

File Reference: SM44086.2

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March 29, 2016

**Delivered by Electronic Mail**

Elaine Wagner  
Chief Clerk  
Nova Scotia Utility and Review Board  
3rd Floor, Summit Place  
1601 Lower Water Street  
Box 1692, Unit "M"  
Halifax NS B3J 3S3

Dear Ms. Wagner:

**Re: Proposed Amalgamation - Municipality of the County of Pictou,  
Towns of New Glasgow, Pictou and Stellarton - MB-15-05/M07050**

On behalf of the Applicants, we wish to respond to some submissions contained in the March 21, 2016 brief filed on behalf of the Town of Trenton.

The Applicants take issue with the following statement in paragraph 13 of the Town's submission:

*"Both the reserve and capital decisions can be material, and are generally less well defined within the current agreement than the operating budget issues."*

The reserve and capital fund decisions are defined by the Intermunicipal Services Agreement through references to the Public Sector Accounting Board Standards, the Financial Accounting and Reporting Manual published by the Province of Nova Scotia and through policy decisions of the Pictou County Shared Services Authority Board of Directors (see pages 62-63 of Exhibit P-11 and witness panel testimony during the March 9, 2016 Hearing).

With respect to paragraph 14 of the submissions on behalf of Trenton respecting reserve fund balances, particularly the East River Environmental Control Centre fund balances, the Applicants note this division retained a \$584,835 fund balance within its Operating fund statement of financial activities for the fiscal year ending March 31, 2015 (page 26 of Exhibit P-40 (e)). This operating fund balance was purposely maintained until post year end to allow the Board of Directors time to plan for its disposition, i.e. use in current-year capital projects, transfer to a capital reserve, and a portion being returned to the municipalities.

Trenton made the following comment on reserves in paragraph 15 of its submission:

*"Prudent management considerations have not always ruled the day and there is no guarantee that such easily stated principles will be adhered to"*

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The Applicants note the establishment and maintenance of operating, capital and post closure reserves for the Solid Waste Division particularly since the 2012-2013 fiscal year (see page 18 of Exhibits P-40(d) and (e), and page 19 of Exhibits P-40(c). Trenton has participated in those policy decisions including a decision on an internal borrowing reserve to smooth out rates as reflected in the financial statements for 2014 (Exhibit P-40(d) at page 18 where a Capital Borrowing Reserve is established.

There is no evidence before the Board that the Town of Trenton ever objected to this reserve being established or to any of the other management considerations. If the Town had disagreed, it could have attempted to persuade members of the board to accept its view, failing which it had the option to pursue arbitration.

In any event, as the services were provided to each municipal unit on a cost of service basis, no ratepayers were disadvantaged.

On behalf of the Applicants, we request the relief sought in our earlier submissions with respect to representation on boards and commissions.

All of which is respectfully submitted.

Yours truly,

A handwritten signature in black ink, appearing to read 'Robert G. Grant', with a long horizontal flourish extending to the right.

Robert G. Grant

RGG/sd

c: Client  
Hearing Participants