Municipality of

Inverness County

FINANCIAL OVERVIEW

STRONGER COMMUNITIES | SUSTAINABLE INFRASTRUCTURE | RESPONSIBLE INVESTMENTS | A LEGACY FOR FUTURE GENERATIONS

PURPOSE

This presentation supports informed decision making on **Financial Sustainability.**

THIS PRESENTATION CONNECTS FOUR THINGS:

1. The financial and operating environment facing the Municipality.
2. The gap between continually rising operational costs and available funding.
3. The gap between municipal infrastructure and available funding.
4. The decisions required to ensure long term financial sustainability.

THIS IS NOT ABOUT a single budget year.

THIS IS ABOUT STARTING TO POSITION THE MUNICIPALITY FOR THE NEXT 10 TO 20 YEARS.

OPERATING CONTEXT

The operating environment for Inverness County has become more complex in some of the following ways:

A significant and growing infrastructure deficit
driven by aging assets, deteriorating asset condition, and an inherited lack of long-term asset lifecycle planning and renewal preparedness

Increasing demands related to climate adaptation, emergency management, and disaster response
as well as the need to protect critical infrastructure

Rising workforce and labour costs
in an increasingly competitive recruitment and retention environment

Higher public expectations
for service delivery, infrastructure reliability, and responsiveness, as well as for social services and programs such as food banks and meals on wheels

Increased mandatory provincial cost contributions
and reduced access to external funding, particularly as federal and provincial budget reductions directly constrain municipal funding streams

Increasing housing pressures
driven by a high share of seasonal homes that limits the year-round housing available for residents, a small rental market that creates challenges for workers, newcomers, and lower-income households, and an aging housing stock in need of repair

*Infrastructure includes water, wastevater, solid waste, recycling, buildings, vehicles, equipment and other assets.

RISING PROVINCIAL MANDATORY COSTS

Costs beyond our control. Impacting Council's ability to invest in local priorities.

MANDATORY CONTRIBUTIONS & NON-DISCRETIONARY CONTRIBUTIONS

(Amounts in $)	2024–2025 BUDGET	2025–2026 BUDGET	2026–2027 BUDGET
Education *(SRCE Appropriations)* Rate 2026/2027: $0.3048 per $100 of uniform assessment	3,821,160	4,812,079	5,045,077
Police Protection *(RCMP Mandatory Contributions)* Confirmed via email March 17th	3,422,572	3,650,933	3,776,310
Property Valuation Services Corporation *(PVSC)* Confirmed via email March 25th	421,649	439,139	472,096
Regional Library *(Eastern Counties Regional Library)*	130,830	124,400	124,400
Provincial Roads *(Municipal Roads Contribution)* Rate 2026/2027: $6,708 per KM	185,844	189,189	193,723
TOTAL MANDATORY CONTRIBUTIONS & NON-DISCRETIONARY CONTRIBUTIONS	**7,982,055**	**9,215,740**	**9,611,606**

Note: Amounts may not add due to rounding.

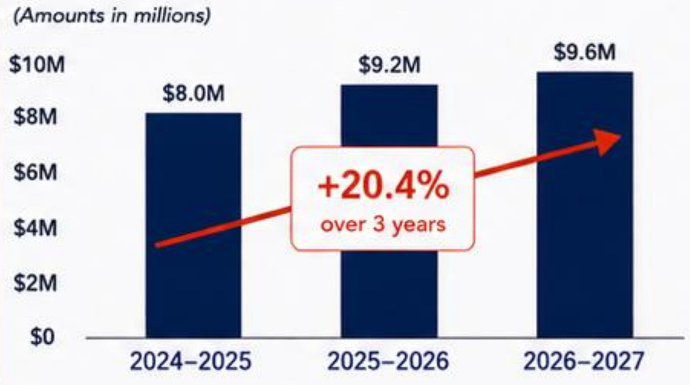
THE BIG PICTURE

Mandatory contributions are projected to have increased by **$1,629,551** over the past three fiscal years.

That's an overall increase of **20.4%** from 2024–2025 to 2026–2027.

These costs are determined by the Province, not by Council. Flexibility is limited.

TOTAL MANDATORY CONTRIBUTIONS OVER TIME



Mandatory provincial costs continue to rise impacting the ability to invest in local infrastructure, services, and community priorities.

Sustainable revenue is needed to meet growing demands.

THE IMPACT: WHERE MONEY GOES

A growing share of revenue is committed to costs outside of Council's control.

