

Treasurer's Report 2022/2023

Shubenacadie River

Message from the Treasurer



I am pleased to present the East Hants Treasurer's Report and audited consolidated financial statements for the year ending March 31, 2023.

The financial cycle for 2022/2023 began in the fall of 2021 with the development of the operating and capital budgets. During business planning, staff endeavored to find efficiencies and cost savings wherever possible while ensuring an effective level of service and sustainable programs are delivered for the residents, business owners and visitors of East Hants. The general operating budget for 2022/2023, including area rates, was approved by Council at approximately \$38 million.

East Hants has a strong property assessment base and is fortunate to have a Council that is cognizant of the total tax burden of their taxpayers. With a property assessment CAP increase of 5.4%, Council approved a decrease in the general tax rate in 2022/2023 to minimize the general residential tax burden for homes.

Council has invested \$3.5 million in the Municipality's sustainable infrastructure, primarily the Uniacke Business Park Phase 2 Expansion, Shubenacadie Wastewater

Treatment Plant and revitalization of the Shubenacadie River Park.

This report includes an assessment of the provincial Financial Condition Indicators. The indicators present a general picture of the Municipality's financial condition and indicate the strengths, trends and risk areas where municipalities should focus. The data is a year behind other data in this report as it is compiled at the provincial level and released the following year. East Hants is very pleased with the preliminary results of the indicators for 2021/2022.



New Shubenacadie River Park playground

Consolidated financial statements are not always intuitive for the reader. The Financial Results section of this report aims to explain the variances from budget to actual, including various planned and unplanned transfers to reserve. These will be explained at the consolidated level (all funds together) as well as by General Tax, Urban Service Rate (the largest area rate), Water Utility operations and Reserves.

There are four required financial statements: Statement of Financial Position; Statement of Operations; Statement of Changes in Net Assets (Debt); and, Statement of Cash Flow. We are pleased to also offer several schedules in our financial statements to support the statements and provide clarification to the reader.

After more than 15 years of service with East Hants, I am very proud of the many achievements of the Municipality and the Finance team that continues to operate in a transparent and open way with our stakeholders. Throughout my time as Director and Treasurer, I have witnessed the Municipality evolve into one of the most vibrant and attractive regions in the province, with sound fiscal management. As I complete my time here, I welcome Wade Tattrie as the new Director of Finance and wish him, Council and the staff all the best.

Sue Surette, CPA, CGA
Director of Finance



Property Assessment in East Hants

Along with the approved tax rates, the property assessment is the basis for the largest source of revenue for East Hants. The 2022 filed assessment roll showed an increase in assessment for both residential and commercial values. This assessment growth contributes to Council's strategic plan with the goal to provide services, programs and facilities, through direct service delivery and collaboration with others, that allow people and businesses to thrive.

With assessments capped at a 5.4% increase for 2022, 93% of the residential assessment increase was related to an increase in market value of existing properties, including 222 new dwellings and renovations of others.

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Number of Taxable Properties	15,099	14,854	14,882	14,818	14,725
Residential Assessment (000's)	1,876,332	1,703,625	1,656,968	1,600,405	1,546,932
Resource Assessment (000's)	56,851	55,084	53,413	52,097	49,318
Commercial Assessment (000's)	145,629	149,537	145,589	145,262	142,296
Residential/Commercial Split	93.0%/7.0%	92.2%/7.8%	92.2%/7.8%	91.9%/8.1%	91.8%/8.2%
Exempt Assessment (Assessment Act) (000's)	127,382	112,477	106,540	99,384	96,803
Exempt by Municipal Bylaw (000's)	12,988	27,164	25,833	27,953	28,195
Farm Acreage	36,450	36,779	36,861	36,942	36,842
Forest Acreage < 50,000 Acres	169,009	170,937	171,347	172,065	172,151
Forest Acreage > 50,000 Acres	56,465	56,465	57,141	57,101	56,157
Uniform Assessment (000's)	1,914,385	1,864,458	1,800,327	1,737,787	1,690,548

Property Tax in East Hants

East Hants operates with an area rate property tax system, whereby expenses specific to an area are paid only by that area. Services such as wastewater, hydrant protection, sidewalks and streetlights are charged by area rate whereas general services such as RCMP (as one example of many) are paid for through the General Tax Rate. The general operating budget for 2022/2023, including area rates, was approved by Council at approximately \$38 million.

The individual rates for 2022/2023 compared to 2021/2022 were as follows (rates per \$100 of assessment):

	2022/2023	2021/2022
General tax rate - Residential/Resource	0.850	0.851
General tax rate - Commercial/Business Occupancy	2.600	2.600
Urban service rate (Enfield, Elmsdale, Lantz) – Residential	0.070	0.070
Urban service rate (Milford) - Residential	0.345	0.335
Urban service rate (Shubenacadie) - Residential	0.211	0.280
Urban service rate (Enfield, Elmsdale, Lantz) - Commercial	0.657	0.657
Urban service rate (Milford) – Commercial	1.200	1.200
Urban service rate (Shubenacadie) - Commercial	0.678	0.747
Streetlights - Enfield Horne Settlement	0.018	0.018
Streetlights - Mount Uniacke	0.020	0.020
Streetlights – Nine Mile River	0.020	0.020
Streetlights – Rawdon	0.043	0.043
Wastewater Management Fee (rate per cubic metre of water)	2.20	2.20



Kiln Creek development, Lantz

Property Tax in East Hants Continued

The following table summarizes five years of property tax information. This data demonstrates the stability of the East Hants tax structure. Variations in the tax rate reflect changing needs from year to year to provide sustainable services within the Municipality.

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Property Tax Rates (per/\$100 of Assessment)					
Residential/Resource Rate	\$0.8500	\$0.8507	\$0.8507	\$0.8527	\$0.8607
Percentage Change	-0.08%	0.00%	-0.23%	-0.93%	0.26%
Commercial Rate	\$2.60	\$2.60	\$2.60	\$2.60	\$2.61
Tax Revenue					
Residential/Resource	\$16,423,062	\$14,954,466	\$14,541,811	\$14,074,166	\$13,716,064
Commercial	\$3,828,266	\$3,648,537	\$3,827,626	\$3,748,409	\$3,706,311
Other (GIL, Farm, Forest)	\$413,303	\$406,880	\$401,883	\$382,594	\$360,320
*Uncollected Taxes (per FCI)	---	4.10%	4.90%	3.50%	4.00%
Deed Transfer Tax Revenue	\$3,363,546	\$3,239,157	\$2,172,194	\$1,544,918	\$1,597,967

*FCI's not finalized for 2022/2023

Deed Transfer Tax Allocation by Area	2022/2023		2021/2022		2020/2021	
	Revenue	%	Revenue	%	Revenue	%
Corridor Districts	\$2,114,946	63%	\$1,920,011	59%	\$1,322,456	61%
Rural Districts	406,575	12%	510,731	16%	280,848	13%
Mount Uniacke	842,025	25%	808,415	25%	568,890	26%
Total	\$3,363,546	100%	\$3,239,157	100%	\$2,172,194	100%

Assessment CAP Program	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Assessment Differential due to CAP Program Residential/Resource (000's)	\$250,000	\$178,000	\$169,000	\$165,000	\$191,000
Tax Rate Differential Due to CAP Program	\$0.10	\$0.08	\$0.08	\$0.08	\$0.09
Restated Rate without CAP	\$0.7527	\$0.7724	\$0.7743	\$0.7753	\$0.7686

The table above refers to the Assessment CAP Program, a Provincial program introduced in April 2005 that caps the annual increase in taxable assessment (of eligible residential and resource property) to a maximum of CPI. Various property types have been included in the CAP program making it easier for homeowners to have their residential assessment capped. In 2018, 2019, 2020, 2021 and 2022, assessments were capped at 0.9%, 2.9%, 1%, 0.3% and 5.4% respectively; this has had a profound effect on the distribution of tax burden in East Hants.

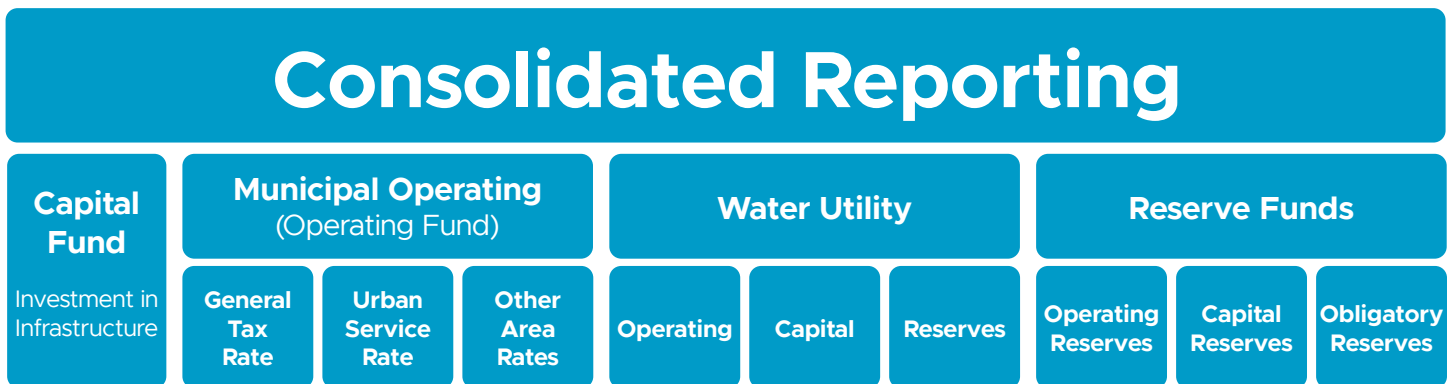
The table highlights the amount of assessment that is not taxable and the effect these changes have had on the residential tax rate in East Hants. The differential in the tax rate indicates the amount by which the tax rate could have been reduced had the CAP not been in place. This rate differential means that even though a homeowner has a CAP value on their assessment, they may still be paying more in property tax than they would have otherwise been paying had the program not been put in place. New homeowners and newly constructed or renovated homes (which are not part of the CAP) are most certainly paying a higher tax bill due to the CAP system.



Financial Results 2022/2023

East Hants Annual Report serves as an opportunity to communicate to stakeholders, residents and local businesses regarding the Municipality's 2022/2023 financial and operational performance.

