 2023 Municipal Audit Committee meeting that he watched. From this, his presentation focused on three main concerns.

[35] With respect to the 2022/23 financial statement results for the two separate water utilities, he noted that the Windsor Water Utility's operating results showed a significant negative variance, while the West Hants Water Utility showed a significant positive variance from their respective budgets. He said part of this is explained through the credit issued for the overbilling issue. He also said a further review indicated that several expenses increased for the Windsor Water Utility and decreased for the West Hants Water Utility, with little explanation provided. As a result, in January 2024, Council directed the CAO to engage an independent firm to provide an operational and financial audit of each of the utilities. Mr. Smith suggested that this audit be completed before finalizing the water rate application.

[36] Mr. Smith further noted differences between the 2023/24 operating budget presented in the worksheets of the initial rate study filed with the Board in January 2024 and the operating budgets approved by Council. He added that several other anomalies he discovered appear to have been corrected in the revised rate studies.

[37] Mr. Smith referenced a Water Utility Consumption Report dated December 2023, that was requested by Council, outlining water consumption by quarter for both utilities, for the bulk master meters at Dill Road, Three Mile Plains, Underwood Road and Wentworth Road. He noted discrepancies in consumption between this report and a subsequent report dated February 2024, with no explanation provided. He referenced the significant variance between Three Mile Plains consumption and bulk meter readings, representing unbilled water, noting that this lost water represents additional expenses and lost revenue. He suggested that the meters be read every month to aid in the goal of minimizing lost water and reducing treatment costs.

[38] Mr. Smith's presentation concluded by stating that these issues should be resolved prior to approving water rates to provide confidence to utility customers that the approved rates are correct.

### **3.1 Findings**

[39] The Board has considered the issues described by Mr. Ivey and Mr. Smith, and the letters of comment. While there appears to be no major concerns with the proposed amalgamation, there are a few common issues that have been identified by the residents, specifically with the magnitude of the proposed rate increases. Both the proposed amalgamation and the magnitude of the rate increases will be discussed in separate sections, later in this decision.

[40] Both Mr. Ivey and Mr. Smith expressed concerns related to the Underwood bulk meter which resulted in the Three Mile Plains system, which currently buys water from the Windsor system, being overbilled. A correcting credit was issued by the Windsor system to the Three Mile Plains system. In response to undertaking U-3, the applicant

clarified the issue was with the Back Road Meter and not the Underwood meter. It explained that there were two meter malfunctions from September 2020, and when a new meter was installed in February 2021, an issue with decimal point readings began which was fixed as part of the April 2022 billing. In response to undertaking U-4, the applicant provided the supporting calculations for the credit associated with these errors, which was issued in April 2022 for \$294,904 (\$24,795+\$270,110).

[41] In response to undertaking U-15, the applicant filed the Committee of the Whole report directing the CAO to undertake a detailed operational and financial audit of the utilities. This report, which was referenced by Mr. Smith, refers to the metering issue and notes the significant amount of non-revenue water associated with the Three Mile Plains system.

[42] The rate study is based on an amalgamated system where there are no financial transactions related to the supply of water from Windsor to Three Mile Plains, as both areas will be part of the same water utility. The Board continues to have concerns with the amount of non-revenue water throughout the Municipality's water system, which represents an expense to the utility, with no offsetting revenue. This notwithstanding, the rate study budgets both operating and capital costs in the test years to reduce this water loss.

[43] The Board agrees that the cost projections in the rate application should be based upon the best available information. Given the time it typically takes to prepare the rate study, submit it to Council for approval, submit it to the Board, and prepare and respond to IRs as part of the Board's process, more up to date information often becomes available by the time of the hearing date. Also, the application review process may identify

typos and errors, which may result in the filing of a revised rate study, as happened in this matter.

[44] During the hearing, other items were identified, some of which were noted by Mr. Ivey and Mr. Smith. In response to undertaking U-14, the applicant acknowledged an error in the rate study in reporting the 2022/23 operating results. The applicant also updated the operating expense amounts for 2023/24, noting that:

... The Utility budget included in the attached revised rate study have been presented and approved by Municipal Council at the May 29, 2024, Council Meeting. See Revised Rate Study.

[Exhibit W-9, Response to undertaking U-11]

[45] The consumption volumes from the Water Utility Consumption Report were provided in response to undertaking U-2 and the final consumption volumes by meter size for each of two utilities were provided in response to undertaking U-9. Based on this information, the consumption figures in the rate study filed with the undertaking responses were updated accordingly. Another concern is that the utility's projected annual growth of 15 customers may be understated. The applicant noted that projected growth is based upon average historical growth, and it is unable to know specifically what the new number of customers will be. No detailed planning information was filed to support a significantly higher growth rate over the three test years of the rate application. The actual number of customers will be the basis of subsequent rate reviews. The Board further notes that the utility has an aggressive capital budget over the test years. If it collects additional revenue due to higher than projected customer numbers, this may reduce reliance on other funding sources.

[46] In response to the undertakings, the capital expenditures projected in the test years were revised. However, the capital budget remains significant in 2024/25, at

more than \$13.6 million, followed by \$7.1 million in 2025/26. The ability to complete all this work was a concern raised by the speakers and is also a concern shared by the Board. This will be discussed later in the decision, through direction to establish a capital reserve fund.

[47] The revised rate study of June 5, 2024, filed in response to undertaking U-6, and reviewed by the Board in this decision, provides updated information and addresses many of the concerns that were voiced by the presenters during the hearing.

#### **4.0 SHOULD THE UTILITIES AMALGAMATE**

[48] In a decision dated May 2019, the Board approved the amalgamation of the three utilities operated by the Municipality of the District of West Hants (Falmouth, Hantsport and Three Mile Plains/Wentworth) to form the West Hants Water Utility. On April 1, 2020, the Municipality of the District of West Hants and the Town of Windsor merged to become the Region of Windsor and West Hants Municipality. Since a separate water utility also exists in Windsor, the new municipality currently operates two water utilities, but neither of them is a distinct legal entity. The Municipality wants to formally amalgamate these two utilities.

[49] In the past, the Board exercised its discretion to approve the amalgamation of water utilities for a variety of reasons. Factors that influenced the Board's approvals have included:

- improved administrative efficiency, streamlining processes and reducing the cost and effort of invoicing customers;
- allowing for economies of scale, hence better capital planning and budgeting, staff specialization and possible procurement savings;

- spreading the utility's revenue requirement over a larger customer base, which promotes predictability and stability of rates, and reduces the risk of operating deficits;
- the utilities were physically connected;
- the utilities were essentially one operation sharing the same staff and vehicles;
- one or more of the utilities to be amalgamated was so small as to not be viable;
- minimizing the risk of inappropriate expenditure decisions because of rate considerations in the smaller territories served by utilities in a municipality; and
- consolidation would reduce friction between regions in a municipality served by a utility.

[50] Although the areas served by the West Hants Water Utility in Falmouth, Hantsport and Three Mile Plains/Wentworth are not currently physically interconnected, the infrastructure serving Three Mile Plains/Wentworth is connected to the Windsor Water Utility and the West Hants Water Utility purchases the water it needs to serve customers in Three Mile Plains/Wentworth from the Windsor Water Utility. An interconnection of the Windsor and Falmouth systems is one of the planned capital projects included in this rate application. With that, the systems in Falmouth, Windsor and Three Mile Plains/Wentworth would be interconnected, with only the system in Hantsport remaining as an isolated system.

[51] The water service received by the customers of the utilities is comparable. The Municipality advised that water received by its customers in all areas meets the Canadian Drinking Water Guidelines. Service in some parts of Hantsport does not provide adequate fire protection. The Municipality advised that it has worked to reduce the number of customers currently affected by this problem in the past few years and, at present, 20 customers are affected.

[52] The Municipality does not expect to see any decline in expenses from the proposed amalgamation because the utilities are already being operated in a coordinated fashion and share resources with the Municipality. The Municipality assigns costs for time spent by municipal employees on utility matters and for the use of infrastructure and equipment. This includes related expenses such as maintenance costs, fuel, heat, lights, insurance, and other general administrative costs. There may be slight administrative savings given that record keeping, reporting requirements and inter-utility billing and cost allocation could be reduced.

[53] Significantly, the Municipality noted that the management of assets and infrastructure in a more integrated fashion could produce capital cost savings. Capital investment is one of the most significant cost pressures on rates in this application. The evidence provided to the Board suggests the combined need for capital investments would be greater if the assets of the two utilities were kept as separate systems. In response to IR-32(b), the Municipality noted:

Capital upgrades are necessary for both utilities however, by taking a consolidated approach along with an interconnection between Falmouth and Windsor water distribution systems many upgrades that would be required on both systems can be deferred and or eliminated. The capital plan invests in Windsor Water Treatment Facility and water control structures, along with a new water storage tank. This will allow the Windsor side to be able to provide additional water supply to Falmouth to meet peak demand and comply with regulated water withdrawal limits. Therefore overall, the consolidation and interconnection of utilities will result in lower capital and operational costs along with improving, system reliability, less system interruptions, greater resiliency and reduce probability of failure and increase water flow for fire protection. [Emphasis added]

[Exhibit W-4, p. 41]

[54] The Municipality noted that, to meet obligations under a water withdrawal permit, the capacity of the dam on the French Mill Brook that is Falmouth's source of water supply would have to be increased at significant cost. There would also be a need for additional water treatment process trains in Windsor and Falmouth to meet filter

redundancy requirements. The proposed interconnection of the Windsor and Falmouth systems that is included in the capital projects for the test years in this application would avoid, or at least delay, the capacity upgrades to the dam and the need for one additional process train. Additionally, increased storage in Windsor could address storage and fire protection needs in both the Windsor and Falmouth systems through an interconnection. As discussed previously, the Municipality estimates that it can achieve a near-term reduction in capital costs of approximately 69% by connecting the Windsor and Falmouth systems.

[55] The Municipality also noted that, upon amalgamation, it would establish common rates for all the Municipality's water customers and a common set of rules and regulations. The need for common rates amongst customers served by a utility is mandated by the *Public Utilities Act*. Subsection 67(1) guides the Board when considering the justness of rates as between customers:

All tolls, rates and charges shall always, under substantially similar circumstances and conditions in respect of service of the same description, be charged equally to all persons and at the same rate, and the Board may by regulation declare what shall constitute substantially similar circumstances and conditions.

[56] What constitutes "substantially similar circumstances and conditions in respect of service of the same description" is not defined in the *Act*; however, the Board routinely approves rates that are different for different classes of customers of utilities. In *Re Nova Scotia Power Inc.*, 2006 NSUARB 97, the Board described how rates are allocated to various customer classes of a utility. Although this discussion was in the context of electricity rates, the same general principles apply to the establishment of water rates. In that case, the Board said:

[85] Electricity rates are set on the basis that the costs incurred by the utility to serve its customers, together with a reasonable rate of return, are recovered from its customers. Customers are divided into customer classes. These classes reflect variations in the

services required by different customers (e.g., domestic customers and industrial customers) which are received from the utility. Since the services required by each customer class differ, the utility's cost to serve each customer class also differs. For example, in order to serve domestic customers, the utility must have an extensive distribution system. Large industrial customers do not require this infrastructure and, therefore, the costs to serve these two classes of customers are quite different. As a result, the total revenue requirements of the utility must be fairly divided by customer class and allocated accordingly. The requirement for fair allocation of costs ensures that all customers pay for the cost of the service they receive and their rates do not subsidize the rates of other customers.

[57] Despite the grouping of customers into rate classes on a cost-of-service basis, the cost to serve every member of a rate class is not the same. Rate classes may sometimes consist of a small number of customers, or even a single customer who uses a significant amount of the utility's services, but most customers of a utility are grouped into larger rate classes. It is not practical or cost effective for a utility to precisely determine the costs of serving every single customer. Even if the utility could do so, the calculation would not be precise given the need for assumptions about the use of common infrastructure and services. The classification of customers into rate classes is necessary, and as a result, customers in a class pay the average cost of serving a customer in that class.

[58] Grouping customers into classes that receive service under substantially similar circumstances and conditions requires judgment. Many factors influence the exercise of such judgment. In L.R. Nash, *Public Utility Rate Structures* (New York and London: McGraw-Hill Book Company Inc., 1933), p. 273, the author states:

Discrimination is commonly understood to mean a difference in rates or service conditions relating thereto for service of substantially the same characteristics, taking into account volume, load factor, load density, time of use, character of use, and any other significant factors. Because of the many factors involved in discrimination, its precise definition is necessarily left to the judgment of the regulatory commissions in each case.

[59] In the present case, the transition from separate rates for each existing utility to common rates for the new utility would result in significantly different rate changes

for customers. This is not unprecedented. In at least a couple of cases, amalgamations have resulted in rate increases exceeding 50% for some customers of at least one of the consolidated utilities (*Re Municipality of Annapolis County*, 2009 NSUARB 159 and *Re Municipality of the County of Victoria*, 2009 NSUARB 53).

[60] Focusing on residential customers to demonstrate this point, the Board notes that West Hants Water Utility customers served using 5/8" meters currently pay a quarterly base charge of \$62.25 and a commodity charge of \$2.45/m<sup>3</sup> of water used (i.e., flowing through the water meter). Residential customers of the Windsor Water Utility pay a slightly higher base charge (\$69.75) and a 40% lower commodity charge (\$1.47/m<sup>3</sup>). The current rates paid by West Hants customers came into effect on April 1, 2021; however, the current Windsor Water Utility rates have been in place for several years more (since April 1, 2017).

[61] The rate changes, as calculated by the Board for residential customers of each utility, for the rates shown in the rate study the Municipality filed in its undertaking responses [Exhibit W-9], are set out in the table below (calculations show slight discrepancies due to rounding):

	Current	2024/2025		2025/2026		2025/2026		Cumulative
	Base Charge	Base Charge	Increase	Base Charge	Increase	Base Charge	Increase	
West Hants	\$62.25	\$63.94	3%	\$78.81	23%	\$85.72	9%	38%
Windsor	\$69.75		-8%					23%
	Commodity Charge	Commodity Charge	Increase	Commodity Charge	Increase	Commodity Charge	Increase	
West Hants	\$2.45	\$2.34	-4%	\$2.71	16%	\$2.91	7%	19%
Windsor	\$1.47		59%					98%

[62] The impact that these rate changes have on a customer's bill will vary depending on how much water they use. In this case, the ability to compare relative changes in bills between the West Hants Water Utility and the Windsor Water Utility

customers is difficult because there were noticeable and sometimes significant differences in the reported average amount of water consumed (actual metered usage) by customers in the same classes in each utility. These differences were calculated by the Board using the reported consumption amounts for each utility for 2023/2024 and the number of customers on March 31, 2024, provided by the Municipality in its responses to undertakings U-2 and U-9. The consumption results are set out in the following table:

Customer Class	West Hants m <sup>3</sup> /customer	Windsor m <sup>3</sup> /customer	Difference
5/8"	140	146	4.5%
3/4"	137	597	336.0%
1"	592	728	23.1%
1.5"	1,274	1,858	45.8%
2"	2,921	5,231	79.1%
3"	7,310	3,115	-57.4%
4"	1,647	13,276	705.9%

[63] The differences in reported consumption volumes for customers with larger meter sizes is not entirely surprising. There are fewer customers in these rate classes, and the operations of the commercial and industrial customers who make up these classes can vary considerably from each other for water usage. However, even in the case of residential (5/8" meter) customers, who make up the largest customer class and would typically be expected to have similar consumption patterns, there was a difference in average consumption between the two utilities.

[64] As noted in the table above, the Board calculates that average residential consumption for the 2023/2024 fiscal year for the West Hants Water Utility was approximately 140 m<sup>3</sup> compared to usage in the Windsor Water Utility that averaged approximately 146 m<sup>3</sup>. The reason for this is unclear.

[65] Although 5/8” meter customers are often characterized as “residential” customers (even in this decision), small commercial customers may also receive water service through the same size meters. The Municipality suggested that the observed higher average consumption in 5/8” meter customers in Windsor, compared to West Hants, may be due to a higher number of these commercial customers.

[66] For comparative purposes, the Board calculated the impact on the quarterly bills for residential customers of each utility who consume 143 m<sup>3</sup> of water each year (the mid point of the approximate average consumption figures for 5/8” customers of the utilities for 2023/2024). The results are set out in the table below (calculations show slight discrepancies due to rounding):

	Current	2024/2025		2025/2026			2026/2027			Cumulative		
		Quarterly Bill	Increase		Quarterly Bill	Increase		Quarterly Bill	Increase		Increase	
			Dollars	%		Dollars	%		Dollars	%	Dollars	%
West Hants	\$149.84	\$147.60	-\$2.24	-1.5%	\$175.69	\$28.10	19.0%	\$189.75	\$14.06	8.0%	\$39.92	26.6%
Windsor	\$122.30		\$25.29	20.7%							\$67.45	55.2%

[67] While the actual bills received by residential customers would be higher or lower than the amounts in the table above depending on whether they actually use more or less than 143 m<sup>3</sup> of water each year, it is apparent that customers of the Windsor Water Utility will see higher increases in their bills because their bills are currently lower than those of similar West Hants customers and uniform rates would be established for the amalgamated utility.

