WEST HANTS REGIONAL MUNICIPALITY REPORT

Information ☐	Recommendation ✓	Decision Request ☐	Councillor Activity ☐

To:	West Hants Regional Municipal Council
Submitted By:	Councillor Jim Ivey
Date:	May 26, 2026
Subject:	Reserve Funds, Budget, Actual and Policy (revised)

LEGISLATIVE AUTHORITY:
MGA, ADMINISTRATION: Section 31
MGA 460 FINANCE: Section 460 3 (c) (d)
MGA Capital Reserve Fund: 99 (1,2,3,4,5,6)
West Hants Reserve Policy: (Attached in Appendix)

RECOMMENDATION or DECISION REQUEST

Committee of the Whole directs the CAO to engage staff to prepare the documentation detailing the Operating, Capital and Special Reserve Fund Budgets for review and approval by Council at its next Council meeting, June 23 2026.

Committee of the Whole directs the CAO to engage staff to review and update the documentation of the West Hants Municipal Reserve Fund Policy including the fund descriptions, source and use of fund permissions for review and approval by Council at its next Council meeting on June 23, 2026.

BACKGROUND

At the conclusion of this year's annual budget process Council was advised that it would not be receiving its annual reserve fund budget motions going forward due to the new, tighter budget schedule.

The rationale was somewhat surprising since the previous budget exercises were concluded within the same calendar timeframe as this year's budget. Additionally with reserve funds being budgeted on a budget-year, over budget-year basis, timing should not have an impact.

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

DISCUSSION

As noted above, within MGA under Section 99, the Municipality is required to maintain a Capital Reserve Fund. Optionally the Municipality may create other reserve funds as deemed appropriate, which it has in place (Operational and Special). In this respect, the Municipality and Council is well structured with reserve funds.

Our reserves appear to have measurably greater balances (+25%) than has been reflected in our budgets. For a comparative view the following table is from 2025

Reserve Fund Reporting

Active Reserve Funds	Audited Year-End 2025	Budgeted Year-End 2025	Variance Actual Vs Budget
Operating Reserve	$ 7,547,794	$ 5,170,104	$ 2,377,690
Capital Reserve	$ 3,692,215	$ 3,051,011	$ 641,204
Special Reserve	$ 9,247,067	$ 7,226,353	$ 2,020,714
Total of Active Reserves	**$ 20,487,076**	**$ 15,447,468**	**$ 5,039,608**

The variance appears to be primarily the result of not reconciling the prior year's projection with its actual /audited result, and then applying it (the projection) as the starting point for the subsequent year's fiscal projection. To make this more clear, the projected year-end reserve balances for 2025, were calculated in the spring of 2024 (2 years ago). They served as the basis for calculating the year-end 2026 reserve budget, which have now been used to project 2027.

Additionally, to note (as happens with budgets), we have been budgeting for spending or additions in the pending fiscal year but not spent or added to the reserves as planned. There is assurance with this practice, but its not very accurate or able to be relied upon.

It is important to identify this report is not intended to revisit the 2026-27 budget, but to have the reserve fund projections documented as discussed (or corrected as necessary) and included as part of the budget package.

The reason this is important is because in our budget discussions over the last two years we have been heavily focussed on our reserves, their 'perceived' levels and their use to buffer the tax rate, or offset road costs, or reduce debt.

In preparing this report and from our brief discussion at our last meeting more items have surfaced requiring attention including:

- names of the reserves are not all consistent (some names are repeated on different accounts, in some cases names are not the same between budget and audited documents),
- some reserves might be better if aggregated with others
- policy identifies fire equipment to be a capital reserve, (we have it as operational but not with the policy name).
- we have policies for annual contributions to several reserves but do not have a clear grasp what the target numbers are and are not structured in our direction for contributing to those reserves.
- we do not have written criteria or limitations for the use of the which allows their use to be arbitrary. Consolidation reserve was intended for capital expenditures, we may have deviated from that).

Open to discussion.

NEXT STEPS

Approve the review of reserve fund policy, and update the reserve funds to reflect this year's use of reserves by resolution of Council.