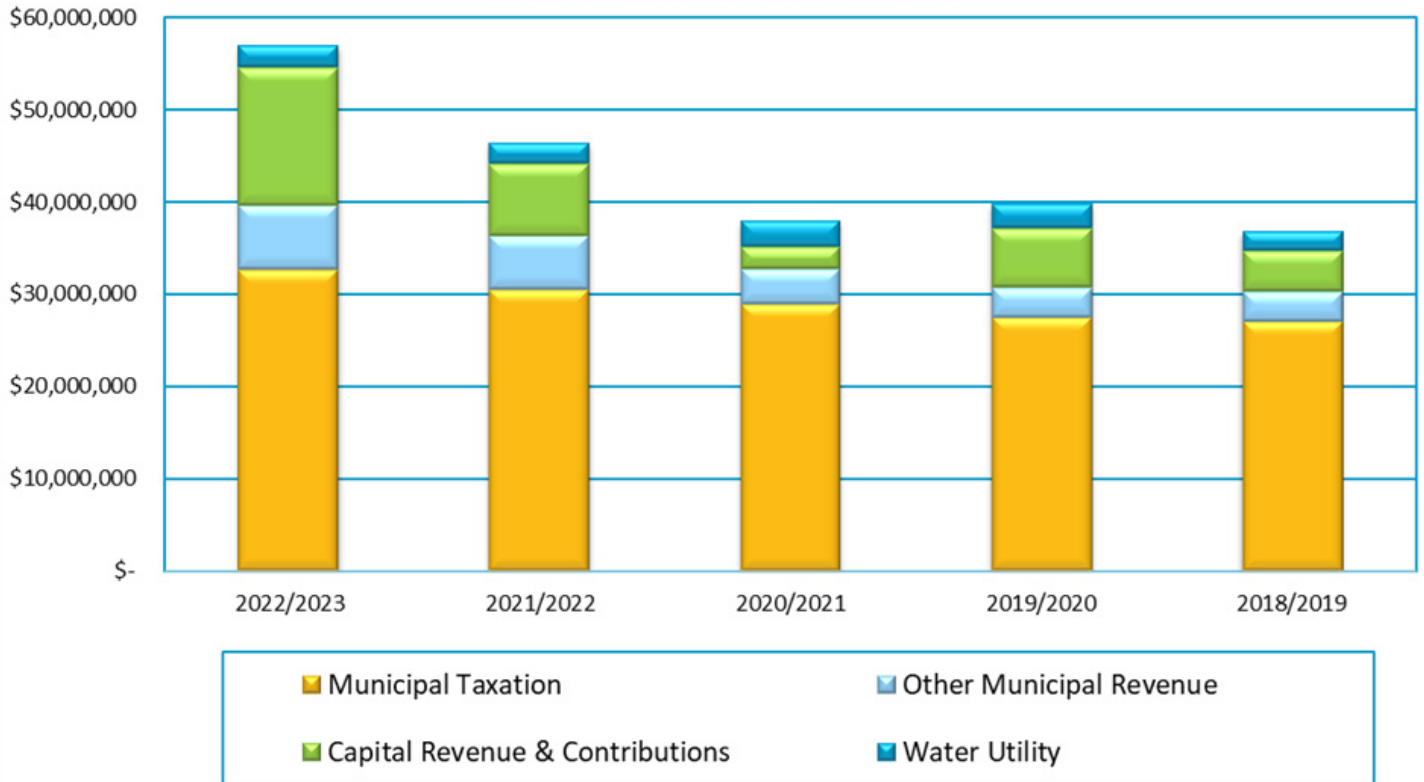
The 2022/2023 financial results have been prepared on a consolidated basis and by General Tax, Urban Service Rate and Water Utility operations and reserves. This report explains the variance from budget to actual for each of these areas. Also outlined is the status of the three municipal reserve funds. The Capital Fund holds our investment in infrastructure discussed in this report under Investing in our Infrastructure. Our financial reporting structure is depicted below:



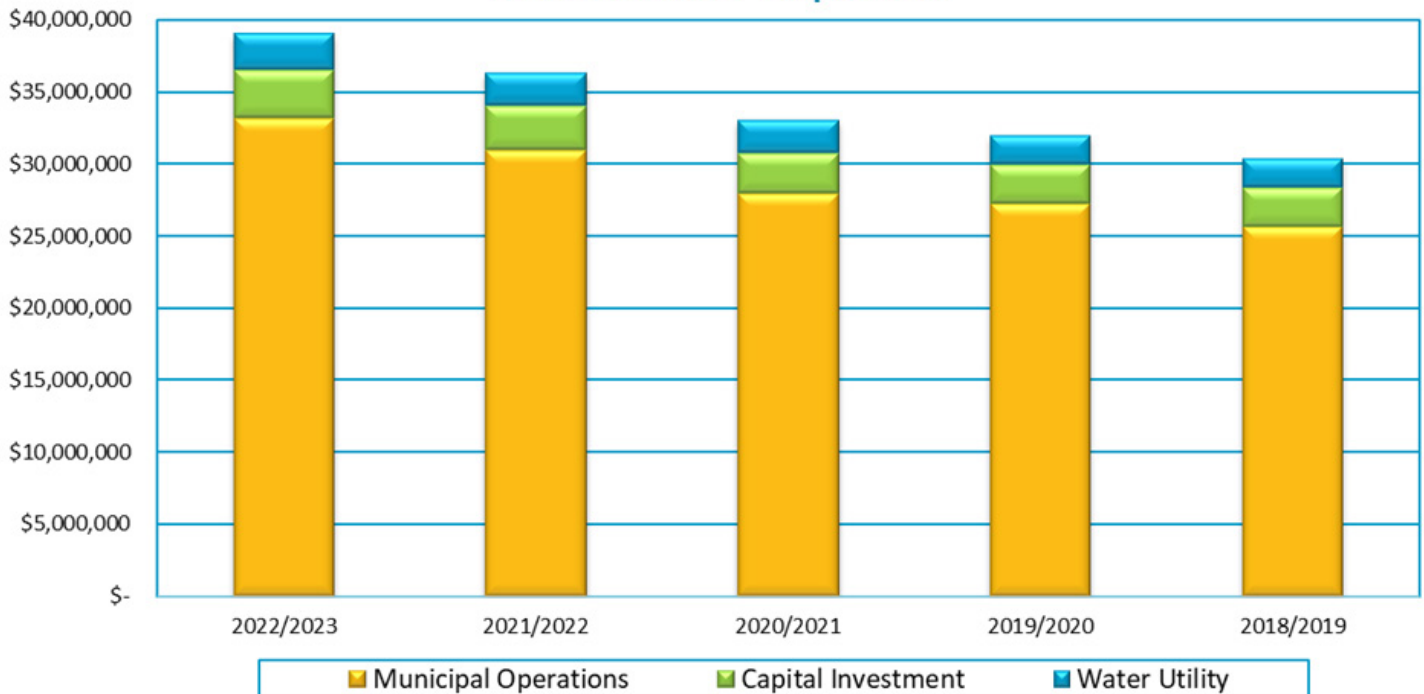
Consolidated Revenues and Expenses

The following charts represent the consolidated revenues and expenses for the Municipality for the previous five years:

Consolidated Revenues



Consolidated Expenses



Comparative Statement of Consolidated Revenues and Expenses

The following is a comparative summary of revenues by type and expenditures by function for fiscal 2022/2023. The financial statements include a detailed Consolidated Schedule of Operations by Function (Page 124 & 125) which gives the reader more details at the expenditure level (break down of expenditures into salaries/benefits, operating costs and fiscal service type expenditures).

Consolidated Revenue								
For years ended March 31 (in thousands of dollars)	Budget 2023		Actual 2023		Actual 2022		Budget to Actual Variance	Actual to Actual Variance
Taxation	\$31,041	59%	\$32,843	58%	\$30,654	66%	\$1,802	\$2,189
Sale of Services	3,046	6%	3,399	6%	2,953	6%	353	446
Other Revenue from Own Sources	789	1%	2,447	4%	1,124	2%	1,658	1,323
Government Grants - Operating	850	2%	827	1%	1,529	3%	(23)	(702)
Water Utility	2,302	4%	2,507	5%	2,291	5%	205	216
Revenue before Other	38,028		42,023		38,551		3,995	3,472
Government Grants- Capital	3,631	7%	3,631	6%	3,056	7%	-	575
Development/Other Contributions applied & gain on sale of TCA	11,163	21%	11,415	20%	4,791	11%	252	6,624
	14,794		15,046		7,847		252	7,199
Total Revenue	\$52,822		\$57,069		\$46,398		\$4,247	\$10,671
Consolidated Expenses								
General Government	\$7,134	18%	\$6,703	17%	\$6,513	18%	\$(431)	\$190
Protective Services	9,103	22%	8,929	23%	7,945	22%	(174)	984
Transportation	2,181	5%	1,907	5%	2,331	6%	(274)	(424)
Environmental Health Services	5,630	14%	5,424	14%	4,964	14%	(206)	460
Environmental Development	1,827	5%	1,568	4%	1,537	4%	(259)	31
Education & Social Services	5,930	15%	5,889	15%	5,776	16%	(41)	113
Recreation and Cultural Services	6,001	15%	6,015	15%	4,938	14%	14	1,077
Water Utility	2,595	6%	2,574	7%	2,306	6%	(21)	268
Total Expenses	\$40,401		\$39,009		\$36,310		\$(1,392)	\$2,699
Surplus (Deficit)	\$12,421		\$18,060		\$10,088		\$5,639	\$7,972