[68] This is true across all rate classes, as shown in the table below in which the Board has calculated the cumulative rate increase from current rates after the proposed three test year periods (2026/2027), using the quarterly bill amounts in Worksheet D-1 of the Rate Study filed with the Municipality’s undertaking responses [Exhibit W-9]:

Customer Class	West Hants				Windsor			
	Current	Ending	Increase		Current	Ending	Increase	
			\$	%			\$	%
5/8"	\$148.09	\$185.61	\$37.52	25.3%	\$123.55	\$190.07	\$66.52	53.8%
3/4"	\$176.26	\$226.63	\$50.37	28.6%	\$321.34	\$561.14	\$239.80	74.6%
1"	\$515.14	\$640.11	\$124.97	24.3%	\$434.08	\$739.32	\$305.24	70.3%
1.5"	\$1,083.88	\$1,343.13	\$259.25	23.9%	\$1,010.47	\$1,767.63	\$757.16	74.9%
2"	\$2,273.59	\$2,789.07	\$515.48	22.7%	\$2,443.71	\$4,469.18	\$2,025.47	82.9%
3"	\$5,444.29	\$6,642.64	\$1,198.35	22.0%	\$2,181.96	\$3,591.63	\$1,409.67	64.6%
4"	\$2,519.12	\$3,269.06	\$749.94	29.8%	\$6,496.91	\$11,726.42	\$5,229.51	80.5%

[69] The Board notes that although the base and commodity charges for each utility for the quarterly billing estimates at the end of the period (2026/2027) in this table are the same, the bill amounts vary between the same customer classes in each utility because of different assumptions about average consumption (the average recorded consumption amounts for each rate class for each utility was used).

[70] The numbers in these tables are indicative, and actual results will vary based on the amount of water consumed by each customer. That said, the indicative results show significant increases for customers of both utilities, but with considerably higher increases for Windsor customers. These higher increases are driven by the significantly lower consumption rate that Windsor customers currently pay, and higher average reported consumption in almost all rate classes (in some cases substantially higher).

[71] An assessment of the impact of amalgamating the water utilities was prepared by the Municipality's consultants in November 2023 and was filed with the Board as an attachment to its response to IR-49 [Exhibit W-4]. In this assessment, the rates for both utilities were projected over three fiscal years (ending March 31, 2024, 2025 and 2026). Quarterly bill increases were projected for residential customers under two

scenarios (as separate utilities and as an amalgamated utility). The forecast bill increases for customers if the utilities were kept separate is presented in Table 1 in the report and in Table 2 if the utilities are amalgamated. The two tables from the report are reproduced below:

**Table 1**

**Projected Residential Water Rates with Two Separate Utilities**

<b>Location</b>	<b>Existing Quarterly Average Rate</b>	<b>Estimated Average Quarterly Rate</b>	<b>Estimated Average Quarterly Rate</b>	<b>Estimated Average Quarterly Rate</b>
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
West Hants	\$140.62	\$165.62	\$182.83	\$191.41
Windsor	\$125.15	\$136.36	\$172.64	\$173.94

**Table 2**

**Projected Residential Water Rates with Combined Single Utility**

<b>Location</b>	<b>Existing Quarterly Average Rate</b>	<b>Estimated Average Quarterly Rate</b>	<b>Estimated Average Quarterly Rate</b>	<b>Estimated Average Quarterly Rate</b>
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
West Hants	\$140.65	\$141.26	\$169.25	\$178.13
Windsor	\$125.15	\$155.55	\$169.25	\$178.13

[Exhibit W-4, p. 66]

[72] The estimated quarterly bills in these tables are different than those presented in the rate studies filed in this proceeding. Although the studies used to provide the data for the foregoing tables were not provided to the Board, differences would be expected due to the different time periods used, changes in expenses over time, and the likelihood that some different assumptions were used.

[73] However, the benefit of these tables is in the comparison of the impacts on bills for customers under the two scenarios (based on common assumptions across those scenarios). These tables demonstrate an expectation that customers of the West Hants Water Utility would see much larger bill increases if the utilities remained separate than they would if the utilities were combined. The difference for Windsor Water Utility customers was projected to be less significant, with quarterly bills under the amalgamated

utility scenario increasing only slightly more than they would without amalgamation. Based on the data in the tables in the report, the projected bill increases for Windsor Water Utility residential customers were 39% under the separate utility scenario and 42% under the amalgamated utility scenario. Thus, while West Hants Water Utility residential customers were projected to be much better off under amalgamation, Windsor Water Utility residential customers were projected to be in more or less the same situation either way.

#### **4.1 Findings**

[74] The Board finds that the circumstances warrant a formal amalgamation of the Municipality's two water utilities. The utilities are not separate legal entities but function more as separate divisions or departments inside of the Municipality. Their operations are already integrated. Furthermore, the Board finds that a more integrated management of the physical infrastructure will result in significant capital savings in the short term and will likely lead to some efficiencies in the longer term as well. While amalgamation will not eliminate existing costs of the two utilities, the future costs of the amalgamated utilities should be lower than they would if they remained as separate utilities.

[75] Combining the utilities would create a single utility, which although still small, would have a larger customer base. This larger customer base would be a better economic foundation for the Municipality for the operation of a water utility. It would also increase the stability of rates for all customers so that the effects of larger capital projects needed to continue to safely operate the utility have a smaller impact on rates. Similarly, changes to consumption patterns over time will have a more muted effect on overall rates.

[76] Given the small size of these utilities in the same municipality, there is little justification for keeping them segregated; doing so results in some inefficiencies and somewhat increases costs for all customers. The quality of the water provided to customers of these utilities is good, and the Board is satisfied that the service is substantially the same for these customers.

[77] The Board is not satisfied that there are circumstances that make amalgamating the utilities premature. The concerns about the metering and billing problems that were recently encountered in the sale of water from the Windsor Water Utility to the Three Mile Plains/Wentworth system are not an impediment to amalgamation. Indeed, eliminating the billing requirements between the utilities is one of the benefits of amalgamation. As with all water utilities in the province, the new West Hants Regional Water Utility will need to be proactive and vigilant in identifying sources of water loss and minimizing the amount of non-revenue water it produces.

[78] While errors made in the rate studies filed, and discrepancies in them to actual audited financial results, do not inspire full confidence around the reasonableness of the proposed rates, the Board does not agree that these problems undermine the compelling case for amalgamating the two utilities. Furthermore, the Board notes that rates for water utilities are set using projections of revenue and expenses. Therefore, actual results in the future period are expected to vary to some extent from what was forecast when the rates were set. In this case, the Board is satisfied that, notwithstanding the errors and multiple versions of the rate study filed, the forecast in the final rate study filed with the Board in the Municipality's undertaking responses provides a reasonable foundation for setting rates for the amalgamated utility.

[79] Finally, the Board is mindful that the rates are increasing significantly, especially for customers of the Windsor Water Utility. This is to be considered in more detail in the next part of this decision. For present purposes, however, the Board finds that the evidence provided by the Municipality suggests that bills for Windsor Water Utility residential customers would have increased regardless of amalgamation, almost to the same extent. The Board observes that the rates for the Windsor Water Utility were last changed in 2017, while the West Hants Water Utility rates were updated more recently in 2021.

[80] The Board finds that the Municipality's two existing water utilities should be consolidated as proposed.

## **5.0 MAGNITUDE OF THE PROPOSED INCREASES**

[81] The required rates in the rate study the Municipality filed with its undertaking responses [Exhibit W-9] are significant increases for customers of both utilities. For West Hants Water Utility customers, bills are expected to increase by approximately 22% to 30% by 2026/2027 for customers who consume an average amount of water for their rate class. For Windsor Water Utility customers, the range is more than double that for West Hants, with bills for customers with average consumption projected to increase by approximately 54% to 83% by 2026/2027. In terms of dollars, the forecast average annual bill increase for West Hants Water Utility residential customers is approximately \$150, while an average Windsor Water Utility residential customer would see an annual \$266 bill increase. As noted already, customers who use more than the average amount of water for their rate class can expect to see even higher bill increases.

[82] The Board also notes that the final test year average quarterly bills are generally higher in the rate study filed by the Municipality with its June 5, 2024, undertaking responses than in the versions of the rate study filed with the original application [Exhibit W-2], with the Municipality's IR responses [Exhibit W-4], and with the rate study update dated May 7, 2024 [Exhibit W-9]. For the most part, this was because the final version of the rate study was corrected for some errors and included several capital projects that were omitted from the previous studies. This increased the capital additions included in the rate study, primarily related to the projects outlined below:

- \$505,000 was added in 2023/2024 for Mills Lake dam road upgrades that have already been completed.
- \$300,000 for service line replacements was added to 2024/2025, consistent with the Municipality's response to IR-27(u) [Exhibit W-4].
- \$300,000 in purification upgrades were included in 2024/2025.
- The cost for the third process train at the Windsor Water Plant was increased from \$3.05 million to \$4.4 million based on the latest estimated cost for that project submitted to the Board by the Municipality.

[83] Almost all the Letters of Comment the Board received expressed concern about the magnitude and suddenness of the proposed increases and some expressed concern about the difference in the relative impacts between customers in West Hants and Windsor. Several commenters suggested there was a lack of transparency about the proposed rate increases. Concerns were expressed about the affordability of these increases combined with increases in other costs and inflation, such as, for example, comments from Alison Clement, the Healthy Beginnings Community Home Visitor at the Family Resource Centre of West Hants in Windsor, who stated:

I work with many families living in the West Hants area that this will greatly affect, some who own their own homes and others who rent and pay their own utilities. Many of these families are already struggling to make ends meet with the constantly rising cost of living.

The cost of groceries is at an all time high, gas prices are skyrocketing, mortgage interest rates and the cost of rent remains so high that many people, even those making a living wage, are living paycheck to paycheck and are one missed paycheck away from being unable to pay their bills.

The families I work with have children, and parents are working two, sometimes three jobs in order to put food on the table, clothe their children, and to cover the cost of necessities. Families with infants are dealing with the rising costs of formula, diapers and wipes for their babies.

While an annual increase in the cost of water is to be expected, asking families to pay an additional \$60 each time they receive a water bill is simply too much. For these families, this increase may be putting them in a position to choose between making water bill payments on time, and affording groceries for the family that week.

[Exhibit W-5, p. 25]

[84] The Board understands that the Municipality proposes to manage these increases through offsetting decreases from changes to its sewer charges. The Board recognizes the holistic view that the Municipality has taken. If the Municipality is correct, then the impact of the sharp increase in water rates on the utility's customers may be somewhat muted for customers who receive both sewer and water service from the Municipality. According to an assessment done by the Municipality's consultants in the fall of 2023 [Exhibit W-4, Attachment to IR-49], the projected combined increase for consolidated water and wastewater systems between the fiscal years ending March 31, 2023, and March 31, 2026, was approximately 27% over the three-year period for residential customers of both water utilities.

[85] However, the Municipality's sewer system is not within the Board's jurisdiction and the Board has no authority over those rates. Furthermore, not all water utility customers receive wastewater service from the Municipality. The Board must consider issues relating to the water systems on their own merits.

[86] Affordability is a serious concern, but the legislated rate setting process for utilities is based on the cost of providing the service, not the ability of a customer to pay. In this province, the latter issue is left to governments and charitable programs.

[87] This issue was addressed in detail by the Board in its decision in Nova Scotia Power Incorporated's most recent general rate application (2023 NSUARB 12, paras. 31-41 and 217-219). The limits on the Board's ability to address affordability in utility rates was discussed most directly in the following passage from that decision:

[216] For many, electricity rates are already unaffordable. This was certainly the sentiment expressed by many Nova Scotians who took the time to prepare and send letters of comment to the Board about this application. This concern was also aptly stated in the Affordable Energy Coalition's Opening Statement and Closing Submissions:

Nova Scotia has one of the highest rates of energy poverty in the country due to our lower incomes and higher energy costs arising from our reliance on oil and coal. Energy services are necessities – for food preparation, winter warmth and as the planet heats up, for summer cooling. Access to energy is a human rights issue. Access is often threatened due to low incomes. Many families struggle with the “heat or eat” challenge especially in this period of high fossil fuel prices.

[Exhibit N-105, Opening Statement, p. 2 and Closing Submissions, p. 2]

[217] As noted by the Nova Scotia Court of Appeal in *Dalhousie Legal Aid Service*, the Board's regulatory power under the *[Public Utilities Act]* is not an instrument of social policy. The Board cannot, as noted by the Federal Court of Appeal in *TransCanada Pipelines Ltd. v. Canada (National Energy Board)*, 2004 FCA 149, simply disallow NS Power's reasonable costs to make rates more affordable (discussed in more detail later in this decision). While the Board can disallow costs found to be imprudent or unreasonable (and has), absent such a finding, NS Power's costs must be reflected in the rates paid by customers.

[218] That said, there are regulatory tools available to the Board to mitigate the impact of rate increases. For example, the Board may defer the recovery of costs to a later period, or it may direct the creation of a regulatory asset to be amortized over an extended period rather than be recovered all at once....

[219] There are trades-offs involved with using these tools. Requiring future ratepayers to pay the costs of current customers can create concerns about intergenerational equity. Additionally, the delayed recovery of legitimate costs generally attracts interest or similar carrying costs, which increases the overall amount paid by ratepayers. This was the essence of NRR's comments in its Closing Submissions where it said, “Deferrals can mitigate rate shock to consumers in the short term, but over time the total amount payable is increased because of interest chargeable to ratepayers for financing the deferral.”

[2023 NSUARB 12]

[88] While the Board can order the deferred recovery of costs, when contemplating a deferral, the Board must also consider whether the utility would be able to manage the deferral without undue economic harm. A deferral results in the utility incurring costs in the present, but not recovering revenue for those costs until sometime later. As such, the utility must be able to carry what is, in essence, a loan to its customers for the deferral period.

[89] As noted previously, Mr. Ivey urged the Board to consider phasing in the rate increases. In response to a question from the Board about how this might be accomplished, he suggested that the timing of capital investments could be adjusted to reduce the impact of several large capital projects being added all at once.

[90] In the past, the Board has also found that significant rate increases for a group of customers arising from the consolidation of utilities may warrant a phasing-in of rates. In considering the transfer of the assets and undertaking of the Kentville Electric Commission (KEC) to Nova Scotia Power Incorporated in 1998, the Board commented:

The Board has considered the matter carefully. In addressing this issue, the Board is aware that there are several public utility principles to be balanced, for example, "rates should be just and reasonable" and "rate discrimination should be avoided". As well, "avoidance of rate shock" and "gradualism in the introduction of rates increases" are well recognized rate-making principles.

Section 67(1) of the Act mandates that customers in similar circumstances pay the same rates and charges for similar services. The Board is of the opinion that KEC's residential and small general customers would not be in substantially similar circumstances as would NSPI customers in the same rate classes at the time KEC is sold to NSPI. In view of the very real rate shock which would be experienced by KEC's residential and small general customers if no phase-in were permitted, the Board is of the opinion that it would be just and reasonable to approve the phase-in, in the form requested by NSPI. Given that the Board is of the opinion that the sale should be allowed to proceed, it believes that it should mitigate the impact of the significant rate increase which would otherwise be incurred immediately by the residential and small general customers. The Board is also of the view

that existing NSPI customers will not be prejudiced by the proposed phase-in. Accordingly, the phase-in is approved.

[*Re Nova Scotia Power Inc.*, 1998 CarswellNS 652, paras. 76-77]

[91] This approach was used when the Falmouth, Hantsport and Three Mile Plains/Wentworth water utilities were merged to form the West Hants Water Utility. In that case, the transition from separate rates for each existing utility to a common rate for the new utility, as proposed, would have resulted in significantly different rate changes for customers. Residential customers of the Hantsport Water Utility served using 5/8" meters would have seen their water bills drop by an estimated 22% in the first year of operations of the new water utility and residential customers of the Three Mile Plains/Wentworth Water Utility would have seen a 1.1% reduction in water bills; however, customers using the same meter size in the Falmouth Water Utility would have seen a 52.4% increase in their bills.

## **5.1 Findings**

[92] Notwithstanding the magnitude of the proposed rate increases, the Board finds the circumstances do not warrant the imposition of a mechanism to defer the utility's recovery of its costs to a future time. The Municipality's audited financial results show an overall loss for the utilities (combined) of approximately \$85,000 in the year ending March 31, 2023. The rate study filed with the Municipality's undertaking responses [Exhibit W-9] shows a projected loss of approximately \$32,000 in the year ending March 31, 2024, and, if there is no rate adjustment, increasing losses through the next three test years (with a projected loss of nearly \$1.8 million in third test year).

[93] The utility's proposed capital program, while aggressive, is not unreasonable and is largely driven by regulatory requirements. Significant debt will be

incurred to fund capital projects through the test period. Deferring the recovery of costs could compound the utility's difficulty managing its financial circumstances.

[94] However, the Municipality estimates that it has a combined utility operating surplus of nearly \$1.4 million as of March 31, 2024. The Board suggested the Municipality apply a significant portion of this surplus to reduce operating costs in the test period in the rate study filed with Exhibit W-9. As a result, the rates proposed in the study are set to under-recover by \$100,000 in the first test year and \$450,000 in the second test year. This has a similar effect as a deferral in reducing rates, but without the associated future repayment obligation and carrying costs. Additionally, the Municipality projects a further reduction in its surplus of approximately \$274,000 in the first test year because the proposed new rates would not be in effect until part way through the year. Even at that, the Municipality's projections assume that new rates would start on July 1, 2024, and since that date has passed, there will be a further erosion of the accumulated surplus.

[95] By using the accumulated surplus, lower bill increases for all customers can be achieved in the first two test years and a smoother increase in bills for Windsor Water Utility customers can be achieved. In the third test year, however, all costs are fully reflected in rates, so the ultimate bill increase by the end of the test period is not affected. While these increases result in higher bills, the Board notes that average quarterly bills for residential customers in some utilities in the province are higher (with some exceeding \$200 each quarter), and there are several utilities who have not had rate increases in several years who will likely file rate applications soon.