MANDATORY CONTRIBUTIONS
$9.61 MILLION (30.8%)

Costs required to pay to the Province, including:

- Education
- Police Protection (RCMP)
- Property Valuation (PVSC)
- Regional Library
- Provincial Roads
- and other mandatory items

REMAINDER FOR LOCAL PRIORITIES
$21.59 MILLION (69.2%)

Invested in:

- Infrastructure & Roads
- Recreation & Community Services
- Waste Management
- Fire Services
- Planning & Development
- and other local services

KEY TAKEAWAYS

- Mandatory costs are increasing faster than inflation.
- These costs are outside Council's control.
- This limits the ability to invest in local needs and priorities.
- Sustainable revenue is needed to build strong, resilient communities.

Nearly $1 of every $3 is directed to mandatory provincial costs — leaving less flexibility to invest in communities.

FINANCIAL STRATEGY

A MULTI FACETED APPROACH

A coordinated strategy that strengthens financial sustainability, builds reserves, and supports responsible infrastructure renewal.

REALIGN RESIDENTIAL AND COMMERCIAL TAX RATES
to ensure fairness and reflect service demand.

CREATE RESERVE POLICIES
to ensure consistent investment and sustainable renewals.

UNDERTAKE TIMELY WATER RATE STUDIES EVERY FOUR YEARS
so water rates reflect the full cost of service and capital renewal costs.

REVIEW SEWER RATES
so sewer rates reflect the full cost of service and capital renewal costs.

DEVELOP A COLLECTIONS POLICY
to promote timely payments and improve financial sustainability.

ADVANCE REVENUE DIVERSIFICATION EFFORTS
to strengthen financial flexibility and reduce reliance on a single funding source.

DEVELOP A SOLID WASTE MANAGEMENT STRATEGY
to improve service efficiency and long term sustainability.

DEVELOP ASSET CLASS SPECIFIC MANAGEMENT PLANS
and preventive maintenance programs to extend asset life and reduce costs.

DEVELOP A STRATEGIC PLAN OF COUNCIL
to set clear direction and priorities for the future.

DEVELOP A MULTI YEAR FINANCIAL PLAN
aligned with strategic plan priorities to guide decisions and resources over time.

TOGETHER, THESE INITIATIVES WILL POSITION THE MUNICIPALITY TO:

BUILD FINANCIAL RESILIENCE
through strong reserves and sustainable funding.

INVEST IN INFRASTRUCTURE
to deliver reliable services and support growth.

MANAGE RISKS AND COSTS
by planning ahead and maintaining assets.

ENHANCE QUALITY OF LIFE
with sustainable services and vibrant communities.

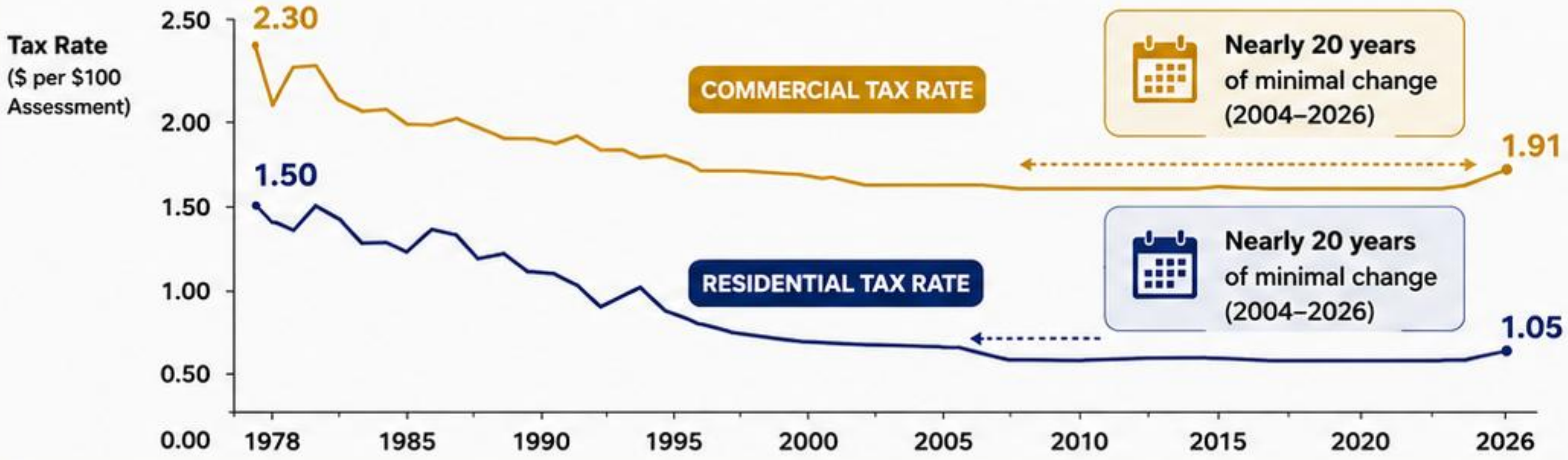
SECURE LONG TERM SUSTAINABILITY
for current and future generations.