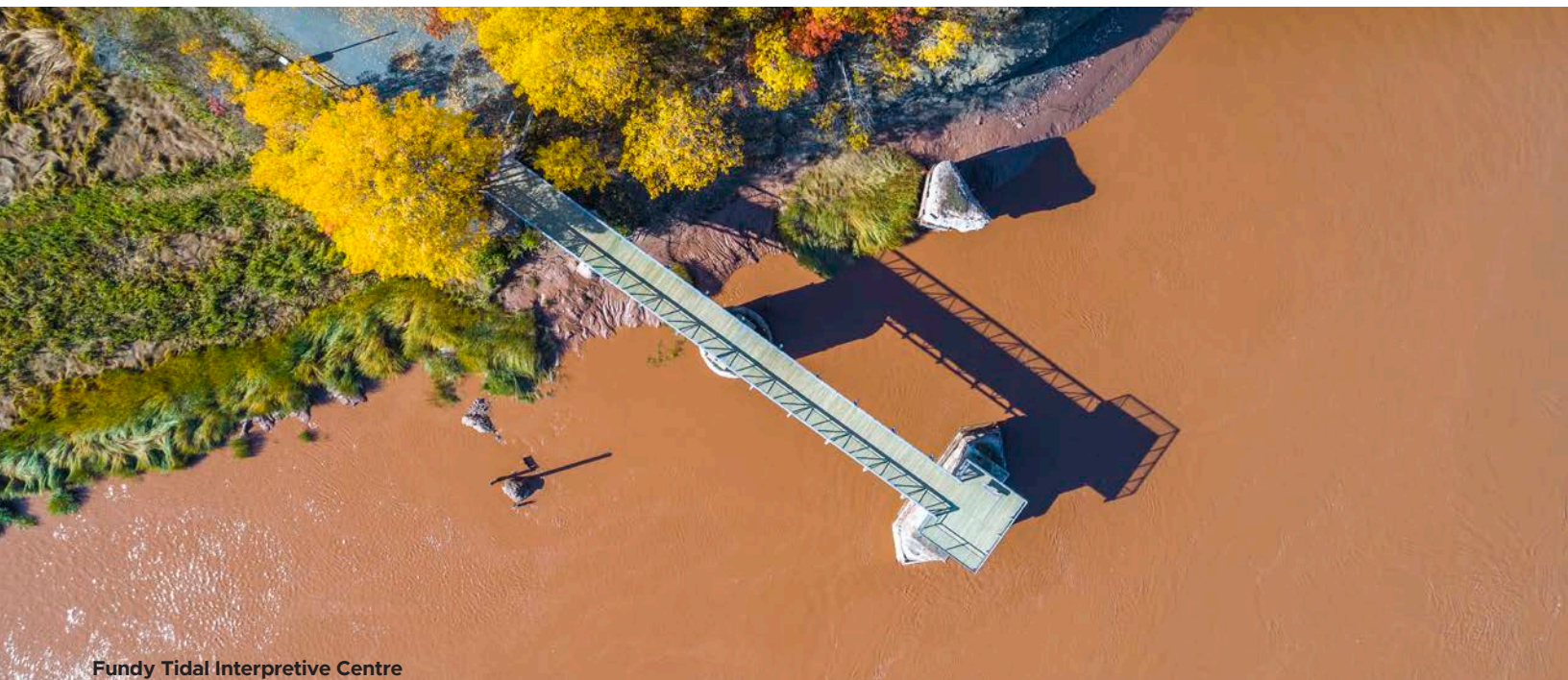
Description	Amount
Variance from Budget to Actual - Consolidated Surplus	
General tax rate variance as per the General Operations section	\$2,570,299
Urban service tax rate variance as per the Urban Service Rate section	(6,577)
Transfers (see Page 93)	1,580,020
Net gain on the sale/disposal of Municipal assets	428,127
Pension adjustment for the unamortized actuarial loss (Note 10 Financial Report)	(452,293)
Landfill liability adjustment based on PSAS requirements	135,301
Non-Urban Streetlights, variance to budgeted surplus	14,709
Water Utility variance as per the Water Utility section	211,734
Interest earned on capital reserves	1,157,090
Contribution Uniacke District Recreation Civic Centre	34,025
Principal payments General Fund - Local Improvement - John Murray Drive (Provincial)	(12,600)
Principal payments General Fund - Lantz Fire Department Recoverable	(21,160)
Net Variance from Budget to Actual	\$5,638,675



Capital Fund: Investing in our Infrastructure

The five year Capital Investment Plan is approved each year by Municipal Council with several single and multi-year capital projects. The plan consolidates capital spending for urban service infrastructure, municipal operations and the East Hants Water Utility. The five-year investment in infrastructure is as follows:

Description	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
General Government (Municipal Administration, Buildings, Information Systems, Legislative, Human Resource systems)	\$80,342	\$69,611	\$125,378	\$85,028	\$44,669
Transportation (Roads, Sidewalks, LED Streetlights)	70,677	762,630	25,860	21,233	64,936
Environmental Development (Economic Development, Business Parks, Community Development)	348,161	456,695	936,801	1,695,970	191,409
Environmental Health (Wastewater, Waste Management, Environmental Stewardship)	1,561,797	1,539,208	1,564,790	748,174	643,437
Recreation & Cultural Services (Recreational Facilities, Parks, Tourism, Libraries, Cultural Buildings)	764,762	4,689,526	805,265	11,038,269	6,388,910
Water Utility (Infrastructure and Equipment related to Water Treatment & Distribution)	681,683	1,166,282	81,229	236,088	1,102,398
Total	\$3,507,422	\$8,683,952	\$3,539,323	\$13,824,762	\$8,435,759



Fundy Tidal Interpretive Centre

Infrastructure Highlights:

Completed Projects in 2022/2023

Uniacke Business Park Signage

Installation of a directory sign at the entrance of the Uniacke Business Park to promote businesses within the Park.



Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
Special Reserves	\$65,000	\$28,518	\$5,400	\$33,918
Total	\$65,000	\$28,518	\$5,400	\$33,918

Uniacke Business Park: Expansion Phase 2

The expansion of the Uniacke Business Park Phase 2 for the design and construction of a road and new lots was completed in 2022 with addition of 12 acres of commercial land. This project ensures the availability of suitable land in East Hants to support business and economic growth, as well as encourage future development.

Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
Special Reserves	\$875,000	\$292,903	\$322,995	\$615,898
Total	\$875,000	\$292,903	\$322,995	\$615,898

White Road Mill & Pave

Paving renewal of White Road included mill and paving (50 mm depth) of existing asphalt and replacement with new asphalt to prolong asset life.

Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
Debt	\$76,000	\$7,122	\$-	\$7,122
Special Reserves	-	47,148	-	47,148
Total	\$76,000	\$54,270	\$-	\$54,270

Infrastructure Highlights:

Work-in-Progress Projects in 2022/2023

Shubenacadie Wastewater Treatment Plant Replacement

This project is to replace the current aging wastewater treatment plant which will increase capacity and expansion options for both current and future growth demand in Shubenacadie. The replacement of 325 metres of existing sewer forcemain and water distribution main on Burgess Road has been completed.

Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
ICIP Funding	\$3,520,000	\$1,062,428	\$704,791	\$1,767,219
Sewer Infra Reserves	3,790,015	387,825	349,686	737,511
Water Infra Reserves	114,295	-	104,558	104,558
Special Reserves	52,370	-	52,370	52,370
Depreciation Reserves	228,320	-	236,261	236,261
External-Other	-	-	19,473	19,473
Debt	1,835,000	-	-	-
Total	\$9,540,000	\$1,450,253	\$1,467,139	\$2,917,392



Shubenacadie Wastewater Treatment Plant Construction

Enfield Water Treatment Plant Capacity Upgrade

Expansion to the Regional Water Treatment Plant in Enfield to increase treatment capacity within the East Hants Water System.

Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
Water Infra Reserves	\$1,300,000	\$177,818	\$71,654	\$249,472
Depreciation Reserves	1,756,150	414,373	-	414,373
Total	\$3,056,150	\$592,191	\$71,654	\$663,845

Shubenacadie River Park Revitalization

This project includes a new playground, paved walkways and parking, an accessible fishing location and general repairs to the Shubenacadie Hall and ball field.

Project Funding	Total Budget	Actual Expenditures		
		2022/2023	Prior Years	Total
External Grant Funding	\$256,000	\$256,000	\$-	\$256,000
Capital out of Revenue	60,000	45,772	-	45,772
Special Reserves	40,000	-	-	-
Total	\$356,000	\$301,772	\$-	\$301,772



New Shubenacadie River Park Playground

Operating Fund: Municipal Operations

The Schedule of Current Fund Operations (Page 115) shows no change in the Operating Fund balance as the surplus in the general operations fund was transferred to reserves as required by the Provincial Financial Reporting Requirements.

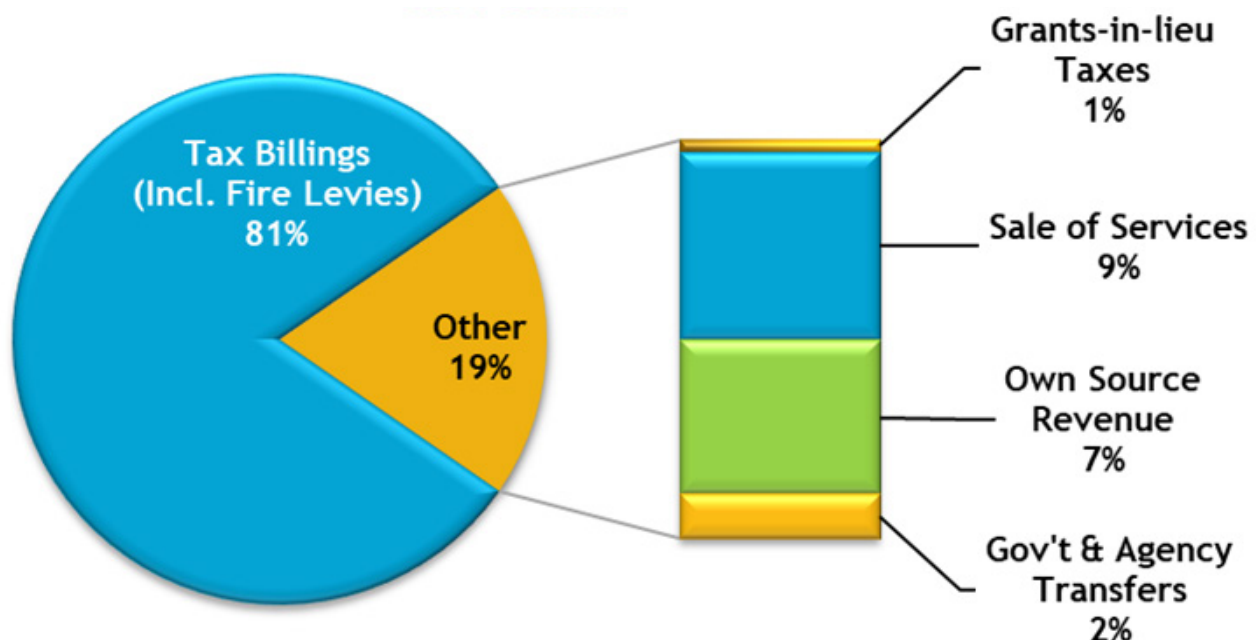
Subsequent to various transfers to reserve and funding adjustments (see General Tax Rate section below), the General Operations surplus was recorded at \$382,165 for 2022/2023 and transferred to the Operating Contingency Reserve. The full 2022/2023 surplus of \$405,616 can be broken down as follows:

General Operations	\$382,165
Urban Service Rates	999
Other Lights	22,452
Total	\$405,616

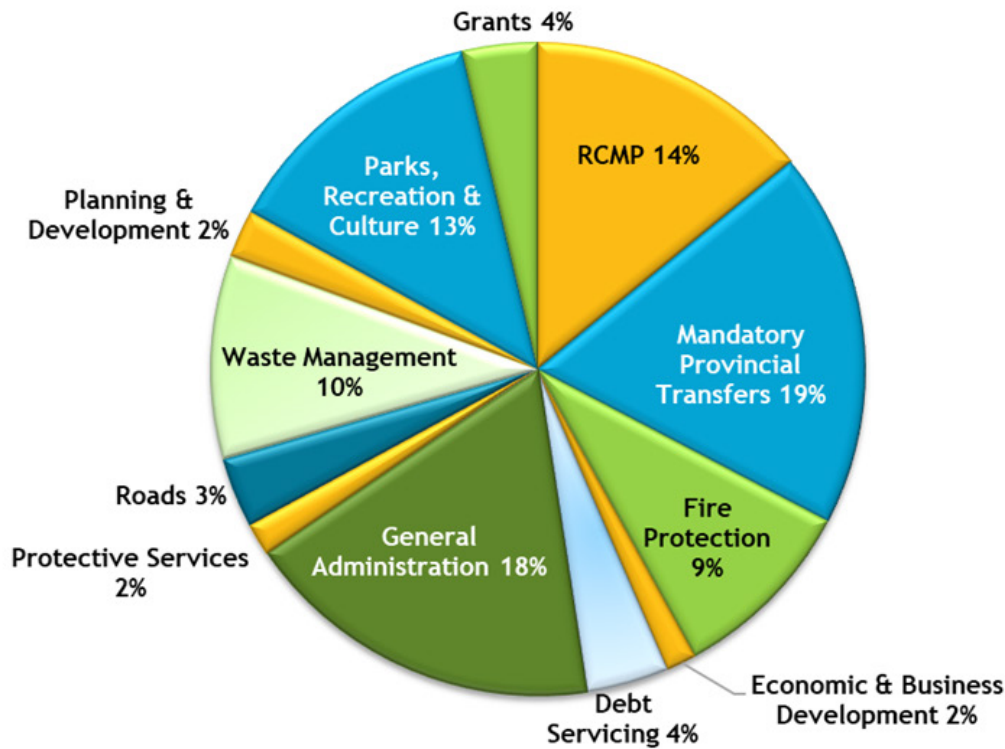
General Tax Rate

The following pie charts represent the general tax rate revenues and expenses for the Municipality for 2022/2023 (excluding transfers to reserve, amortization expense, pension accounting and landfill closure entries):

2022/2023 General Operations Revenues



2022/2023 General Operations Expenditures



The total General Operations budget for 2022/2023 was set at \$34 million. The table below reflects a positive variance of \$2,570,299 (7.4% of budget), prior to the unplanned transfers to and from reserves. The significant variances in general operations revenue and expenses from budget to actual are outlined and discussed in the following table:

Description	Amount
(Increases) / Decreases in Revenue	
Deed transfer tax	\$(1,763,546)
Interest on investments & receivables net of financing fees	(281,586)
Tipping fee, Scrap Metal & RRFB Diversion Credit revenue	(238,294)
Aquatics, day camp & tourism program revenues	(104,395)
Net property tax revenue, including planned amount for assessment appeals of \$45,000	(94,346)
East Hants Arena Association	(87,649)
Planning & building permits	(76,031)
Hurricane Fiona \$24K & Accessibility Website Provincial Funding \$10K	(34,048)
Lloyd E. Matheson Centre Tenant Revenue net of rent expense	(26,699)
Tourism grant/Student Employment Funding	(24,479)
Tax Inquiries	(5,225)
Nova Scotia Power & Government GILs offset by Bell & HST Offset grants	1,089
Fines and other revenue	9,487
Administration fees	10,982
Variance from Budget to Actual - Revenue	\$(2,714,740)

2022/2023 General Operations Expenditures Continued

Description	Amount
Increases / (Decreases) in Expenses	
Elmsdale Business Park debt savings	\$(64,288)
Tax exemptions & municipal grants	(53,364)
Provincial mandated costs (Corrections, Education, Provincial Housing)	(47,565)
Waste administration savings (mainly internet, operational materials & contracts)	(42,344)
Bad debt savings on receivables	(25,352)
Miscellaneous Items (includes office supplies, postage, publications & operational materials)	(24,813)
Various operational items - primarily for community events	(24,306)
Promotion and advertising	(14,237)
Training education, travel & meeting expense	(11,695)
Insurance	(8,898)
Business development	(7,673)
Building & Property maintenance, security & safety	(6,683)
Computer Hardware & Software Support	(5,670)
Power, heating fuel and water (primarily heating fuel)	3,628
Professional fees net of savings in contracts	12,590
Vehicle fuel	19,208
Wages & Honorariums	65,347
Solid waste costs (waste, organics & recycling)	166,792
East Hants Arena Association	213,764
Variance from Budget to Actual - Expense	\$144,441
Variance from Budget to Actual	\$(2,570,299)
Capital out of revenue	(24,228)
Original planned deficit	134,764
Net Surplus End of Year	\$(2,459,763)



Explore Your Own Backyard, Burntcoat Head Park

Description	Amount
Surplus transferred as follows:	
Transfer to reserves surplus	\$382,165
Asset Retirement Obligation	360,475
Active Transportation Initiatives	300,000
Traffic Calming Signs C22(389)	235,000
Salaries	234,781
Well & Septic Program	200,000
Traffic Calming Tables C22(388)	150,000
RCMP Costs (2023/2024 additional % increase)	126,270
Transfer to reserves surplus for Waste Management future debt	119,097
Hospital Balloon Payment	108,895
Traffic Lights	100,000
Transportation – Gravel	100,000
Asset Management Consulting	97,936
Elmsdale Business Park debt savings	64,288
CAO's Office – Website Development	47,550
PRC – RCMP Building HVAC repairs	9,390
PRC – Shubenacadie ball field electrical repairs	3,130
Office Equipment	3,120
Grant – NS Library Association C23(140)	2,000
CAO's Office – Service Excellence Strategy Roll-out	1,500
Self Insuring TMR2 Radios	(3,000)
Sportsplex Professional Fees	(56,718)
East Hants Arena Association	(126,115)
Total	\$2,459,763



Urban Service Rate

The Urban Service Rate (USR) is the largest of our area rates; charged to residents in the “Corridor” area (Shubenacadie to Enfield), this rate is reported on separately as it affects a significant number of residents and Councillors. The rate covers all urban services (streetlights, wastewater, hydrants and sidewalks) with the exception of some sub-urban streetlights.

The total USR operating budget for 2022/2023 was set at \$3.3 million. The final surplus was \$999, which was transferred to the Contingency Reserve. The significant variances from budget for the Urban Service Rate are outlined and discussed in the following table:

Description	Amount
(Increases) / Decreases in Revenues	
Hurricane Fiona Provincial Claim	\$(26,339)
Sewer Hook-up & Usage revenue, net of reserves transfer	(5,110)
Urban service rate tax levies - primarily related to Wastewater Management Fee revenue	4,876
Irving Oil servicing agreement	7,780
Variance from Budget to Actual - Revenue	\$(18,793)
INCREASES / (DECREASES) IN EXPENSES	
Plant & Grounds Maintenance for wastewater properties	\$(16,147)
Other general operations -primarily from savings in contracts offset by debt interest	(15,775)
Wages & benefits – savings	(8,531)
Operational materials & small equipment	(5,754)
Computer & admin support - costs savings for administration, finance and IT support	(5,287)
Public fire protection	76,864
Variance from Budget to Actual - Expense	\$25,370
Variance from Budget to Actual	\$6,577
Original planned surplus	(7,576)
Net USR Surplus End of Year	\$(999)

Reserves - Urban Service Rate

Reserve funds are funds set aside to help offset future financing requirements; these are drawn upon to finance capital and operating expenditures as designated by Council. Urban type services are very infrastructure intensive, requiring significant funding for most capital projects. For this reason, reserve fund balances are a fundamental component of managing the financial stability of the USR. The following amounts are being held in reserve at March 31, 2023, for the USR systems:

For Capital Purposes	Amount
Wastewater	\$40,101
Stormwater	2,742
Total	\$42,843

For Operating Purposes	Amount
Sidewalks	\$1,188,350
Wastewater	2,034,096
Contingency	995,978
Total	\$4,218,424

Council has approved a plan to reduce debt payments in the Urban Service Rate by setting aside \$190,400 in the sidewalk operating reserves to fund future sidewalk debt payments. The wastewater reserves are restricted to desludging, lagoon vegetative growth, and lift station pump and forcemain upgrades.