[96] The Board also considered whether the new rates for Windsor Water Utility customers could be phased in differently to reduce the related rate shock. However, the

Board finds the circumstances make this inappropriate. Unlike the amalgamation of the utilities in the former Municipality of the District of West Hants, there is no sharp decrease in rates contemplated for either of the utilities proposed to be combined. While the rate study the Municipality filed with its undertaking responses [Exhibit W-9] projects slight quarterly bill decreases for West Hants Water Utility Customers in the first test year, the average decrease is only 3.5% or less for all rate classes and is a function of the use of the accumulated surplus discussed above, which results in rates that are set to under-recover the utility's annual costs. Furthermore, based on the assessments filed by the Municipality [Exhibit W-4, Attachment to IR-49], the Board finds that, even without amalgamation, residential customers of the Windsor Water Utility would have faced rate increases almost as high.

## **6.0 REVENUE REQUIREMENTS**

### **6.1 Operating Expenditures**

[97] The operating expenses of the proposed amalgamated utility shown in the application are the expenses of the amalgamated utilities.

[98] The rate study filed in response to the undertakings includes updated operating expense information, as discussed during the hearing. In response to undertaking U-6, the applicant noted that the revised rate study includes a revision to regulatory fees and audit fees in the test years. It further noted in response to undertaking U-14 that there were errors reported for the 2022/23 actual results related to the overstatement of depreciation expense in the amount of \$50,011 and the opening operating surplus by \$3,204. The rate study filed with the undertaking responses also

includes updates to other non-operating expense and revenue items, as discussed later in this decision.

[99] Based upon the updated rate study, in 2022/23, the combined utility had a deficiency of revenues over expenditures of \$85,258, and an accumulated operating surplus balance of \$1,374,311. With the amendments filed with the undertaking responses, it is projected that at current rates, expenditures will increasingly exceed revenues, resulting in an accumulated operating deficit for the amalgamated utility of \$2,347,271 in 2026/27.

[100] The applicant explained that there are no projected operational efficiencies from amalgamation in the test years, as they are two separate systems not interconnected, except for the water connection for the sale of water between Windsor and Three Miles Plains/Wentworth. Further, the applicant noted that the two existing utilities, in effect, act as an amalgamated utility now. It added that there may be some administrative efficiencies gained through not having to manage two separate utilities, rate structures and sets of rules and regulations.

[101] The applicant provided an explanation for the increase in operating expenses, excluding depreciation expense, of approximately 12%, between 2022/23 and 2023/24. It noted that the primary increases relate to operational labour in water treatment and transmission and distribution, maintenance of equipment and treatment equipment, maintenance of mains and standpipes, maintenance of services (including a capitalized adjustment in 2022/23), maintenance of hydrants, professional services, audit and the rate study. There is also an increase in depreciation expense of approximately 15%, representing the depreciation on the proposed capital additions in 2023/24. Also in

2023/24, the power and pumping expense, which relates primarily to operations labour, decreased to \$0, which the applicant explained is due to a reallocation of the expense to water treatment.

[102] The application noted that expenses for the test years are based upon a 3% increase per year or other increases if known. In response to the IRs, the applicant stated that in the first test year, 2024/25, many expenses have increased more than 3% to address a spike in overall costs in recent years due to inflation. The applicant further stated that it is hopeful that the rate of inflation will decrease to the 3% used in the last two test years.

[103] In 2024/25, the source of supply expense is budgeted to decrease from \$380,697 to \$14,800. This is mainly due to the elimination of the cost associated with the West Hants Utility (Three Mile Plains system) purchasing water from the Windsor Utility, after amalgamation.

[104] To aid in the reduction of non-revenue water, the budgeted transmission and distribution operating expense includes a line item for leak detection in each of the test years.

[105] The applicant explained the budgeting process for the proposed amalgamated utility. Draft budgets are prepared by the Director of Public Works and the Director of Financial Services and are presented to the Committee of the Whole for review. The Committee recommends the budgets to Council for approval. In response to undertaking U-11, the applicant added that the utility's 2024/25 budget was prepared by staff based on their experience and knowledge of the needs for the upcoming year. The

budget included in the revised rate study filed with the undertakings was presented and approved by Council at the May 29, 2024, Council meeting.

[106] In response to an IR, the applicant provided information on the allocation of costs between the Municipality and the proposed amalgamated utility, noting that it has not proposed changing the current allocation methodology with the amalgamation of the utilities. This was further examined during the hearing. The applicant stated that the Municipality charges an administration fee to cover the cost of administration of the utility based on 10% of the overall operating costs of the utility, excluding depreciation. This administration fee is based on the year-end financial information of the utility and can fluctuate from year to year. The administration fee expense line item in the original rate study is budgeted in 2023/24 at \$375,867.

[107] During the hearing the Board questioned whether the current methodology recovers the Municipality's actual costs. In response to undertaking U-5, the applicant filed an analysis that compared the water utilities' share of municipal administration costs as direct costs, directly allocated to the utilities, to the present allocation of administration costs based on the 10% formula which is included in the current rate study. It added that currently the 10% formula is used throughout the Municipality to administer various departments. This rough analysis calculated the administration fee to the utility using direct costs as \$555,300, which suggests that the utility is underbilled, by \$179,433. It is noted that the administrative fee for 2023/24 in the rate study filed in response to the undertakings is \$336,769, based upon revisions to the operating expenses.

[108] The depreciation expense projected in each of the test years is based upon the depreciation associated with utility plant in service and capital additions, at rates set

out in the *Water Utility Accounting and Reporting Handbook (Accounting Handbook)*. For the proposed capital additions that are not specifically identified in the *Accounting Handbook*, the applicant provided information in support of the rates used in the rate study.

[109] The amended rate study filed in response to the undertakings changed the timing and magnitude of some proposed capital expenditures, discussed later in this decision. A correction in a past amount resulted in a slight decrease in the annual depreciation expense in each of the test years.

### **6.1.1 Findings**

[110] In response to the undertakings, the applicant filed a revised rate study, based upon updated information. The operating expenses over the test years are generally based upon an annual increase of approximately 3%, which the Board finds to be reasonable.

[111] Of note is the decrease in the source of supply expense in the test years due to the elimination, resulting from amalgamation, of the expense of the West Hants water utility purchasing water from the Windsor utility. This will have an offsetting decrease in revenue of a combined utility.

[112] Included in the operating expenses are costs related to leak detection to aid in the reduction of non-revenue water. The Board encourages the utility to continue with these efforts to aid in more efficiently operating the water system.

[113] The Board notes that based upon the analysis provided in response to the undertakings, the current allocation of Municipal costs to the water utilities is inadequate for the amalgamated utility. As there is no history of operating the combined

Windsor/West Hants Water Utility, the Board accepts the allocation of costs between the Municipality and the amalgamated utility as presented. However, the Board directs the utility to conduct a detailed analysis of these cost allocations before its next rate application, based upon the new, amalgamated utility structure.

[114] The rate study filed in response to the undertakings uses the most current information as a basis for the projected depreciation, correcting an error in the overstatement of depreciation expense and amending the annual depreciation expense due to changes in timing and costs of budgeted capital projects. The depreciation rates used follow the *Accounting Handbook* guidelines, or explanations have been provided when the asset is not specifically included in the *Accounting Handbook*. The Board accepts the annual depreciation expense in each of the test years, as budgeted in the rate study filed in response to the undertakings.

## **6.2 Capital Budgets and Funding**

[115] The rate study shows the amalgamated utility's 2023/24 capital budget, and the capital budgets in each of the three test years, which totals approximately \$27.4 million over that four-year period. In response to the IRs, the applicant provided details of the major projects and funding, based upon the original rate study filed, which showed capital expenditures totaling approximately \$24.6 million over the four-year period. Approximately two-thirds of this amount relates to work in the current Windsor Water Utility, with the remaining one-third associated with the current West Hants Water Utility (IR-32c). Included in the capital budgets are costs associated with the Windsor-Falmouth interconnection project.

[116] The proposed capital budget was examined during the hearing, and the revised rate study filed in response to the undertakings includes updated budgets and more accurate information for the 2023/24 capital budget. This results in both an increase in the total budgeted amount during the four-year period, and the shifting of the timing of the proposed capital projects in the test years, due to the following amendments:

2023/24

- \$505,000 Road Construction project added to Source of Supply Structures 2024/25

2024/25

- \$300,000 Service Replacement project added to Services (IR-27u)
- Purification Upgrade Project Design (\$300,000) included in 2024/25
- Purification Upgrade Project construction moved to 2025/26

2025/26

- Purification Upgrade Project construction added with budget adjustment to \$4,400,000

No changes were made to the capital budget for the final test year, 2026/27.

[117] The applicant identified unfinished capital projects that are being carried forward into the first test year, 2024/25:

West Hants Water:

TMP [Three Mile Plains] Service Upgrade	\$ 300,000
Falmouth Water Treatment Plant Upgrade	\$ 70,000
Falmouth Standpipe Flow Meter	\$ 25,000
Riverview Road Rehab, Hantsport	\$ 270,900

Windsor Water:

College Road Rehab, Windsor	\$ 390,500
Water Storage Facility	\$6,000,000
(Partial approval from the UARB for \$3,000,000 in long-term debt borrowing (M10642)	
Mill Lakes Water Control Intake Structures	\$ 850,000

[Exhibit W-4, IR-32e)]

[118] A description of the major capital projects in the test years was provided in response to the IRs. Source of supply structures (\$850,000) relates to water control structures and intake capital work, required on dams and water intakes to meet fisheries regulations. Distribution mains are budgeted for 2023/24, and in each of the test years,

with costs totaling approximately \$7.5 million. The applicant stated that included in this amount are costs related to the interconnection between the Windsor and Falmouth distribution systems, in addition to costs associated with replacement of mains due to age, condition and upcoming road construction. Meter replacement is also included in each of the test years in the amounts of \$290,800, \$40,800 and \$40,800, respectively.

[119] Transmission mains are budgeted in the amount of \$4,112,000 in 2024/25 which the applicant described as relating to the interconnection between Windsor and Falmouth, as well as the Hantsport transmission main replacement from the Hantsport water treatment plant to the standpipe.

[120] An amount of \$4,400,000 is budgeted in 2025/26 for purification equipment. This relates to providing a third process train at the Windsor water treatment plant to meet regulatory requirements for filter redundancy. As presented in the response to undertaking U-1, this project is necessary regardless of the interconnection between Windsor and Falmouth. However, with the interconnection, a similar project, at the same cost, can be avoided at the Falmouth treatment plant.

[121] Mr. Isenor described the amalgamated utility's capital program as very aggressive, but necessary, because the infrastructure is aging, with new equipment required for several areas. With respect to the utility's capacity to complete these projects, the applicant stated that it will require support from consultants and outside contractors, but staff is confident that it has the experience and expertise to undertake and complete the projects.

[122] From Worksheet B-3 in the rate study in the undertaking response, the proposed funding of the capital budgets in 2023/24 and in the test years is:

Funding	2023/24	2024/25	2025/26	2026/27
Outside Funding	60,800	5,116,800	163,025	60,800
Capital out of Revenue	50,000	78,000	58,000	58,000
Depreciation Fund	1,300,000	1,350,000	1,070,000	1,130,000
Long Term Debt	3,117,787	7,112,440	5,814,325	830,775
Total	\$4,528,587	\$13,657,240	\$7,105,350	\$2,079,575

[123] In response to the IRs, the applicant explained that outside funding for the water storage tank project has been approved by the Province under the Municipal Capital Growth Program in the amount of \$3,074,208. During the hearing, the applicant stated that it had received a portion of the grant budgeted as an outside funding source for the interconnection project. The IR responses also stated that other outside funding sources have not yet been confirmed and if the funding is not available, the utility will reassess the proposed capital works.

[124] In the rate study, a 6.0% interest rate is used for the long-term debt, with a 20-year term.

[125] The issue of completing the capital projects as budgeted was further discussed during the hearing in terms of the timing of debentures.

**Mr. Fisher:** So with regards to the other debentures that are assumed in here, there's a fair amount of money which is being assumed that it will be debentured, and I guess the bigger question is, Is the capital work going to be completed? Will it be completed, actually, in time to actually get it debentured so that it actually falls due in that capital year? Or are we being a little bit too conservative in budgeting to actually complete all our capital work in one year and have it debentured in one year? Do we have room to actually push out the debenture payments?

...

**Mr. Richard:** Yeah, and we're certainly hopeful. There's three great projects. One is, you know ... kickoff meeting is actually as we speak for the reservoir. So that's been awarded. So that will happen this year. The third process train. So we're in detail design

with that project right now, and also detail design and competition documents for the interconnection.

So our hopes. We know market conditions and just how busy contractors are kind of, you know ... does kind of reflect getting projects done, but our expectation is yes, we hope to have these projects at least started in this fiscal year, if not early, early next fiscal year.

[Transcript, pp. 154-155]

[126] With the proposed funding in the rate study, the depreciation fund balance at the end of the test years is projected to be \$56,347, significantly less than the amounts projected in the previous rate studies.

### **6.2.1 Findings**

[127] The amalgamated utility is projecting major capital works over the test years. The replacement of aging distribution mains and meters will aid in reducing non-revenue water, which is an issue for the utility. The reservoir project, which is the subject of a separate Board matter (Matter M10642) is required to provide additional storage capacity for future development in the area. The purification equipment (process train) and source of supply structures (water control and intake structures) are necessary to meet regulatory requirements. The interconnection project will allow for the elimination of significant future capital upgrades, and results in lower costs along with improving system reliability.

[128] While the need for the proposed capital projects appears reasonable, there seems to be some uncertainties around the timing and funding of the projects. The timing of some of the projects or portions of the projects were moved to future years in the undertakings. The ability to manage and complete the significant projects on the timeline proposed may be difficult. Also, outside funding, which has not been entirely secured, makes up a significant portion of the proposed funding in 2024/25. There are also limited depreciation funds remaining to be used in cases of increased capital costs.

[129] Given the need for the projects, the Board accepts the proposed capital projects and funding. While the Board recognizes that the proposed projects are required, and will produce a significant impact on the rates, it is concerned that the timing of when the projects are completed, and the resulting debentures issued, will not be attained.

[130] The Board considered that the utility might alter its assumptions as to when it would complete and fund the proposed projects, thus lowering the required rates. While this would make the transition to higher rates in the first test year more attractive, it would not eliminate the rate increases, but rather push any rate increases forward into the other test years.

[131] Instead, if projects are unable to fully proceed, the Board directs the utility to deposit any variance for each of the three test years in its depreciation expense and its principal and interest expense to a reserve specifically designated for capital purposes, as opposed to adding it to an operating surplus for a given year. This preserves the funds for the intended purpose. It also provides an opportunity to use these funds to offset some of the costs and funding that will occur when the project does proceed. If project costs come in higher than expected, the reserve might be used to offset those greater costs. The reserve might also be used as a funding source to keep future project debt lower or to pay down the required principal and interest costs from the projects, essentially smoothing out some of these costs.

[132] The utility is directed to establish a capital reserve whose purpose is to accumulate unspent funds for the capital projects included in the rate study during the three test years. This reserve:

- will include unspent variances in depreciation, principal and interest expenses that the rate study identified as required during the year, but that were not expended during that year;
- will continue until such time as the Board directs otherwise;
- will retain all interest and income that is earned on any balance in the reserve;
- at the direction of Council, funds in the reserve may be used:
  - as a capital funding source for these same projects;
  - to pay the principal and interest costs for these same projects,
  - otherwise as approved by the Board; and
- shall be reported in the annual financial statement which shall detail its balance, contributions, withdrawals and earnings.

[133] The Board expects that the utility will closely monitor capital budgets to ensure that timely rate reviews are made.

[134] The Board notes that the inclusion of proposed capital projects in the rate study does not constitute the Board's formal approval of these projects. Separate Board approval is required for projects costing more than \$250,000 as set out in s. 35 of the *Act*.

### **6.3 Non-Operating Revenues and Expenditures**

[135] The test years' revenue requirements identified in the rate study include projections of other operating revenue, non-operating revenues and non-operating expenditures.

[136] The other operating revenue consists of sundry, sprinkler service, commercial and revenue from bulk water service, totaling \$186,782, \$192,040 and \$200,306, respectively, in each of the test years. Most of this revenue is projected from bulk water sales, at \$166,579, \$171,576 and \$176,723, respectively. The applicant explained that these amounts are based upon recent sales from the bulk water meter in West Hants.

[137] The non-operating revenue includes interest on customer and other accounts, special service costs, and transfer from operating surplus, totaling \$164,122,

\$496,122 and \$34,995, respectively, in each of the test years. In response to undertaking U-10, the applicant provided clarification on the items interest revenue, special service and other-bank interest revenue, which have been identified as separate non-operating revenue line items beginning in 2023/24. In the original application, capital from operating surplus was proposed as a funding source for the capital budgets in the test years. After further review during the hearing, this was changed to transfer from operating surplus, a non-operating revenue item, in the rate study filed in the undertaking responses.

[138] The rate study includes projected non-operating expenditures for the principal and interest charges on existing debt and on debt related to funding the utility's capital budgets in the test years. The existing debt charges are shown to decrease in each of 2024/25 and 2026/27 due to the retirement of three debt issues of the two existing utilities. The principal and interest payments associated with funding the test years' capital program were revised in the rate study filed in response to the undertakings. In response to undertaking U-7, the changes include a 50% reduction of principal and interest payments for 2023/24 and 2024/25 to reflect the timing of debt funding. The changes also reflect revisions to the capital budgets and funding in each of the test years, as discussed during the hearing. Even with these changes, the increase in principal and debt charges is significant and will total more than \$1.5 million in the third test year.

[139] The non-operating expenditures also include amounts related to capital out of revenue and a transfer to the sludge handling reserve. The projected capital out of revenue amounts are \$78,000, \$58,000 and \$58,000, in each of the test years, which the applicant explained as allowances for recurring capital expenses. The applicant explained the sludge handling reserve was set up several years ago to be used to fund the dredging

of backwash sludge that accumulates in the treatment lagoons every few years. An annual amount of \$10,000 is projected to be transferred to the reserve in each of the test years.

