AUDIT COMMITTEE
FEBRUARY 23, 2026

An Audit Committee Meeting was held in Council Chambers at Baddeck on February 23, 2026, at 9:00am with Warden Organ in the Chair.

COUNCILLORS PRESENT

District #1- Donna Matheson-Lefort

District #2- Perla MacLeod, Deputy Warden

District #3- Jess Kerr

District #4- Rosella Born

District #5- Fraser Patterson

District #6 – Tim Donovan

District #7- Jackie Organ, Warden

District #8 – Wanda Hennick

STAFF PRESENT

Leanne MacEachen, CAO

Alix Redden, CFO

Morgan MacInnis, Solid Waste Educator, Recorder

Heather Ross, Financial Analyst

ABSENT

Denise Allen, public member of the Audit Committee

APPROVAL OF AGENDA

The agenda for February 23, 2026 Audit Committee meeting was submitted for approval.

On Motion of Councillor Kerr, seconded by Councillor Born to approve the Agenda for February 23, 2026.

Motion Carried.

APPROVAL OF MINUTES

The Minutes of the December 15th, 2025, Audit Committee meeting were presented for approval.

On Motion of Councillor Born, seconded by Deputy Warden MacLeod to approve the Meeting Minutes for December 15th, 2025.

Motion Carried.

Q3 2025-2026 FINANCIAL UPDATE AND FORCAST – ALIX REDDIN, CFO

The Q3 financial update and forecast for 2025-2026 was presented by CFO, Alix Reddin.

MUNICIPALITY OF VICTORIA COUNTY – SUMMARY

Total revenue (line 62)

- Forecast: $15,607,952
- Budget: $15,560,858
- Prior year: $15,420,341

Total expenses (line 206)

- Forecast: $15,229,478
- Budget: $15,560,858
- Prior year: $15,420,341

Forecast operating surplus: $378k

Changes from Q2 – Q3

Surplus improved from Q2 to Q3 from $93k to $378K. This is largely due to deferred projects and refined revenue projections.

Major changes:

- Deferral of sideloaded procurement (transferred to Capital Reserve).
- Housing Initiatives not proceeding this year ($150K).
- Washroom Capital not proceeding this year ($170K).
- Improved Recycling and Tipping Fee revenue (scrape metal and contaminated soil activity).

- Refined Deed Transfer Tax and Interest forecasts.

This reflects updated operational information through Q3.

MUNICIPALITY OF VICTORIA COUNTY - REVENUES

Taxes (line 9)

- Essentially on budget.
- Deed Transfer Tax revised downward from Q2 to align with YTD trends.

Grants in Lieu (line 22)

- +$52K over budget.
- Higher Provincial Government grant in lieu received.

Revenue from Own Sources (line 36)

- $78K below budget (improved from Q2: $135K).
- Interest on Investments remains below budget.
- Interest on Taxes now aligned with budget.
- Tipping fees now above budget (+$34K).
- Miscellaneous above budget (sale of surplus assets).

Transfers from Other Government (line 52)

- $186K under budget.
- Canada Community-Building Fund (CCBF) (line 46): - $250K (delayed trail work).
- Grants (line 41): +$39K (EfficiencyNS Building Grant).

Other Revenue (line 60)

- +$267K (unbudgeted vehicle insurance claim proceeds)

MUNICIPALITY OF VICTORIA COUNTY – EXPENSES

General Government Services (line 113): $124K over budget.

- Legislative (line 70): - $18K (council expenses -$16K).
- Administration (line 77): +$10K (legal +$10k).
- Communications (line 83): -$25K (advertising -$15K plus MERC allocation and training).
- Financial management (line 89): -$14K (training -$11K).
- Taxation (line 95): +$18K (tax write-offs +$21K).
- Human Resources (line 97): -$89K (vacancy).
- Building and Property (line 99): +$176K (building work, offset by EfficiencyNS grant.

- Other General Government Services (line 113): +$74K (Theatre Baddeck $225K).

Protective Services (line 129): +$38K over budget.