This strategy ensures the Municipality makes informed, responsible decisions today to **build a stronger, more sustainable future.**

HISTORICAL OVERVIEW OF TAX RATES

Decades of holding the line while costs, infrastructure needs, and responsibilities have surged.

RESIDENTIAL & COMMERCIAL TAX RATES OVER TIME
(Per $100 of Assessment)



Residential rates are **30–35% below** the rural municipal average.
Commercial rates are **40–50% below** the rural municipal average.

KEY TAKEAWAYS

Tax rates have declined significantly since 1978.
Residential: 1.50 → 1.05 (-30%)
Commercial: 2.30 → 1.91 (-17%)

For nearly 20 years, tax rates have remained virtually flat.
Minimal increases while costs and responsibilities grew.

Inflation and infrastructure costs have increased dramatically.
Construction costs have risen over 30–40% since 2019.

This has created a growing gap between what is needed and what can be afforded.

THEN VS. NOW

EARLY 2000s (2000–2004 Average)	TODAY (2025–2026)	CHANGE OVER 20+ YEARS
Residential Rate ~1.02	Residential Rate 1.05	+3% (Essentially Flat)
Commercial Rate ~1.80	Commercial Rate 1.91	+6% (Essentially Flat)

THE BOTTOM LINE

Strong communities require sustainable revenue.
Investment today protects infrastructure, services, and **future generations.**

Note: Tax rates are expressed per $100 of assessment.

TAX RATE CONTEXT FOR RURAL MUNICIPALITIES

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Prior to the 26–27 fiscal year tax rate increase, tax rates in Inverness County were **significantly lower** than comparable rural municipalities in Nova Scotia.

Prior to the 26–27 fiscal year tax rate increase, residential tax rates were **31% below** the average rural municipality.

Prior to the 26–27 fiscal year tax rate increase, commercial tax rates were **43% below the** average rural municipality.

HISTORICAL AFFORDABILITY IMPACTS

Limited ability to build reserves

Constrained long-term infrastructure investment

Contributed to the current funding gap

Tax rates are expressed per $100 of assessment.

GENERAL OPERATING BUDGET

The General Operating Budget confirms a

9 CENT INCREASE

to residential and commercial rates.

SUSTAINABLE SERVICES

RESPONSIBLE MANAGEMENT

STRONG COMMUNITIES

COMMERCIAL RATE

$1.91 → $2.00

CURRENT RATE — NEW RATE

RESIDENTIAL RATE

$1.05 → $1.14

CURRENT RATE — NEW RATE

** Taxes are expressed per $100 of assessment.*

WHAT THIS MEANS FOR THE AVERAGE RESIDENTIAL HOUSEHOLD

A CONFIRMED **9 CENT INCREASE** to residential and commercial tax rates.

NEW RATES (per $100 of assessment)

- Residential Rate **$1.14**
- Commercial Rate **$2.00**

SUSTAINABLE SERVICES

Supports dependable services and long-term community needs.

RESPONSIBLE MANAGEMENT

Helps manage costs, invest in infrastructure, and build reserves for the future.

STRONG COMMUNITIES

Invests in the places and services that make Inverness County a great place to live, work and visit.

ESTIMATED ANNUAL IMPACT

for the Average Residential Household

TAXABLE ASSESSMENT VALUE	CURRENT ANNUAL TAX (at $1.05/$100)	NEW ANNUAL TAX (at $1.14/$100)	ESTIMATED ANNUAL INCREASE
$50,000	$525	$570	$45
$75,000	$788	$855	$67
$100,000	$1,050	$1,140	$90
$125,000	$1,313	$1,425	$113
$150,000	$1,575	$1,710	$135
$200,000	$2,100	$2,280	$180

HOW TO READ THIS TABLE

Multiply your property's taxable assessment value by the rate per $100 of assessment to estimate your annual tax.

Example:

A home assessed at **$100,000** will see an estimated annual increase of $90.

*Taxes are expressed per $100 of assessment.