[140] With the changes from the original application to the non-operating and other revenue, and non-operating expenses, and to the capital expenditures in the years, the return on rate base calculated in the rate study filed with the undertaking response is 1.55%, 2.98% and 3.85%, respectively in each of the test years.

### **6.3.1 Findings**

[141] Given the information presented in this proceeding, the Board accepts the projected non-operating and other revenues, and non-operating expenditures, including the transfer to the sludge handling reserve, as presented in the rate study filed in response to the undertakings. The Board notes that it approved this reserve in the past in relation to the Falmouth water system.

[142] The Board further accepts the calculated return on rate base, as presented in the undertaking response.

## **7.0 ALLOCATION OF REVENUE REQUIREMENTS**

### **7.1 Public Fire Protection**

[143] The allocations used in the rate study in the calculation of the public fire protection charge are generally in accordance with the *Accounting Handbook* and are the same as those used in the previous rate applications for Windsor and West Hants, except for the allocation of the item, water treatment plant.

[144] The *Accounting Handbook's* guidelines allocate water treatment plants as 90% to general service and 10% to fire protection. In past Windsor water utility rate applications, the water treatment plant has been allocated 80% to general service and 20% to fire protection due to the inclusion of water storage at the plant, that supplements fire protection in the area near the treatment plant. With amalgamation of the two existing utilities, there will be three water treatment plants (Windsor, Falmouth and Hantsport). To acknowledge the larger consolidated area, and the inclusion of water storage, an allocation of 85% to general service and 15% to fire protection is used in each of the test years, as corrected in the rate study filed in response to the undertakings.

[145] The combined public fire protection charge in 2022/23 is \$1,070,092 and is estimated to be \$1,085,409 in 2023/24. For each of the test years (2024/25, 2025/26 and 2026/27), the proposed public fire protection charge of the amalgamated utility, as filed in response to the undertakings is \$1,308,754, \$1,558,926 and \$1,736,224.

[146] The public fire protection charge is to be allocated among the Municipality, the Municipality of the County of Kings and the Glooscap First Nation, based upon the number of hydrants in each area.

### **7.1.1 Findings**

[147] Amendments to the rate study, including amendments to the utility's expenses, discussed above, impact the calculation of the public fire protection charge.

[148] The rate study filed in response to the undertakings is based upon the most up to date information and proposes public fire protection rates calculated using the *Accounting Handbook* methodology. The Board approves the fire protection charge, as proposed in the rate study filed in response to undertakings.

[149] The Application is based on the public fire protection rate being effective July 1, 2024, and prorated at three months at the current rate and nine months at the new rate for 2024/25. Due to the timing of the application and Board approval, the fire protection charge in 2024/25 will be prorated at six months at the current rate (estimated at \$1,085,409) and six months at the new rate (\$1,308,754) for 2024/25. Based upon this estimation, the public fire protection charge in 2024/25 will be \$1,197,081. This may differ slightly based upon the actual 2023/24 financial results.

## **7.2 Utility Customers**

[150] The remaining revenue requirement, after the allocation to fire protection charges, must be recovered from the customers of the utility. The original rate application explained that all the expense allocations to base, customer, delivery and production charges are consistent with the *Accounting Handbook* except for depreciation and return on rate base. The response to the IRs further explained the differences in allocations in the current application from the previous rate studies of each of the two utilities.

[151] The applicant explained that the changes from the previous rate studies and the *Accounting Handbook* are proposed for rate design purposes with the objective of having approximately 40% of the total revenue from customer base charges. It added that this was done to provide revenue stability for the utility, while also providing the customer with the ability to influence their water bill through reducing consumption. The allocation for depreciation expense was adjusted in the rate study filed in response to the undertakings to maintain the approximately 40% amount after the corrections and updates discussed during the hearing were made.

[152] The application projects an annual increase of 15 residential customers in each of the test years, which was the subject of some discussion at the hearing, as previously noted. During the hearing, Mr. Isenor noted that in preparing the rate application, there was some debate on the projection of customer numbers. He said that although there has been an annual increase of approximately 25 residential customers in recent years, it was decided to be more conservative, and “err on the side of safety”, as potential customers are counted into revenue in the rate study.

[153] The consumption volume in the application is based upon adding the consumption of the two utilities together. The actual 2022/23 consumption volume is used to estimate the 2023/24 consumption volume, which forms the basis for the consumption volume by meter size used in the test years. In addition to the projected increase in customers, the application projects an annual reduction of 1% in residential consumption (5/8” meter size). In response to the IRs, the applicant explained that the magnitude of the 1% reduction in consumption for the amalgamated utility is a best estimate based on historical consumption in Windsor and the current low average consumption in West Hants.

[154] In response to undertakings U-2 and U-9, the actual consumption volumes for 2023/24 were provided by meter size, and the volumes in the rate study were amended accordingly, along with the annual 1% reduction in residential 5/8” meter size consumption.

[155] All the customers of the current two utilities are metered. The application proposes unmetered rates, based upon quarterly consumption of 68 m<sup>3</sup>. The applicant noted that although it does not anticipate any long-term unmetered customers, the rate

has been maintained in case of a request for a temporary water connection, where the meter may be subject to damage until a proper location is found.

### **7.2.1 Findings**

[156] The application allocates costs to base, customer, delivery and production charges as set out in the *Accounting Handbook*, except for the allocation of depreciation and return on rate base, as noted above, for rate design purposes. The Board accepts the allocations as proposed.

[157] From the information provided, the Board accepts the projected annual growth of 15 5/8" metered customers. The utility has an aggressive capital plan, with some uncertainty as to the ability to complete the projects as planned, as discussed above. Overestimating revenues may further impact the ability to complete the necessary capital work.

[158] The Board further accepts the projected consumption volumes, as updated in response to the undertakings, and the 1.0% annual decrease in residential consumption volumes, which is consistent with the downward water consumption trend in most water utilities.

[159] The Board approves the customer rates, including the unmetered rate, as presented in the rate study filed in response to the undertakings.

## **8.0 SCHEDULE OF RATES AND CHARGES**

[160] In addition to the rates for water supply to its customers, the application proposes miscellaneous rates and charges, which are based upon the more recently approved West Hants Water Utility's charges. In response to the IRs, a list of the proposed

changes was provided for each of the Windsor and West Hants water utilities. Several changes are proposed to Windsor's miscellaneous charges for consistency with the existing rates in West Hants, including a reduction in the after-hours work rate from \$200 to \$150. For both existing utilities, it is proposed to change the item "Charge for Non-negotiable Cheques" to "Dishonoured Payments", with no change to the existing \$25 administration fee.

[161] Currently there is only one bulk water station in service, as part of the existing West Hants Water Utility. An additional bulk water station is expected to be commissioned in Three Mile Plains during the 2024 construction season. The proposed bulk water rate is included in the Schedule of Rates and Charges, based upon the methodology that was used in the previous West Hants Water Utility rate application. The bulk water rate is calculated in the rate study based on projected utility expenses, and water consumption in each of the test years, both of which were revised in the undertaking responses, resulting in revisions to the application's proposed bulk water rate.

## **8.1 Findings**

[162] The Board approves the utility's Schedule of Rates and Charges, including the bulk water rate, as filed in response to the undertakings.

## **9.0 SCHEDULE OF RULES AND REGULATIONS**

[163] The application proposed a Schedule of Rules and Regulations for the amalgamated utility. The applicant noted that the West Hants Utility's Schedule of Rules and Regulations, the most current of the two existing utilities, was used as the basis for the amalgamated utility. Mr. Isenor explained that in preparing the proposed Schedule,

the applicant used more standardized language for consistency with the other recently approved rules and regulations of water utilities in the province.

[164] The applicant provided a list, with explanations, of the proposed changes in rules and regulations for each of the two utilities. For several of the proposed additions and changes to the regulations identified in the IRs, the applicant responded that it used the Public Service Commission of Bridgewater's Regulations as a basis for the wording changes. The IR responses further noted that a clause in Regulation 41, Extensions, relating to the requirement of Board approval, was omitted in error. This was corrected in the amended rate study filed.

[165] Some of the proposed changes and additions to the regulations were discussed during the hearing. Mr. Isenor noted that in its most recent water rate application approved by the Board, Bridgewater proposed a "stronger" set of rules and regulations, using Halifax Water as an example.

[166] Under Regulation 8, Estimated Readings for Billing Purposes-Metered Customers, the utility proposed to have separate sections relating to each of non-commercial customers and commercial customers. While the estimated readings for non-commercial customers are to be for no more than two consecutive billing periods, for commercial customers it is proposed that the estimated readings can be until the metering issue is resolved. In response to the IRs, the applicant explained the proposed wording is due to commercial customers having larger meters that may be difficult to source, due to supply chain issues that have become more significant since COVID-19. The Board questioned the applicant on the wording potentially allowing estimated readings to continue indefinitely before resolving the issue. The applicant explained they would try to

avoid that. It said by removing the “two consecutive billing periods” clause, the proposed wording provides flexibility to estimate both less than two quarters, or more than two quarters, depending upon meter replacement availability.

[167] With respect to Regulation 14, Location of Meters, the Board questioned the general nature of “alteration to a building” which would trigger the need for the customer to be responsible to relocate the meter inside the building and a meter reading device on the exterior of the building at the customer’s expense. In the Schedule of Rules and Regulation filed with the undertaking responses, the applicant added wording to Regulation 14 that this action by the customer would be required by the utility “acting reasonably”.

[168] The applicant explained the proposed changes to Regulation 25, Service Pipes will result in increased costs to new customers served by the Windsor Water Utility, which (unlike West Hants Water Utility customers) currently receive these services at no cost. New clauses are proposed to the regulation, including clauses relating to the change in use of premises, resulting in increased occupancy, and the abandonment of a water service connection. The abandonment clause includes wording on the utility’s possible requirement of the property owner to provide a maintenance bond “to ensure performance of such abandonment”. The Board questioned the feasibility of requiring a maintenance bond for residential customers. The applicant explained that this most likely would not be needed for every residential customer, which is why the wording states that the utility “may” require the bond. In response to undertaking U-13, the applicant confirmed that the proposed changes to Regulation 25, Service Pipes, were taken from Regulation 24 from

the Public Service Commission of Bridgewater Regulations and Regulation 51 from the Halifax Water Regulations.

### **9.1 Findings**

[169] The Board finds that the proposed Schedule of Rules and Regulations is reasonable and is generally consistent with those of other water utilities. The Board approves the Schedule of Rules and Regulations, including Regulations 8, Estimated Readings for Billing Purposes - Metered Customers, Regulation 25, Service Pipes, and the amendment to Regulation 14, Location of Meters, filed with the undertaking responses.

### **10.0 CONTINGENCY PLANNING**

[170] In response to Board IRs, the applicant provided general information on its efforts about contingency planning and emergency preparedness for the utility. It noted that emergency preparedness plans are in place for each of the utility's dams, with dam safety reviews completed for both Mill Lakes and French Mill Brook dams, and plans are in place to bring the Mill Lakes Dam up to standards. A list of current contingency plans was provided, which are reviewed annually as part of the review of each facility's operations manual. Source water protection management plans are reviewed annually, with watershed committee meetings held semi-annually.

[171] The applicant stated that a positive outcome of the 2020 Windsor/West Hants amalgamation is that it currently operates as a combined integrated utility, with utility staff cross-trained in utility operations. It noted that the proposed capital plan for the consolidated utility, including distribution connection, increased water storage, adding a

third process train and control structure upgrades, will decrease risks by increasing resiliency and redundancy. The applicant added that amalgamation will better equip the utility to share resources in the event of an emergency and will allow risk assessment and emergency preparedness planning to be done as a consolidated utility using a consistent approach without duplication.

[172] The Board reminds the utility of the importance of maintaining and updating its contingency and emergency preparedness strategies and the associated communication plans.

## **11.0 CONCLUSION**

[173] The Board has considered the information presented and approves the amalgamation of the Windsor and West Hants water utilities to form the West Hants Regional Water Utility.

[174] The Board approves the Schedule of Rates and Charges for Water and Water Services provided by the applicant in the rate study filed in response to the undertakings, with effective dates of October 1, 2024, April 1, 2025, and April 1, 2026, with an amendment to the public fire protection charge. As the rates are approved effective October 1, 2024, and not July 1, 2024, as proposed, the approved public fire protection rate in Schedule "A" of the Schedule of Rates and Charges is based on six months at the existing rate and six months at the proposed rate.

[175] The Board directs the utility to establish a capital reserve in which will be deposited any unspent variances in depreciation, principal and interest expenses that the

rate study identified as required during the year, but that were not expended during that year.

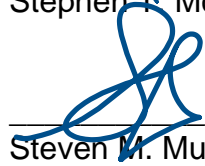
[176] The Board also directs the Municipality to study the allocation of costs between the Municipality and the utility before its next rate application.


[177] The Board further approves the Schedule of Rules and Regulations as amended and proposed in the response to the undertakings, with an effective date of October 1, 2024.

[178] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 3<sup>rd</sup> day of September, 2024.

  
\_\_\_\_\_  
Stephen T. McGrath

  
\_\_\_\_\_  
Steven M. Murphy

  
\_\_\_\_\_  
Bruce H. Fisher

**From:** [Abraham Zebian](#)  
**To:** [Deanna Snair](#)  
**Subject:** Fwd: Amalgamate Windsor & West Hants Water Utilities  
**Date:** August 29, 2024 4:14:34 PM  
**Attachments:** [UARB Final.docx](#)  
[West Hants Issues.docx](#)

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**From:** Rick Smith  
**Date:** August 29, 2024 at 11:09:46 AM ADT  
**To:** kathryn.duffy, Abraham Zebian <AZebian@westhants.ca>, meaganhalverson, Jeff Hartt <jhartt@westhants.ca>, Laurie Murley <lmurley@westhants.ca>  
**Cc:** Jim Ivey <jivey@westhants.ca>  
**Subject:** **Amalgamate Windsor & West Hants Water Utilities**

**Caution [External Email]**

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

To members of the West Hants Audit Committee.

I am writing to you regarding the Amalgamate of the Windsor & West Hants Water Utilities. As a resident of Windsor / West Hants, I first became interested in the financial status of the Windsor & West Hants Water Utilities after watching the Audit Committee meeting back in October 2023. I realized back in October that there were issues that needed to be resolved and have followed the developments since then.

As Audit Committee members, I understand that you have a responsibility to deal with matters that require investigation, evaluate internal controls as well as a detailed review of the financial statements. With your help we should be able to get all the correct answers to my unresolved issues.

Attached is a copy of my presentation to the UARB meeting back on May 23, 2024, and a list of my Outstanding Concerns dated August 17, 2024. I will also be sending supporting schedules, reports, and financial statements in a separate e-mail.

I wanted to advise you as members of the West Hants Audit Committee, that I intend to speak at the next Committee of the Whole and Audit Committee meetings in September. My hope is that with your help and involvement my concerns can be resolved.

As you are aware, the UARB regulate water utilities. The Windsor & West Hants Water Utilities currently operate as two separate legal entities, and they have made application to the UARB to amalgamate and as well set new water rates. To date there has been four Water Rate Study updates with some eighty-five (85) inquiries. Keep in mind, that the UARB rely on information provided to them when reviewing and setting rates. **It is, therefore, imperative that the UARB receive all the correct information to set new water rates.**

Some of my concerns have already been raised by Councillor Jim Ivey in his various Information Reports and many discussions on this subject with Council in the past. To date however, I have not seen any impetus by staff or other council members to help resolve these issues.

These issues are material, and I believe that the 2022 -2023 Financial Statements will need to be revised, restated, and updated information provided to the UARB. Your help will make the difference.

It is my expectation, that you as members of the Audit Committee will get inside the numbers, understand them, and insist on getting real precise accurate answers. It is imperative to get all the numbers corrected before new water rates are approved as they will impact residents.

Abe, as Committee Chair of the Audit Committee, would you kindly confirm receipt of this e-mail and let me know if you are committed to getting answers and resolving these issues.

If I can provide any clarity to the information that I have provided, meet with you, or answer questions, please do not hesitate to call me.

Regards Rick Smith

██████████ ██████████

## **UARB Hearings – Amalgamate Windsor & West Hants water utilities into West Hants Water Utility & 2024 Water Rate application on May 23, 2024. Matter No M11538**

My name is Rick Smith and I live in Windsor. I first want to say that I appreciate the opportunity to speak at this hearing today.

Just as a bit of background, I became interested with the financial status of the Water Utilities of Windsor & West Hants while watching the Audit Committee meeting video back in October 2023.

I first want to say that I believe that amalgamating the Windsor and West Hants Water Utilities is the right thing to do and should create efficiencies within the Water Utility. Once amalgamated The West Hants Regional Municipality will have the overall responsibility to deliver safe water at a fair & accurate cost to all its customers.

Having said that, I also believe that it is imperative to get all the financial numbers for each of the Utility's correct before proceeding with amalgamation and the proposed water rate increases. It is also essential to get the starting point(numbers) correct and have accurate information when completing the water rate studies. Ultimately to set accurate new water rates for the customers of West Hants.

Therefore, I will focus my comments on only the following three (3) areas of concern.

### **Financial Statement results for both Windsor & West Hants Water Utilities for the year ended March 31, 2023.**

#### **Financial numbers used in the Water Rate Studies.**

#### **Water Utility Consumption Reports for Windsor & West Hants.**

I will first speak on the Financial Results for the year ended March 31, 2023.

During the audit meeting back in October, the Auditor noted that the Windsor Water Utility was showing a deficit/loss of (\$ 425,784) at the end of the 2022 -2023 year compared to a budgeted surplus/profit \$ 118,064. And he went on to say that the West Hants Utility was showing a surplus/profit of \$340,526 compared to a budgeted deficit/loss of (\$187,918).