Concorde Way, Enfield

East Hants Water Utility

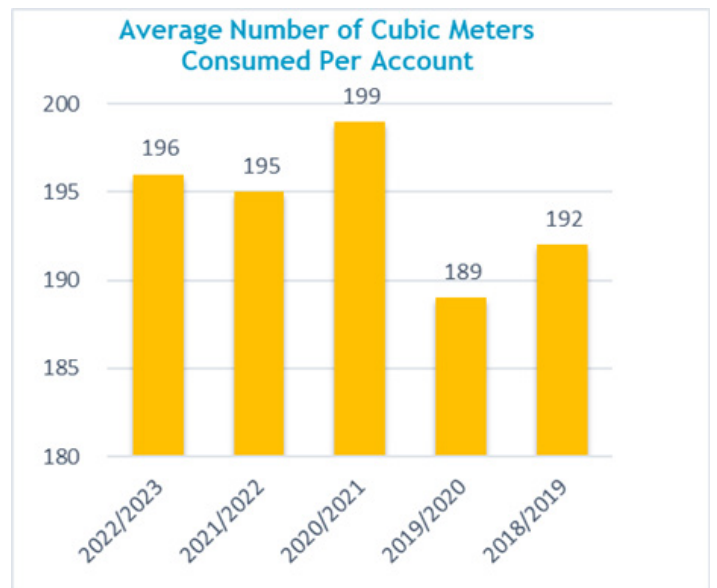
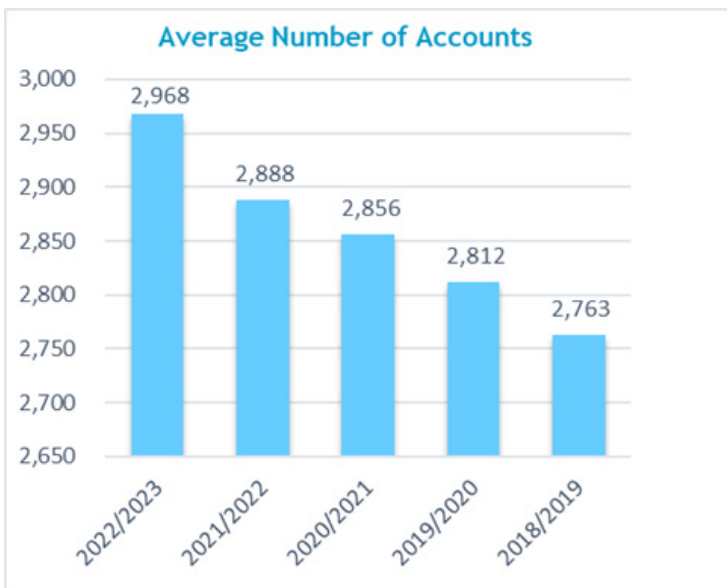
The East Hants Water Utility (EHWU) serves 3,010 customers in the communities of Shubenacadie, Lantz, Elmsdale and Enfield. The Utility also operates a bulk water station in Enfield that serves water haulers and residents throughout the region. The Municipality is accountable to the Nova Scotia Utility and Review Board (NSUARB) for all matters relating to water utility accounting and rate setting. East Hants received approval from the UARB to increase rates for three years beginning July 1, 2017. These approved rates will remain in effect until the next rate review.

At March 31, 2023, the Utility showed an accumulated fund balance of \$1,745,301. Operating results for 2022/2023 reflect a positive change in fund balance (operating surplus) of \$146,998. This surplus is explained in the following table:



Shubenacadie River,
Brickyard Park, Lantz

Description	Amount
(Increases) / Decreases in Revenues	
Public fire protection	\$(76,864)
Bulk water revenue	(72,761)
Water billing revenue - Increase in base charge revenue \$12.1K & water consumption of \$8K	(20,156)
Increase in water meter connections, installations and disconnections	(16,262)
Interest and penalty revenue	(9,138)
Variance from Budget to Actual - Revenue	\$(195,181)
Increases / (Decreases) in Expenses	
Equipment and Property & Grounds Maintenance	\$(38,312)
Other operating costs (savings in postage, advertising, all systems & recovery of bad debt)	(35,481)
Wages & benefits	(33,291)
Snow removal	(22,033)
Computer & admin support - costs savings for administration, finance and IT support	(12,507)
Fuel & Power	2,879
Amortization - completion of EHWU Capital Projects	6,422
Operational materials - primarily increase in chemicals	13,880
Contracts - high costs of watermain breaks & additional professional fees for system report	101,890
Variance from Budget to Actual - Expense	\$(16,553)
Variance from Budget to Actual	\$(211,734)
Decrease in transfer from Operations to Capital for Water Meters	(11,086)
Original planned deficit	75,822
Net Surplus End of Year	\$(146,998)



Reserves

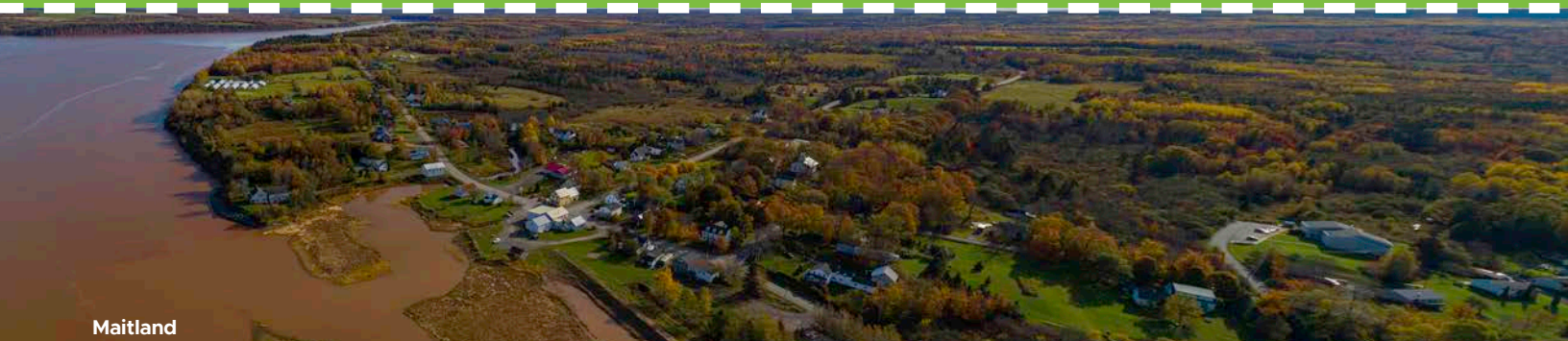
Reserve funds are established by Council by setting aside money to help offset future financing requirements; when required the funds are drawn upon to finance capital and operating expenditures as designated by Council. Using reserve funds to minimize tax rate fluctuations is a fundamental component of financial management for East Hants.

Operating and capital reserves are consolidated within the Accumulated Surplus position on the Statement of Financial Position (Page 96); Obligatory reserves are reported in the liabilities section of the Statement of Financial Position (Page 96).



Importance of Reserves

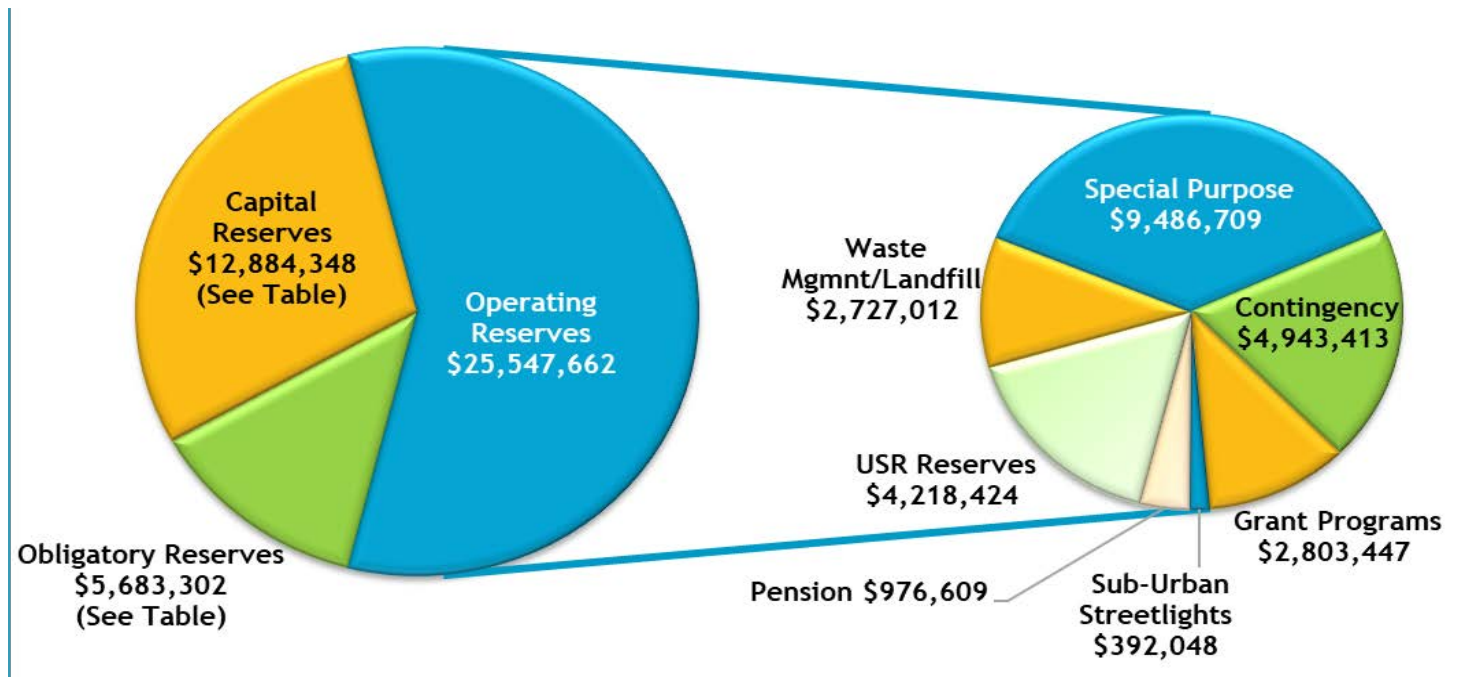
Reserves are key to the financial success of the Municipality and Council's ability to respond to the needs of East Hants residents and future development. Council strives to balance the desire to keep the tax burden as low as possible with the need for healthy reserve balances to ensure financial stability into the future.



The Municipality has approximately \$44.1 million in operating, capital and obligatory (infrastructure) reserves. Of this amount, \$12.9 million is set aside for capital work and \$25.5 million is being held in operating reserves. The Municipality of East Hants also has \$5.7 million in obligatory reserves, money collected specifically for open space and for sewer & water infrastructure.