- Police Protection (line 116): +$36L (RCMP budget vs. actual).
- Water Supply and Hydrants (line 118): +$12K (Village of Baddeck Water Utility hydrants).
- Offset by Miscellaneous Savings: -$10K (Fire Services, EMO).

Transportation Services (line 138): +$63K over budget.

- Sidewalks (line 133): $71K ($80K VOB less -$12k Ingonish).

Environmental Health Services (line 161): -$488K under budget.

- Public Works Admin (line 145): -$53K (-$47k vacancies).
- Waste Collection (line 151): -$197K (+$215K new transfer truck, offset by insurance proceeds in Other Revenue, -$438K deferred sideloader – transferred to Capital Reserve.
- Transfer Station & Recycling (line 159): -$238K (vacancies -$53K, reduced depot activity -$30K, heavy garbage costs -$12K, transfer trucking between sites -$125K).

Environmental Development (line 175): $469K under budget.

- Tourism and Community Development (line 173) -$89K (slow project pacing for placemaking -$80k).
- Special Projects (line 167) -$370K, delayed housing initiatives ($150K) and washroom capital ($170K).

Recreation and Cultural (line 189): $267K under budget.

- Special Projects (line 182): -$250K (delayed trail work).
- Regional Library (line 185): $12K (budget error).

Financing and Transfers (line 204): $667K over budget.

- Transfers to Capital Reserve (line 193): Completed as planned; added delayed sideloaded purchase.
- Transfer to/from Operating Reserve (line 194): Includes former Clerk's pension wind-up +$156K, fire damage and clean-up at BSL Community Centre -$25K.

VICTORIA COUNTY WATER UTILITY - SUMMARY

Revenues (Line 4)

- $1,266,348 (Budget: $1,272,248; prior year: $1,365,967).

Operating Expenses (line 45)

- $1,207,964 (Budget: $1,198,849; prior year: $1,076,473).

Non-Operating Expenses (line 51)

- $68,773 (Budget: $73,399; prior year: $289,494).

Overall Results:

- Forecast deficit of $10,389.

Victoria County's water rates were approved by the NSUARB in January 2023 and remain in effect until March 31, 2025.

Council has since directed staff to begin a new rate study. G.A. Isenor Consulting Limited has been retained for this work, and a draft work plan has been received. The next steps include confirming the project schedule and incorporating updated development projections for Ingonish.

VICTORIA COUNTY WATER UTILITY - REVENUES

Metered Sales (line 1): slight below budget.

- Commercial revenue in Ingonish lower than budget (continued reduced usage at Keltic Lodge).
- Revenue expected to strengthen once Cape Smokey development comes online.
- Prior year inflated from multi-year adjustment.

Other Revenue (line 3): +$12K, mainly interest earnings.

VICTORIA COUNTY WATER UTILITY – OPERATING EXPENSES

Pumping (line 11): +$36K over budget.

- Maintenance of equipment (line 10): Pump failure in Ingonish.

Water Treatment (line 21): -$63K under budget.

- Testing and maintenance timing.
- Temporary vacancy savings.

Transmission & Distribution (line 32): +$38K over budget.

- Dingwall tower demo (line 25: +$18K.
- Dingwall leak repairs (line 26) +$13K.
- Neils Harbour hydrant repairs (line 28): +$4K.

- Safety equipment (line 29): +$4K.
- Telemetry operating vs. capital (line 30): -$22K.
- Vehicle maintenance (line 31): +$8K.
- Vehicle fuel corrected allocation ($14K vs. $5K budget).

VICTORIA COUNTY WATER UTILITY – NON-OPERATING EXPENSES

Earnings (line 50): No earnings anticipated.

Forecast reflects updated projections following Q3 review.

DISCUSSION

Recommendation made by Council to allocate $150,000 toward delayed housing initiatives and transfer $100,000 from the Washroom Capital budget into reserve.

Public Works will investigate the cause of reduced water usage at Keltic Lodge to determine whether it is due to a potential leak or simply decreased consumption.

CAO will also circulate a follow-up email reminding Councillors to respond to correspondence regarding the Housing Committee.

ADJOURN

Motion to adjourn at 10:02am