In other words, the Windsor Utility results showed a **negative** change of **(\$543,848)** while the West Hants Utility results showed a **positive** change of **\$528,444** for the 2022-2023 year compared to budget results.

As a retired Chief Financial Officer, I was very surprised that neither the Auditor nor Director of Finance provided any explanation for differences between the two utilities. It was of particular interest to me as a \$500,000 plus or minus change represents about 25 % of the annual budget for each of the utilities.

After having a quick look at the Audited Financial Statements of each of the Utilities I noted that revenue for Windsor was down while revenue for West Hants was up. It was similar for expenses.

Windsor expenses were up and expenses for West Hants were down. This did make me question the allocation of revenue and expenses between the two Utilities keeping in mind I was simply trying to understand the reason for the significant differences.

During a subsequent Council meeting questions were raised about the financial differences between the two Utilities. Eventually Council was told by staff that a significant credit / correction in the amount of (\$297,000) had been issued to correct billings to Three Mile Plains. The result of this credit reduced revenue for the Windsor Utility and increased revenue for the West Hants Utility.

On November 28, 2023, Council requested that staff provide a three (3) year detailed schedule for each of the utilities showing actual results compared to budgets.

Once this schedule was available, I reviewed it and noted several concerns that normally would require explanation to ensure confidence in the results. The issue of the credit for (\$ 297,000) became apparent as well as several expenses such as the cost of power, taxes and administration to note a few. These cost all increased in the Windsor Utility by \$160,084 while they reduced by (\$125,802) in the West Hants Utility. Again, I was simply trying to understand the results for the 2022 -2023-year end.

Staff were subsequently questioned on these items during a Council meeting. However, there was a total lack of clear, concise, accurate answers that would provide clarity to Council. In addition, there was no concise timeline or calculation provided for the exceptionally large credit of (\$297,000). This credit likely should have been identified and recorded as a prior year's adjustment. As well, a credit of this size would normally require special approval such that Council should have been aware.

I believe it was this lack of clarity that led Council to direct the CAO to secure an independent firm to undertake a detailed, operational and financial audit of the West Hants and Windsor Water Utilities on January 9, 2024

**It is my understanding that this audit has not been started.**

### **Water Rate Studies**

While doing a cursory read of the Combined Windsor / West Hants Water Utility Study dated January 18, 2024 (Worksheet B-1) I noted that the combined budget for 2023/2024 was shown as a deficiency of revenue over expenses as a negative \$482,021.

The actual approved budget for the Windsor Utility was a positive \$306,646 and the West Hants Utility a negative of \$95,092. In other words, a combined approved positive budget of \$211,555 compared to the negative \$482,021.

Another anomaly was the depreciation rates used for Distribution Reservoirs & Standpipes i.e. (Water Tower) within the various water rate studies. The rates used changed in the various water studies. Depreciation on a \$6 M asset will certainly impact the Net Operating Profit of the Utility and therefore water rates.

Depreciation rates are clearly defined by class in the **Water Utility Accounting and Reporting Handbook and should alleviate any uncertainty.**

I also had a cursory review of the many Requests (IR 70) raised by the UARB. It was a tedious process and admit I got lost in the detail trying to follow all the changes. There were also references to see revised rate study. As a result of these Requests, changes were subsequently made to the Water Rate Study which included expense allocations, capital costs and depreciation to name a few.

### **Water Utility Consumption Reports**

At Councils request, staff provided a quarterly Water Utilities Consumption Report dated December 2023. The report outlined the water consumption by quarter for both West Hants identifying TMP, Hantsport, and Falmouth and Windsor identifying the bulk master meters Dill Road, TMP, Underwood Road and Wentworth Road.

The consumption for Underwood Rd was incomplete as readings had apparently not been taken for several quarters. As well consumption for Falmouth for the third quarter was shown as 16,403,309 imp gal.

In a subsequent report dated February 2024, the results for Underwood Road were reported as 46,626,609 imperial gallons which apparently represented four quarters of consumption. As well the Falmouth third quarter consumption was revised from 16,403,309 imp gal. to 6,781,204 imp gal a reduction of some 9,622,105-imp gal. No reason was given for this change.

The consumption report dated February 2024 noted that the variance between TMP and bulk meters was 64,311,884 imp gal. or 71.9%. This represents unbilled water and on an annual basis (four quarters) estimated could top 85,000,000 imp gal. A substantial reduction of this lost water would certainly provide additional capacity (saleable water) for future use. We must also be aware that this lost water has already been treated at a significant cost and represents a valuable resource.

This Consumption Report has proven to be inaccurate and unreliable to date. I would suggest that all the meters be read every month. This would create some history, stats to compare to, reconcile to, investigate and determine how to improve the efficiency of the meters going forward. The goal being to minimize the lost water and reduce treatment costs.

### **Summary:**

**The operational & financial audit of the Water Utilities** -this should be completed before the Rate Study is finalized. There are many unanswered questions regarding the credit issued to TMP for \$297,000 as well as the allocation of expenses. It is imperative to get these numbers correct.

**Water Utility Consumption Reports** – The lost water is estimated at about 85 M imp gal., per year as previously noted. This lost water not only represents capacity for future saleable water but also a value of about \$568,650 (85M x .00669 per imp gal.).

This same 85M imp gal currently represents a significant cost to the Water Utility and this cost is currently being included in the water rates. The water treatment expense budget for 2023-2024 alone is just over \$1M. The cost to treat this lost water is very costly.

As I indicated previously this consumption report needs ongoing work. I trust that I have therefore interpreted the information on this report accurately as I would not want to misrepresent any part of the report.

**The Water Rate Study** – The Audit requested by council must be completed any all-outstanding matters resolved before finalizing changes to the Water Rate Study and developing new rates.

**Conclusion:**

**I believe that it is incumbent on West Hants Council to ensure that all these issues are resolved and fully vetted before proceeding with any water rate changes.**

**I realize that there have been many changes made to the Water Rate Study since January when council approved the proposed new rates. The objective, however, must be to finally get it right and provide confidence to all West Hants customers that any new proposed rates are in fact correct.**

**It is my understanding, that one of the mandates of the Utility and Review Board of NS is to regulate public utilities such as water, by setting rates and ensuring that customers receive safe reliable service at a reasonable price. I would therefore urge the UARB to ensure that all issues are fully resolved before approving any water rate changes.**

**Respectfully submitted.**

**Rick Smith**

**Prepared by Rick Smith – July 15, 2024, Updated August 17, 2024**

## **Outstanding Concerns re Amalgamate Windsor & West Hants Water Utilities**

**Draft Only**

### **West Hants – Items to Note & Review re Audit Process**

Status of the motion by the Council to direct CAO for operational & financial audit of the Water Utilities. **This audit should & must be completed prior to setting new water rates to provide and ensure all the financial numbers are correct.**

Develop a policy on issuance of credit notes, processing adjustments and correction of errors to include proper disclosure.

Develop a policy on the use of Surplus accounts (\$\$) to reduce expenses, apply to capital items etcetera and proper disclosure.

Develop a policy on prior period adjustments to include proper disclosure and notes to financial statements.

### **Windsor & West Hants Water Utilities**

The explanation for credits issued that totaled about \$297,000 and negatively affects the 2023 results for the Windsor Water Utility is still not clear to me. I have seen the calculations; however, I **cannot make sense of them**. This matter needs to be revisited and corrected. This credit adjustment is material and is a prior period adjustment. As such the financial statements need to be revised and restated along with a note to the financial statements. Refer to the West Hants response to (UARB) Undertaking U-4 below and my comments.

Administration fees were stated to be 10% in Undertaking U-5 (UARB) however most notable the Windsor Utility was charged 20% in 2022-2023.

The administration fee at 10% would be \$110,127 not 20% or the \$220,242 as charged. **This is a very significant error and needs to be corrected and restated in the financial statements.**

There have been any number of updates and corrections to the Water Rate Study over the past several months. Any corrections like the allocation of taxes for example should be corrected and restated in the financial statements.

**Council should be informed and approve the use of Surpluses in the Water Rate Study.**

2024 – 2025 Operating from Surplus \$ 100,000

2025-2026 Operating from Surplus \$ 450,000

**Worksheet B-1 (Comparative Statement of Operations) dated June 2, 2024, in the updated Water Study needs to be corrected.**

The Surplus amount of \$100,000 appears twice and the worksheet does not add. (2024-2025)

The Excess (Deficiency) of Revenues Over Expenditures for 2024-2025 is stated as a negative (loss) of -\$ 522,041. The actual approved budget for the West Hants Water Utility (May 29, 2024) is a negative (loss) of -\$236,441 and the Windsor Water Utility a positive (profit) of \$177,557 for a combined negative (loss) of -\$58,884.

The difference between the loss of -\$522,041 used in the Water Rate Study and the approved combined budgets of a loss of -\$58,884 is **-\$ 463,157. This must be corrected to help ensure correct water rates are calculated properly.**

**Worksheet B-3 (Calculation of Depreciation of Tangible Plant at Total Cost)**

This Worksheet indicates a total of \$13,657,240 as additions for 2024-25. The approved budget is for only \$11,978,025 and the difference of \$1,679,215 will increase depreciation expense. **This needs to be resolved and corrected as it will impact water rates.**

**Consumption Reports.**

**The Consumption Report dated December 2023** (first report provided to Council) included info for Q1, Q2 & Q3. The water consumption for Falmouth Q3 results at 16,403,309 Imp. gal. did not appear to be correct. No plausible explanation was provided. In addition, the Q1 result for WH Underwood Rd was shown as 42,234 Imp gal without any results for Q2 & Q3.

**The Consumption Report dated February 2024** was an update on the previously issued report for Q1, Q2, & Q3. The Q3 consumption for Falmouth was changed from 16,403,309 Imp gal to 6,781,204 Imp gal. without any explanation.

In addition, the Q3 consumption for WH Underwood Rd included 46,584,375 Imp. gal which had not been previously reported. Apparently, this consumption represented four (4) quarters of consumption as the meter had not been read. Not sure what the 42,234 Imp gal reported in Q1 represents?

This report also included changes to the consumption for TMP for Q1 and changes to TMP & Hantsport for both Q1 & Q2. These changes might be considered small however previously taken meter reading should not change. Results reported in the column for Q 4 did not seem relevant to the report?

**The Consumption Report dated March 2024**, contains the consumption results for Q 1, Q 2, Q3 & results for Q4 (consumption results for the year ended March 31, 2024). This report includes many errors and changes.

The Q 3 consumption for Falmouth was changed yet again to 16,429,046 Imp. gal. This was previously changed in the February 2024 report to **6,781,204** Imp gal. from 16, 403, 309 Imp gal. in the December 2023 report. Are these meter readings or not? What is the correct meter reading?

The Q 4 consumption for WH Underwood was reported as 6,249,979 Imp. gal which does not seem reasonable if four quarters of consumption was 46,584,375 Imp. gal? Again, is this a correct meter reading?

The total consumption for the WH Underwood meter for 2024 as per the March report was 52,876,588 Imp. gal. The value of this water is about \$132,720 using the value of \$2.51 per 1000 Imp. gal. This is very confusing as the actual value stated in the three (3) year history prepared by WH for 2021, 2022, and 2023 was \$718, \$380 and \$410 respectively. The budget for this meter for 2024 was stated as only \$376 yet the budget for 2025 is stated at \$62,750.

**There are issues with the reporting for the WH Underwood meter, over the past number of years and they need to be correctly reported.**

This report also contained an additional eight (8) other changes to the consumption results previously provided in the February 2024 consumption report. Changes were made to the following readings TMP Q1 & Q3, Hantsport Q1, Q2 & Q3, Windsor Q1, Q2 & Q3. Again, I am not sure why previously taken meter readings would change.

The variance between TMP and bulk master meters is 81,296,300 Imp. gal. as stated in the March 2024 Water Consumption Report. This is a substantial amount of lost water. This lost water has already been treated and represents a significant cost to West Hants and its taxpayers and is included in the water rates. This lost water also represents a valuable resource and would provide additional saleable water capacity.

#### **West Hants response to (UARB) Undertaking U-4**

An analysis for the 5 Back Road Meter was provided to the UARB and included the billing periods. start & ending meter reads, credit adjustments, consumption of water & amounts billed for the years ended March 31, 2019, 2020, & 2022.

The difference between the starting and ending meter readings (cubic meters) are multiplied by 219.97 to calculate/convert to Imp. gallons. The gallons are then multiplied by 2.51 per 1000 Imp gal to get the amount to be billed.

The analysis is very difficult to follow, however I offer the following comments

**For the billing period April 1, 2019 – March 31, 2020, the total amount billed was \$20,683.61.**

**For the billing period April 1, 2020 – March 25, 2021, the total amount billed was \$32,217.44.**

Net of the credit adjustment of -\$24,794.15, the billed would have been \$7,423.29. Meter readings during this period were incomplete. There was also a billing error relating to the billing for \$2,755.09. The billing correction was calculated based on 4,989.7 cubic meters and was not converted to Imp. gal. which was 1,097,584. This billing should have been \$11,000.94.

**For the billing period March 25, 2021- March 31, 2022**, the total amount billed was **\$311,012.64**. Net of the credit of -\$270,110.32, the billed would have been \$40,902.32.

The two (2) credits issued in the amounts of -\$24,794.15 and -\$270,110.32 apparently were posted on April 20, 2022. I have applied the credits as noted above to determine what the billings would have been with the adjustments made in the same billing period for comparison purposes only.

**Unfortunately, the details in this summary appear to be incomplete and do not relate to actual consumption and billings for the years ended March 31, 2020 to March 31, 2022, as presented in the actual financial statements.**

For information and comparison purposes the total annual consumption for TMP as per the Consumption Report dated March 2024 is 114,317,231 Imp. gal. The value of this water is \$286,936.25 (114,317,231 x \$2.51 per 1000 Imp. gal).

As stated in the analysis provided, the need to issue credit notes was apparently necessitated to correct over billings/ mistakes in the year ended March 31, 2021, for -\$24,794.15 and in the year ended March 31, 2022, for -\$270,110.32 and appears to have only been entered into the financial records for the: year ended March 31, 2023. If these credit adjustments were completed on April 20, 2022, why were they not recorded in the appropriate years?

Based on the actual annual revenue reported below, it would seem that these credit notes were incorrectly issued.

The actual total revenue for TMP for the years 2021, 2022 & 2023 recorded in the financial statements were as follows.

March 31, 2021 - \$251,169

March 31, 2022 – \$244,426

March 31, 2023 - \$56,453 (This result is obviously not consistent with consumption))

March 31, 2024 - \$ 286,936 (**I have calculated this based on consumption numbers in the March 2024 Consumption Report of 114,317,231 Imp. gal).**

It is unfortunate as a resident, I must bring these issues to your attention, however they need to be corrected. It is my contention that collectively these issues have a material affect on the March 31, 2023, results as well as potentially impacting the March 31, 2024, results.

I have interpreted the information based on information provided and prepared by West Hants and I would certainly not want to misrepresent any part of the various reports. As a resident it is difficult to get answers without intervention from the Audit Committee or Council.

I would also say that my concerns as outlined in this report do not necessarily represent all issues that may exist, but simply a few that I have identified with the limited information available to me.

The financial results for both the Windsor Water Utility and West Hants Utility will impact the water rates and taxpayers well into the future.

**It is incumbent upon West Hants to get it right.**



**From:** [Abraham Zebian](#)  
**To:** [Carlee Rochon](#); [Carmen Dewar-Miller](#)  
**Subject:** Fwd: Amalgamate Windsor & West Hants Water Utilities  
**Date:** August 29, 2024 7:40:21 PM  
**Attachments:** [Rick.pdf](#)

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**From:** Rick Smith  
**Date:** August 29, 2024 at 12:26:07 PM ADT  
**To:** kathryn.duffy@[REDACTED] Abraham Zebian <AZebian@westhants.ca>, meaganhalverson@[REDACTED] Jeff Hartt <jhartt@westhants.ca>, Laurie Murley <lmurley@westhants.ca>  
**Cc:** Jim Ivey <jivey@westhants.ca>  
**Subject:** Amalgamate Windsor & West Hants Water Utilities

**Caution [External Email]**

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

To members of the West Hants Audit Committee.

Further to my previous e-mail today, I have attached supporting schedules, copies of reports and financial statements for your information.

I certainly realize that this is a lot to take in, so do not hesitate to reach out for clarification on any of this info.

Regards Rick Smith

[REDACTED]

[REDACTED]

The water consumption reports for 2022-23 and 2023-24 are as follows:

**Year 2022/2023**

TOTALS WEST HANTS	TOTAL CONSUMPTION (Cubic Meters)	# OF CLIENTS AS OF MAR 31/23
5/8 "	334,614	2596
3/4 "	2,073	8
1.0 "	11,387	17
1.5 "	8,073	6
2.0 "	13,604	7
3.0 "	24,736	3
4.0 "	3,671	2
6.0 "	-	0
<b>Total</b>	<b>398,159</b>	<b>2639</b>

WINDSOR	TOTAL CONSUMPTION (Cubic Meters)	# OF CLIENTS AS OF MAR 31/23
5/8 "	191,198	1190
3/4 "	24,608	42
1.0 "	21,306	28
1.5 "	22,007	11
2.0 "	144,394	27
3.0 "	2,330	2
4.0 "	26,396	2
6.0 "	-	0
<b>Total</b>	<b>432,238</b>	<b>1302</b>

**Year 2023/2024**

TOTALS WEST HANTS	TOTAL CONSUMPTION (Cubic Meters)	# OF CLIENTS AS OF MAR 31/24
5/8 "	372,771.49	2660
3/4 "	1,368.81	10
1.0 "	10,058.58	17
1.5 "	7,643.92	6
2.0 "	20,446.40	7
3.0 "	21,928.91	3
4.0 "	4,942.30	3
6.0 "	-	0
<b>Total</b>	<b>439,160</b>	<b>2706</b>

WINDSOR	TOTAL CONSUMPTION (Cubic Meters)	# OF CLIENTS AS OF MAR 31/24
5/8 "	173,631	1186
3/4 "	25,067	42
1.0 "	21,115	29
1.5 "	22,292	12
2.0 "	141,238	27
3.0 "	6,229	2
4.0 "	26,552	2
6.0 "	-	0
<b>Total</b>	<b>416,124</b>	<b>1300</b>

**Undertaking U-3**

To identify when the problem with the Underwood meter that resulted in the credit from Windsor to TMP/Wentworth was discovered and how long it took to have it corrected.