Each reserve fund is further broken down for specific uses. For a detailed list of Reserve Fund balances, see Page 121, Schedule of Reserve Operations. The following graph summarizes the funds:

2022/2023 Reserves Held for Future Use - \$44.1M



Types of Reserves

- Special Reserves:** monies set aside for a specific purpose, both Capital and Operating
- Contingency Reserves:** surplus funds set aside for unanticipated expenditures
- Obligatory Reserves:** Infrastructure reserves (trunk sewer, water fees and open space)
- Depreciation Reserves:** Water Utility



Enfield Water Tower

Reserves Continued

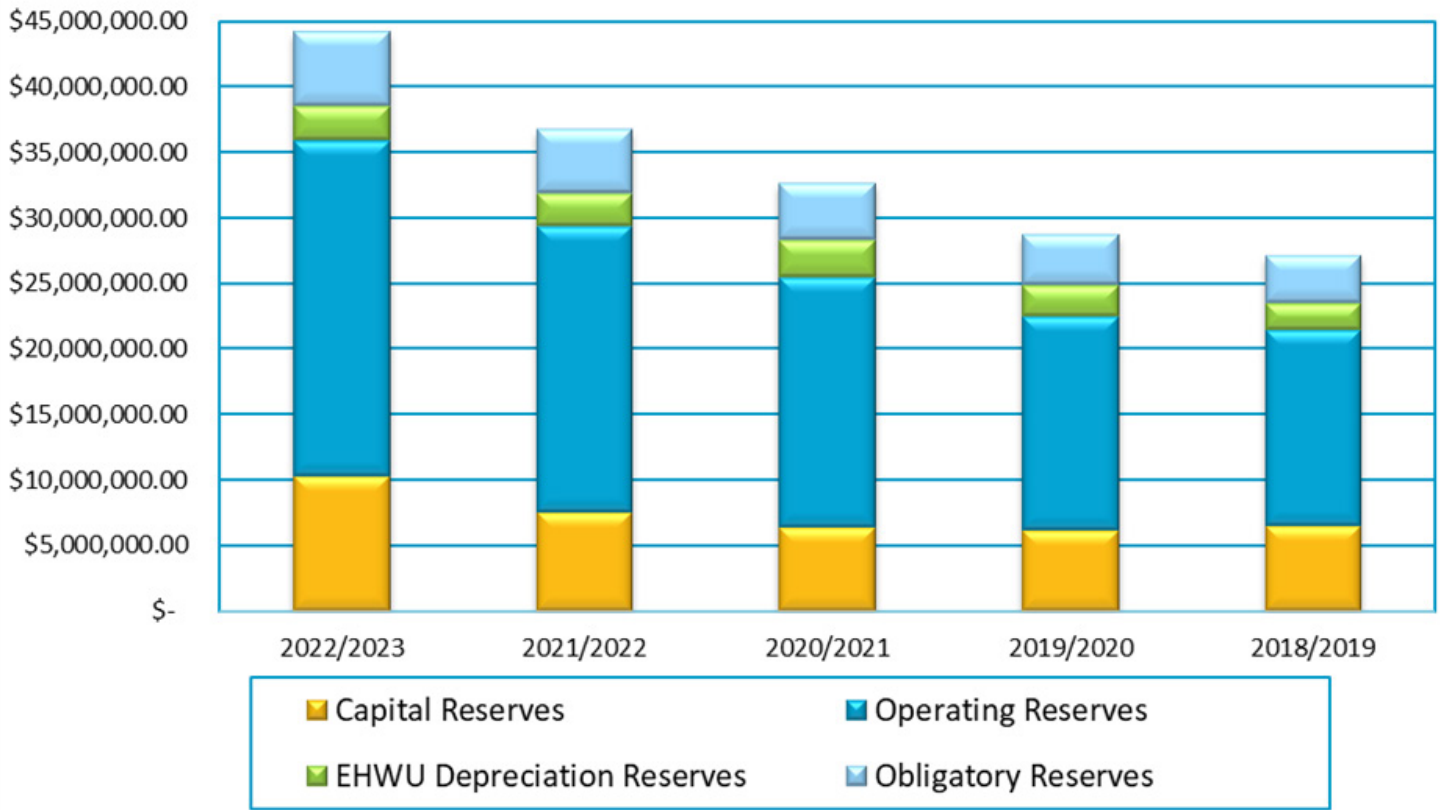
Capital Reserves	Amount	Obligatory Reserves	Amount
Water System Infrastructure	\$2,663,239	Sewer Infrastructure	\$2,985,990
USR Capital Reserves	42,843	Water Infrastructure	1,949,894
Business Park Expenditures	2,567,075	Open Space	747,418
Canada Community Building Fund	4,957,595		
Sustainable Services Growth Fund	1,123,728		
Landfill Site Post Closure	140,113		
Other	1,385,220		
Road Paving	4,535		
Total	\$12,884,348		\$5,683,302

In 2022/2023, \$9,163 was transferred to the operating reserve fund and the Shubenacadie Water Utility Deficit has now been fully recovered.



Milford Wastewater Treatment Plant

The chart below summarizes the reserve balances of the Municipality over the past five years:



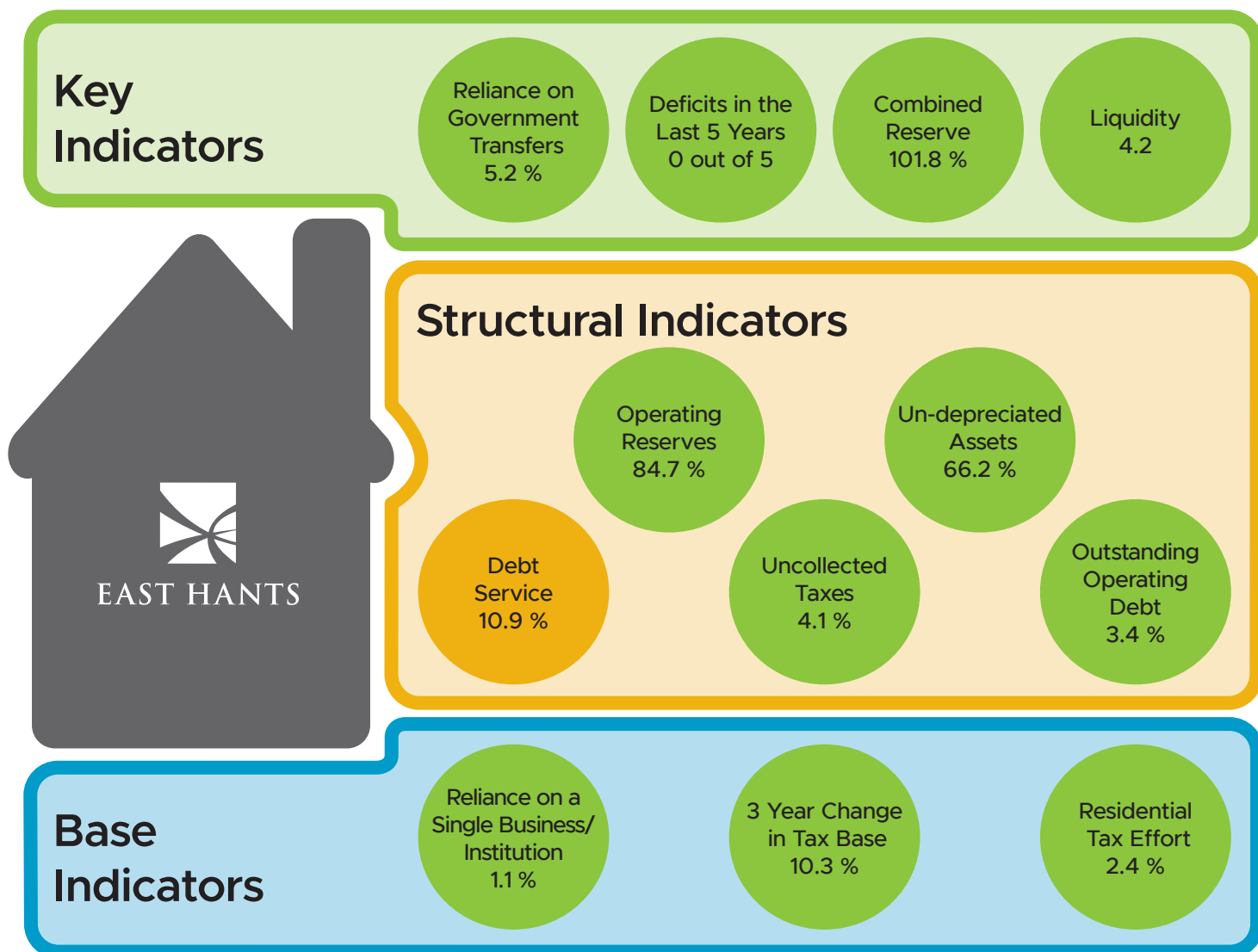
Financial Condition Indicators

The Financial Condition Index helps municipal councils and other stakeholders make sense of municipal financial information by providing a variety of sources in a single document. The index is organized into three financial indicators that focus on the municipality's strengths, trends and risk areas.

Thresholds are based on jurisdictional scans, literature reviews, and municipal consultations. A **green** circle around the indicator indicates low risk, **yellow** indicates moderate risk and **red** indicators are a predictor of high risk situations (none below).

Annually the Province of Nova Scotia provides a five-year comparison of the Financial Condition Indicators for all municipalities in the province. The East Hants' preliminary results (below) were very favourable.

The information in this report has been calculated using East Hants data for 2020/2021 and 2021/2022, with the recommended thresholds being provided by the Province. Below is a preliminary snapshot of East Hants indicators along with comments that are important to our stakeholders for understanding the results. The indicators for 2022/2023 will be calculated by the Province once the Financial Information Returns for all municipal units are filed.



Key Indicators

	2021/2022	2020/2021	Recommended Threshold
Reliance on Government Transfers	5.2%	4.4%	Below 15%
Deficits in the Last 5 Years	0/5	0/5	0/5
Combined Reserve	101.8%	103.3%	Above 40%
Liquidity	4.2	3.8	Above 1.5

Reliance on Government Transfers (%)

The Municipality of East Hants receives government operating grants for Solid Waste Programs, Farm Property Acreage and application based funding agreements. These grants range from 1% to 2% per year of the \$34 million budget. This represents a low percentage of funding from government grants. The Municipality of East Hants does not receive any Equalization funding from the Province.

Deficits in the Last 5 Years (#)

Municipalities must prepare balanced operating budgets. Any deficits must be repaid in the following budget year. The Municipality of East Hants has not run a deficit in 30+ years. East Hants incurred surpluses for this period and is therefore assessed at a low risk.

Combined Reserve (%)

The Municipality of East Hants sets aside funds each year for reserves in order to plan ahead and ensure large capital investments and operating expenditures can be met without an increased tax burden for residents. This indicator measures East Hants' combined reserve (includes operating, capital and water reserves) as a percentage of total operating and amortization costs. At 101.8% in 2021/2022, East Hants is above the target (40%) and has limited its future risk by maintaining a healthy reserve balance.

Liquidity (#)

This indicator is calculated as Short Term Operating Assets divided by Short Term Operating Liabilities.

