



WEST HANTS REGIONAL MUNICIPALITY REPORT

Information <input type="checkbox"/>	Recommendation <input checked="" type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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To:	West Hants Regional Municipal Council
Submitted By:	Councillor Jim Ivey
Date:	May 12, 2026
Subject:	Reserve Funds, Budget Actual and Policy

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 Special Reserve Fund Budgets for review and approval by Council at its May 28, 2026 Council meeting.

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 May 28, 2026 Council meeting.

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 prior budget exercise in 2023-24 was completed with the reserve fund budgets included), within the same calendar timeframe as this year’s budget.

Additionally, the reserve funds have been budgeted to date on budget-year, over budget-year basis. This method doesn't create any timing constraints from an earlier budget cycle that would prevent the proper presentation of the proposed spending from, nor additions to, the funds we manage.

On review of the prior periods reserve fund balances, we have and continue to significantly misrepresent the starting point for calculating the future year's projected year-end reserve fund balances. The timing of the budget cycle easily allows for the 'reconciliation' of the prior year's fund balances within their respective budgets.

The purpose of this report is to properly document the use of and the spending from this year's fund balances in a transparent manner within the capital, operating and special reserve, budgets; to better inform Council and staff of the need to review, manage and maintain the reserve funds on an annual basis, and to better update the financial value of the reserve funds.

Property <input type="checkbox"/>	Public Opinion <input checked="" type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic <input checked="" type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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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.

On another positive note, our reserves appear to have measurably greater balances than has been reflected in our budgets.

For comparative purposes if we look at 2025:

	Actual Year-End 2025	Projected Year-End 2025	Variance Actual vs Budget
Reserve Funds			
Operating Reserve	\$ 8,883,666	\$ 5,170,104	\$ 3,713,562
Capital Reserve	\$ 5,067,913	\$ 3,051,011	\$ 2,016,902
Special Reserve	\$ 13,139,846	\$ 7,226,353	\$ 5,913,493
Total	\$ 27,091,425	\$ 15,447,468	\$ 11,643,957

(Actual year-end is from the audited statements).

The significant variance appears to be the result of two factors (a) we are not reconciling our actual reserve balances at year-end and (b) our budgeted reserves do not include all of the accounts in each reserve fund.

As examples, this year’s budget for 2026 did not include the Windsor Operating Reserve which should have reflected a balance of approximately \$950,000 based on last year’s (2025), year-end results. Additionally, the West Hants Operating Reserve which was included in this year’s reserves was understated by approximately \$800,000 (2025). Between these two operating reserve accounts (excluding 2026 use of funds), this is about a \$1.7 million variance.

As it relates to the number of reserve accounts in our reserve fund categories, the following is a summary from the 2025 Audited Statements in contrast to this year’s 2026 budget.

	Actual Year-End	Projected Year-End	Variance
Accounts in Each Reserve	2025	2026	Actual vs Budget
Operating Reserve	18	12	6
Capital Reserve	14	11	3
Special Reserve	20	8	12
Total	52	31	21

In summary, we have at year-end 2025, a total of 52 reserve accounts (7 with no funds or a negative balance). In 2026 within our budget presentation, we only had 31 accounts included (8 with no funds or negative balances).

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

The reason this is important is because our budget discussions for the last two years 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.

Good information and data with good discussion will equal good decisions was stated to Council at some point.

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

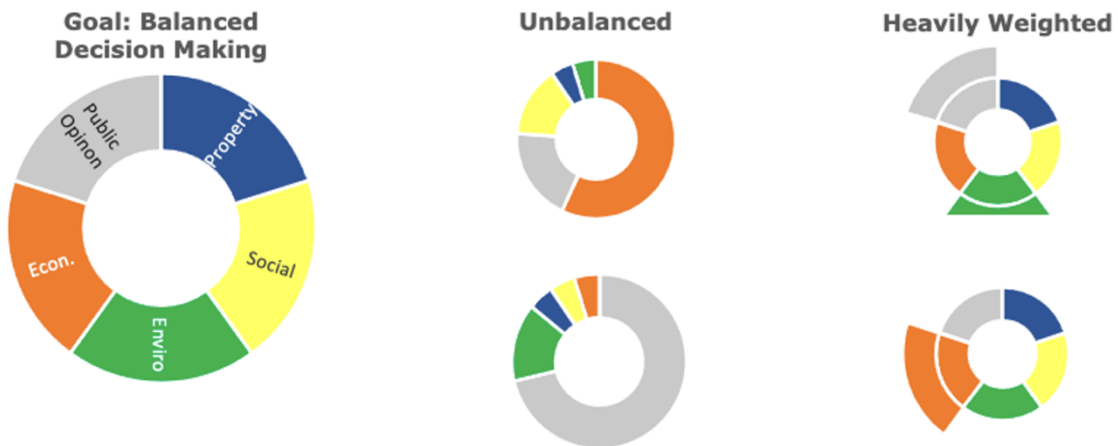
ALTERNATIVES

ATTACHMENTS (within the appendix that follows).

CHIEF ADMINISTRATIVE OFFICER REVIEW

Council has been provided an updated version of the reserve levels within the May COTW meeting package. The Director and staff are available to review any aspect of the reserves to support Council’s discussions as well as any additional information as requested.

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: _____

Report Reviewed by:  _____
Mark Phillips, Chief Administrative Officer

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>