Response:

The problem was with the 5 Back Road Meter, not with the Underwood Meter. A timeline for the 5 Back Road Meter can be found in the CAO comments of the report filed for U-15. It is not clear how long the issue with this meter had existed, as there were two read malfunctions from September 2020. It appears that upon installing a new meter in February 2021, the decimal point issue began.

In February 2022, an account review was requested, and the decimal point issue was fixed as part of the April 2022 billing.

**Undertaking U-4**

To provide an analysis showing the time period that the Underwood meter issue could have existed.

Response:

As stated in the response to Undertaking U-3 the problem was with the 5 Back Road Meter. The credit of \$294,904 (\$24,795+ \$270,110) was calculated based on the following:

Billing Period	Start Read	Ending Read	Consumption	Billed
4/1/19 to 6/30/19	101,291	120,511	4,227,920	\$10,612.08
7/1/19 to 9/30/19	120,511	134,441	3,064,252	\$7,691.27
10/1/19 to 12/31/19	134,441	136,359	421,912	\$1,059.00
1/1/20 to 3/31/20	136,359	138,752	526,400	\$1,321.26
4/1/20 to 6/26/20 - Consolidation April 1, 2020 (Municipal Units)	138,752	140,339	349,091	\$876.22
6/27/20 to 9/18/20	140,339	142,217	413,102	\$1,036.89
September 2020 Read - Malfunction January 7, 2021 Read - Malfunction February 2021 New Meter - 92462341 Installed				
2/19/21 to 3/24/21	638	50,535	10,975,793	\$27,549.24
Should have been	63.8	5,053.5	4,989.70	\$2,755.09
				Credit Adjustment - Old Account on 4/20/22
				-\$24,794.15
3/25/21 to 6/23/21 - New Account Created	50,535	236,158	40,834,306	\$102,486.58 ✓
6/24/21 to 9/21/21	236,158	409,525	38,135,366	\$95,719.77 ✓
9/22/21 to 12/20/21	409,525	594,115	40,604,078	\$101,916.24 ✓
12/21/21 to 3/18/22 - Voided	594,115	791,357	43,387,125	\$108,901.68 ✓
12/21/21 to 3/18/22 - Reproduced correctly reflecting decimal point	59,411	79,135	4,338,669	\$10,890.06 ✓
Billed from 3/25/21-12/20/21	50,535	594,115	119,570,749	\$300,122.58
Should have been	5,053.5	59,411.5	11,957,076	\$30,012.26
				Credit Adjustment - New Account on 4/20/22
				-\$270,110.32

Handwritten notes on the right side of the table:

- 20,653.61 (bracketed around the first four rows)
- 32,217.44 (bracketed around the rows from 2/19/21 to 3/24/21)
- 131,012.64 (bracketed around the rows from 3/25/21 to 12/20/21)

**Undertaking U-5**

To provide the analysis comparing the costs allocated to the utility using utility operating costs and municipal costs.

Response:

A rough analysis was done of the water Utilities share of municipal administration costs as direct costs are allocated directly to the utilities. If the amalgamation of the two Utilities is approved a detailed analysis will be conducted prior to the next rate study with the new utility structure. The following are the results of the rough analysis compared to the present allocation of administration costs based on the 10% formula which is included in the current rate study. Currently the 10% formula is used throughout the Municipality to administer administration to the various departments.

WEST HANTS REGIONAL MUNICIPALITY  
WATER UTILITIES - CONSUMPTION REPORT - DECEMBER 2023

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION*
<b>West Hants Water</b>					
TMP (incl. Wentworth)	7,786,744.05	9,364,341.21	7,972,909.24	-	25,123,994.50
Hantsport	4,738,304.76	6,283,367.00	5,584,032.07	-	16,605,703.83
Falmouth	8,177,128.09	9,740,227.87	16,403,309.39	-	34,320,665.35
<b>Total by Quarter</b>	<b>20,702,176.90</b>	<b>25,387,936.08</b>	<b>29,960,250.70</b>	-	<b>76,050,363.68</b>

\*Note all figures are shown in imperial gallons.

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION*
<b>Windsor Water</b>	21,072,450.48	24,611,106.60	23,432,725.39	-	69,116,282.47
<b>Bulk Master Meters</b>					
WH Dill Road	3,365,526.00	2,501,048.00	4,515,964.00	-	10,382,538.00
WH TMP 5 Back Rd	7,873,351.00	13,191,761.00	10,767,703.00	-	31,832,815.00
WH Underwood Rd	42,234.00	-	-	-	42,234.00
WH Wentworth Rd	227,888.00	155,958.00	278,701.00	-	662,547.00
<b>SUBTOTAL</b>	<b>11,508,999.00</b>	<b>15,848,767.00</b>	<b>15,562,368.00</b>	-	<b>42,920,134.00</b>
<b>TOTAL BY QUARTER</b>	<b>32,581,449.48</b>	<b>40,459,873.60</b>	<b>38,995,093.39</b>	-	<b>112,036,416.47</b>

\*Note all figures are shown in imperial gallons.

VARIANCE BETWEEN TMP AND BULK MASTER METERS **	<u>17,796,139.50</u>
% OF VARIANCE FROM TOTAL BULK CONSUMPTION	<u>41.5%</u>

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

WEST HANTS REGIONAL MUNICIPALITY  
WATER UTILITIES - CONSUMPTION REPORT - FEBRUARY 2024

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION*
<b>West Hants Water</b>					
TMP (incl. Wentworth)	7,794,882.90	9,364,341.21	7,981,048.09	52,352.62	25,192,624.82
Hantsport	4,736,764.97	6,284,906.78	5,584,032.07	9,678.64	16,615,382.46
Falmouth	8,177,128.09	9,760,245.05	6,781,204.85	834,005.87	25,552,583.86
<b>Total by Quarter</b>	<b>20,708,775.96</b>	<b>25,409,493.05</b>	<b>20,346,285.00</b>	<b>896,037.13</b>	<b>67,360,591.14</b>

\*Note all figures are shown in imperial gallons.

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION*
<b>Windsor Water</b>	21,072,450.48	24,611,106.60	23,453,402.48	(1,994,018.98)	67,142,940.58
<b>Bulk Master Meters</b>					
WH Dill Road	3,365,526.00	2,501,048.00	4,515,964.00	-	10,382,538.00
WH TMP 5 Back Rd	7,873,351.00	13,191,761.00	10,767,703.00	-	31,832,815.00
WH Underwood Rd***	42,234.00	-	46,584,375.00	-	46,626,609.00
WH Wentworth Rd	227,888.00	155,958.00	278,701.00	-	662,547.00
<b>SUBTOTAL</b>	<b>11,508,999.00</b>	<b>15,848,767.00</b>	<b>62,146,743.00</b>	<b>-</b>	<b>89,504,509.00</b>
<b>TOTAL BY QUARTER</b>	<b>32,581,449.48</b>	<b>40,459,873.60</b>	<b>85,600,145.48</b>	<b>(1,994,018.98)</b>	<b>156,647,449.58</b>

\*Note all figures are shown in imperial gallons.

\*\*\* Four quarters worth of consumption billed in the third quarter of 2023-24.

VARIANCE BETWEEN TMP AND BULK MASTER METERS **	64,311,884.18
% OF VARIANCE FROM TOTAL BULK CONSUMPTION	71.9%

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

WEST HANTS REGIONAL MUNICIPALITY  
WATER UTILITIES - CONSUMPTION REPORT - MARCH 2024

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION <sup>1</sup>
<b>West Hants Water</b>					
TMP (incl. Wentworth)	7,796,643	9,364,341	7,971,378	7,888,570	33,020,931
Hantsport	4,683,140	6,231,282	5,558,397	5,695,217	22,168,036
Falmouth	8,177,128	9,760,245	16,429,046	7,059,906	41,426,324
<b>Total by Quarter</b>	<b>20,656,911</b>	<b>25,355,868</b>	<b>29,958,820</b>	<b>20,643,692</b>	<b>96,615,291</b>

<sup>1</sup>Note all figures are shown in imperial gallons.

Utility	Q1	Q2	Q3	Q4	TOTAL CONSUMPTION <sup>1</sup>
<b>Windsor Water</b>	21,046,494	24,521,359	23,962,667	22,065,075	91,595,595
<b>Bulk Master Meters</b>					
WH Dill Road	3,365,526	2,501,048	4,515,964	5,659,802	16,042,340
WH TMP 5 Back Rd	7,873,351	13,191,761	10,767,703	12,750,063	44,582,878
WH Underwood Rd <sup>2</sup>	42,234	-	46,584,375	6,249,979	52,876,588
WH Wentworth Rd	227,888	155,958	278,701	152,878	815,425
<b>SUBTOTAL</b>	<b>11,508,999</b>	<b>15,848,767</b>	<b>62,146,743</b>	<b>24,812,722</b>	<b>114,317,231</b>
<b>TOTAL BY QUARTER</b>	<b>32,555,493</b>	<b>40,370,126</b>	<b>86,109,410</b>	<b>46,877,797</b>	<b>205,912,826</b>

<sup>1</sup>Note all figures are shown in imperial gallons.

<sup>2</sup>Four quarters' worth of consumption billed in the third quarter of 2023-24. Staff were estimating bills, as reads were unable to be obtained. We can only estimate for two billing cycles, so quarter two was zero consumption. In quarter three, Public Works were able to get into the hole to obtain a physical reading and Financial Services completed the four quarters' back billing, as per the Utility and Review Board's rules and regulations.

VARIANCE BETWEEN TMP AND BULK MASTER METERS <sup>3</sup>	<u>81,296,300</u>
% OF VARIANCE FROM TOTAL BULK CONSUMPTION <sup>4</sup>	<u>71.1%</u>

<sup>3</sup>The variance for imp. gallons is attributed to leakage, system flushing, fire hydrants, unauthorized usage, and old meter equipment, etc.

<sup>4</sup>If we average underwood over four quarters the variance would be closer to 60.9%.

**West Hants Regional Water Utility - Undertakings**  
**Calculation of Depreciation of Tangible Plant at Total Cost**  
**2024/25**

	Additions to Utility Plant in Service	Capital Cost Contribution from Others	Utility Cost of Plant in Service	Depreciation Rate	Annual Depreciation
			Depreciation rate as March 31		733,381
<b>LAND AND LAND RIGHTS</b>					
Source of Supply Land	0	0	0	0	0
Future Reservoir Land	0				0
<b>STRUCTURES AND IMPROVEMENTS</b>					
Source of Supply Structures-Roads	60,000	0	60,000	0.04	2,400
Power and Pumping Structures	0	0	0	0.02	0
Purification	300,000	0	300,000	0.02	6,000
Distribution Reservoirs and Standpipes	6,000,000	3,000,000	3,000,000	0.0133	79,800
Water Treatment Plant	40,000	0	40,000	0.04	1,600
General Wellfield Development	0	0	0	0.04	0
Other- Dam upgrade Davision Lake Reservoir	50,000	0	50,000	0.04	2,000
<b>Equipment</b>		0	0		0
Electrical Pumping	15,000	0	15,000	0.04	600
Purification Equipment	300,000	0	300,000	0.02	6,000
Purification Equipment	85,000		85,000	0.05	4,250
Emergency Generator	0	0	0	0.05	0
Transportation Equipment	170,030	0	170,030	0.1	17,003
Tools and Work Equipment	0	0	0	0.1	0
GIS System		0	0	0.05	0
Distribution Mains Equipment	8,000	0	8,000	0.05	400
Meter Pit	0	0	0	0.05	0
Mains Repairs/ PRV Upgrade	23,000	0	23,000	0.04	920
<b>Mains</b>		0	0		0
Transmission	4,112,000	2,056,000	2,056,000	0.01333	54,813
Distribution	1,708,410	0	1,708,410	0.01333	22,773
<b>Meters</b>	290,800	40,800	250,000	0.05	14,540
<b>Hydrants</b>		0	0	0.02	0
<b>Services</b>	495,000	20,000	475,000	0.02	9,900
<b>Other</b>	0		0	0.02	0
<b>Other</b>	0		0	0.02	0
<b>TOTAL</b>	<b>13,657,240</b>	<b>5,116,800</b>	<b>8,540,440</b>		<b>222,999</b>
<b>Source of Funding</b>					
			Depreciation Fund Balance beginning of year		430,444
Outside Funding	5,116,800			Interest on Fund balance	5,381
Capital out of Revenue	78,000			Fund balance before expenditures	435,824
Depreciation fund	1,350,000			Depreciation Payment in Current Year	956,380
Long Term Debt	7,112,440			Depreciation Expenditure in Current Year	-1,350,000
Capital from Surplus	0			Balance after expenditures	42,204
<b>TOTAL</b>	<b>13,657,240</b>				

Note: Depreciation Rate for Reservoir

**West Hants Regional Water Utility - Undertakings**  
**Comparative Statement of Operations**

Fiscal Years ending March 31st

	2022/23 (Actual)	Projection Using Current Rates			
		2023/24 (Projected)	2024/25 (Test)	2025/26 (Test)	2026/27 (Test)
<b>OPERATING REVENUES</b>					
Metered Sales	2,837,540	2,781,920	2,882,969	2,882,969	2,882,969
Public Fire Protection - Windsor	319,208	319,205	319,208	319,208	319,208
Public Fire Protection from West Hants	155,095	155,097	155,095	155,095	155,095
Public Fire Protection West Hants	595,789	611,107	595,789	595,789	595,789
Commercial	0	1,938	2,094	2,157	2,222
Sprinkler Service/Private Hydrants	5,728	9,950	8,281	8,349	8,416
Sales to Other Utilities	241,903	368,954			
Bulk Water Sales	0	73,340	166,579	171,576	176,723
Other Income	8,361	42,619	9,828	9,958	12,945
<b>Total</b>	<b>4,163,624</b>	<b>4,364,130</b>	<b>4,139,843</b>	<b>4,145,101</b>	<b>4,153,367</b>
<b>OPERATING EXPENDITURES</b>					
Source of Supply	309,736	380,697	14,800	15,244	15,701
Power and Pumping	45,465	0	0	0	0
Water Treatment	898,534	1,085,188	1,077,013	1,109,323	1,142,603
Transmission and Distribution	1,122,483	1,274,550	1,391,588	1,433,336	1,476,336
Administration and General	518,114	499,288	513,261	520,987	536,617
Depreciation	639,311	733,381	956,380	1,089,591	1,123,246
Taxes	63,891	63,969	66,064	76,404	78,696
<b>Total</b>	<b>3,597,534</b>	<b>4,037,072</b>	<b>4,019,106</b>	<b>4,244,885</b>	<b>4,373,199</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>566,090</b>	<b>327,058</b>	<b>120,737</b>	<b>-99,784</b>	<b>-219,832</b>
		0			
<b>NON-OPERATING REVENUES</b>					
Interest on Customer Accounts	9,602	5,532	7,655	7,655	7,884
Interest	0	0	2,533	2,533	2,609
Special Service	0	12,780	18,191	18,191	18,737
Other	0	0	743	743	765
Transfer from Operating Surplus	0	0	100,000	450,000	0
Other- Bank Interest	0	78,165	35,000	17,000	5,000
<b>Total</b>	<b>9,602</b>	<b>96,477</b>	<b>164,122</b>	<b>496,122</b>	<b>34,995</b>
<b>NON-OPERATING EXPENDITURES</b>					
Debt Charges - Principal	572,672	206,177	107,582	254,162	78,269
Debt Charges - Interest	45,416	33,954	29,448	22,946	17,053
New Debt - Principal	0	42,378	89,841	95,231	100,945
New Debt - Interest	0	93,534	181,982	176,591	170,878
New Debt - Principal	0	0	96,674	204,949	217,246
New Debt - Interest	0	0	213,373	415,145	402,849
New Debt - Principal	0	0		158,060	167,543
New Debt - Interest	0	0		348,860	339,376
New Debt - Principal	0	0	0	0	22,584
New Debt - Interest	0	0	0		49,847
Transfer to Sludge Handling Reserve	0	30,000	10,000	10,000	10,000
Capital out of Revenue	42,862	50,000	78,000	58,000	58,000
Earnings	0	0	0	0	0
<b>Total</b>	<b>660,950</b>	<b>456,042</b>	<b>806,900</b>	<b>1,743,945</b>	<b>1,634,590</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-85,258</b>	<b>-32,507</b>	<b>-522,041</b>	<b>-1,347,607</b>	<b>-1,819,427</b>
<b>SURPLUS AT BEGINNING OF YEAR</b>	<b>1,459,569</b>	<b>1,374,311</b>	<b>1,341,804</b>	<b>819,763</b>	<b>-527,844</b>
<b>OPERATING FROM SURPLUS</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>450,000</b>	<b>0</b>
<b>CAPITAL FROM SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<b>1,374,311</b>	<b>1,341,804</b>	<b>819,763</b>	<b>-527,844</b>	<b>-2,347,271</b>

