Victoria County
NATURALLY CONNECTED

FINANCE & AUDIT COMMITTEE

AUGUST 7, 2026

A Finance & Audit Committee Meeting was held in Council Chambers at Baddeck on August 7, 2026, at 1:00pm with Councillor Patterson in the Chair.

COUNCILLORS PRESENT

District #1 - Donna Matheson-Lefort

District #2 - Perla MacLeod, Deputy Warden

District #3 - Ian Nicholson

District #4 - Rosella Born

District #5 - Fraser Patterson

District #6 - Tim Donovan

District #7 - Jackie Organ, Warden

District #8 - Wanda Hennick

STAFF PRESENT

Alix Redden, CFO

Steff MacLeod, Recorder

Heather Ross, Financial Analyst

Kelly Brett, Manager of Public Works

ABSENT

Denise Allen, public member of the Finance & Audit Committee

On Motion of Deputy Warden MacLeod seconded by Warden Organ to approve the Agenda for August 7, 2026.

Motion Carried.

On Motion of Councillor Donovan seconded by Councillor Born to approve the Minutes for April 9 – May 4, 2026.

Motion Carried.

Prior to the budget overview, CFO Redden went over the results of the budget survey regarding heavy garbage as requested by Council at a previous meeting.

Council had also requested the balance amount of tax sale reserve account and as of March 2026, the balance is $1.12 million in that account. Starting in 2036, we will start recognizing some of this in our capital reserve as available for capital spending. Starting in 2042, we will recognize a more substantial amount.

WATER UTILITY OPERATING AND CAPITAL BUDGETS

Key Highlights

- Draft 2026-27 total revenue is $1,281,348, up 0.72% from the approved 2025-26 budget and roughly in line with 2025-26 draft actual revenue.
- Draft total operating expenses are $1,208,675, up 0.82% year-over-year but 4.46% below 2025-26 draft actuals.
- The draft budget shows a small projected excess of $4,425, compared with a $54,862 deficiency in 2025-26 draft actuals.
- Metered sales are budgeted at $989,400, down 0.65% year-over-year, with no rate changes scheduled and slower-than-anticipated commercial growth in Ingonish.
- Other revenue increases to $49,500, mainly due to interest income, while public fire protection revenue remains unchanged at $242,448.
- Water treatment costs rise to $376,072, an 8.91% increase, reflecting chemical price increases and heavier testing/treatment costs at Neil's Harbour.
- Transmission and distribution costs decline to $329,257, a 20.62% decrease from the prior approved budget, largely because 2025-26 included one-time Dingwall water tower removal costs.
- Administration rises to $147,615, an 11.05% increase driven mainly by professional fees, office expenses, salaries, insurance, and regulatory costs.
- The five-year capital plan totals $2,697,400, including mandated raw flow meters, bridge waterline relocations, turbidity analyzer replacements, well/source projects, vehicle purchases, treatment upgrades, and sludge dewatering equipment.

- The depreciation fund is a major concern. The reserve is forecast to fall from an available $689,222 to only $19,822 after 2026-27 capital spending, while 2027-28 alone requires an estimated $301,000 from the same fund.
- A rate study is needed because the reserve position is thin relative to the five-year capital plan, and staff are targeting a fall 2026 study with potential new rates effective April 1, 2027, if feasible. CFO Redden went over the importance of having a water rate study with possible new rates in spring 2027.

CAPITAL BUDGET

Key Highlights

- The five-year municipal capital plan totals $22,254,760 for 2026-27 to 2030-31.
- Capital spending is heavily front-loaded, with $8,478,880 planned in 2026-27 and $12,884,213 planned in 2027-28.
- Major 2026-27/2027-28 projects include Ingonish Wastewater and Ingonish Sidewalks, totaling $11,781,760 over two years, funded through debt, MCGP, operating reserve, CCBF, and GRID.
- The New North Transfer Station and waterline extension is a major capital item, totaling $5,000,000 over 2026-27 and 2027-28, funded through debt and the operating reserve. We are expecting to receive updated estimates for this project in the very near future.
- Waste management capital needs include a new C&D cell or alternative solution totaling $1,000,000 and three collections side loaders totaling $1,333,000.
- Other Public Works capital items include a tractor replacement, waste collection office trailer upgrade, collections trailer replacement, New Haven roof replacement, new F350, and $75,000 annually for transfer station capital upgrades.
- Other departmental projects include $350,000 for water/wastewater planning studies, $200,000 for Cabot Trail washroom capital, $560,000 for trail connection work, $1,000,000 for a potential rink addition contribution, and administrative facility upgrades.

Council do not want any potential rink funding reflected in this five-year capital budget until more information is provided.

- Projected available reserve balances remain strong after planned drawdowns, with total available reserves forecast at $12,858,509, including $6,279,904 in operating reserve, $2,719,446 in capital reserve, and $3,859,159 in CCBF reserve.
- Financial Condition Indicators show a low-risk reserve position: combined reserves were 128.5% against a low-risk threshold of greater than 40%, and operating reserves were 67.8% against a low-risk threshold of greater than 20%.
- Reserve monitoring remains important because the plan includes significant drawdowns for large projects, including Ingonish Wastewater, the New North Transfer Station, trail contributions, housing initiatives, and other committed or reserved items.

RECOMMENDATIONS

Deputy Warden MacLeod recommended approving the Victoria County Water Utility 2026-27 Operating and Capital Budgets, as presented, operating budget reflecting $1,281,348 in revenue, $1,208,675 in operating expenses, $68,248 in non-operating expenses, and a projected excess of $4,425. This recommendation will be presented at the August 17, 2026, Regular Council meeting for Council's consideration and approval by motion.

Warden Organ Council recommended approving the Five-Year Capital Budget for the 2026-27 to 2030-31 municipal capital plan, totaling $21,254,760, with the potential rink funding removed pending further information. This recommendation will be presented at the August 17, 2026, Regular Council meeting for Council's consideration and approval by motion.

ADJOURN

Motion to adjourn at 2:14pm.