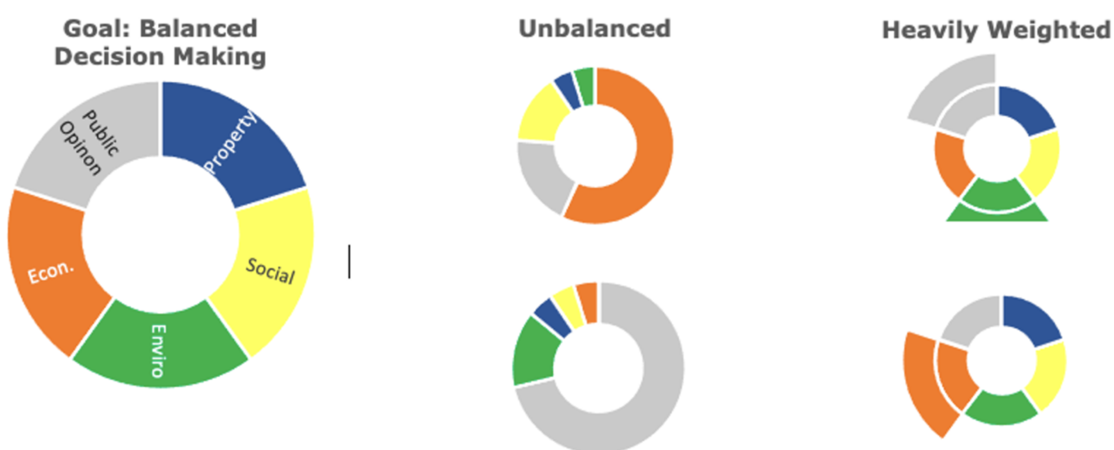
FINANCIAL IMPLICATIONS

ALTERNATIVES

ATTACHMENTS (within the appendix that follows).

CHIEF ADMINISTRATIVE OFFICER REVIEW

Council has been provided with a reference taken from the Meeting and Committee Procedural Policy , Appendix C "Decision Making by Council and Committee of the Whole" as a reminder of the principles highlighted for good decision making.



Report Prepared by: Jim Ivey, Councillor

Report Reviewed by: ___________________________________

Report Approved by: ___________________________________

Responsibilities of Chief Administrative Officer

31 (1) The chief administrative officer shall

(a) coordinate and direct the preparation of plans and programs to be submitted to the council for the construction, rehabilitation and maintenance of all municipal property and facilities;

(b) ensure that the annual operating and capital budgets are prepared and submitted to the council;

(c) be responsible for the administration of the budgets after adoption;

(d) review the drafts of all proposed by-laws and policies and make recommendations to the council with respect to them;

(e) carry out such additional duties and exercise such additional responsibilities as the council may, from time to time, direct.

460 Powers of Council

(1) The council appointed by the Governor in Council has all of the powers of a council.

(2) The council appointed by the Governor in Council may, with the approval of creditors representing at least half of the aggregate indebtedness of the municipality,

(a) consolidate some or all of its debts and issue new debentures to effect the consolidation;

(b) issue debentures to pay any debt and compel acceptance of the debentures in payment of the debt;

(c) issue new debentures in exchange for any outstanding debentures and compel their acceptance;

(d) fix the terms, conditions, places and times for exchanges of debentures;

(e) postpone or vary the terms, times and places for payment of any outstanding debentures and other indebtedness and the interest;

(f) vary the rate of interest on any outstanding debentures and other indebtedness;

(g) sell any municipal assets.

(3) The council appointed by the Governor in Council may

(a) vary any tax rate or other charge imposed to pay any indebtedness;

(b) vary the basis, terms and times of payment of any tax rate or other charge imposed to pay any indebtedness;

(c) create sinking funds and reserves to pay debentures and other indebtedness;

(d) manage, invest and apply sinking funds, reserves and surpluses;

(e) ratify any agreement, arrangement or compromise entered into with creditors respecting debentures and other indebtedness;

(f) borrow any amount required to meet the current expenditures of the municipality until the taxes are collected.

Capital Reserve Fund

99 (1) A municipality shall maintain a capital reserve fund.

(2) The capital reserve section of a special reserve fund in existence, on the coming into force of this Act, is a capital reserve fund.

(3) The capital reserve fund includes

(a) funds received from the sale of property;

(b) the proceeds of insurance resulting from loss or damage of property that is not used for replacement, repair or reconstruction of the property;

(c) any surplus remaining from the sale of debentures that is not used for the purpose for which the debentures were issued;

(d) the surplus remaining in a sinking fund when the debentures for which it was established are repaid;

(e) any capital grant not expended in the year in which it was paid;

(f) proceeds received from the winding up of a municipal enterprise as defined in the *Finance Act*;

(g) the annual amortization expense and accretion expense, if applicable, related to the asset retirement obligation for landfill closure and post closure costs; and

(h) amounts transferred to the fund by the council.

(4) A withdrawal from the capital reserve fund shall be authorized by a council, by resolution, and may only be used for:

(a) capital expenditures for which the municipality may borrow;

(b) repayment of the principal portion of capital debt;

(c) landfill closure and post closure costs; and

(d) settlement of expenditures related to asset retirement obligations

(5) The council may borrow from a capital reserve fund, by resolution, if the resolution prescribes the terms of repayment, including interest, at a rate not less than the interest rate that the municipality would pay to borrow the funds for a similar term from another source.

(6) A municipality may maintain other reserve funds for such purposes as the council may determine.

West Hants Reserve Fund Policy:

To note it appears we are failing to achieve mandated annual reserve contributions to many reserve accounts.

https://www.westhants.ca/government/by-laws-and-policies/council-policies/2716-reserve-policy-rcofn-010-00/file