West Hants Water Utility

REVENUE	2020-21			2021-22			2022-23		
	ACTUALS	BUDGET	VARIANCE	ACTUALS	BUDGET	VARIANCE	ACTUALS	BUDGET	VARIANCE
Residential - Consumption	\$ 1,003,721	\$ 1,300,000	\$ (296,279)	\$ 981,822	\$ 1,205,000	\$ (223,178)	\$ 980,297	\$ 1,228,100	\$ (247,803)
Residential - Meter	\$ 552,860	\$ 290,000	\$ 262,860	\$ 678,895	\$ 475,000	\$ 199,895	\$ 706,601	\$ 488,580	\$ 218,022
Commercial (Bulk Sales)	\$ 1,558	\$ -	\$ 1,558	\$ 1,949	\$ 1,950	\$ (1)	\$ 1,965	\$ 1,989	\$ (24)
Public	\$ 600,000	\$ 604,438	\$ (4,438)	\$ 595,789	\$ 600,000	\$ (4,211)	\$ 595,789	\$ 595,789	\$ -
Private	\$ 1,250	\$ 1,400	\$ (150)	\$ 1,250	\$ 1,250	\$ -	\$ -	\$ 1,250	\$ (1,250)
Services	\$ 900	\$ 1,000	\$ (100)	\$ 900	\$ 900	\$ -	\$ -	\$ 918	\$ (18)
Other	\$ 4,406	\$ -	\$ 4,406	\$ 10,490	\$ 4,000	\$ 6,490	\$ -	\$ 4,080	\$ (4,080)
Special Services	\$ 18,050	\$ 13,300	\$ 2,550	\$ 16,705	\$ 16,150	\$ 555	\$ (12,149)	\$ 4,080	\$ (16,229)
Water Sales	\$ -	\$ -	\$ -	\$ 14,163	\$ -	\$ 14,163	\$ 127,163	\$ 16,473	\$ (11,363)
Interest Earned Overdue Acc.	\$ 3,562	\$ 4,000	\$ (438)	\$ 10,116	\$ 4,000	\$ 6,116	\$ 3,221	\$ 6,000	\$ (2,779)
<b>TOTAL OPERATING REVENUE</b>	<b>\$2,184,306</b>	<b>\$2,214,338</b>	<b>\$ (30,032)</b>	<b>\$2,311,878</b>	<b>\$2,312,250</b>	<b>\$ (472)</b>	<b>\$2,417,998</b>	<b>\$2,388,179</b>	<b>\$ 49,819</b>
<b>EXPENSES</b>									
<b>SOURCE OF SUPPLY</b>									
Maintenance (SOS)	\$ 2,115	\$ 9,000	\$ (6,885)	\$ 3,423	\$ 9,000	\$ (5,577)	\$ 6,072	\$ 8,000	\$ (1,928)
Water Purchased - TMP	\$ 492,756	\$ 413,720	\$ 79,036	\$ 497,165	\$ 413,720	\$ 83,445	\$ 341,903	\$ 413,720	\$ (71,817)
Water/Provincial Permits	\$ 85	\$ 500	\$ (415)	\$ 470	\$ 500	\$ (30)	\$ 500	\$ 500	\$ -
<b>TOTAL SOURCE OF SUPPLY</b>	<b>\$ 495,730</b>	<b>\$ 423,220</b>	<b>\$ 72,510</b>	<b>\$ 501,058</b>	<b>\$ 423,220</b>	<b>\$ 77,838</b>	<b>\$ 352,975</b>	<b>\$ 422,220</b>	<b>\$ (69,245)</b>
<b>WATER TREATMENT</b>									
Operational Labour	\$ 194,762	\$ 179,000	\$ 15,762	\$ 166,045	\$ 180,000	\$ (13,955)	\$ 218,717	\$ 220,650	\$ (1,933)
Power - 238 Eldodge Ltd	\$ 36,948	\$ 67,000	\$ (30,052)	\$ 44,031	\$ 67,000	\$ (22,969)	\$ 41,458	\$ 30,000	\$ 11,458
Power - Hantsport WTP	\$ 4,856	\$ 6,000	\$ (1,144)	\$ 32	\$ 6,000	\$ (5,968)	\$ 21,364	\$ 43,000	\$ (21,636)
Fuel / Propane - Inc. Generator & Maintenance	\$ 7,780	\$ 550	\$ 7,230	\$ 12,817	\$ 550	\$ 12,267	\$ 17,984	\$ 13,000	\$ 4,984
Chemicals	\$ 74,436	\$ 62,000	\$ 12,436	\$ 72,588	\$ 70,000	\$ 2,588	\$ 83,227	\$ 78,000	\$ 5,227
Alarm	\$ 220	\$ 1,000	\$ (771)	\$ 599	\$ 1,000	\$ (401)	\$ 480	\$ 700	\$ (220)
Structures & Improvements	\$ 14,260	\$ 7,100	\$ 7,160	\$ 8,484	\$ 7,200	\$ 1,284	\$ 7,778	\$ 7,200	\$ 578
Pumping Equipment	\$ 598	\$ 3,000	\$ (2,402)	\$ 778	\$ 3,000	\$ (2,222)	\$ 107	\$ 2,500	\$ (2,393)
Treatment Equipment	\$ 39,653	\$ 45,000	\$ (5,347)	\$ 59,306	\$ 45,000	\$ 14,506	\$ 39,525	\$ 45,000	\$ (5,475)
Supplies & Maintenance	\$ 6,632	\$ 900	\$ 6,132	\$ 3,639	\$ 900	\$ 3,639	\$ 12,225	\$ 11,500	\$ 725
Other Expenses	\$ 838	\$ 11,400	\$ (10,562)	\$ 3,544	\$ 11,000	\$ (7,456)	\$ 331	\$ 1,000	\$ (667)
<b>TOTAL WATER TREATMENT</b>	<b>\$ 380,592</b>	<b>\$ 382,550</b>	<b>\$ (1,958)</b>	<b>\$ 372,062</b>	<b>\$ 390,750</b>	<b>\$ (18,688)</b>	<b>\$ 443,697</b>	<b>\$ 452,550</b>	<b>\$ (8,853)</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>									
Supervision	\$ 203,215	\$ 210,000	\$ (6,785)	\$ 194,761	\$ 210,300	\$ (22,039)	\$ 269,929	\$ 251,900	\$ (1,971)
Operational Labour	\$ 194,384	\$ 190,000	\$ 4,384	\$ 152,480	\$ 172,000	\$ (19,520)	\$ 243,189	\$ 246,700	\$ (3,511)
Reservoirs & Standpipes	\$ 11,232	\$ 17,000	\$ (5,768)	\$ 15,711	\$ 17,000	\$ (1,289)	\$ 21,871	\$ 17,000	\$ 4,871
Structures & Improvements	\$ 4,787	\$ 3,000	\$ 1,787	\$ 179	\$ 3,000	\$ (2,821)	\$ 167	\$ 3,000	\$ (2,833)
Mains	\$ 110,669	\$ 25,000	\$ 85,669	\$ 79,734	\$ 30,000	\$ 49,734	\$ 89,808	\$ 75,000	\$ 14,808
Leak Detection	\$ 8,351	\$ 15,000	\$ (6,647)	\$ 3,371	\$ 10,000	\$ (6,629)	\$ 10,118	\$ 7,500	\$ 2,618
Bulk Water Haul Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services	\$ (100,323)	\$ 34,000	\$ (134,323)	\$ (100,543)	\$ 34,000	\$ (134,543)	\$ (66,463)	\$ 30,000	\$ (96,463)
Meters - Supplies & Maintenance	\$ 2,281	\$ 6,000	\$ (3,719)	\$ 2,613	\$ 6,000	\$ (3,387)	\$ 5,899	\$ 6,000	\$ (101)
Hydriants	\$ 4,314	\$ 10,000	\$ (5,686)	\$ 10,138	\$ 10,000	\$ 6,138	\$ 4,717	\$ 10,000	\$ (5,283)
PW Cost Distribution	\$ 16,543	\$ 20,000	\$ (3,457)	\$ 18,441	\$ 20,000	\$ (1,559)	\$ 26,810	\$ 21,520	\$ 5,290
Rents (DMA Radio)	\$ 718	\$ 1,700	\$ (982)	\$ 319	\$ 850	\$ (531)	\$ -	\$ 850	\$ (850)
Fleet Maintenance	\$ 9,157	\$ 22,805	\$ (13,648)	\$ 23,921	\$ 22,805	\$ 1,116	\$ 35,651	\$ 23,675	\$ 11,976
Fleet Fuel	\$ 7,943	\$ 9,140	\$ (1,197)	\$ 21,255	\$ 9,140	\$ 12,115	\$ 25,082	\$ 12,000	\$ 13,082
Other	\$ 1,168	\$ 3,700	\$ (2,532)	\$ 159	\$ 200	\$ (41)	\$ 209	\$ 200	\$ 9
Lab Analysis	\$ 16,679	\$ 26,000	\$ (9,321)	\$ 15,478	\$ 28,000	\$ (12,522)	\$ 13,971	\$ 20,000	\$ (6,029)
Monitoring Services	\$ 202	\$ 8,500	\$ (8,298)	\$ 3,286	\$ 8,500	\$ (5,214)	\$ -	\$ 4,000	\$ (4,000)
Power	\$ 27,892	\$ 14,500	\$ 13,392	\$ 20,709	\$ 14,500	\$ 6,209	\$ 11,434	\$ 22,000	\$ (10,566)
<b>TOTAL TRANSMISSION &amp; DISTRIBUTION</b>	<b>\$ 520,215</b>	<b>\$ 616,345</b>	<b>\$ (96,130)</b>	<b>\$ 467,480</b>	<b>\$ 607,295</b>	<b>\$ (134,806)</b>	<b>\$ 671,964</b>	<b>\$ 751,345</b>	<b>\$ (79,381)</b>
<b>ADMINISTRATION</b>									
Professional Services	\$ 3,567	\$ 35,000	\$ (31,433)	\$ 11,062	\$ 25,000	\$ (13,938)	\$ 14,211	\$ 32,500	\$ (18,289)
Computer & Asset Management	\$ 29,749	\$ 18,667	\$ 11,082	\$ 11,120	\$ 29,000	\$ (17,880)	\$ 5,426	\$ 6,667	\$ (1,241)
Mileage & Expenses	\$ 5,344	\$ 2,500	\$ 2,844	\$ 4,886	\$ 2,500	\$ 2,386	\$ 5,947	\$ 3,100	\$ 2,847
Training & Development	\$ 4,495	\$ 3,103	\$ 1,392	\$ 5,263	\$ 2,805	\$ 2,458	\$ 2,730	\$ 3,505	\$ (775)
Telephone	\$ 11,382	\$ 8,500	\$ 2,882	\$ 7,729	\$ 8,500	\$ (771)	\$ 14,795	\$ 9,000	\$ 5,795
Advertising	\$ 388	\$ 1,000	\$ (612)	\$ 278	\$ 1,000	\$ (722)	\$ 1,163	\$ 1,000	\$ 163
Administration Fee	\$ 112,000	\$ 112,000	\$ -	\$ 230,641	\$ 230,641	\$ -	\$ 131,744	\$ 220,242	\$ (88,498)
General Office Expenses	\$ 1,556	\$ 4,400	\$ (2,844)	\$ 1,425	\$ 4,900	\$ (3,475)	\$ 1,765	\$ 4,400	\$ (2,635)
Auditor	\$ 12,000	\$ 12,000	\$ -	\$ 8,838	\$ 8,475	\$ 363	\$ 4,067	\$ 8,800	\$ (4,733)
LANE	\$ 2,316	\$ 1,000	\$ 1,316	\$ -	\$ 1,000	\$ (1,000)	\$ 4,975	\$ 3,493	\$ (1,518)
Insurance	\$ 6,786	\$ 8,200	\$ (1,414)	\$ 6,373	\$ 9,200	\$ (2,827)	\$ 2,974	\$ 7,655	\$ (4,681)
Other Expenses	\$ 7,419	\$ 11,000	\$ (3,581)	\$ 145	\$ 14,115	\$ (13,970)	\$ 3,384	\$ 6,000	\$ (2,616)
Depreciation	\$ 370,678	\$ 430,709	\$ (60,031)	\$ 406,880	\$ 430,709	\$ (23,829)	\$ 390,304	\$ 444,812	\$ (54,508)
Taxes	\$ 36,211	\$ 39,372	\$ (3,161)	\$ 35,450	\$ 39,372	\$ (3,922)	\$ 18,243	\$ 39,372	\$ (21,129)
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>\$ 603,842</b>	<b>\$ 678,451</b>	<b>\$ (74,609)</b>	<b>\$ 730,108</b>	<b>\$ 808,217</b>	<b>\$ (78,111)</b>	<b>\$ 610,830</b>	<b>\$ 796,549</b>	<b>\$ (185,719)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,000,379</b>	<b>\$2,100,566</b>	<b>\$ (99,187)</b>	<b>\$2,070,716</b>	<b>\$2,224,482</b>	<b>\$ (153,766)</b>	<b>\$1,979,465</b>	<b>\$2,422,664</b>	<b>\$ (443,199)</b>
<b>Operating Profit (Loss)</b>	<b>\$ 183,927</b>	<b>\$ 113,772</b>	<b>\$ 70,155</b>	<b>\$ 241,163</b>	<b>\$ 87,768</b>	<b>\$ 153,394</b>	<b>\$ 438,533</b>	<b>\$ (54,485)</b>	<b>\$ 493,017</b>
<b>NON OPERATING REVENUE</b>									
Bank Interest	\$ 1,343	\$ 3,500	\$ (2,157)	\$ (232)	\$ 3,500	\$ (3,732)	\$ 640	\$ 3,500	\$ (2,860)
<b>TOTAL NON OPERATING REVENUE</b>	<b>\$ 1,343</b>	<b>\$ 3,500</b>	<b>\$ (2,157)</b>	<b>\$ (232)</b>	<b>\$ 3,500</b>	<b>\$ (3,732)</b>	<b>\$ 640</b>	<b>\$ 3,500</b>	<b>\$ (2,860)</b>
<b>NON OPERATING EXPENSES</b>									
Principal Long Term Debt (Interest)	\$ 65,030	\$ 60,133	\$ 4,897	\$ 51,334	\$ 60,133	\$ (8,799)	\$ 60,134	\$ 60,134	\$ -
Capital Out of Revenue	\$ 2,769	\$ 25,000	\$ (22,231)	\$ 15,691	\$ 46,322	\$ (30,631)	\$ 13,572	\$ 16,800	\$ (3,228)
Transfer to Sludge Handling Reserve	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 24,941	\$ 50,000	\$ (25,059)
<b>TOTAL NON OPERATING EXPENSES</b>	<b>\$ 77,799</b>	<b>\$ 95,133</b>	<b>\$ (17,334)</b>	<b>\$ 77,025</b>	<b>\$ 116,455</b>	<b>\$ (39,430)</b>	<b>\$ 98,647</b>	<b>\$ 126,934</b>	<b>\$ (28,287)</b>
<b>Total Surplus/(Deficit)</b>	<b>\$ 107,471</b>	<b>\$ 21,137</b>	<b>\$ 86,334</b>	<b>\$ 163,906</b>	<b>\$ (28,717)</b>	<b>\$ 192,623</b>	<b>\$ 340,526</b>	<b>\$ (187,919)</b>	<b>\$ 524,817</b>

