



WEST HANTS REGIONAL MUNICIPALITY REPORT

Information ✓	Recommendation ✓	Decision Request ☐	Councillor Activity ☐
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To: West Hants Regional Municipal Council

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

Date: September 23, 2025

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

LEGISLATIVE AUTHORITY

MGA 30 (1) (2) (3), 31(1) (a) (b), (c)

RECOMMENDATION or DECISION REQUEST:

Council directs the CAO to engage staff to provide a report to Council identifying:

- the costs which contribute to the increased residential area rate of 4 cents for the residents of West Hants for the 2025-26 fiscal tax year,
- The costs which resulted in a budgeted amount within the West Hants operating reserve of \$ 1.180 million for purposes of reducing a potential tax rate increase for West Hants residential properties in 2024-25 fiscal tax year.
- The identification of changes in any area rated or general rated cost allocations as well as any miscalculations or oversights that may have contributed to the upward pressure on the West Hants tax rates which may include the general rating or roads, increased principal and interest payments, allocation of costs for RCMP and / or any other items deemed relevant. - The calculations used in determining the Operating Reserve ratio (10% of revenues)

BACKGROUND

Beginning on May 14, 2025 and concluding on June 16 2025 West Hants Council undertook a detailed and involved budget process. It involved many meetings and significant detail in the discussions. One of the key areas of discussion related to the increased tax rate for West Hants residential properties (beginning at 9 cents per hundred and ultimately resolved at 4 cents per hundred of assessed value).

When seeking to better understand this aspect of the budget and the reason for the higher West Hants area rate, Council was advised (in brief summary) that the West Hants rate was made up of 70% RCMP, the 76 Morison building, former CAO pensions and former debt. Most of

these costs were fixed. The only way to really decrease the West Hants rate was to look at reducing or removing General rated items or take from Reserves. Further it was explained that West Hants' debt was not decreasing at the same rate as Windsor's, primarily due to West Hants being a larger area. (?) As a result, changes to the General Rate have a more pronounced impact compared to smaller communities?

The preceding being said, the operating, utility and reserve budgets were carried and approved by Council on June 2nd with the capital budget concluding on June 16th.

The reason for the report and request for information on the 2025-26 budget costs in the motion is that it has since been reported that the increase in the West Hants tax rate is due to a calculation error for policing costs (RCMP) from 2023-24. This is believed to be new information that does not appear to have been discussed with this or the prior Council.

Property	Public Opinion	Environment	Social	Economic ✓	Councillor Activity ✓
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DISCUSSION

In brief summary in 2023-24 Council and staff made progressive changes within its budget that allowed for the creation of significant opportunities for expansion of services and development within the West Hants Regional Municipality.

One of the changes in 2023-24 involved the general rating of West Hants roads which created capacity and allowed for reductions in the tax rates for West Hants, Hantsport and Windsor.

Unfortunately, some in the formulas that translated the budget numbers into the final summary calculations, did not function as intended. This was identified in a report to Council its October 10 Committee of the Whole meeting.

Mitigation measures identified by staff for revenue management and expense control as well as anticipated surpluses anticipated in 2023-24 were able to successfully offset and counter the budget calculation errors. (measures attached below from the October 10, 2023 Committee of the Whole meeting – Meeting Package and Meeting Minutes).

Reviewing the minutes (2022-23, 2023-24, 2024-25 and 2025-26) identifies several references relating to RCMP retroactive billing (accounted for in prior reserves), credits for staff not utilized in West Hants, and provincial contributions towards additional members). None the items were identified as 'errors' but timing related.

The formula errors and the mitigation measures were from 2023-24 (to the best of my recollection), a one-year item, that would not carry forward into the following years. It could be that there are other details previously discussed that I have overlooked due to lack of time on this matter, but I was unable to spot them in the detailed review of the minutes undertaken.

As noted in the background, the reason for identifying the brief detail in this report is that during our most recent budget discussions, the question was raised on several occasions about the reasons for the increased tax rate being allocated to West Hants. None of the explanations provided related to the budget calculation errors from 2023-24 or subsequent / carry forward impacts. The increased use of reserves over the last 2 years for the purpose of offsetting a greater tax rate increase was sufficient and we need to better understand the rationale for this.

Use of Reserves:

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

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

(As an added note the many key terms searched in the minutes included: 'area' rate', 'general rate', 'RCMP', 'error', 'calculation', 'dampen', 'reduce'). While some of the points that surfaced in the search could prove interesting, I decided in the end they might create more confusion and be a distraction.)

NEXT STEPS

To Be Determined based on Council Discussion.

FINANCIAL IMPLICATIONS

To be determined.

ALTERNATIVES

ATTACHMENTS: See below

CHIEF ADMINISTRATIVE OFFICER REVIEW

Report Prepared by: **Councillor Jim Ivey, Windsor South**

Report Reviewed by:  _____

Report Approved by: _____



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To: ~~West Hants Regional~~ Municipality Council

Submitted by: *Carlee Rochon*
Carlee Rochon, Director of Finance

Date: September 26, 2023

Subject: 2023-24 Operating Budget

LEGISLATIVE AUTHORITY

- Municipal Government Act

RECOMMENDATION or DECISION

REQUEST Not Applicable

BACKGROUND

Property ☐	Public Opinion ☐	Environment ☐	Social ☐	Economic ✓	Councillor Activity ☐
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On April 25, 2023, Council approved the 2023-24 Operating budget, based on the files presented at the April budget deliberation meeting, showing a balanced budget of \$31,161,282.

DISCUSSION

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

Item	\$ Value
Revenue Items:	

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

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

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

1. Reduce Capital Reserve Contributions

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

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

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

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

Potential Reduction to the Transfer to Capital Reserves	Original		
	Budgeted Contribution	Proposed Contribution	Proposed New Reduction
Capital Reserves			
Building Reserve	\$100,000	\$22,000	\$78,000
Road Infrastructure Reserve	\$400,000	\$225,000	\$175,000
Vehicle Reserve	\$200,000		\$200,000
General	\$109,627		\$109,627
Hantsport Infrastructure Reserve	\$275,000	\$275,000	\$0
Windsor Infrastructure Reserve	\$225,000	\$225,000	\$0
	<u>\$1,309,627</u>	<u>\$747,000</u>	<u>\$562,627</u>

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

2. Operating Reserve Utilization

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

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

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

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

NEXT STEPS

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

FINANCIAL IMPLICATIONS

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

ALTERNATIVES

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

ATTACHMENTS

Not applicable.

CHIEF ADMINISTRATIVE OFFICER REVIEW

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

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

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

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

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

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

Report Approved by:  _____
Mark Phillips, Chief Administrative Officer