For East Hants, short term assets include cash, taxes receivable and other monies owing from external sources (grants, HST, Deed Transfer Tax, etc.). The short term liabilities include amounts owing for payroll, trade payables (amounts owing to suppliers at the end of the fiscal year) and deferred revenue (monies paid on taxes in advance, for swimming lessons, etc.).

Financial Condition Indicators Continued

Structural Indicators

	2021/2022	2020/2021	Recommended Threshold
Undepreciated Assets	66.2%	66.2%	Above 50%
Debt Service	10.9%	11.3%	Below 10%
Outstanding Operating Debt	3.4%	12.5%	Below 25%
Uncollected Taxes	4.1%	4.9%	Below 10%
Operating Reserves	84.7%	87.4%	Above 20%

Undepreciated Assets (%)

The Municipality's significant investment in infrastructure over the past few years has resulted in a higher % for this indicator. New infrastructure has a higher book value and a greater remaining useful life than older infrastructure. Normal depreciation offset by additions to capital infrastructure has kept this percentage consistent year-over-year.

Debt Service (%)

The indicators around debt can be slightly misleading for a rural municipality investing heavily in urban infrastructure. The debt service ratio is driven by a high investment in capital infrastructure as compared to other rural municipalities.

Outstanding Operating Debt (%)

This indicator is calculated by measuring East Hants' annual borrowing amount (debt) as compared to its borrowing limit, which is 50% of the combination of taxes levied and transfers from government. At 3.4%, East Hants is comfortably below the threshold limit of 25%.

Uncollected Taxes (%)

The Municipality of East Hants has a full-time Collection Officer and actively collects through payment arrangements, tax sale and adherence to Council collection policies. The Uncollected Tax Calculation is favourable for both 2020/2021 and 2021/2022 due to the efficient collection of taxes.

Operating Reserves (%)

Reserve funds are established by Council by setting aside money to help offset future financing obligations; when required, the funds are drawn upon to finance capital and operating expenditures as designated by Council. Using reserve funds to minimize tax rate fluctuations (due to significant one-time budgeted expenditures, unanticipated expenditures and revenue shortfalls) is a fundamental component of financial management for East Hants. Where the Municipality's capitalization threshold is \$10,000 and with restrictions on what capital reserves can be withdrawn for, Council has chosen to set aside the required funds for capital purchases in the operating reserve.

Base Indicators

	2021/2022	2020/2021	Recommended Threshold
Reliance on a Single Business or Institution	1.1%	1.1%	Below 10%
Three Year Change in Tax Base	10.3%	10.8%	3% or Above
Residential Tax Effort	2.4%	2.8%	Below 4%

Reliance on a Single Business or Institution (%)

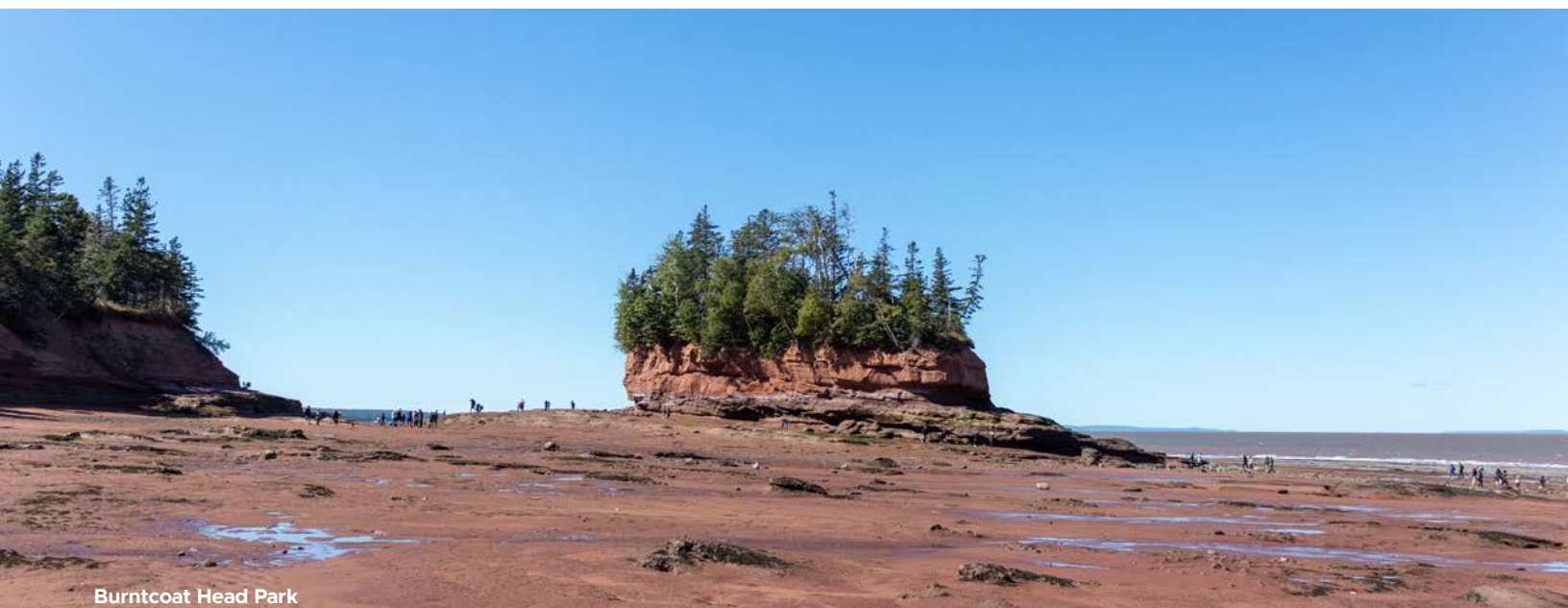
The ratio for reliance on a single business is low due to the variation of industry represented in East Hants, large amount of farm and forest lands, and significant residential assessment. This indicator is favourable for East Hants for both 2020/2021 and 2021/2022.

Three Year Change in Tax Base (%)

The Municipality of East Hants has a higher percentage for this indicator due to the high rate of assessment growth in East Hants. Overall the Three Year Change in Tax Base indicates that property assessments are increasing at a greater rate than inflation.

Residential Tax Effort (%)

The ratio for both the 2020/2021 and 2021/2022 years meets the threshold set by the Province. East Hants tax effort for both years are higher than the rural average because East Hants provides urban services such as wastewater, hydrants, sidewalks and streetlights to five communities in East Hants, thus resulting in a higher tax expense per dwelling unit. Although our median household income is higher than the rural median household income, the higher tax burden from services results in a higher percentage for this indicator.



Burntcoat Head Park

Municipal Grant Program: Investing in our Community

The Municipal Grant Program supports several non-profit community groups in the delivery of their programs and services. The following table expands on the overall grant information in the Investing in Our Community section of the Annual Report (see Page 48). The details of all grants issued by Council in 2022/2023 are:

Recipient	Cost Covered	Amount
Annual Maintenance Grants for Municipally Owned Properties:		
East Hants Museum Society	2022/2023 Annual maintenance at Tin Smith Museum	\$13,000
Walton Area Development Association	2022/2023 Annual maintenance at Walton Lighthouse	5,000
Sub-Total		\$18,000
Annual Staffing Grants for Municipally Owned and/or Leased Tourism Properties:		
East Hants Museum Society	2022/2023 Staffing Grant	\$3,000
Walton Area Development Association	2022/2023 Staffing Grant	3,000
Sub-Total		\$6,000



Tin Smith Museum, Shubenacadie

Recipient	Cost Covered	Amount
Beautification Grants:		
Admiral Rock Memorial Association	Beautification Grant	\$250
Beth Ouellette	Beautification Grant	207
Centre Rawdon Community Hall	Beautification Grant	250
Centre Rawdon United Church	Beautification Grant	250
Chart Society	Beautification Grant	250
Corridor Minor Baseball Association	Beautification Grant	1,100
East Gore Community Hall	Beautification Grant	250
East Gore United Cemetery	Beautification Grant	250
East Hants Community Learning	Beautification Grant	500
East Hants Historical Society	Beautification Grant	250
East Noel Heritage	Beautification Grant	500
Elmsdale Beautification Society	Beautification Grant	1,500
Enfield in Bloom	Beautification Grant	2,000
Ged Stonehouse	Beautification Grant	100
Gore District Play School	Beautification Grant	250
Hardwood Lands Presbyterian Church	Beautification Grant	800
Lantz Recreation Society	Beautification Grant	1,000
Maitland & District Development	Beautification Grant	250
Maitland Volunteer Fire Auxiliary	Beautification Grant	250
Maitland Volunteer Fire Department	Beautification Grant	250
Milford Recreation Association	Beautification Grant	500
Nine Mile River Community	Beautification Grant	700
Nine Mile River United Church	Beautification Grant	500
Noel New Horizons Rising Tides	Beautification Grant	500
Rawdon 2-Way 4-H Club	Beautification Grant	250
Rawdon Gold Mine Hall	Beautification Grant	250
Rawdon Gold Mines Cemetery	Beautification Grant	250
Rawdon Volunteer Fire Department	Beautification Grant	250
Shubenacadie Community Development	Beautification Grant	1,000
St Paul's Anglican Church	Beautification Grant	250
Stanley/Mosherville Community Hall	Beautification Grant	250
Uniacke & District Legion Branch 165	Beautification Grant	600
Upper Rawdon Cemetery	Beautification Grant	250
West Gore Cemetery	Beautification Grant	250
Sub-Total		\$16,257