**Windsor Water Utility**

REVENUE	2020-21			2021-22			2022-23		
	ACTUALS	BUDGET	VARIANCE	ACTUALS	BUDGET	VARIANCE	ACTUALS	BUDGET	VARIANCE
Residential Metered	\$ 564,450	\$ 600,000	\$ (35,550)	\$ 589,466	\$ 675,000	\$ (85,534)	\$ 641,019	\$ 688,500	\$ (47,481)
Flat-Rate Sales	\$ 465,915	\$ 430,000	\$ 35,915	\$ 457,455	\$ 450,000	\$ 7,455	\$ 465,140	\$ 459,000	\$ 6,140
Fire Protection - Town of Windsor	\$ 271,255	\$ 319,200	\$ (47,945)	\$ 319,208	\$ 275,000	\$ 44,208	\$ 319,208	\$ 319,208	\$ -
Fire Protection - West Hants	\$ 131,799	\$ 155,100	\$ (23,301)	\$ 155,095	\$ 132,000	\$ 23,095	\$ -	\$ -	\$ -
Fire Protection - Private Hydrants	\$ -	\$ 3,800	\$ (3,800)	\$ -	\$ 1,900	\$ (1,900)	\$ -	\$ 1,938	\$ (1,938)
Sprinkler Service	\$ 5,817	\$ 3,650	\$ 2,167	\$ 5,829	\$ 7,400	\$ (1,571)	\$ 5,728	\$ 7,548	\$ (1,820)
Three Mile Plains Water Utility	\$ 220,773	\$ 180,000	\$ 40,773	\$ 273,343	\$ 294,700	\$ (21,357)	\$ 28,361	\$ 294,700	\$ (266,339)
Wentworth Water Utility	\$ (5,813)	\$ 4,700	\$ (10,513)	\$ 3,175	\$ 5,000	\$ (1,825)	\$ 2,538	\$ 5,000	\$ (2,462)
Oil Road Utility	\$ 35,493	\$ 50,000	\$ (14,507)	\$ 17,528	\$ 32,000	\$ (14,472)	\$ 29,144	\$ 52,000	\$ (22,856)
West Hants - Underwood Meter	\$ 718	\$ 80,000	\$ (79,282)	\$ 380	\$ 1,000	\$ (620)	\$ 410	\$ 1,000	\$ (590)
West Hants Service Charge	\$ 99,796	\$ 99,520	\$ 276	\$ 99,244	\$ 124,700	\$ (25,456)	\$ 100,902	\$ 124,700	\$ (23,798)
Interest on Customer Accounts	\$ 7,278	\$ 6,500	\$ 778	\$ 3,645	\$ 7,200	\$ (3,555)	\$ 3,501	\$ 7,344	\$ (3,843)
Other Operating Revenue	\$ 4,650	\$ 3,800	\$ 850	\$ 13,715	\$ 5,381	\$ 8,334	\$ 5,400	\$ 5,489	\$ (889)
<b>TOTAL OPERATING REVENUE</b>	<b>\$1,802,128</b>	<b>\$1,937,770</b>	<b>\$ (135,642)</b>	<b>\$1,887,943</b>	<b>\$2,081,281</b>	<b>\$ (193,338)</b>	<b>\$1,752,446</b>	<b>\$2,121,522</b>	<b>\$ (369,075)</b>
<b>EXPENSES</b>									
<b>SOURCE OF SUPPLY</b>									
Maintenance - Watershed Roads	\$ -	\$ 12,000	\$ (12,000)	\$ -	\$ 12,000	\$ (12,000)	\$ 2,678	\$ 5,000	\$ (2,322)
Other Supplies & Expenses	\$ 1,837	\$ 1,500	\$ 337	\$ 27	\$ 1,500	\$ (1,473)	\$ 10,064	\$ 500	\$ 9,564
Water Withdrawal Fees	\$ 1,289	\$ 1,500	\$ (211)	\$ 1,289	\$ 1,500	\$ (211)	\$ -	\$ 1,500	\$ (1,500)
<b>TOTAL SOURCE OF SUPPLY</b>	<b>\$ 3,127</b>	<b>\$ 15,000</b>	<b>\$ (11,873)</b>	<b>\$ 1,317</b>	<b>\$ 15,000</b>	<b>\$ (13,683)</b>	<b>\$ 12,742</b>	<b>\$ 7,000</b>	<b>\$ 5,742</b>
<b>WATER TREATMENT</b>									
Operational Labour	\$ 207,579	\$ 173,500	\$ 34,079	\$ 136,467	\$ 154,200	\$ (17,733)	\$ 196,688	\$ 182,900	\$ 13,788
Photocopier	\$ 386	\$ 1,200	\$ (814)	\$ 375	\$ 1,200	\$ (825)	\$ 450	\$ 500	\$ (50)
Office Supplies	\$ (1,857)	\$ 200	\$ (2,057)	\$ 31	\$ 700	\$ (669)	\$ -	\$ 200	\$ (200)
Chemicals	\$ 84,046	\$ 106,700	\$ (22,654)	\$ 97,125	\$ 111,700	\$ (14,575)	\$ 119,518	\$ 115,600	\$ 23,918
Other Supplies & Expenses	\$ 1,647	\$ 2,000	\$ (353)	\$ 1,316	\$ 2,000	\$ (684)	\$ 2,643	\$ 3,000	\$ (357)
Maintenance - Plant Roadways	\$ 5,609	\$ 5,000	\$ 609	\$ 9,056	\$ 5,000	\$ 4,056	\$ 7,584	\$ 5,000	\$ 2,584
Maintenance - Building	\$ 7,539	\$ 20,000	\$ (12,461)	\$ 15,409	\$ 20,000	\$ (4,591)	\$ 17,051	\$ 15,000	\$ 2,051
Maintenance - Equipment	\$ 52,701	\$ 37,500	\$ 15,201	\$ 43,072	\$ 37,500	\$ 5,572	\$ 45,978	\$ 37,500	\$ 8,478
Maintenance - Waste Water Lagoons	\$ 5,149	\$ 3,000	\$ 2,149	\$ 1,642	\$ 5,000	\$ (3,358)	\$ 3,754	\$ 5,000	\$ (1,246)
Power	\$ 49,603	\$ 51,500	\$ (1,897)	\$ 46,121	\$ 51,500	\$ (5,379)	\$ 58,981	\$ 49,000	\$ 9,981
Fuel	\$ 6,026	\$ 23,000	\$ (16,974)	\$ 33,481	\$ 23,000	\$ 10,481	\$ 38,636	\$ 23,000	\$ 15,636
Lub Supplies	\$ 5,204	\$ 4,500	\$ 704	\$ 5,958	\$ 5,500	\$ 458	\$ 4,201	\$ 5,500	\$ (1,299)
Outside Testing	\$ 19,496	\$ 10,000	\$ 9,496	\$ 11,011	\$ 12,000	\$ (989)	\$ 11,571	\$ 12,000	\$ (429)
All Terrain Vehicle	\$ 451	\$ 750	\$ (299)	\$ 157	\$ 750	\$ (593)	\$ 205	\$ 500	\$ (295)
<b>TOTAL WATER TREATMENT</b>	<b>\$ 448,479</b>	<b>\$ 440,850</b>	<b>\$ 7,629</b>	<b>\$ 403,219</b>	<b>\$ 429,350</b>	<b>\$ (26,131)</b>	<b>\$ 527,208</b>	<b>\$ 454,700</b>	<b>\$ 72,508</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>									
Operational Labour	\$ 308,055	\$ 267,420	\$ 40,635	\$ 252,915	\$ 276,458	\$ (23,543)	\$ 342,241	\$ 319,150	\$ 23,091
Small Tools & Equipment	\$ 4,003	\$ 5,000	\$ (997)	\$ 6,788	\$ 5,000	\$ 1,788	\$ 8	\$ 6,000	\$ (5,992)
Maintenance - Mains & Standpipes	\$ 65,773	\$ 101,500	\$ (35,727)	\$ 114,050	\$ 101,500	\$ 12,550	\$ 48,490	\$ 65,000	\$ (16,510)
Maintenance - Services	\$ 17,696	\$ 15,000	\$ 2,696	\$ 12,647	\$ 15,000	\$ (2,353)	\$ 25,580	\$ 10,000	\$ 15,580
Maintenance - Meters	\$ 8,611	\$ 3,000	\$ 5,611	\$ 12,880	\$ 3,000	\$ 9,880	\$ 6,015	\$ 3,000	\$ 3,015
Maintenance - Hydrants	\$ 4,171	\$ 8,500	\$ (4,329)	\$ 2,297	\$ 8,500	\$ (6,203)	\$ (5,914)	\$ 7,500	\$ (13,414)
Power - Isolation Valve Chamber	\$ 1,185	\$ 1,700	\$ (515)	\$ 990	\$ 1,200	\$ (210)	\$ 1,383	\$ 1,200	\$ 183
Other Expenses	\$ 212	\$ 33,401	\$ (33,189)	\$ 129	\$ 31,540	\$ (31,411)	\$ 841	\$ 1,500	\$ (659)
Vehicle Use from PW	\$ 40,338	\$ 84,880	\$ (44,542)	\$ 29,891	\$ 17,000	\$ 12,891	\$ 32,188	\$ 17,000	\$ 15,188
<b>TOTAL TRANSMISSION &amp; DISTRIBUTION</b>	<b>\$ 450,044</b>	<b>\$ 519,901</b>	<b>\$ (69,857)</b>	<b>\$ 432,780</b>	<b>\$ 459,198</b>	<b>\$ (26,412)</b>	<b>\$ 480,832</b>	<b>\$ 480,350</b>	<b>\$ 30,482</b>
<b>ADMINISTRATION</b>									
Advertising	\$ 409	\$ 1,200	\$ (791)	\$ 278	\$ 1,200	\$ (922)	\$ 696	\$ 700	\$ (6)
Auditors	\$ 11,100	\$ 11,100	\$ -	\$ 8,838	\$ 8,475	\$ 363	\$ 4,067	\$ 8,800	\$ (4,733)
UAHR	\$ 2,124	\$ 7,132	\$ (5,008)	\$ -	\$ 2,132	\$ (2,132)	\$ 4,083	\$ 11,877	\$ (7,794)
Professional Services	\$ 41,112	\$ 50,000	\$ (8,888)	\$ 23,131	\$ 72,000	\$ (48,869)	\$ 23,069	\$ 52,000	\$ (28,931)
Computer & Asset Management	\$ 2,483	\$ 23,207	\$ (20,724)	\$ 11,997	\$ 17,167	\$ (5,170)	\$ 7,674	\$ 10,167	\$ (2,493)
Insurance	\$ 5,354	\$ 7,380	\$ (2,026)	\$ 8,871	\$ 9,563	\$ (692)	\$ 11,205	\$ 10,645	\$ 560
Uncollectible Accounts	\$ -	\$ 2,000	\$ (2,000)	\$ -	\$ 1,000	\$ (1,000)	\$ -	\$ 7,500	\$ (7,500)
Training & Travel	\$ 3,856	\$ 15,500	\$ (11,644)	\$ 13,340	\$ 15,500	\$ (2,160)	\$ 18,687	\$ 15,000	\$ 3,687
Telephone	\$ 3,351	\$ 2,500	\$ 851	\$ 6,070	\$ 2,500	\$ 3,570	\$ 7,790	\$ 3,000	\$ 4,790
PW Contribution	\$ 15,669	\$ 56,389	\$ (40,720)	\$ 29,835	\$ 25,000	\$ 4,835	\$ 35,217	\$ 27,000	\$ 8,217
Administration Fee	\$ 23,390	\$ 23,390	\$ -	\$ 132,498	\$ 132,498	\$ -	\$ 220,242	\$ 191,744	\$ 28,498
Depreciation	\$ 249,469	\$ 247,244	\$ 2,225	\$ 254,300	\$ 247,244	\$ 7,056	\$ 249,007	\$ 249,469	\$ (462)
Taxes	\$ 28,711	\$ 29,478	\$ (767)	\$ 28,561	\$ 29,478	\$ (917)	\$ 45,648	\$ 29,478	\$ 16,170
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>\$ 387,028</b>	<b>\$ 471,530</b>	<b>\$ (84,502)</b>	<b>\$ 517,719</b>	<b>\$ 564,157</b>	<b>\$ (46,438)</b>	<b>\$ 627,385</b>	<b>\$ 557,130</b>	<b>\$ 70,255</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,288,678</b>	<b>\$1,447,281</b>	<b>\$ (158,603)</b>	<b>\$1,355,012</b>	<b>\$1,467,905</b>	<b>\$ (112,893)</b>	<b>\$1,618,166</b>	<b>\$1,449,180</b>	<b>\$ 168,985</b>
<b>Operating Profit (Loss)</b>	<b>\$ 513,450</b>	<b>\$ 490,489</b>	<b>\$ 22,961</b>	<b>\$ 532,902</b>	<b>\$ 563,378</b>	<b>\$ (30,474)</b>	<b>\$ 134,281</b>	<b>\$ 672,341</b>	<b>\$ (538,061)</b>
<b>NON OPERATING REVENUE</b>									
Interest	\$ 810	\$ 6,478	\$ (5,668)	\$ 2,618	\$ 6,478	\$ (3,860)	\$ 2,240	\$ 2,010	\$ 230
Other Non-Operating Revenue	\$ 531	\$ 1,200	\$ (669)	\$ 580	\$ 1,200	\$ (620)	\$ -	\$ 700	\$ (700)
<b>TOTAL NON OPERATING REVENUE</b>	<b>\$ 1,341</b>	<b>\$ 7,678</b>	<b>\$ (6,337)</b>	<b>\$ 3,204</b>	<b>\$ 7,678</b>	<b>\$ (4,474)</b>	<b>\$ 2,240</b>	<b>\$ 2,710</b>	<b>\$ (470)</b>
<b>NON OPERATING EXPENSES</b>									
Principal on Long Term Debt	\$ 195,618	\$ 182,520	\$ 13,098	\$ 197,933	\$ 182,520	\$ 15,413	\$ 512,538	\$ 525,143	\$ (12,605)
Interest on Long Term Debt	\$ 51,700	\$ 61,650	\$ (9,950)	\$ 45,338	\$ 61,650	\$ (16,312)	\$ 31,845	\$ 31,845	\$ -
CAPITAL EXPENDITURES OUT OF REVENUE	\$ 3,014	\$ 4,000	\$ (986)	\$ 26,820	\$ -	\$ 26,820	\$ 17,022	\$ -	\$ 17,022
Transfer to Sludge Handling Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL NON OPERATING EXPENSES</b>	<b>\$ 250,332</b>	<b>\$ 248,170</b>	<b>\$ 2,162</b>	<b>\$ 270,091</b>	<b>\$ 244,170</b>	<b>\$ 25,921</b>	<b>\$ 562,304</b>	<b>\$ 556,988</b>	<b>\$ 5,317</b>
<b>Total Surplus/(Deficit)</b>	<b>\$ 264,459</b>	<b>\$ 290,017</b>	<b>\$ 14,442</b>	<b>\$ 266,015</b>	<b>\$ 326,904</b>	<b>\$ (60,889)</b>	<b>\$ (425,784)</b>	<b>\$ 118,063</b>	<b>\$ (543,847)</b>

3-Year Budget to Actuals  
Windsor Water Utility  
West Hants Regional Municipality

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WINDSOR WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
<b>OPERATING REVENUE</b>			
Revenue from water rates	\$ 1,165,900	\$ 798,374	\$ 933,136
Flat rate sales	459,000	465,140	457,455
Water supply for fire protection	476,241	474,303	474,303
Sprinkler service	7,548	5,728	10,504
Interest	9,354	5,741	6,849
Other	6,189	5,400	8,900
	<u>2,124,232</u>	<u>1,754,686</u>	<u>1,891,147</u>
<b>OPERATING EXPENDITURES</b>			
Source of supply	7,000	12,742	9,857
Water treatment	466,200	544,119	422,094
Transmission and distribution	430,350	450,832	435,256
Administration and general	266,683	315,818	196,724
Taxes	29,478	45,647	28,560
Depreciation	249,469	249,007	262,550
	<u>1,449,180</u>	<u>1,618,165</u>	<u>1,355,041</u>
<b>NET OPERATING REVENUE (EXPENDITURES)</b>	<u>675,052</u>	<u>136,521</u>	<u>536,106</u>
<b>NON-OPERATING EXPENDITURES</b>			
Capital expenditures out of revenue	-	17,922	26,820
Debenture principal	525,143	512,538	197,933
Interest repayment	31,845	31,845	45,338
	<u>556,988</u>	<u>562,305</u>	<u>270,091</u>
<b>Change in fund balance</b>	<u>\$ 118,064</u>	<u>(425,784)</u>	<u>266,015</u>
<b>Opening fund balance</b>		<u>1,187,213</u>	<u>921,198</u>
<b>Closing fund balance</b>		<u>\$ 761,429</u>	<u>\$ 1,187,213</u>

# WEST HANTS REGIONAL MUNICIPALITY

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WEST HANTS WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
<b>OPERATING REVENUE</b>			
Revenue from water rates	\$ 1,253,100	\$ 1,107,458	\$ 995,985
Flat rate sales	490,569	708,471	680,644
Water supply for fire protection	597,039	595,789	597,039
Sprinkler service	918	-	900
Interest	9,500	3,860	9,893
Other	20,553	2,961	27,195
	<u>2,371,679</u>	<u>2,418,539</u>	<u>2,311,656</u>
<b>OPERATING EXPENDITURES</b>			
Source of supply	467,970	296,994	535,438
Power and pumping	48,800	45,465	35,521
Water treatment	362,000	354,414	314,253
Transmission and distribution	751,345	671,666	467,170
Administration and general	308,364	202,281	276,006
Taxes	39,372	18,243	35,450
Depreciation	444,812	390,304	406,880
	<u>2,422,663</u>	<u>1,979,367</u>	<u>2,070,718</u>
<b>NET OPERATING REVENUE (EXPENDITURES)</b>	<u>(50,984)</u>	<u>439,172</u>	<u>240,938</u>
<b>NON-OPERATING EXPENDITURES</b>			
Capital expenditures out of revenue	50,000	24,941	44,668
Transfer to reserves	10,000	-	10,000
Debenture principal	60,134	60,134	51,334
Interest repayment	16,800	13,571	15,691
	<u>136,934</u>	<u>98,646</u>	<u>121,693</u>
<b>Change in fund balance</b>	<u>\$ (187,918)</u>	<u>340,526</u>	119,245
<b>Opening fund balance</b>		<u>272,356</u>	<u>153,111</u>
<b>Closing fund balance</b>		<u>\$ 612,882</u>	<u>\$ 272,356</u>

Windsor Water Utility  
 Sale of Water to West Hants  
 Three Mile Plains (TMP)

	Actuals 2020-21	Budget 2020-21	Actuals 2021-22	Budget 2021-22	Actuals 2022-23	Budget 2022-23	Actuals 2023-24	Budget 2023-24	Budget 2024-25
TMP 5 Back Road	\$ 220,773	\$ 180,000	\$ 223,343	\$ 294,700	\$ 28,361	\$ 294,700	\$ 111,903	\$ 298,700	\$ 112,000
Wentworth Road	-\$ 6,813	\$ 4,200	\$ 3,175	\$ 5,000	\$ 2,538	\$ 5,000	\$ 2,047	\$ 2,522	\$ 2,050
Dill Road	\$ 35,491	\$ 50,000	\$ 17,528	\$ 52,000	\$ 25,144	\$ 52,000	\$ 40,266	\$ 27,176	\$ 26,070
Underwood Road	\$ 718	\$ 80,000	\$ 380	\$ 1,000	\$ 410	\$ 1,000	\$ 132,720	\$ 376	\$ 62,750
	<b>\$ 251,169</b>	<b>\$ 314,200</b>	<b>\$ 244,426</b>	<b>\$ 352,700</b>	<b>\$ 56,453</b>	<b>\$ 352,700</b>	<b>\$ 286,936</b>	<b>\$ 328,774</b>	<b>\$ 202,870</b>

This schedule was prepared by Rick Smith. The information was taken from the West Hants 2024--25 Operating Budgets dated May 8, 2024

\* Actuals have not been provided to date for 2023-24, however based on the March 2024 Consumption Report the totals should be as noted.

This schedule also reflects the very low billing history from the Underwood Road Meter.