Recipient	Cost Covered	Amount
Charitable Organization Tax Exemptions:		
Anglican Church	2022/2023 Taxes Bylaw F-400	\$1,128
C W Saunders Lodge Hall 125	2022/2023 Taxes Bylaw F-400	1,817
Community Hall Noel	2022/2023 Taxes Bylaw F-400	1,997
Community Hall Upper Rawdon	2022/2023 Taxes Bylaw F-400	3,448
Corridor Community Options	2022/2023 Taxes Bylaw F-400	25,323
East Gore Community Club	2022/2023 Taxes Bylaw F-400	3,570
East Hants Ground Search and Rescue	2022/2023 Taxes Bylaw F-400	3,021
East Hants Historical Society	2022/2023 Taxes Bylaw F-400	915
East Noel Community Club	2022/2023 Taxes Bylaw F-400	848
East Walton Community Hall	2022/2023 Taxes Bylaw F-400	1,235
Enfield & District Lion's Club Association	2022/2023 Taxes Bylaw F-400	2,852
Gore District Volunteer Fire Department	2022/2023 Taxes Bylaw F-400	2,241
Hall Foresters Maitland	2022/2023 Taxes Bylaw F-400	1,240
Hants North Community Food Bank	2022/2023 Taxes Bylaw F-400	2,374
Lantz Recreation Society	2022/2023 Taxes Bylaw F-400	3,661
Maitland & District Development Association	2022/2023 Taxes Bylaw F-400	1,365
Milford Recreation Association	2022/2023 Taxes Bylaw F-400	9,845
Minasville Community Centre	2022/2023 Taxes Bylaw F-400	1,659
Municipality of East Hants leased to E.H. Horne School Preservation Society	2022/2023 Taxes Bylaw F-400	6,591
Municipality of East Hants - Enfield Earth Keepers	2022/2023 Taxes Bylaw F-400	2,161
Municipality of East Hants Lot 90-1 Hwy #2, Milford	2022/2023 Taxes Bylaw F-400	247
Nine Mile River & District Volunteer Fire Department	2022/2023 Taxes Bylaw F-400	426
Northern Hants Benevolent	2022/2023 Taxes Bylaw F-400	3,312
Northfield Community Club	2022/2023 Taxes Bylaw F-400	387
Rainbow Community Club Hall	2022/2023 Taxes Bylaw F-400	3,520
Shubenacadie Community Development Association	2022/2023 Taxes Bylaw F-400	3
Stanley & Mosherville Hall Association	2022/2023 Taxes Bylaw F-400	855
Stanley Sport Aviation Association	2022/2023 Taxes Bylaw F-400	1,949
Tennecape Community Club	2022/2023 Taxes Bylaw F-400	1,433
The CHArt Society	2022/2023 Taxes Bylaw F-400	4,891
Tot's Academy Child Care Society	2022/2023 Taxes Bylaw F-400	13,338
Trustees of N M R Community Hall	2022/2023 Taxes Bylaw F-400	3,912
Trustees of The Hardwood Land	2022/2023 Taxes Bylaw F-400	4,204
Uniacke Lodge No 128 A F & A M	2022/2023 Taxes Bylaw F-400	2,582
Water Utility East Hants	2022/2023 Taxes Bylaw F-400	205,080
Sub-Total		\$323,430

Recipient	Cost Covered	Amount
Community Grants:		
3rd Carter Guides & Pathfinders	Fundy Geological Museum overnight trip	\$350
After Trauma Empowerment Network (ATEN)	Equipment For Fitness/Movement Program	1,000
Bell Park Development Association	Trail maintenance	1,500
Canoe Kayak NS	Insurance For Meek Rd Launch	575
CHArt Society	Insurance	1,500
East Gore Community Hall	Funding For heat pump install	1,500
East Hants Crime Prevention	Christmas Parade Insurance	500
East Hants Curling Association	Community Open House	250
East Hants Stingrays Swim Association	Swim equipment - electric starter	1,000
East Hants Youth links	Insurance	1,500
East Hants Family Resource Centre	Insurance	1,488
EH Horne School Preservation Society	Insurance & Repairs/Maintenance	1,500
Elmsdale Beautification Society	Insurance & Park Maintenance	1,500
Enfield, Elmsdale & Dist. Lions Club	Insurance	1,500
Hants North Baseball Association	Grant based on Council Motion C11(197)	3,158
Hants North U18AAA Jays	Travel to Alberta/Nationals 7 East Hants players	700
Hardwoodlands Community Hall	Insurance	811
Inner Strength Taekwondo - Jonah Priddle	Taekwondo Nationals in Toronto	100
Landar Holdings	Grant based on Council Motion C10(36)	4,848
Lantz Recreation Society	Insurance	1,500
Lions Memorial Park Society	Park maintenance	1,500
Milford Recreation Association	Grounds maintenance & Milford meltdown	1,750
Nova Scotia 4-H	Shumil 4-H Tug-o-war Provincials	250
Nova Scotia Canada Games Men's Fastpitch	Travel to Ontario/Canada Games, 6 East Hants players	600
Off Leash East Hants Society	Insurance	1,500
Payton McDonald	Travel to Skating Atlantic in Newfoundland	100
Rawdon Gold Mines Community Hall	Insurance	826
Shubenacadie Community Development Assoc.	Insurance	1,400
Shubenacadie Fire	Fireworks - Community Tree Lighting	250
Shubenacadie Hay Days Society	Canada Day Event & Event Insurance	593
Tri-County Basketball Association	Purchase Equipment for Expansion	1,000
Uniacke Mustangs Fast Pitch	Maintenance - Field Drag & Screen Equipment	1,450
Uniacke & District Volunteer Fire Department	Sports pad Project & Rink Renewal	45,775
Sub-Total		\$83,774

Recipient	Cost Covered	Amount
Community Partnership Grants:		
Corridor Community Options for Adults	Grant 2022/2023 Council Motion C22(64)	\$15,000
East Hants Community Learning	Grant 2022/2023 Council Motion C22(64)	50,000
East Hants Family Resource Centre	Grant 2022/2023 Council Motion C22(64)	10,000
East Hants Historical Society	Grant 2022/2023 Council Motion C22(64)	15,812
East Hants Sport Heritage Society	Grant 2022/2023 Council Motion C22(64)	5,000
East Hants Youth Links	Grant 2022/2023 Council Motion C22(64)	6,000
Seniors Safety Program Association of Hants County	Grant 2022/2023 Council Motion C22(64)	20,000
Kids Action Program	Grant 2022/2023 Council Motion C22(64)	10,000
Sub-Total		\$131,812
District Recreation Fund:		
Corridor Minor Baseball Association	Gates for Challengers program, garbage units, & picnic tables	\$15,558
EH Horne School Preservation Society	Flooring upgrades, exterior concrete wall covering repair & painting	8,489
Enfield, Elmsdale & District	Roof replacement on Lions Den	5,926
Hants North Baseball Association	Shed for gear used on small field	1,278
Lions Memorial Park Society	Site Prep for future washroom, paint gazebos & picnic tables, install & paint fencing on driveway	4,737
M & M Recreation	Replace backstop, repairs to dugouts, add hand rail and step to bleachers	6,159
Milford Recreation Association	Zero Turn Mower & widen garage door	9,818
Mount Uniacke Mustangs	Storage facility for ball & maintenance equipment	17,445
Nine Mile River Trails Association	Boardwalk replacements, future trail design	26,755
Tennecape Community Club	Purchase and install heat pumps	4,310
Uniacke District Legion Branch 165	New kitchen range	10,000
Sub-Total		\$110,475
Dr. JT Snow Bursary:		
Hants East Rural High School	High school bursary	\$1,000
Hants North Rural High School	High school bursary	1,000
Windsor & Area Education Fund Association (Avon View High School)	High school bursary	1,000
Sub-Total		\$3,000
EMO Grants:		
East Hants Ground Search & Rescue	2022/2023 annual operating grant	\$28,000
East Hants Special Hazards Response Unit	2022/2023 annual operating grant	6,666
Sub-Total		\$34,666

Recipient	Cost Covered	Amount
Fire Department Annual Operating Grants:		
Gore Volunteer Fire Department	2022/2023 annual operating grant	\$10,351
Kennetcook Volunteer Fire Department	2022/2023 annual operating grant	10,351
Maitland & District Volunteer Fire Department	2022/2023 annual operating grant	10,351
Noel & District Volunteer Fire Department	2022/2023 annual operating grant	10,351
Rawdon District Volunteer Fire Department	2022/2023 annual operating grant	10,351
Walton Volunteer Fire Department	2022/2023 annual operating grant	10,351
Sub-Total		\$62,106
General Government Grants:		
Caring & Sharing Food Bank	Supplies per Council Motion C22(65)	\$1,000
Coat Association	Coat Association Council Motion C22(299)	2,000
Enfield, Elmsdale & District Lion's Club	Lion's club Enfield playground (Benevity RBC donation)	425
Halifax East Hants 4-H Council	General Government Grant 2022/2023 CM C22(213)	100
Hants County Christmas	General Government Grant 2022/2023 CM C22(65)	1,000
Hants County Exhibition	General Government Grant 2022/2023 CM C22(65)	500
Hants North Food Bank	General Government Grant 2022/2023 CM C22(65)	1,000
Hants North safe grad council motion C22(194)	Hants North safe grad Council Motion C22(194)	800
HERH safe grad council motion C22(194)	HERH safe grad Council Motion C22(194)	800
Indian Brook Food Bank	General Government Grant 2022/2023 CM C22(65)	1,000
Kids Action Program	General Government Grant 2022/2023 CM C22(65)	1,000
Shubenacadie Anglican Church & Hall	Grant Council Motion C22(267)	10,000
Shumilacke Food Bank Society	General Government Grant 2022/2023 CM C22(65)	1,000
Uniacke & District JR Fire	General Government Grant	1,000
Sub-Total		\$21,625

Recipient	Cost Covered	Amount
Heritage Incentive Program:		
40 Academy St	Window Replacement	\$4,000
Charles Burns	Window Replacement	2,000
East Noel Heritage	New Roof	2,000
Yuill	New Roof	2,000
Holy Trinity Anglican Church	New Roof	2,000
D&L Forbes	New Roof	2,000
Sub-Total		\$14,000
MTAP Program:		
Various	Individual tax assistance based on Municipal Tax Assistance Program Council policy	\$99,205
Sub-Total		\$99,205
Provincial Recreation Grants:		
Lantz Recreation Society	Recreation Grant	\$51,818
Milford Recreation Association	Recreation Grant	176,836
Walton Shore Fire Department	Recreation Grant	73,286
Sub-Total		\$301,940
Recreation Access Program:		
Various	Individual program assistance based on Recreation Access Council policy	\$2,934
Sub-Total		\$2,934
Tourism Grants:		
CHArt Society	Tourism	\$4,000
East Hants Historical Society	Tourism	5,000
East Hants Junior C	Tourism	5,000
Maitland District Development Association	Tourism	15,000
Walton Area Development Association	Insurance and Tourism	4,488
Sub-Total		\$33,488
Grand Total		\$1,262,712



Funds distributed through the **Recreation Access Program** make it possible for eligible individuals and families to participate in recreation and aquatic programs and lessons.